



COMPANIES TRIBUNAL OF SOUTH AFRICA

Case/File Number: CT014Jun2015

In the matter between:

**THE GLENGLOSSAUGH DISTILLERY
COMPANY LIMITED**

Applicant

and

**GLENGLOSSAUGH DISTILLERY
(PTY) LIMITED**
(Reg NO.: 2013/127597/07)

First Respondent

THE COMMISSIONER OF COMPANIES

Second Respondent

Coram	:	Khashane La M. Manamela (Mr.), Piet Delpont (Prof.) and Sathie Gounden (Mr.)
Date of Hearing	:	10 December 2015
Date of Decision	:	22 February 2016

DECISION (Reasons and an Order)

Khashane La M. Manamela (Piet Delpont and Sathie Gounden concurring)

[1] The applicant is a company incorporated in the United Kingdom¹ with registered office in Newbridge, Midlothian, Scotland.² The applicant is the proprietor of the trade mark “GLENGLASSAUGH” granted in November 2013 in class 33 over the following goods and services: “Wines, spirits and liqueurs; whisky; strong alcoholic drinks; but insofar as whisky and whisky based liqueurs are concerned only Scotch whisky and Scotch whiskey based liqueurs produced in Scotland”.³

[2] The first respondent is a South African company. From its registration number⁴ and papers filed on its behalf, it appears to have conducted business since 2013.⁵ Evidently, the first respondent is opposing this matter or, put in proper and full context, it opposed this matter until a day before the hearing, on 10 December 2015. This will obviously merit further attention below.⁶

[3] The second respondent is not taking part in these proceedings. But, it is actually not clear from the papers whether or not there is a second respondent. References to the second respondent or, as it is cited, “The Commissioner of Companies” is rather tentative and sparsely. Assuming the reference to “The Commissioner of Companies” is to the Companies and Intellectual Property Commission⁷ (the CIPC) or its “Commissioner”,⁸

¹ See annexure “WW1” to the application on indexed p 16.

² See par 2.1 of the founding affidavit on indexed p 5; annexure “WW1” to the application on indexed p 16.

³ See annexure “WW2” to the application on indexed p 17.

⁴ The first respondent’s citation reflects the year 2013 which appears to be the unique registration number assigned to it in terms of section 14(1)(a) of the Companies Act 71 of 2008 (the Companies Act).

⁵ In the answering affidavit, the deponent, one Fabio Mario Montobbio, states that, he has held his position in the first respondent since February 2013. See answering affidavit on indexed p 82.

⁶ See par 5 below.

⁷ See sections 185 and 189 of the Companies Act, read together with the definitions of “Commission” and “Commissioner” in section 1 thereof for proper citations of the Commission or the CIPC or its Commissioner.

there is no indication that this party was served with the papers. However, I will let nothing turn on this, due to the nature of the relief sought herein.⁹ Besides, the application does not include a prayer for relief against the second respondent and therefore the citation may actually have been superfluous. I will henceforth refer to the first respondent simply as the respondent.

[4] Through this application, the applicant requests that it be found that the respondent's name does not satisfy the requirements of sections 11(2)(a)(i) and 11(2)(a)(iii) and 11(2)(c) of the Companies Act. There is an alternative prayer based on , section 11(2)(b) in the event of an adverse finding on the bases of sections 11(2)(a)(i) and 11(2)(a)(iii). These statutory provisions collectively read as follows in the material part:

“(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) ...

(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 trademark 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

(iv) ...

(b) not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a) unless -

⁸ See section 189 of the Companies Act, read together with the definition of “Commissioner” in section 1 of the same Act

⁹ See par 4 below. See further par 8 of the founding affidavit on indexed pp 14 to 15.

- (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...

