

**IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA**

**("THE TRIBUNAL")**

**CASE NUMBER: CT016AUG2014**

**In the matter of:**

**RITE CUTS (PTY) LIMITED**

**APPLICANT**

**and**

**RITE CUTS MEATS (PTY) LIMITED**

**RESPONDENT**

**Coram: PJ Veldhuizen**

**Order delivered: 29 July 2015**

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**ORDER & REASONS**

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**1. THE PARTIES**

1.1. The Applicant is **RITE CUTS (PTY) LIMITED**, a company incorporated and existing under the Company Laws of the Republic of South Africa, having its registered address at 25 Vasco Boulevard, Goodwood, 7450, Western Cape.

1.2. The Respondent is **RITE CUT MEATS (PTY) LIMITED**, a company incorporated and existing under the Company Laws of the Republic of South Africa, having its principal place of business at 21 Mocking Chat Place, Bakenveld, Witbank, Mpumalanga.

## 2. THE APPLICATION

2.1. This is an application brought in terms of Section 160 of the Companies Act No. 71 of 2008 (“the Act”) for an Order confirming that the Respondent change its company name as it does not satisfy the requirements of Section 11 of the Act and that the Respondent be directed by the Companies Tribunal (“the Tribunal”) to select a new name, as provided for in Section 160(3)(b) of the Act.

2.2. The Applicant is the licensee of the well-known trade mark “**Rite Cut**” registered in classes 29 and 35 in respect of meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and cooked fruits and vegetables; jellies, jams, compotes, eggs, milk and milk products; edible oils and fats – class 29; retail, wholesale, selling, marketing, distribution, import and export services; advertising; business management; business administration; office function; services, ancillary and related to all the foregoing, all in class 35.

2.3. Applicant has held these licenses since 2013 and has conducted the business of a meat retailer since 2002. The Applicant holds the aforementioned trademarks in terms of a license agreement between the owner of the trademark, **MAXIMIANO TEIXEIRA SANTANA**.

2.4. The founding papers were deposed to by **MAXIMIANO TEIXEIRA SANTANA** on behalf of the Applicant, a duly authorized director thereof.

2.5. I am accordingly satisfied that the Applicant has the necessary *locus standi* to bring this application.

2.6. The Applicant has filed an objection to the use of the words “Rite” and/or “Cut” in the name of the Respondent and has filed an objection as prescribed by Regulation 142(1)(a).

2.7. In support of his objection, the Applicant has filed an affidavit by its aforementioned director, setting out the facts on which the application is based, as required by Regulation 142(1)(b).

2.8. It is noted that the Applicant in the affidavit of **MAXIMIANO TEIXEIRA SANTANA** relies, in paragraph 11, upon Section 11(2)(a)(iii) of the Companies Act whereas I assume he made a typographical error and meant (b) not (a).

2.9. The gravamen of the Applicant's objection is that the Respondent's name is confusingly similar to the Applicant's registered, well-known trademark and therefore falls foul of the provisions of Section 11 of the Act.

### **3. PROCEDURAL ASPECTS**

3.1. The Applicant has, in my view, complied with all aspects related to the service of the application on the Respondent and the filing with the Tribunal.

3.2. In terms of Regulation 153(1) read with Regulation 143(1), the Respondent had twenty (20) days to respond to the application, failing which the Applicant would be entitled to apply for a Default Order, as applied for.

3.3. No response has been received from the Respondent and the Applicant accordingly applies to the Tribunal in terms of Regulation 153(2) that the Tribunal make a Default Order in terms of Regulation 153(1).

### **4. THE LAW**

4.1. The regulation of disputes concerning the reservation or registration of company names and the jurisdiction of the Tribunal is set out in Section 160 of the Act:

(1) –

*A person to whom a notice is delivered in terms of this Act with respect to an application for a 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 the 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); 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 the name that had been contested as the name of the 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) –*

*within 20 business days after receiving a notice or decision issued by the Companies Tribunal in terms of this section, an incorporator of a company, a company, a person who received a notice in terms of section 12(3) or 14(3), an applicant under subsection (1) and any other person with an interest in the name or proposed name that is the subject of the application, as the case may be, may apply to court to review the notice or decision.*

4.2. The restrictive criteria for the names that may be chosen by a company is set out in Section 11 (2) of the Act:

*(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), or as a business name in terms of the Business Names Act, 1960, (Act 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 trademark belonging to a person other than the company, where mark in respect of which an application has been filed in the Republic for registration as a trademark or a well-known trademark is contemplated in section 35 of the Trade Marks Act, 1993 (Act 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*

*(iv) a mark, word or expression use of which is restricted or protected in terms of the Merchandise Marks Act, 1941 (Act 17 of 1941), except to the extent permitted by and were in terms of that Act;*

