



IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

“The Tribunal”)

CASE NO: CT009DEC2016

Re: In an Application in terms of Section 160 of the Companies Act 71 of 2008 (“the Act”) for a determination that the company name KULULA DRIVING SCHOOL (Pty) Ltd does not satisfy the requirements of Section 11(2).

In the matter between:

COMAIR

THE APPLICANT

AND

KULULA DRIVING SCHOOL (PTY LTD

FIRST RESPONDENT

(2016/331767/07)

CIPC

SECOND RESPONDENT

Coram K. Tootla

Decision delivered on 2 May 2017

DECISION

INTRODUCTION:

- [1] The Applicant is Comair Ltd (1976/006783/06), a company duly incorporated in terms of company laws of the Republic of Africa, having its registered address at 1 Marignane Drive, Bonaero Park, Gauteng. The Applicant is the operator of the well-known airline Kulula and is the owner of the trademark Kulula and Kulula.com in various different classes and areas in which it conducts business. brings an application in terms of Sections 11 (2) (b) and 11 (2) (c); and 160 of the Companies Act 2008 (“the Act”) read with Regulation (Reg.) 153 for an order that the First Respondent change its name to a name which does not contain the element KULULA (Refer to form CTR 142) and to file a new memorandum to that effect.
- [2] The First Respondent is **KULULA SMART DRIVING SCHOOL (PTY) LTD**, a company incorporated in terms of the Companies Act, and having its registered address 7500 Kanyamazana, Mpumalanga, Mpumalanga 1214 (which was non-existent).

PROCEDURE:

- [3] The application and form CTR 142 was not served on the First Respondent as the registered address could not be found by the Sheriff who indicated the address did not exist. The Applicant subsequently served the application on one of the directors of the First Respondent, A Thobela in Nelspruit (after employing Search works to determine his location) on 12 December 2016 via the Sheriff of the Court.
- [4] The First Respondent did not serve or file any notice to oppose the Applicants’ application, nor served or filed any answering papers to the claim and as a result the Applicant applied for a default order under cover of form CTR 145. The Second Respondent is also not participating in this matter.

- [5] Good cause has been shown as the Application was made within a reasonable period from the date of knowledge as is evident from para 4 of Mr. G. Du Plessis's affidavit. The Applicant must take cognizance of the fact that letters to the First Respondent are disregarded for the purposes of good cause in terms of the Act, although it may be economical for the Applicant to try and save costs, hoping that the First Respondent would settle the matter. This is not a consideration that shows good cause.
- [6] It can be noted that the registration of the First Respondent's company name took place in 2016, almost 19 years after the trade mark registrations of the Applicant as set out in PARA 4 of Mr. Borer's affidavit.
- [7] The Applicant requests the Tribunal to make a finding that the first respondent's name does not satisfy the provisions of sections 11(2) (b) and (c) (i) of the Act. It submits that the inclusion of the word or element Kulula in the first respondent's name infringes its trademarks, KULULA. The trademarks are registered in various classes covering a wide variety of goods and services as more fully set out in para 4 of Mr Derek Borer's founding affidavit which was annexed to the form CTR 142 form.
- [8] The Applicant also claim common law and statutory rights in the word "KULULA" and that it claims "wide spread and extensive use" thereof as early as 2002 or a bit later and has used the 'KULULA' trademark in various fields and that it has a market share of millions and a presence in the S. African airline business and that the dominant and memorable part of the First Respondent's company name is identical to the Applicant's trademark "Kulula" and that it is confusingly similar to its trademarks in terms of Section 11(2) (a) (iii).

