# PT Permona v Shanghai Tobacco Group and Another
# [2001] SGHC 359

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| **Case Number** | : OM No 600024 of 2001 |
| **Decision Date** | : 30 November 2001 |
| **Tribunal/Court** | : High Court |
| **Coram** | : Woo Bih Li JC |
| **Counsel Name(s)** | : Paul Teo Kwan Soon (Drew & Napier LLC) for the applicant/appellant; Anjali Iyer, Farah Namazie and Johnny Yom (Haq Namazie & Selvam) for the opponents/respondents |
| **Parties** | : PT Permona — Shanghai Tobacco Group; China Import and Export Shanghai Corporation |

## Judgment

### GROUNDS OF DECISION

***BACKGROUND***

1. P.T. Permona (Permona) is an Indonesian company. On 29 January 1996, it filed an application to register a trade mark in respect of cigarettes and tobacco products; all included in Class 34. The trade mark was CHUNG HWA (Permonas trade mark).

2. The application was accepted with a disclaimer on CHUNG. The acceptance of the application was advertised in Gazette Notification 12/98 on 3 April 1998.

3. The application was opposed by Shanghai Tobacco Group (Shanghai Tobacco) and the China Tobacco Import and Export Shanghai Corporation (CTIESC) although in the Originating Motion before me, the latter was referred to as China Import and Export Shanghai Corporation i.e without Tobacco. CTIESC is a state-owned Chinese corporation. I will refer to both Shanghai Tobacco and CTIESC as the Opponents.

4. The Notice of Opposition was lodged on 26 June 1998 after a successful application for an extension of time to do so.

5. Pleadings were deemed closed on 11 November 1998. On 26 April 2001, the parties appeared before Ms Lee Li Choon, Principal Assistant Registrar. She ordered the Opponents to lodge direct evidence of certain matters and in particular the evidence of an alleged distributor of the Opponents in Singapore, one Paradise Trading Pte Ltd (Paradise).

6. The opposition proceedings resumed on 5 June 2001 wherein the oral evidence of one Mr Cheng Kwee Kiang, a director of Paradise, was taken and submissions made.

7. On 10 August 2001, Ms Lee allowed the opposition on the basis of s 15 of the Trade Marks Act (Cap 332) and the application by Permona was refused.

8. Permona appealed against this decision and on 22 October 2001, I dismissed the appeal.

9. Permona has appealed against my decision.

***ALLEGATIONS***

10. The Notice of Opposition stated that the Opponents manufacture and specialise in the import and export of tobacco since 1985. The Notice exhibited a brochure of CTIESC which describes itself as having set up its business on 1 January 1985 specialising in the import and exprt of tobacco.

11. The Notice of Opposition also stated that the Opponents have been manufacturing and marketing tobacco products under various brands, one of which is the CHUNGHWA brand of cigarettes.

12. It was also alleged that the CHUNGHWA mark was used in China by them for the last 25 years (from 1998 being the date of the Notice of Opposition). Bearing in mind that the Opponents only started in this business since 1985, the 25 years referred to should mean 12 or 13 years instead, at least in so far as tobacco products are concerned.

13. It was alleged that their goods were promoted and sold through the use of (a) the Chinese characters , (b) the English transliteration which is CHUNGHWA and (c) a pagoda device. The packaging illustrated showed (a) a pagoda device with two decorative poles on each side of the pagoda (the pagoda device) with the Chinese characters above the pagoda device and (b) a device showing one decorative pole (the pole device) with the English words of Chunghwa (stylised) across the pole device.

14. Advertisements by Paradise exhibited in the statutory declaration dated 12 April 1999 of Xu Hu Lie showed the use of CHUNGHWA in block letters, the Chinese characters and the pagoda device on a pack of cigarettes.

15. The advertisements by Paradise also stated that the cigarettes were available at airport duty free shops in Singapore, Thailand, Myanmar, Vietnam, Cambodia and Indonesia.

16. However, it was not clear exactly when the goods were sold in these regions and under exactly which mark.

17. According to the Notice of Opposition, the Opponents began marketing and selling their goods through their Singapore distributor Paradise to Laos, Cambodia and Vietnam under the CHUNGHWA mark in 1989. However there was no concrete evidence of this.

