

Bee Cheng Hiang Hup Chong Foodstuff Pte Ltd v Fragrance Foodstuff Pte Ltd
[2002] SGCA 47

Case Number : CA No 43 of 2002
Decision Date : 01 November 2002
Tribunal/Court : Court of Appeal
Coram : Chao Hick Tin JA; Tan Lee Meng J
Counsel Name(s) : Wong Siew Hong (Infinitus Law Corporation) for the appellant; Tan Tee Jim SC and Elaine Tan (Allen & Gledhill) for the respondent
Parties : —

Civil Procedure – Summary judgment – Whether to set aside summary judgment and grant defendants unconditional leave to defend claim – Whether factual matters raised triable issues – Whether questions of law difficult and require mature consideration

Copyright – Infringement – Whether s 37 Copyright Act (Cap 63, 1999 Rev Ed) defence of fair dealing applicable – Whether factual matters raised triable issues – Whether question of law difficult and requires mature consideration

Copyright – Infringement – Whether s 27(6) Trade Marks Act (Cap 332, 1999 Rev Ed) defence of honest practices applicable to copyright infringement – Whether factual matters raised triable issues – Whether question of law difficult and requires mature consideration

Summary judgment – Whether to set aside summary judgment and grant defendants unconditional leave to defend the claim – Whether factual matters raised triable issues – Whether questions of law were difficult and required mature consideration

Copyright infringement

– Whether section 27(6) Trademarks Act defence of honest practices can apply to copyright infringement – Whether factual matters raised triable issues – Whether question of law was difficult and required mature consideration

Copyright infringement

– Whether there was a valid section 37 Copyright Act defence of fair dealing – Whether factual matters raised triable issues – Whether question of law was difficult and required mature consideration

FACTS

The appellants appealed against a summary judgment given by the High Court which adjudged that the appellants had infringed the copyright of the respondents in a certain artistic work when they published a notice containing the work and granted an injunction to restrain the appellants.

The appellants raised the defences of honest practices under section 27(6) of the Trademarks Act ('s 27(6) TMA') and fair dealing under section 37 of the Copyright Act ('s 37 CRA').

HELD, ALLOWING THE APPEAL:

For the first defence, if any party wished to read more into or attribute a motive to the notice which contained the copyright work, then the alleged infringer must be permitted to explain and to call his witnesses and be subject to cross-examination. It is not inconceivable that s 27(6) TMA could apply to the situation. Moreover, it could not be the intention of Parliament to authorise the doing of an act which would infringe a related right, so s 27(6) TMA could well apply to copyright infringement

actions. The issues surrounding the applicability of this section are of some complexity and require more mature consideration (See [16] – [19]).

As for the second defence, s 37 CRA specifically provides for the defence of fair dealing to apply to an "artistic" work. One of the events relied upon by the appellants to show that there was confusion occurred a month before the alleged infringement act, so the question of whether the event was a current one was not clear cut. The questions of whether there was confusion and whether the event reported was current raised issues of fact and law which should not be determined summarily (See [25] – [26], [29]).

CASE REFERRED TO

RA & A Bailey & Co Ltd v Boccaccio Pty Ltd & Ors

6 IPR 279 (refd)

British Leyland Motor Corporation Ltd & Ors v Armstrong Patents Co Ltd & Ors

(1986) 6 IPR 102 (refd)

Hubbard v Vosper

[1972] 2 QB 84 (refd)

Pro Sieben Media AG v Carlton UK Television Ltd

[1998] FSR 43 (refd)

BBC v British Sky Broadcasting Ltd

[1991] 21 IPR 503 (refd)

Thompson v Marshall

(1880) 41 LTR 720 (flld)

European Asian Bank AG v Punjab and Sind Bank (No. 2)

[1983] 1 WLR 642 (flld)

Home and Overseas Insurance Co Ltd v Mentor Insurance Co (UK) Ltd (In Liquidation)

[1990] 1 WLR 153 (flld)

LEGISLATION REFERRED TO

Trademarks Act (Cap 332), section 27(6)

Copyright Act (Cap. 63), section 37

[Delivered by Chao Hick Tin JA]

Judgment

GROUND OF DECISION

1 This was an appeal against a summary judgment given by the High Court which adjudged that the appellants, Bee Cheng Hiang Hup Chong Foodstuff Pte Ltd (BCH), had infringed the copyright of the respondents, Fragrance Foodstuff Pte Ltd (Fragrance), in a certain artistic work and granted an injunction to restrain BCH. After hearing the parties on the appeal, we set aside the summary judgment and gave BCH unconditional leave to defend the claim. We now give our reasons.

