

**IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA**

**CASE NO: CT01288ADJ2023**

In the matter between:

**MONDI SOUTH AFRICA (PTY) LTD**  
**(REGISTRATION NO. 1976/013038/07)**

**Applicant**

and

**MONDI LL (PTY) LTD**  
**(REGISTRATION NO. 2021/803446/07)**

**First Respondent**

**COMMISSIONER OF THE COMPANIES AND**  
**INTELLECTUAL PROPERTY COMMISSION**

**Second Respondent**

**Presiding Member: Professor Clement Marumoagae**

Date of Decision: 24 May 2023

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**DECISION (Reasons and an Order)**

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**A INTRODUCTION**

[1] The Applicant is **MONDI SOUTH AFRICA (PTY) LTD**, a company duly incorporated in terms of the company laws of South Africa, with registration number **1976/013038/07**, and with its registered address at Merebank Mill, Travencore Drive, Merebank, Kwa Zulu Natal. The Applicant is represented by Caroline Claire Davie, who is authorised to do so through a resolution passed by the Applicant's board of directors.

- [2] The First Respondent is **MONDI LL (PTY) LTD**, a company duly incorporated in terms of the company laws of South Africa, with registration number 2021/803446/07, and with its registered address at 2 Ivy Hill, Puzzle Bush Street, Wild Olive, North Ridge, Bloemfontein, Free State.
- [3] The Second Respondent is the **Commissioner of Companies and Intellectual Property Commission (CIPC)** appointed in terms of section 189 of the Companies Act 71 of 2008 (hereafter Companies Act).
- [4] In this application, the Tribunal is required to determine whether the First Respondent's name satisfies the requirements of section 11(2) of the Companies Act. Further that, should the Tribunal find that the First Respondent's name offends against section 11(2) of the Companies Act, to direct the First Respondent to choose a new name.
- [5] The facts of this case also calls for a determination whether by using its sole director's surname as part of its registered name, the First Respondent can successfully raise a defence against allegations of the infringement of the Applicant's trade mark? If yes, to determine whether this Tribunal can consider the provisions of the Trade Marks Act 194 of 1993 when making its order.

## **B FACTUAL BACKGROUND**

- [6] The Applicant is the wholly owned subsidiary of Mondi PLC known as 'The Mondi Group', which is one of the largest paper and packaging companies in the world. Mondi PLC operates in Europe, Africa, North America, Latin America, and the Middle East. It employs over 21 000 people and is listed in the London Stock Exchange and the Johannesburg Stock Exchange. The Applicant's specific business activities and locations where it operates were not disclosed to the Tribunal.

- [7] The Applicant has registered the name MONDI as a trade mark in different classes in South Africa. The Applicant has spent considerable amount of money and effort in advertising and promoting its MONDI trade mark in the course of its trade.
- [8] In October 2021, the Applicant's legal representative discovered that the First Respondent was registered as a company and that it was using as part of its name the word MONDI. The First Respondent is not in anyway affiliated to the Applicant.
- [9] On 21 October 2021, the Applicant instructed its legal representative to address a letter by email to the First Respondent requesting the First Respondent to take steps to change its name to the one that does not contain the Applicant's registered trade mark(s). This was out of concern that the First Respondent registered name was similar to the Applicant's registered MONDI trade mark(s). The First Respondent did not respond to this letter. On 18 January 2022, a second letter that requested the First Respondent to change its name was sent by courier to the First Respondent. The First Respondent also did not respond to this letter.
- [10] On 7 March 2023, the Applicant filed an application to object to the First Respondent's name alleging that it infringes upon its MONDI registered trade mark. The administrative official of the Tribunal confirmed receipt of this Application on 8 March 2023. On the same date the Applicant's legal representatives served the soft copy of the application on the Second Respondent by email.
- [11] The application was also served on the First Respondent's premises by the sheriff on 9 March 2023. The sheriff's return of service indicates that at the time of service, the First Respondent's premises were locked, and a copy of the

application was affixed to the outer door. The First Respondent had twenty business days to respond to the application by filing an answer, which it has since failed to do.

- [12] Due to the First Respondent's inaction, the Applicant applied for a default judgment.

## **C APPLICANT'S CONTENTIONS**

- [13] The Applicant contends that together with the Mondi Group as a whole it has recorded substantial operating profits. Further that the Applicant and its parent company have a strong social media presence with substantial following. This demonstrates the Applicant's reputation and goodwill as a result of the exploitation of its MONDI trade mark(s) which is an/ are asset(s) of considerable commercial value and importance to the Applicant.

- [14] The Applicant registered various trade marks using the word MONDI, which is written either on its own or with other words written next to it i.e., 'MONDI', 'MONDI' BAYCEL, 'MONDI ROTATRIM' or 'MONDI ENVIROPRINT', in different classes. According to the Applicant, the MONDI trade mark is used in relation to a widely recognised brand. As such, due to the extensive market place exposure of the MONDI trade mark, the Applicant has become well-known to members of the public within the relevant market place.

- [15] The dominant and memorable feature of the First Respondent's name is the word MONDI. This word is identical to the Applicant's registered MONDI trade marks. The mere addition of the letters "LL" next to the word MONDI does not sufficiently distinguish the First Respondent's name from the Applicant's registered MONDI trade marks to avoid confusion in the market place.

