

COMPANIES TRIBUNAL

REPUBLIC OF SOUTH AFRICA

Case: CTO07Jun2016

In the matter between;

KGANYA BRANDS (PTY) LTD

First Applicant

(Registration Number 2014/023605/07)

and

KGANYA INVESTMENT HOLDINGS (PTY) LTD

Second Applicant

(Registration Number 1995/007637/07)

And

KGANYA LE NKATLE PROJECTS (PTY) LTD

First Respondent

(Registration Number 2015/153930/07)

and

COMMISSIONER OF THE COMPANIES AND

INTELLECTUAL PROPERTY COMMISSION (CIPC)

Second Respondent

Presiding Member of the Tribunal: Lucia Glass

DECISION (Reasons and Order)

1) This is an Application in terms of section 160 of the Companies Act 71 of 2008 (the Act). The basis of this Application is that the first Respondent's name, **KGANYA LE NKATLE PROJECTS (PTY) LTD** offends against the provisions of sections 11(2)(b) and (c) of the Act by incorporating a name that is confusingly similar to the Applicants' registered **KGANYA** trademark. Further that the use of the entity name is thus likely to falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly that the First Respondent is part of or associated with the Applicants trade marks.

2) The Applicants filed this Application on form CTR 142 with the Tribunal on the 15th June 2016.

3) On the 21st June 2016, this Application was served on the Respondent's registered address by the Sheriff, by affixing a copy of the Application to the principal gate. To date the Respondent has not responded to this application.

4) The Deponent to the Applicant's papers is Marc Leslie Barnett de la Harpe, who avers that the First Applicant is a wholly owned subsidiary of the Second Applicant, and forms part of the Kganya group of Companies.

5) The Deponent avers that he is a Director of the Applicants and is authorised by the Applicants to institute these proceedings on behalf of the Applicants and attaches a Board Resolution, marked 'MH2', confirming his authority.

6) The Deponent avers that the Applicants are the registered proprietors in South Africa of trade marks including the mark **KGANYA** 1997/12184.

7) The Deponent attaches an electronic Certificate of Registration of the Respondent Company wherein it is recorded that the Respondent was incorporated under the

name **KGANYA LE NKATLE PROJECTS (PTY) LTD, on the 14th May 2015.**
(emphasis added)

8) The Deponent avers that the Applicants **became aware of the** second Respondent's name when its Attorney advised them of the incorporation **during July 2015**, following the publication of its name in the Government Gazette. (emphasis added).

9) It is alleged that Applicant instructed its Attorneys to obtain further details from CIPC and on receiving the results of the search, the Applicants instructed their Attorneys to address a letter of demand to the First Respondent. The letter of Demand was addressed to the First Respondent which was served by the sheriff on the First Respondent on the 31 August 2015.

10) It is alleged that during October 2015 Applicants' candidate Attorney made contact with the Director's brother. The brother stated it was not his company and that it was his sister's company and that it would require three weeks to change the name. On 10 October 2015 the candidate attorney again contacted the brother who gave his sister's contact number.

11) On 15th October the candidate attorney finally made contact with the sister who is the Director and who stated that the First Respondent is not yet active or trading and that she wanted to change the company name but did not have the money to do so. She initially said that she did not have a personal email address, but then agreed to send the Attorney an email which would state that she was willing to change her name but was unable to afford the costs of doing so.

12) On 3rd November 2015 after numerous failed attempts at contacting the Director Julia telephonically, she again took the candidate attorneys email address and stated that she would send the email mentioned above.

13) The Deponent mentions problems with emails between the Director her brother and the Attorneys firm that did not materialize.

14) The Deponent avers that the Director, Julia, has been unavailable telephonically since 18 November 2015, despite numerous attempts to contact her and her brother, at various times of the day.

15) At this junction, and before I embark on weighing up the evidence in respect of making an order in terms of Section 11()(b) and (c), that the Respondent is to change its name to one which does not incorporate the word KGANYA or any other word confusingly and or deceptively similar to its KGANYA trade mark, I need to establish whether good cause has been shown in terms of section 160 (2)(b).

16) Respondent was incorporated under the name **KGANYA LE NKATLE PROJECTS (PTY) LTD**, on **the 14th May 2015**. (emphasis added).

17) The Applicant learnt of the Respondent's name, **KGANYA LE NKATLE PROJECTS**, when its Attorney advised the Applicant of its incorporation, during **July 2015**. (emphasis added).

