



COMPANIES TRIBUNAL OF SOUTH AFRICA

Case/File Number: CT025May2016

In the matter between:

**BAYERISCHE MOTOREN WERKE
AKTIENGESELLSCHAFT**

Applicant

and

**KIMBERLY MOTORS BMW USED SPARES
AND REBUILD (PTY) LTD**

Respondent

Presiding Member : Khashane La M. Manamela (Mr.)

Date of Decision : 25 July 2016

DECISION (Order and Reasons)

Khashane La M. Manamela

[1] The applicant brought an application in terms of which an administrative order in terms of sections 160(3)(a) and 160(3)(b) of the Companies Act 71 of 2008 (the Act)¹ is sought. In terms of section 160(3)(a) this Tribunal, on application, must make a determination whether or not an impugned company name; its reservation; registration or use; its transfer of reservation or registration satisfy the provisions of the Act.² Section 160(3)(b) is a consequential order, following a positive determination based on section 160(3)(a), in terms of which this Tribunal may direct a company to choose a new name (in substitution of the impugned one) and to file a notice of amendment of its Memorandum of Incorporation within a stipulated period, with or without conditions.³

[2] The respondent did not file an answer to the application, as contemplated in terms of regulation 143⁴ of the Companies Regulations, 2011 (the Regulations). The application was served on 27 May 2016 by the sheriff at the registered office address and postal address of the respondent.⁵ Consequently, the applicant asked for a default order in terms of regulation 153⁶ of the Regulations. I am satisfied that the application was adequately

¹ Sections 160(3)(a) and (b) reads in the material part “(3)After considering an application made in terms of subsection (1), and any submissions by the applicant ... the Companies Tribunal- (a) must make a determination whether that name,...registration or use of the name ... satisfies the requirements of this Act; and (b) may make an administrative order directing- (i) ... (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.

² *Ibid.*

³ See section 160(3)(b)(ii) quoted in footnote 1 above.

⁴ In terms of regulation 143 the respondent had 20 business days after having been served with the application to file an answer.

⁵ See annexure “MS1” on indexed p 7 of the default order application. See a certificate issued by the Companies and Intellectual Property Commission included as annexure “BM1” on indexed p 17.

⁶ Regulation 153 reads “**153. Default orders** (1) If a person served with an initiating document has not filed a response within the prescribed period, the initiating party may apply to have the order, as applied for, issued against that person by the Tribunal. (2) On an application in terms of sub-regulation (1), the Tribunal may make an appropriate order— (a) after it has heard any required evidence concerning the motion; and (b) if it is satisfied that the notice or application was adequately served. (3) Upon an order

served.⁷ The respondent was further made aware of the application through electronic mails sent by the applicant's attorneys.⁸ Therefore, I will proceed to deal with the main application.

[3] The applicant is German company, well known as a manufacturer of cars and car products. It has presence all over the world, including in South Africa. It operates in South Africa through its subsidiary and licensee, BMW South Africa (Pty) Ltd. The applicant is a proprietor of the BMW trade mark registered in South Africa in December 1979⁹ in class 12 in respect of the following goods:

“Vehicles; apparatus for locomotion by land, including automobiles, motor cycles, motor cycles with or without sidecars, sidecars and bicycles; engines and motors; internal combustion engines for vehicles, parts of and accessories for all the foregoing.”¹⁰

[underlining added for emphasis]

[4] The applicant contends that the respondent's name, as cited above, does not satisfy the requirements of sections 11(2)(b) and 11(2)(c)(i) of the Act.

being made in terms of sub-regulation (2), the recording officer must serve the order on the person described in subsection (1) and on every other party.”

⁷ See regulation 153(2)(b) of the Regulations quoted in footnote 6 above.

⁸ See par 4.3 on indexed p 5 of the default order application; annexures “MS2” and “MS3” on indexed pp 8-11 of the default order application.

⁹ In terms of the certificate issued by the Trade Marks office dated 14 April 2016 (i.e. annexure “BM3” appearing on indexed p 21) the trade mark is valid until December 2019.

