

## Company &amp; intellectual property law

# This saga gets a lost ball penalty

RACHEL SIKWANE

## SAJGA and Another v The Registrar of Companies and SAGA

The Western Cape High Court recently handed down a judgement in an application (and counter-application) between South African Junior Golf Association (the Applicant) and Another, the Registrar of Companies (the First Respondent) and the South African Golf Association (the Second Respondent).

### Background

After considering an objection lodged by the South African Golf Association (SAGA), the Registrar of Companies ordered the South African Junior Golf Association (SAJGA) to change its name in terms of s45 of the Companies Act (61 of 1973), on the basis that the name was undesirable.

SAJGA appealed the Registrar's decision and this appeal was met by a counter-application from SAGA in terms of which it sought, *inter alia*, to cancel and remove the registration of the trade mark SOUTH AFRICAN JUNIOR GOLF ASSOCIATION and an interdict restraining the Applicants from using the trade mark or any other mark which is deceptively similar to the trade marks SAGA and SOUTH AFRICAN GOLF ASSOCIATION. Both grounds of the counter-application were brought in terms of the Trade Marks Act (194 of 1993).

### Company Name Objection

In terms of s48 of the Companies Act, the court has the power to "consider the merits of any such matter, to receive further evidence and to make any order it deems fit." Therefore, the proceedings under this section take the form not of an appeal, but are rather in the nature of a retrial.

s45 of the Companies Act provides that, if an objection is lodged within one year after the date of a certificate of change of name and if the Registrar may, if he/she is satisfied that the name is calculated to cause damage to the Objector or is undesirable, order the Registrant to change its name.

In making its decision, the court noted the "significant concession" made by SAGA in its decision not to pursue the passing-off application against the Applicants. The Court indicated that "issues such as whether the names are confusingly similar or calculated to cause harm will usually resolve itself (stet) in the same inquiry [as the inquiry made in a passing-off case]."

The court went on to state that the mere fact that a name is similar to another does not, on that ground alone, justify a finding that the name is undesirable – "particularly where ordinary English words are used." Rather, regard must be had to circumstances such as "the areas of operation, the nature of the businesses, the nature of the names, evidence of confusion, the con-

sequences of confusion and the degree of inconvenience consequent upon an order to change a name." The fact that SAGA failed to produce any evidence of actual confusion was raised again later in the judgement and the court considered this to be a demonstration that there was no likelihood of public confusion.

When comparing the names South African Junior Golf Association and South African Golf Association, the court found that the names had common features. However, such common features were also common to many other names used by organisations involved in the sport of golf. Therefore, in the court's view, the addition of the word "Junior" sufficiently distinguished the names of the parties, particularly when regard was given to the differences in the two bodies.

The court noted that SAGA is a national umbrella body whose members are provincial golf unions to which golf clubs are affiliated. SAGA administers various national golf tournaments for adult male golfers as well as the official handicapping of golfers who belong to the clubs. The court found that the fact that SAJGA concerned itself only with junior golf in respect of both young men and women and that its activities also have a Christian focus, the names of the bodies were even further distinguished.

SAGA relied on the Registrar's directive when objecting to SAJGA's name on the basis that the name is undesirable. This directive states that:

"In particular a name will be considered undesirable if –

- 1.1 it is identical or very similar to a name already registered; ...
- 1.5 words pertaining to a trade mark are contained in a name which will be used in regard to a business which relates to the class of goods or services in which the trade mark is registered while the Applicant has no proprietary rights in respect of such trade mark, nor the consent of the said proprietor to use such words in a name;"

However, the court ruled that the Directive does not have statutory force and that, in any event, "the directive will not apply to SAGA because its name is not registered – SAGA is an unincorporated association."

Furthermore, SAGA's attempt to rely on its "long history" was also turned down by the court while noting that SAGA had only been known by its present name since 1997.



Sikwane

## Company & intellectual property law

Finally, the court found that there was no evidence of actual public confusion and, in light of the years that had transpired during which the parties had been able to co-exist, SAGA's inability to produce any evidence of actual confusion demonstrated that there was no likelihood of public confusion.

The Registrar's order that SAJGA change its name was therefore set aside.

### Trade Mark Cancellation

SAGA's counter-application consisted firstly of a cancellation of SAJGA's SOUTH AFRICAN JUNIOR GOLF ASSOCIATION trade mark registration and, if successful in this regard, second - an interdict restraining SAJGA from using the trade mark on the basis that its use constitutes an infringement of SAGA's SOUTH AFRICAN GOLF ASSOCIATION registered trade mark.

