



HIGH COURT OF NAMIBIA MAIN DIVISION, WINDHOEK

JUDGMENT

Case no: HC-MD-CIV-MOT-REV-2020/00116

In the matter between:

NAMCHAR PROPRIETARY LIMITED

APPLICANT

and

**REGISTRAR OF THE BUSINESS AND INTELLECTUAL
PROPERTY AUTHORITY**

FIRST RESPONDENT

NAM CHAR COAL CC

SECOND RESPONDENT

**BUSINESS AND INTELLECTUAL PROPERTY
AUTHORITY**

THIRD RESPONDENT

Neutral citation: *Namchar Proprietary Limited v Registrar of the Business and Intellectual Property Authority* (HC-MD-CIV-MOT-REV-2020/00116) [2020] NAHCMD 370 (21 August 2020)

Coram: ANGULA DJP

Heard: 24 July 2020

Delivered: 21 August 2020

Flynote: Unopposed application – Section 20(2) and 20(6) of the Close Corporations Act, No. 26 of 1988, order declaring second respondent's name calculated to cause damage to the applicant or otherwise undesirable – Common law right against passing off – *Locus standi* of the applicant to bring the application.

Summary: The applicant has a subsidiary registered in Namibia as Kapie Investment Twenty One (Pty) Ltd – It approached Bipa to reserve a name for this subsidiary – The name it wished to reserve was Namchar Namibia (Pty) Ltd – Much to its surprise it was informed that there is already a Nam Char Coal CC registered with Bipa and that it could not reserve the name Namchar Namibia (Pty) Ltd – The applicant as a result approached the court to determine the issues, firstly, whether the applicant had locus standi to bring this application, secondly, whether the second respondent's name constituted a delict of passing off, and thirdly, whether the second respondent's name is undesirable and calculated cause damage.

Held; that the applicant was an interested person as contemplated by s 20(2) of the Close Corporation Act, 26 of 1988 and is an aggrieved person as contemplated by s 20(6) of the same Act.

Held; that there was a real likelihood of deception or confusion to an average informed purchaser between the names of the applicant and that of the second respondent.

Held; that the name of the second respondent was undesirable and calculated to cause damage to the applicant.

ORDER

1. The first respondent's decision dated 12 March 2020, declining the applicant's demand that the first respondent instructs the second respondent to change its name, is hereby set aside.
2. The name of the second respondent is hereby declared as '*calculated to cause damage*' to the applicant or is otherwise '*undesirable*' within the meaning of the provisions of s 20(2) of the Close Corporations Act 26 of 1988.
3. First respondent is hereby directed to issue a directive to the second respondent within 30 days of this order, to change its name, for the reason that its current

name is '*calculated to cause damage*' to the applicant, or is otherwise '*undesirable*'.

4. Should the second respondent fail or refuse to change its name within the said period of 30 days of being directed to do so by the first respondent, that the first respondent is directed to change the registered name of the second respondent to its previous name.
5. There is no order as to costs.
6. The matter is considered finalised and is removed from the roll.

JUDGMENT

ANGULA DJP:

Introduction

[1] This application for judgment by default came before me on the normal unopposed motion proceedings. When Mr Maasdorp moved for the order as per notice of motion, I indicated to him there were certain issues that concerned me and for that reason I was not prepared to grant the order. In addition, according to my limited research at that time, the matter raised issues which had never been considered in this jurisdiction. I was of the further view that properly argued, the matter had the potential of enriching our jurisprudence in the area of intellectual property. I was of the further view that if the order were to be granted it would be fair and reasonable that the second respondent should be appraised of the reasons why it is being ordered to change its name. I thus informed counsel that the court would seek the assistance of an *Amicus Curiae*.

[2] Mr Corbett SC was approached and graciously agreed to assist the court as *amicus curiae*. He dutifully filed extensive and helpful written submissions. The court wishes to express its deep appreciation for his time and valuable assistance.

[3] Subsequent to the filing of the heads of argument by *Amicus Curiae*, Mr Maasdorp for the applicant filed a '*Note in response to heads of argument of Amicus Curiae*'.

