



COMPANIES TRIBUNAL OF SOUTH AFRICA

Case/File Number: CT001JUN2018

In the matter between:

SUN INTERNATIONAL (SOUTH AFRICA) LIMITED

APPLICANT

(Registration Number: 1977/071333/06)

and

TIME SQUARE CASINO (PTY) LTD

RESPONDENT

(Registration Number: 2016/381098/07)

in respect of objection to company name

Presiding Member : Khashane La M. Manamela (Mr.)

Date of Decision : 20 August 2018

DECISION (Order and Reasons)

Khashane La M. Manamela

Introduction

[1] The applicant is a South African public company and part of the Sun International Group. The Sun International Group comprises a number of different corporate structures or entities widely known for “the development and management of gaming, hotels, leisure and entertainment facilities”¹ in South Africa and worldwide. The applicant complains that the respondent’s name TIME SQUARE CASINO does not satisfy the requirements of sections 11(2)(a); 11(2)(b) and 11(2)(c)(i)² of the Companies Act 71 2008 (the Companies Act) in respect of its registered trade mark “TIME SQUARE”.

[2] On the other hand, not much is known about the respondent, as it is not taking part in these proceedings, which are before me by way of an application for a default order.³ However, from the registration certificate (issued by the Companies and Intellectual Property Commission (the CIPC)) included in the papers, it is clear that the respondent is a start-up private company, registered only less than two years ago, on 01 September 2016.⁴ The respondent has one director, namely Shaheer Noormohamed whose postal and residential address is in Laudium, Pretoria, whereas the respondent’s registered office address is in Irene, Pretoria.⁵

¹ See par 1.1 of the founding affidavit on indexed pages 25 – 26.

² See par [15] below, for a reading of the material part of section 11(2).

³ An application for default order is in terms of regulation 153 of the Companies Regulations, 2011. See footnote 6 for a reading of this regulation.

⁴ See annexure “B2” on indexed page 65.

⁵ See annexure “B2” on indexed page 65; par 2.3 of the founding affidavit on indexed page 28.

[3] The applicant filed an application for default order in terms of regulation 153 of the Companies Regulations, 2011⁶ due to the respondent defaulting in filing an answer within the period prescribed by regulation 143.⁷ The application (i.e. the main application) was served at the respondent's registered office address by the sheriff by way of affixing it to the principal door on 12 June 2018.⁸ Quite interestingly, the sheriff's return of service reflects the following remarks: "*Kindly note that MRS L COETZEE, THE RECEPTIONIST, confirmed that the DEFENDANT is not a client of them*".⁹ [italics added] The address at which the sheriff served the process is indeed the registered office address of the respondent, according to the CIPC's certificate referred to in paragraph 2, above.¹⁰ As indicated above, the director of the respondent company is one Shaheer Noormohamed. I recall coming across this name in another matter of this Tribunal under almost similar circumstances and, therefore, I wonder as to whether this is only a striking coincidence on names or the two matters involve the same person. The other matter also concerned a dispute involving what I consider to be a well-known or popular name or trade mark.¹¹ For this reason, I consider it necessary to request, as part of the order to be made herein, the CIPC to consider launching an investigation on the conduct of Shaheer

⁶ Regulation 153 reads in the material part: "(1) If a person served with an initiating document has not filed a response within the prescribed period, the initiating party may apply to have the order, as applied for, issued against that person by the Tribunal. (2) On an application in terms of sub-regulation (1), the Tribunal may make an appropriate order - (a) ...; and (b) if it is satisfied that the notice or application was adequately served. (3) Upon an order being made in terms of sub-regulation (2), the recording officer must serve the order on the person described in subsection (1) and on every other party."

⁷ Regulation 143 reads in the material part: "(1) Within 20 business days after being served with ... an application, that has been filed with the Tribunal, a respondent who wishes to oppose the ... application must - (a) serve a copy of an Answer on the initiating party; and (b) file the Answer with proof of service."

