

IN THE COMPANIES TRIBUNAL OF THE REUBLIC OF SOUTH AFRICA

("The Tribunal")

CASE NO. CT00923ADJ2022

In the matter between:

KAP Industrial Holdings Limited

Applicant

AND

KAPZ Industries (Pty) Ltd

First Respondent

Companies and Intellectual Property Commission

Second Respondent

DECISION

INTRODUCTION:

[1] The applicant is KAP Industrial Holdings Limited, a public company duly registered in terms of the company laws of the Republic of South Africa, with registration number 1978/000181/06, having its registered office at 3rd Floor, Building 2, The Views, Founders Hill Office Park, 18 Centenary Street, Modderfontein, Gauteng, 1645¹.

[2] The first respondent is KAPZ Industries (Pty) Ltd, a private company registered in terms of the company laws of the Republic of South Africa, with registration

¹ Annexure SA3-Disclosure Certificate dated 20 October 2020

number 2019/023677/07, having its registered address at 92 Heathrow Avenue, Durban, Parkgate, 4340².

- [3] The second respondent is the Commissioner of the Companies and Intellectual Property Commission, appointed in terms of section 189 of the Act, cited in his capacity as the person responsible for the function of the Companies and Intellectual Property Commission (CIPC), established in terms of section 185 of the Act and with its offices situated at 77 Meintjies Street, the DTI Campus, Block F, Sunnyside, Pretoria.
- [4] This is an application for a default order, in terms of S.160 of the Companies Act ('the Act'), read with Regulation 153, for a determination that the first respondent's name; KAPZ Industries (Pty) Ltd, does not satisfy the requirements of section 11(2) of the Act and that the first respondent be directed, as provided for in terms of section 160(3)(b)(ii) read with section 14(2) of the Act, to change its name to an alternative name not incorporating or confusingly similar to the KAP trade mark, and granting further and/or alternative relief.

BACKGROUND

- [5] The application for relief, in the form CTR142 with the accompanying affidavit, was filed with the Tribunal on 26 January 2022. On 01 February 2022, the Sheriff for Inanda District 2, served a copy of the application on the first respondent, by affixing a copy thereof to the main driveway gate at the registered address. According to the return of service, no other service was possible as neither the respondent nor any

² Annexure SA1- COR 14.3 Registration Certificate dated 25 November 2020

responsible person could be found after diligent search and enquiries. The applicant has submitted that the service was effected in accordance with the Companies Regulations in GN 34239 GG of 26 April 2011, in terms of which a notice or document to be delivered, for any purpose contemplated in the Act or the regulations, may be delivered in any manner as set out in Table CR3.

- [6] The first respondent did not file an answering affidavit within twenty (20) business days (the twenty business days lapsed on 01 March 2022), following which, on 04 May 2022 the applicant applied for a default order in terms of regulation 153. The applicant's Manager: secretariat Mignon Vermeulen, duly authorized³, deposed to the founding affidavit for the initial application for relief. In respect to the application for default judgment, Shane Moore, a Managing Partner of Moore attorneys Incorporated and representing the applicant, deposed to the affidavit, also duly authorized by virtue of the KAP Industrial Holdings board resolution dated 18 November 2021.
- [7] The applicant has submitted that it is the proprietor of, *inter alia*, the following trade mark registrations in South Africa⁴:
- (i) Trade Mark registration No. 2017/33428 KAP in class 35;
 - (ii) Trade Mark registration No. 2017/33430 KAP in class 39
 - (iii) Trade Mark registration No. 2017/33431 KAP in class 42;
 - (iv) Trade Mark registration No.33432KAP in class 35;

³ Annexure SA 2- Board resolution dated 18 November 2021, in favour of Moore Attorneys and M Vermeulen

⁴ Annexure FA 4- extracts of the Official Online Trade Marks Register

(v) Trade Mark registration No. 33433 KAP in class 39; and

(vi) Trade Mark registration No. 2017/33434 KAP in class 42.

[8] The applicant submits that it also enjoys extensive common-law rights in the KAP trade mark, and that the KAP trade mark is a widely-recognized brand. Due to the extensive marketplace exposure of the KAP trade mark, it has become well-known to members of the public, and has been trading and registered in South Africa as KAP Industrial Holdings Limited with registration number 1978/000181/06 since at least 2003. The applicant further submits that it has spent considerable time, money and effort in advertising, promoting and maintaining its KAP trade mark. The applicant is a JSE-listed company and is a diversified group consisting of leading industrial, chemical and logistics businesses, and has built up considerable good will in its brand and related KAP trade mark both in South Africa and Africa as a whole.

