

IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

(“The Tribunal”)

CASE NO: CT006APR2014

Re: In an Application in terms of Section 160 of the Companies Act 71 of 2008 (“the Act”) for a determination that the name of the Respondent does not satisfy the requirements of Section 11(2) of the Act.

In the matter between:

KGANYA INVESTMENT HOLDINGS (PTY) LTD

(1995/00763/07)

THE APPLICANT

AND

KGANYAKGADI GENERAL TRADING (PTY) LTD

(2011/121089/07)

FIRST RESPONDENT

AND

COMMISSIONER OF COMPANIES AND INTELLECTUAL

PROPERTY OFFICE (CIPC)

SECOND RESPONDENT

Coram K. Tootla

Decision delivered on 30 September 2014

DECISION

INTRODUCTION:

[1] The Applicant whose registered place of business is in Ventersburg, Free State, brings an application in terms of Sections 11 (2)(b), (c) and 160 of the Act read with Reg 153 for an order that the First Respondent change its name to one not incorporating the word

KGANYAKGADI or any other word confusingly and/or deceptively similar to its KGANYA trade mark (Refer to form CTR 142) as it offends against the provisions of Section 11 (2)(b) and (c) of the Act.

- [2] Furthermore, the Applicant states that the addition of the element KGADI to its KGANYA trade mark is not enough to avoid confusion in the market place between the First Respondent's name and its trade mark, especially given members of the public's tendency to imperfectly recall names and trade marks.
- [3] In addition, the Applicant alleges that the main word KGANYAKADI is very similar to the Applicant's trade mark KGANYA, having regard to the phonetic and visual similarities between the respective marks. It contends that the addition of the element "KGADI" to the Applicant's trade mark is not enough to avoid confusion in the market place between the First Respondent's name, KGANYAKGADI general trading, and the Applicant's trade mark, especially given members of the public's tendency to imperfectly recall names and trade marks and to only recall the first element of a long trade mark and/or name.
- [4] Finally, the Applicant alleges that its KGANYA trade mark qualifies as a well-known trade mark and that any unauthorized use of an identical or similar mark is likely to take advantage of its KGANYA trade mark which amounts to trade mark infringement in terms of Section 34(1) (c) of the Trade Marks Act 194 of 1993. It also contends that the First Respondent is not in any way connected to the Applicant and is not authorized to use its registered trade mark;

PROCEDURE:

- [5] The Applicant's application together with the supporting affidavit was served by the Sheriff on 15 April 2014 on the manager at the registered place of business in terms of the Rules. The First 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.

[6] However it can be noted from para 7.5 of the founding affidavit a director of the Applicant, Mr. David Malagas was contacted by the First Respondent and there have also been communications by letter with the First Respondent such that the Respondent is aware of the name dispute but has not chosen not to oppose this matter.

In the circumstances, the Tribunal accepts that the matter did come to the attention of the First Respondent and that it was adequately served and filed as indicated by the date of receipt by the Tribunal.

BACKGROUND:

[7] The Applicant is incorporated as a company under the name “KGANYA INVESTMENT HOLDING.

[8] The First Respondent is incorporated as a company under the name “**KGANYAKGADI GENERAL TRADING.**

[9] 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 her official capacity as the person responsible for the function of the Commission.

[10] The Applicant states that it is the owner of the trade mark “KGANYA” (in para 4.1.1 – 4.1.4 and ” Sedi Le Kganya” in para 10.5, as early as 1997, in terms of:

10.1 Trade Mark registration No 1997/12184 – class 42– wholesale, retail, marketing, promotional, selling....advisory and consultancy services as set out in para 4.1.1 of the affidavit ;

10.2 Trade Mark registration No 1997/12183 – class 41 – education, providing training, entertainment, sporting etc. as set out in para 4.1.2 of the affidavit;

