IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

("The Tribunal")

CASE NO: CTR 001NOV 2013

In an Application in terms of Section 160 of the Companies Act 71 of 2008 ("the Act") for a determination that the name of the Respondent does not satisfy the requirements of Section 11 of the Act.

In the matter between:

MASSACHUSETTS FINANCIAL SERVICES **APPLICANT**

AND

MFS INVESTMENTS (PTY) LTD **RESPONDENT**

Coram K Tootla

Decision delivered 13 March 2014

DEFAULT ORDER- IN TERMS OF REGULATION 153 OF THE COMPANIES REGULATIONS 2011 ("THE REGS") AND IN RESPECT OF AN APPLICATION IN TERMS OF SECTION 160 OF THE COMPANIES ACT 71 OF 2008 AS AMENDED ("THE ACT").

1.

APPLICANT

The Applicant is **MASSACHUSETTS FINANCIAL SERVICES**, incorporated and registered in accordance with the Laws of Delaware, of 111 Huntington Avenue, Boston, Massachusetts, United States of America, and does business as MFS Investment Management and is generally known as MFS.

2.

RESPONDENT:

The RESPONDENT, is **MFS INVESTMENTS (PTY) LTD,** a private company duly incorporated in terms of the Companies Laws of the Republic of South Africa with its registered place of business being 37 Garden Street, corner 169 Belauista Road, Turf. 2167 and was registered on 12 August 2011.

3.

BACKGROUND:

3.1 The Applicant is the proprietor in South Africa of the following MFS trade marks, as enumerated in para 5, page 5 of the founding affidavit of Mathew Stowe, the Vice President and Senior Counsel of the Applicant company, for the trademark MFS INVESTMENT MANAGEMENT AND DESIGN in Class 36 in the name of the Applicant company (in respect of financial services for investment companies, namely establishing mutual funds for others; investment advisory and management services; administration of mutual funds; mutual fund distribution services" under TM No. 2006/29337; and under TM No. 2006/29338 for the trademark MFS in class 36 (also in respect of the same services cited for the previous trade mark) and the trademark MFS MERIDIAN In class 36 under TM No. 2006/29339 in respect of :investment management services and mutual funds", which are in full force and effect.

It is to be noted that the trade marks were filed on 1 December 2006 and that the filing date of these trade marks predates the incorporation of the Respondent by approximately 5 years. The Applicant claims that in the circumstances it holds statutory rights in the MFS trade marks by virtue of the Trade Marks Act.

3.2 The Respondent's name was registered after the coming into operation of the Act on 17 May 2011 and the registration of the trademarks of the Applicant were subsequently registered in 2006.

3.3 The Applicant states that it is the owner of the trade mark "MFS", as early as 2006. The Applicant also claims common law rights in the word "MFS" due to its "use through the years as the company provides investment advisor services to more than 80 mutual funds as insurance-related financial products and also because its business has a global reach with client's located around the world.

3.4 The Applicant contends that it has shown good cause as it acted when it became aware of the advertisement by the Respondent on or about 18 July 2012. Thereafter it instructed its attorneys, Spoor and Fisher to address a letter of demand (via registered post) to the registered address of the Respondent advising of its rights and trade mark and to request the Respondent to voluntarily amend the offending name as set out in Annexure "MS 3" to the founding affidavit to which it alleges it has not received a response.

3.5 The Applicant claims that since 31 May 2013, it including its subsidiaries have more than 360 billion U.S dollars in total assets under management. In addition, the shares of the MFS Meridian Funds which are advised by one of the Applicant's investment advisory subsidiaries are held by residents in South Africa to the total value of approximately 165 million U.S dollars.

3.6 The Applicant contends that the name of the Respondent "MFS INVESTMENTS" must not be confusingly similar to its trade mark and that it contains the entirety of the Applicant's MFS trade mark and that it is visually, phonetically and conceptually identical to the MFS trade mark belonging to the Applicant.

3.7 The Applicant also contends that it has not consented to the use of its trade marks. It is argued that the element MFS is the dominant part of the offending name and it incorporates the whole of the Applicant's trade mark. The Applicant contends further that the word "Investment" in the offending name alludes to the goods and/or services of interest to the Applicant and that this could include offering of the services of interest to the Applicant. It was also submitted that the Respondent's business overlaps with the services covered by the Applicant's MFS trade marks registered in class 36.

