

IN THE COMPANIES TRIBUNAL OF THE REPUBLIC OF SOUTH AFRICA

“The Tribunal”

Case Number: CT020APR2019

In the matter between:

SOUTH AFRICAN REVENUE SERVICE

Applicant

AND

SARS (PTY) LTD

First Respondent

(Registration Number: 2017/657906/07)

DECISION

INTRODUCTION:

[1] The Applicant is the South African Revenue Service, a statutory body established in terms of the South African Revenue Service Act 34 of 1997, with its principal place of business at Lehae Le SARS, 299

Bronkhorst Street, Nieuw Muckleneuk, Pretoria, Gauteng.

- [2]** The Respondent is SARS (Pty) Ltd, a company registered with the Companies and Intellectual Property Commission, with its registered address at 14823 Ergo Street, Protea Glen, Soweto, Gauteng.
- [3]** This is an application for a default order, in terms of S.160 of the Companies Act ("the Act"), read with Regulation 153, that the Respondent's name SARS (Pty) Ltd does not satisfy the requirements of Section 11 of the Act, and that the Respondent be directed to choose a new name as provided for in section 160(3)(b)(ii) of the Act.

Submissions by the Applicant

- [4]** Applicant's representative deposed to an affidavit as required by Regulation 142, and has furnished proof of service of this application on the Respondent at its registered address. According to the Return of service by the Sheriff, a copy of the filing notice was affixed to the principal door, as the premises are constantly locked, thus preventing any other type of service. The return further states that there is no sign of business but the premises seem to be a residence. Despite the service, the Respondent did not respond to the application and consequently the applicant has filed this application for a default order in terms of Regulation 153.

- [5]** The Applicant's legal representatives, who have been duly authorized and mandated to attend to this application, alerted the Applicant regarding the existence of the Respondent. Various correspondence was sent to the Respondent from 17 August 2018, demanding that the Respondent cease all use of the mark SARS, and change the company name to a name not incorporating the Applicant's SARS trade mark. A final reminder was sent to the Respondent on 10 September 2018 and neither was there a response received nor was the name of the Respondent changed.
- [6]** The Applicant submits that it is an administrative and autonomous organ of state which is commonly known by the abbreviation "SARS". Its main function is the collection of revenue and the facilitation of local and international trade on behalf of the state. The Applicant is also responsible for providing a customs service that maximises revenue collection, protects South Africa's borders and facilitates trade.
- [7]** The Applicant is generally known by its abbreviation "SARS", which appears in its website www.sars.gov.za, its online filing service called SARS E-FILING together with its website www.sarsefiling.co.za.
- [8]** The Applicant is the proprietor of trade mark registrations all under the "SARS" trade mark, with classifications ranging across various sectors and industries. The Applicant has been making widespread and extensive use of its SARS trademark in respect of products and services related to tax, for many years.

[9] The Applicant submits that the SARS trade mark has become an asset of considerable commercial value and importance to the Applicant. According to the the Applicant, tax statistics for the year ending 2017 revealed that approximately R1 1144.1 billion rand was collected for the 2016/2017 fiscal year. Any unauthorized use of the trade mark, or of confusingly or deceptively similar marks, is damaging to this asset and to the business of the Applicant in South Africa. The Applicant has, through constant marketing and promotion of its SARS name and trade mark, established a substantial reputation and goodwill, and therefore owns, in addition to its statutory rights, common law rights to its SARS trade mark.

[10] The Applicant goes further to list the risks associated with the use of the SARS name by third parties, and the potential for members of the public to be misled into thinking they are transacting with the revenue collection authority when they are not.

Application of the Law

[11] This is an application in terms of S.160 read with S.11 (2)(a)(iii), 11(2)(b)(i) and 11(2)(c) (i) of the Companies Act. The applicant seeks relief in terms of S. 160(3)(a) and 160(3)(b)(ii) of the Act. S.160(1) provides:

“ 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 (s11)."

[12] Section 160 (2)(b) which is relevant to this case, provides that an application in terms of subsection 1 above, may be made on good cause shown at any time after the date of reservation or registration of the name that is the subject of the application, in any other case.

[13] Section 160(3) provides for the powers of the Tribunal where subsections (1) and (2) have been satisfied. It provides as follows:

"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 (s.11); and
- (b) May make an administrative order directing-
 - (i) The Commission to-

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

(ii) a company to choose a new name, and file a notice of 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."

[14] The Tribunal is therefore tasked with considering this application and satisfying itself that it complies with the requirements of s. 11 (2) which provides:

"The name of a company must-

(a) Not be the same as-

(iii) A registered trademark 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."

- (b) Not be confusingly similar to a name, trade mark, word or expression contemplated in paragraph (a) unless-
- (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 authorized by the registered owner to use it."
- (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."

Evaluation

[15] The applicant has detailed the steps it took to engage with the first respondent in order to avoid approaching the Tribunal. It made various attempts to get the Respondent to cease from using the name that it believes is confusingly similar to its registered trade mark. Therefore, the Tribunal is satisfied that good cause has been shown.

[16] I accept the submissions made by the Applicant on the risks associated with the existence of a confusingly similar company name to the SARS trade mark, and the huge financial loss that can be suffered by the state in the event that the Respondent provides services similar to those listed in the SARS trade mark

classifications. The case of McDonald's Corporation v Dax Prop CC and Another 1997 (1)SA 1 (A), as cited by the Applicant, is relevant in that the court provided for the test to prove that a trade mark is "well-known" within the meaning of S35 of the Trade Marks Act of 1993, is simply that the mark must be known to a substantial number of persons. It goes without saying that every South African tax payer is aware and knows of their tax obligation to the revenue collector, SARS, as it is the sole organ of state responsible for the collection of tax on behalf of the state. In Azisa (Pty) Ltd v Azisa Media CC [2002] 2 All SA 488 (C) at 500, the court held that a company name may be deemed undesirable in circumstances where it is likely to mislead or deceive the public, or is the same or similar to that of another, and as a result is likely to lead to confusion amongst members of the public.

FINDINGS

[17] The name SARS (Pty) Ltd is confusingly similar to the SARS trade mark, and is likely to reasonably mislead a person to believe incorrectly, that the company, SARS (Pty) Ltd, is part of, or is associated with the South African Revenue Service.

[18] The Respondent's name consequently does not satisfy the requirements of the Companies Act.

ORDER:

It is therefore ordered that:

- The Respondent is directed to choose a new name which does not consist of, or incorporate the mark SARS, or any other mark which is confusingly and/or deceptively similar to the applicant's SARS trade mark;
- The Respondent file a notice of amendment of its Memorandum of Incorporation within 60 days from date of this order.
- In the event that the Respondent fails to comply with this order within 60 days, the CIPC is directed to record the Respondent's registration number followed by (Pty) Ltd, as the interim company name of the Respondent, on the companies register.

B. Zulu

30 August 2019