18) The Applicants filed this Application on form CTR 142 with the Tribunal on the **15th June 2016** (emphasis added).

19) From the Respondent's Certificate of Registration, it can be deduced that this Application is made almost one year after the Applicant became aware of the Respondent's name.

20) Section 160(2)(b) of the Act provides that the Application may be made on good cause shown at any time **after the** reservation or registration of the name that is the subject of the application in any other case. (emphasis added).

21) I understand the sentence; 'on good cause shown at any time after the date of the registration' to mean, that in order to assist those interested persons who did not receive a notice of potentially contested names in terms of Section 160(2)(a) of the Act, they can apply in terms of this section 160(2)(b) to contest the name at any time after the registration of the name, but only on good cause shown. The question to be asked is, what is 'good cause' shown? It is my view that this is meant to read 'good cause shown as to why the application is made **after** the registration and explain why there was a time lapse? (emphasis added).

22) In this case the Applicants **became aware of the** second Respondent's name when its Attorney advised them of the incorporation **during July 2015**, following the publication of its name in the Government Gazette.

23) The Applicants filed this Application on form CTR 142 with the Tribunal on the 15th June 2016. That is more than one year of it coming to their knowledge.

24) The fact that the Applicant did not immediately respond and make this application to the tribunal and rather wait almost a year to do so, is troublesome, as the Respondent could already have traded and built up a business in this time and can be prejudiced by having to at this late stage change its name. However it is in Applicants favour that the deponent alleges that the Responded stated that the company was not yet active or trading in October 2015 and that she wanted to change the name of the company. At that stage no good will would have accumulated.

25) Does 'good cause shown' also include showing cause why more than a year lapsed before the Applicant approached the Tribunal for relief? I believe it does incorporate this time factor. The Applicant as from November 2015 to June 2016, did nothing to further the case and bring it to the Tribunal. The letter of demand was unnecessary and not in terms of the Companies Act nor were the emails and telephone consultations necessary, as it took the matter nowhere.

26) It is my view that not sufficient time had lapsed between November 2015 and June 2016 for the Respondent to build up a well established reputation and that by default the Applicant has shown good cause for me to proceed with the application in terms of Section 11(2)(b) and (c).

27) In this respect it is alleged that the Respondent's name **KGANYA LE NKATLE PROJECTS (PTY) LTD**, wholly incorporates the Applicants' **KGANYA** trade mark.

28) The addition of the words **LE, NKATLE AND PROJECTS** are simply descriptive of the potential service they wish to offer. This will cause confusion in the market place between the First Respondent's company name and the Applicants **KGANYA trademarks**. This is particularly true if one accounts for the well known tendency of a member of the public to imperfectly recall names and trademarks and to only recall the dominant element of a long trade mark and or name which in this case would be **KGANYA**.

29) Further the Applicant submits that there has been no delay in making this Application and that there are good grounds for alleging that the First Respondent's name offends against the provisions of section 11(2) of the Act.

30) The Applicant asks that an order be made, that the First Respondent is to change its name to one which does not incorporate the word KGANYA or any other word confusingly and or deceptively similar to its KGANYA trade mark.

31) Applicant further asks for an Order that the First Respondent pay the Applicants costs of these proceedings.

32) And further asks for an Order, that in the event that the First Respondent fails to comply with the order set above within 3 months from the date of the order, that the Respondent be directed in terms of Section 160(3)(b)(ii) read with Section 14(2) of the Act, to change the First Respondent's name to its company number, as an interim name on the company Register.

Further requesting the Tribunal to grant the Applicants alternative relief.

APPLICABLE LAW

Section 11 (2) (a) and (b) of the Act

33) This section is primarily about protection against infringement of a registered company name or trademark, and reads as follows:

" Sec 11 (2) *The name of a company must—*

(a) not be the same as, or confusingly similar to—

(i) the name of another company, registered external company, close corporation or co-operative unless the company forms part of a group of companies using similar names;

(ii) a name registered for the use of a person as a business name in terms of the Business Names Act, 1960 (Act No. 27 of 1960);

(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); or (iv) a mark, word or expression the use of which is restricted or protected in terms of the Merchandise Marks Act, 1941 (Act No. 17 of 1941), except to the extent permitted by or in terms of that Act;

(b) 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 or by 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) 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 administration or any department of such a government or administration; or

(bb) international organisation;"

34) The Applicant seeks remedies in terms of Section 160 which reads as follows:

"Part B

Rights to seek specific remedies

Disputes concerning reservation or registration of company names.

