



IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT01035/ADJ/2022

In the matter between:

ITALTILE FRANCHISING (LTD)
(1991/005995/07)

Applicant

and

CTM PLUMBERS (PTY) LIMITED
(2017/336086/07)

First Respondent

COMPANIES AND INTELLECTUAL PROPERTY
COMMISSION (CIPC)

Second Respondent

Presiding Member of the Companies Tribunal: N. CAWE

Date of Decision: 30/11/ 2023

DECISION (Reasons and Order)

1. INTRODUCTION

1.1. The Applicant is ITALTILE FRANCHISING (PTY) LTD, a company duly incorporated and registered in accordance with the Companies Act 71 of 2008

(“the Act”), with registration number 1991/00599/07 with its registered address at Italtile Centre, Cnr William Nicol Drive and Peter Place, Bryanston, Gauteng.

- 1.2. The Applicant is the proprietor, in South Africa, of several trade marks incorporating or comprising the trade mark CTM, which it adopted in 1983. It has trade mark registrations in categories as follows, according to the date of registration: 11, 19, 42, 16, 36 and 35. It is located in all 9 provinces in South Africa and 6 other African countries.
- 1.3. The First Respondent is CTM PLUMBERS (Pty) Ltd, a company duly incorporated in terms of the Act, with registration number 2017/336086/07, and having its registered address at Blue Hills, 1136 Galeda Street, Midrand, Gauteng, 1685.
- 1.4. The Second Respondent is the Companies and Intellectual Property Commission (“CIPC”), an organ of state established in terms of Section 185 of the Act, having its principal place of business at DTI Campus, Block F, 77 Meinjties Street, Sunnyside, Pretoria, Gauteng. The Second Respondent is cited only in its official capacity as the custodian of the companies register and in so far as the relief in paragraph 8.2 of Applicant’s Form CTR 142 is concerned.

2 BACKGROUND TO THE APPLICATION

- 2.1 This is an application for a Default Order determining, in terms of Section 160 of the Act and Regulation 153 of the 2011 Regulations that:
 - (i) the First Respondent’s company name, “CTM PLUMBERS (Pty) Ltd” does not satisfy the requirements of Sections 11 of the Act, and
 - (ii) that First Respondent should be directed to change its name as provided for in Section 160 (3)(b)(ii) of the Act.
- 2.2 According to Brandon Wood (Wood), an attorney at Edward Nathan Sonnenbergs (ENSafrica), the Applicant’s attorneys, in his Founding Affidavit (paragraph 4.8), the existence of the First Respondent first came to the

attention of the Applicant in July 2019. The Applicant instructed ENSafrica to address a letter to the First Respondent requesting it to provide the exact nature of its business activities.

- 2.3 On 30 August 2019 ENSafrica addressed a letter to First Respondent, by courier, to 2 different registered addresses obtained from the CIPC making the same request as mentioned in 2.1 above, and advising further that it was entitled to lodge a company name objection to the First Respondent's registration of the company name, CTM PLUMBERS (PTY) LTD. The letters were returned undelivered.
- 2.4 Through ENSafrica the Applicant learnt, on 20 October 2019, that the First Respondent was about to be deregistered due to non filing of returns, but by 25 May 2020 the First Respondent had filed the returns and was allowed to continue trading.
- 2.5 The services of a commercial investigator, procured by ENSafrica, revealed that the First Respondent provided a plumbing service in Gauteng's northern suburbs.
- 2.6 On 25 September 2020 ENSafrica addressed an email to the email address, supplied by the investigator, to the First Respondent reiterating the demands set out in paragraph 2.1 above.
- 2.7 On 2 December 2020 ENSafrica contacted the director of the First Respondent, whose name was given as Percy by Applicant herein, telephonically. The said director undertook to change the name of First Respondent by January 2021. Suffice it to say that to date the name has not been changed.
- 2.8 On an unspecified date the Companies Tribunal received the Applicants application for relief (Form CTR142 and attachments) from ENSafrica. The stamped Form CTR 142 was served on the First Respondent but not on the Second Respondent. The date and method of service have not been stated in Wood's Founding Affidavit. The non-service on the Second Respondent

rendered the 2021 application defective, hence the instant application which was instituted on 12 May 2022.