- [16] According to the Applicant, the First Respondent's company name, Mondi LL (Pty) Ltd is confusingly similar to, if not nearly identical to its MONDI registered trade marks. Further that the First Respondent's company name brings to mind the Applicant and its trade marks and is likely to create confusion and reasonably mislead the public into believing that the First Respondent is affiliated with the Applicant. The First Respondent is neither affiliated to the Applicant nor authorised to use the Applicant's registered MONDI trade marks.
- [17] The First Respondent's continued usage of its name will result in the Applicant suffering prejudice because the Applicant is not aware of the quality of goods and services that the First Respondent provides or intend to provide under its current name. The Applicant does not have control over the First Respondent's operations. The quality of goods and services or lack thereof provided by the First Respondent is likely to be attributed to the Applicant due to the confusing similarities between the First Respondent's name and the Applicant's MONDI trade marks.
- [18] According to the Applicant, the surname of the First Respondent's director is Mondi. However, this does not cure the infringement on the Applicant's trade marks due to the First Respondent's continued use of its current name. The likelihood of confusing similarity is not only established when the First Respondent's name and the Applicant's trade marks are compared. Such confusion will also be established when a person sees or hears one of the Applicant's trade marks and later come across the First Respondent's name, and immediately associate it with the Applicant.
- [19] In the ordinary course of business, the First Respondent's name would reasonably mislead a person to believe that in some way or other the First Respondent is associated with the Applicant, which is not the case. The First Respondent's name is confusingly and deceptively similar to the Applicant's MONDI trade marks.

[20] The Applicant further contends that it cannot be ruled out that the First Respondent's business activities may include goods and services offered under the Applicant's MONDI trade mark. There is also nothing stopping the First Respondent from expanding into the area of the Applicant's business. This may result in the Applicant taking unfair advantage of the Applicant's MONDI trade mark rights, including the reputation and goodwill associated thereto by associating its goods and services with the Applicant and its MONDI trade marks.

## **D PREVIOUS DECISIONS OF THE TRIBUNAL**

### ***i) Decisions relied upon by the Applicant***

[21] In support of its application, the Applicant refers to several decisions of this Tribunal.<sup>1</sup> It is doubtful whether these decisions are indeed relevant herein or advances the Applicant's case. Unlike decisions the Applicant relied on, the Tribunal is concerned herein with an objection to a name of a company that is the same as the surname of the sole director of the First Respondent. This is an important distinguishing factor that makes the decisions the Applicant relied on somewhat unhelpful in the determination of this matter.

[21.1] In *Southern African Music Rights Organisation NPC(SAMRO) V SAMROS Trading and Projects (Pty) Ltd*,<sup>2</sup> the Applicant argued that the offending name contains the entirety of its registered trade mark and is visually, phonetically and conceptually identical to its registered trade mark. The offending name was neither the name nor surname of the director (or any of the directors) of the respondent. It appears that the

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<sup>1</sup> *Southern African Music Rights Organisation NPC (SAMRO) V SAMROS Trading and Projects (Pty) Ltd* (CT002JUN2018) [2018] COMPTRI 88 (30 August 2018), *Rising Sun TV v Rising Sun TV (Pty) Ltd* (CT012Jul2018) [2018] COMPTRI 56 (30 August 2018), and *Jost GmbH+Co,Kg v Joest Electrical and Airconditioning* (CT010May2017) [2017] COMPTRI 67 (14 August 2017).

<sup>2</sup> (CT002JUN2018) [2018] COMPTRI 88 (30 August 2018).

Tribunal in this case did not assess whether the Respondent was the Applicant's competitor or potential competitor with a view to evaluate whether the Respondent unlawfully used, intended to use or could potentially use the Applicant's reputation to its advantage.

[21.2] In *Rising Sun TV v Rising Sun TV (Pty) Ltd*,<sup>3</sup> the Applicant's two directors were removed as directors of the Applicant. Within eight months of their removal, they registered their own company using the name of the Applicant and only adding the words '(Pty) Ltd' immediately after the offending phrase. The name of the Respondent was neither a name nor surname of any of its directors.

[21.3] In *Jost GmbH+Co,Kg v Joest Electrical and Airconditioning*,<sup>4</sup> the Applicant registered as trade marks two differently spelt names which mean the same thing in English and German. The Respondent registered a company that incorporated the English spelling of the Applicant's registered trade mark. The Applicant's business included the design, manufacture of vibrating machines and vibratory drive units, as well as establishing and designing solutions in the process engineering. The Tribunal did not indicate the business in which the Respondent was involved. Nonetheless, the Respondent's name was not derived from the name(s) or surname(s) of any of its directors.

[22] The decision of this Tribunal that the Applicant relied on and appears to be relevant is *Carl Zeiss AG v Zeiss Trading Enterprise (Pty) Ltd and Another*.<sup>5</sup> In this decision:

[22.1] the Tribunal accepted that the Applicant is most well-known for

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<sup>3</sup> (CT012Jul2018) [2018] COMPTRI 56 (30 August 2018).

<sup>4</sup> (CT010May2017) [2017] COMPTRI 67 (14 August 2017).

<sup>5</sup> (CT016Jun2015) [2016] COMPTRI 84 (7 December 2016).

manufacturing optical systems, industrial measurements, and medical devices, throughout the world.