- 10.3 Trade Mark registration No 1997/12182 – class 38 – insurance services etc. as set out in para 4.1.3 of the affidavit;
- 10.4 Trade Mark registration No 1997/12181 – class 35 – advertising and marketing services as set out in para 4.1.4 of the affidavit;
- 10.5 Trade Mark Sedi La Kganya registration No 2006/23977 – class 36 – insurance services etc. as set out in para 4.1.5 of the affidavit;
- [11] The Applicant also claims common law rights in the word "KGANYA" due to the "wide spread and extensive use" thereof since 1997 and for the trade mark in para 10.5 above since 2006. It can be noted that the registration of the First Respondent took place thereafter in 2011.
- [12] The Applicant concluded that the First Respondent's name wholly incorporates the word KGANYA and is confusingly and deceptively similar to the Applicant's trade mark.
- [13] It has been explained in the affidavit of Mr. M DE LA HARPE on behalf of the Applicant that its group of companies (formed under the auspices of the ZCC) have been formed solely for the management of the services offered and provided to members of the Zion Christian Church (ZCC) who have 4 million members and have service centres countrywide. In para 5 , it is stated that the Applicant's KGANYA group of companies provided a wide range of services as indicated by its trade mark registrations under the name KGANYA with its ultimate shareholder being the ZCC.
- [14] Thus the applicant claims that any unauthorized use of an identical or similar mark viz. KGANYAKGADI is likely to take advantage of the Applicant's trade mark KGANYA and consumers are likely to be misled into believing that there is some connection or association between the First Respondent and the Applicant.

[15] It is therefore contended that the name “Kganyakgadi General Trading” offends against sections 11(2) (b) and (c) of the Companies Act.

[16] It has also been pointed out in para 5.11 of the affidavit that the former Registrar of Companies has registered KGANYA as a defensive name under registration no. 13/26003DN and that this name has been officially listed as a “ special name” and no further names incorporating KGANYA will be approved in the future.

[17] An order is sought for the First Respondent to change its name to one which does not incorporate the word KGANYAYGADI or any other word confusingly and/or deceptively similar to the Applicant’s KGANYA trade mark.

APPLICABLE LAW:

[18] Section 11 of the Companies Act provides as follows:

“11. **Criteria for names of companies.**—

..... (1)

(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), as a business name in terms of the Business Names Act, 1960 (Act No. 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 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; or...
- (b) **not 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 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 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; 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, 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;

...”

[19] Reg. 142 as far as it is relevant for the present finding, reads as follows:

Disputes concerning company names:

“142. Applications to the Tribunal in respect of matters other than complaints.—

- (1) A person may apply to the Tribunal for an order in respect of any matter contemplated by the Act, or these regulations, by completing and filing with the Tribunal’s recording officer—
 - (d) an Application in Form CTR 142; and
 - (e) a supporting affidavit setting out the facts on which the application is based.
- (2) The applicant must serve a copy of the application and affidavit on each respondent named in the application, within 5 business days after filing it.
- (3) An application in terms of this regulation must—
 - (a) indicate the basis of the application, stating the section of the Act or these regulations in terms of which the Application is made; and
 - (b) depending on the context—
 - (i) set out the Commission’s decision that is being appealed or reviewed;
 - (ii) set out the decision of the Tribunal that the applicant seeks to have varied or rescinded;
 - (iii) set out the regulation in respect of which the applicant seeks condonation; or
 - (f) Indicate the order sought; and (g) state the name and address of each person in respect of whom an order is sought.”

EVALUATION:

[20] Regulation 142 (3) (a) requires that the application must "...indicate the basis of the application, stating the section of the Act or the regulations in terms of which the Application is made", which the Applicant has done by claiming that the First Respondent's name offends against the provisions of sections 11 (2) (b) and (c) of the Act".

[21] Section 11 (2) (b) provides that the name must

“(b) not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a)...”

When applying this subsection to the matter in casu, the question arises as to what is “confusingly similar”. It is noted that the exceptions under S 11 (2) (b) do not apply. It must be as alike in a manner that will confuse the reasonable person, i.e. the “ordinary reasonable careful man, and 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 set out 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.”

[22] “Similar” as in section 11 (2) (b) would be “having a marked resemblance or likeness” and that the offending mark (or name) should immediately bring to mind the well-known trade mark or other name (Refer *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA)). Mere similarity is also not sufficient, it must be confusingly so.

As to the requirement for confusingly similar, the test, as in the case of passing-off, should be: "...a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused or deceived into believing that the goods or merchandise of the former are the goods or merchandise of the latter or are connected therewith.