- 2.9 The application was served, by email, on both the First and Second Respondents on 12 May 2022 and proof thereof has been attached to Applicant's papers.
- 2.10 First Respondent did not file an answering affidavit within the statutory twenty (20) business days, following which on 7 September 2023, Applicant applied for a Default Order on the Form CTR 145.
- 2.11 Liezal Christine Mostert (Mostert), the Chief Financial Officer of Italtile Franchising, deposed to the affidavit in support of the Default Order application, on 6 September 2023.

3. ISSUES TO BE DECIDED

- 3.1 Applicant requests the Tribunal to make a finding that First Respondent's name, CTM PLUMBERS (Pty) Ltd, does not satisfy the requirements of Section 11 of the Act and submits that the inclusion of the words "CTM" in First Respondent's name infringes on Applicant's registered trade mark and is in violation of Section 34 of the Trade Marks Act 194/93 ("the Trade Marks Act"). Furthermore, Applicant argues that First Respondent will receive unfair trade advantage due to its usage of the "CTM" as a result of the distinctive character and the repute of the "CTM" trade mark.
- 3.2 Applicant seeks an order wherein First Respondent is ordered to change its name to one which does not incorporate the words "CTM" and is not confusingly and/or deceptively similar to the Applicant's name 'CTM'.
- 3.3 Applicant submits that the dominant and memorable part of First Respondent's name is identical to the Applicant's trademark "CTM". Applicant contends, further, that the remaining portion of First Respondent's name "PLUMBERS"

although purely descriptive, directly describes the class 42 services in respect of which the Applicant has registered its trademark as well as services in respect of which the Applicant uses its “CTM” trademark and as such does not serve adequately to distinguish the company name from Applicant’s well known “CTM” trademark. Applicant concludes that First Respondent’s name is therefore confusingly and deceptively similar to Applicants’ registered trademark, “CTM”.

4. APPLICABLE LAW

The following statutes are relevant to the present application:

4.1 Section 11 of the Act which 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 Name Act, 1960 (Act No. 27 of 1960), unless he 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 Mark 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) 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 be confusingly similar to a name, trademark, 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; ...*
 - (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;”*

4.2 **Section 160** of the Act deals with **disputes concerning the reservation or registration of company names** and enunciates the jurisdiction of the Companies Tribunal as follows:

- (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.**(emphasis added)*
- (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.”*

4.3 Companies Regulation 153 of 2011 Regulations which provides for Default Orders as follows:

- (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 such an application “the Tribunal may make an appropriate order-(a) after it has heard the required evidence concerning the motion, and (b) if it is satisfied that the notice or application was adequately served”*

4.4 Section 34 (1) of the Trade Marks Act (Act 194/93) which states that “the rights acquired by the registration of a trade mark shall be infringed by-

- (a) *The unauthorized use in the course of trade in relation to the goods or services in respect of which the trade mark is registered, of an identical mark*

or of a mark so nearly resembling it as to be likely to deceive or cause confusion;

(b) The unauthorized use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are similar to the goods or services in respect of which the trade mark is registered, that in such as there exists the likelihood of deception or confusion”.