Thus the Applicant argues that the Respondent's use of its name MFS Investments (Pty) Ltd would indeed amount to infringement of the Applicant's trade marks. The Applicant does not state whether the infringement is in terms of any particular section of the Trade Marks Act 194 of 1993. However, the applicant then concludes by saying that the offending name is confusingly similar to its MFS trade mark registrations in class 36 and is therefore in contravention of Section 11(2) (b) of the Act.

3.8 The Applicant then moves onto argue why the Respondent has also transgressed Section 11(2) (c) (i) of the Act by stating that by virtue of the offending element MFS in the Respondent's name, it is likely that persons dealing with the Respondent will be misled into assuming it is in some way connected with the Applicant when this is not in fact so. It was submitted that since the offending name wholly incorporates the Applicant's MFS trade mark and since the business is open-ended and without limits it could indeed overlap with the goods and/or services of interest to the Applicant.

It was then concluded that in the circumstances, persons encountering the use of the Respondents' name are likely to think that there is a connection in the course of trade between the Applicant and the Respondent, especially since it alleges that the services offered by the Respondent are directly likely to occur including the possibility that the average member of the public or potential customer of the Respondent may think that there is a connection in the course of trade between Applicant and Respondent and that they are so-called " horses from the same stable" or a part of the same group, when this is not the case.

3.9 The Applicant contends that the Respondent's name amounts to an appropriation of its rights and will enable the Respondent to compete with it and be given an advantage in the market-place had it adopted an original name not owned by a competitor. The Applicant also claims that it has no control over the manner in which the Respondent conducts its business or the quality of the goods or services which it supplies; as well that there is a potential for unsatisfactory performance by the Respondent to be attributed to the Applicant. Finally, the Applicant states that the offending name will reasonably mislead members of the public into believing that the Respondent is connected with, or associated with the Applicant when this is not in fact so thus making the Respondent's name a contravention of Section 11(2) (c) of the Act.

3.10 Thus the Applicant requests the relief for an administrative order in terms of Section 160 (3)(b)(ii) ordering the Respondent to choose a new name that does not contain the element MFS and to file a new memorandum of incorporation within a time and under such conditions as the Tribunal deems just and equitable.

3.11 The Applicant also contends that the Respondent's principal business has not been disclosed. It is submitted that the word "Investments" in the offending name alludes to the goods and/or services of interest to the Applicant and that it could include offering of the services of interest to the Applicant. It is also submitted that the Respondent's business overlaps with the services covered by the Applicant's MFS trade marks registered in class 36. It is therefore contended that the name of the Respondent offends against sections 11(2) (b) and (c) of the Companies Act.

3.12 It is to be noted that the Applicant has not quoted any High Court cases in support of its application and simply relies on Section 11 together with its submissions. However, the Tribunal will examine certain relevant cases to make a decision whether the Applicant's objection is justifiable in terms of Section 11(2) (b) and (c) of the Act.

PROCEDURE:

4.1 This application has been brought in terms of Regulation 153 (1) on Notice of Motion on a CTR 145 form for a default order in terms of regulation 153(2), as requested in terms of Section 160 of the Act to be issued against the Respondent.

4.2 The record reflects that the application was filed with the Tribunal on 7 November 2013 and subsequently served on the Respondent on 8 November 2013, as per the Sheriff's return of service as set out in Annexure 'AJD4" by affixing the documents on the security gate of the registered business address after a diligent search and enquiry as no other manner of service was possible. The aforesaid application was also sent to the registered business address of the Respondent as is evident from Annexure 'AJD3".as per the CIPC records filed with the papers. The question arises whether service is therefore in accordance with what is required by Rule 4(1) of the High Court Rules.

4.3 In accordance with Regulation 142, the Applicant is obliged to serve a copy of the application and the affidavit on the respondent within 5 business days after filing it with the Tribunal and this was done by filing of the papers on 8 November 2013. As a result of the fact that no opposing papers or answering papers have been filed by the Respondent to date, the Applicant has now brought an application for a default order in the form of a Notice of Motion as per the Regulations on 20 February 2014.