[4] Since there are no major areas of dispute between the parties, I will generously borrow from *Amicus Curiae*'s heads of argument on the non-contentious parts of the matter.

The parties

[5] The applicant is a company incorporated, registered and existing under the laws of the Republic of South Africa and having its principal place of business at portion 23 Farm Durbanville, South Africa. The applicant is a producer of barbeques, firelighters and the like products.

[6] The first respondent is the Registrar of Business and Intellectual Property Authority of Namibia (Bipa). The Registrar is also the Chief Executive Officer of Bipa appointed in that capacity as such under s 16 of the Business and Intellectual Property Authority Act 8 of 2016. Bipa principal place of business is situated at No. 3 Ruhr Street, Northern Industrial Area, Windhoek, Namibia.

[7] The second respondent is Nam Char Coal CC, a Close Corporation incorporated, registered and existing under the laws of Namibia. Its registered address is situated at No. 3 Heuschneider Street, Swakopmund, Namibia. According to the papers before court, its main business is the manufacturing and selling of charcoal and charcoal products, and all related trading activities.

[8] The third respondent is the Business and Intellectual Property Authority of Namibia, a juristic person established by s 3 of the BIPA Act, 2016. Its principal place of business is likewise situated at No. 3 Ruhr Street, Northern Industrial Area, Windhoek, Namibia. No relief is sought against it.

Relief sought

[9] The applicant seeks the following relief:

1. The setting aside of Registrar's (first respondent) decision dated on 12 March 2020 declining the applicant's demand that the Registrar instructs the second respondent to change its name failing which the Registrar should do so.
2. A declaratory order to the effect that the name of the second respondent is '*calculated to cause damage*' to the applicant or is otherwise '*undesirable*' within the meaning of the provisions of section 20 of the Close Corporation Act, No. 26 Of 1988.
3. An order directing the Registrar to issue a directive to the second respondent to, within 15 days of the Court's Order, change its name, for the reason that its current name is '*calculated to cause damage*' to the applicant or is otherwise '*undesirable*' within the meaning of the Close Corporation Act, 1988.
4. An order direction the Registrar that, should the second respondent fail to change its name with 15 days of being so directed to change its name as directed by the Registrar, the Registrar is directed to change the registered name of the second respondent to its registration number.
5. No order as to costs.

Factual background

[10] The factual background is set out in the supporting affidavit deposed to by the executive director of the applicant, Mr Eek. According to him the applicant became aware of the second respondent's name, Nam Char Coal, when it applied to Bipa to reserve a new name for its subsidiary, Kapie Investment Twenty One (Pty) Ltd which is registered and incorporated in Namibia, to Namchar Namibia (Pty) Ltd. The applicant holds a 51 per cent shareholding in the said subsidiary.

[11] Following the submission of its application, Bipa subsequently informed the applicant that as a result of the existence of the second respondent's name on its register the applicant was barred from reserving the intended new name of its Namibia subsidiary.

[12] Thereafter the applicant, through its legal practitioners addressed a letter to the second respondent demanding that it changes its name. The second respondent though not in direct terms, in fact declined to change its name. In fact it appears that the parties did not meaningfully engage each other.

[13] It is the deponent's further deposition that, subsequent thereto the applicant filed an objection with Bipa against the registration of the second respondent's name. This was done in terms of s 20(2) read with s 19(1) of the Close Corporation Act, 1988.

[14] Bipa dismissed the objection holding, *inter alia*, that while it accepts the applicant's common law rights in its trade name/mark 'Namchar', such rights do not entitle the applicant to the relief sought in the objection. Bipa reasoned and held further that 'considering that Namchar Proprietary Limited is not incorporated in Namibia and has not applied for protection under any legislation in Namibia', the applicant could therefore not direct Bipa to direct the second respondent to change its name. As a result the applicant was obliged to lodge the present application in order to vindicate and to protect its rights.

[15] The deponent points out that the applicant brought this application in terms of s 20(6) of the Close Corporation Act, 1988.