The facts

2 BCH and Fragrance are both in the business of manufacturing and selling, among others, a type of sweet barbecue meat which is known here as "Bakwa". The business of BCH started earlier in 1930 while Fragrance were only incorporated in April 1990. BCH have been selling their products under a trade mark which consisted of the Chinese character "Xiang" written in a calligraphic form (hereinafter referred to as mark "X"). This mark appears on the left at Annex A.

3 Fragrance sell their products under a trade mark which also consists of the Chinese character "Xiang" but represented in a graphical/stylized manner in an oval frame, with a flicking tongue coming out of a mouth and licking lips and with the English word "FRAGRANCE" set out below that frame (hereinafter referred to as mark "Y"). This mark appears on the right side of Annex A.

4 Mark "Y" was created in late 1994 by one Chionh Cher Tin (Chionh) who was specially commissioned by Fragrance to produce such a mark (the work). On 5 February 2002, shortly before the institution of the present action, Chionh formally assigned his copyright in the work to Fragrance.

5 In July 1995, Fragrance registered the work as a trade mark under class 30 covering biscuits, cakes, pastry and confectionery. At the same time, they also applied to register the work as a trade mark under class 29 for dried minced pork, pork floss, chicken floss, snack foods, etc. However, this application is still pending because of opposition by BCH.

6 The event which gave rise to the action was an advertisement of a half-page dimension appearing over two days, on 2 and 3 February 2002, in the local English and Chinese newspapers which set out the two marks and stated that BCH and Fragrance are not related companies (the notice). The advertisement is shown at Annex A.

7 When the advertisements first appeared in the newspapers, the Lunar New Year (LNY) of 2002 was just ten days away, falling on 12 February 2002. It was common ground that during the period before the LNY, demand by the public for Bakwa was extremely high, as it was an essential delicacy for the festivities.

8 Concurrently with the publication of the advertisements, BCH also distributed to the public pamphlets containing the same notice. Furthermore, on 3 February 2002 the Lianhe Zaobao ran a news report on the notice where it was stated that BCH might continue to publish the notice to dispel confusion.

9 BCH explained that the move to issue the notice was prompted by the fact that there was evidence of confusion on the part of the public. BCH referred to two incidents to substantiate that. First, in 1998, Bloomdale (S) Pte Ltd, a gift and hamper company, mistakenly advertised in its LNY catalogue the pork and fish floss of Fragrance as those of BCH. On demand by BCH, Bloomdale had to apologise and make a correction. Secondly, in the February 2002 issue of *Singapore Women's Weekly* where there was a write up on Fragrance, BCH's telephone number was given as the telephone number of Fragrance. The publisher of the magazine apologised for the mistake stating that the intern who had done the write-up had checked the telephone number of Fragrance using the Chinese character "Xiang" not realizing that BCH used a similar logo. The intern wrongly assumed that BCH's telephone number was that of Fragrance.

10 Following the publication of the notice, correspondence ensued between the parties' solicitors, with Fragrance seeking an apology and asking for damages for the infringement of the copyright in the work. BCH's solicitors replied explaining why the notice was published and rejected the claim of Fragrance. This led to the institution of the present action by Fragrance, both for copyright and trade mark infringements.

11 At the same time the suit was filed, Fragrance applied for an *ex parte* interim injunction against BCH in respect of both the alleged

copyright and trade mark infringements. The application was adjourned to be heard *inter-partes*. In the meantime, after BCH entered appearance to the action, Fragrance applied for summary judgment against BCH in respect of the alleged copyright infringement. Both applications came before the judge-in-chambers who granted summary judgment in favour of Fragrance by the issue of an injunction restraining BCH from infringing Fragrance's copyright in the work, with a caveat that until the trial of the action, Fragrance would not take any further steps or execution proceedings. In the light of BCH's undertaking that they would not further publish the notice until trial, no order for an interim injunction was made by the court in respect of the alleged trade mark infringement.

