OTO Bodycare Pte Ltd v Hiew Keat Foong
[2005] SGHC 133

Case Number : Suit 104/2004

Decision Date : 27 July 2005

Tribunal/Court : High Court

Coram : Tay Yong Kwang J

Counsel Name(s) : Wong Siew Hong (Infinitus Law Corporation) and Nandakumar Renganathan (T M Hoon and Co) for the plaintiff; Wong Seow Pin (S P Wong and Co) for the defendant

Parties : OTO Bodycare Pte Ltd — Hiew Keat Foong

Civil Procedure – Injunctions – Defendant allegedly infringing plaintiff's trade mark and passing off product as plaintiff's – Whether injunction should be granted against defendant

Trade Marks and Trade Names – Infringement – Whether allegedly infringing trade mark similar to plaintiff's trade mark – Whether any likelihood of confusion – Section 27(2) Trade Marks Act (Cap 332, 1999 Rev Ed)

Trade Marks and Trade Names – Passing off – Elements of passing-off claim – Whether goodwill in plaintiff's name and mark – Whether goodwill in plaintiff's product

1 This action is in respect of infringement of the "OTO" trademark and of passing off with regard to the defendant's use of the words "OTC Bodycare" and "Electro-Relaxologist" in connection with an electrical reflexology apparatus which the plaintiff distributes using the name "OTO Electro-Reflexologist".

The plaintiff's case

2 According to Yep Gee Kuarn ("Yep"), a director and shareholder of the plaintiff, the plaintiff has been in the business of importing, distributing and marketing fitness, health and body care products since 1993. It is the proprietor of the registered trademark "OTO" which covers, among other things, massage apparatus in Class 10, a category designated for medical and surgical equipment. The word "OTO" ("the plaintiff's trademark") is represented in italicised form and set in horizontally striped block letters in a rectangular background (see Annex A). Since 1999, the plaintiff adopted a slightly modified representation of the trademark (see Annex B) in that the word OTO is now in prominent, plain white block text with horizontal stripes on the lower half of the letters, set in a green box. In addition, there is the word "Bodycare", also in plain white block text set out in smaller type than the word "OTO", in a red box below the said green box. This new mark is awaiting registration. The central and distinctive theme is the word "OTO" in both instances.

3 In 2002, the plaintiff imported into Singapore an electrical reflexology apparatus which was developed, designed and patented in Korea by a manufacturer there in collaboration with a medical equipment company. This apparatus' innovative circuitry was patented in 2000. After extensive testing of the apparatus, the plaintiff obtained the rights to market it in Singapore under its own trademark. The plaintiff also coined the term "Electro-Reflexologist" for this apparatus. It was also known as ER839.

4 The apparatus in question did not use rollers like other massage equipment. Instead, it used low-frequency electrical waves to simulate the traditional manual foot reflexology massage by stimulating the body's muscles and organs through the nerve points on the feet. It was said that this

improved blood circulation and promoted health generally.

5 The design of this apparatus featured a sloping rectangular platform angled to the horizontal floor so that the user could rest his feet comfortably on the platform. It had a plain, metallic casing with two rubberised pads on top, shaped like two feet, with each pad divided into seven separate areas. These pads were designed to guide the user intuitively to place his feet on them. The seven separate areas were designed to massage specific areas of the feet with the electrical waves in order to achieve optimal results from the reflexology session. A control panel was built in between the two rubberised pads.

6 The plaintiff asserted that there was goodwill associated with "OTO" and "Electro-Reflexologist". When it launched the product here in June 2002, it was one of the first electrical reflexology products in the market. Although there were other brands in the market, their designs were dissimilar to that of the plaintiff. The plaintiff advertised extensively and promoted the product through various channels, spending some $1.857m on such advertisement and promotion.

7 The plaintiff had ten exclusive outlets or specialty shops located in various parts of Singapore selling its products. The products were displayed for demonstration in an open concept and the public would be invited to try them out. Trained personnel attended to the prospective customers. One of these outlets was located on the third level of Sim Lim Square at Rochor Canal Road. Road shows were regularly organised at shopping malls in order to have a wider outreach.

