IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

CASE NO: CT01437/ADJ/2023

In the matter between:

LEGO JURIS A/S **Applicant**

and

LEGO K (PTY) LIMITED **First Respondent**

Registration Number: 2022/736841/07

COMMISSIONEROF THE COMPANIES

AND INTELLECTUAL PROPERTY COMMISSION **Second Respondent**

Presiding Member: **N. Cawe**

Date of handing down of decision: **28 October 2023**

Summary: *An application objecting to the registration and continued use of the company name* Lego K (PTY) Limited *in terms of sections 11(2)(a)(i); 11(2)(a)(iii); 11(b)(iii) and 11(2)(c) read with section 160 of the Companies Act, 2008 (Act No. 71 of 2008)application for a default order in terms of regulation 153 of the Companies Regulation 2011.*

DECISION (Reasons and Order)

INTRODUCTION

[1] The Applicant in this matter is Lego Juris A/S, a private company duly registered and incorporated under the company laws of Denmark and having its principal place of business at DK-7190 Bullund, Denmark.

[2] The First Respondent is LEGO K (PTY) LTD, a company incorporated in terms of the Companies Act 71 of 2008 ("the Act"), with registration no. 2022/736841/07, having its address at 1932 Nkwandla Street, Thabong, Motsethabong, Free State, 9463. In terms of the Certificate issued by the Second Respondent, the First Respondent was registered by the Second Respondent on 22 September 2022.

[3] The Second Respondent is the Commissioner of the Companies and Intellectual Property Commission ("the CIPC") appointed in terms of section 189 of the Act. The Second Respondent is cited in these proceedings in its official capacity as the person responsible for the function of the Commission of Companies and Intellectual Property Commission in terms of the Act.

[4] This is a company name objection application in terms of which the Applicant is objecting to the registration and use of the company name of the First Respondent, being LEGO K (PTY) LIMITED. The objection is made in terms of sections 11(2)(b), 11(2)(c) and 160(2)(b) of Act read together with regulations 13 and 142 of the Companies Regulations, 2011 ("the Regulations"). In short, the

Applicant contends that the First Respondent's name is contrary to the provisions of sections 11(2)(b) and 11(2)(c) of the Act.

[5] According to the documents filed with the Companies Tribunal, the Applicant, through its attorneys, Eversheds Sutherland (SA) Inc., situated at 3rd Floor, 54 Melrose Boulevard, Melrose Arch, Melrose North, Gauteng ("Eversheds Sutherland") filed its application on the 13 July 2023. The Applicant's Form CTR142 is accompanied by a Founding Affidavit deposed to by Peter Thorslund Kjaer (Kjaer), the Vice President, General Counsel EMEA of the Lego group of Companies, which includes LEGO Juris A/S. Kjaer, in summary, avers that;

5.1 *Around January 2023, the Applicant became aware of the existence of the First Respondent when Eversheds Sutherland informed it of the existence of same after conducting a cursory search of the CIPC's records of trademarks and company names.*

5.2 *On or about 7 February, the Applicant instructed Eversheds Sutherland to send a letter of demand to the First Respondent, which it duly did on 14 February 2023. The First Respondent was afforded an opportunity, until 28 February 2023, within which to respond to the Applicant's demands. Eversheds Sutherland sent a follow up email on 2 March 2023 (Proof of the emails detailed above is attached to Applicant's papers).*

5.3 *The First Respondent did not respond to any of the emails sent to its official email address, whereupon the Applicant instructed Eversheds Sutherland to attend to the service of the letter of demand through the sheriff at the First Respondent's registered address. The Applicant demanded that the First Respondent change its name to one that does not incorporate or include the Applicant's "LEGO" trademark. The Service was effected by the Sheriff of Welkom (CP Brown) on 20 April 2023 by affixing the letter of demand to*

the First Respondent's premises, (proof thereof is supplied with the present application). The First Respondent was afforded the opportunity to respond and comply with the Applicant's demands by 9 March 2023. To date the First Respondent has failed to furnish the Applicant with a response.

[6] *On 13 September 2023 the Applicant, through Eversheds Sutherland, filed an application for a default judgement. In support of the default application, on 12 September Scott Jonathan Sanders, an attorney in the intellectual property Department at Eversheds Sutherland deposed to an affidavit, in which he stated;*

6.1 *A copy of the application was served on the First Respondent at its registered address on 17 July 2023, within the prescribed 5(five) business days of filing the Application with the Companies Tribunal, as required by Regulation 142(2) of the Companies Act, by the Deputy Sherriff of Welkom, Mr Victor Mbambo. The application was served by handing it to Boitumelo Macis Togo, the director of the First Respondent.*

6.2 *A further copy of the Application was served on the Second Respondent by way of email at coporatelegalservices@cipc.co.za on 19 July 2023, within the prescribed 5(five) business days of filling the application with the Companies Tribunal, as required by Regulation 142(2) of the Companies Act, by the Deputy Sherriff of Pretoria South East, Ms Megan Ramage, who confirmed same in her return of service.*

6.3 *In terms of Regulation 153 (1) read with Regulation 143(1) of the Companies Act, the First and Second Respondents had 20 (twenty) business days to respond from the date of service of the main application, failing which the Applicant is entitled to apply for an order by default as provided for in Regulation 153(1). The said period expired on 14 August 2023 and 16 August 2023, respectively.*

ISSUES TO BE DECIDED

[7] Applicant requests the Tribunal to make a finding that First Respondent's name, LEGO K (Pty) Limited, does not satisfy the requirements of Section 11 of the Act and submits that the inclusion of the words ''LEGO'' 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'') in that it is a memorable feature of First Respondent's name and that Applicant has not authorised its use by the First Respondent.