Issues

12 It was not disputed that BCH did, without the consent of Fragrance, reproduce and publish Fragrance's trade mark in the notice which BCH issued. By so publishing the trade mark of Fragrance, there was *prima facie* infringement of Fragrance's copyright in the work. Before us, BCH raised two main defences, which were also raised in the court below.

(i) Section 27(6) of the Trademarks Act;

(ii) Section 37 of the Copyright Act

Section 27(6)

13 We shall deal with the two defences in turn. Section 27(6) of the Trade Marks Act provides:

Nothing in subsections (1) to (5) shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying goods or services as those of the proprietor or a licensee, but any such use otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered trade mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

14 BCH argued that the reproduction of mark Y in the notice was for the purpose of identifying goods or services as those of Fragrance. However, this was not accepted by the judge below who held that (at 37):-

"I accepted (Fragrance's) interpretation of the advertisements/notices as containing a subtle suggestion that the defendants' goods had been confused with those of the plaintiffs' which were inferior to the defendants', that the plaintiffs were responsible for such confusion and, that the plaintiffs copied the defendants' logo. The situation was aggravated by Wong's subsequent press statements."

15 The judge went on to remark that what was objectionable about the notice was the fact that BCH did not disclose therein that in registering their trade mark they had disclaimed the exclusive use of the Chinese word "Xiang", except in the form in which that word appeared in their mark. The judge seemed to indicate that she was unable to accept the argument that s 27(6) applied because the motive of BCH was wrong

16 On our part, we would like to make three observations on the defence based on s 27(6). Firstly, and with respect, we thought the judge read more into the notice than is warranted. As is clear from the notice which appeared at Annex A, the notice merely stated that mark 'X' belonged to BCH and mark 'Y' belonged to Fragrance, and it also informed the public that the two marks are not the same and that the two companies are not related. If any party wished to read more into it or to attribute a motive to the notice, then the alleged infringer must be permitted to explain and to call his witnesses and be subject to cross-examination. On a disputed question such as this, it should not be resolved on the basis of affidavit evidence, without the benefit of cross-examination. This was where we found some difficulties with the approach of the judge.

17 Second, we did not think it was possible to contend, just from the manner in which mark 'Y' was depicted in the notice, that s 27(6) could not conceivably apply to the situation. On the face of it, it is certainly open to BCH to argue that mark 'Y' was reproduced to identify the goods of Fragrance. The two marks were given equal prominence. The purpose of it all was to inform the public that the two marks are

different and the two companies are not related. We would hasten to add that, at this juncture, it would not be appropriate for us to say more, as the entire case will be proceeding to trial and this question has to be determined by the trial judge in the light of the evidence adduced before him.

18 Thirdly, and assuming s 27(6) is applicable to the situation in hand, BCH contended that their act of reproducing mark 'Y' for the purposes approved under that section could not conceivably be in infringement of the copyright in the work forming mark 'Y'. There must be an implied permission, in so far as copyright is concerned. It could not be the intention of Parliament to authorize the doing of an act which would infringe a related right. We should also add that BCH had also put the argument in this alternative way: in electing to use the work as a trade mark, Fragrance must be taken to have granted an implied licence for other traders to deal with that work in a manner that is not inconsistent with its status as a trade mark.

19 In our opinion, the issues surrounding the applicability of s 27(6) are certainly of some complexity and require more mature consideration. It is true that in *RA & A Bailey & Co Ltd v Boccaccio Pty Ltd & Ors* 6 IPR 279 (*Bailey's case*), a case which did not involve the consideration of a provision similar to that of s 27(6), Young J of the Supreme Court of New South Wales, said at 290:-

"Apart from the *British Leyland* case there has not been as far as I know any judicial indication of any policy of the law that where a person has more than one industrial property right, it can only avail it of the protection afforded to one of those rights and where there is a conflict it is copyright which is disregarded."