[9] The applicant submits that in November 2020, its attorneys located the first respondent's name on the Companies register and immediately notified the applicant thereof. It was then that the applicant became aware of the existence of the first respondent and confirmed that it does not have any affiliation with first respondent. The applicant's attorneys addressed a letter of demand to the first respondent, alerting the company to the infringement of the KAP trade mark, and requesting the first respondent to voluntarily apply to the CIPC to change its name to one that does not consist of or contain the applicant's company name and/or KAP trade mark. The letter of demand was sent via the email address as listed on the first respondent's incorporation documents submitted to the CIPC⁵. On 11 December

⁵ Annexure FA21

2020, the applicant's attorneys sent a follow-up email to the first respondent regarding the letter sent on 26 November 2020⁶. On the same day, the first respondent's attorneys responded to the letter of demand, stating that its client registered its business through the appropriate channels, has no objection to ceasing the use of the name KAPZ Industries (Pty) Ltd, and is in the process of attending to the deregistration of the company. On 11 December 2020, the applicant's attorneys addressed further correspondence to the first respondent's attorneys, requesting that they provide a list of the first respondent's goods and services in which they operate under the name KAPZ Industries (Pty) Ltd⁷. The applicant submits that the company name KAPZ Industries (Pty) Ltd remains registered despite the first respondent's attorneys confirming that they are in the process of attending to deregistration of the company 11 months ago. Further, the first respondent has failed to respond to the applicant's follow-up correspondence, and has had no choice but to instruct its attorneys to proceed with a company name objection against the first respondent.

APPLICABLE LAW

[10] Section 160(1) of the Act 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

⁶ Annexure FA22

⁷ Annexure FA24

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)."

[11] Section 160 (2)(b) further 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"*.

[12] 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.”

[13] The Tribunal is therefore tasked with considering this application and satisfying itself that it complies with the requirements of s. 11 (2), particularly S11(2)(a)(i) and (iii), and S11(2)(b)(i) and (c).

“The name of a company must-

(a) Not be the same as-

(i) the name of another company..

(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-

(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.

EVALUATION

[14] To address the issue whether "good cause" has been shown that the Tribunal can consider and decide upon the merits of this case, I make reference to the Highly Nutritious decision⁸ wherein Twala J. stated: "*Section 160(2)(b) allows any person and at any time to bring an application on good cause shown. This does not refer only to the delay in bringing the application but to show good cause as to why the application must be entertained. the section requires the Applicant to furnish a reasonable explanation as to why the application should be entertained by the Tribunal. It does not require an explanation only as to the delay in bringing the application but refer to the merits of the application as well. It is section 160(1) that prescribes, for a particular category of persons, to launch an application within a period of three (3) months after they became aware of the registration of the name*".

I am satisfied that the applicant did not only respond within a reasonable period after being made aware of the existence of the first respondent, but further that the applicant has a material interest in the continued existence of the first respondent and the risks consequent thereto on its company name and trade mark, and that there are merits to the Tribunal considering the application and ensuring the

⁸ Highly Nutritious Food Company (Pty) Ltd v Companies Tribunal and Others, High Court, Gauteng Local Division, Case No. 91718/2016

protection of the applicant's widely-recognized, well-known and long-standing brand and trade mark, as submitted by the applicant.

[15] However, before I can consider the merits of the application as provided for in section 160, I must pause to consider whether the formal requirements of the application have been complied with. Regulation 153(2)(b) provides that on an application in terms of subregulation (1), the Tribunal may make an appropriate order if it is satisfied that the notice or application was adequately served. According to the Sheriff's return of service, the application was affixed to the main driveway gate at the registered address of the first respondent. Regulation 7 provides: "*a notice or document to be delivered for any purpose contemplated in the Act or these regulations may be delivered in any manner.....(b) set out in Table CR 3*". Table CR3 provides that delivery at a business address or place of residence must be with any other person who is apparently at least 16 years old and in charge of the premises at the time. The table, which provides for various methods of service, does not provide for "affixing" the documents on the door or gate of the business address but provides that someone over the age of 16 and in charge of premises must receive the service. Based on the foregoing, there is a possibility that the first respondent is unaware of these proceedings against it and to give effect to the rules of natural justice, the Tribunal must be satisfied that the first respondent was served and is aware of this application. I am not satisfied that there was adequate service of the application for relief upon the first respondent and on this basis, the application must fail.

ORDER

[16] The application for a default order in terms of regulation 153 is hereby refused based on the fact that there was no adequate service of the application for relief on the first respondent.

B. Zulu

Member: Companies Tribunal

19 MAY 2022