- [9] It is submitted that that the remaining portion of the company name is purely descriptive of its activities and an indication that the First Respondent is active in a field of interest to which the Applicant's registered rights for its KULULA trade mark extend. It is then concluded that the Respondent's name is therefore confusingly and deceptively similar to the Applicants' registered trade mark KULULA.
- [10] Although the First Respondent's business has not been stated at CIPC, the name clearly indicates the name of the business as a driving school, the Respondent's activities are thus included in the services covered by the Applicant's trademark registration for its KULULA trademark in class 41, being education, provision of training etc. The Applicant contends that this amounts to a trade mark infringement in terms of Section 34 (1) (a) of the Trade Marks Act 1993. However, this is incorrect as the Tribunal has no jurisdiction to deal with trade mark infringement as that falls within the purview of the High Court.
- [11] The Applicant further submits that even if the First Respondent's activities do not overlap with those of the Applicant in relation to goods or services, it is likely to dilute the well-known KULULA trademark. It is also likely to take unfair advantage of, or be detrimental to, the distinctive character and repute of this well-known trade KULULA trademark and amounts to Section 34(1) (c) trade mark infringement. Once again, this is incorrect as the Tribunal has no jurisdiction to deal with trade mark infringement but can only deal with a contravention of Section 11 (2) when it concerns a well-known trade mark in terms of Section 35 of the Trade Marks Act 1993.
- [12] The Applicant contends that it has invested large amounts of money in marketing of its trademark and has provided some monetary amounts with regard to that in its papers and also states that the First Respondent's company name will give it an unfair advantage, dilute the Applicant's trade mark, would be detrimental to the Applicant's trademarks, as it will open the door to use by other persons of trademarks that are identical or confusingly similar.

[13] It is also submitted that it has no control whatsoever over of the activities of the First Respondent and the quality of its products and services and that if the quality were of another standard, then it would discredit or affect in some way the good mane of the Applicant which it currently enjoys in the trade.

[14] The use by the First Respondent of its company is unauthorized by the Applicant.

[15] In view of the aforementioned, the Applicants are of the view that the offending name is confusingly similar to its trademarks in “KULULA” in various classes and is in contravention of Section 11 (2) (b) and (c)(i) of the Act.

APPLICABLE LAW:

[16] Section 11 of the Companies Act provides as follows:

“11. Criteria for names of companies.—

..... (1)

(2) The name of a company must—

(a) not be the same as—

- (i) the name of another company, domesticated company, registered external company, close corporation 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), as a business name in terms of the Business Names Act, 1960 (Act No. 27 of 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 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), unless the registered owner of that mark has consented in writing to the use of the mark as the name of the company; or...

(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;
- (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 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 , 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, 1941;

(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;”

[17] **Reg. 142** as far as it is relevant for the present finding, reads as follows:

Disputes concerning company names:

“142. Applications to the Tribunal in respect of matters other than complaints.—

(1) A person may apply to the Tribunal for an order in respect of any matter contemplated by the Act, or these regulations, by completing and filing with the Tribunal’s recording officer—

(d) an Application in Form CTR 142; and

(e) a supporting affidavit setting out the facts on which the application is based.

(2) The applicant must serve a copy of the application and affidavit on each respondent named in the application, within 5 business days after filing it.

(3) An application in terms of this regulation must—

(a) indicate the basis of the application, stating the section of the Act or these regulations in terms of which the Application is made; and

(b) depending on the context—

(i) set out the Commission’s decision that is being appealed or reviewed;

(ii) set out the decision of the Tribunal that the applicant seeks to have varied or rescinded;

(iii) set out the regulation in respect of which the applicant seeks condonation; or

(f) Indicate the order sought; and (g) state the name and address of each person in respect of whom an order is sought.”

EVALUATION:

[18 A] It is disturbing to note that Mr Du Plessis has referred the Tribunal to a list of High Court cases but has not deemed it fit to make use of these cases within the body of its argument, in favour of the particular situation his client finds itself in. It seems that it is expected of the Tribunal to apply the case law in arguing the case on behalf of the Applicant which is unacceptable, as it would be unacceptable in the High Court which also adjudicates upon name disputes in terms of Section 11(2) of the Act. These cases are used time and time again in rote fashion with a continuous repetition of the same cases in all almost all matters emanating from Adams and Adams; and placed in a separate affidavit with no proper explanation as to how these cases apply to the specific circumstances of its clients.