[16] As regards the applicant's common law rights, the deponent states that the applicant has been obtaining raw materials in Namibia for almost 23 years; and that the applicant is a key player in the charcoal industry in Namibia. The applicant has been a member of the Namibia Charcoal Association since 2016 and conducts widespread promotions and exhibitions in Namibia; and that the applicant's products are sold on a large scale in Namibia.

[17] The deponent further deposes that the applicant's mark, NAMCHAR, is prominently displayed on the windows of the Namibian Charcoal Association's offices in Namibia. Furthermore, the applicant's products are sold in Spar Stores throughout Namibia.

[18] It is the deponent's contention that the applicant's mark, 'NAMCHAR' and business has a positive and strong reputation in Namibia to the extent that the applicant was requested by the Namibian Government during 2018 to open a factory in Namibia. This led to the acquisition of the applicant's Namibian subsidiary in which it holds a 51 per cent shareholding whilst the Namibian Industrial Development Agency, a State owned Enterprise, holds 10 per cent.

[19] According to the deponent, the applicant holds a market share of almost 65 per cent in the Western Cape Province of South Africa. He argues that the evidence of trade by the applicant and its use of its trade mark 'NAMCHAR' in South Africa, is relevant in Namibia because the two countries are neighbours and furthermore because of the free trade between them. In addition, the two countries are members of Southern African Custom Union (SACU).

[20] Finally, on the issue of its common law rights, the deponent submits that the applicant's NAMCHAR trade mark has been promoted to the extent that it constitutes a well-known trade mark within the ambit of protection offered by s 196 of the Industrial Property Act 1 of 2012.

[21] Regarding the applicant's *locus standi* to bring this application, the deponent states that he has been advised that in order to object to the registration of a Close Corporation's name such objector must have a *locus standi* in that he or she must be an interested party. In this respect the deponent submits that the applicant's existing vested common law rights in its NAMCHAR trade mark in Namibia, as well as the fact that it being hampered to have its Namibian subsidiary change to its trade mark are sufficient factors to render the applicant an interested person. Furthermore, the applicant is an aggrieved person within the meaning of s 20(6) of the Close Corporation Act, 1988, as Bipa's decision to decline to instruct the second respondent to change its name, has a direct and adverse impact on the rights and business of the applicant.

[22] With regards to the merits of the application, the deponent refers to s 20(2) of the Close Corporation Act, 1988 which give any interest person the right to apply to the Registrar for an order direction a corporation to change its name on the ground of undesirability or that such name is calculated to cause damage to the applicant. Relying on the provision of that section, the deponent points out that the name of the second respondent, NAM CHAR COAL, is confusingly similar to the name and trade mark of the applicant, NAMCHAR. He argues that the addition of the word 'COAL' does not distinguish the second respondent's name as the word is merely descriptive. That the dominant element of the two names is NAMCHAR and NAM CHAR and that there is visual, phonetic and conceptual similarity between the two names.

[23] It is the deponent's contention that the second respondent's is confusingly similar to the name and trade mark of the applicant and is a misrepresentation which is calculated or likely to cause damage to the applicant's valuable goodwill and reputation and amounts to passing off under the common law. In this regard the deponent points out that after the applicant had lodged its objection there has in fact been an actual confusion whereby an existing customer of the applicant submitted a tax invoice however that tax invoice was made out to the second respondent.

[24] The deponent further submits that the second respondent's name constitutes a reproduction or imitation of the applicant's well-known name 'NAMCHAR' trade mark and is intended to be used in the field of business identical to that of the applicant's trade mark which is well-known. Accordingly, the use of the second respondent's name amounts to an infringement of the applicant's trade mark rights in terms of s 196(4) of the Industrial Property Act, 2012.

Discussion and findings

Locus standi

[25] The court is satisfied that the applicant has made out a case that it has the *locus standi* to bring this application in that it is an interested person as contemplated by s 20(2) on the grounds asserted by it. That is, it has vested common law rights in

its NAMCHAR trade mark in Namibia; and that it is an aggrieved person within the meaning of s 20(6) of the Close Corporation Act, 1988.