Section 160.

(1) A person to whom a notice is delivered in terms of section 12(3) or section 14(3) 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 satisfies the requirements of section 11.

(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 satisfies the requirements of section 11; and

(b) may make an administrative order directing—

(i) the Commission to—

(aa) reserve a contested name for the applicant in terms of section 12;

(bb) register the contested name, or amended name as the name of a company; or

(cc) cancel a reservation granted in terms of section 12, if the reserved name has not been used by the person entitled to it; 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."

APPLICATION OF THE COMMON LAW UNDER THE PREVIOUS COMPANIES ACT.

35) In terms of the New Act there are no precedent cases which can be relied on, however in order to obtain insight into the views of learned Judges who have eruditely analysed the situation as to whether the names are "the same or confusingly similar" and whether the name is able to "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" it is my view that it will be useful to look at these judgments even though they are not made in terms of the Act.

36) In 1948 ¹ the courts considered it appropriate to say "*the court must not only consider the marks when placed side-by-side but must have regard to the position of a person who might at one time see or hear one of the marks and later possibly with an imperfect recollection of the mark, come across the other mark*".

37) In more recent times, 2000 in an unreported judgement ² the court said: "*If one compares the name Kentron which the applicant has used and is still using with the name Kentronics which the first respondent is using, it is clear that there is a visual*

¹ AMERICAN CHEWING PRODUCTS CORPORATION v AMERICAN CHICLE COMPANY 1948 (2) SA 736 (A)

² DENEL (PTY) LTD AND KENTRONICS (PTY) LTD AND THE REGISTRAR OF COMPANIES TDP CASE NO 213527/2000 (unreported)

and phonetic differences. It is however, also obvious that there are similarities. The name Kintronics incorporates the whole of the applicants trading style Kentron."

38) In 2001 the court said: ³ *"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".*

EVALUATION

39) The dominant word in the Applicant's name and trademarks is GROWTHPOINT" and the dominant part of the Respondent's company name is GROWTHPOINT". The dominant words in both applicant and respondent names are thus identical.

40) The dominant words of the names of Respondent and Applicant are phonetically and visually confusingly similar. They are not only the same, they are identical.

41) If members of the public merely look at the two names of the two different entities there will be no doubt that they will be misled by the similarity of the names.

42) Members of the public will be confused or deceived into believing that the business of the Applicant is linked to, or associated with that of the Respondent.

³ COWBELL AG V ICS HOLDINGS 2001 (3) SA 941 (SCA)

FINDINGS

43) When the Respondent's dominant word in its name ' **KGANYA**', and the Applicant's trademark ' **KGANYA**' are compared, the dominant words in the name, are not only confusingly similar, but identical, and I am certain that the applicant will be prejudiced if I do not make an order as prayed.

44) The name '**KGANYA INVESTMENT HOLDINGS (PTY) LTD**' incorporates the whole of the applicants trademark '**KGANYA** ', which falsely implies or suggests, and reasonably misleads a person to believe incorrectly, that the respondent is part of, or associated with the applicant's trademarks, which have 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).

45) I am convinced that if the two names are compared, there is no doubt in my mind that they are confusingly similar and identical and there will be confusion if both names are to be used together in a normal and fair manner, in the ordinary course of business.

I proceed to make an order in the following terms;

a) The Respondent is directed to change its name to one which does not incorporate and is not confusingly and or deceptively similar to Applicant's trademark name '**KGANYA INVESTMENT HOLDINGS (PTY) LTD**'.

b) The Respondent is to file a notice of an amendment of its Memorandum of Incorporation, within 60 days of receipt of this order in order to change its name as per a) above.

c) The Respondent is hereby exempted from the requirement to pay the prescribed fee for filing the notice of amendment contemplated in this paragraph.

d) This Determination must be served on the Applicant, Respondent and the Registrar of Close Corporations of the Companies and Intellectual Property Commission who will change the Respondent's name to its company number should the Respondent not file the notice in terms of b) above.

e) Any other person with an interest in the name that is the subject of this application may, within twenty (20) business days after receiving the notice of this determination and administrative order, apply to a court to review the determination.

f) As the respondent has not wasted costs in opposing the matter, I do not make a costs order against the respondent.

LUCIA GLASS

(MEMBER OF COMPANIES TRIBUNAL OF SOUTH AFRICA)

Dated this 13 October 2016