IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT015JUL2015

In the matter between:

SPUR GROUP (PTY) LTD **APPLICANT**

And

MONSTERITO TAKE AWAYS (PTY) LTD **RESPONDENT**

Presiding Member of the Tribunal: Kasturi Moodaliyar

Date of Decision: 12 January 2016

DECISION (Reasons and Order)

INTRODUCTION

[1] This application is in terms of section 160 of the Companies Act 71 of 2008 (the "Act"). The Applicant requests an order directing the Respondent to change its name because it does not comply with section 11 of the Companies Act.

BACKGROUND

[2] The Applicant is Spur Group (Pty) Ltd, a company incorporated in terms of the Act with its principle place of business at Edison Way, Century Gate Business Park, Century City, Western Cape.

[3] The Respondent is Monsterito (Pty) Ltd, a private company duly incorporated in terms of the Act with is registered business address at No. 3 Hammerkop Street, Pescodia, Kimberly, Northern Cape.

SERVICE

[4] A copy of the application must be served on the Respondent at its registered address within 5 days of filing it with the Companies Tribunal as required by regulation 142(2).

[5] The Sherriff of Kimberly served a copy of the application upon the Respondent on 31 July 2015, at the given address. According to the Sheriff a copy of Form CTR142 and the founding affidavit was served upon Mrs. Soonies, an adult employee at the Respondent company. This service is in accordance with Rule 4 (1)(a)(v) of the High Court Rules.

[6] No response was received from the Respondent and the Applicant therefore applies on FORM CTR 145 for a default order in terms of regulation 153.

[7] The Sherriff of Kimberly on the Respondent's principle place of business properly served the application. I am consequently satisfied that the Respondent's lack of participation in these proceedings is not due to the lack of service or knowledge of the process and that this application is unopposed.

ISSUES

[8] The Applicant is the registered proprietor of the trademark "MONSTERITO" and derivatives of this name and trademark and various other categories in the Republic of South Africa. The trademark registration/s is in terms of the Trade Marks Act No.194 of 1993 ("Trade Marks Act").

[9] It is averred by the Applicant that on or about July 2014, the Applicant became aware that the Respondent had registered its company name

"MONSTERITO TAKE AWAYS (PTY) LTD" which contains the offending words "MONSTERITO".

[10] The Applicant provides a lengthy explanation as to why there is such a considerable time lag from the Respondent's company being registered in December 2013, to becoming aware of the Respondent company's name around July 2014 and then only attempting to make contact with the Respondent in September 2014.

[11] The Applicant sent a letter of demand by registered post to the Respondent demanding that the Respondent amend the offending name. According to the Applicant this letter was sent on 26 September 2014, and again in 27 October 2014[1].

[12] There was no response from the Respondent.

[13] The Applicant filed an objection to the use of the words "MONSTERITO" in the name of the Respondent with the Companies Tribunal on 28 July 2015 on form CTR 142 as prescribed by regulation 142(1)(a), together with a supporting affidavit as required by regulation 142 (1)(b) by Ronel van Dijk, chief financial officer of the Applicant company, who was duly authorized to depose the affidavit by the Applicant by a resolution of 18 May 2015.

[14] The Applicant submits that the Respondents name MONSTERITO TAKE AWAYS (PTY) LTD is confusingly similar to the trademarks of the Applicant being MONSTERITO.

[15] The Applicant is a company group, which has several restaurant franchise brands such as the Spur and Panarotti's Pizza.

[1] The affidavit by Jeremy Speres refers to 27 October 2015, however, I am inclined to believe that the year was stated in error as it does not follow the chronology of events.

[16] The Applicant states that it filed its MONSTERITO trademark in class 30 on 8 September 2005 and the MONSTERITO trademark thus predates the Respondent's company name which was registered in 2013.

[17] Furthermore, it is asserted by the Applicant that the Registration of the Respondent's name is contrary to section 11(2)((b) and (c) of the Act.

[18] The Applicant submits that it is clear that the Respondent's name MONSTERITO TAKE AWAYS (PTY) LTD is identical, and hence confusingly similar to the Applicant's registered MONSTERITO trademark in sight, sound and meaning.

[19] The Applicant avers that it has made extensive use of the MONSTERITO trademark since 1995 at its Panarotti's restaurants and as a result, it acquired a substantial reputation and goodwill. Panarotti's has a menu item called "MONSTERITO" and this item is marketed and sold at all Panarotti's nationwide.

[20] The Applicant submits that persons encountering the use of the Respondent's offending name are likely to be mislead to think that there is a connection in the course of trade between the Applicant and the Respondent.

[21] The Applicant requests the Companies Tribunal to make an order that the Respondent change its company name because the use of the Respondent's name in commerce would constitute an infringement on the Applicant's MONSTERITO trademark.

APPLICABLE LAW

[22] Section 11(2) of the Act is primarily about protection against infringement of a registered company name or trademark, and the applicable sections reads as follows:

> *"Section 11(2): The name of the company must:*
>
> *a) not be the same as:*
> *(i) the name of another company, domesticated company, registered external company, CC 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, 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, or mark in respect of which an application has been filed in the Republic for registration as a trademark or a well-known trademark as contemplated in section 35 of the Trade Marks Act, 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 the use of which is restricted or protected in terms of the Merchandise Marks Act, 1941, except to the extent permitted by or in terms of that Act;*
>
> *b) not be confusingly similar to a name, trademark, 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;*
> *(ii) in the case of a company name similar to a defensive name or to a business name referred to in paragraph (a)(ii), the company, or a 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, or 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 mark, word or expression by the company is permitted by, or in terms of the Merchandise Marks Act;*
>
> *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;"*

[23] The Applicant seeks remedies in terms of Section 160 which reads as follows:

"Section 160.
(1) A person to whom a notice is delivered in terms of section 12(3) or section14(3) 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 satisfies the requirements of section 11.

