



IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT015Apr2019

CT00016/ADJ/2019

In the matter between:

COMAIR LIMITED

APPLICANT

and

**KALULA TRAVEL & TOURS (PTY) LTD
(2017/494104/07)**

FIRST RESPONDENT

**COMPANIES AND INTELLECTUAL PROPERTY
COMMISSION (CIPC)**

SECOND RESPONDENT

Presiding Member of the Companies Tribunal: ISHARA BODASING

Date of Decision: 05 September 2019

DECISION (Reasons and an Order)

1. INTRODUCTION

- 1.1. Applicant is Comair Ltd, a company incorporated in terms of the company laws of South Africa, with registration number 1976/006783/06, and its registered address at 1 Marignane Drive, Bonaero Park, Gauteng.
- 1.2. Applicant is the operator of the airline Kulula and is the owner of the trademark Kulula and Kulula.com in various classes and areas in which it conducts business.
- 1.3. First Respondent is Kalula Travel & Tours (Pty) Ltd, a company incorporated in terms of the company laws of South Africa, with registration number 2017/494104/07, and having its registered address at 22 Sesheke Street, Phase 1, Portion 47, Ext 28 Vosloorus, Gauteng, 1475.
- 1.4. Second Respondent is the Companies and Intellectual Property Commission ("CIPC), a juristic person established in terms of s185(1) of the Companies Act 71 of 2008 ("the Act").
- 1.5. This is an application for a determination order:
 - a. That First Respondent's name does not satisfy the requirements of s11(2) of the Act, and
 - b. That First Respondent be directed to choose a new name as provided for in terms of s160 of the Act.

2. BACKGROUND

- 2.1. On 17 April 2019 Applicant approached this Tribunal for relief. On 23 April 2019, the Sheriff of Boksburg served a copy of the application on the First Respondent at its registered address.
- 2.2. First Respondent did not file an answering affidavit within twenty (20) business days, following which, on 27 August 2019, Applicant applied for a default order in terms of Regulation 153 of the Companies Regulations (the

Regulations).¹

- 2.3. Derek Henry Borer, Applicant's Company Secretary duly authorised, deposed to the founding affidavit for the initial application. Gerard Muller du Plessis, an attorney with Adams & Adams Attorneys deposed to an affidavit in support of the application for default judgment. I pause to point out that although Mr du Plessis relied on an incorrect Power of Attorney², his authority to apply for default judgement in this matter is confirmed by the contents of the Founding Affidavit of Applicant's designated Company Secretary, Mr Borer.³
- 2.4. Applicant's legal representatives indicated that they had made contact with the Directors of First Respondent, who undertook to change their company name. However, this was not done; hence the current application.

3. ISSUES

- 3.1 Applicant requests this Tribunal to make a finding that First Respondent's name does not satisfy the provisions of s11(2) of the Act. It submits that the inclusion of the word 'Kalula' in First Respondent's name infringes its registered trademarks.
- 3.2 Applicant claims common law and statutory rights in the word 'KULULA' given its wide spread and extensive use thereof as far back as 2001, and its use of the 'KULULA' trademark in various fields. It has a large market share and presence in the South African aviation industry.
- 3.3 Applicant submits that the dominant and memorable part of First Respondent's name is not identical to the Applicant's trademark "Kulula" but confusingly similar to its trademarks in terms of s11(2)(a)(iii).
- 3.4 Applicant contends that the remaining portion of First Respondent's name

¹ GN R351 in GG 34239 of 26 April 2011.

² Annexure GDP1 at p12 of the bundle is from SARS

³ see para 6.3 at p48 of the bundle.

'Travel & Tours' is purely descriptive of its activities and business interests. Applicant concludes that First Respondent's name is therefore confusingly and deceptively similar to Applicants' registered trademark 'Kulula'.

- 3.5 Applicant further submits that, based on an internet search, First Respondent's activities seem to overlap with those of the Applicant in relation to travel services. Therefore, it is likely to take unfair advantage of, or be detrimental to, the distinctive character and repute of its well-known 'Kulula' trademark and amounts to an infringement of s34 (1) of the Trade Marks Act.
- 3.6 Applicant also contends that it has not authorised the use by First Respondent of its trademark; therefore the offending name 'Kalula' is confusingly similar to its trademarks in 'Kulula' in various classes, and is in contravention of s11(2)(a) of the Act.
- 3.7 Applicant has underscored the prejudice it will suffer if denied relief, especially as it does not have control over the quality of products or services of First Respondent. It submits that members of the public are likely to believe that First Respondent was formed for the purpose of rendering services on behalf of the Applicant. Thus it claims that the First Respondents company name does not comply with the provisions of s11(2)(b) of the Act.

4. APPLICABLE LAW

4.1 Section 11 of the 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;

...