⁸ See annexure "MDP3" on indexed page 19.

⁹ *Ibid.* An almost similar remark was made in respect of the service of the applicant's letter of demand, a year before, on 19 May 2017: "Kindly take note that the defendant is no longer a client of the H GORDON AND PARTNERS." See annexure "Y2" of the founding affidavit on indexed page 182.

¹⁰ See annexure "B2" on indexed page 65.

¹¹ See *Dangote Cement South Africa (Pty) Ltd v Dangote Cement Dwaalboom Mining*, case/file number: CT00Jun2017 dated 29 September 2017. This decision and others of the Companies Tribunal are accessible on its website: www.companiestribunal.org.za.

Noormohamed in terms of sections 12(6); 12(7) and/or 12(8) of the Companies Act.¹² Be that as it may, in this matter, I am satisfied that the application was adequately served.¹³

[4] Before, I turn to the applicant's submissions that the respondent's name does not satisfy the requirements of the Companies Act, it is necessary to reflect a brief background of the matter. This ought not to detain me long as the submissions made in this regard are significantly only of an illustrative value.

Brief background

[5] The Sun International Group was founded by Sol Kerzner as a South African resort, hotel and casino chain. It specialises in gaming, hospitality and accommodation services and has a market capitalisation of approximately US\$1.4 billion. It also has over 40% share in South African casino market and presence in other countries, including Nigeria and Chile. In South Africa, its presence is attested by the following well-known

¹² Sections 12(6); 12(7) and 12(8) of the Companies Act read in the material part: "(6) If the Commission reasonably believes that an applicant in terms of subsection (1), a person to whom a reserved name is to be transferred, or a person for whom a name is reserved, may be attempting to abuse the name reservation system for the purpose of selling access to names, or trading in or marketing names, the Commission may issue a notice to that person- (a) requiring the person to show cause why that name should be reserved or continue to be reserved, or why the reservation should be transferred; (b) refusing to extend a name reservation upon its expiry; (c) refusing to transfer a reserved name; or (d) cancelling a name reservation. (7) If, as a result of a pattern of conduct by a person, or two or more persons who are related or inter-related, the Commission has reasonable grounds to believe that the person or persons have abused the name reservation system by- (a) selling access to names, or trading in or marketing reserved names; or (b) repeatedly attempting to reserve names for the purpose of selling access to names, or trading in or marketing reserved names, the Commission may apply to a court for an order prohibiting the person or persons from applying to reserve any names in terms of this section for a period that the court considers just and reasonable in the circumstances. (8) In considering whether a person has abused, or may be attempting to abuse, the name reservation system as contemplated in subsection (6) or (7), the Commission, Tribunal or a court may consider any relevant conduct by that person or any related or inter-related person, including- (a) the reservation of more than one name in a single application or a series of applications; (b) a pattern of repetitious applications to reserve a particular name or a number of substantially similar names, or to extend the reservation of a particular name; (c) a failure to show good cause for a reservation period to be extended; or (d) a pattern of unusually frequent transfers of reserved names without apparent legitimate cause having regard to the nature of the person's profession or business."

¹³ See regulation 153(2)(b) of the Companies Regulations, quoted in footnote 6, above.

casinos: Sun City, Grandwest, Carousel, Carnival City and Time Square. Notably, the latter is the origin of the current name dispute.

[6] The applicant is the proprietor in South Africa of the trade mark “TIME SQUARE”. The name “TIME SQUARE” was first used by the applicant in 2013 in preparation for the opening of its Times Square Casino in Menlyn, Pretoria. This casino was officially launched in April 2017. It is said to be the second largest casino in South Africa and Sun International Group’s biggest development in the hospitality, gaming and leisure industry, since the construction of Grandwest Casino in Cape Town, 17 years ago.