18. The Notice of Opposition and the statutory declaration of Mr Xu also alleged that in 1989, the Opponents had applied to register the mark CHUNGHWA and pagoda device in Singapore. This was done through one of their Hong Kong distributors.

19. This attempt purportedly included the Chinese characters. The application was objected to and the applicant was directed by the Registrar of Trade Marks to delete the Chinese characters. Eventually registration was granted under registration no 43247 in respect of the device only which was the pagoda device.

20. It was alleged that by virtue of an assignment between the Hong Kong distributor and the Opponents, the trade mark registration now stands in the name of CTIESC.

21. Mr Xus statutory declaration went on to say that the Opponents understood the basis of the objection and consequent deletion of the Chinese characters to be that these characters, when translated, mean China and hence unregistrable in Singapore on the ground that that is a

geographical name. Accordingly, there was no application then to register the English transliteration CHUNGHWA on the assumption that it would be objected to also.

22. Permona did not contest the allegations regarding the background as to how CTIESC obtained the benefit of the registration of the pagoda device, without the Chinese characters and without CHUNGHWA, in Singapore.

23. However, the certificate which was exhibited to Mr Xus statutory declaration stated that it was with effect from 18 January 1968 and not 1989.

24. The certificate was issued to Messrs Teck Soon Hong Limited which might well have been a Singapore company. No search was provided of Teck Soon Hong Limited. Also, the identity of the Hong Kong distributor was not stated in Mr Xus statutory declaration or in the Notice of Opposition.

25. Mr Xus statutory declaration also exhibited a trade mark search on 28 June 1998. While showing China Tobacco Import & Export Corporation, Shanghai branch (slight difference in name from CTIESC) as the applicant/proprietor, it also showed the application date to be 18 January 1968.

26. In the next page of the search, the ownership history was stated to be currently not available. The new proprietor was China Tobacco Import & Export Corporation, Shanghai Branch and the acquisition date was stated to be 15 May 1989 and the lodgment date 24 May 1989. These dates appeared to pertain to the date when CTIESC acquired the mark and not the date when the original application was made.

27. In the light of the documentary evidence, it appeared that the background to CTIESC becoming the proprietor of the pagoda device, as alleged, was not correct. Consequently the allegation about the reason for the Chinese characters of CHUNGHWA being rejected was probably also not correct.

28. It might even be that there was no attempt to register the Chinese characters originally.

29. In any event the burden was on the Opponents to establish what they asserted. In my view they failed to discharge that burden on this point.

30. The Opponents claimed that between 1992 to 1998, they had spent about US$1m on advertising. However the supporting documents did not confirm this figure. Some were in Chinese which were not translated. The others added to about US$144,000 and S$65,000, say S$320,000 (using an exchange rate of US$1 = S$1.75).

31. Ms Anjali Iyer, Counsel for the Opponents, provided me with a list of the amounts spent on advertisements from May 1989 to 29 January 1996. She said it was based on the supporting documents. The total amount spent for advertisements during this period i.e up to 29 January 1996 was about S$160,000 although I had to take into account the fact that, at least in Singapore, there have been restrictions on advertising cigarettes for sale for some time.

32. The dollar value of sales through Singapore to the region till 1996 was supposed to be S$121,600,000 but there was no supporting document to substantiate this.

33. For Singapore, the sales from 1994 to 1998 was also supposedly about US$4.5m or about S$7.9m (at an exchange rate of US$1 = S$1.75). However, the supporting documents i.e invoices were only in Singapore currency. Moreover they added up to about S$2m. From February 1994 to 29 January 1996, the figure was substantially less i.e about S$340,000.

34. The sales in Singapore were sales from Paradise to DFS Venture Singapore (Pte) Limited (DFS Venture) which operates duty-free shops. Ms Iyer said that one duty-free shop was at Changi Airport and another in the city.