20 But it seems to us that these views may have to be confined to the material facts of that case. There, the plaintiff, a manufacturer of the "Bailey's Original Irish Cream", made arrangement with third parties to import and distribute the product in Australia in bottles with an elaborate pictorial label (Australian label), part of which was registered as a trade mark. The defendant imported the same product bearing an almost identical label which was distributed by the plaintiff in the Netherlands. It was admitted that the Australian label was an artistic work which enjoyed copyright. Young J held that the importation and sale of the Dutch bottle by the defendants did not infringe the Australian trade mark but it constituted infringement of the plaintiff's copyright.

21 As indicated before, Young J declined to follow the House of Lords' decision in *British Leyland Motor Corporation Ltd & Ors v Armstrong Patents Co Ltd & Ors* (1986) 6 IPR 102, where the House held that it was not a breach of copyright for the defendants to produce parts to repair vehicles by producing a copy of the relevant exhaust pipe. Some of the judgments of their Lordships would appear to be based on the principle of non-derogation from the grant rather than implied licence. In the words of Lord Templeman (at p. 129):-

"BL own the car and the copyright in a drawing of an exhaust pipe fitted to the car. BL sell the car and retain the copyright. The exercise by BL of their copyright in the drawing will render the car unfit for the purpose for which the car is held. BL cannot exercise their copyright so as to prevent the car being repaired by replacement of the exhaust pipe.

A purchaser of a patented article may carry out repairs to it without being held liable for infringement."

22 Of course, the situation in *British Leyland* is quite different from that prevailing in the present case which concerns the scope of s 27(6). The position in *Bailey's case* is also dissimilar. The general principles might well be as stated by Young J that "a person who has both a trade mark and copyright is *generally* entitled to protection against both." But could it really be the intention of Parliament in enacting s 27(6) that while Parliament sanctioned the reproduction of a trade mark for the purposes of identifying the goods or services of the owner of the trade mark, it nevertheless leaves the defendant open to an action on a related ground of infringement of copyright? No authority from any other jurisdictions was cited to us which touched on the application or interpretation of an equivalent provision. Thus, in our opinion, the point deserves fuller ventilation.

Fair dealing

23 We now turn to consider the second defence of fair dealing which is set out in section 37 of the Copyright Act as follows:-

"A fair dealing with a literary, dramatic, musical or artistic work, or with an adaptation of a literary, dramatic or musical work, shall not constitute an infringement of the copyright in the work if it is for the purpose of, or is associated with, the reporting of current events –

(a) in a newspaper, magazine or similar periodical and a sufficient acknowledgment of the work is made;

or

(b) by means of broadcasting or a cable programme service or in a cinematograph film."

24 As is implicit from the wording of the provision, fair dealing can only apply where there is an element of public interest. On this, the judge held that, first, the matter was only of interest to the parties and not to the general public. Second, she felt that the question of confusion between the two marks could not be qualified as current events, as the two incidents of confusion occurred some time ago. Third, in reliance on a passage of Lord Denning MR in *Hubbard v Vosper* [1972] 2 QB 84 at 94-95, she said that this defence under s 37 is not available to an artistic work.

25 It seems to us that the third point made by the judge could hardly be sustained. Section 37 specifically provides for a "fair dealing with a literary ... artistic work". To say that there cannot be "fair dealing" with an artistic work would be contrary to what is plainly provided for in the section itself. We should mention that in *Hubbard v Vosper* (at p.98), Megaw LJ even contemplated a case in which the quotation of an entire short work might be fair dealing.

26 As regards the first and second points made by the judge relating to the questions of confusion and whether it was a current event, we think these are questions which require more in depth exploration, with evidence to be adduced before the court. Both parties operate numerous retail outlets throughout Singapore, with BCH having 22 outlets and Fragrance, 16. If there was, in fact, confusion in the mind of some members of the public, that could conceivably constitute a "current event". The fact that Lianhe Zaobao carried a news report on 3 February 2002 on the alleged confusion is some evidence of the matter being a "current event" and it being a matter of some public interest. The judge also seemed to think that the events was dated. But one of the event relied upon by BCH to show that there was confusion occurred in January/February 2002, the February 2002 issue of *Singapore Women's Weekly*. So the question, of whether the event was dated, was not clear-cut. Besides, the Copyright Act does not define what is a "current event".