[18 B] Be that as it may, what is “confusingly similar” in Section 11 (2) (b) has to be examined carefully to determine whether this is in fact so. When referring to the case law on the subject, it is submitted that it must be as alike in a manner that will confuse the reasonable person, i.e. the “ordinary reasonable careful man, i.e. not the very careful man nor the very careless man” (*Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd* 1979 (2) SA 276 (E) at 280).

This reasonable man (person) should further be qualified as in *Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd* 1993 (2) SA 307 (A) at 315F-G: “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.”

[19] In the 1973 Companies Act (61 of 1973) the test was when the name was “undesirable”, and those principles which should also apply to “confusion” and “confusingly similar” (*Henochsberg on the Companies Act 71 of 2008* at 56). In *Peregrine Group (Pty) Ltd v Peregrine Holdings Ltd* 2001 (3) SA 1268 (SCA) the following was said:

“... [8] Concerning the 'undesirable' inquiry Lazarus AJ, after an analysis of the case law, pointed out that by the introduction of the word 'undesirable' the Legislature must have intended to create a new and more liberal test than the test of calculated to cause damage to the earlier company name in the recognition that proof of damage is often difficult for the objector to establish (at 198E) and concluded that: 'In my view it is inappropriate to attempt to circumscribe the circumstances under which the registration of a company name might be found to be "undesirable".' (At 198J - 199C.)”

[20] To do so would negate the very flexibility intended by the Legislature by the introduction of the undesirability test in the section and the wide discretion conferred upon the Court to "make such order as it deems fit".

For the purposes of the present matter it suffices to say that, where the names of companies are the same or substantially similar and where there is a likelihood that members of the public will be confused in their dealings with the competing parties, these are important factors which the Court will take into account when considering whether or not a name is "undesirable". It does not follow that the mere existence of the same or similar names on the register (without more) is "undesirable". (At 198J - 199C.)”

[21] In *Azisa (Pty) Ltd v Azisa Media CC and Another* [2002] 2 All SA 488 (C) 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.**” The business spheres of the applicants and the First Respondent are important in respect of the Trade Marks Act No. 194 of 1993. 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 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*.” This dictum, which was referred to with approval by the Supreme Court of Appeal in *Metterheimer and Another v Zonquasdrif Vineyards CC and Others* 2014 (2) SA 204 (SCA) at 209 illustrates an important distinction between the provisions of the Trade Marks Act and that of the Companies Act. In the former the particular goods and/or services can be a determining factor in respect of the test for confusion but the Companies Act, on the other hand, is not concerned with the goods/and or services, **and the name *per se* must be evaluated to determine, for example, the confusion.**

[22] **Thus it is clear from Metterheimer’s case that what is of concern in this case is the name which contravenes the trademark and not the service/goods offered.** The Tribunal is not dealing with an infringement of a trade mark in terms of Section 34 of the Trade Marks Act 1993, which is within the jurisdiction of the High Court, but is dealing with a contravention of Section 11 (2) (b) (iii) of the Companies Act read together with Section 35 of the Trade Marks Act in respect of a well –known trademark. The First 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 evidently does not have.

[23] Similar” as in section 11 (2) (b) would be “having a marked resemblance or likeness” and that the offending mark (or name) should immediately bring to mind the well-known trade mark or other name (Refer *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA)). **Mere similarity is also not sufficient, it must be confusingly so.** Thus the offending name is not the same or similar to the Applicants’ trademarks as claimed initially in the CTR form 142.