8 In the plaintiff's advertisements, not only was the name "Electro-Reflexologist" emphasised, the picture of the apparatus was also prominently displayed. The product turned out to be very successful. Between June 2002 and April 2004, the plaintiff sold more than 75,000 units of it, earning revenue amounting to some $28m. As a result, the plaintiff claimed that a great deal of public awareness of its product had been generated and the public had come to associate not just "OTO" and "OTO Bodycare" but also "Electro-Reflexologist" and the distinctive shape and get-up of its product with the plaintiff and no one else.

9 The defendant was a sole proprietor trading as Blackgold Asia Pacific which had a place of business at Tong Eng Building at Cecil Street. In early 2004, he was using a shop in Chinatown Point as his warehouse and office. In June 2004, after the plaintiff commenced this action against him, the defendant incorporated a new company known as Infinitus Pleasures Pte Ltd which had its registered office in Aljunied Road.

10 Around December 2003, the plaintiff became aware that the defendant was selling a foot reflexology apparatus known as HL1016, which was identical to or substantially similar in design to the plaintiff's product, in the atrium of Sim Lim Square. The defendant also rented part of a shop on the second level of Sim Lim Square to sell ink cartridges for inkjet printers. He apparently also had an outlet on the fourth level. Subsequent investigations revealed that the defendant stocked his goods at the Chinatown Point premises and also sold the product from that location.

11 At Sim Lim Square, the defendant displayed a few large colour posters with the words "OTC BODYCARE" with "OTC" in white set in a red box and with horizontal stripes running through the letters (see Annex C). The letters were in a plain, bold typeface such that the letter "C" would appear like the letter "O". The letters "TM" in white appeared as a superscript to "OTC". The word "BODYCARE" was also in white set against a green background with the word "JAPAN" in small black type below it. The colour scheme of the defendant's posters was identical to that of the plaintiff except that colours were interchanged. I shall refer to this logo as "the defendant's mark".

12 The flyers distributed by the defendant also had the defendant's mark at the top and bottom of the page. At the bottom of the page, there were also the words, "Finest Quality Product Brought to you by OTC Bodycare". There was no entity known as OTC Bodycare. The flyers stated that there was a "Chinese New Year offer" which was valid from 1 January to 21 January 2004.

13 When the plaintiff's investigators visited the Chinatown Point premises, they saw three posters measuring about 80cm by 60cm depicting the defendant's mark and the words "SLIMMING BEAUTY & HEALTH" below it. These posters were pasted across the top glass panel of the premises. The plaintiff was of the view that "OTC" and the defendant's layout were deceptively similar to the plaintiff's trademark and the new mark such that there was infringement of trademark and passing off.

14 On some of the flyers distributed by the defendant, there was a little sticker which stated, "Visit Our Authorized Agent at the Atrium Of Sim Lim Square". The plaintiff had a sales outlet on the third level of that commercial building. Adopting the same sales methods used by the plaintiff, the defendant's products were laid out on the floor in the atrium and prospective customers were invited to try the products. The defendant also used red and blue armchairs which were identical to those used by the plaintiff at its road shows. This, the plaintiff believed, was calculated to create the impression that the defendant was an agent of a larger organisation called OTC Bodycare Japan and that this organisation was related to OTO Bodycare. The tactic employed by the defendant could result in consumers being misled into thinking that he was an agent of the plaintiff. In any event, the geographical source stated in the defendant's mark was false as the defendant's disclosed documents revealed that his goods originated from China and not Japan. The statement in the defendant's flyers, "90,000 units sold in Japan during first month of launch", was also false as the product had not been marketed in Japan. It was also untrue, as claimed in the flyers, that the defendant's product was patented.

15 The defendant's product was named "Electro-Relaxologist", a word visually and phonetically similar to the plaintiff's "Electro-Reflexologist". Its design was virtually identical to that of the plaintiff's product in its physical dimensions, its rectangular shape, its sloping platform, the metallic casing, the rubberised footpads and the operation panel between the two footpads. The name and design were therefore copies of the plaintiff's product.