4.4 In terms of Regulation 153 (1) of the Companies Regulations, if a person served with an initiating document has not filed a response within twenty days, the initiating party may apply to have the order, as applied for issued against that person (including a juristic person) by the Tribunal.

4.5 Finally, Regulation 153 (2) (b) of the Regulations also states that the Tribunal may make an appropriate order, if it is satisfied that the notice or application <u>was adequately served</u> (my emphasis).

The Respondent has been provided with the opportunity to oppose the initial application under CTR form 142 (which it has chosen to ignore) and to show cause why the application should not be granted. Neither has it responded to a correspondence from the Applicant's attorneys dated 25 September 2012.

4.6 In accordance with 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.

In the circumstances, the Tribunal is of the view that the application for a default order by the Applicant in asserting its rights must be dealt with expeditiously and in accordance with the principles of natural justice.

5.

EVALUATION:

5.1 The Applicant has shown it has an interest in the name of the Respondent for the purpose of Section 160 of the Act in this matter by virtue of its trade mark being registered and by being well-known as stated in the founding affidavit. Accordingly, the Tribunal has to determine whether the two grounds for objection have in fact been justified by the Applicant.

5.2 Section 11 (2) (b) provides that "the name of a company must not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a)."

"Similar" as in section 11 (2) (b) would be "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 (Refer Bata Ltd v Face Fashions CC 2001 (1) SA 844 (SCA)). Mere similarity is also not sufficient, it must be confusingly so (my emphasis). As to the requirement for confusingly similar, the test, as in the case of passing-off, should be: "…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.

5.3 Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in the light of the particular circumstances of the case." (Refer 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).

5.4 Section 11 (2) (b) refers to confusion in respect of a company name. Applying this to the instant matter the question as to what is "confusingly similar" arises. It must be as alike in a manner that will confuse the reasonable person, that is, the "ordinary reasonable careful man, and not the very careful man nor the very careless man" (Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd 1979 (2) SA 276 (E) at 280). This reasonable man (person) should further be qualified as in Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd 1993 (2) SA 307 (A) at 315F-G: "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." It is clear that the class of persons will be requesting advice on investments and/or some kind of investment.

5.5 The Applicant further sets out extensive reasons in its founding affidavit as to why its registered trade mark deserves protection in terms of statute. However, it is not necessary to repeat all these reasons. Thus it can be seen that if the Respondent's name is used in relation to a business which trades in the goods or services of interest of the Applicant, then such use is likely to lead to confusion in the course of trade to the detriment of the Applicant's business which is in fact so when examining the name of the Respondent which alludes to it being a company which deals or does business in investments) and more especially since the principal business or activities of the Respondent do not exclude investments or related activity.

5.6 Since the Applicant has not referred the Tribunal to any case law in support of its objection, the Tribunal refers to various cases in support of its finding. In Capital Estates and General Agencies (Pty) Ltd and Other v Holiday Inns Inc. and Other 1977 (2) SA 916 (A) at 929 E-0, the courts came to the conclusion that even if the parties do not appear to carry on business in precisely the same field, this did not mean that there will not be confusion or deception in trade. However, the field seems to be similar in this matter, especially since the Respondents' business has certainly not been distinguished from that of the Applicant as submitted by the Applicant.

5.7 It is logical that the Respondent ought to have known that its name incorporating the trade mark of the Applicant is well- known throughout the world and in the South African market, especially if it had conducted a Google search which reflects this.

5.8 From the Capital Estate Case (929 E-O) it can be concluded that in claiming that another corporation's name is undesirable, there is no bar to obtain relief when there is an absence of a common field of activity in a circumstance when there is a reasonable likelihood of confusion.

For the reasons cited above, it is clear that there is more than a reasonable likelihood of confusion due to the Applicant's well known use of the trade mark and its presence in the market, more especially since it operates or intends to operate in the same field of business by virtue of it not having listed its business activities in the CIPC records nor has it deemed it fit to differentiate its business from that of the Applicant.