[underlining added for emphasis]

[5] As indicated above,¹⁰ the respondent did not appear at the hearing of this matter on 10 December 2015.¹¹ Ms Jani Cronje, appearing on behalf of the applicant, handed up to the panel presiding over the matter, a printout of electronic mail exchanges between her and a certain Ms Delene Betrasso, reportedly acting for the respondent.¹² The electronic mail exchanges were to the effect that the respondent agreed to this Tribunal ordering the respondent to change its name to a name which does not include the word or element “GLENGLASSAUGH”.¹³ The respondent agreed to the terms of settlement

¹⁰ See par 2 above.

¹¹ See lines 2 to 14 on p 5 of the transcript of 10 December 2015 (the transcript).

¹² The electronic mail was accepted as Exhibit “A” of the record. See lines 14 to 16 on p 17 of the transcript.

¹³ See lines 10 to 20 on p 4 of the transcript. See further “Exhibit A” referred to in footnote 12 above.

being made an order of this Tribunal. Accordingly, the applicant requested that this Tribunal give effect to the settlement.

[6] However, the hearing was to be occupied for some time by discussions on whether or not a settlement agreement between parties can be made an order of this Tribunal.¹⁴ Submissions were made on behalf of the applicant and they included that this was possible when this Tribunal follows the Uniform Rules of the High Court.¹⁵ The views of members of the panel were that this was not possible,¹⁶ but this issue will get some attention later in this decision.¹⁷

[7] Another procedural issue, perhaps with a substantive connotation, was regarding the panel's concern about the fact that there is no proof that these proceedings were launched on authority of the company or its board of directors. It was noted that the deponent to the applicant's founding and replying affidavits stated that he had the necessary authority.¹⁸ However, the panel did not consider this sufficient and conclusive on the issue. But the panel decided that, under the circumstances, the applicant be allowed an opportunity to file a document unequivocally confirming the authority to bring the legal proceedings.¹⁹ On behalf of my colleagues in the panel, I state that we are

¹⁴ See line 16 on p 5 to line 17 on p 17 of the transcript.

¹⁵ See lines 10 to 15 on p 6 of the transcript.

¹⁶ See lines 11 to 13 on p 7 of the transcript.

¹⁷ See par 15 below.

¹⁸ See par 1.3 of the founding affidavit on indexed p 5; undated letter of "authority" by the deponent to the founding and replying affidavits on indexed p 33.

¹⁹ See line 11 onwards on p 53 of the transcript.

grateful that the applicant filed the requisite documents on 05 February 2016.²⁰ In my view, this issue is therefore adequately addressed.

[8] Back to the merits of the matter. As stated above the applicant submits that the respondent's name is in breach of provisions of sections 11(2)(a)(iii); 11(2)(b) (as an alternative to section 11(2)(a)(iii)) and 11(2)(c) of the Companies Act, in respect of its trade mark "GLENGLOSSAUGH".²¹ I deal with these statutory provisions individually below, but first there is another submission deserving immediate attention. This is the applicant's prayer for relief based on section 11(2)(a)(i) of the Companies Act.

[9] It is submitted that the respondent's name is the same as the applicant's name. This is further argument from allegations of breach of the applicant's trade mark. According to submissions made on its behalf, the applicant is a registered external company.²² Therefore its name is protected in terms of section 11(2)(a)(i) of the Companies Act.²³ The immediate question to be answered in this regard is whether or not the applicant is a "registered external company".

[10] In section 1 of the Companies Act a "registered external company" is defined as:

²⁰ The applicant's attorneys filed supplementary heads of argument on 05 February 2016, which included an affidavit or statement by a Mr. Alan Paton, a solicitor in Scotland and England expressing opinions on the issue of authority of directors in terms of the United Kingdom's company law, as well as, minutes of the meeting of the board of directors of the applicant of 28 January 2016. The latter document actually sufficed for purposes of the concern expressed by this panel.

²¹ See par 4 above.

²² See pars 6.2 - 6.10 of the founding affidavit on indexed pp 9-12.

²³ See par 4 above for citation of the material parts of section 11(2).