[23] Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in the light of the particular circumstances of the case." (Refer Adidas AG & another v Pepkor Retail Limited (187/12) [2013] ZASCA 3 (28 February 2013) para 28; Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc. and Others 1977 (2) SA 916 (A) at 929).

[24] Section 11 (2) (b) refers to confusion in respect of a company name. Applying this to the instant matter the question as to what is "confusingly similar", it must be as alike in a manner that will confuse the reasonable person, that is, the "ordinary reasonable careful man, and 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."

[25] 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.

There is no indication that the First Respondent does not intend to trade in the same market as the Applicant, nor does it preclude the First Respondent from trading in goods or services in which the Applicant has an interest, especially in view of the description of its principal business. The First Respondents' business is not distinguished from that of the Applicant in its business description at CIPC.

[26] It can be pointed out that from a practical point of view that the First Respondent ought to have known that the name KGANYA is well-known in the South African market due to the existence of the ZCC, especially if it had conducted a Google search prior to registering its name. 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 the least a reasonable likelihood of confusion due to the Applicant's well known use of the trade mark and its presence in the market.

[27] Finally, 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 Chickle 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.”

- [28] 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. Looking at these decisions within the context of this matter, one could also enquire how is the public to know that the First Respondent's name is not associated with the Applicant's trade mark.
- [29] In **Cowbell AG vs ICS Holdings 2001 (3) SA 941 (SCA)**, the court said: "the decision involves a value judgment and that the ultimate test is whether, on a comparison of the two marks it can properly be said that there is a reasonable likelihood of confusion if both marks are to be used together in a normal and fair manner, in the ordinary course of business".
- [30] Thus it is clear from the aforementioned, that there is a reasonable likelihood of confusion if both marks 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 sum the cases quoted above.
- [31] The names "Kganya Investment Holdings" and Kganyakgadi General Trading will confuse the reasonable person as defined above. The fact is that it is unclear whether the two businesses are decidedly different, as the description of the activities of the First Respondent is unclear and also includes the words 'other activities not adequately defined', which may include those activities which the Applicant conducts in business.
- [32] As such there will be a real likelihood that members of the public will believe that the First Respondent's business is in some way affiliated with that of the Applicant and that in adopting this name the First Respondent was *mala fide* because it deliberately and unlawfully seeks to gain from the substantial and favourable reputation of the Applicant.

- [33] It means that it can be any business which is similar or confusingly similar to that of the Applicant and would reasonably mislead a person to believe incorrectly that the company is part of, or associated with, any other person or entity, and in this instance part of the Applicant company and/or the ZCC. It can be deduced that the First Respondent would want to suggest the association as the benefits are rather clear in that it is the Applicant and the ZCC which is extremely well known and the Applicant as provider of services to the ZCC is equally well known. A benefit based on the association is not a requirement for section 11 (2) (c), but a possibility of a benefit could be factor to deduce intent.
- [34] The name should also not reasonably mislead. “Reasonably mislead” is an objective standard and should be answered “in accordance with the standard of care, intelligence, and perception of the ordinary reasonable careful man, i.e. not the very careful man nor the very careless man”.
- [35] It can therefore be concluded that “Kganyakgadi General Trading “will reasonably mislead the reasonable man (person) to believe incorrectly that there is an association with “KGANYA”, especially due to the fact that both the ZCC and the Plaintiff as its shareholder are extremely well –known in this country especially amongst indigenous people. The fact is that the two businesses can clearly have similar or overlapping activities, as in respect of their corporate branding, and this will, as under section 11 (2) (b), include the likelihood/possibility that the reasonable man (person) will be misled.
- [36] From the above arguments presented, the assessment of the facts of this case and case law, it can be concluded that “KGANYAKGADI, will reasonably mislead the reasonable man (person) to believe incorrectly that there is an association with “KGANYA” as the First Respondent according to information provided by its director Mr Malgas is involved building construction , yet at the same time the business description on CIPC clearly shows “ any other activities not adequately defined” which can include the services provided by the Applicant.

[37] The dominant word in the Applicant trademarks is **KGANYA** and the dominant part of the First Respondent's company name is also **KGANYA** coupled with KGADI. The emphasis is on the first part of the KGANYANAKGADI name, and if members of the public observe the two names of the two different entities side by side, there is a real likelihood that they will be misled by the similarity of the names. It is clear that the two words used individually or in juxtaposition with each other can lead a person to believe that the First respondent company has something to do with or is associated with the KGANYA trade mark.