SAGA claimed that SAJGA's trade mark was wrongly entered onto and remaining on the Register on the basis of s10(12) and s10(14) of the Trade Marks Act (194 of 1993), which states:

"10 The following marks shall not be registered as trade marks or, if registered, shall ... be liable to be removed from the register - ...

(12) a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonos mores, or be likely to give offence to any class of persons;

(13) ...

(14) subject to the provisions of section 14, a mark which is identical to a registered trade mark belonging to a different proprietor or so similar thereto that the use thereof in relation to goods or services in respect of which it is sought to be registered and which are the same as or similar to the goods or services in respect of which such trade mark is registered, would be likely to deceive or cause confusion, unless the proprietor of such trade mark consents to the registration of such mark;"

The court analysed whether SAGA had shown that the use of SAJGA's trade mark was likely to cause confusion. In doing so, it took the view that, in order successfully to rely on either s10(12) or 10(14) of the Trade Marks Act, [and therefore prove that SAJGA's trade mark was likely to cause confusion] SAGA would have to show that it has a reputation in the mark SOUTH AFRICAN GOLF ASSOCIATION. After considering the evidence provided by SAGA, it concluded that SAGA had failed to establish a protectable reputation in the SOUTH AFRICAN GOLF ASSOCIATION trade mark.

The court concluded that the two bodies were not rendering the same service; SAGA's business was directed at adult male golf and SAJGA's business was directed at junior golfers of both sexes and, had a strong Christian focus.

When comparing the two trademarks, the court found that since the golfing fraternity had been fractionalised for a number of years and the services offered by both bodies were confined to this industry, the comparison between the two marks had to be considered in that context. Accordingly, and with reference to the people who would encounter the trade marks - golfers and not the general public, the court found that the marks could not be said to be confusingly similar.

SAGA's counter-application for cancellation and infringement was therefore dismissed.

### Application of statutory rights in terms of s10(14)

Though SAGA's statutory rights are listed in the judgement, it is not clear that these rights were considered by the Court in reaching its decision.

Instead, it seems that reliance was placed only on the common law rights SAGA had, arising from its reputation in the SOUTH AFRICAN GOLF ASSOCIATION trade mark. Accordingly, once the court found that SAGA was unable to prove a reputation in the trade mark, SAGA's case was lost.

However, I am of the view that had SAGA's statutory rights been considered and applied to the facts, as required in terms of s10(14) of the Trade Marks Act, the court would have found in SAGA's favour in relation to the cancellation application. It would follow that the infringement action would have to succeed and finally, the Registrar's order for SAJGA to change its name on the basis that it is undesirable, would have to stand.

My reasoning is that the existence of a registered trade mark on the Register presupposes, for the purpose of s10(14) of the Trade Marks Act, the very reputation that has to be established for purposes of s10(12). Therefore, it is not necessary to prove a reputation when relying on the provisions of s10(14).

Accordingly, the test applied is limited to a direct comparison of whether the services covered by the prior registration and those covered by the latter registration are the same or similar. Furthermore, whether the trade marks compared are identical or so similar that use in relation to the services covered by the registration is likely to lead to deceive or cause confusion.

The test applied by our courts consists of a comparison of the notional use of both trade marks in relation to any of the services covered by the registrations, in a normal and fair manner. Comparing the services covered by SAGA and SAJGA's trade marks, there is a direct overlap and therefore the services are similar.

There is no need to make any enquiry into the actual manner in which the parties use their respective trade marks as this is irrelevant to proceedings of this nature. All that a court would have to decide is whether the trade marks are identical or so similar as to be likely to cause deception or confusion.

As indicated, there is a direct overlap. Furthermore, SAGA's trade mark registration specification is not limited to male golfers. Similarly, SAJGA's trade mark registration specification is not limited to junior golfers. Neither of these "manners of actual use" can be read into the specifications. Rather, the specifications have to be compared as they appear on the Trade Marks Register.

Therefore, once finding that marks are indeed so similar, and that they are registered in relation to similar services, so as to be likely to cause confusion, the Court should have found that SAJGA's trade mark registration should never have been registered. Accordingly, SAGA's counter-application for cancellation should have succeeded. It would then follow that the infringement action should have succeeded and the Registrar's decision upheld.

### Conclusion

In light of the fact that SAGA's statutory rights were not disputed, in my opinion, the court erred in not considering these rights and applying the applicable tests, prior to making its ruling.

It is hoped SAGA will appeal the decision and find favour in the eyes of the court. ♦

*Sikwane is an associate: Intellectual Property Department, Edward Nathan Sonnenbergs*