27 In *Pro Sieben Media AG v Carlton UK Television Ltd* [1998] FSR 43 Laddie J said that the defence was concerned with "allowing fair use of copyright material for the purpose of reporting matters of current, as opposed to historical, interest or concern." This case went on appeal where Walker LJ said (at [1999] FSR 610 at 620) that 'reporting current events' was an expression of wide and indefinite scope. "Any attempt to plot their precise boundaries is doomed to failure ... (it) should be interpreted liberally."

28 In *BBC v British Sky Broadcasting Ltd* [1991] 21 IPR 503, two points made by Scott J were pertinent. First, there was no justification for limiting the defence so as to apply only to reporting current events in a general news programme. Second, the fact that the alleged infringer was a commercial rival of the copyright owner did not, *ipso facto*, take the case outside fair dealing.

29 We must stress that this court is not, at this stage, offering any definitive views on the defence under s 37. What was uppermost in our mind was that both the points, 'confusion' and 'current event', raised issues of fact and law which should not be determined summarily.

30 The judge below said that she did not believe that consumers were actually confused by the two trade marks. She expressed scepticism on the instance of confusion cited by BCH where a Fragrance's customer attempted to exchange product at a BCH outlet as she could not "imagine how customers of perishable products like barbecued pork would be allowed to exchange what they had purchased unless the packing contained expiry dates and their purchases had indeed expired at the time they bought the same". It should be remembered that besides Bakwa, the parties also sold other products. Some of the products sold could well have been properly sealed. In the particular instance mentioned, it was vacuum packed sausage. It is possible that a customer may want to change what he has bought not because of any expiry date but because he has changed his mind as to what he wants. It seems to us these are matters which should be gone into. It is true

that a mere assertion does not, *ipso facto*, give a party a right to defend an action. Much would depend on the nature of the assertion and the circumstances relating thereto. But in relation to this matter, we thought the judge should have heard the evidence before she made the finding that the allegation of BCH that a customer who bought Fragrance's product had come to make an exchange at a BCH outlet could not be true.

Conclusion

31 For the above reasons, we came to the conclusion that it was not appropriate to grant summary judgment in this case. We agree that if the suggested defence in a case is on a point of law and the court can see that the point is misconceived or unsustainable, judgment should be given. But this is not such a case. There are factual matters here which have to be gone into and difficult questions of law which require mature consideration.

32 However, there is one other circumstance which we think also suggest that this is a case which ought to go for trial. The main object of summary judgment is to prevent delay and to enable a plaintiff to obtain a quick judgment where there is plainly no defence to the claim: see *Thompson v Marshall* (1880) 41 LTR 720, *European Asian Bank AG v Pubjab and Sind Bank (No.2)* [1983] 1 WLR 642 at 654 per Robert Goff LJ and *Home and Overseas Insurance Co Ltd v Mentor Insurance Co (UK) Ltd (In Liquidation)* [1990] 1 WLR 153 at 158 per Parker LJ. Here, the summary judgment granted by the court below was only in respect of a part of the action. There will still have to be a trial in respect of the trade mark infringement claim. As the claim in copyright is so closely linked with the claim in trade mark, there is really little advantage in granting summary judgment for the copyright claim alone. There will hardly be any saving in terms of time and effort. The fact that the judge below in granting the summary judgment added a rider that there be no execution until trial and had refused to grant an order as to damages for the infringement is clear indication of the close connection between the two claims. Moreover, it also seems to us that the claim for copyright infringement was viewed very much by the judge below as incidental to the main claim for trade mark infringement, as she did not grant an order for an inquiry as to damages in respect of the copyright infringement.

Sgd:

CHAO HICK TIN
JUDGE OF APPEAL

TAN LEE MENG
JUDGE

Annex A - please [click here](#) to view.