



IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT006May2019

In the matter between:

COCHRANE STEEL PRODUCTS (PTY) LTD

APPLICANT

And

INIVIZI FENCING (PTY) LTD

RESPONDENT

Presiding Member of the Tribunal: Kasturi Moodaliyar

Date of Decision: 11 September 2019

DECISION (Reasons and Order)

INTRODUCTION

[1] A hearing was held on 19 July 2019, at the instance of an application brought by the Applicant in terms of section 160 of the Companies Act 71 of 2008 (the Act). The basis of this Application is that the Respondent's name, INVIZI FENCING(PTY) LTD offends against the provisions of sections 11 (2)(a)(iii) and 11(2)(b) of the Act by incorporating a name that is confusingly similar to the Applicant's registered INVISIBLE FENCE trademarks.

[2] The Applicant is Cochrane Steel, Products (Pty) Ltd (registration no 1973/006991/07) a private company duly registered and incorporated with limited liability in terms of the company laws of South Africa, with its principal place of business at 125 Fitter Road, Spartan, Gauteng.

[3] The Respondent is Invizi Fencing(Pty) Ltd, a South African company with registration number K2016/0785/03, having its registered address at 28 Mentz Street, Booysens, Johannesburg, Gauteng.

[4] The Applicant requests the Tribunal to make the following determination in terms of Section 160(3)(a) of the Act; that the Respondent's name does not comply with sections 11(2)(b) and sections 11(2)(c)(i) of the Act; and that the Respondent is directed in terms of Section 160(3)(b)(ii), to choose a name which does not consist of, or incorporate, the mark INVIZI FENCING, or any other mark which is confusingly and or deceptively similar to the Applicant's INVISIBLE FENCE trademark.

[5] The Applicant had applied to register its INVISIBLE FENCE trade mark on 19 November 2014. It was registered on 8 August 2017. However, the Act allows for an objection to be based on the pending application.¹

HEARING

[6] At the hearing, the Applicant indicated that there is an issue of common cause that could be dispensed with. Both parties were in the business of supplying fences. That is where the similarities end.

[7] The Applicant took it further by arguing that the Tribunal should consider the fact that the greater the similarity in products the greater the sensitivity should be to the similarities of the parties' products.²

¹ Companies Act, section 11(2)(b) read with section 11(2)(a)(iii).

² *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) (SA) 388(c) at 394 where the Court held that "...the less the similarity between the respective goods or services of the parties, the greater will be the degree of resemblance required between the respective

[8] The Respondent's view of the matter was that the similarities of the goods are not relevant.³

[9] I will analyse the relevance of the goods in question when dealing with the main issues.

ISSUES

[10] There are three main issues for the Tribunal to decide upon: (1) whether the Applicant has good cause to bring the application; (2) whether the Respondent's company name is confusingly similar to the name or trademark of the Applicant; and (3) the impact of Applicant's goodwill in the market.

APPLICABLE LAW

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

markets before it can be said that there is a likelihood of deception or confusion in the use of the allegedly offending mark and vice versa".

³ See pg 34 Transcript.

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;”.

GOOD CAUSE

[12] It appears from the papers that the Respondent registered its company name in March 2016. The Applicant launched its application with the Tribunal in April 2019. We are told that that on 6 June 2016, the Applicant sent a letter of demand to the Respondent, objecting to their company name and requesting the Respondent to change its name. The Respondent's replied on 19 July 2016 that it did not believe it was an offensive name and refused to change its name. A third and similar letter of demand was sent by the Applicant on 17 January 2019 and the Respondent sent another similar response to its position on 28 January 2019.

[13] Another similar letter was sent again by the Applicant on 12 October 2017 and again, a similar response was sent by the Respondent on 1 November 2017.

[14] There is no indication as to what steps the Applicant took to either resolve this issue with the Respondent or to make an application to the Tribunal in 2018. The Applicant is silent on this in the papers, and their counsel could not offer any explanation to this at the hearing as well.