(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;

...

(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;”

4.2 **Section 160** of the Act deals with **disputes concerning reservation or registration of company names** and enunciates the jurisdiction of the Companies Tribunal as follows:

*(1) A person to whom a notice is delivered in terms of this Act with respect to an application for 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 a 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— (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, 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-

(i) the Commission to

(aa) reserve a contested name, or register a particular defensive name that had been contested, for the applicant;

(bb) register a name or amended name that had been contested as the name of a company;

(cc) cancel the reservation of a name, or the registration of a defensive name; or

(dd) transfer, or cancel the transfer of, the reservation of a name, or the registration of a defensive name; 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.”

4.3 **Companies Regulation 153** of 2011 provides for 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.*

5. EVALUATION

5.1 I am convinced that Applicant has made out a case for the main application to be considered on a default basis, and proceed to deal with the merits of the case.

5.2 “Similar” in section 11(2)(b) would be “having a marked resemblance or likeness” and that the offending name should immediately bring to mind the well-known trade mark or other name.⁴ The test for “confusingly similar” is, as in the case of passing-off: “... a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused or deceived

⁴ Bata Ltd v Face Fashions CC 2001 (1) SA 844 (SCA)

into believing that the goods or merchandise of the former are the goods or merchandise of the latter or are connected therewith. Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in light of the particular circumstances of the case.”⁵

5.3 This Tribunal has a commanding precedent in the case of **Comair Limited v Kalula Engineering (Pty) Ltd**. whose facts are on all fours with the case at hand. In that case, it was noted that, “When examining the name ‘KALULA’ with the trademark ‘KULULA’, the only difference is that the First Respondent included the letter” A” between the ‘K’ and “L” instead of ‘U’. When the word is spoken out, it would sound confusingly similar and since KULULA is so famous, people would be inclined to think it is KULULA instead of KALULA. Both words in IsiZulu and Sotho seem to mean easy.”⁶

5.4 “Confusingly similar” in Section 11(2)(b) has to be examined carefully to determine if this is in fact so *in casu*. In considering case law on the concept, it must be as alike in a manner that will confuse the “ordinary reasonable careful man, i.e. not the very careful man nor the very careless man.”⁷ The “reasonable man” has been further qualified: “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.”⁸

5.5 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 First Respondent’s name, which can lead to injury of the Applicant’s business, especially since it has no control whatsoever over the quality of services rendered by the Respondent. The

⁵ 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

⁶ CT017FEB2018 at p6

⁷ Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd 1979 (2) SA 276 (E) at 280

⁸ Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd 1993 (2) SA 307 (A) at 315F-G

doctrine of imperfect recollection has been explained by our courts⁹: 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. In **Cowbell AG v 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."

5.6 It can therefore be also be concluded that the word 'Kalula' in First Respondent's name will reasonably mislead the reasonable person to believe incorrectly that there is an association with the Applicant's 'Kulula' trademarks.

5.7 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 'Kalula' in its company name 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. It is evident therefore that the name 'Kalula' as incorporated in the First Respondent's company name falls within the ambit of Section 11(2) as argued.

6. FINDINGS

⁹ Standard Bank of South Africa Limited v United Bank Limited & Another 1991 (4) SA 780 (T) 8011 to 802B

- 6.1 I find that the balance of convenience favours the Applicant.
- 6.2 Applicant has shown that First Respondent has transgressed Sections 11(2)(b) and (c): its name is confusingly similar and falsely implies, or could reasonably mislead a person to believe incorrectly, that First Respondent is part of, or associated with the Applicant. Hence it is entitled to an order as claimed in terms of Section 160 of the Act.
- 6.3 The Applicant's application is granted as set out below.

7. ORDER

- 7.1 An administrative order is made in terms of Section 160(3)(b)(ii) that First Respondent change its name to one which does not incorporate the word 'KALULA' as it is in contravention of Sections 11(2)(b)(iii) and (c)(i) of the Act.
- 7.2 This order must be served on the Respondents by the Tribunal's Recording Officer (Registrar).
- 7.3 The First Respondent is hereby ordered to change its name within 60 (calendar) days of date of receipt of this order and to file a notice of amendment of its Memorandum of Incorporation.
- 7.4 There is no order of costs against the First Respondent, as 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.
- 7.5 Since the First Respondent is a profit company, in accordance with Section 11(1)(b) and (3)(a) of the Act, it can 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.
- 7.6 The Registrar of Second Respondent is directed to:

- a) inform the First Respondent forthwith of the decision of the Tribunal;
- b) ensure that the name is changed within the requisite time period as aforesaid;
- c) invite the First Respondent to file an amended Memorandum of Incorporation using a satisfactory name.

ADV. ISHARA BODASING