



IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

(“The Tribunal”)

CASE NO: CT013Oct2015

Re: In an Application in terms of Section 160 of the Companies Act 71 of 2008 (“the Act”) and Section 11(2) of the Act.

In the matter between:

VUKILE VUKUHLE SHEMBE

THE APPLICANT

AND

COMPANIES AND INTELLECTUAL

PROPERTY COMMISSION (CIPC)

THE RESPONDENT

Coram K. Tootla

Decision delivered on 9 December 2015

DECISION

INTRODUCTION:

- [1] The Applicant claims it is the leader and authorized representative of the Nazareth Baptist Church, whose place of business/service is in the area of Durban; supposedly brings an application in terms of Sections 11 (2)(b) and 160 of the Companies Act 2008 (“the Act”) read with Regulation (Reg.) 153, for an order that the Respondent reserve the name of the aforementioned church (Refer to form CTR 142) as the Applicant holds the trademark “The Nazareth Baptist Church” under trademark No. 2003/11341 .
- [2] The Respondent is CIPC which claims in its notice CoR 9.5 dated 22 July 2015 that the name “Nazareth Baptist Church” is confusingly similar to three other names on the CIPC register in terms of Section 11(2) (b).

PROCEDURE AND BACKGROUND:

- [3] The date of the CIPC CoR 9.5 notice is dated 22 July 2015. The application was properly served on the Tribunal on 22 October 2015 and on CIPC (via email) within the three month period as per Section 160. .
- [4] The Respondent did not serve or file any notice to oppose the Applicant’s application but has filed an email in response to the Applicant’s order requested which is sufficient. The Respondent opines that in view of the confusingly similar names on the register, the name “Nazareth Baptist Church” cannot be permitted registration.
- [5] The Respondent is also of the view that the aforesaid name consist only of common word/s in daily use and that if permitted it would amount to monopoly or exclusive protection over common expression and that it would amount to the name “Nazareth Baptist Church” overlapping the names mentioned in the CIPC notice; and that as a result it would be contrary to Section 11(2) (a) of the Act.

This is an error as the notice speaks of Section 11 (2) (b) and the Tribunal notes that the reference is to the subsection mentioned in the notice.

[6] The Respondent is of the view that the Applicant's stance would amount to him riding on the goodwill vested in those registered entities and that it would also amount to a likelihood of confusion in the business world in that it would place members of the public under the misapprehension that there is an association between this church and those entities already registered which is in terms of Section 11 (2) (c). This is notwithstanding that it may be thought that the church of the Applicant is the mother body of all NAZARETH BAPTIST CHURCH entities. It is to be noted that Section 11 (2) © has not been mentioned in the CoR 9.5 notice and is thus disregarded.

[7] Respondent also states that if it were to approve the name it would run out of names as the name of this church is a common element of the names already approved. However, the Respondent has given the Applicant the option of adding a distinguishing feature for example XYZ or ABC before the name of this church so that the element will sufficiently be capable of differentiating this church from the names already registered, within the meaning of the name register. If one interprets this statement from the Respondent, it could mean that the Applicant can for example add the words Shembe before Nazareth Baptist Church or another prefix so that the name is distinguishable from the other entities mentioned in the notice.

APPLICABLE LAW:

[8] The jurisdiction of the Companies Tribunal is stated in section 160 of the Act and is as follows:

Section 160 “(1) A person to whom a notice is delivered in terms of this Act with respect to an application for 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 a 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), if the applicant received such a notice; 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 name that had been contested as the name of a 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.”

[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] The Applicant has not mentioned in the founding affidavit which section of the Act it applies in terms of, save to say that it has a registered trademark in that name and that the name applied for is to be reserved in favour of the Applicant.
- [12] The Applicant is requesting the Tribunal to make an order that its registered trade mark be approved as its company name and that it has other registered trademarks registered in that name as per the register attached. Presumably this is in terms of Section 160 read with Section 11 (2) (b) of the Act.
- [13] It seems that the Applicant is claiming that the due to his trademark he is entitled to the name reservation but he has not justified this in any way, save for making the allegation that it has registered trademarks and implying that for that reason it be given preference.