35. The Opponents also claimed that they had registered trade marks in other countries. Most of these were after 29 January 1996 and the evidence for some of them was not clear. I list out the information gleaned from the supporting documents which were supposed to be certificates of registration of trade marks:

> (a) There is supposed to be a registration of a mark in Taiwan but the document is entirely in the Chinese language and no English translation was provided.
>
> (b) 25 March 1994 - There is supposed to be a registration of the pole device in Vietnam but the copy of the document before me did not have an English translation. Also it was not clear from the copy whether the pole device has Chunghwa (stylised) printed across the pole. The proprietor of the mark is supposed to be CTIESC.
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> (c) 17 December 1996 - There is a trade mark registration of the pole device with Chunghwa (stylised) printed across the pole. The applicant is CTIESC.
>
> (d) 1997 - There is supposed to be a trade mark registration in Myanmar of Chunghwa (stylised) and the pole device but the document appears to be more of a statutory declaration.
>
> (e) 20 January 1999 - There is a trade mark registration of the Chinese characters used by the Opponents and pagoda device in Canada which corrects an earlier registration on 19 November 1998. However the name of the proprietor or applicant is not obvious from the documents exhibited.
>
> (f) 25 January 1999 - There is a trade mark registration of the Chinese characters used by the Opponents and pagoda device in Australia. The owner of the mark is CTIESC.
>
> (g) 2 February 1999 - There is a trade mark registration of the Chinese characters used by the Opponents and the pagoda device in the United States Patent and Trademark Office. The registrant is CTIESC.

36. Permonas Counter Statement was very brief consisting mainly of denials. Its case was based on a statutory declaration by its Export Sales Manager Ratna Tanuwidjaja declared on 21 August 1999.

37. The statutory declaration was also rather brief. It did not disclose the nature of Permonas business. It stated that the application was advertised on 3 April 1998 and that Permona intended to use and apply its trade mark in the near future in Singapore.

38. Paragraph 3 thereof stated:

> 3. The Applicant [i.e Permona] derived the Trade Mark from the idea of Chinese Culture where Chinese are known as people who have a high respect to their culture, tradition and ancestor. Most of Singaporean (sic) are Chinese, it will be a good prospect to our cigarette market if we can create a brand name which

> related to Chinese and market it to Singapore. So we choose Chung Hwa as a brand which is given from the pronunciation and meaning of
>
> Annexed hereto marked as Exhibit "A" is a certified English translation of the Chinese Character .

39. The certification was from Coleman Commercial & Language Centre dated 17 August 1999.

40. It certified that the transliteration of the Chinese characters relied on by Permona can be CHUNG HWA. However if the Hanyu Pinyin system is used, it would be CHONG HUA.

41. The certificate went on to give some meanings of each of the two Chinese characters eg. : high, lofty, sublime, and : change, transform.

42. However it did not purport to ascribe any meaning to these two Chinese characters when considered together.

43. Mr Xus statutory declaration in reply exhibited, inter alia, a transliteration and translation from a sworn interpreter of the Supreme Court of Singapore of the Chinese characters relied upon by Permona. The transliteration was CHONG and HUA. The translation of each of the Chinese characters used by Permona was given and was similar to that provided by Coleman Commercial & Language Centre.

44. However, the last sentence of the translation from the sworn interpreter stated:

> The combination of the 2 Chinese characters, ( ), when read together, conveys no meaning.

45. Ms Iyer also submitted that the New Century Chinese-English Dictionary does not have a combination of these two Chinese characters.

***MY DECISION***

46. The applicable law was the Trade Marks Act (Cap 332) Revised Edition 1992. Ms Iyer relied on various provisions therein to oppose Permona.

***Section 12(1)***

47. Section 12(1) of the Trade Marks Act (Cap 332) states:

> 12(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it shall apply in writing to the Registrar in the prescribed manner for registration in Part A or B of the register.

48. In Tiffany & Co v Fabriques de Tabac Reunies SA [1999] 3 SLR 147, Chief Justice Yong Pung How, delivering the judgment of the Court of Appeal said, at para 27:

> 27 . In Cornish on Intellectual Property (2nd Ed) which deals with the English position, the author comments that while the concept of proprietor clearly extends to a person who bona fide intends to use as well as one already using, it

> does not cover a person who copies anothers mark, even if the latter mark is not in use in the jurisdiction. The key ingredient in a successful opposition under s 12 of the Act is a misappropriation of the mark by the applicant.

