



COMPANIES TRIBUNAL OF SOUTH AFRICA

Case Number: CT00252/ADJ/2019

In the matter between:

VUKILE PROPERTY FUND LIMITED

Applicant

and

VUKILE CONSTRUCTION PROPRIETARY LIMITED
(Registration Number: 2017/350450/07)

First Respondent

COMMISSIONER OF COMPANIES

Second Respondent

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

Date of Decision : 18 December 2020

DECISION (Order and Reasons)

Summary: Objection (in the form of an application for a default order) by the applicant to the first respondent's name VUKILE CONSTRUCTION based on s 11(2)(b)(iii) and s 11(2)(c)(i) of the Companies Act 71 of 2008 due to similarity with the applicant's trade mark VUKILE – the delay of 10 months before the application for a default order was pursued is bemoaned - objection upheld in terms of section 11(2)(c)(i), with costs – held, the request that the second respondent be directed to substitute the first respondent's registration number for its name in the event the first respondent fails to comply with the order made herein is dismissed for want of jurisdiction - held, the first respondent is directed to change its name within two months from date of service of the order - held, the first respondent is liable for costs of the application.

Khashane La M. Manamela

Introduction

[1] Vukile Property Fund Limited, the applicant herein, is a public company listed on the Johannesburg and Namibian Stock Exchanges. Its business is primarily focused on the property and property-related market(s). The applicant is the proprietor of the trade mark VUKILE registered in two classes of goods and/or services. It complains in terms of this application that the first respondent's name, VUKILE CONSTRUCTION or the inclusion of the word VUKILE in the first respondent's name is confusingly similar and/or falsely implies or suggests or is such as would reasonably mislead a person to believe incorrectly that the first respondent is part of or associated with the applicant. The applicant seeks that the first respondent's name be found not to satisfy the requirements of sections 11(2)(b)(i) and 11(2)(c)(i)¹ of the Companies Act 71 of 2008 (the Companies Act) and, consequently for the first respondent to be ordered to change its name.

[2] The application is unopposed by both the first respondent and the Commissioner of the Companies and Intellectual Property Commission (the CIPC), the second respondent herein. Evidently, the CIPC or its Commissioner is clumsily cited as the Commissioner of Companies. There is proof that the application was served on the first respondent by the sheriff on 09 December 2019. The sheriff served the founding documents at the first respondent's registered office address in Parow, Western Cape by affixing them to the principal door. This method of delivery of documents is recognised in terms of Table CR3 of Annexure 3 to the Companies Regulations, 2011 (the Companies Regulations), read with regulation 7, also of the Companies Regulations.

¹ See par 11 below, for a reading of the material part of section 11(2) of the Companies Act 71 of 2008 (the Companies Act).

Further from service through the sheriff, the documents were delivered by electronic mail or email sent to the directors of the first respondent. Therefore, there is no doubt that the first respondent received notice of the application. It also appears that one or more of its directors subsequently communicated with the applicant's attorneys regarding the application. Therefore, I am satisfied that this application was adequately served on the first respondent.²

[3] But, there is no proof of service of the application on the CIPC. I am not certain as to whether this is a mere oversight on the part of the applicant or its attorneys. There is no explanation why the CIPC has not been served. I hope it is due to the mistaken notion in terms of which the CIPC and this Tribunal are viewed as the same institution. For the provisions of the Companies Act are very clearly regarding the establishment of the CIPC³ and this Tribunal⁴ as separate and independent institutions. The lack of service on the CIPC becomes even critical when considering that this Tribunal is requested to direct that the CIPC substitute the first respondent's registration number for the first respondent's company name, in the event the first respondent does not comply with the order made by this Tribunal to change its company name. I will overlook this shortcoming for a moment and proceed to consider the merits of this application. I find solace from the fact that the non-service of the application only affects part of the relief relevant to the CIPC.

² See regulation 153(2)(b) of the Companies Regulations. See footnote 8, below, for a reading of regulation 153.

³ Section 185 of the Companies Act.

⁴ Section 193 of the Companies Act.

Brief background

[4] It is essential that before I turn to the merits of the application that I briefly narrate the issues in the background of this matter. These would include the interactions between the applicant (through its attorneys) and the first respondent prior to the launch of this application.