Passing-off

[26] The applicant relies for the relief sought on the infringement of its common law rights against the delict of passing-off.

[27] *Amicus curiae* referred the court to *Gonschorek v Asmus and Another*¹ where the Supreme Court had occasion to consider an appeal from the court *a quo*'s order directing the appellant to change its name in terms of s 20(2)(b) of the Close Corporation, 1988. Dismissing the appeal, the court held *inter alia* that, at the root of both s 20(2)(b) and passing-off lies the likelihood of confusion between the names. With reference to 'calculated to cause damage', the court pointed out that a reading of authorities shows that the inquiry in terms of s 20(2)(b) is much wider and that the applicant would be successful if it can show either undesirability or that the name was calculated to cause damage. The court reasoned that the reason why the inquiry in terms of s 20(2)(b) is wider is because a name can be undesirable for many reasons for example it has a racial or discriminating meaning or where the name itself carries a meaning which is bad in taste.

[28] Furthermore, the court in *Gonschorek* drew a distinction between instances where the complaint concerns an invented name and instances where the complaint concerns a family or descriptive name. The court pointed out at para 78 that in the instances of an invented name it is a product of a person's imagination or intellectual application which carries an element of proprietorship as opposed to the family names or descriptive words for which no person can claim a monopoly.

[29] *Amicus curiae* correctly submits that the applicant's name has an element of invention, but it also has a descriptive context however the name NAMCHAR affords the applicant rights of proprietorship over it. I would add that, in my view, the invention element outweighs the descriptive element.

¹*Gonschorek v Asmus and Another* 2008 (1) NR 262 (SC) at para 52.

[30] Having regard to the evidence and the authorities referred to by both counsel, together with an absence of explanation by the second respondent as to the reason why it changed its name from Einstein Business Park CC to its current name, I am of the considered view that the second respondent's name – NAM CHAR COAL is confusingly similar to that of the applicant – NAMCHAR. I further agree with the applicant's submission that the word 'Coal' does not distinguish the second respondent's name from the applicant's name as it is merely descriptive. In addition there is a visual, phonetic and conceptual similarity between the two names

[31] Under those circumstances, it would appear to me that there is real likelihood of deception or confusion to an average and informed purchaser of the second respondent's products that its products are the products of the applicant which amounts to passing off at common law. In other words, the use of the name and trade mark NAM CHAR COAL for the second respondent's products and services 'raises a reasonable likelihood that ordinary members of the public or a substantial section thereof, may be confused or deceived into believing that the second respondent's goods or products emanate from the applicant'.²

Section 20(2) – second respondent's name 'undesirable' or 'calculated to cause damage'

[32] As regards the relief sought based of the provisions of s 20(2) namely that the second respondent's name is undesirable or is calculated to cause damage to the applicant, it has been held that 'where the names of companies are the same or substantially similar and where there is a likelihood that members of the public will be confused in their dealings with the competing parties, these are important factors which the court will take into account when considering whether or not a name is 'undesirable'.³

[33] I have already found that the second respondent's name is confusing similar to the name of the applicant when I consider the issue of passing-off. It would appear to me that the following factors are in addition relevant in holding that the use of the name NAM CHAR COAL by the second respondent is undesirable within the

² *Hollywood Curl (Pty) Ltd v Twins Products (Pty) Ltd* 1989 (1) SA 236 at 249 C-D.

³ *Peregrine Group (Pty) Ltd v Peregrine Holdings* 2000 (1) SA 187 para 15.

meaning of s 20(2)(b): It appears from the evidence before court the applicant had traded under the name NAMCHAR in Namibia for many years long before the second respondent changed from its previous name Einstein Business Park CC to its current name in April 2019. It appears from the papers before court that second respondent was incorporated nine years ago in April 2010. It is not apparent from the papers before court what prompted it to change its name to its current name after such a long period of trading under its previous name.

