IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

AT PRETORIA ("The Tribunal")

CASE NO: CT009 NOV 2013

In an Application in terms of Section 160 of the Companies Act 71 of 2008 ("the Act") for a determination that the name **MORITURI RESTAURANT CC** Reg. No: 1999/031563/23 does not satisfy the requirements of Section 11 of the Act.

In the matter between:

MICHAEL DOV TERESPLSKY **APPLICANT**

AND

MORITURI RESTAURANT CC **RESPONDENT**

Coram K Tootla

Decision delivered on 21 March 2014

DECISION

INTRODUCTION:

[1] The Applicant has brought an application in terms of section 11(2) (a) (iii) and seeks an order in terms of section 160 of the Companies Act 71 of 2008 ("the Act") that the Respondent change its name and choose a new name as provided in Section 160(3) (ii) of the Act as the name does not satisfy the requirements of Section 11 of the Act.

BACKGROUND / EVIDENCE

The Applicant's submission:

[2] The Applicant is Michael Dov Terespolsky and adult make businessman, residing at 8 Carreg Crescent, Upper Greenpoint, Cape Town.

[3] The Applicant submits that the Respondent is a close corporation registered and apparently trading under the name of Morituri Restaurant CC, and carrying on business at 214 Main Road, Claremont, Cape Town. 7708 as per CIPC records.

[4] The Applicant objects to the registration of the close corporation name MORITURI RESTAURANT CC and states that the basis for its application is that the name MORITURI is prohibited in terms of section 11(2)(a)(iii) of the Act, as the name must not be the same as 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 as contemplated in section 35 of the Trade Marks Act 1993, unless the registered owner of the mark has consented in writing to the use of the mark as the name of the company….."

[5] The Applicant claims that it is the proprietor in South Africa of the trade mark MORITURI but omits to state in which class.

[6] The Applicant claims it has not consented to the Respondent's use of its trade mark and that a letter was sent to the Respondent on 27 August 2013 by his attorneys that he is the owner of the registered trade mark and requesting the Respondent to immediately change its name and furnish an undertaking that it would do so within a period of 1 month from 27 August 2013. It contends that no response was received from the Respondent.

[7] The Applicant also states that it has a long and protracted history with persons associated with the Respondent and that there is a pending matter under case number 107/13 in the Western Cape High Court wherein it seeks to obtain an interdict against members of the Respondent's husband (does not make sense as the Respondent is a corporation) from using services which are similar to those of its pizzeria restaurant, the trade mark MORITURI or any mark incorporating this trade mark, which matter was to be fully ventilated in the High Court shortly.

[8] The applicant attempts to explain what the nature of the problem was and alleges that Mr Ball (the husband) applied on 26 April 2011 for registration of the trade mark "Morituri" despite being advised of the entry in the register in his name. Further allegations with regard to the Respondent's alleged untoward behaviour is listed in the Applicant's affidavit.

[9] The Applicant finally alleges that the use of the trade mark is an infringement of rights flowing from Section 34(1) (a) and Section 34 (1) (b) of the Trade Marks Act for three reasons and that the name of the Respondent is identical to his trade mark.

[10] The Applicant concludes that there exists a likelihood of deception or confusion as contemplated by the aforesaid sections. It is unclear whether he means the sections in the Trade Mark Act or Section 11 (2(a) (iii) on which his application is founded. Without any further explanation on the likelihood of confusion nor justification by virtue of further facts, submissions or case law, the Applicant simply requests protection in terms of the Trade Marks Act and Section 11(2) (a) (iii) of the Companies Act.

The Respondent's submission:

[12] The Applicant served the application on the Respondent at its business address at 214 Main Road, Claremont, Cape Town, South Africa but the Respondent had at the date of this decision not responded to the Application, the time period for opposing the application having expired.

ISSUES:

[13] The Applicant brought an application to the Tribunal in terms of section 160(1) of the Act objecting to the registration of the name Morituri Restaurant CC. The Applicant alleges that registration of this name infringes the provisions of section 11(2) (a) (iii) and Section 34 of the Trade Marks Act.

[14] The Tribunal notes from the CTR 142 form completed by the Applicant that the registration of the Respondent's name occurred during 1999 in terms of its close corporation registration number. This date appears to be before the effective date of the Act, which is 1st May 2011. The Tribunal, accordingly, has to determine whether the Act applies retrospectively and thereby cloaks the Tribunal with jurisdiction over this application.

APPLICABLE LAW:

[15] Section 160 of the Act titled "**Disputes concerning reservation or registration of company names**" provides the following in subsection (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] (sic), or the registration of a company's name, or any 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 –

(ii) a company to choose a new name, and to file a notice of 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.