[22.2] When objecting to the Respondent's name on the basis that it infringed its registered trade mark, the Applicant argued that while the Respondent's business activities were not disclosed in the disclosure certificate issued by the CIPC, the Respondent's business activities may involve similar goods or services offered by the Applicant. As such, there is a possibility that the Respondent could take unfair advantage of the Applicant's trade mark and goodwill, which may result in the diminishing of the Applicant's rights relating to the trade mark.

[22.3] The Tribunal concluded that the Respondent's business activities may be either presently including those similar to its goods or services. Most importantly, the Tribunal remarked that nothing precluded the Respondent from expanding into the area of the Applicant's business. In the present case, this is one of the grounds that the Applicant relies to object to the First Respondent's name. According to the Applicant, should the First Respondent expand to the Applicant's area of business, this may result in the First Respondent taking unfair advantage of the Applicant's trade mark rights, reputation and goodwill. Nonetheless, this decision also does not deal with the objection to the name of the company that is the same as that of the person who established the company.

[23] Reliance on the above decisions seems to create an impression that all disputes regarding names of companies brought to the Tribunal must be approached in the same manner. In that the only consideration in all name disputes cases should be the direct application of section 11(2) of the Companies Act from the perspective of the Applicant that claims to be well-known with a view to determine:

[23.1] whether the offending name is the same as the Applicant's registered trade mark;



[23.2] whether the offending name is confusingly similar to a registered trade mark;

[23.3] whether the offending name falsely imply or unreasonably mislead a person to incorrectly believe that the company with the offending name is part of or associated with the company that own the infringed trade mark; and

[23.4] whether the owner of a registered trade mark is likely to suffer prejudice if the application is not considered.

[24] Name disputes where companies named after their directors are alleged to have infringed upon registered trade marks have attracted contradictory decisions from the Tribunal. This raises an important question whether it can be a defence that the offending name is the name of the director or one of the directors of the company accused of infringing a registered trade mark.

**ii) *Conflicting Decisions***

[25] In *Tsogo Sun (Pty) Ltd v Tsogo Solutions (Pty) Limited & Another*<sup>6</sup> (hereafter '*Tsogo Solutions*') the Applicant objected to the First Respondent's name. The Applicant argued that it is a proprietor of the trade mark 'TSOGO SUN' which is registered in different classes across various industries. Further that it is a proprietor of various trade marks that incorporates the name 'TSOGO'. The applicant argued that the First Respondent's name is identical to the dominant portion of its registered 'TSOGO SUN' trade mark. Further that the remaining portion of the First Respondent's name was purely descriptive and non-distinctive rendering the First Respondent's name to be confusingly similar to the Applicant's 'TSOGO SUN' trade mark. The Applicant argued further that the First Respondent's business activities included business administration and financial affairs which are services covered by its trade mark registrations.

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<sup>6</sup> Case No: CT008NOV2018 (21 January 2019).

[26] The First Respondent did not oppose the application. In granting default judgment, the Tribunal held that:

*‘[o]n assessment of the applicant’s name and that of respondent, one can easily identify the similarity in the names. It is apparent that the dominant and striking feature in both names is TSOGO, while the first respondent’s name carries the descriptive word “SOLUTIONS”. Clearly the name “SOLUTIONS” does not distinguish or differentiate “TSOGO SOLUTIONS” from TSOGO SUN’.*<sup>7</sup>

[27] A completely different approach was adopted by the Tribunal in *Tsogo Sun v Tsogo Magifix*<sup>8</sup> (hereafter ‘*Tsogo Magifix*’). Herein, the Applicant also argued that the First Respondent’s name ‘TSOGO MAGIFIX’ is the same as and also confusingly similar to its registered trade mark ‘TSOGO SUN’. In dismissing the Applicant’s case, the Tribunal noted that ‘... *the Applicant’s trade mark’s representation comprised primarily a logo or mark and the words “TSOGO SUN” in a distinctive font*’.<sup>9</sup> The Tribunal further held that:

*‘... for the applicant to correctly rely on section 11(2)(a)(iii) the first respondent’s name “TSOGO MAGIFIX” ought to be the same as its trade mark, “TSOGO SUN”. This is clearly not the case. The word “SUN” in the applicant’s trade mark and the word “MAGIFIX” in the first respondent’s name dispenses of any notion or possibility of the two being “identical”, “exactly alike” or, as stated in section 11(2)(a)(iii), “the same as”.*

[28] Unlike in *Tsogo Solutions*, the Tribunal in *Tsogo Magifix* was confronted by an offending name which was also the First Respondent’s sole director’s first name. In the latter decision, the Tribunal was of the view that the fact that the name ‘TSOGO’ was the first respondent’s sole director’s name had ‘... a

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<sup>7</sup> *Tsogo Sun (Pty) Ltd v Tsogo Solutions (Pty) Limited & Another* Case No: CT008NOV2018 (21 January 2019) para 14.

<sup>8</sup> CT00148/ADJ/2019.

<sup>9</sup> *Tsogo Magifix* para 5

bearing on the determination to be made ... [because] ... it clearly points to the source of the first respondent's conceptualization of its name'.<sup>10</sup>

[29] The Tribunal *Tsogo Magifix* accepted that there are limitations to the use of own name as articulated by the Appellate Division (as it then was) in *Brian Boswell Circus v Boswell Wilkie Circus*.<sup>11</sup> While noting the general judicial reluctance to prevent persons from trading under their own names in various jurisdictions, the court held that persons are prevented from trading under their own name:

[29.1] when contracted not to do so;

[29.2] if their businesses are started for fraudulent purposes of imitating goods of others to filch their trade;

[29.3] if they have garnished the use of the names of others by imitating the get-up of their goods so as to deceive;<sup>12</sup>

[29.4] when owners of trade marks through advertisements and quality of their goods made their names valuable as trade names to the extent that such names have distinguished both their goods and themselves as manufacturers of such goods and their goods have become universally known in the market;

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<sup>10</sup> *Tsogo Magifix* para 5

<sup>11</sup> [1985] 2 ALL SA 512 (A) 515 – 516 (hereafter *Boswell Circus*).