- [24] As to the requirement for confusingly similar, the test, as in the case of passing-off, should be: "...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.
- [25] Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in the light of the particular circumstances of the case." (Refer 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).
- [26] Section 11 (2) (b) refers to confusion in respect of a company name. Applying this to the instant matter the question as to what is "confusingly similar", it must be as alike in a manner that will confuse the reasonable person, that is, the "ordinary reasonable careful man, and not the very careful man nor the very careless man" (**Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd** 1979 (2) SA 276 (E) at 280).
- [25] In **Capital Estates and General Agencies (Pty) Ltd and Other v Holiday Inns Inc.** and Other 1977 (2) SA 916 (A) at 929 E-0, 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.**

Even though the activities of the business are not mentioned on the CIPC register, it is clear that it can trade in training etc. as set out above and this overlaps with the business of the Applicant.

- [26] 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 trade mark and its presence in the market as enunciated in the founding affidavit.
- [27] 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 corporation's name 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.
- [28] In addition, the pertinent case which is relevant to **the doctrine of imperfect recollection** has been captured in Standard Bank of South Africa Limited v United Bank Limited & Another 1991 (4) SA 780 (T) 8011 to 802B, where the court said that 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. The Second Applicant has provided evidence of enquiries made by other parties believing that the First Respondent's company is associated with the Applicants' business. The First Respondent has not challenged this argument.
- [29] 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".

[30] The dominant word in the Applicant's name is KULULA and the dominant part of the First Respondent's company name is KULULA. Hence the dominant and memorable words are the same and with the side by side use of this word, it becomes clear 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, especially since imperfect recollection can take place as can be seen from some of the cases quoted above.

[31] Note the significant ruling in *Hollywood Curl Ltd v Twins Products (Pty) Ltd* 1989 (1) SA 255 (A) 263 I, reads as follows:-

“...Clearly at common law a company may be held to have been guilty of passing-off where it adopts and trades under a company name which has a deceptive resemblance to the name used by another, whether an individual or a company in his or its business, where the name has become distinctive of the business”.

[32] It can therefore be also be concluded that the word “KULULA “in First Respondent's name will reasonably mislead the reasonable man (person) to believe incorrectly that there is an association with the Applicant's ”KULULA 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 man (person) will be misled.

[33] 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.”

[34] Thus permitting the First Respondent to keep the name KULULA in its company name will create confusion and hinder the Registrar from maintaining and promoting good governance and administration of a corporate entity in the interest of the general public. It is evident therefore that the name KULULA as incorporated in the First Respondent's company name falls within the ambit of Section 11 (2) (b) (iii); and (c) as argued but has no bearing on trade mark infringement in terms of Section 34 (1) of the Trade Marks Act 1993.

[35] Thus the Applicant has demonstrated that the First Respondent has transgressed Section 11 (2) (b) and (c) as it is confusingly similar as can be seen from above and also may 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, any other person or entity (Section 11(2) (c) (i). Hence it is entitled to an order as claimed in terms of Section 160 of the Act.

[36] In line with Section 7 (1), one of the objectives of the Act is to provide a predictable and effective environment for the efficient regulation of Companies and this decision is interpreted in line with this objective, that is in ensuring that there is no confusing similarity in the regulation of companies.

[37] The Applicant's application is granted as set out below.

ORDER:

1. An administrative order is made in terms of Section 160 (3) (b) (ii) that the First Respondent change its name to one which does not incorporate the word SKYBRIDGE as it is in contravention of Section 11 (2) (b) (iii); Section 11(2) (c) (i).
2. This order must be served on the Second Applicant, First Respondent and on the Registrar of the CIPC (for the Second Respondent) by the Tribunal's Recording Officer (Registrar).

3. The First 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.
4. There is no order of cost against the First 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 note of amendment.
5. Since the First Respondent is a profit company, in accordance with Section 11 (1) (b) and (3) (a) of the Act, it is at liberty to 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.
6. The Registrar of CIPC is directed to inform the First 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 First Respondent to file an amended Memorandum of Incorporation using a satisfactory name.
7. Should the First 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 First Respondent’s name to its registration number without the First Respondent’s consent (in accordance with Section 160 (3) and Section 14(2) of the Act.

k.y. tootla (electronically signed)

KHATIJA TOOTLA

Member of the Companies Tribunal

2 May 2017