[34] The applicant is the proprietor, in South Africa of trademark registration No. 2006/05052, NAMCHAR in Class 4. From the registration number it appears that the trade mark was registered in 2006. It is to be recalled that according to the deponent the applicant has been obtaining raw material in Namibia for almost 23 years and is key player in the charcoal industry in Namibia. It has been a member of the Namibian Charcoal Association since 2016; and that the applicant has acquired goodwill and reputation in its name NAMCHAR in Namibia.

[35] Taking all those factors into account, I am of the firm view that the second respondent's name is likely to cause confusion in the minds of informed customers or potential customers that the products of the second respondent are that of the applicant and for that reason the name is undesirable and is calculated to cause damage to the applicant.

Whether the applicant is time-barred

[36] Section 20(6) of the Close Corporation Act, 1988, stipulates that an aggrieved person 'may within one month of the date of such decision or order apply to the High Court of Namibia for relief ...'

[37] It is common cause that the decision sought to be set aside was communicated to the applicant on 12 March 2020. It is further common cause that the one month time period within which the applicant ought to have instituted the present application expired on 11 April 2020 based on the civil method of computation. The present application was filed on 21 April 2020 about ten days after the expiry of the stipulated time period.

[38] In order to overcome the challenge caused by the time bar the applicant raises a defence impossibility caused by the Covid-19 pandemic which resulted in the national lockdown in Namibia pursuant to the State of Emergency declared by the President in terms of Article 26(1) of the Constitution. In this regard, the applicant refers to Directions issued on 31 March 2020 by the Chief Justice in terms of Regulation 13 of the State of Emergency Covid-19 Regulations relating to judicial proceedings. In terms of these directives, the period 28 March 2020 to 17 May 2020 was declared to be *dies non* – *days exempted from counting*. Relying on these Directions the applicant submits that the application was instituted within the peremptory period stipulated in s 20(6) of the Close Corporation Act, 1988.

[39] *Amicus curiae* on the other hand points out that the position is not that simple as Mr Maasdorp portrayed it. This because the Full Bench in *Namibia Employer's Federation*⁴ expressed reservation on the validity on the power of the President during a State of Emergency in terms of Article 26 of the Constitution to delegate powers to Ministers or other functionaries such the Attorney-General or the Chief Justice. The court drew a distinction between abdication of power, which is an impermissible delegation of power and a permissible delegation where the delegation is made so as to ensure that that the objective of the regulations are attained.

[40] In this connection *Amicus Curiae* submits that having regard to the Full Bench remarks, it would appear that the Chief Justice had only authority to issue Directions to implement reg 13(1). In regard to extension or relaxation of statutory time periods related only to the High Court's Act and the Magistrate Court's Act. *Amicus curiae* pointed out further in this regard that no mention is made in reg 13(1) of the extension or relation on any time limits provided for in other legislation such as the Close Corporation Act. *Amicus curiae* accordingly, submits that the applicant cannot rely on the Chief Justice's Directions and *dies non* to bring itself within the confines of the time limits stipulated by s 20(6) of the Act.

[41] Mr Maadorp for the applicant in his supplementary notes correctly points out that there is no collateral challenge by the respondents that the Directives by the

⁴ *Namibia Employers' Federation and Others v President of the Republic of Namibia and Others* [2020] NAHCMD 248 (23 June 2020).

Chief Justice were invalid in respect of its declaration concerning the time limits stipulated in the Close Corporation Act despite the application paper being served on them. Counsel therefore urged upon the court to decline the invitation to consider the issue of the invalidity of the Directions.

[42] I should immediately state that I am of the view that it would be inappropriate for me to consider the point which has not been raised by the respondent quite apart from counsel's passionate plea not to consider the point. Also due the fact that the point has not been properly ventilated and argued. I therefore decline to consider the issue. Perhaps another court might have an opportunity to consider the issue where it is squarely raised and argued

[43] Mr Maasdorp submits that even if the court were to consider the collateral challenge, the applicant would be excused from compliance with the 30 days' time limit because of the principle of *lex cogit impossibilia* – *the law does not compel a person to perform that which is impossible*.