[38] 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.

[39] Thus it can be concluded that it does not matter that a person uses KGADI in conjunction with the word KGANYA (KGANYANAKGADI) as the trade mark KGANYA which is the dominant element of KGANYAKGADI will always lead back to the Applicant even if it is for a moment in time.

[40] It is clear that the distinctive part of the First Respondent's name is confusingly similar to the Applicant's well-known and distinctive KGANYA trade marks and it would not be surprising that members of the public will be confused into believing that the First Respondent is part of, or associated with the Applicant.

[41] Finally, in the case of *Polaris Capital (Pty) Ltd v The Registrar of Companies and Polaris Capital Management Inc.* (unreported judgment, Case No. 11607/2005, CPD), the learned judge commented on undesirability in terms of Section 45 (2) of the 1973 Companies Act:

“It is submitted that by allowing the close corporation name to remain on the register, in addition to causing deception and confusion, its registration will hinder the registrar's role in maintaining and promoting good governance and administration of corporate entities in the interest of the general public.”

Thus permitting the First Respondent to keep the name KGANYAKGADI, will create confusion and hinder the Registrar from maintaining and promoting good governance and administration of a corporate entity in the interest of the general public more especially since the Registrar did register : KGANYA” as a defensive name.

[42] Thus it is evident that the name KGANYA as incorporated in the First Respondent’s company name falls within the ambit of Section 11 (2) (b) and (c) of the Companies Act. From the above, it can be seen that the Applicant has clearly demonstrated in more ways than one that the First Respondent has transgressed both these subsections and hence it is entitled to an order as claimed in terms of Section 160 of the Act.

TRADE MARKS ACT 194 OF 1993 (“the Trade Marks Act”)

[43] Furthermore, the Applicant alleged in the founding affidavit that its trade mark “KGANYA” qualifies for protection of a trade mark in terms of Section 34(1) (c) of the Trade Marks Act 194 of 1993 amounts to trade mark infringement; and by implication that as a result thereof it contravenes section 11 of the Act. However, all along and through its arguments presented, the Applicant argued that it was a well-known trade mark. It accordingly ought to have argued that it is entitled to protection under Section 35 of the Trade Marks Act and not Section 34.

[44] Section 35 (3) of the Trade Mark Act states that there is infringement of the trademark if it is well-known in South Africa. For a mark to qualify as well-known, a South African court has held that it must be well-known to persons interested in the goods or services to which the mark relates.

The Court, dealing with the McDonalds' trade mark held that interested people were potential customers and potential franchisees (McDonalds Corporation (Pty) Ltd Drive-Inn Restaurant & Dax Property CC 1997 (1) SA 1 (A).) It can be seen that this is relevant in the instant case. However, the Applicant has stated that there is trade mark infringement in terms of Section 34 (1) (b) and (c).

[45] Unlike section 35 of the Trade Marks Act (which is descriptive of a well-known trade mark and does not raise a separate cause of action in terms of the Act) that has been incorporated by reference to section 11 of the Act, section 34(1) (a), (b) or (c) of the Trade Marks Act has not been incorporated by reference into the Act and does not constitute a part of the Act. An allegation of an infringement of a registered trade mark in terms of section 34(1) of the Trade Marks Act, therefore, constitutes a separate cause of action.

[46] Section 34(3) of the Trade Marks Act provides further that where a trade mark registered in terms of the Trade Marks Act has been infringed, any High Court having jurisdiction may grant the proprietor relief. The Tribunal, accordingly, 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(1)(c) of the Trade Marks Act.

FINDINGS:

[47] 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 for the reasons set out above as this falls squarely on the shoulders of the High Court.

[48] In line with Section 7 (1), one of the objectives of the Act is to provide a predictable and effective environment for the efficient regulation of Companies and this decision is interpreted in line with this objective, that is in ensuring that there is no confusing similarity in the regulation of companies.

[49] 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 KGANYAKGADI as it does not comply with Section 11 (2) (b) and Section 11 (2) (c) (i).
2. This order must be served on the Applicant, First, Second 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)).

k.y. tootla (electronically signed)

KHATIJA TOOTLA

Member of the Companies Tribunal

30 September 2014