5. EVALUATION

- 5.1 The First Respondent failed to respond to Applicant’s attempts to communicate its objection to the First Respondent’s use of the name “CTM”, by email and later telephonically. Subsequent to the non-response by the First Respondent to Applicant’s request for First Respondent to change it’s company name, Applicant applied for relief to the Tribunal. The initial application in terms of Section 180 to 184 of the Act was lodged on 11 May 2022 and the subsequent default order application was applied for in September 2023. The application documents were served upon the director of the First Respondent by email.
- 5.2 Given the First Respondent’s stance in this matter, and considering the importance of this matter to the Applicant, it is evident that the Applicant had no alternative but to proceed with the application for relief hence the present default application. I am persuaded that the application of Regulation 153 is appropriate in this instance, and will thus proceed to deal with the matter on a default basis.
- 5.3 The question has to be asked whether the First Respondent’s name is confusingly similar to that of the Applicant and, moreover, would third parties confuse the First Respondent as part or subsidiary of the Applicant. The answer, I submit, would be in the affirmative.
- 5.4 In my view the Applicant has succeeded in establishing that its trade mark rights have been infringed and it has established a clear right to the relief sought, in terms of Section 34 (3)(a) and (b) of the Trade Marks Act.

5.5 Dealing with the issue of Trade Marks infringement, In **Vermark (Pty) Ltd v BMW AG [2007] SCA 53 (RSA) paras 6-7**, the SCA approved the view taken by the House of Lords in **R v Johnstone [2003] UKHL 28** (22 May 2003), wherein Lord Nicholls stated:

“...the essence of a trade mark has always been that it is a badge of origin. It indicates a trade source: a connection in the course of trade between the goods and the proprietor of the mark. That is its function’

5.6 The Applicant has clearly succeeded in establishing a clear right to relief sought under Section 34 (3)(a) of the Trade Marks Act.

5.7 In Applicant's founding affidavit Wood, at Paragraphs 7.7 and 7.12, avers the following:

7.7 “The dominant, distinctive and memorable feature of the First Respondent's company name is the letter “CTM”. This is the element that persons who encounter the First Respondent's company name are likely to remember, bearing in mind the consumer's tendency to imperfectly recall names and trade marks and to only recall the first element of a trade mark or name”.

7.12 “I submit that the First Respondent's name will reasonably mislead a person to believe that the First Respondent is part of, or associated with the Applicant's business. The First Respondent's name does not, therefore, comply with Sections 11(2)(a),(b) and (c) and is liable to an order in terms of Section 160(3)(b) of the Act”.

5.8 Taking into consideration Wood's averments above, it can, therefore, be concluded that the word “CTM” in First Respondent's name will mislead the reasonable person to believe, incorrectly, that there is an association with the Applicant's “CTM” trademarks.

6. FINDINGS

- 6.1 I am persuaded that the Applicant has made out a case that the First Respondent did not comply with Sections 11(2)(b) and (c): its name is confusingly similar and falsely implies, or could reasonably mislead a person to believe, incorrectly, that First Respondent is part of, or associated with the Applicant.
- 6.2 In **Rovex Ltd and another v Prima Toys (Pty) Ltd 1981 (2) SA 447 (C)** (“Rovex”) it was stated as follows; *“...If a defendant uses an ordinary English word or words, there is no doubt the public will be less likely to regard it as a proprietary word and associate it with a similar word registered by the Plaintiff than would be if both words were invented words which had no meaning appropriate to the goods in question”*. I am persuaded that the dictum in Rovex is applicable in the instant case.
- 6.3 The Application is granted the Order as set out below.

7. ORDER

- 7.1 An administrative order is made in terms of Section 160(3)(b)(ii) as follows:
- (i) Respondent change its name to one which does not consist of, or incorporate the trade mark ‘CTM’ or any other mark which is confusingly and/or deceptively similar to the Applicant’s ‘CTM’ trade mark as it is in contravention of Sections 11(2)(b)(iii) and (c)(i) of the Act.
 - (ii) The CIPC is authorised and directed to change the name of the Respondent in the event of the Respondent not complying with paragraph (i) above within 60 days from the date of receipt of this order to “K2017/336086/07 (Pty) Ltd, as the First Respondent’s interim company name on the companies register ”
- 7.2 The Respondent is hereby ordered to file a notice of amendment of its

Memorandum of Incorporation with the CIPC 60 days after it has been served with this Order.

7.3 The instant Order must be served on the Respondent by the Tribunal's Recording Officer (Registrar)

7.4 There is no order as to costs as the matter has not been opposed.

N. CAWE