[5] The first respondent - as its registration number suggests - was incorporated or registered by the CIPC on 10 August 2017. Therefore, the first respondent is a fairly new company. But according to the certificate obtained from the CIPC, the first respondent is in what is labelled “AR Deregistration Process”.⁵ I understand this to mean that the first respondent is being deregistered for its failure to submit annual returns to the CIPC. The deregistration status appears to have been in the offing for a while now.⁶

[6] The applicant appears to have been registered in 2002. Its trade mark VUKILE was registered on 15 May 2009. The applicant is said to have property assets totaling an amount of R32.3 billion. Further, that the extensive use of its VUKILE trade mark has resulted in the applicant acquiring substantial goodwill and reputation in its trade mark throughout South Africa and internationally. Also, that the applicant has established common law rights in the mark VUKILE in South Africa and beyond, apart from its statutory rights.

⁵ See annexure “SK5” to the application for default order, being a certificate by the CIPC dated 14 December 2020.

⁶ See annexure “V2” to the main application, being a certificate by the CIPC dated 25 November 2019.

[7] The applicant does not disclose when it became aware of the existence of the first respondent's name. It is simply mentioned that "[o]n becoming aware of the registration" of the first respondent, the applicant instructed its attorneys to act in protection of its trade mark. This may be an evasive action to the implications of section 160(2)⁷ of the Companies Act which requires that applications concerning name disputes show good cause if may beyond a stipulated time-period. But the attorneys directed a letter to the first respondent in October 2018 in terms of which the latter was told to cease the use of the name inclusive of the word VUKILE. The first respondent reacted to the letter. Mr CP Tsikoubaka, one of the first respondent's directors interacted with the applicant's attorneys and even undertook to deregister the first respondent in order to remedy the infringement of the applicant's trade mark. He also communicated with the CIPC regarding the impugned name. But nothing tangible materialised from these engagements, despite the undertakings made on behalf of the first respondent. Eventually, this application was issued and served on the first respondent.

Delay in the prosecution of the application for a default

[8] As stated above, this application is unopposed and, therefore, it is effectively an application for a default order in terms of regulation 153 of the Companies Regulations.⁸

⁷ Section 160 reads in the material part: "(1) A person to whom a notice is delivered in terms of this Act with respect to ... 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 ... registration or use of the 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." [underlining added for emphasis]

⁸ Regulation 153 reads in the material part: "(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

The first respondent, as the only respondent to have received notice of the application, ought to have filed its answer to the application in January this year, already.⁹ To date the first respondent is still in default of the delivery of its answer.

[9] But despite the inordinate period of time which has elapsed since the first respondent's answer was due, the application for a default order was only pursued early this month. The Form CTR 145 or notice of motion to the application for default order or a filing notice thereof is actually dated 14 December 2020. Obviously, there has been a long delay of over 10 months before the default order application was launched. As with the non-service of the main application on the CIPC, there is no attempt by the applicant or its attorneys to explain the delay. The Companies Regulations - governing proceedings before this Tribunal - do not prescribe a timeframe within which default order proceedings are to be pursued. But it is not unreasonable to expect that a litigant would pursue such proceedings with the requisite diligence and expediency or at least explain an apparent tardiness in the steps taken in this regard. This is not aimed as a criticism against the applicant or its attorneys, but a real concern about the integrity of the proceedings of these Tribunal. The submissions or statements made in the founding affidavit are as at 28 November 2019. This is more than 12 months ago. The submissions in the affidavit in support of the default application deals with the issues as if there was no delay. It is also not unreasonable to expect that the first respondent may have thought that the applicant

may make an appropriate order - (a) ...; and (b) if it is satisfied that the notice or application was adequately served. (3) Upon an order 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."

⁹ Regulation 143(1) reads in the material part "[w]ithin 20 business days after being served with ... an application, that has been filed with the Tribunal, a respondent who wishes to oppose the ... application must— (a) serve a copy of an Answer on the initiating party; and (b) file the Answer with proof of service".

for whatever reason has decided not to pursue the application, including due to the first respondent's deregistration process. I will revert to this issue below.

Applicant's case and the applicable legal principles (an analysis)

[10] The relief sought by the applicant in terms of this application is firstly a declaration (in protection of the applicant's trade mark VUKILE against infringement) that the first respondent's name VUKILE CONSTRUCTION does not satisfy the requirements of the provisions of section 11(2) of the Companies Act and, thereafter, for the consequential orders directing the first respondent to change its name, plus costs of these proceedings. As already indicated the applicant seeks a tentative order for the CIPC to replace the first respondent's name with the first respondent's registration number in the event of the first respondent not acceding to the order made by this Tribunal.

[11] Section 11(2) of the Companies Act 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) 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 ...”

