

IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

("THE TRIBUNAL")

CASE NUMBER: CT007OCT2015

In the matter of:

NEDBANK LIMITED **APPLICANT**

and

THE AFFINITY COMPANY (PTY) LTD **RESPONDENT**

Coram: PJ Veldhuizen

Order delivered: 24 March 2016

ORDER & REASONS

A. INTRODUCTION

1. THE PARTIES

1.1. The Applicant is Nedbank Ltd ("The Applicant"), a public company and South African bank duly incorporated in terms of the laws of the Republic of South Africa, having its principal place of business at No 135 Rivonia Road, Sandown, Sandton, Gauteng.

1.2. The Respondent is The Affinity Company (Pty) Ltd, a private company duly incorporated in terms of the laws of the Republic of South Africa and having its registered address at No 7 Sherwood Court, No 26 Deyersdal Road, Bergvliet, Western Cape.

B. THE APPLICATION

2. This is an application brought in terms of section 160 of the Companies Act 71 of 2008 ("the Act"), read with section 11 of the Act. The Applicant alleges that the name of the Respondent does not satisfy the requirements of section 11 of the Act and that the Respondent should be directed to select a new name, as contemplated in section 160(3)(ii) of the Act.

3. The Applicant objects to the name of the Respondent, The Affinity Company (Pty) Ltd, on the basis of its earlier rights in the trade marks, "Affinity" in classes, 16, 36, 09, "Sports Affinity Trust" in class 35 and 36 and "Children's Affinity" in class 36.

4. The Applicant alleges it has been using the trade mark "Affinity" in relation to its services since 1990 and has built up substantial goodwill in relation thereto and that they now represent assets of a considerable value.

5. The Applicant alleges further that *'any unauthorized use of these trade marks, or of confusingly or deceptively similar marks, is damaging to these assets and to the business of the Applicant".*

6. The Applicant seeks an Order directing the Respondent to change its name to a name that meets the requirements of the Act. The Respondent has been served with the Application and has failed to answer within the required time period. Accordingly, the Applicant now seeks a Default Order.

C. THE LEGISLATION

7. The regulation of disputes concerning the reservation or registration of company names and the jurisdiction of the Tribunal is set out in Section 160 of the Act:

> *(1) –*
>
> *A person to whom a notice is delivered in terms of this Act with respect to an application for a 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 the 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); 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 the name that had been contested as the name of the 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) –

within 20 business days after receiving a notice or decision issued by the Companies Tribunal in terms of this section, an incorporator of a company, a company, a person who received a notice in terms of section 12(3) or 14(3), an applicant under subsection (1) and any other person with an interest in the name or proposed name that is the subject of the application, as the case may be, may apply to court to review the notice or decision.

8. The restrictive criteria for the names that may be chosen by a company is set out in Section 11 (2) of the Act:

(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), or as a business name in terms of the Business Names Act, 1960, (Act 27 of 1960), unless the 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 trademark belonging to a person other than the company, where mark in respect of which an application has been filed in the Republic for registration as a trademark or a well-known trademark is contemplated in section 35 of the Trade Marks Act, 1993 (Act 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 use of which is restricted or protected in terms of the Merchandise Marks Act, 1941 (Act 17 of 1941), except to the extent permitted by and were in terms of that Act;

(b) not to 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 parapraph (a)(i), each company bearing any such similar name is a member of the same group of companies;

(ii) in the case of the company name similar to a defensive name or to a business name referred to in paragraph (a)(ii), the company, or person who controls the company, is the registered owner of that defensive name or business name;

(iii) in the case of a name similar to a trademark or mark referred to in paragraph (a)(iii), the company is the registered owner of the business name, trademark, will mark, or is authorised by the registered owner to use it; or

(iv) in the case of a name similar to a mark, word or expression referred to in paragraph (a)(iv), the use of that market, world expression by the company is permitted by and in terms of the Merchandiser Marks Act, 1941;

(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;

(ii) is an organ of state or a court, or is operated, sponsored, supported or endorsed by the State any organ of state or a court;

(iii) is owned, managed or conducted by a person or persons having any particular educational designation or who is a regulated person or entity;

(iv) it is owned, operated, sponsored, supported or endorsed by, or enjoys the patronage of, any –

(aa) foreign state, head of state, head of government , government or the administration or any department of such a government ordered ministration; or
(bb) international organisation; and

(d) not include any word, expression or symbol that, in isolation or in context within the rest of the name, may reasonably be considered to constitute –

(i) the propaganda for war;

(ii) incitement of imminent violence; or

(iii) advocacy of hatred based on race, ethnicity, gender or religion, or incitement to cause harm.