<sup>12</sup> The Appellate Division in *Policansky Bros Ltd v L and H Policansky* 1934 (2) PH A43 (AD) 100 (hereafter '*Policansky*') held that '[i]n general, [the person] must not in using his own name resort to artifice or do any act calculated to mislead the public as to the identity of the goods so that the necessary and probable effect of so using the name was to pass his goods off as those of another and thus induce ordinary reasonable person to believe that the goods he was selling were those of a rival who had acquainted a trade reputation in regard to such goods'.

[29.5] if it is clear from their advertisements of their goods, incorporating documents, or their conduct that they present their goods as those of the owners of trade marks, irrespective of whether this is done with the intention to deceive.<sup>13</sup>

[30] The Tribunal in *Tsogo Magifix* did not engage these limitations with a view to determine whether any of them prevented the First Respondent in that decision to trade under the name of its sole director which the Applicant argued it infringed on its trade mark. It is worth noting however that the court in *Brian Boswell Circus v Boswell Wilkie Circus* was of the view that in circumstances where the owner of the trade mark established its reputation and goodwill that came as a result of the trade mark:

*'... another person cannot use that name in connection with a similar class of goods unless he makes it perfectly clear to the public that he is not selling the goods of the original manufacturer ...'*<sup>14</sup>

[31] There is no evidence that has been presented to the Tribunal that seeks to demonstrate that any of the limitation identified above prevent the First Respondent from being allowed to continue to use the name of its sole director. Based on the information presented to the Tribunal, it is impossible to conclude that the First Respondent has fraudulently imitated the Applicant's goods or services with a view to gain unlawful competitive advantage. It is also difficult to conclude that the First Respondent has also done anything to deceive members of the public into thinking that any of its products or services are associated with the Applicant.

[32] It is doubtful whether the director of the First Respondent knew about the existence of the Applicant and its trade marks when registering his company. It

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<sup>13</sup> *Boswell Circus* 515.

<sup>14</sup> *Ibid.* See also generally *Policansky*.

seems to me that he simply wanted to use his surname for his company. It can be argued however, that by placing letters 'LL' immediately after the word MONDI, the sole director of the First Respondent was aware of the Applicant and its trade marks. Further that this was a failed attempt at distinguishing his company from the Applicant. While this will remain speculative, it is worth noting that none of the Applicant's trade marks have two letters such as LL immediately after the word MONDI. In the Applicant's trade marks, the word MONDI either appears alone or with some other full word as demonstrated above.

[33] The *Boswell Circus* case is a clear authority for the proposition that the use of own names or and surnames as names of companies can be a defence against allegations of trade mark infringement in South Africa.<sup>15</sup> Particularly when those who establish these companies do not operate in the same line of business with companies that own registered trade marks and they make it clear to the public that their goods and services are not related to such companies. The Tribunal *Tsogo Magifix* was convinced this defence was competent in that decision. The Tribunal held that while the *Boswell Circus* and *Policansky* cases were decided before the promulgation of the current Companies Act:

*'... the guidance in these authorities cannot be ignored, for it transcends those eras. The message is clear [that] a person has the right to use his or her surname, against the stated limitations. I venture that same is applicable to the use of a first name, like in this matter (with TSOGO, the first name of the first respondent's director).'*<sup>16</sup>

[34] In dismissing the Applicant's case in *Tsogo Magifix*, the Tribunal held that there was no likelihood of deception between the Applicant's 'TSOGO SUN' business or trade mark and the First Respondent's name. Further that the TSOGO SUN and TSOGO MAGFIX contain sufficient distinguishing material.

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<sup>15</sup> See also *Policansky*.

<sup>16</sup> *Tsogo Magifix* para 17.

[35] The Tribunal was presented with another opportunity to reflect on trade mark infringements by companies that use names of their incorporators or directors in *Tsogo Sun (Pty) Limited v Tsogo Events And Trading (Pty) Limited and Another*.<sup>17</sup> The Tribunal's approach in this decision was totally different from that followed in *Tsogo Magifix*. In the former decision, the Applicant argued that the First Respondent's name was identical to its well-known distinctive registered trade mark TSOGO. Further that the addition of the phrase 'EVENTS AND TRADING' to the First respondent's name failed to distinguish the First Respondent's name from the Applicant's trade mark and also increased the likelihood of confusion.

[36] In ordering the First Respondent to change its name in *Tsogo Events*, the Tribunal reasoned that:

*'The intellectual property owners and reputable business names must be protected from "those passing themselves or coat-tailing" on their reputation and goodwill." Furthermore, a determination must be made whether the proposed name may mislead the public to believe that there is a non-existent association between two companies that are in fact not associated with each other. While protecting the legitimate rights of an existing business, care must be taken not to unfairly restrict freedom of expression'.<sup>18</sup>*

[36.1] While it is not clear whether the First Respondent's name was derived from any of its directors names or surnames, the Tribunal directly contradicted its conclusion and reasoning in *Tsogo Magifix*. It stated that:

*'[i]n Tsogo Sun v Tsogo Magifix an emphasis was made on the right to use one's name as a trading name. If this argument is to be accepted, this would result in many Macdonals in the world being able to start a burger fast food*

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<sup>17</sup> (CT1097ADJ2022) [2023] COMPTRI 38 (24 March 2023) (hereafter '*Tsogo Events*').