[12] According to the applicant, the first respondent's name (i.e. VUKILE CONSTRUCTION) is visually and phonetically identical to its trade mark, VUKILE.

The dominant part of the first respondent's name is the word VUKILE, the applicant contends. The inclusion of the word CONSTRUCTION in the name is only descriptive of the services the first respondent is currently involved in and, consequently, it is not sufficient to distinguish the first respondent from the applicant's trade mark VUKILE or the applicant itself. In a nutshell, it is submitted that the first respondent's name is both confusingly similar to the applicant's trade mark and is incorrectly suggestive of an association between the applicant and the first respondent. The presence of a branch of the applicant in the Western Cape where the first respondent's business appears to be located would in likelihood make members of the public believe incorrectly that there is an association between the two parties.

Conclusion and costs

[13] On the basis of what is stated above, I find that the first respondent's name does not satisfy the requirements of the Companies Act, due to the inclusion of the word "VUKILE" in the first respondent's name. I agree that the other words in the first respondent's name, including the word CONSTRUCTION, do not alter the fact that the respondent's name falsely implies or suggests or is such as would reasonably mislead a person to believe incorrectly that the first respondent is part of or associated with the applicant. Consequently, I will grant an order in terms of which the first respondent is directed to amend its memorandum of incorporation in order to change its name to another name which ought not to include the word VUKILE.

[14] I mentioned above that, additionally to the order for the change of the name, the applicant requested that this Tribunal order that the CIPC substitute the first respondent's registration number for its name. This was in anticipation of the first respondent's non-compliance with the order to change its name within the stipulated timeframes or at all. In my view this Tribunal does not have jurisdiction to make such a determination, as previously stated in other decisions of this Tribunal.¹⁰ Therefore, I respectfully disagree with the view to the contrary by my some of my fellow Tribunal members, including that section 14(2)(b)(i)¹¹ of the Companies Act avails such jurisdiction. Although my views would have remained unchanged even if the CIPC was served with the documents in the application, the absence of service would not have been inconsequential to this part of the relief sought. Otherwise how do you order or direct a person who has not received notice of the proceedings?

[15] In the circumstances of this matter there is no reason why costs should not follow the favourable outcome to the applicant. This is so despite the refusal of the request that the CIPC be directed to substitute the first respondent's registration number for its name. The applicant, despite my lamentation regarding the delay in pursuing this application, ought to be commended for its attempts to resolve the name dispute before approaching this Tribunal. The attitude of the first respondent as gleaned from the communications by

¹⁰ See, among others, the decision of *Agility Holdings (RF) (Pty) Ltd v Neo Computers (Pty) Ltd* under case/file number: CT008FEB2018, dated 30 April 2018 at par [20].

¹¹ Section 14(2) reads in the material part: "If the name of a company, as entered on the Notice of Incorporation- (a) fails to satisfy the requirements of section 11(3), the Commission, in taking the steps required by subsection (1)(b), may alter the name by inserting or substituting the appropriate expressions as required by section 11(3); or (b) is a name that the company is prohibited, in terms of section 11(2)(a), from using, or is reserved in terms of section 12 for a person other than one of the incorporators, the Commission- (i) must take the steps set out in subsection (1)(b), using the company's registration number, followed by "Inc.", "(Pty) Ltd", "Ltd.", "SOC", or NPC", as appropriate, as the interim name of the company in the companies register and on the registration certificate ..."

its functionaries during the pre-application activities and the failure to remedy the situation, despite undertaking to do so, only justifies that the applicant should be granted the relief sought or at least part thereof, with costs of the application. The costs shall be at the party and party scale of the High Court.

Order

[16] Therefore, the following order is made:

- a) the first respondent's registered company name "**VUKILE CONSTRUCTION**" does not satisfy the requirements of section 11(2)(c)(i) of the Companies Act 71 of 2008;
- b) the first respondent is directed to choose a new name and file a notice of amendment to its Memorandum of Incorporation;
- c) the first respondent is directed to complete the activities ordered in b) hereof within two (2) months of service of this order upon the first respondent in terms of regulation 153(3) of the Companies Regulations, 2011;
- d) the request that the second respondent be directed to substitute the first respondent's registration number for its name in the event of the first respondent failing to comply with the order made herein is dismissed for lack of jurisdiction on the part of this Tribunal; and

- e) the first respondent is directed to pay costs of this application on a party and party scale of the High Court of South Africa.

Khashane La M. Manamela
Member, Companies Tribunal
18 December 2020