[44] To buttress his argument counsel refer to the judgment in *Gassner NO v Minister of Law and Order and Others*⁵. In that matter the plaintiff as a *curator* of a minor instituted an action for damages against members of South African Police as defendants. They raised a special plea that the action had not been instituted within statutory period of six months prescribed by the Police Act and had thus prescribed. The court rejected the special plea and held that it had been impossible for the minor child to institute the action until a *curator ad litem* had been appointed. Expanding on the applicability of the maxim the court pointed out that the maxim applies in general to all statutory enactments which may require compliance with an impossible condition or provision; and that the maxim means that logic dictates that no one should be compelled to perform or comply with that which is impossible in the sense of physical objective impossibility. This emanates from the underlying principle of justice, equity and reasonableness which are suffused throughout our legal system.

[45] Applying the maxim to the facts of the present matter counsel points out that the deputy-sheriffs were prevented by reg 9(k) from serving any court process, such as the present matter during the relevant period of *dies non*. In that respect the

⁵ 1995 (1) SA 322 (C).

applicant did not have any influence over the passing of the law or the consequences.

[46] I think there is merit in Mr Maadorp's submission especially the fact that the deputy-sheriffs were prevented from serving court process during the entire lockdown period. It would appear to me that even if the applicant had prepared the application and have had it issued awaiting for the expiry of the lockdown period that would not have interrupted the thirty days period without the application being served upon the respondents. The reason for this is that it is trite law that the running of a statutory time period is only interrupted by service and not by the issue of the process. I am persuaded that on the facts before me, the maxim *lex non cogit ad impossibilia* applies.

[47] I hold that it was impossible for the applicant, under the then prevailing legal regime to lodge the present application within the time period of 30 days from the date the decision sought to be reviewed and set aside, was communicated to it. I agree with the submission that it does not matter for the purpose of determining objective impossibility whether the Directions were invalid or not. Given the fact that the Directive stipulates that 'the entire period of lockdown ... shall not be included in the computation of any time bar and or prescription period provided for by law, inclusive of the first and last day of the lockdown' it follows as a matter of course that the period between 28 May 2020 to 4 May 2020 would not be included in the calculation of the period of thirty days stipulated by s 20(6). That being the case, I conclude thus that the application was brought within the period of 30 days stipulated by s 20(6) of the Close Corporation Act, 1988.

[48] Before I proceed to make the order, I deem it necessary to make it clear that the Registrar was perfectly correct in declining to accede to the applicant's demand to instruct the second respondent to change its name for the reasons stated. The Registrar further correctly advised the applicant to apply to court to enforce its rights under common law which the applicant did. It follows therefore that the order about to be made setting aside the Registrar's decision should not be seen as negatively reflecting on the Registrar's decision; it is merely consequential. It is being set aside partly as a result of the finding that the second respondent is committing a common law delict of passing-off and partly because of the finding that the second

respondent's name is undesirable and is calculated to cause damage to the applicant within the meaning of s 20 of the Close Corporation Act, 1988.

[49] In the result the following order is made:

1. The first respondent's decision dated 12 March 2020, declining the applicant's demand that the first respondent instructs the second respondent to change its name, is hereby set aside.
2. The name of the second respondent is hereby declared as '*calculated to cause damage*' to the applicant or is otherwise '*undesirable*' within the meaning of the provisions of s 20(2) of the Close Corporations Act 26 of 1988.
3. First respondent is hereby directed to issue a directive to the second respondent within 30 days of this order, to change its name, for the reason that its current name is '*calculated to cause damage*' to the applicant, or is otherwise '*undesirable*'.
4. Should the second respondent fail or refuse to change its name within the said period of 30 days of being directed to do so by the first respondent, that the first respondent is directed to change the registered name of the second respondent to its previous name.
5. There is no order as to costs.
6. The matter is considered finalised and is removed from the roll.

H Angula
Deputy-Judge President

APPEARANCES:

APPLICANT:

R MAASDORP

Instructed by Engling, Stritter & Partners,
Windhoek

RESPONDENTS:

A W CORBETT, SC

Amicus curiae to the Court,
Windhoek