<sup>18</sup> *Tsogo Sun (Pty) Limited v Tsogo Events And Trading (Pty) Limited and Another* (CT1097ADJ2022) [2023] COMPTRI 38 (24 March 2023) para 6.6 (footnotes omitted).

*business and unfairly benefit from the goodwill of the well-known Macdonald Corporation. If that were to be allowed, would that amount to fair competition? The answer is no. The existence of the First Respondent's name is appreciated. However, the competition between businesses must be fair and must not result in the likelihood of mistaken association, whether real or perceived. To thrive, businesses aim to distinguish themselves from other businesses. One of the ways businesses distinguish themselves is by name. They invest resources to distinguish their products or services from one down the street. If a business has invested time and resources in distinguishing itself in the market, the inappropriate mistaken association may cause injury to its business. Moreover, the reading of S 11(2) (iii) specifically protects the registered trade mark. It is submitted that the legislature foresaw a scenario where a specific name, which under normal circumstances, may be used by another by virtue of them being named as such. However, because in the business world, standing out and distinguishing one's business from the rest determines the success and sustainability of the business, the legislature saw it prudent to protect those who have built goodwill and registered a mark by which they wish to be distinguished'.<sup>19</sup>*

- [37] The Tribunal's different approaches and inconsistent reasoning in disputes relating to names that are the same as those of company incorporators or directors is concerning. This makes it difficult for those who approach this Tribunal to have certainty regarding the interpretation and application of the law and the likely outcome of their cases. It does not seem like the facts of all these cases which involved the same Applicant raising the same complaint against different respondents justified different outcomes. However, without adequate guidance from Superior Courts regarding the current legal position relating to companies that registered as their names the names of its incorporators or directors, it seems like this Tribunal is likely to continue to issue inconsistent decisions on this matter depending on who is presiding over the matter. It is important however, to assess whether registering a company on one's own

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<sup>19</sup> *Tsogo Events* para 6.7.

name can be a defence against allegations of trade mark infringement in South Africa.

## **E APPLICABLE LAW AND ANALYSIS**

### ***i) Overview***

[38] In my view, the issue is not and cannot simply be whether on a comparison of the First Respondent's name and the Applicant's trade mark(s), there is a reasonable likelihood of confusion if both are to be used together in a normal and fair manner and the ordinary course of business. In this case, the First Respondent's surname is MONDI, a factor that should not and cannot be ignored. Before addressing this issue, there is a need to first briefly summarise the law dealing with names that infringe upon registered trade marks in South Africa.

### ***ii) Approaching the Tribunal***

[39] In terms of section 160(1) of the Companies Act, the Applicant is entitled to apply to this Tribunal to determine whether the First Respondent's company name or the use thereof satisfies the requirements of this Act.

[40] In terms of section 160(2) of the Companies Act, the Applicant was obliged to approach this Tribunal within three months of the delivery of the notice regarding the offensive name on good cause shown at any time after the registration of the offensive name. In this case, after discovering the registration of the First Respondent's name, the Applicant sent two letters of demand to the First Respondent on 21 October 2021 and 18 January 2022 respectively. This application was issued with the Tribunal on 07 March 2023 and the Tribunal's



officials confirmed receipt thereof on 08 March 2023. The Application was served on the First Respondent on 09 March 2023. There is no explanation either on the initiating documents or the request for default judgment documents what happened between 19 January 2022 and 06 March 2023, a period of just over thirteen months. Most importantly, what prevented the Applicant from launching this application within three months of serving the First Respondent with the notice and receiving no response thereto. It is not clear why the Applicant had to wait for thirteen months to launch this application.

- [41] Once the application has been referred to it, the Tribunal is obliged in terms of section 160(3) of the Companies Act to decide whether the name subject to the application, registration thereof or its use satisfies the requirements of the Companies Act. The Tribunal has a discretion to make an administrative order directing among others, that a new name must be chosen and that a notice of amendment of the company's Memorandum of Incorporation must be filed with the second respondent.

***iii) Confusingly Similar***

- [42] In terms of section 11(2)(a) and (b) of the Companies Act, the name of one company must not be the same as that of another company. Such a name must also not be confusingly similar to a name, trade mark, mark, word or expression unless such companies are members of the same group of companies. Generally, there are three major statutory requirements that the Applicant must satisfy to succeed. The first requirement is that the First Respondent's name is the same as its trade mark. The Applicant's name is MONDI SOUTH AFRICA whereas the First Respondent's name is MONDI LL. There are two clear similarities between the name and the trade mark. First, the word MONDI appears in both the First Respondent's name and the Applicant's trade mark. Second, both the Applicant's trade mark and the First Respondent's name contain the word MONDI.