16 The packaging of the defendant's product resembled that of the plaintiff's. The name of the defendant's product was placed at the top right hand corner of the box, just like the plaintiff's. On the front and back panels of the defendant's packaging, there was a picture of an attractive young Caucasian woman placed just as in the plaintiff's packaging, although a different model was used and a different seating posture was adopted. The model on the plaintiff's box was dressed in a bathrobe while the model on the defendant's box was in street clothes. Immediately under the text box of the plaintiff's packaging, there were three lines describing the product's virtues. These were copied by the defendant and three more lines were added by him.

17 On one of the side panels of the plaintiff's box, there was a text box with descriptive words of the plaintiff's product. The defendant copied the words but replaced "Reflex" with "Relax" indiscriminately, thereby rendering the sentences in his boxes meaningless. On the other side panel, there was a graphic of the human feet. This was again copied by the defendant with the substitution of the words mentioned earlier. In fact, at two points, the word "Reflex" was apparently overlooked and left there.

18 The overall effect was such that the differences between the two products were so slight

that they were not likely to be noticed by the unwary consumer. In fact, the market survey commissioned by the plaintiff indicated that 45% of the plaintiff's recent customers thought that the two products looked like they were from the same company and 70% thought that their names were the same.

19 The instruction manual inside the plaintiff's packaging also appeared to have been copied wholesale by the defendant. Indeed, where the Chinese version of the instruction manual was concerned, six typographical errors made by the plaintiff were repeated by the defendant. The defendant produced no evidence to show that his packaging and manuals had been developed independently. He claimed that contractual documents and other communications with his supplier in China were lost when he moved office.

20 Yep claimed that the actions of the defendant were calculated to cause and did cause the plaintiff significant damage. The plaintiff's product cost a few hundred dollars each and consumers would not be expected to purchase more than one unit for their needs. Therefore, every unit sold by the defendant translated into one sale less for the plaintiff. Further, the quality of the defendant's product was questionable. Some were found not to be working properly. An entire shipment of the product sold to Gnee Hong Co Pte Ltd in Singapore had to be returned because of problems with quality. If members of the public were duped into thinking they had purchased the plaintiff's product, the damage to the plaintiff's goodwill and reputation would be incalculable. The infringing product could also pose a health hazard as it ran on electricity.

21 On 5 January 2004, Yep instructed one of his staff members to buy one unit of the defendant's product from the stall at the atrium of Sim Lim Square. One Ivan sold the unit to him for $338. The receipt stated, "1 set of HL Electro-Relaxologist", showing that the defendant was trying to pass off his product as the plaintiff's. On 15 January 2004, the plaintiff issued a letter to the defendant to put him on notice of the trade mark infringement and of the passing off. However, the wrongful acts continued.

22 On 7 February 2004, this action was commenced. Two days later, an interlocutory injunction was obtained restraining the defendant from dealing with materials carrying the name "OTC BODYCARE JAPAN" and from selling or distributing electrical foot massage or reflexology apparatus under the name "FOOT RELAXOLOGIST". The plaintiff's solicitor telephoned the defendant to inform him of the issue of the injunction. A copy each of the Writ of Summons and of the injunction were served on the defendant's employee, Ivan Cheah ("Ivan"). On 12 February 2004, a private investigator engaged by the plaintiff managed to purchase one unit of the defendant's Electro-Relaxologist for $250 from the stall at the atrium of Sim Lim Square. Investigations revealed that the defendant was still distributing and selling the infringing product up to 4 March 2004. The erroneous term, "FOOT RELAXOLOGIST", was corrected by an amendment made on 3 March 2004 to read as "ELECTRO-RELAXOLOGIST".