“an external company that has registered its office as required by section 23, and has been assigned a registration number in terms of that section...”

And for completeness, the definition of “domesticated company” (as section 11(2)(a) also refers to this) in section 1 of the Companies Act is as follows:

“a foreign company whose registration has been transferred to the Republic in terms of section 13(5) to (11)...”

[11] Except for the bald allegations in the founding affidavit, there is no evidence or even information before us confirming that the applicant is a registered external company in terms of the Companies Act. Section 23 of the Companies Act referred to in the definition of “registered external company” quoted above, has very expansive requirements in respect of registered external companies. The requirements include that the CIPC assign a unique registration number to such company²⁴ and that the company maintains at least one office in the Republic of South Africa.²⁵ Neither of these two requirements appears to have been met regarding the applicant. Actually, the following submission by the applicant appears to contradict all these:

“The Applicant is The Glenglassaugh Distillery Company Limited, a company from Scotland, the United Kingdom, with its registered address recorded as Newbridge Bond Queen Anne Drive, Lochend Industrial Estate, Newbridge, Midlothian, EH28 8LN, Scotland. Confirmation of incorporation of the Applicant as a company from Scotland is annexed...”

[underlining added for emphasis]

²⁴ See section 23(5)(a).

²⁵ See section 23(3).

In my view, the applicant is not a registered external company and therefore its name is not protected by the Companies Act, as contemplated in section 11(2)(a)(i) thereof.

[12] I now turn my attention to the other provisions of sections 11(2) that the applicant submits are breached by the respondent with regard to its trade mark “GLENGLASSAUGH”. First, I deal with section 11(2)(a)(iii). This provision proscribes company names which are the same as, among others, another company name, a mark or trade mark. Clearly this provision doesn’t avail the applicant as the respondent’s name, “GLENGLASSAUGH DISTILLERY”, is not the same as the applicant’s trade mark, (which trade mark is simply) “GLENGLASSAUGH”. The word “DISTILLERY” does not form part of the applicant’s trade mark, but it is part of the respondent’s name.

[13] Secondly, section 11(2)(b) provides that a company name should not be “confusingly similar” to, among others, another company name, a mark or trade mark. In my view, the respondent’s name is clearly similar to the applicant’s trade mark. However, the statutory proscription is against “confusing similarity”, not just similarity. The applicant submits that the respondent’s name is indeed “confusingly similar” to its trade mark as the prominent or memorable part of the name is the word “GLENGLASSAUGH”. I agree that this is so and find the respondent’s name to be confusingly similar to the applicant’s trade mark.

[14] Finally, there are submissions regarding section 11(2)(c). It is submitted that the respondent’s products would deceive members of the public into believing that the

respondent is part of or associated with the applicant. I agree that this is a probability. It is further submitted that, the word “COMPANY” has become part of the applicant’s name by custom, but is not required by law and is actually a mere descriptive and non-distinguishing appendage.²⁶ This, it is submitted, means that the applicant’s trade mark forms part of the applicant’s name. I also agree with this submission. Therefore, I find that the respondent’s name suggests or is such as would reasonably mislead a person to believe incorrectly that the respondent is part of or associated with the applicant.

[15] As indicated above,²⁷ the respondent indicated to or agreed with the applicant that it will change its name to a name which does not include the word “GLENGLASSAUGH”. Again as indicated above,²⁸ we were asked, as a panel, to make the agreement between the parties an order of the Tribunal, but we could not accede to the request. This is not to say that we did not find the respondent’s concession significant, but only that we are not aware and were not made aware, of any enabling provision in the Companies Act or its regulations (i.e. the Companies Regulations, 2011²⁹) in this regard. The Companies Act requires this Tribunal to make a determination³⁰ and thereafter consider making an administrative order.³¹ In my view, such statutory responsibility is not capable of subordination to the arrangements between the contending parties, commendable as the arrangements may be. This Tribunal can do anything and everything within the four corners of the Companies Act, but nothing beyond. I cannot state this

²⁶ See par 6.3 of the founding affidavit on indexed p 11.

