



IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

“The Tribunal”)

CASE NO: CT005DEC2016

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 SKYBRIDGE RENEWABLE ENERGY TECHNOLOGIES (Pty) Ltd does not satisfy the requirements of Section 11(2).

In the matter between:

SKYBRIDGE CC

FIRST APPLICANT

OLEG BROKORENKO

SECOND APPLICANT

AND

SKYBRIDGE RENEWABLE ENERGY TECH.

FIRST RESPONDENT

CIPC

SECOND RESPONDENT

Coram K. Tootla

Decision delivered on 29 April 2017

DECISION

INTRODUCTION:

- [1] The First Applicant is Skybridge CC (2004/093793/23), a close corporation incorporated in terms of the Close Corporation Act, as amended and having its principal place of business at 1524 Dale Lace Avenue, Corner John Vorster, Randpark Ridge, Randburg, S.Africa, and is the exclusive licensee of the second Applicant in relation to the use of its registered trade mark.

The Second Applicant is Oleg Brokorenko, an adult male, sole member of the First Applicant residing at the aforementioned address, and is the owner of the SKYBRIDGE trademarks No. 1995/09238 SKYBRIDGE and device in class 37; No 2000/15817 in class 38, and No. 200/15818 in class 41, brings an application in terms of Sections 11 (2)(a) (i) 11 (2)(b)(i) and (iii) 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 SKYBRIDGE (Refer to form CTR 142) and to file a new memorandum to that effect.

- [2] The First Respondent is **SKYBRIDGE RENEWABLE ENERGY TECHNOLOGIES (PTY) LTD**, a company incorporated in terms of the Companies Act, and having its physical address and not registered address (as alleged by the Second Applicant) at Office 310 , Eikestad Moll, 43 Andring, 3rd floor, Stellebosch, Western Cape. 7600

PROCEDURE:

- [3] The application was served on the First Respondent's physical address on 12 December 2016 by the Sheriff of the Court by pinning on the principal door which was not the registered address; and in addition no reason was provided by the Sheriff for pinning on the principal door.
- [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 Applicant’s claim and as a result applied for a default order.

Since the Tribunal was dissatisfied with the service, the Second Applicant was requested to properly serve the application on the First Respondent prior to adjudication; but the Applicants did not attend to same for more than a month and has delayed this matter.

- [5] In the interim, the First Respondent decided to oppose the matter and the matter is now being adjudicated upon. However, there is no participation by the Second Respondent.
- [6] It can be noted that the registration of the First Respondent's company name took place in 2016, 15/20 years after the trade mark registrations of the Second Applicant. The First Respondent has filed an affidavit stating that the First Respondent contends that its name specifically contains the words "renewable energy technologies" and cannot be confused with the trademark "SKYBRIDGE" and cannot be confused with telecommunications.
- [7] In addition, it is contended by the First Respondent that the Second Applicant cannot trademark "SKYBRIDGE" and that the trademark is not used specifically for any of its products and simply used as its company name and can be differentiated from the First Respondent's name.
- [8] The Applicants also claim common law and statutory rights in the word "SKYBRIDGE" and that it claims "wide spread and extensive use" thereof since 1995/2000 and has used the "SKYBRIDGE" trademark in various fields, for example, the telecommunications, primarily with satellite, antennas, television, training etc. In its sworn affidavit, the Second Applicant states that its trademark is well known due to its existence for 15 and 20 years and has a market share and presence and that the First Respondent's company name is confusingly similar to its trade marks which in effect means that it claims that the First Respondent has transgressed Section 11(2) (a) (iii).
- [9] The Applicants 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.

- [10] The Applicants also state that the offending name contains the entirety of the “SKYBRIDGE” trademarks and is phonetically, visually and conceptually identical to its SKYBRIDGE trademarks’ and that it is the dominant part of the offending name and that the offending name incorporates the whole of its “SKYBRIDGE” trademarks.
- [11] It is submitted by the Applicants that by adding the words “Renewable Energy Technologies” to the First Respondent’ name, it is inherently non- distinctive and does not serve to distinguish the services of goods of this First Respondent from the SKYBRIDGE trade mark and that the offending name immediately brings to mind its ‘SKYBRIDGE” trademarks..
- [12] Despite the description “Renewable Energy technology” and the principal business of the First Respondent not being disclosed at CIPC, the Applicants state that it alludes to its services of interest in the Telecommunications services area by this description.
- [13] In view of the aforementioned, the Applicants are of the view that the offending name is confusingly similar to their registered “SKYBRIDGE” trademarks in various classes and is in contravention of Section 11 (2) (b) of the Act as stated in its affidavits whereas in the CTR form 142 it has alleged it is contravention of Section 11(2) (a); (b) and (c).
- [14] Furthermore, the Second Applicant has filed an answering affidavit on 28 April 2017 in reply to the First Respondent’s affidavit. The gist of the Applicants argument is that its services uses energy and that the First Respondent cannot differentiate its service of solar panels/energy from that of the Applicants’ service. It also argues that the company “ Sky bridge Voltaic Consulting” is also infringing its trademarks of” SKYBRIDGE” and that it is in the process of having that name removed from the companies register.

- [15] An order is thus sought for the First Respondent to change its name by removing the word “SKYBRIDGE” therefrom and amend its memorandum of incorporation accordingly.

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—

- (a) an Application in Form CTR 142; and
- (b) 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] 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.”

- [18] 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".'

- [19] 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.)”

[20] 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 Zonquasdrijf 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.**

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. Hence the argument of the First Respondent will not hold that its services differentiates it from that of the Applicant. 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.

- [21] 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.
- [22] 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.
- [23] 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).
- [24] 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 does not preclude the First Respondent from trading in goods or services in which the Applicants have as an interest.

- [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 S K Y B R I D G E and the dominant part of the First Respondent's company name is **SKYBRIDGE**. Hence the dominant words are the same and 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 “SKYBRIDGEGE “in First Respondent's name will reasonably mislead the reasonable man (person) to believe incorrectly that there is an association with “SKYBRIDGE” trademark, especially due to the fact that its connection with satellite and telecommunications with DSTV is fairly well –known in this country.

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 SKYBRIDGE 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 SKYBRIDGE as incorporated in the First Respondent’s company name falls within the ambit of Section 11 (2) (b) (iii); and (c) as argued but not Section 11 (2) (a)(i) of the Companies Act.
- [35] Thus the Applicant has demonstrated that the First Respondent has transgressed Section 11 (2) (b) and (c) Hence it is entitled to an order as claimed in terms of Section 160 of the Act. Section 11 (2) (a) (i) is not applicable to this matter as the First Respondent’s name is not the same as the Applicant’s trademark, 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).
- [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 by the Tribunal's Recording Officer (Registrar).
3. The First Respondent is hereby ordered to change its name within 45 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 considering that there has been a delay by the Applicants to serve the Application properly. The First Respondents are 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 45 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

29 April 2017