23 On 6 March 2004, the defendant placed an advertisement in the Tamil Murasu newspaper offering his product at a clearance sales price. The sale of the product at the said atrium continued under a business called JIT Engineering Services ("JIT") but with Ivan and another salesman, Patrick Ong ("Patrick"), handling the sales. However, the name "Electro-Relaxologist" was cut off from the product's packaging. When asked, Ivan said that his boss was the defendant who owned four companies, including Blackgold Asia Pacific and JIT.

24 On 15 April 2004, JIT advertised in the Straits Times that it was selling the infringing product. That day, the plaintiff's staff purchased one unit at a covered walkway in the Tampines housing estate. The receipt was issued by JIT. A further advertisement was taken out by JIT in the Chinese

newspapers on 23 April 2004.

25 Telephone records of the defendant's mobile phone showed that he was in constant communication with Ivan between 1 June and 15 September 2004. At a new sales outlet in the then Majestic cinema complex in Chinatown, the defendant was still using an instruction leaflet with the word "Electro-Relaxologist".

26 The plaintiff engaged Asian Strategies Pte Ltd, a company specialising in undertaking consumers' research reports, to do a market survey to assess the likelihood of confusion among consumers between the plaintiff's OTO Electro-Reflexologist and the defendant's HL Electro-Relaxologist by determining the recognition of the form factor of the plaintiff's machine and of the name, Electro-Reflexologist. After conducting interviews of 400 consumers who had purchased an OTO machine in the preceding twelve months, it was found that:

(a) when shown photographs of OTO and HL outer packaging, 32% of the interviewees felt that they would confuse the two brands;

(b) when shown photographs of the two machines, 44% felt they would confuse the two brands and only 21% thought they would definitely not confuse them;

(c) 70% thought that the terms, "Electro-Reflexologist" and "Electro-Relaxologist" were the same or did not notice the difference in the context of the logos; and

(d) 45% thought that the two products looked like they were from the same company and 15% were unsure.

The survey company concluded that there was a significant level of confusion among the recent buyers of the plaintiff's product in Singapore in terms of both form factor and product name. It also stated that the actual level of confusion in the marketplace was potentially much higher than that measured in such controlled surveys. Further, it believed that the survey understated the likely level of confusion as it included only recent buyers of the plaintiff's product who were far more likely to be familiar with it than those who had not bought the plaintiff's product. However, there was no finding that the term "Electro-Reflexologist" was associated with the plaintiff by those surveyed.

27 The plaintiff also commissioned Commercial Investigations, a firm of licensed private investigators, to check on the defendant's activities. The operations manager, Philip Tan See Wei ("Philip"), testified that five assignments were undertaken by the private investigators between 11 January 2004 and 19 May 2004 and a report was submitted to the plaintiff on each of them. Video recording of the defendant's commercial activities was also done.

28 The private investigators reported that the defendant had a stall selling health equipment next to the information counter at the atrium of Sim Lim Square. He had a large, coloured poster next to the stall with the words "OTC BODYCARE" printed at two corners of the poster. There were also boxes of the product in issue with the words "ELECTRO-RELAXOLOGIST". The defendant also gave out photocopies of the flyer described earlier.

29 On most occasions, the stall was manned by the defendant's sales staff, one of whom was known as Celia. On one occasion, Celia told one of the private investigators that the defendant's goods were "like OTO". Philip stated that Celia also said that "the name is the same but cheaper". However, when the video clip taken of that conversation was examined, it did not bear this out.

30 The private investigators also visited the defendant's premises at Chinatown Point. The glass front of the shop there was stacked up with the defendant's goods. Three large, coloured posters with the words "OTC BODYCARE HEALTH & BEAUTY" were placed at the top of the glass front.

31 By 12 February 2004, the poster at the stall in Sim Lim Square had the letters "OTC" blacked out although it still contained the name "ELECTRO-RELAXOLOGIST". One of the defendant's sales staff (Ivan) informed the private investigators that the products were imported and each shipment contained 800 units. Another employee (Patrick) commented that the defendant's product "beat the plaintiff's" and was better in terms of value for money. The private investigator purchased one unit for $250. The receipt was issued in the name of Blackgold Asia Pacific Chinatown Point.

