



IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

(“The Tribunal”)

CASE NO: CT001Feb2015

In the matter between:

NATIONAL ACADEMY OF RECORDING ARTS

AND MUSIC INC.

THE APPLICANT

AND

AFRICA GRAMMY AWARDS (PTY) LTD

THE RESPONDENT

(2013/185610/07)

Coram K. Tootla

Decision delivered on 23 July 2015

DECISION

INTRODUCTION:

[1] The Applicant is **NATIONAL ACADEMY OF RECORDING ARTS AND MUSIC INC.** whose principal place of business is at 3030 Olympic Boulevard, Santa Monica, California a corporation duly incorporated under the laws of the Delaware State, brings an application in terms of Sections 11 (2) (a) (iii) and Section 11 (2)(b)(i) and 160 of the Companies Act 2008 (“the Act”) read with Regulation (Reg.) 153 for an order that the First

Respondent change its name which does not consist of, or incorporate the Applicant's GRAMMY trade mark, or any other word confusingly and/or deceptively similar to its trade mark (Refer to form CTR 142) as it offends against the provisions of Section 11 (2)(a)(iii) and 11 (2)(b)(i). Yet the founding affidavit mentions Section 11 (2) (a) (iii); 11 (2) (b) and (c) of the Act.

- [2] The First Respondent is **AFRICA GRAMMY AWARDS (PTY) LTD**, a company incorporated in terms of the Companies Act bearing registration No. 2013/199278/07, and having its registered address at 142 Thabo Sehumes Street, Pretoria, Gauteng.
- [3] The Second Respondent is the Commissioner of the Companies and Intellectual Property Commission (CIPC) appointed in terms of Section 189 of the Act, cited in his/her official capacity as the person responsible for the function of the Commission established in terms of the Act.

PROCEDURE:

- [4] The Applicant served a copy of the CTR 142 application in accordance with the rules and filed same with the Tribunal timeously. The CTR FORM 145 and accompanying affidavit was also served and filed.
- [5] The Respondent did not serve or file any notice to oppose the Applicant's application nor served or filed any answering papers to the Applicant's claim despite having received the letter of demand.
- [6] Finally, the Applicant's attorney has confused Section 34 (1) and Section 35 of the Trade Marks Act in its application, the former is applicable to trade mark infringement and is solely within the jurisdiction of the High Court, whilst the latter is applicable to well – known trademarks as contemplated in Section 11(2) (a) (iii).
- [7] The Respondent did not serve or file any notice to oppose the Applicant's application nor served or filed any answering papers to the Applicant's claim.

BACKGROUND:

- [8] The Applicant states that it is the owner of the trade mark "GRAMMY" (referred to in para 4.1.1 – 4.3.1 of the founding affidavit as early as 1996 in South Africa, in classes 9, 41 and 42 respectively in the entertainment, recording and educational services.
- [9] The Applicant also claims common law rights in the word "GRAMMY" due to its "wide spread and extensive use" thereof since 1959 when the first GRAMMY award was held and it continues to be held to this day. It can be noted that the registration of the First Respondent took place thereafter in 2013.
- [10] The Applicant concluded that the First Respondent's name wholly incorporates the word GRAMMY and is confusingly similar to the Applicant's GRAMMY trade mark and that the use of the company name is thus likely to false imply or suggest, or such as would reasonably mislead a person to believe incorrectly that the First Respondent is part of, or associated with the Applicant.
- [11] It is also contended in the founding affidavit that the unauthorized use of the name AFRICAN GRAMMY AWARD is likely to infringe the trade mark of Applicant in terms of Section 34(1) (a) and (b) of the Trade Marks Act No. 194 of 1993 which is incorrect. However, the Applicant claims that due to its long, extensive use and considerable advertising a substantial number of people around the world and in South Africa recognize the trade mark GRAMMY and associate it with the Applicant and its activities.
- [12] Finally, the Applicant contends that use of the name AFRICAN GRAMMY AWARD takes unfair advantage of the extensive goodwill and reputation subsisting in the GRAMMY trade mark; and is likely to mislead members of the public into thinking that some association or other relationship exists between the Applicant and the First Respondent.

APPLICABLE LAW:

- [13] For the purpose of brevity Section 11 of the Companies Act and Reg 142 (applies where relevant) will not be set out in detail herein.
- [14] Note the applicable portion of Section 11 (2)(a)(iii) provides, *inter alia*, that the name of the company must not be the same (my underlining) 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 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;
- [15] Note the applicable portions of s 11(2) (b) of the Companies Act provides *inter alia* that the name of a company must not be confusingly similar to a registered trade mark belonging to a person other than the company, or a mark in respect of which an application has been filed. Note that the Applicant refers to Section 11(2) (b) (i) incorrectly on the CTR forms but quotes the wording of Section 11(2) (c) (i) on the forms.
- [16] Note also the applicable portions of s 11(2)(c)(i) of the Companies Act provides *inter alia* that the name of a company must not falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the company is part of, or associated with, any other person or entity.

EVALUATION:

- [17] Applied to the matter under consideration the question as to what is the same as a trade mark in terms of Section 11 (2) (a) (iii) is inapplicable to the situation at hand as the company name “AFRICAN GRAMMY AWARDS” is not the same as the “GRAMMY” trademark. Thus at the outset, the application fails on this ground.