[7] The Times Square Casino or its licence was relocated from Morula Sun Casino in Mabopane, Tshwane, which was built in 1988 by the Sun International Group in the then so-called independent state of the Republic of Bophuthatswana to Menlyn, Pretoria

[8] It is submitted that the relocation was widely publicised and reported, among others, through media channels, press releases, newspaper articles and websites. I understand the import of this submission to be that the respondent’s director or proprietor ought to have gotten wind, so to speak, of the imminent casino and its name from these reports or publications, when he incorporated the respondent company. I hasten to remark that while this makes for interesting reading, it is not entirely relevant for an application based on a registered trade mark within the contemplation of section 11(2) of the Companies Act.

[9] The application for registration of the “TIME SQUARE” trade mark was filed by the applicant on 29 April 2013 in respect of goods and services in classes 41 and 43 in South Africa.¹⁴ The trade mark applications were accepted by the Registrar of Trade Marks on 21 May 2014 and published for opposition purposes on 25 September 2014. The trade mark was ultimately registered on 27 March 2015 in classes 41 and 43, effective from 29 April 2013.

[10] It is submitted that the existence of the respondent or respondent’s name came to the attention of the applicant in April 2017. Actually, the applicant’s attorneys reported the existence of the respondent to the applicant. But, the applicant’s attorneys eschewed from disclosing when they became aware of the respondent’s name. In my respectful view, the omission may be deliberate on the applicant’s or its attorneys’ part in order to avoid complications relating to the requirements of section 160(2)¹⁵ of the Companies Act. Nothing will really turn on this for current purposes, but the logic of the incessant

¹⁴ Class 41 is for goods and services was description is as follows: “Education; providing of training; entertainment; sporting and cultural activities”. On the other hand, the goods and services in class 43 are described as follows: “services for providing food and drink; temporary accommodation”. The expiry date for both is 29 April 2023.

¹⁵ Section 160 of the Companies Act reads in the material part: “(1) A person to whom a notice is delivered in terms of this Act with respect to an application for reservation of a 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...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... 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...for the applicant...” [underlining added for emphasis]

pleas to the CIPC to heed the requirements of sections 12(2) and 12(3) of the Companies Act, is glaringly obvious.¹⁶

[11] After becoming aware of the name, the applicant through its attorneys addressed a cease and desist letter or letter of demand to the respondent.¹⁷ The director of the respondent reacted to the letter (i.e. Noormohamed) and I deem it necessary to reflect the response in full, particularly due to the fact that I have been requested to grant a cost order against the respondent. The response was by way of an electronic mail and reads in the material part:

“I would like to place on record that your clients name has not been used in any way to mislead anyone, however in the light of moving forward with this matter in swift manner, I propose the following, I would need to register a new name should we cede the company in question over to your client as well as seek legal advice for a new name to be registered, my proposal would be for your client to pay a minimum amount of R100 000-00, this amount would be to cover all costs that I will incur. I would than cede it over immediately [sic]”¹⁸

[underlining added for emphasis]

[12] After a further exchange in correspondences, the respondent stated the following in an electronic mail to the applicant’s attorneys on 21 August 2017:

¹⁶ See the decisions of *Ramafalo v CIPC* under case/file number: CT005MAR2018, dated 29 June 2018 at pars [16] - [19]; *Dwight Godby Jefferys v CIPC* under case/file number: CT018May2014, dated 31 October 2014. These decisions are accessible at the Tribunal’s website: www.companiestribunal.org.za

¹⁷ See the founding affidavit at par 7 on indexed pages 44-46; annexures “Y1” - “Y7” to the founding affidavit on indexed pages 178-197.

¹⁸ See annexure “Y4” to the founding affidavit on indexed page 188.

“Kindly note... that you or your client have refused to resolve this matter in an amicable manner and wish to go the route of litigation which we will vigorously defend as well as bring to the attention that we are still willing to amicably resolve the matter, should you wish to elect not to do so, we will request a cost order against you... this communication will be used to support us should we go the route of litigation”¹⁹

[underlining added for emphasis]

[13] The applicant responded through its attorneys and disputed that the respondent had any basis for demanding the R100 0000 for the impugned name. It was further pointed out, among others, that this application will be proceeded with and that costs order will be sought against the respondent.²⁰ But the respondent clearly did not heed the applicant’s demand, hence this application.

