



IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case no.: **CT01036ADJ2023**

In the matter between:

ITALTILE FRANCHISING (PTY) LTD

Applicant

and

CTM ELECTRICAL SERVICES (PTY) LTD

First Respondent

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

Second Respondent

Presiding member: Richard Bradstreet

Date of decision: 31 August 2023

DECISION (Reasons and Order)

INTRODUCTION

1. The Applicant is Italtile Franchising (Pty) Ltd, a company incorporated according to the company laws of the Republic of South Africa, with registration number 1991/05995/07, and having its registered place of business recorded as The Italtile Centre, Cnr. William Nicol Drive and Peter Place, Bryanston, Gauteng.

2. The First Respondent is CTM Electrical Services (Pty) Ltd, a company incorporated in terms of the company laws of the Republic of South Africa, with registration number 2019/266314/07, and having its registered address at 141 Mountain View Village, Pampierstad, North West, 8566.
3. The Second Respondent is the Commissioner for the Companies and Intellectual Property Commission (“CIPC”) appointed in terms of section 189 of the Companies Act 71 of 2008 (“the Act”), and who is cited in his official capacity as the person responsible for the function of the CIPC in terms of that Act.
4. The Applicant objects to the First Respondent’s name incorporating the trade mark “CTM”, which is owned by the Applicant. The founding affidavit is deposed to by the Chief Financial Officer of the Applicant, duly authorised to do so.

BACKGROUND TO THE APPLICATION

5. The Applicant became aware of the First Respondent when the attorneys firm, ENSAfrica, advised it of its registration during July 2019. Subsequently, the Applicant instructed its attorneys to address a letter of demand to the First Respondent advising that the Applicant was entitled to lodge a company name objection against the registration of its company name, and requesting it to provide the exact nature of its business activities.
6. The letter of demand was sent on 30 August 2019 (by email), and no response having been forthcoming, the Applicants’ attorneys addressed a second email to the First Respondent as a reminder, giving it until 13 September 2019 to respond. Two further reminder emails were sent on 23 October 2019 and 29 November 2019, which also received no response.
7. Thereafter, on 22 January 2020, ENSAfrica made telephonic contact with the director of the First Respondent, who advised that the listed email address was no longer active, and provided an alternative address. The initial email was

then sent to the new address on 23 January 2020, but there was again no response.

8. On 10 February, ENSAfrica contacted the director of the First Respondent telephonically again, who expressed a willingness to change the company's name to one that is not confusing and/or deceptively similar to the Applicant's trade marks. This having not been done, the Applicants now bring the present application before the Companies Tribunal.
9. This application is brought in terms of section 160(1) of the Act, seeking a determination and an order that the First Respondent's name does not satisfy the requirements of section 11 of the Act, and that the First Respondent should be directed to change its name.
10. A second application has been brought in terms of regulation 153 of the Companies Regulations, to be determined by default, the First Respondent not having filed a response. In relation to the application for a default order, I am satisfied that there has been no response filed in the prescribed period (in terms of regulation 153(1)), and that there has been adequate service in terms of regulation 153(2).

COMPLIANCE WITH SECTION 11 OF THE ACT

11. The Act requires that a company's name must:
 - 11.1. "not be the same as . . . a registered trade mark 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 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" (section 11(2)(a)(i) and (iii));

11.2. “not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a) [above] 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;

[or]

(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 authorised by the registered owner to use it” (section 11(2)(b));

11.3. “not falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the company . . . is part of, or associated with, any other person or entity” (section 11(2)(c)).

12. Any person with an interest in the name of a company is, in terms of section 160(1) of the Act, entitled to bring an application to the Companies Tribunal (in the prescribed manner) for determination of whether the name satisfies the requirements of section 11 of the Companies Act. Such application may be made “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” (section 160(2)).

13. In the present case, the Applicant clearly has an interest in the name of the First Respondent, at least, on the basis of the fact that it incorporates its trade mark. The Applicant has made a significant effort to engage the First Respondent and its director, and there has not been any undue delay in the circumstances.

THE PROTECTED TRADE MARK

14. The Applicant is the proprietor of at least ten trade marks comprising either the letters “CTM”, or a logo incorporating them. The Applicant states it adopted the

“CTM” trademark in 1983, although this would not be possible since it pre-dates its registration. However, the point being made is that the first CTM store was launched as early as 1983, and thus the trademark has been used since then.

15. The submission is made that the Applicant (and its brand) has a wide-spread national presence, with stores in not only a number of South African provinces, but also in six other African countries. The “CTM” logo (incorporating the three letters in square blocks) features prominently on the Applicant’s promotional and advertising material, as well as signage used by the Applicant at its various stores, hubs, and offices, and its website.
16. When considering the similarity for the purpose of section 11(2)(b) of the Act, the first question is whether the First Respondent’s name has “a marked resemblance or likeness” to the CTM trade mark/s, and whether it immediately brings to mind the Applicant’s brand (*Bata Ltd v Face Fashions CC 2001 (1) SA 844 (SCA)*). In my opinion, the answer to both of these questions is in the affirmative.
17. Moreover, the First Respondent’s name is *confusingly* similar to the trade mark/s owned by the Applicant in that it seems likely that “ordinary members of the public . . . may be confused or deceived into believing that the goods or merchandise of the former are the goods or merchandise of the latter or are connected therewith” (*Adidas AG & another v Pepkor Retail Limited (187/12) [2013] ZASCA 3 (28 February 2013) at para 28*).
18. This is because the Applicant’s CTM trade mark has become distinctive of its goods or merchandise that the public would associates the three capital letters with the goods or merchandise marketed by that trader, and the First Respondent’s name would likely cause the public to be confused or deceived into thinking that the First Respondent is associated with the Applicant – particularly given that the Applicant offers a wide range of goods and services.

19. Of particular relevance is the fact that the Respondent has protected its trade mark in relation to “installations for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes” (trade mark no 1987/02283, registered in class 11), which suggests that the Applicant trades in the area of “electrical services”. These two words are the descriptive portion of the First Respondent’s name, without which, only the letters “CTM”, which is the dominant portion, would remain.
20. In my view, the First Respondent’s name is such that it would reasonably mislead a person to believe incorrectly that it is part of, or associated with the CTM franchise in some way. The First Respondent’s name is therefore in conflict with section 11(2)(b) and (c) of the Act, and must be changed.

ORDER

21. It is accordingly ordered that:
 - a) the First Respondent is directed to change its name to one which does not consist of, or incorporate, the “CTM” trade mark, or otherwise infringe section 11 of the Act;
 - b) failing compliance with para (a) within two months from the date of this order, the Second Respondent is directed to change the First Respondent’s name in the Companies Register to “2019 / 266314 / 07 (South Africa) (Pty) Ltd”;
 - c) the Tribunal’s Recording Officer (Registrar) is directed to serve this order on the First and Second Respondents.

Richard Bradstreet

Member of the Companies Tribunal

31 October 2023