[43] Despite the similarities, there is a clear fundamental difference between the two, which makes them not to be the same. The word MONDI on the Applicant's trade mark is followed by the phrase 'South Africa' whereas letters LL follow the word MONDI on the First Respondent's name. The authors of *Henochsberg* on the Companies Act 71 of 2008 (2022) 49, correctly argue that for a name to be the same for the purposes of section (2)(a) of the Companies Act with a registered trade mark it must be identical rather than "similar to" such a trade mark. It is not clear how an ordinary consumer when viewing the First Respondent's name would associate the products or services offered by the First Respondent to the Applicant.

[44] The second requirement that the Applicant must satisfy is that the First Respondent's name is confusingly similar to its trade mark and that they do not fall within the same group of companies. The word 'similar' in the context of section 11(2)(b) of the Companies Act entails the marked resemblance or likeness that the offending name should immediately bring to mind the well-known trade mark.<sup>20</sup> Further that '[m]ere similarity is also not sufficient, it must be confusingly so'.<sup>21</sup> The phrase confusingly similar can be explained as the reasonable likelihood that ordinary members of the public, or a substantial section thereof may be confused or deceived into believing that the goods of the First Respondent are the goods or merchandise of the Applicant or are connected therewith.<sup>22</sup> "Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in the light of the particular circumstances of the case."<sup>23</sup>

[45] In this case, it is difficult to see how without adequate information being placed before the Tribunal regarding the business activities of both the Applicant and the First Respondent it can be established that a substantial number of persons will probably be confused as to the origin of the First Respondent's goods or

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<sup>20</sup> *Henochsberg* on the Companies Act 71 of 2008 (2022) 49

<sup>21</sup> *Ibid.*

<sup>22</sup> *Adidas AG and Another v Pepkor Retail Ltd* (187/12) [2013] ZASCA 3 (28 February 2013) para 28

<sup>23</sup> *Ibid.*

the existence of the connection of such goods and services to the Applicant. To properly determine the matter, the Tribunal ought to have had the benefit of adequate information that would have allowed it to adequately compare the First Respondent's name with the Applicant's registered trade mark.

[46] This would have allowed the Tribunal to adequately evaluate similarities and differences between the First Respondent's name and the Applicant's trade mark and the likely reaction of the average customer who is aware of the Applicant and its business who would be purchasing the First Respondent's goods or utilising its services. First Respondent's name and the Applicant's trade mark should not only be '*... compared side by side but consideration must be given to whether the average customer in the market place would probably be deceived or confused by their similarity*'.<sup>24</sup> I am neither convinced that the First Respondent's name is confusingly similar to the Applicant's trade mark nor that the name was intended to deceive customers.

[47] There is a general risk that those who use their names or surnames to name their companies may be unfairly prevented from trading, thereby violating their constitutional rights.<sup>25</sup> In *Bata Ltd v Face Fashions CC*, the Supreme Court of Appeal cautioned that:

*'[i]f the word "similar" is given too extensive an interpretation the section might have the effect of creating an unacceptable monopoly to the proprietor of a trade mark and thus unduly stultify freedom of trade. I doubt whether the legislature could have intended such a result.'*<sup>26</sup>

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<sup>24</sup> (206/98) [2000] ZASCA 192 (29 September 2000) para 9

<sup>25</sup> In terms of section 22 of the Constitution of the Republic of South Africa, 1996, '[e]very citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law.'

<sup>26</sup> 2001 (1) SA 844 (SCA) para 14.

[48] The third requirement is that the name of one company should not falsely imply, suggest, or reasonably mislead a person into incorrectly believing that it is associated with another company. This requirement starts with the deliberate act required from the First Respondent or its sole director. They ought to have acted intentionally and dishonestly. There is no evidence that the First Respondent falsely implied that its goods and services are associated with the Applicant. This requirement also requires an impression to be created in the minds of customers who may be misled without any active action by the First Respondent into believing that its goods and services are associated with the Applicant. It will be difficult to determine this without information relating to the business activities of both the First Respondent and Applicant.

[49] Unfortunately, section 11 of the Companies Act in its entirety does not address the issue of company incorporators or directors who register companies using their names and surnames. This creates an impression that this assessment is irrelevant when a surname or name has been accepted by the Second Respondent and there is an allegation by an existing company that such a name or surname infringes its registered trade mark. This is a direct cause of inconsistent decisions by the Tribunal. Just like in *Tsogo Magifix*, I am not convinced that the First Respondent's name does not satisfy the requirements of section 11(2)(a) and (b) of the Companies Act. Simply because the source of the name is known and there is no evidence that points to bad faith, deceit, intention to cause confusion and desire to unlawfully take advantage of the Applicant's reputation and goodwill against the First Respondent.

[50] Section 11(2)(c) of the Companies Act makes it explicitly clear that the name of one company must not falsely imply or suggest or be presented in such a way as to reasonably mislead a person to incorrectly believe that such a company is part of or associated with another company. In this case, it is clear that the First Respondent's name was influenced by the First Respondent's sole director. It is a pity that the First Respondent's director chose not to participate in these proceedings. The difficulty with these cases is that established

companies register trade marks in different classes which suggests that they operate in variety of industries and markets, which may not be necessarily the case. When they lodge their trade mark infringements complaints with the Tribunal they do not state exactly what their business activities are and generally rely on what is contained in all the identified classes and business activities listed therein. In the context of companies registered using the names of their directors or incorporators, the fact that most on these cases are unopposed, makes it even harder to carefully test whether as a matter of course, these names infringe upon registered trade marks as alleged.