- [14] The Applicant's company name is not in existence and is required to be reserved after those entities mentioned in the CoR 9.5 notice, which CIPC has refused to do. Although the applicant has filed an objection to the notice as prescribed by regulation 142 (1) (a), it has not mentioned the sections of the law and the specific regulations in terms of which it has applied, wherein lies the crux of the problem.
- [15] Note that Regulation 142 (3) clearly states that the section of the Companies Act on which the application is made, must (my emphasis) be indicated. This is clearly a peremptory provision and the Companies Tribunal cannot *mero motu* condone non-compliance; and the principles of substantial compliance as set out in section 6 (9) and (10) do not apply especially as no section has been quoted.
- [16] Regulation 142 (3) (a) requires that the application must "...indicate the basis of the application, stating the section of the Act or these regulations in terms of which the Application is made." The Applicant does not comply with this basic requirement, as form CTR 142 does not provide (nor does the affidavit) that the name "offends against the provisions of sections 11 (2) or any other section of the Companies Act".
- [17] The Applicant states that it is the owner of the trade mark "Nazareth Baptist Church "" (as per trade mark no: 2003/ 11341 which has expired in 2013 as there is no evidence that the trademark was extended. Note that this trademark was granted subject to a condition which states that the registration shall not give a right to the exclusive use of the word NAZARETH and the phrase BAPTIST CHURCH" separately and apart from the mark. All the other trademarks registered are under various different names like SHEMBE and AMANAZARETHA ETC.
- [18] The Applicant has not claimed common law rights in the trademark ""Nazareth Baptist Church "due to its "wide spread and extensive use" but claims simply because of the trademark it has to be protected.

The Applicant has not taken into consideration that the trademark expired in 2013 and also that the 2003 trademark was granted subject to the proviso that “ ... shall give no right to the exclusive use of the word NAZARETH and the phrase BAPTIST CHURCH separately and apart from the mark” as per the certificate of registration.

[19] The Respondent submits that the Applicant’s company name infringes the provisions of Section 11(2) (b) and (c) and that the Applicant should change its name as stated above by adding a distinguishable element to the name.

[20] 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.”

[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 applicant and the 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, **but the name *per se* must be evaluated to determine, for example, the confusion.**

Thus it can be concluded that the words of the Applicant’s church can lead to a likelihood of confusion, more especially the entities which have the words “Nazareth Baptist Church” are all churches.

- [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.

It is clear that the Applicant does trade/works in the same market as the other entities mentioned in the CoR 9.5.

[26] 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.

[27] 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.

[28] 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".

[29] The dominant word in the Applicant's name is Nazareth Baptist Church and the dominant part of those other entities is also Nazareth Baptist Church. Hence the dominant words are the same and the side by side use of the word "Nazareth Baptist Church" it is clear that there is a reasonable likelihood of confusion if both marks/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 of the cases quoted above.

[30] The Applicant has not referred the Tribunal to relevant case law nor has he argued the relevant subsections of Section 11 of the Act which he indirectly claims is the basis of his case.

[31] It can therefore be concluded that the word "Nazareth Baptist Church" in Applicant's name is confusingly similar to the other entity names unless a distinguishing element is used by the Applicant to differentiate the name especially due to the fact that there are other churches using the words "Nazareth Baptist Church".

The fact is that three churches clearly have similar or overlapping names and this will, as under section 11 (2) (b), include the likelihood/possibility that the reasonable man (person) will be misled.

[32] Thus permitting the Applicant to keep the name Nazareth Baptist Church 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 "Nazareth Baptist Church" falls within the ambit of Section 11 (2) (b) as argued but not Section 11 (2) (a) and (c) of the Companies Act as this has not been argued by the Respondent.**

[33] 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.

FINDINGS:

[34] In view of the fact that the Applicant did not comply with Reg. 142 (3) (a) which is a peremptory provision, the Tribunal is of the view that it was unable to entertain the matter on the actual merits. However, to enable the Applicant to understand why its application is unsuccessful also on the merits, the Tribunal explains the Law on why the name requested for reservation is indeed confusingly similar to the other entities recorded on CoR 9.5 referred to throughout this decision.

ORDER:

[35] The application for an order in terms of section 160 read with Section 11 (2) (b) of the Companies Act is dismissed with no order as to costs.

k.y. tootla (electronically signed)

KHATIJA TOOTLA

Member of the Companies Tribunal

9 December 2015