49. It was obvious that Permonas CHUNG HWA was very similar, if not identical, to the Opponents CHUNGHWA. The only difference was that Permonas mark was in two words whereas the Opponents mark was in one word. Permonas CHUNG HWA was also similar phonetically and in spelling to the Opponents Chunghwa in stylised form. For ease of reference, the following parts of my grounds of decision will refer to the Opponents CHUNGHWA only i.e without the stylised version.

50. Permona had not used CHUNG HWA or the Chinese characters it relied on in any trade prior to its application or since then, even up to the time of the hearing before me.

51. I have already alluded to the brief affidavit of Ratna Tanuwidjaja.

52. What was more significant was that the two Chinese characters from which Permonas CHUNG HWA was purportedly derived were supposed to mean Chinese culture. However, although each character has its own meaning, the two characters have no meaning when considered together.

53. As for the fact that the Opponents did not apply to register their CHUNGHWA mark prior to 29 January 1996, two cases were helpful to me.

54. In *Vitamins Application* [1951] RPC 1, the opponents had earlier sought to apply for registration of their mark but decided to withdraw their application, after the applicants refused to consent to the opponents registration. The applicants then sought to register their mark.

55. Mr Justice Lloyd-Jacobs said, at p 12, starting from line 51:

> There (sic) mere fact that the evidence available may not be sufficient to establish the right of a party to be entered upon the Registrar, does not of itself negative the proprietary right which that party had asserted by making his application nor does he necessarily deny such right by the withdrawal of the application.

56. This reasoning was mentioned with approval by Mr Justice Wynn-Parry in Brown Shoes Application [1959] RPC 29 at p 33 line 29 to 34 who said:

> In this case, the Appellants applied for registration in 1952. They were met by an objection by the Registrar under Sec. 9 of the Act, and in the event, did not pursue their application: but on the reasoning of Lloyd-Jacob, J., in the Vitamins case I am not prepared to accept that the fact that the Appellants did not pursue their original claim can be regarded as complete abandonment of their rights.

57. Although, in these two cases, there was a prior application by the party opposing the current application, which prior application had been withdrawn, and in Brown Shoes Application, the prior application was in fact re-submitted, the legal position of the Opponents before me was no different from those in the said two cases.

58. The fact that the Opponents did not apply to register their CHUNGHWA mark prior to 29 January 1996 did not necessarily mean that they had no proprietary right to it. Neither did it mean that

Permona was a bona fide proprietor of its mark.

59. Permona also avoided saying who in its organisation came up with the two Chinese characters as combined together and the English transliteration.

60. In my view, the two Chinese characters had been put together by Permona in a belated and desperate attempt to explain how it had derived the English transliteration CHUNG HWA. Obviously Permona did not want to rely on the same Chinese characters as the Opponents did.

61. It was clear to me that this was a blatant attempt by Permona to copy and misappropriate the Opponents CHUNGHWA. I also accepted Ms Iyers submission that Permona was hoping to register its mark so as to extract a payment from the Opponents.

62. Accordingly I concluded that Permona was not a bona fide proprietor of the mark CHUNG HWA.

***Section 15(1)***

63. Section 15(1) of the Trade Marks Act (Cap 332) states:

> 15(1) It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

64. Previously, the legal position appeared to be that there would be a likelihood of deception or confusion if the mark or a similar one was already enjoying a reputation in Singapore and this reputation could only be established by use of the mark in Singapore by someone opposing the application or someone else other than the applicant.

65. However in Tiffany, Yong Pung How CJ said, at paras 36 and 40:

> 36 We are of the opinion that the views of the New Zealand Court of Appeal, and therefore Kan Ting Chiu Js as well, should be preferred in this regard. As Lord Upjohn himself commented in Bali, s 15 of the Act was designed not so much for the protection of other traders in the use of their marks or their reputation, but for the protection of the public. In this case, if true likelihood of confusion and deception can be shown, we are unable to see why use of the opposing mark is required within the jurisdiction before this may be established. Even without the appellants use of the mark Tiffany in Singapore at the time of the respondents application, there could be a real chance that a substantial number of members of the public would be confused into thinking that the respondents goods were somehow connected to or originated from the appellants. Furthermore, the Bali case was decided in 1969, during a time when tourism and the dissemination of information was not quite as widespread. Since then, modern technology and communication have improved at such a rapid rate that we in Singapore may be as familiar with famous international marks as someone in the country where the mark is actually in use. In this day and age, Lord Upjohns assertion that the practical likelihood of confusion or deception can only be shown by proving the existing user of the mark by someone else in the same jurisdiction can no longer hold true. In this respect, the learned judges example of the local publics