[51] This prevents the assessment of other factors, which may well be important such as first, whether at the time of registering companies using their names, incorporators or directors wanted to take advantage of their own family names within their respective communities or merely wanted to pass off well known trade marks. Secondly, whether directors were or ought to have been aware of registered trade marks and businesses of those who own such trade marks. Thirdly, whether they intentionally and unlawfully wanted their goods and services to be associated with those provided by companies that own registered trade marks. Fourthly, whether they indeed are competitors of owners of registered trade marks. Fifthly, whether well-known companies that own registered trade marks have presence in communities where new companies are operating with a view to determine whether potential customers of these companies are likely to associate their goods and services with well-known companies that own registered trade marks. Sixthly, whether new companies have ambitions of expanding beyond their current locations or expanding into business activities of trade marks owners.

[52] These are considerations that can be taken for granted. However, upon serious reflection one may find that a company that is well known for hospitality business can complain about a company that bears the name of its director that specialises in plumbing, established by a person who is well known for his plumbing skills in his community who had just been advised to open a company

to formalise his or her business. Surely, under such circumstances such a company should not be ordered to change its name. Unfortunately, it does not seem like the law dealing with infringement of trade marks currently allows for such assessments.

[53] The Tribunal in *Tsogo Events* commented on the need to protect well-known and established companies to prevent small companies from unfairly competing with them. It used McDonald as an example. With respect, I think the broader issue relating to trade and business was missed with this analogy. While it might be true that small players may unfairly take advantage of trade marks and reputation of well-established businesses, large businesses can also unfairly suffocate small businesses which have no chance or desire to compete with them. What if a person called McDonald establishes a shoe repair business which he registers as a company using his own name in a remote area where McDonalds is unlikely to even establish an outlet? When McDonalds discovers this company, should it be allowed to object to this company's name? I doubt whether this would be constitutionally complaint. I think context should matter in these kinds of cases.

[54] I agree with the approach followed by this Tribunal in *Tsogo Magifix* as informed by Superior Courts precedents in *Boswell Circus* and *Policansky* cases. People who wish to start businesses using their own names should be allowed to do so provided they are not dishonest or use their names to take unfair advantage of the reputation and goodwill of companies that own registered trade marks.

[55] The Applicant also relied on *Ninos Coffee Bar & Restaurant CC v Ninos Italian Coffee & Sandwich Bar CC and another*.<sup>27</sup> In this case, the parties were involved in the restaurant and coffee bar businesses. The two companies were direct competitors. The Applicant accused the Respondent of unlawfully passing off on its business. This case is clearly distinguishable from the current

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<sup>27</sup> [1998] 3 All SA 527 (C).

case where there is no allegation or even proof of unlawful competition in the form of passing off. Reliance on this case seems to be misplaced.

[56] This case is about the alleged infringement of the Applicant's trade mark. In terms of section 34(1) (a) of the Trade Marks Act,<sup>28</sup> the rights acquired through the registration of a registered trade mark are infringed by:

*'The unauthorised use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark, so nearly resembling it as to be likely to deceive or cause confusion'.*

[57] The Appellate Division (as it then was) in *Plascon-Evans Ltd v Van Riebeeck Paints (Pty) Ltd*,<sup>29</sup> held that:

*'in an infringement action the onus is on the plaintiff to show the probability or likelihood of deception or confusion. It is not incumbent upon the plaintiff to show that every person interested or concerned (usually as customer) in the class of goods for which his trade mark has been registered would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. The concept of deception or confusion is not limited to inducing in the minds of interested persons the erroneous belief or impression that the goods in relation to which the defendant's mark is used are the goods of the proprietor of the registered mark, i.e. the plaintiff, or that there is a material connection between the defendant's goods and the proprietor of the registered mark; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection'.*

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<sup>28</sup> 194 of 1993.

<sup>29</sup> 1984 3 SA 623 (A) at 640G.

[58] The Applicant relies heavily on the concept of the likelihood of confusion. An argument for deception was not made and there is no evidence to suggest that the First Respondent intended to deceive anyone into thinking that its services and products are associated with those of the Applicant. It is difficult to adequately assess the issue of confusion when business activities of the parties are not sufficiently placed before the Tribunal. The only thing that has been placed before the Tribunal is different classes where the Applicant registered its Trade Marks. Each class has several items and it is not clear as to what are the exact business activities of the Applicant under such classes.

**iv) Own name**

[59] The silence of the Companies Act on incorporators and directors registering companies using their own names or surnames does not appear to be the end of the inquiry. However the Tribunal, without referring to any provision in Companies Regulations, 2011, in *Tsogo Magifix* incorrectly in my view held that:

*'The applicant further contends for a case premised on the provisions of the trade marks legislation. It is asserted that the first respondent or the use of the first respondent's name amounts to trade mark infringement in terms of section 34(1)(a) of the Trade Marks Act.*

*I consider it trite by now that this Tribunal does not determine company names on any other basis than the provisions of the Companies Act, as complemented by the Companies Regulations, 2011. Therefore, reliance on the Trade Marks Act by the applicant is erroneous'.<sup>30</sup>*

[60] The Tribunal is not established in terms of the Regulations but the Companies Act. In terms of section 180(3) of the Companies Act, *'[a]t the conclusion of*

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<sup>30</sup> *Tsogo Magifix* paras 25 and 26.