[15] There is a three-year time lag between when the Respondent registered its company name and when the Applicant submitted its application to object to that name at the Tribunal.

[16] The Tribunal has to consider now whether the Applicant has good cause to bring its application at after such time has lapsed.

[17] Section 160 of the Act states that:

“Section 160.

(1) A person to whom a notice is delivered in terms of section 12(3) or section 14(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.** (My emphasis).*

(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."

[18] The Applicant argued that a reasonable time period should be the general prescription time period in our law, according to the Prescription Act⁴, would be three years.⁵ The Applicant is careful to say that even though the Respondent has not raised prescription in this case, it should be used as a yardstick to indicate what the relevant time period should be and that the Tribunal should be flexible in its approach and not hold itself to a particular time period.

[19] The Tribunal is not entirely convinced of the Applicant's argument to use the Prescription Act as a measure for a reasonable time period when showing good cause. By his own admission, the Applicant's counsel agreed that a time period of three and a half years or even four years could still be considered a reasonable time for a good cause argument.⁶ According to the *Grootboom* case, for an explanation to be adequate it must be reasonable enough to excuse the default.⁷

[20] The Tribunal relies on the criteria set out in the *Melane v Santam Insurance Company Limited* it was held that:

"The approach is that the Court has a discretion, to be exercised judicially upon a consideration of all the facts, and in essence it is a matter of fairness to both sides. Among the facts usually relevant are the degrees of lateness, the explanation therefore, the prospects of success and the importance of the case. These

⁴ Act 68 of 1969.

⁵ The Prescription Act was used as a yardstick in the *Malomi v Minister of Defence* case.

⁶ Pg 25 Transcript.

⁷ *Grootboom v National Prosecuting Authority* 2014 (2)SA 68 (CC), para 23.

facts are inter-related: they are not individually decisive. What is needed is an objective conspectus of all the facts. A slight delay and a good explanation may help to compensate for prospects of success which are not strong. The importance of the issue and strong prospects of success may tend to compensate for a long delay. There is a further principle which is applied and that is that without prospects of success, no matter how good the explanation for the delay, an application for condonation should be refused...cf *Chetty v Law Society of the Transvaal* 1985(2) SA 756 (A) at 765 A-C; *National Union of Mineworkers and Others v Western Holdings Gold Mine* 1994 15 ILJ 610 (LAC) at 613E. The courts have traditionally demonstrated their reluctance to penalize a litigant on account of the conduct of his representative but it emphasized that there is a limit beyond which a litigant cannot escape the results of the representative's lack of diligence or the insufficiency of the information tendered. (*Saljee & Another NNO v Minister of Community Development* 1965 (2) A 135 (A) 140H-141B; *Buthelezi & Others v Eclipse Foundries Ltd* 18 ILJ 633 (A) at 6381-639A).” Similar factors were also discussed by the court in the earlier case of *Melane v Santam Insurance Company Limited*⁸ where it was pointed out that a court has a discretion which should be exercised judicially upon consideration of all the facts.⁹

[21] From the dictum in *Melane* it was held that these factors are interrelated and should not be considered separately.

[22] This was also reiterated in the *Highly Nutritious Food* case, where Judge Twala stated in relation to good cause that “*It is my respectful view therefor that to evaluate good cause, the Tribunal was obliged to*

⁸ 1962 (4) SA 531 (A) at 532C-F.

⁹ See also *Chetty v Law Society of the Transvaal* 1985(2) SA 756 (A) at 765 A-C; *National Union of Mineworkers and Others v Western Holdings Gold Mine* 1994 15 ILJ 610 (LAC) at 613E.

*look at the whole matter including the merits to determine whether it was in the interests of justice to entertain the application”.*¹⁰

[23] Although the Applicant does not offer a reasonable explanation as to when it first became aware of the Respondent’s existence, or what the circumstances were in 2018 that led to a further delay in submitting their application to the Tribunal, the Tribunal does take cognizance of the prospects of success and the importance of the issue, which compensates for the delay.