knowledge of the name Viagra before it was launched here is especially apt in showing that reputation in Singapore is sufficient for confusion and deception to arise amongst members of the Singaporean public that would otherwise lead the mark applied for to be disentitled to protection in a court of justice.

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40 We have therefore established that there need not be use of the mark Tiffany by the appellants or anyone else in Singapore for likelihood of deception or confusion amongst the local public that would lead the respondents mark being disentitled to protection in a court of justice to arise, so long as this fact itself can be shown in some other way. Of course it must be emphasised that proof of reputation of some other person, in relation to the mark alone, does not automatically mean that likelihood of confusion or deception has been shown. This is a separate element which must be established by the appellants in this case. However, the fact is that confusion or deception have no borders and can arise as easily from knowledge, cognisance or awareness of an international reputation. It clearly does not arise only where the other mark has been used in Singapore previously.

66. Although it was not necessary for the Opponents to establish that CHUNGHWA cigarettes had been sold in Singapore, it would strengthen their opposition if they could do so.

67. On this point, Permona disputed that the sales through duty-free shops constituted sales in Singapore.

68. One of its arguments was that the sales were targeted at foreigners who were purchasing for consumption outside Singapore.

69. However, there was no evidence that such sales were in fact confined to foreigners leaving Singapore.

70. Mr Xus statutory declaration in reply challenged Permonas assertion. He pointed out that Singaporeans, who travel frequently, also have access to the duty-free shops and often purchase items from these shops for personal consumption or as gifts for consumption in and outside Singapore. That is why there are limits on duty free goods being brought into Singapore.

71. I was of the view that Mr Xus position on this point was correct.

72. Furthermore, even if the purchases were made by foreigners only, this did not mean that the sales were outside Singapore.

73. Permona also said that cigarette packets sold at the duty-free shops did not contain a health warning or comply with local requirements regarding tax and nicotine levels, unlike those sold in Singapore other than the duty-free shops. Accordingly, Mr Paul Teo, Counsel for Permona, argued that the sales were tainted with illegality and hence could not constitute sales in Singapore.

74. Mr Xus statutory declaration in reply said that duty-free shops were required by Singapore law to acquire a licence from the relevant authority to sell tobacco products in Singapore and he exhibited a copy of a licence granted to DFS Venture dated 24 August 1998 from the Director of Medical Services. Each licence is for one year.

75. Ms Iyer also referred me to the Smoking (Control of Advertisements and Sale of Tobacco) (Labelling) Regulations.

76. Regulation 3 provides for health warnings to be printed on every container of tobacco products. Regulation 2 defines container to include a box, tin or packet.

77. Regulation 4 requires the nicotine level to be also printed on each container of cigarettes.

78. Regulation 4A(1) prohibits the sale of any tobacco product which fails to comply with any requirement under Regulation 3 or 4.

79. However, Regulation 4A(2) permits the import or supply of tobacco products which do not comply with Regulation 3 or 4 if (a) the tobacco products are to be exported out of Singapore; (b) the tobacco products are not to be offered for sale, sold or consumed in Singapore; and (c) the conditions that the Director or Director-General of Customs and Excise may impose are satisfied.

80. Ms Iyer argued that the sales were permitted under Regulation 4A(2) and were not contrary to law. I agreed. So long as DFS Venture possessed the requisite licence, the sales were permitted by law, unless the licence was obtained under false pretences.

81. However, if the sales were permitted by virtue of Regulation 4A, then this would appear to lend support to the first argument of Permona i.e that the sales were not sales in Singapore.