[14] This application was launched in June 2018, but despite the declaration to defend any subsequent litigation by the applicant vigourously, referred to above, this application is (as already stated) before me without any opposition from the respondent.

Applicant’s case

[15] As stated above, the determination I am required to make in this application is located in the provisions of section 11(2) of the Companies Act, which read in the material part:

¹⁹ See annexure “Y6” to the founding affidavit on indexed page 192.

²⁰ See annexure “Y7” to the founding affidavit on indexed pages 195-196.

- “(2) The name of a company must-
- (a) not be the same as -
 - (i) ...
 - ...
 - (iii) a registered trade mark ...
 - (b) not be confusingly similar to a ... trade mark ... 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;
 - ...
 - (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...”

[16] To recap the applicant complains about the respondent’s name as it, among others, incorporates a significant part of the applicant’s trade mark “TIME SQUARE” and the full extent of its TIME SQUARE CASINO name. I agree with both these submissions.

[17] However, it cannot be said that the respondent’s name is the same as the applicant’s registered trade mark: “TIME SQUARE”. The word casino in the respondent’s name is a significant distinguishing element. Therefore, the applicant’s reliance on section 11(2)(a) for its claim is misplaced.

[18] As indicated above, the applicant’s objection has two other legs: that the respondent’s name is confusingly similar to its trade mark and falsely implies or suggests or is such as would reasonably mislead a person to believe incorrectly that the respondent

is part of or associated with the applicant. These two contentions are based on sections 11(2)(b) and 11(2)(c)(i), respectively.

[19] Firstly, let me deal with the applicant's objection based on section 11(2)(b). It is submitted that the dominant and memorable features in the respondent's name TIME SQUARE CASINO are the words TIME SQUARE, which are identical to the applicant's trade mark: TIME SQUARE. The remaining portion of the respondent's name, including the statutory expression "Proprietary Limited" or its abbreviation "(Pty) Ltd" (i.e. CASINO (PTY) LTD) is not sufficient to distinguish the respondent's name from the applicant's registered trade mark. The word "CASINO" is descriptive of the applicant's exact field of activity and only increases the likelihood of confusion between the respondent's name and the applicant's TIME SQUARE trade mark, the submission continues. I agree with these submissions. The respondent's name is clearly confusingly similar to the applicant's trade mark.

[20] The above-mentioned being my finding, there is, therefore, no need to consider the submissions made in respect of section 11(2)(c)(i) of the Companies Act. Next, I consider the order to be granted, as well as, the issue of costs.

Conclusion (and costs)

[21] The raft of the orders or relief sought by the applicant regarding the protection of its trade mark against the use by the respondent as its company name is as follows:

- “1. That the Respondent’s name does not comply with Sections 11(2)(a), 11(2)(b) and 11(2)(c)(i) of the Act;
2. That the Respondent is directed, in terms of section 150(3)(b)(ii), to choose a name which does not consist of, or incorporate, the mark TIME SQUARE, or any other mark which is confusingly and/or deceptively similar to the Applicant’s TIME SQUARE trade mark;
3. In the event that the Respondent fails to comply with the order as set out in paragraph 2, within 30 days, that the Commissioner of Companies be authorised to replace the company name with its registration number;
4. An order is to costs in favour of the Applicant in terms of Regulation 156 of the Act.”

[underlining added for emphasis]

[22] I already found that the respondent’s name is confusingly similar to the applicant’s trade mark. However, the full spectrum of the relief sought by the applicant, include that I make an order catering for the likelihood that the respondent may not comply with the order made, directing the CIPC or its Commissioner to replace the impugned company name with the respondent’s registration number. I have previously expressed my views regarding the fact that this Tribunal lacks jurisdiction to make a determination of the sort required by the applicant.²¹ I am still of the same view and, therefore, no such order will be made.

