



IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

("The Tribunal")

CASE NO: CT009Mar2015

In the matter between:

PIQUANTE BRANDS INTERNATIONAL (PTY) LTD

FIRST APPLICANT

(2011/141384/07)

AND

PEPPADEW INTERNATIONAL (PTY) LTD

SECOND APPLICANT

(2013/023327/07)

AND

PEPPADEW SCHOOL OF CATERING AND HOTEL

MANAGEMENT (PTY) LTD

THE RESPONDENT

(2014/181652/07)

Coram K. Tootla

Decision delivered on 17 June 2015

DECISION

INTRODUCTION:

- [1]. The First Applicant is PIQUANTE BRANDS INTERNATIONAL, is the registered owner of the trade marks as set out in the founding affidavit of Mr. De Haaff; and the Second Applicant is PEPPADEW INTERNATIONAL who is the registered licensee of the first Applicant's trademark.
- [2] The Respondent is **PEPPADEW SCHOOL OF CATERING AND HOTEL MANAGEMENT (PTY) LTD**, incorporate on 16 September 2014, a juristic person carrying on business in the Republic of South Africa.
- [3] 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 use of the word PEPPADEW in the respondent's company name offends the requirements of Section 11 of the Act and that the Respondent ought to be directed by the Companies Tribunal to choose a new name, as provided for in section 160 as it is in contravention of Section 11(2)(a), (b) and (c) of the Act.
- [4] The Applicants are registered proprietor and exclusive licensee of the well-known trademark PEPPADEW which it has registered in South Africa in various classes, the earliest filing date of the aforesaid trademark registration was in 1996. Mr N. Haaff, a director of both First and Second Applicant stated in his founding affidavit that the Applicants have made extensive use of the trade marks locally and internationally and that as a result the trademark has become well known and distinctive. The tonnage sold in South Africa and internationally quoted in the affidavit suggests that the products carrying its trade mark is widely sold and known, as well as its webpage.

- [5] The Applicants alleges that the inclusion of its trademark in Respondent's trading name is therefore confusingly similar to the Applicant's registered well-known PEPPADEW trademark in contravention of Section 11 (2)(b); and that in addition, it is in contravention of Section 11(2)(c) of the Act as the name must not 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.

Thus the Applicants are of the view that the business name PEPPADEW SCHOOL is confusingly similar to its trade marks in all material respects and that the portion of the name "SCHOOL OF CATERING AND HOTEL MANAGEMENT" is purely descriptive and does not serve to distinguish the Respondent from the Applicants and that it is likely to cause confusion amongst members of the public in that they are likely to believe that the entities are associated with each other, or that the services of the Respondent are endorsed by the Applicants.

- [6] In view thereof, the Applicants request that the Respondent be ordered to change its name to one that is not confusingly similar to that of the Second Applicant's name and does not make use of the Trade Marks, or any confusingly similar trade mark including the word PEPPADEW in any manner.

PROCEDURE:

- [7] The applicant has served the application and service complies with Table CR3 of Annexure 3 of the regulations on the address of the respondent via registered post.
- [8] No objection to this Application has been filed by the Respondent.

APPLICABLE LAW:

[9] 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; ...”

[10] 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:

[11] It is clear that the Applicants hold significant registered and common law rights in the **PEPPADEW** trademark by virtue of having made extensive use thereof through the years as set out above.

[12] Thus the question is does the use by the Respondent of the First Applicant’s trademark amount to a contravention of sections 11(2) (b) and / or 11(2) (c) (i) of the Act. To answer this, one has to examine the case law relating to this matter.

- [13] Referring to case law, in the **Hollywood Curl (Pty) Ltd Twin Products (Pty) Ltd 1989 (1) SA 255 (A)**, Court ruled on an objection by the Respondent to the company name Hollywood Curl (Pty) Ltd. In the passing-off appeal, the Court found that the evidence had established that the use of the mark **HOLLYWOOD CURL** constituted passing-off in that there was a reasonable likelihood that ordinary members of the public might be confused and/or deceived into believing that such merchandise emanated from the same source. In that case the company was also trading under the name **HOLLYWOOD CURL** and the court also found that the business conducted and/or services provided by the Appellant under this trading style amounted to passing off vis-a-vis the respondent.
- [14] The question arises is whether the name is “confusingly similar” as required in S 11(2)(b) and/or if, as required by s 11(2)(c), it falsely implies or suggests, or is such as would reasonably mislead a person to believe incorrectly, that the company is part of, or associated with, any other person or entity. It is submitted that falsely imply or suggest” in s 11(2) (c) (i) requires at least fault in the form of intent which has been proven.
- [15] 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).
- [16] 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). 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.”

- [17] 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. There is no indication that the Respondent does not intend to trade in the same market as the Applicant, nor does it preclude the Respondent from trading in goods or services in which the Applicant has an interest, especially in view of the description of its principal business. The Respondents’ business is not distinguished from that of the Applicant in its business description at CIPC.

In fact, it can be seen that there will be confusion in this matter when placing them side by side as well as when the logos are compared.

- [18] 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.
- [19] 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 First Respondent (See also *American Chewing Products Corporation v American Chicle Co* 1948 (2) SA 736A). As stated in the *Ewing case* : “ the public is likely to associate the First Respondent’s business

as a branch of or associated with the Applicant's business, thus resulting in any negative publicity it creates to being associated with the Applicant."

- [20] 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.
- [21] 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".
- [22] Thus it is clear from the aforementioned, that there is a reasonable likelihood of confusion if both names 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 the cases quoted above.
- [23] It can therefore be concluded that the name of the Respondent and the PEPPADEW trade mark will reasonably mislead the reasonable man (person) to believe incorrectly that there is an association with the Second Applicant's trademark and name. 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.

[24] As a result members of the public will also be confused or deceived into believing that the business of the Applicant is linked to, or associated with that of the Respondent and are "horses from the same stable", as they could both be in the same industry of services.

FINDINGS:

[25] Having considered the sections of the Act, the High Court case law aforementioned; the extensive use of the trade marks by the Applicants, more especially First Applicant and its common law rights enjoyed, and the registered trademarks, it is clear that the Respondent's conduct amounts to a contravention of section 11 (2) (b) of the Act and section 11 (2) (c) (i) of the Act.

[26] 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 Respondent change its name to one which does not incorporate the word REDEC as it is in contravention of Section 11 (2) (b) and Section 11 (2) (c) (i).
2. This order must be served on the Applicant, Respondent and on the Registrar of the CIPC by the Tribunal's Recording Officer (Registrar).
3. The Respondent is hereby ordered to change its name within 90 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 Respondent considering that the matter has not been opposed. The Respondent is hereby exempted from the requirement to pay the prescribed fee for filing the notice of amendment.
5. Since the Respondent is a profit company, in accordance with Section 11 (1) (b) and (3) (a) of the Act, the Respondent 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 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. Should the Respondent not comply with the order of the Tribunal within the 90 day period, the Registrar of CIPC is directed to change the Respondent’s name to its registration number without the 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

17 June 2015