

IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

("THE TRIBUNAL")

CASE NUMBER: CT012JAN2016

In the matter of:

BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT (BMW AG) **APPLICANT**

and

M2 MOTOR PARTS (PTY) LIMITED **RESPONDENT**

Coram: PJ Veldhuizen

Date of Hearing: Not Applicable – Default Order

Order delivered: 13 April 2016

DEFAULT ORDER & REASONS

A. INTRODUCTION

1. THE PARTIES

1.1. The Applicant is Bayerische Motoren Werke Aktiengesellschaft ("the Applicant"), a company duly incorporated and existing under the company laws of Germany, with a principal place of business at Petuelring 130, 80809 Munchen, Germany.

1.2. The Respondent is M2 Motor Parts (Pty) Limited ("the Respondent"), a company incorporated in terms of company laws of the Republic of South Africa with a registered office address at 17 Haupt Street, Sidwell, Port Elizabeth, Eastern Cape.

B. THE APPLICATION

2. This is an application in terms of Regulation 153(1), read with Regulation 153(2)(b) of the Companies Regulations, for the Order as requested in the application made by the Applicant in terms of Section 160 of the Companies Act 71 of 2008 ("the Act"), that the Respondent's name M2 Motor Parts (Pty) Limited does not satisfy the requirements of Section 11 of the Act and that Respondent be directed to choose a new name as provided for in Section 160(3)(b)(ii) of the Act.

3. The Applicant is the developer and, by itself or through licensees, the manufacturer and distributor of BMW motor vehicles, their parts, components and accessories, throughout many countries of the world, including South Africa. The Applicant has been manufacturing automobiles for over 90 years.

4. The Applicant is the owner of *inter alia* the following relevant trade mark

registration in South Africa - **M2** - in class 12, under registration number 2011/24830 in relation to vehicles.

5. The Applicant alleges that the M2 trade mark has been used extensively, globally and in South Africa by them and continues to be used in relation to BMW motor vehicles and related goods and services.

6. The Applicant alleges further that the M2 trade mark (and the reputation and goodwill thereof) is an asset of considerable commercial value and importance to the Applicant. Any unauthorized use of this trade mark or confusingly or deceptively similar marks is damaging to this asset and to the business of the Applicant and BMW SA in South Africa.

7. The Applicant objects to the name of the Respondent, on the basis of their earlier rights in their registered trade mark and on the basis that the Respondent's use of M2 in its name amounts to making unauthorized use of their registered trade mark, or a confusingly or a deceptively similar trade mark, in the course of trade.

8. The Applicants seek an Order directing the Respondent to change its name to a name that meets the requirements of the Act.

C. THE LEGISLATION

9. 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 and the Applicant particularly relies on:

(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 –

(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 –

(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.

10. The restrictive criteria for the names that may be chosen by a company is set out in Section 11 (2) of the Act and the Applicant particularly relies on:

(2) – The name of a company must –

(a) not be the same as –

(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

(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

(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;

D. POINTS FOR DETERMINATION

11. Were the Tribunal's procedural requirements met?

11.1. Applicant is required to establish good cause in terms of section 160(2)(b) of the Act as to why there has been a delay in bringing this application after becoming aware of the Respondent's registration.

11.2. The evidence before the Tribunal is that the Applicant made the application within approximately ten (10) months of becoming aware of the Respondent's name. The Applicant became aware of the existence of

the Respondent in March 2015 and initially and prudently, in my view, took the time to establish the nature of the Respondent's business, drew the Respondent's attention to their rights and relevant provisions of the Act and only when the Respondent failed to heed their demand, filed this Application.

11.3. Accordingly, the Tribunal accepts that the Applicants have satisfied the requirement contemplated in section 160(2)(b).

12. Service / Jurisdiction

12.1. The Applicant has served the papers in accordance with Act and the Respondent has failed to answer within the required time period.

12.2. The Tribunal enjoys jurisdiction to hear the matter and to grant the relief sought.

E. EVALUATION OF EVIDENCE

13. The Applicant's attorney of record has usefully directed the Tribunal to the provisions of the Act set out above and to extensive case law dealing with grounds of "confusion", "undesirability" and "calculated to cause damage" which they hold the view and I agree are still of relevance to matters being decided by the Tribunal in terms of section 160 of the Act. These include:

13.1. Hollywood Curl (Pty) Limited v Twins Products (Pty) Limited 1989 (1) SA 255 (A);

13.2. American Chewing Products Corporation v American Chickle Co 1948 (2) SA 736A;

13.3. Ewing (t/a The Buttercup Dairy Co. v Buttercup Margarine Co Limited 1917 (34) R.P.C. 232 and 238 line 50;

13.4. Deutsche Babcock SA (Pty) Limited v Babcock Africa (Pty) Limited 1995 (4) SA 1016 TPD;

13.5. McDonald's Corporation v Dax Prop CC & Another 1997 (1) SA 1 (A);

13.6. Capital Estates and General Agencies (Pty) Ltd and Others v Holiday Inns Inc & Others 1977 (2) 916 (A);

13.7. Polaris Capital (Pty) Ltd v The Registrar of Companies and Polaris Capital Management Inc.

14. The Respondent has been provided an opportunity to be heard and has not filed any papers in this matter.

15. The Tribunal therefore accepts the uncontested version put up by the Applicant and grants the relief as set out in F below.

F. DECISION

16. The Applicant is granted a Default Judgment in terms of Section 160(3) of the Companies Act 71 of 2008 and Regulation 153 of the Companies Regulations of 2011 in the following terms:

16.1. Directing the Respondent to change its name to one, which does not incorporate a mark confusingly and/or deceptively similar to the Applicant's **M2** trade mark;

16.2. In the event that the Respondent fails to comply with the relief ordered in paragraph 16.1 above within three (3) months from the date of this order, that the Respondent be directed, in terms of Section 160(3)(b)(ii) read with Section 14(2) of the Companies Act, to change the its name to "2013/213901/07 (Pty) Ltd", as its interim company name on the Companies Register; and

16.3. Should the Respondent fail to comply with the relief ordered in 16.1 and 16.2 above that the Companies and Intellectual Property Commission be ordered to change the Respondent's name to "2013/213901/07 (Pty) Ltd", as the Respondent's interim company name on the Companies Register.



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PJ VELDHUIZEN

MEMBER OF THE COMPANIES TRIBUNAL

CAPE TOWN