[24] It would be in the interest of justice to allow the merits of this matter to be considered, and the Applicant thus succeeds on its argument for good cause.

CONFUSINGLY SIMILAR

[25] Section 11(2)(b) of the Act prohibits unauthorised registration of a company name which is confusingly similar to a name, trade mark or mark.

[26] Drawing its reference from the *Bata* case, The Applicant points out that “similar” would mean “having a marked resemblance or likeness” and that the impugned company name should bring to mind the applicant’s trade mark or other name¹¹, and that furthermore, the likelihood of confusion must “be appreciated globally” and the “global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.”¹²

¹⁰ *The Highly Nutritious Food Company (Pty) Ltd v The Companies Tribunal & 3 others*, High Court of South Africa, Gauteng Local Division Case 91718/16, paragraph 19.

¹¹ *Bata Ltd v Face Fashions* CC 2001(1) SCA 844 at Para 14.

¹² *Bata Ltd v Face Fashions* CC approving the dictum in the European Court of Justice in *Sabel BV v Puma AG Rudolf Dassier Sport* [1988] RPC 199 at 224.

[27] The Applicant argues that given the significant conceptual, phonetic and visual similarity between the Applicant's trade mark and the Respondent's name, it is clear that there is a reasonable likelihood that confusion will arise in a substantial segment of customers.¹³

[28] The Applicant believes that its trade mark "INVISIBLE" is mirrored by the Respondent's name of "INVIZI" which the Applicant argues, is an abbreviation of the word "INVISIBLE". Furthermore, the Applicant believes that its trade mark "FENCE" is again mirrored in the Respondent's Name second word of "FENCING" which it argues is a pluralization of the word "FENCE" meaning "a series of fences".¹⁴

[29] The Applicant states that its trade mark "INVISIBLE FENCE" is a specific metaphor and poetic allusion in the mind of the consumer and it is not a literal description of the product. By their own admission they do say that the fence is "significantly more transparent than a traditional fence".¹⁵

[30] The Respondent argues that the word INVISIBLE is descriptive in nature which includes the definitions: *Incapable of being seen*; and of *such small size or unobtrusive quality as to be hardly noticeable*.¹⁶

[31] In addition, the Respondent states that the ordinary meaning of FENCE includes the definition: *a barrier intended to prevent escape or intrusion or to mark a boundary*.¹⁷

[32] According to the Respondent, where the names at issue are composed of ordinary descriptive words, this impact must be considered in light of the *Cape Town Lodge CC* case, where the High Court accepted that:

¹³ Applicant's Head of Argument, Pg 3, para 6.

¹⁴ Applicant's Heads of Argument, pg 9-10, para 18. See Oxford Dictionary at <https://www.lexico.com/en/definition/fencing>.

¹⁵ Applicant's Heads of Argument pg 9, par 19.2.

¹⁶ Oxford Dictionary. See also Respondent's Answering Affidavit, para 35.

¹⁷ Merriam Webster dictionary.

*“If a defendant uses an ordinary English word or words, there is no doubt the public will be less likely to regard it as a proprietary word and associate it with a similar word registered by the plaintiff than would be the case if both words were invented words or words which had no meaning appropriate to the goods in question.”*¹⁸

And that

*“There is a price to be paid for the advantages flowing from the possession of an eloquently descriptive trade name. Because it is descriptive it is equally applicable to any other business of a like kind; its very descriptiveness ensures that it is not distinctive of any particular business and hence its application to other like business will not ordinarily mislead the public.”*¹⁹

[33] This approach was recently adopted by the Tribunal in *Piquante Brands International (Pty) Ltd.*²⁰

[34] The Applicant’s marketing material on its website uses the words “*protection of a wall in invisible form*”, and “*highly transparent/unobtrusive*”, to describe its fences. The Respondent, therefore, argues that the Applicant’s trade mark is entirely descriptive and it is not entitled to a monopoly over the phrase INVISIBLE FENCE.

[35] The Respondent states that the word INVIZI is a made-up word and no meaning can be attached to it.