²⁷ See pars 5 and 6 above.

²⁸ *Ibid.*

²⁹ The Companies Regulations were determined by the Minister of Trade and Industry in terms of section 223 of the Act 71 of 2008 and published under GN R351 in Government Gazette 34239 of 26 April 2011.

³⁰ See section 160(3)(a).

³¹ See section 160(3)(b).

better than in the decision of *Senwes v Competition Commission* (118/2010) [2011] ZASCA 99 (1 June 2011) wherein it was stated that:

“While all this may be true, the starting point of an enquiry into the scope of the Tribunal’s authority, is that we are dealing with a creature of the Act. It has no inherent powers. In accordance with the constitutional principle of legality, it has to act within the powers conferred upon it by the Act. In terms of s 52(1) the Tribunal must conduct a hearing, subject to its rules, into any matter referred to it. The reverse side of this must be that the Tribunal has no power to enquire into and to decide any matter not referred to it.”³²

The aforesaid was in agreement, among others, with the following *dicta* from the Competition Appeal Court in the decision of *Netstar (Pty) Ltd v Competition Commission SA* (99/CAC/May 10) [2011] ZACAC 1 (15 February 2011):

“[I]t is necessary once again to emphasise that the Tribunal is not at large to decide whether conduct is anti-competitive and then to formulate reasons for that finding. It is ...bound to apply the Act and engage with the issues as they arise from a proper construction of the Act’s provisions.”³³

[quoted without cited authorities]

[16] With the above findings the remaining issue is one for costs. On this issue, this Tribunal is allowed some discretion on whether to award costs or not.³⁴ This discretion is

³² See *Senwes v Competition Commission* (118/2010) [2011] ZASCA 99 at par 51.

³³ See *Netstar (Pty) Ltd v Competition Commission SA* (99/CAC/May 10) [2011] ZACAC 1 (15 February 2011) at par 61.

³⁴ See regulation 156(1) of the Companies Act.

to be exercised judiciously against the background of the prevailing circumstances. In this matter, there was already an indication to the parties that a costs order will be considered for at least some parts of the proceedings. This was with regard to the postponement of 23 November 2015. The respondent was requested to furnish reasons why it should not be held liable for those costs. There was no response from the respondent in this regard. Be that as it may, in my view, the circumstances of this matter justifies a costs order overall. More so, due to dilatory attitude adopted by the respondent in the conduct of these proceedings, including the eventual apparent capitulation in the eleventh hour, so to speak. The applicant was forced to unnecessarily incur legal costs to protect its rights. This cannot be without consequences and it will be unfair to mulct the applicant with these costs. Therefore, an order will be made for the respondent to pay costs of this matter on a party and party scale of the High Court. Such costs will include all costs of the matter having to be postponed from the enrolment of 23 November 2015.

[17] I therefore make the following order:

- a) the respondent's registered company name "**GLENGLASSAUGH DISTILLERY**" does not satisfy the requirements of the Companies Act 71 of 2008;
- b) the respondent is directed to choose a new name and file a notice of amendment to its Memorandum of Incorporation;
- c) the respondent should complete the activities ordered in b) hereof within three (03) months of service of this order upon the respondent in terms of regulation 153(3) of the Companies Regulations, 2011;

- d) the respondent is and be exempted from paying the fees prescribed for the amendment in terms hereof, and
- e) the respondent pay to the applicant costs of this matter on a party and party scale or tariff of the High Court, including costs occasioned by the postponement of the matter after it was enrolled for hearing on 23 November 2015.

Khashane Manamela

Member, Companies Tribunal

22 February 2016

Piet Delport Concurring

Member, Companies Tribunal

Sathie Gounden Concurring

Member, Companies Tribunal