5.9 Finally, 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, that due to the Respondent's name being confusingly similar to the Applicant's trade mark, it can be concluded that confusion and/or deception may arise from the side-by –side use of the trade mark and the corporation's name can lead to injury of the Applicant's business (See also American Chewing Products Corporation v American Chickle Co 1948 (2) SA 736A). As stated in the Ewing case : " the public is likely to associate the Respondent's business as a branch of or associated with the Applicant's business, thus resulting in any negative publicity it creates to being associated with the Applicant."

5.10 When one examines the name of the Respondent and the trade mark of the Applicant side by side, it can therefore be concluded that there exists a likelihood of confusion in the mind of the reader. Due to the fact that the words are exactly the same apart from the descriptive words "INVESTMENTS" and "PTY LTD", it can be concluded that there would exist a likelihood of confusion in the mind of members of the public who may also associate the Respondent's company as being part of the entity of Applicant's registered trademark which it can be seen is well-known globally and in South Africa.

5.11 From the above arguments presented, the assessment of the facts of this case and case law, it can be concluded that the name "MFM Investments" will reasonably mislead the reasonable man (person) to believe incorrectly that there is an association with the Applicant, especially since it is known globally as MFS Investment Management and is generally known as MFS as mentioned in the founding affidavit and since the Respondent can easily provide investment services and most probably does so in view of its name.

5.12 In addition, no activities have been described in the Respondent's Founding Statement, which is implies that it can venture into the fields that the Applicant currently operates in and has been so doing for since 2011. Thus it can be submitted that under section 11 (2) (c) (i) it will not exclude the likelihood/possibility that the reasonable man (person) will associate it with the Applicant. The Applicant is well –known since 1924 in the investment field and its trademark has been extensively used for numerous years and thereafter registered in 2006.

5.13 With regard to Section 11(2)(c)(i) the question arises whether the name of the Respondent falsely implies or suggests, or is such as would reasonably mislead a person to believe incorrectly, that the company is part of, or associated with any other person or entity. The same principles in respect of section (2) (b) would also apply in respect of section (2) (c) (i) because in this instance, apart from the requirement that the name must falsely imply, which, it is submitted, requires fault, it can, alternatively also reasonably mislead a person to hold a certain belief. The requirements to "reasonably believe", should be the same as discussed in Adidas AG & another v Pepkor Retail Limited (187/12) [2013] ZASCA 3 (28 February 2013) para 28; and in Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc. and Others 1977 (2) SA 916 (A) at 929.

5.14 It is evident that the MFS trade mark as incorporated in the Respondent's company name falls within the ambit of Section 11 (2) of the Companies Act due to the justification and arguments presented in the founding affidavit mentioned in this judgment as well as the arguments and conclusions arrived at by the Tribunal.

5.15 From the above arguments presented, the assessment of the facts of this case and case law, it can be concluded that the name of the Respondent, will reasonably mislead the reasonable man (person) to believe incorrectly that there is an association with the Applicant's trade mark since its activities are similar to that of the Applicant.

6.

CONCLUSION AND FINDINGS:

6.1 The conclusion that can be made is that the use of the Respondent's name by the Respondent is confusingly similar to the well-known trade mark of the Applicant, and that it will reasonably mislead a person to believe, incorrectly, that the Respondent is part of, or associated with the Applicant for the reasons set out above.

7.

ORDER:

1. The Applicant's application is granted in terms of section 160 (3) (b) (ii) of the Companies Act in that the Respondent is ordered to change its name as it does not comply with section 11 (2) (b) and Section 11 (2) (c) (i) of the Act.

2. The Respondent is also ordered to file an amended memorandum of incorporation within 30 business days of this order.

3. However, the Applicant is ordered to serve this order on the Respondent (at both its registered business address and its postal address) and its accountants listed on the certificate of incorporation if any within a period of 60 days from date of receipt hereof and to provide proof to the Tribunal that it has done so.

4. The Companies Commission (CIPC) is directed to inform the respondent forthwith of the decision of the Tribunal and to ensure that the name is changed within the requisite time period and to invite the Respondent to file an amended Memorandum of Incorporation using a satisfactory name.

5. There is no order of costs in relation to this application.

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KHATIJA TOOTLA

Member of the Companies Tribunal

13 March 2014