[36] Although the Applicant admits that the INVIZI is not an official abbreviation of INVISIBLE, it contends that it is an obvious one. The Respondent takes issue that the Applicant has not adduced any

¹⁸ *Cape Town Lodge CC v Registrar of Close Corporations* 2007 BIP 258 (C), para 45, quoting *Rovex Ltd v Prima Toys (Pty) Ltd* 1982 (SA) 403 (C).

¹⁹ *Cape Town Lodge CC* *ibid*, quoting *Building Information Centre (Pty) Ltd v Sydney Building Information Centre (Pty) Ltd* (1978) 140 CLR 2016.

²⁰ *Piquante Brands International (Pty) Ltd v Pepperdew Events (Pty) Ltd* CT00FEB2018 (8 May 2018), paras 24-25.

evidence of this, and that it has not provided any definition supporting this contention nor has it produced an example of such use.²¹

[37] The Tribunal finds that the Respondent has provided salient arguments as to why on a conceptual basis there is a significant difference between the Respondent's company name INVIZI FENCING and the dominant elements of Applicant's trade mark INVISIBLE FENCING.

[38] The Applicant argues that the Respondent's name "INVIZI FENCING" is so visually and phonetically similar to the Applicant's trade mark "INVISIBLE FENCE" which is likely for customers to find the two confusingly similar.

[39] The Applicants argue that although the word INVIZI comprises of three syllables (one less than its trade mark name INVISIBLE), phonetically, 2/3 of the Respondent's first name is phonetically identical to the Applicant's trademark.

[40] The Respondent raised the point that syllable counting leads to undue peering. In the *Yuppiechef* case the SCA held that: "What is required is a value judgment on the question of the likelihood of deception or confusion based on a global appreciation of the two marks and the overall impression that they leave in the context of the underlying purpose of a trademark, which is that it is a badge of origin. The value judgment is largely a matter of first impression and there should not be undue peering at the two marks to find similarities and differences."²²

[41] In addition, the Applicant believes that the letter "Z" has the same sound as the use of the letter "S" in the word INVISIBLE and that from a visual perspective the "Z" is the only distinguishing letter.

²¹ Respondent's Practice Note para 58, page 17.

²² *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* (1088/2015) [2016] ZASCA 118 (15 September 2016) at para 26.

[42] Notwithstanding, the Applicant further argues that the Applicant's second name FENCING is just a pluralization of the word FENCE and 9 out of 14 letters in the Respondent's name match the Applicant's Trademark.

[43] The Applicant relies on the *Plascon-Evan's*²³ case where the court compared Micatex to Mikacote and held that Mica and Mika were phonetically identical.

[44] Drawing on this notion, the Applicant would like the Tribunal to imagine that potential customers could mistake the InviZi for InviSible (my emphasis on the Z and S). The Tribunal takes cognizance of the *Plascon-Evan's* case whereby the C and K sounds could phonetically sound similar. However the Z in InviZi could possibly have a harder phonetic sound to it than the quieter S in InviSible.²⁴

[45] The Applicant states that the dominant, distinctive and memorable feature of the Respondent's company name are the words INVIZI FENCING and that one can easily imagine a substantial number of customers remembering the general meaning and metaphoric allusion of an "INVISIBLE FENCE" and later confusing it for the Respondent's name "INVIZI FENCING" which invokes the same metaphor and meaning.

[46] Also, using the guidance of the *Plascon Evans* case the Applicant submits that the Tribunal must analyse the likelihood of confusion not by looking at the name and trade mark in isolation but in the context of the actual market conditions which prevail. In particular, the issue of

²³ *Plascon-Evans Paints Limited v Van Riebeeck Paints (Pty) Ltd* 1984 (3)(SA) 623 (A) at pg 376.