[8] Applicant seeks an order wherein First Respondent is ordered to change its name to one which does not incorporate the words ''LEGO'' and is not confusingly and/or deceptively similar to the Applicant's name ''LEGO JURIS A/S''.

[9] Applicant submits that the dominant and memorable part of First Respondent's name is identical to the Applicant's trademark "LEGO". Applicant concludes that First Respondent's name is, therefore, confusingly and deceptively similar to Applicants' registered trade mark.

[10] The Applicant makes the following prayers, as set out in the Affidavit, in support of the default application, deposed to by Scott Jonathan Saunders;

a. *The First Respondent must change its name to one which does not incorporate and is not confusingly and/or deceptively similar to the Applicant's 'LEGO' trade mark;*
b. *In the event that the First Respondent fails to comply with the order prayed for in paragraph 9.1 above, within 60 (sixty) days, the Second Respondent be directed, in terms of Section 160 (3)(b)(ii) read with Section 14(2) of the Companies Act, to record the First Respondent's registration number, 2022/736841/07 followed by '(PTY) LTD', as the First Respondent's interim company name on the companies register; and*

c. The Applicant be granted further and/or alternative relief.

APPLICABLE LAW

11.1 **Section 11** of the Act provides as follows: "11. **Criteria for names of companies.** — (emphasis added)

(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;

...

(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;"

11.2 **Section 160** of the Act deals with **disputes concerning reservation or registration of company names** and enunciates the jurisdiction of the Companies Tribunal as follows: (emphasis added)

(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." (Emphasis added)

11.3 **Companies Regulation 153** of 2011 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.

11.4 **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

EVALUATION

[12] Applicant filed the application for default order with the Companies Tribunal in terms of regulation 153(1) of the 2011 Regulations. The application for default order was filed with the Companies Tribunal on the 10th day of September 2021. It is clear that the application for default order was filed after the expiry of twenty (20) business days that the respondents are afforded to file their respective answers in terms of the Regulation 143(1) of the Regulations.

[13] Once an application for a default order is filed, the Companies Tribunal is enjoined to consider such application in line with the applicable provisions of the Act and the Regulations. The Companies Tribunal is therefore enjoined to consider the current application in terms of sections 11(2) and 160 of the Act read with the provisions of regulation 153(1) and (2) of the Regulations, which read as follows;

[14] The First Respondent failed to respond to Applicant's attempts to communicate its objection to the First Respondent's use of the name "LEGO", initially by email and later by a follow up letter. Subsequent to the non-response by the Respondent, Applicant served the application documents, through the Deputy Sheriff of Welkom, on Ms Boitumelo Mavis Togo, the director of First Respondent. There is, attached to the Applicant's paper, a return of Service.

[15] 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.

[16] The question has to be asked is whether the First Respondent's name is

confusingly similar to that of the Applicant, moreover, would third parties confuse the First Respondent as part or subsidiary of the Applicant. The answer, I submit, would be in the affirmative.

[17] A further factor that must be taken into consideration when two names are compared was enunciated by Greenberg JA in the case of *American Chewing Products Corporation vs American Chicle Co-operation 1948 (2) SA 736/A* **(also mentioned in GAP (Pty)Ltd v The Corporate Gap (Pty) Ltd [CT012MAR2019])**:

"It must also be remembered that in coming to a conclusion on the question in issue the Court must not only consider the marks when placed side-by-side but must have regard to the position of a person who 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."

[18] In *Red Bull GMBH V Red Bull Farms (Pty) Ltd [CT007JAN2019],* this Tribunal held, in para 26, quoting *Bata Ltd v Face Fashion CC 2001 SA 844 (SCA),* that: "*The word 'similar' as stipulated in section 11(2)(b) would be described as having a marked resemblance or likeness' and that the offending mark or name should immediately bring to mind the well-known trade mark or other name. Court place a determination on whether the mark or names are 'the same or confusingly similar' and whether the mark or name is able to falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the [first respondent] company is part of, or associated with the applicant company*"

[19] In my view the Applicant has succeeded in establishing that its trade mark right have been infringed and it has established a clear right to the relief sought, which is in terms of Section 34 (3)(a) and (b) of the Trade Marks Act and Section 11 and 160 of the Act.

[20] 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'

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

[22] Taking into consideration the averments of both Kjaer and Saunders, above, it can, therefore, also be concluded that the word 'LEGO' in First Respondent's name will mislead the reasonable person to believe, incorrectly, that there is an association with the Applicant's 'LEGO' trademarks.

FINDINGS

[23] 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.

[24] 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.

[25] The Application is granted the Order is set out below.

ORDER

[26] An administrative order is made in terms of Section 160(3)(b)(ii) as follows:

(i) First Respondent change its name to one which does not consist of, or incorporate the trade mark ‘LEGO’ or any other mark which is confusingly and/or deceptively similar to the Applicant’s ‘LEGO’ trade mark as it is in contravention of Sections 11(2)(b)(iii) and (c)(i) of the Act.

(ii) The Second Respondent is authorised and directed to change the name of the First Respondent in the event of the First Respondent not complying with paragraph above within 60 days from the date of this order.

[27] This order must be served on the Respondents by the Tribunal’s Recording Officer (Registrar).

[28] The First Respondent is hereby ordered to change its name within 60 (calendar) days of date of receipt of this order and to file a notice of amendment of its Memorandum of Incorporation.

[29] There is no order as to costs as the matter has not been opposed.

N CAWE