82. In my view, the intention was for these cigarettes to be consumed outside Singapore but the fact was that they might be and some were probably consumed in Singapore. Besides, whether they were consumed in or outside Singapore, the sales would still have been made in Singapore. The duty-free shops were located in Singapore territory and were subject to Singapore licensing laws.

83. It was therefore not necessary for me to decide on Ms Iyers reliance on s 76 of the Trade Marks Act to establish use of the Opponents CHUNGHWA in Singapore.

84. I would add that the case of Future Enterprises Pte Ltd v Tong Seng Produce Pte Ltd [1998] 1 SLR 1012 which Mr Teo relied on was not applicable. The facts there were different as the coffee products were produced in Singapore for export to Russia.

85. The question then was whether the evidence considered as a whole gave rise to some reputation of the Opponents CHUNGHWA in Singapore.

86. On this point, Tiffany is also authority for the proposition that in considering the evidence, regard should be had not only to the evidence as at the date of the application to register the trade mark but also at the time when the opposition proceedings were heard.

87. I considered the evidence as at both cut-off dates.

88. As at 29 January 1996, being the date of Permonas application, the amount spent on advertisements was about S$160,000. By 1998, this had increased to about S$320,000 (see paras 31

and 30 above). By June 2001, it would probably have increased.

89. As at 29 January 1996, the sales from Paradise to DFS Venture was about $340,000. By 1998, it was about S$2m (see para 33 above). Again, by June 2001 such sales would probably have increased.

90. Also by June 2001, the sales to other countries would probably also have increased.

91. On the other hand, I took into account the fact that the sales by DFS Venture were from duty-free shops and the Opponents goods were not freely available.

92. I concluded that, even as at 29 January 1996, CHUNGHWA enjoyed some reputation in Singapore. That reputation had increased since 29 January 1996.

93. More importantly, the point was not so much whether the Opponents business had enjoyed sufficient reputation in Singapore so as to be accorded protection but the protection of the public (see Tiffany again).

94. Bearing in mind that the two marks were phonetically identical and visually very similar, it was obvious to me that there was a likelihood of deception and confusion among the public between Permonas CHUNG HWA and the Opponents CHUNGHWA. Duty-free shops are not patronised only by foreigners leaving Singapore, but also by (a) tourists entering Singapore, (b) travelling foreigners resident in Singapore and (c) travelling Singaporeans. It was likely that these persons would be deceived and confused if Permona were to attempt to sell cigarettes under the CHUNG HWA mark from other outlets in Singapore.

***Section 10***

95. Ms Iyer also made a submission based on s 10(1)(d) of the Trade Marks Act which stipulates that the intended mark must contain a word or words having no direct reference to the character or quality of the goods and is not a geographical name.

96. She submitted that the meaning of the Chinese characters must be taken into account, even though the mark Permona wanted to register was the English transliteration.

97. For this submission, she relied on the assertion that the Chinese characters relied on by the Opponents means China and for that reason, it was rejected in the original application by the Opponents alleged Hong Kong distributor.

98. This submission was premised on the alleged background as to how the pagoda device came to be registered in Singapore alone (in the name of Teck Soon Hong Limited) without the Chinese characters and also without the English transliteration.

99. I have dealt above with this alleged background. The Opponents failed to establish it, even if the Chinese characters they relied on means China, or, for that matter, Chinese.

100. In any event, the issue was not so much what the Chinese characters relied on by the Opponents mean but what the Chinese characters relied on by Permona mean.

101. As it was the Opponents case that the latter have no meaning, which I accepted, it was not open to Ms Iyer to use the meaning of the Chinese characters used by the Opponents to oppose

Permonas application.

***Section 12(2)***

102. Ms Iyer also sought to rely on s 12(2) of the Trade Marks Act which gives the Registrar of Trade Marks a discretion to refuse or accept an application absolutely or subject to such conditions as he may impose.

103. Even if this could have been a separate ground of objection in addition to s 12(1) and s 15(1), it was not necessary for me, in the circumstances, to make a ruling under s 12(2).

104. Accordingly, the opposition was successful under s 12(1) and s 15(1) of the Trade Marks Act.

Sgd:

WOO BIH LI
JUDICIAL COMMISSIONER

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