32 A visit to the premises at Chinatown Point on 18 February 2004 showed that the large posters had been removed although the glass front was still stacked up with boxes. When the defendant was leaving the premises, the private investigator spoke with him on the pretext of making enquiries. He was told by the defendant to make further enquiries at Sim Lim Square and that "if you go upstairs to the third floor, they will sell you more expensive".

33 Another visit to the Chinatown Point premises on 20 February 2004 showed that paper had been pasted over the words "ELECTRO-RELAXOLOGIST" on the boxes.

34 On 16 April 2004, the defendant's stall at Sim Lim Square was still selling the product but some boxes had "RELAXOLOGIST" cut out while others had the term "ELECTRO-RELAXOLOGIST" cut out. The defendant's sales staff explained that that was done because the defendant had received legal notices from the plaintiff's solicitors. The cash sales receipts now had the name JIT Engineering Services.

35 Ivan testified that he was a sales supervisor in the defendant's employment from March 2003 until December 2004. He was paid $1,200 and a sales commission every month. He helped the defendant sell different kinds of goods at various locations. Around mid-2003, he was stationed in Sim Lim Square selling ink cartridges and massage equipment imported from China.

36 In December 2003, the defendant told him he was importing an electronic foot massager which was "almost similar" to OTO's. The defendant also showed him a banner and flyers which he had prepared in his laptop computer. Ivan pointed out that the defendant's logo was similar to the plaintiff's trademark and expressed his concern that the defendant might get into trouble because of that. However, the defendant brushed aside his concern.

37 When the goods arrived from China in December 2003, both of them discussed the pricing and decided to sell them at $338 per unit since the plaintiff was selling its massage machines at $388 per unit. The flyers were distributed at the escalators of Sim Lim Square.

38 From the beginning of their "road show" sales method, potential customers would invariably ask whether the defendant's product was the same as OTO's. The defendant's product used the brand "HL" which stood for "Healthy Life". None of the defendant's employees said that the product they were selling was from OTO. However, Ivan and Patrick would occasionally pun on the word "OTO" by showing the machine's remote control and saying that the machine they were selling was "auto" (automatic).

39 One day in January 2004, the defendant telephoned Ivan. Sounding very panicky, he

instructed Ivan to take down the "OTC BODYCARE" posters and destroy them. He also told Ivan to hide the stocks of the massage machine. Ivan and Patrick then moved the stocks to a location outside the atrium.

40 Later that day, the defendant went to the stall and said that they could resume selling the product. However, the price was lowered to $168 per unit. If four units were purchased, the price was discounted to $138 per unit. Sales of the defendant's product rose. Potential customers asked why OTO's machine was so much more expensive that the defendant's. Ivan's response was that the defendant's machine provided better value for money.

41 After this action was commenced, the words "ELECTRO-RELAXOLOGIST" were cut out from the boxes containing the massage machine. The defendant also made arrangements with his friend, Ryan Lim ("Ryan"), of JIT to have the receipts for sales of the machines made out in the name of JIT. The receipts were also rubber-stamped to state that there was no passing off of the defendant's goods as those of OTO. The defendant stopped going to Sim Lim Square during office hours. Ivan communicated regularly with him by mobile phone and also went regularly to the defendant's home in Pearl Bank apartments to hand over to him the money from the sales of the massage machine and ink cartridges. When Ivan asked him about the need to use JIT's name, the defendant explained that he wanted to use this to claim damages from the plaintiff subsequently. The defendant also commented that every sale he made was one sale less for the plaintiff. Ivan did not receive any salary from Ryan. The defendant continued to pay Ivan his salary in cash.

42 The first shipment of the defendant's machine in December 2003 was for 800 units. In mid-2004, another 900 units were brought in. Ivan believed there was a third shipment of 1,000 units but he was not certain about this. Subsequently, the defendant changed the brand to "OEM".