[16] Section 180 of the Act titled "**Adjudication hearings before Tribunal**" provides in subsection (1) – The Companies Tribunal –

(a) must conduct its proceedings contemplated in this Act expeditiously and in accordance with the principles of natural justice; and

(b) may conduct those proceedings informally.

[17] Section 183 of the Act titled "**Rules of procedure**" – Subject to the requirements of the applicable sections of this Act, the Companies Tribunal may determine any matter of procedure for an adjudication hearing, with due regard to the circumstances of the case.

[18] Regulation 154 of the Act titled "**Conduct of hearings**" – provides in sub regulation (3) – The Tribunal may condone any technical irregularities arising in any of its proceedings.

[19] Section 225 of the Act titled "**Short title and commencement**" – This Act is called the Companies Act, 2008, and, subject to subsection (2), comes into operation on a date fixed by the President by proclamation in the *Gazette* (*This date was proclaimed by the President to be 01 May 2011 through Proclamation No. R.32 and was published in Government Gazette 34239 on 26 April 2011, whereby the whole Act came into operation*) (our inclusion).

[20] Section 11 of the Act titled "**Criteria for names of companies**" provides, as follows—

(2) The name of a company must—

(a) not be the same as—

(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), unless the registered owner of that mark has consented in writing to the use of the mark as the name of the company; or

EVALUATION:

Was the correct procedure followed by the Applicant?

[21] The Applicant lodged a CTR142 form in which it alleges that the Respondent infringes provisions of section 11(2) (a) (iii) of the Act and Section 34 (1)(a) and Section 34 (1)(b) of the Trade Marks Act and request an order that the Respondent change its registered name, namely Morituri Restaurant CC.

[22] The Applicant's application has been brought in terms of section 160 of the Act. The Respondent did not submit an Answer to oppose the application. The Applicant, thereafter, deemed it sufficient to send a CTR FORM 145 together with an affidavit to the Tribunal requesting a default order, but fails to mention that it is doing so in terms of regulation 153(1), after it lodged a CTR142 form with supporting affidavit and proof of service on the Respondent for it to succeed in obtaining a default order against the Respondent.

[23] The Tribunal is of the view that it has sufficient discretion in terms of sections 180 and 183 generally and regulation 154(3) in particular to condone such oversight due to the circumstances of the case.

DOES THE ACT APPLY RETROSPECTIVELY OR NOT?

[24] The Tribunal notes from the CTR 142 form that the registration of the Respondent's name occurred during 1999. This is evident from its close corporation registration number. The registration of the name, therefore, occurred before the effective date of the Act, which is 1st May 2011. Thus the Tribunal has to decide on whether the Act applies retrospectively before it can entertain the merits of the Applicant's submission.

[25] Does the Act and specifically section 160 of the Act, in terms of which the Applicant has made a name objection and which came into effect on 1 May 2011, apply retrospectively in relation to objections to name registrations? It is a fundamental principle of our law that generally, laws are prospective and not retrospective in nature. In Petersen v Cuthbert & Co. Ltd 1945 AD 420 at page 430, the court stated the following regarding the principle of retrospective application of legislation:

> "Now there is a well-known rule of construction that no statute is to be construed so as to have retrospective operation… unless the Legislature clearly intended the statute to have that effect. As authority for that statement I need do no more than refer to a large number of cases collected in Craises on Statute Law (4th ed., pp. 329 et seq.) and Voet (1.3.17)."

[26] In the case of R v Grainger 1958 (2) SA 443 (A.D.) at page 446, the court also stated the following concerning the principle of retrospectivity:

> "…regard must certainly be had to the general principle that statutes should, if reasonably possible, be construed as operating <u>for the future only and not as taking away or interfering with existing rights</u> (my emphasis) or as penalizing acts done before the statute came into operation."

[27] The Tribunal is therefore obliged to consider whether the Act has retrospective effect since the Application is made in terms of Section 160 of the Act and whether by that it can be construed that section 160 applies to names registered before the Act came into effect on 1 May 2011.

[28] In terms of section 225 of the Act, the Act came into operation on a date fixed by the President by proclamation in the Government Gazette which is 1 May 2011 through Proclamation No. R.32 and was published in Government Gazette 34239 on 26 April 2011, whereby the whole Act came into operation.

[29] In section 1 of Schedule 5 of the Act concerning transitional arrangements, interpretation is given to the "general effective date" in the Schedule to mean the date on which section 1 of the Act came into operation which was proclaimed to be 1 May 2011.