*adjudication proceedings, the presiding member must issue a decision together with written reasons for the decision*'. When compiling reasons, it cannot be that the Tribunal member is restricted to the provisions of the Companies Act in a Constitutional democracy such as South Africa. It is important to have regard to the Constitution of the Republic of South Africa, 1996 and all the relevant laws that would assist in reaching a just decision.

[61] Section 195(1) of the Companies Act empowers the Tribunal or its presiding member to adjudicate any application brought to the Tribunal in terms of the Companies Act and make any order provided for in the Companies Act. This provision does not prevent members of the Tribunal from having regard to other relevant legislation when adjudicating disputes brought to it. What is ultimately required is that the order granted by the Tribunal must be granted within the confines of the powers provided to the Tribunal by the Companies Act.

[62] When dealing with name disputes in the context of infringement of trade marks, the Tribunal is entitled to have regard to the provisions of the Trade Marks Act. This Act is directly referred to in section 11 of the Companies Act. There is no basis upon which to ignore the relevant provisions of the Trade Marks Act when they are clearly necessary and relevant. Section 34(2)(a) of the Trade Marks Act deals with names and surnames used for the purposes of registering companies. It provides that:

*'[a] registered trade mark is not infringed by any bona fide use by a person of his own name, the name of his place of business, the name of any of his predecessors in business, or the name of any such predecessor's place of business; Provided that paragraph (a) shall not apply to the name of any juristic person whose name was registered after the date of registration of the trade mark: Provided further that the use contemplated in paragraph (a), (b) or (c) is consistent with fair practice*'.

[63] There are two important issues that arise from section 34(2)(a) of the Trade Marks Act. The first issue is that a person who establishes a company can use his own name as the name of the company even if that name may be the same as a registered trade mark. Provided such a name is used in good faith. In *Ninos Coffee Bar & Restaurant CC v Ninos Italian Coffee & Sandwich Bar CC and another*, the court quoted *Baume & Co Ltd v AH Moore Ltd*,<sup>31</sup> it was held that “[b]ona fide use in section 34(2)(a) means “... the honest use by the person of his own name without any intention to make use of the goodwill which has been acquired by another trader””. Even in this context, this case does not come to the assistance of the Applicant because there is no allegation let alone evidence that seek to demonstrate that the First Respondent has been dishonest in the use of its name such that it takes unfair advantage of the Applicant’s goodwill. Without referring to any South African authority, the court said that this section requires the use of full names and that the surname does not suffice.<sup>32</sup> There was no South African authority for this proposition and its correctness is doubtful. If I am right that section 34(2)(a) of the Trade Marks Act is applicable, the Applicant’s complaint should be dismissed on this point.

[64] The second issue addressed by section 34(2)(a) of the Trade Marks Act is that the defence of registering companies using the incorporators and directors names and surnames when complaints of trade mark infringements are raised is not available to those who registered companies after the date of registration of trade marks alleged to have been infringed.<sup>33</sup> While the rationale for this provision is certainly not clear and might well not be constitutionally complaint, this appears to be the end of the inquiry. First Respondent was registered in 2021. At the time of the First Respondent’s registration, the Applicant had already registered its trade marks.

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<sup>31</sup> [1957] RPC 459 at 463

<sup>32</sup> *Ibid*, the court quoted *Baume & Co Ltd v AH Moore Ltd* para 58.

<sup>33</sup> *Abdulhay M Mayet Group (Pty) Ltd v Renasa Insurance Co Ltd and another* [1999] JOL 5498 (T) 19.

[65] If the First Respondent's company was registered after the Applicant's trade mark was registered, then the Applicant ought to succeed on this ground. It appears that this is notwithstanding, the fact that any wrong doing or unlawful intentions have been proven against the First Respondent or that its Director. Also that when forwarding a name to the Second Respondent may have not been aware of the existence of the Applicant. Unfortunately, the Tribunal is bound by this provision and this is the basis upon which these cases should be decided by the Tribunal, until either the legislature or Superior Courts have pronounced otherwise.

## **F CONCLUSION**

[66] While it is somewhat concerning, it appears that where incorporators or directors of companies registered companies under their own names and or surnames which attracted complaints of trademark infringements, the Tribunal should dispose of such complaints in terms of section 34(2)(a) of the Trade Marks Act. If these companies were registered before trade marks were registered, it is important to adequately assess the *bona fide* of incorporators or directors. In this matter, this provision dictates that the Applicant should succeed simply because its trade marks were registered before the registration of the First Respondent.

[67] If indeed section 34(2)(a) of the Trade Marks Act is dispositive of these kinds of cases, it is important that when companies wish to challenge the registration of other companies that bear the names of their incorporators or directors on the basis that they infringe upon their registered trade mark, they provide the Tribunal with date upon which such trade marks were registered.

ORDER

[68] I make the following order:

[68.1] The First Respondent is ordered in terms of section 160(3)(b)(ii) of the Companies Act to initiate a process that will lead to the change in its name to one that does not incorporate the word 'MONDI'.

[68.2] The First Respondent is ordered to change its name within ninety (90) calendar days of the date of receipt of this order by filing a notice of amendment of its Memorandum of Incorporation.

[68.3] Should the First Respondent fail to initiate a process of changing its name as ordered in paragraph 32, the Second Respondent is directed to change the First Respondent's name to its registration number.

[68.4] The Registrar of this Tribunal is ordered to serve on the First and Second respondents this order and its reasons.

[68.5] There is no order as to costs since the matter was not opposed.

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Professor Marumoagae