²⁴ "Ss is unvoiced, meaning only air passes through the mouth, and zz is voiced, meaning you make a sound with the vocal cords." <https://rachelsenglish.com> › english-pronounce-s-z-consonants.

whether the parties compete with each other in the same market is a crucial consideration.²⁵

[47] In *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* the court held that:

“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.”²⁶

[48] It is sufficient for the objecting party to show the existence of reputation in some sectors of the market, but not amongst the general public, in order to succeed in obtaining the protection against passing off.²⁷

[49] In the *Polaris Capital* case the SCA held that:

“A company name will be confusing when, in doing business with the company, the public or a section of the public would be

²⁵ *Plascon-Evans Paints Limited v Van Riebeeck Paints (Pty) Ltd* 1984 (3)(SA) 623 (A) at pg 375 and 376.

²⁶ 1984 (3) SA 623 (A) at 641 B-C.

²⁷ *Pepsico Inc v United Tobacco Co Ltd* 1998 (2) SA (WLD).

*confused into thinking that they are doing business with another company or would be confused into thinking that the company is associated in some way with the other company.*²⁸

[50] However in this case, over the three year period that the Respondent has been in existence, the Applicant did not provide any evidence to the Tribunal of customer confusion in the marketplace. Is it enough for us to be left with the Applicant's argument that a *notional customer* or that a *substantial number of customers* may be confused, without any evidence to support these notions.

[51] As the Respondent remarked at the hearing, that "fences are bought under serious consideration.... You find the fencing provider, you think about his product offering and then you purchase it."²⁹

[52] It is thus also likely that the notional customer did not find the Respondent's name confusingly similar to that of the Applicant's trade mark.

GOODWILL

[53] The Applicant believes that the Respondent adopted the company name "INVIZI FENCING" at an attempt to come as close as possible to the Applicant's trade mark INVISIBLE FENCE and that the Respondent will derive an unlawful benefit of the substantial goodwill which the Applicant possesses in respect of its trademarks.

[54] According to the Respondent, the Applicant took almost three years to launch its application from the date the Respondent was registered. The Respondent has been trading under the name INVIZI FENCING for the entirety of that time and itself has established goodwill and reputation in that name.

²⁸ *Polaris Capital (Pty) Ltd v Registrar of Companies* 2010 (2) SA 274 (SCA).

²⁹ Transcript para 20, pg 66.

[55] The three year delay is by the Applicant's own accord. Three letters of demand were sent to the Respondent, and the response by the Respondent was timeous. The second and third letters of demand were just repetitive and there was no evidence that there would have been any negotiation between the parties to settle the matter during that time. The failure to make any progress on this matter in 2018 is by the Applicant's own volition.

[56] The Respondent feels that being required to change its name at this delayed stage will cause significant prejudice.

[57] There is no further evidence provided by the Applicant with regard to its branding and reputation and its presence of its trademark in the market. For example, advertising spend and turnover figures would have been helpful information for the Tribunal to assess the level of goodwill.

[58] At this juncture, it appears that the Respondent would be equally prejudiced if it had to change its name three years after it has been established. There is no evidence from Applicant that the Respondent's name would impact on the goodwill of the Applicant's business.

FINDINGS

[59] The word "similar" as stipulated in section 11(2)(b) would be described as "having a marked resemblance or likeness"³⁰ 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

³⁰ See *Bata Ltd v Face Fashions* CC 2001 (1) SA 844 (SCA).

the Respondent company is part of, or associated with” the Applicant company.³¹

[60] The Applicant failed to establish that the Respondent’s company name INVIZI FENCING is confusingly similar to the Applicant’s trade mark INVISIBLE FENCE.

[61] It is my view that the Applicant’s trademarks incorporating the name “INVISIBLE FENCING” and the Respondent’s name “INVIZI FENCING” when placed side-by-side, does not contain the identical dominant word.

[62] Further, the Applicant failed to establish that a person could reasonably be misled to believe incorrectly that the Respondent’s company is part of or associated with the Applicant’s company.

ORDER

[63] I proceed to make the following order;

- a) The Applicant’s application is dismissed.
- b) There is no order of costs in relation to this application.

KASTURI MOODALIYAR
COMPANIES TRIBUNAL: MEMBER

³¹ 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);