[30] Section 3 of Schedule 5 of the Act also provides that any matter pending before the Registrar under the previous Act before the effective date and not fully addressed at that time, must be concluded by the Registrar in terms of such Act, despite its repeal or amendment. The Act, therefore, makes provision for matters (my emphasis) that were initiated under the repealed Companies Act of 1973 ("the old Act") or the amended Close Corporation Act No. 69 of 1984 ("the Close Corporation Act") to be finalised under these two pieces of repealed or amended legislation. It can be seen that this is in line with the principle that laws are prospective. It is clear that the Applicant has not brought an application in terms of either of one of these aforementioned Acts but it has done so in terms of the Act (new Companies Act)..

[31] After carefully scrutinising the Act there does not appear to be any provision in the Act that indicates that the Act as a whole applies retrospectively. In section 8(1) of Schedule 5 of the Act there is, however, a specific provision that allows section 12 of the Act to be applied retrospectively to name reservations (my emphasis) that were in effect immediately before the effective date (1 May 2011).

This, of course, begs the question whether an argument can therefore be made that section 160 of the Act applies retrospectively in relation to name reservations (my emphasis). However, the matter before this Tribunal is not one of name reservation rather it is about objection to a name registration which is what the Tribunal is obliged to deal with.

[32] There is no provision evident in the Act that permits the retrospective application of section 160 of the Act in respect of objections to names that were registered before the effective date of 1 May 2011. Unless the Legislature has clearly expressed its intention in the Act that either the Act as a whole or a specific provision in the Act applies retrospectively, it cannot be said that such retrospectivity does exist.

[33] In the circumstances, the Tribunal cannot find that retrospectivity does exist in section 160 of the Act in relation to objections to name registrations and, therefore, the Applicant by making its application in terms of Section 160 of the Act assumes that it applies retrospectively in relation to name registrations.

[34] Accordingly, the Applicant cannot raise an objection to the registration of the name MORITURI RSETAURANT CC in terms of section 160 of the Act as the Tribunal does not possess jurisdiction to apply section 160 retrospectively.

Since the Tribunal is seized of jurisdiction in terms of section 160 of the Act to make a determination, accordingly, it cannot entertain the merits of the Applicant's contentions contained in the applicants' submissions supra.

TRADE MARKS ACT 194 0F 1993 ("the Trade Marks Act")

[35] However, to assist the Applicant, it can also be pointed out in short that since the Applicant alleged that use of its trade marks amounts to Trade Mark infringement in terms of Section 34 (1) (a) and Section 34 (1) (b) of the Trade Marks Act 194 of 1993, the Tribunal has decided to elaborate the following to demonstrate to the Applicant that its application also fails in respect of the allegation of infringement of a trade mark as it has alleged in its papers for the reason set out below.

[36] Unlike section 35 of the Trade Marks Act (which is descriptive of a well-known trade mark and does not raise a separate cause of action in terms of the Act) that has been incorporated by reference into section 11 of the Act, section 34(1) (a); (b) or (c) of the Trade Marks Act has not been incorporated by reference into the Act and does not constitute a part of the Act. An allegation of an infringement of a registered trade mark in terms of these subsections of Section 34 of the Trade Marks Act, therefore, constitutes separate causes of action.

[37] Section 34(3) of the Trade Marks Act provides further that where a trade mark registered in terms of the Trade Marks Act has been infringed, any High Court having jurisdiction may grant the proprietor relief. The Tribunal, accordingly, does not have the jurisdiction to make a finding that there has been an infringement of a registered trade mark in terms of section 34(1)(a); (b) or (c) of the Trade Marks Act.

[38] This in effect means that the two grounds on which the Applicant relies on in its papers are in fact without substance.

CONCLUSION AND FINDINGS:

[39] Firstly, the Tribunal does not have the jurisdiction to entertain the merits of the Applicant's case as the Act does not apply retrospectively as explained above and in addition neither does it have jurisdiction to make a finding that there has been an infringement of a registered trade mark in terms of section 34(1) (a) or (b) of the Trade Marks Act.

Accordingly, the Applicant cannot raise an objection to the registration of the name Morituri Restaurant CC in terms of section 160 of the Act as the Tribunal does not have jurisdiction to apply section 160 retrospectively.

[40] Since the Applicant is dominus litis, it is the Applicant who must satisfy the Tribunal that it has jurisdiction which it has failed to do and it has mistakenly relied on Section 160 of the Act for its remedy, more especially without showing good cause.

ORDER:

[43] The Tribunal accordingly makes an order in the following terms:

(a) that the order prayed for by the Applicant is dismissed;

(b) that there is no order as to the costs of the proceedings.

(c) the Applicant is ordered to serve this order on the Respondent's attorneys within a period of 15 days from date of receipt and to provide proof to the Tribunal that it has done so.

k. tootla *(electronically signed)*

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KHATIJA TOOTLA

Member of the Companies Tribunal

21 March 2014