²¹ See, among others, the decision of *Agility Holdings (RF) (Pty) Ltd v Neo Computers (Pty) Ltd* under case/file number: CT008FEB2018, dated 30 April 2018 at par [20].

[23] I have also been requested to make an order as to costs, as enabled by regulation 156 of the Companies Regulations.²² I am of the view that such order is highly justified under the circumstances, particularly when considering the attitude of the respondent's director in turning down applicant's overtures for an amicable resolution of the dispute in this matter, prior to the application. It ought to have been always clear to the respondent or its director that the name chosen for the respondent is in breach of the applicant's trade mark or at least constituted the common-law delict of passing-off.²³ The respondent's director appears to have been motivated by profit-making motives. Such conduct, if true, appears to be something contrary to the spirit and purposes of the Companies Act.²⁴ But the legislature appears to have had this type of conduct in mind when including the proscriptions in section 12 in the Companies Act to address abuse of the name reservation system.²⁵ Therefore, I will order that the respondent pay the applicant's party and party costs and, further, request that the CIPC investigate the conduct of the respondent or its director in order to determine whether there is any basis to my reservations.

²² See regulation 156(1) of the Companies Regulations which reads: "Upon making an order, the Tribunal may make an order for costs."

²³ In *Premier Trading Co (Pty) Ltd & Another v Sporttopia (Pty) Ltd* 200 (3) SA 259 (SCA) at 266G-267C, cited with approval at par [17] in *Alliance Property Group v Alliance Group* (252/10) [2011] ZASCA 14 (14 March 2011), the following is stated regarding what constitutes "passing-off": "Passing-off is a wrong consisting of a false representation made by one trader (the defendant) to members of the purchasing public that the enterprise, goods or services of a rival trader (the plaintiff) either belong to him (the defendant) or are connected, in the course of trade, with his own enterprise, goods or services.... The defendant's representation is a misrepresentation if it is likely to deceive or confuse a substantial number of members of the public as to the source or origin of his product [being enterprise, goods or services]. Passing-off, to be actionable, erodes the plaintiff's goodwill. Goodwill is the product of a cumulation of factors, the most important of which, in the context of passing-off, is the plaintiff's reputation. Reputation is the opinion which the relevant section of the community holds of the plaintiff or his product. If favourable, it would dispose potential customers to patronise the plaintiff or his product and, if unfavourable, it would tend to discourage them from doing so. The plaintiff's reputation may be associated with the symbol under which his product is marketed. The symbol renders the product distinctive of the plaintiff or his product. A false representation by the defendant about the symbol used by the plaintiff may encourage or induce potential customers of the plaintiff, believing that they were patronising him, into patronising the defendant." See further *Lorimar Productions Inc v Sterling Clothing Manufacturers (Pty) Ltd* 1981 (3) SA 1129 (T) at p 1138 and Cassim, F.H *et al Contemporary Company Law*, Juta Cape Town, 2011 at pp 110 - 111.

²⁴ See section 7 of the Companies Act.

²⁵ See footnote 12 above for a reading of the material part of section 12.

Order

[24] Therefore, the following order is made:

- a) the respondent's registered company name "**TIME SQUARE CASINO**" does not satisfy the requirements of section 11(2)(b) 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 is directed to 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 registrar or recording officer of the Companies Tribunal is requested to bring this decision or at least the contents of paragraphs [3] and [23] hereof to the attention of the Commissioner of the Companies and Intellectual Property Commission for possible investigation in terms of section 12(6) *et seq* of the Companies Act 71 of 2008, and
- e) the respondent is liable for the costs of application of the applicant at a party and party scale in terms of the tariffs of the High Court of South Africa.

Khashane La M. Manamela
Member, Companies Tribunal
20 August 2018