¹⁰ See par 4.1.1 on indexed p 6; annexure “BM3” on indexed p 21.

[5] It is contended by the applicant that, the respondent's name offends section 11(2)(b) of the Act as it is confusingly similar to the applicant's trade mark. This provision reads in the material part

“(2) The name of a company must-

(a) ...

(b) not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a) unless -

(i) ...

(ii) ...

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

[6] In the main, the applicant makes the following submissions in support of its contention based on section 11(2)(b). The dominant and memorable portion of the respondent's name is the word or element “BMW”, which is identical to the applicant's trade mark. The other parts or words of the respondent's name do not distinguish it from the applicant's trade mark. I respectfully disagree with this. In my view, no confusion is likely or probable under the circumstances. The respondent's name is not even similar, let alone confusingly similar, to the applicant's trade mark. For example, the respondent's name is very long and contains other words or elements like “Kimberly” which clearly distinguish it from the trade mark. I also do not agree that the word “BMW” is the dominant or memorable part of the name. Therefore, my finding in this regard is that, the respondent's name does not offend the provisions of section 11(2)(b) of the Act.

[7] The second basis of the challenge by the applicant is grounded on section 11(2)(c)(i) of the Act. Section 11(2)(c)(i) reads

“(2) The name of a company must-

(a) ...

(b) ...

(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...”

[8] The applicant submits in this regard that, due to the inclusion of the word “BMW”, the respondent’s name falsely implies or suggest or is such as would reasonably mislead a person to believe incorrectly that the respondent is part of or associated with the applicant. It submits that its trade mark is well known; has acquired extensive goodwill and reputation, and that the respondent wants to take unfair or impermissible advantage of all these.

[9] As indicated above, the respondent did not file any answer to the applicant’s papers. Therefore, I am not aware as to the reasons for the inclusion of the word or part “BMW” to its name, if any. But, in my view, I cannot conceive a valid and reasonable ground upon which the respondent would be entitled to include the word or element “BMW” in its name without the applicant’s consent. Actually, in my view, the name appears to be complete and reading well without the impugned word or element (as “**KIMBERLY MOTORS USED SPARES AND REBUILD**”). One wonders whether the respondent are trading or intended to trade in used spares and rebuilt of BMW motor

vehicles. Should this be the case, it is conceivable that the respondent would require a license or some form of consent from the applicant or its licensee BMW South Africa. Be that as it may, I am convinced that the respondent included the word or element “BMW” in its name to denote association with the applicant, when this is not the case. This is impermissible in terms of the provisions of section 11(2)(c)(i).

[10] Further, the respondent, through one of its directors, appears to have conceded the applicant’s rights as contended or part thereof. The respondent furnished an undertaking to cease and desist from using the impugned name in October 2015¹¹ and electronic mail in March 2016,¹² before this application was issued. This happened after the applicant made a demand in this regard, through a letter of its attorneys to the respondent.¹³ Therefore, even in the respondent’s view, the impugned name does not satisfy the requirements of the Act, although my determination (favourable to the applicant) is limited to section 11(2)(c)(i) of the Act.

[11] In the premises, the following order is made:

- a) the respondent’s registered company name “**KIMBERLEY MOTORS BMW USED SPARES AND REBUILD**” does not satisfy the requirements of the Companies Act 71 of 2008;
- b) the respondent is directed to choose a new name and file a notice of amendment to its Memorandum of Incorporation within three (03) months

¹¹ See annexure “BM9” on indexed pp 55-56.

¹² See annexure “BM15” on indexed p 62.

¹³ See annexures “BM8” on indexed pp 52-54.

of service of this order upon the respondent, in terms of regulation 153(3)
of the Companies Regulations, 2011, and

- c) the respondent is and be exempted from paying the fees prescribed for
amendment of its name occasioned by this order.

Khashane La M. Manamela
Member, Companies Tribunal
25 July 2016