*(b) not to 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 the company name similar to a defensive name or to a business name referred to in paragraph (a)(ii), the company, or 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, will 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 and 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;*

*(ii) is an organ of state or a court, or is operated, sponsored, supported or endorsed by the State 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) it 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 the administration or any department of such a government ordered ministration; or*

*(bb) international organisation; and*

*(d) not include any word, expression or symbol that, in isolation or in context within the rest of the name, may reasonably be considered to constitute –*

*(i) the propaganda for war;*

*(ii) incitement of imminent violence; or*

*(iii) advocacy of hatred based on race, ethnicity, gender or religion, or incitement to cause harm.*

## **5. APPLICATION OF THE LAW TO THE FACTS**

5.1. The crisp question facing this Tribunal is whether the use of the words “Rite” and “Cut” utilised in the name of the Respondent amount to a contravention of Section 11(2) of the Act and whether the inclusion of the word “Meats” has any effect on this. In my view it does amount to a contravention.

5.2. The case law considered includes:-

5.2.1. **Century City Apartments v Century City Property Owners**

**2009 ZASCA 157** - the court stated that if the association between the two respective names or marks causes the public to wrongly believe that the respective goods come from the same economically linked undertakings there is a likelihood of confusion.

5.2.2. **Polaris Capital (Pty) Ltd v The Registrar of Companies and Polaris Capital Management Inc (unreported judgement, Case Number 11607/2005 Cape of Good Hope Provincial Division).**

The learned judge in commenting on the "undesirability" in terms of section 45 (2) of the Companies Act, 1973 made the following comments:

*"The requirement, 'calculated to cause damage to the objector' is aimed at providing statutory recognition for an owner's legally protectable commercial interests."*

The judge went further and commented that the purpose of the aforementioned provision was to:

*"...expand an aggrieved party's ability to forestall any possible harm, by providing a statutory remedy..."*

5.2.3. On appeal, in the same case, the Supreme Court of Appeal confirmed that:

*"A company name will be confusing when, in doing business with the company, the public or a section of the public would be confused into thinking that they are doing business with another company or would be confused into thinking that the company is associated in some way with the other company"*



5.2.4. **Peregrine Group (Pty) Ltd v Peregrine Holdings Ltd 2000 (1)**

**SA 187 (W)**, the learned Judge stated, which was confirmed on appeal, the principle that where company names are substantially similar and where a likelihood of confusion amongst members of the public exists in their dealings with these parties, that these are important factors which a Court will take into consideration in determining whether a name is “undesirable”.

5.2.5. **Hollywood Curl (Pty) Ltd v Twins Products (Pty) Ltd 1989 (1)**

**SA 255 (A)** the useful phrase “another horse out of the same stable” was used by the Court to ground its decision that the use of the Hollywood trademark in combination with other words rendered it likely that the public, on encountering the competing company in the marketplace, would assume that they were one and the same.

5.2.6. **Capital Estates and General Agencies (Pty) Ltd and Others**

**v Holiday Inns Inc & Others 1977 (2) 916** confirmed that the absence of a common field of activity will not be sufficient to thwart a party from obtaining relief. To the contrary, it was decided in **Ewing (t/a) The Buttercup Dairy Co. Buttercup Margarien Co-operation Limited 1917 (34) R.P.C. 232 and 238 line 50** where Judge Warrington said:

*“He (the Plaintiff) has proved that the Defendants have adopted such a name as may lead people who have dealings with the Plaintiff to believe that the Defendant’s business is a branch of or is associated with the Plaintiff’s business. To induce a belief that my business is a branch of another man’s business may do that other man damage in all kinds of ways. The quality of the goods I sell, the kind of business I do, the credit or otherwise which I might enjoy - all those things may immensely injure the other man who is assumed wrongly to be associated with me. It is just that kind of injury that the Defendant’s have shown here is likely to occasion.”*

## 6. FINDINGS

6.1. When considering the utilization by the Respondent of the words “Rite” and “Cut” in its company name in the light of the:

6.1.1. sections set out above;

6.1.2. judgments referred to above, of the higher Courts;

6.1.3. the recognized and registered and intellectual property rights in the words;

it is simply inconceivable that the Respondent’s utilisation of the words “Rite” and “Cut” would not amount to a contravention of Section 11 of the Act.

## 7. ORDER

7.1. The application that the Respondent select an alternative name which does not consist of or incorporate any word confusing or deceptively similar to the Applicant’s registered trade marks, or any other mark which is confusingly and/or deceptively similar to the Applicant’s registered trade marks **IS GRANTED** with costs.

7.2. The Respondent is directed to attend to the selection of an alternative name by 2 September 2015.



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**PJ VELDHUIZEN**  
**MEMBER OF THE COMPANIES TRIBUNAL**  
**CAPE TOWN**