(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 satisfies the requirements of section 11; and
(b) may make an administrative order directing—
(i) the Commission to—
(aa) reserve a contested name for the applicant in terms of section 12;
(bb) register the contested name, or amended name as the name of company; or
(cc) cancel a reservation granted in terms of section 12, if the reserved name has not been used by the person entitled to it; 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."

EVALUATION

[24] The Companies Tribunal must evaluate whether the name satisfies the requirements set out in Section 11(2) of the Act.

[25] To evaluate the meaning of the words contemplated in section 11 (2) I will rely on the guidance of the common law where applicable.

[26] Section 11(2)(b) provides that the "name of a company must not be

confusingly similar to a name, trademark, mark, word or expression contemplated in paragraph (a)."

[27] The word "similar" as stipulated in section 11(2)(b) would be described as "having a marked resemblance or likeness"[2] and that the offending mark or name should immediately bring to mind the well-known trade mark or other name. Courts place a determination on whether the mark or names are "the same or confusingly similar" and whether the mark or name is able to "falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the [Respondent] company is part of, or associated with" the Applicant company.[3]

[28] In *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* the court held that the "This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as for example, the use of name marks in conjunction with a generic description of the goods."[4]

[29] The Applicant asserts that the offending name contains the entirety of

[2] See *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA).
[3] See *Deutsche Babcock SA (Pty) Ltd v Babcock Africa (Pty) Ltd* 1995 (4) SA 1016; *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA);
[4] 1984 (3) SA 623 (A) at 641 B-C.

the Applicant's MONSTERITO trademark and is dominant and the most distinct part of the trade mark. The Applicant further submits that the words "Take-Aways" as they appear in the offending name are inherently non-distinctive and do not serve to distinguish the Respondent from the Applicant's MONSTERITO trademark in any way.

[30] The Applicant avers that the Respondent's business overlaps with the goods and services covered by the Applicant's MONSTERITO trade mark in Class 30, which covers foodstuffs, and that the public is likely to be confused or deceived into believing that the Respondent is associated with the Applicant.

[31] The Companies Act does not define what is meant by "good cause" in terms of s 160(2)(b) and it is not clear whether it refers to substantive grounds (such as e.g. s 11) or whether it refers to the period of time within which the application should be launched.

[32] Based on the context of sub-s (2) of s 160, it would seem that the sensible interpretation will be that it refers to the period within which to launch the application[5].

[33] The reason for the requirement that there must be good cause shown why the application was launched at a particular date would appear to be that the person doing business under a particular name, that has been registered by the Companies and Intellectual Property

[5] See *Natal Joint Municipal Pension Fund v Endumeni Municipality* 2012 (4) SA 593 (SCA) para 18

Commission, is not prejudiced by a belated challenge which could affect the goodwill built up in using the name. [6]

[34] The applicant does attempt to address the period of less than two years since it became "aware" of the name, to the date of the launching of the objection.

[35] As stated above the effluxion of time should be evaluated against possible prejudice to the respondent in determining "good cause". I am inclined to believe that since becoming aware of the Respondent's existence, the Applicant had taken steps to address the situation. These steps could have been done at a quicker pace. However I do acknowledge that the time taken to file was less than two years and thus there may not be prejudice the Respondent and the delay is not fatal to this particular application.

FINDINGS

[36] It is my view that the applicant's trademarks and company name "MONSTERITO TAKE AWAYS (PTY) LTD" and the Respondent's registered trademark name "MONSTERITO" when placed side-by-side, do not only contain identical dominant words, but to a reasonable person it would not only appear confusingly similar.

[37] The Respondents name "MONSTERITO TAKE AWAYS (PTY) LTD" incorporates the whole of the applicants trademark "MONSTERITO". A person could reasonably be mislead to believe incorrectly that the Respondent's company is part of or associated with the Applicant's

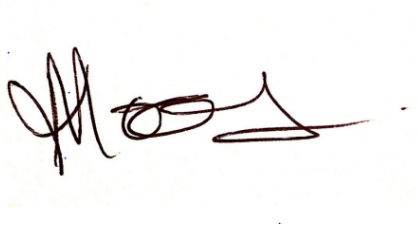
[6] See also *Comair Limited vs Kuhlula Training, Projects and Development Centre (Pty) Limited* CT007Sept2014 of 27 February 2015.

company. This would surely be prejudicial to the Applicants trademarks and brand.

ORDER

I proceed to make the following order;

a) The Applicant's application is granted in terms of Section 160(3) of the Companies Act.
b) The Respondent is directed to change its name to one that does not incorporate and is not confusingly and/or deceptively similar to its MONSTERITO company name and trademarks.
c) The Respondent is ordered to a notice of an amendment of its Memorandum of Incorporation, within 60 days of receipt of this order.
d) The Respondent is hereby exempted from the requirement to pay the prescribed fee for filing the notice of amendment contemplated in this paragraph.
e) This Determination must be served on the Applicant, Respondent and the Registrar of Close Corporations of the Companies and Intellectual Property Commission (CIPC).
f) Any other person with an interest in the name that is the subject of this application may, within twenty (20) business days after receiving the notice of this determination and administrative order, apply to a court to review the determination.
g) There is no order of costs in relation to this application.



KASTURI MOODALIYAR

COMPANIES TRIBUNAL: MEMBER