D. WERE THE TRIBUNAL'S PROCEDURAL REQUIREMENTS MET?

8.1. An application in terms of section 160(2)(b) has no deadline. Instead an Applicant is required to explain the "delay" on good cause shown. This is a departure from the position under the previous Companies Act No 71 of 1973, which required objections to a company name be lodged before the Registrar of Companies within one year and before the High Court within two years. Under that Act no extension of time was possible. It is suggested that unless the Companies Tribunal issues a directive to the contrary, it should be lenient to objectors in its interpretation of what constitutes good cause shown where the objection to a company name is lodged within two years of the date of incorporation.[1]

8.2. According to the dictum of Innes CJ, *"Mr Tindall says the court has never defined good cause. In the nature of things it is hardly possible, and certainly undesirable, for the court to attempt to do so. No general rule, which the wit of man could devise, would be likely to cover all the varying circumstances which may arise in applications of this nature. We can only*

[1] South African Law of Trade Marks, Pages 16-18, Para 16.5.3, [Issue 16]

deal with each application on its merits, and decide in each case whether good cause has been shown".[2]

8.3. The evidence before the Tribunal was that the existence of the Respondent came to the Applicant's attention in December 2014 when it received notice from its attorneys of the publication of the Respondent's name in the Government Gazette. The Applicant made the application within approximately 10 months of becoming aware of the Respondent's name.

8.4. Accordingly, the Tribunal accepts that the Applicant has satisfied the requirement contemplated in section 160(2)(b).

8.5. A search conducted by the Applicant of the Companies and Intellectual Property Commissions (CIPC) indicated that the registered address of the Respondent reflects as No. 3 Rutherford Way, Meadowridge, Western Cape which is different from the Searchworks search which reflects the registered address of the Respondent as No. 7 Sherwood Court, No. 26 Dreyersdal Road, Bergvliet, Western Cape. The Applicant confirms that service of the application would be effected at both addresses. The Applicant has provided proof of service at both addresses.

[2] *Cohen Bros v Samuels* 1906 TS 224

8.6. The Respondent has failed to answer the application and the Applicant now applies in terms of Regulation 153 with supporting documentation for a Default Order.

8.7. Accordingly, the Tribunal finds the procedural aspects to have been met.

E. EVALUATION OF EVIDENCE

9. The Applicant has significant rights in the word "Affinity", both at common law and in terms of its registered Trade Marks. These rights are obviously worthy of protection.

10. The Applicant's attorneys have usefully assisted the Tribunal in directing it to several decisions of the South African and Foreign Courts on the test to be applied in evaluating the possible confusion that can be caused in relation to company names and the undesirability thereof. The Tribunal is satisfied that the use of the word "Affinity" by the Respondent is undesirable and could lead to the confusion envisaged by Section 11.

11. Accordingly, the Tribunal has no difficulty in finding that the Applicant enjoys a right to relief under section 160, read with sections 11.

12. Finally, and based primarily on the views of the authors above, the Applicant has persuaded the Tribunal that any time delay in bringing this application is excused, bearing in mind *inter alia* the lack of any legislated deadline or directive by the

Tribunal. Furthermore, if the Tribunal were to dismiss the application on the basis of a time delay, the Applicant's alternative remedy would be to apply to the High Court. This would have the effect of burdening a second state resource with similar facts, which could be decided cost-effectively by the Tribunal. This view is further strengthened by the failure of the Respondent to file answering papers resisting the relief sought.

F. DECISION

Accordingly, it is determined that the Respondent's company name does not satisfy the requirements of section 11 of the Act and the that the Respondent is directed to select a new name, as contemplated in section 160(3)(ii) of the Act, within 30 (thirty) days of the this decision. Should the Respondent fail to select a new name as directed, the CIPC shall record the Respondent's name as its company registration number followed by (Pty) Ltd.



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PJ VELDHUIZEN

MEMBER OF THE COMPANIES TRIBUNAL

CAPE TOWN