43 After a hearing in court to commit the defendant for contempt in these proceedings in September 2004, the defendant prepared a laminated certificate-like document which stated:

> Notice of Agreement
>
> It has been agreed by OTO Bodycare Pte Ltd that Hiew Keat Foong (HKF) is now allowed to sell and distribute electrical foot massage and reflexological apparatus, with terms, performance and costs agreeable to both.*
>
> Granted Dealer Status
>
> by Hiew Keat Foong
>
> *Settlement of Notice of Motion No 43 of 2004/C
>
> High Court of the Republic of Singapore
>
> Dated 21st September 2004

An "authorised signature" appeared on the bottom left corner while the bottom right corner of the document had a company stamp showing Infinitus Pleasures Pte Ltd, its address and contact numbers with a seal affixed next to it. The words "Notice of Agreement" were prominently set out at the top in large print. The words "Granted Dealer Status by Hiew Keat Foong" were also in large print although slightly smaller than that of the "Notice of Agreement".

44 The defendant brought three copies of this document to Sim Lim Square and gave one to Patrick (who was doing outdoor sales at that time), one to another salesman and the final copy to Ivan for him to display on a table near the information counter together with the defendant's massage machine.

45 The defendant told Ivan he had fallen out with Ryan and would thenceforth operate through another company called Infinitus Pleasures Pte Ltd. The defendant explained that the name "Infinitus" was chosen because it was the name of the law firm of the plaintiff's counsel and he intended to use that company to sell silicone brassieres in order to annoy the said counsel and to challenge him to take action against him.

46 In late 2004, the defendant asked Ivan, to the point of begging him, to sign urgently on sales receipts to show that an additional 300 units of the massage machine were sold in February 2004. Ivan refused to do so as that would have been tantamount to falsification of evidence. He asked the defendant for one night to think it over. That night, he telephoned the defendant and asked for $75,000 in return for doing what was requested of him. This was the way of escape for Ivan as he knew that the defendant would not be able to pay him that amount of money. His telephone calls were taped by the defendant. He denied that he was pressurizing the defendant to buy him over as a witness, failing which he would testify for the plaintiff for reward, as he was aware that doing such things would land him in trouble with the law. The defendant did not accept his demand for $75,000. The following day, he told Ivan the problem had been fixed. Ivan did not enquire further on what he meant by that remark. A few days later, Ivan, a bankrupt, asked the defendant for $75,000 again or he would testify against him. He claimed that it was just to start an argument and create an excuse for him to leave the defendant, which he did soon thereafter. He denied that he was telling lies in court in order to sabotage the defendant's case.

47 Some time later, Ivan decided to contact the plaintiff's solicitors because he needed to speak the truth. He had met them on two earlier occasions when they wanted him and Patrick to testify for the plaintiff by speaking the truth.

48 Patrick, also known as "Ah Tee", was a part-time salesman of the defendant in 2004. He worked closely with Ivan in selling the defendant's massage machines imported from China. He adopted everything that Ivan said in his affidavit of evidence-in-chief except for the contention that the defendant had requested Ivan to issue false receipts, of which he had no knowledge.

49 Patrick said that when people approached them and asked whether the massage machine they were selling was an OTO product, they would say that it was not, that it was their new, second generation machine, that it had infra red footpads and a liquid crystal display ("LCD") screen, was cheaper and there was a warranty for one year. Their machine was therefore worth buying. The defendant instructed him to sell their machine as something different from the OTO machine and he did so. No customer had returned to claim that he thought he had bought an OTO machine.

50 In August 2004, Ivan and Patrick went to meet the plaintiff's solicitors after Ivan told him that they were looking for both of them. The plaintiff's solicitors wanted them to speak the truth and to testify for the plaintiff. They left without promising that they would be witnesses for the plaintiff as they might lose their jobs with the defendant if they agreed to do so. Later that same month, they met the plaintiff's solicitors again. The solicitors wanted them to testify for the plaintiff and they subsequently agreed to do so. No money was promised or paid to them by anyone.

