IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT00498ADJ2020

In the matter between:

TRUSTEES FOR THE TIME BEING OF THE NELSON MANDELA FOUNDATION TRUST **Applicant**

and

MANDELA COLLECTIVE BUSINESS (PTY) LTD **First Respondent**

COMMISSIONER OF COMPANIES AND INTELLECTUAL PROPERTY COMMISSION **Second Respondent**

Presiding Member of the Companies Tribunal: ISHARA BODASING

Date of Decision: 18 June 2021

DECISION (Reasons and an Order)

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1. INTRODUCTION

1.1. Applicant is the Trustees for the Time Being of the Nelson Mandela Foundation Trust, created in terms of a trust deed (number IT9259/99) executed on 19 August 1999, with its principal place of business at 107 Central Street, Houghton, Gauteng, 2198.

1.2. First Respondent is Mandela Collective Business (Pty) Ltd., a company duly incorporated in accordance with the company laws of South Africa, with registration number 2019/098186/08, and having its registered address at 80 Harrington Street, Salt Lake, Port Elizabeth, Eastern Cape, 6059.

1.3. Second Respondent is the Companies and Intellectual Property Commission ("CIPC), a juristic person established in terms of section 185(1) of the Companies Act 71 of 2008 ("the Act").

1.4. This is an application for a determination order:

a. that First Respondent's name does not satisfy the requirements of section 11(2) of the Companies Act 71 of 2008 ("the Act"), and
b. that First Respondent be directed to choose a new name as provided for in terms of section 160 of the Act.

2. BACKGROUND

2.1. Applicant is the registered proprietor of the "MANDELA" trademarks in South Africa in various classes, in terms of the Trade Marks Act 194 of 1993 as evinced by certificates attached to the founding affidavit.

2.2. On 30 October 2020 Applicant approached this Tribunal for relief and served the application early in November 2020 on First Respondent electronically, and on one of its directors via courier service.

2.3. First Respondent did not file an answering affidavit within twenty (20) business days, following which, on 1 June 2021 Applicant applied for a default order in terms of Regulation 153 of the Companies Regulations (the Regulations).[1]

2.4. Sello Hatang, Applicant's representative, duly authorised, deposed to the founding affidavit for the initial application. Delene Mary Bertasso, an attorney with Edward Nathan Sonnenbergs Inc., representing Applicant, deposed to an

[1] GN R351 in GG 34239 of 26 April 2011.

affidavit in support of the application for default judgment.

3. ISSUES

3.1 In support of Applicant's contention that First Respondent's name flouts the provisions of section 11(2) of the Act, Applicant submits that the inclusion of the word MANDELA in First Respondent's name infringes its registered trademarks. Applicant claims statutory and common law rights in the name MANDELA, and widespread and extensive use thereof locally and internationally.

3.2 Applicant also contends that the dominant and memorable part of First Respondent's company name is identical to the Applicant's trademark "MANDELA". Applicant argues that First Respondent's name is therefore confusingly and deceptively similar to Applicant's registered trademark MANDELA and is in contravention of Section 11(2)(b) and (c)(i) of the Act.

3.3 Applicant has underscored the prejudice it will suffer if denied relief, especially as it does not have control over the quality of services of First Respondent.

4. APPLICABLE LAW

4.1 **Section 11** of the 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;

...

(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; …

(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 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.

(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 provides for default orders:

(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.

5. EVALUATION

5.1 I am convinced that Applicant has made out a case for the main application to be considered on a default basis and proceed to deal with the merits of the case.

5.2 "Similar" in section 11(2)(b) of the Act would be "having a marked resemblance or likeness" and that the offending name should immediately bring to mind the well-known trade mark or other name.[2] The test for "confusingly similar" is, as in the case of passing-off: "... 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. Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be

[2] Bata Ltd v Face Fashions CC 2001 (1) SA 844 (SCA

determined in light of the particular circumstances of the case." [3]

5.3 "Confusingly similar" in Section 11(2)(b) must be examined carefully to determine if this is in fact so *in casu*. In considering case law on the concept, it must be as alike in a manner that will confuse the "ordinary reasonable careful man, i.e. not the very careful man nor the very careless man."[4] The "reasonable man" has been further qualified: "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."[5]

5.4 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 trademark and First Respondent's name, which can lead to injury of the Applicant's business, especially since it has no control whatsoever over the quality of services rendered by First Respondent.

5.5 The doctrine of imperfect recollection has been explained by our courts[6]: 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. 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."

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[3] 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

[4] Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd 1979 (2) SA 276 (E) at 280

[5] Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd 1993 (2) SA 307 (A) at 315F-G

[6] Standard Bank of South Africa Limited v United Bank Limited & Another 1991 (4) SA 780 (T) 8011 to 802B

5.6 It can therefore be also be concluded that the word “MANDELA” in First Respondent’s name will reasonably mislead the reasonable person to believe incorrectly that there is an association with the Applicant’s “MANDELA” trademarks.

5.7 Finally, in the case of **Polaris Capital (Pty) Ltd v The Registrar of Companies and Polaris Capital Management Inc.** (unreported judgment, Case No. 11607/2005, CPD), the learned judge commented on undesirability in terms of Section 45(2) of the 1973 Companies Act: “It is submitted that by allowing the close corporation’s name to remain on the register, in addition to causing deception and confusion, its registration will hinder the registrar’s role in maintaining and promoting good governance and administration of corporate entities in the interest of the general public.”

5.8 Thus, permitting First Respondent to keep the name MANDELA 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 public. It is evident therefore that the name MANDELA as incorporated in First Respondent’s company name falls within the ambit of Section 11(2)(b)(iii) and (c) as argued.

6. FINDINGS

6.1 Applicant has shown that First Respondent has transgressed Section 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. Hence it is entitled to an order as claimed in terms of Section 160 of the Act.

6.2 The Applicant’s application is granted as set out below.

7. ORDER

7.1 An administrative order is made in terms of Section 160(3)(b)(ii) that First Respondent change its name to one which does not incorporate the name MANDELA on its own. Therefore, e.g. First Respondent could have the words “Nelson Mandela Bay” in its name.

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

7.3 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.

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

7.5 The Registrar of CIPC is directed to inform First Respondent forthwith of the decision of the Tribunal and to ensure that the name is changed within the requisite time period as aforesaid; and to invite First Respondent to file an amended Memorandum of Incorporation using a satisfactory name.

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ADV. ISHARA BODASING