- [18] However, what is “confusingly similar” in Section 11 (2) (b) has to be examined carefully to determine whether this is in fact so. However, the Applicant has not mentioned this subsection (as it required in terms of Reg 142) in its CTR form, but weaves it into its papers along the line. It would assist the Applicant’s case if it were specific and not confusing. Note that the First Respondent has not obtained the consent of the Applicant to incorporate its trademark in its name (on the contrary it was refused when requested as per Annexure 7)).
- [19] “Confusingly similar” means that the names are as alike in a manner that will confuse the reasonable person, being the “ordinary reasonable careful man, i.e. not the very careful man nor the very careless man as stated below in *Link’s* and *Aziza* case. It is clear that the ordinary reasonable careful person will be confused as mentioned in the aforementioned cases merely because one word is the same and due to its side by side by use. It is clear that the ordinary reasonable careful person will be confused as mentioned in these cases merely because one word is the same and due to its side by side by use.
- [20] When referring to the case law on the subject, it is submitted that it must be as alike in a manner that will confuse the reasonable person, i.e. the “ordinary reasonable careful man, i.e. 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.”
- [21] In *Azisa (Pty) Ltd v Azisa Media CC and Another* [2002] 2 All SA 488 (C) the Court found that the use of the name “Azisa Media CC” is not undesirable, but that the word “Azisa” only would in all likelihood lead to inconvenience and confusion amongst the customers.” The business spheres of the applicant and the respondent are important in respect of the Trade Marks Act No. 194 of 1993.

- [22] 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.
- [23] 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 at a reasonable likelihood of confusion due to the Applicant's well known use of the trade mark and its presence in the market as enunciated in the founding affidavit, but it could easily be much more.
- [24] In addition, the pertinent case which is relevant to the doctrine of imperfect recollection has been captured in *Standard Bank of South Africa Limited v United Bank Limited & Another* 1991 (4) SA 780 (T) 8011 to 802B, where the court said that there is a probability that a substantial number of people will be at least confused, if not deceived, given the fact that an individual does not have the two marks before him, side by side and that memory is often imperfect.
- [25] Thus it is clear from the aforementioned, that there is a reasonable likelihood of confusion if both the name and the mark are to be used together in a normal and fair manner in the ordinary course of business especially since imperfect recollection can take place as can be seen from some the cases quoted above. It is evident therefore that the name RAMADA as incorporated in the Respondent's company name falls within the ambit of only Section 11 (2) (b) (iii) of the Companies Act.
- [26] 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, 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, especially since it has no control whatsoever over the quality of services rendered by the First Respondent (See also

American Chewing Products Corporation v American Chicle Co 1948 (2) SA 736A). As stated in the Ewing case : “ the public is likely to associate the First 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.”

[27] In addition, the pertinent case which is relevant to the doctrine of imperfect recollection has been captured in Standard Bank of South Africa Limited v United Bank Limited & Another 1991 (4) SA 780 (T) 8011 to 802B, where the court said that there is a probability that a substantial number of people will be at least confused, if not deceived, given the fact that an individual does not have the two marks before him, side by side and that memory is often imperfect.

[28] Thus it is clear from the aforementioned, that there is a reasonable likelihood of confusion if both the name and the mark are to be used together in a normal and fair manner in the ordinary course of business especially since imperfect recollection can take place as can be seen from some the cases quoted above.

[29] In my opinion “falsely imply or suggest” in Section 11(2)(c)(i) requires at the least the element of fault in the form of intent which has been proven by the fact that the First Respondent did have intent to associate itself as per its letter (refer Annexure 7) to the American Grammy.

[30] The second element of s 11(2) (c) (i), i.e. to “reasonably mislead has the same test as is “confusingly similar”, but it refers to the effect of confusion that the name will have and thus amount to confusion/deception. On the same basis as above the reasonable careful person will accordingly be misled by the name of the First Respondent as it can easily be and is associated with the business of the Applicant.

[31] It can be pointed out from a practical point of view that the First Respondent ought to have known that the name GRAMMY is well- known in the South African market and world – wide due to the existence of the GRAMMY awards.

[32] Members of the public will also be confused or deceived into believing that the business of the Applicant is linked to, or associated with that of the First Respondent and are "horses from the same stable", as they could both be in the same industry of services.

FINDINGS:

[33] The Tribunal 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 of the Trade Marks Act this falls squarely on the shoulders of the High Court.

[34] The Applicant's application is granted as set out below.

ORDER:

1. An administrative order is made in terms of Section 160 (3) (b) (ii) that the First Respondent change its name to one which does not incorporate the word GRAMMY as it is in contravention of Section 11 (2) (b) (iii) and Section 11 (2) (c) (i).
2. This order must be served on the Applicant, First Respondent and on the Registrar of the CIPC by the Tribunal's Recording Officer (Registrar).
3. The First Respondent is hereby ordered to change its name within 90 days of date of receipt of this order and to file a notice of amendment of its memorandum of incorporation.
4. There is no order of cost against the First Respondent considering that the matter has not been opposed. The First Respondent is hereby exempted from the requirement to pay the prescribed fee for filing the notice of amendment.

5. Since the First Respondent is a profit company, in accordance with Section 11 (1) (b) and (3) (a) of the Act, the First Respondent is at liberty to use its registration number as its company name immediately followed by the expression “ South Africa” should it not be in a position to use another name.
6. The Registrar of CIPC is directed to inform the First respondent forthwith of the decision of the Tribunal and to ensure that the name is changed within the requisite time period as aforesaid; and to invite the First Respondent to file an amended Memorandum of Incorporation using a satisfactory name.
7. Should the First Respondent not comply with the order of the Tribunal within the 90 day period, the Registrar of CIPC is directed to change the First Respondent’s name to its registration number without the Respondent’s consent (in accordance with Section 160 (3) and Section 14(2) of the Act.

k.y. tootla (electronically signed)

KHATIJA TOOTLA

Member of the Companies Tribunal

23 July 2015