51 When the defendant stopped selling his machine with effect from 5 March 2004, Ivan and Patrick continued to sell the same under Ryan of JIT. Ryan would bring the stocks for them to sell. Between March and August 2004, Patrick handed over to Ivan all sales proceeds and received his salary from Ivan. Patrick treated the defendant as his employer and Ryan as a friend. When Patrick's wife had a fall and he wanted to take leave from work, he asked Ivan about it. A few days later, Ivan told Patrick that the defendant said that Patrick did not need to go to work anymore as he was fired.

52 Patrick said that Ivan told him he (Ivan) had asked the defendant for $75,000. Patrick did not know the reason for asking for the money. Patrick had no grudge against the defendant.

The case for the defendant

53 The sole witness for the defence was the defendant. Describing himself as a trader, the defendant said he first got to know about the HL1016 machine during the Guangzhou Trade Fair in April 2003. He placed the first order for that machine in October 2003 as he saw its commercial potential. The first shipment arrived in December 2003 and he started selling the machine here in January 2004. Although another Singapore company, Gnee Hong Co Pte Ltd, had ordered a batch of the machine before the defendant's order, the Chinese manufacturer arranged to have his order shipped here first.

54 The defendant denied having infringed the plaintiff's trademark in so far as it claimed that "OTO Bodycare" was its trademark. In February 2004, the plaintiff commenced this action against him and on 5 March 2004, he stopped his business of selling the HL1016 machine. That same day, the plaintiff submitted its application to register "OTO Bodycare" as its trademark. Because of the defendant's objection, the plaintiff's application was held in abeyance by the Intellectual Property Office of Singapore ("IPOS"). The defendant's earlier application to register "OTC Bodycare" as his trademark was rejected due to the plaintiff's objection.

55 The defendant asserted that he had a different sales concept from the plaintiff's marketing strategy. While the plaintiff's primary sales method was through its specialty store under the OTO Bodycare mark, the defendant sold his machines primarily in the atrium of Sim Lim Square in a road show style by displaying them and allowing potential customers to try them out. His sales personnel would be there to explain the functions of the machine and they would emphasise its better features and lower price.

56 The get-up of his machine was also different from the plaintiff's. Unlike his HL1016 machine, the plaintiff's ER839 machine did not have an LCD screen and infra-red features. His machine had an eye-catching infra-red section on its footpads. It was in trapezium shape while the plaintiff's was in a rectangular box shape. It also had the words "Healthy Life" at the front bottom and its packaging had a different Caucasian lady.

57 The plaintiff's machine retailed at $398 per unit while the defendant's was sold at $338 per unit in early January 2004 and then at between $138 and $168 per unit, depending on the package and the promotion on site. He stated that he was selling it presently at $99 per unit (with gifts included as a package). Since both the plaintiff's and the defendant's machines benefited users through the use of electrical impulses to massage reflexology points of the feet, the one factor that would appeal to customers would be the price.

58 In his advertisements in the newspapers, the defendant referred to his machine as "HL" and

not "Electro-Relaxologist" or "OTC Bodycare Japan". With effect from 19 January 2004, "OTC Bodycare Japan" were blocked out or removed from the posters at Sim Lim Square. After having been served the injunction in February 2004, he arranged to have the words "Electro-Relaxologist" removed from the packaging of the HL1016 machine.

59 Where the allegation of passing off was concerned, the defendant claimed that the term "Electro-Reflexologist" was descriptive of the plaintiff's machine in terms of purpose or use. It suggested that the machine worked on electricity and was based on principles of reflexology. The plaintiff's advertisements focused on its "OTO Bodycare" mark and not on "Electro-Reflexologist". Further, the plaintiff did not have an exclusive product design here and in Malaysia. There were other brands of such machines using an identical design, such as Omico and Isukoshi.

60 The defendant also said that his sales and marketing method did not represent his machine as the plaintiff's. Indeed, his sales staff took pains to differentiate the two machines by emphasising the superior features and better price of the HL1016. In marketing his machine, he relied on the "HL" or "Healthy Life" name and not the term "Electro-Relaxologist". His customers referred to his machine as foot massager most of the time. In any event, after the injunction was served on him, he removed that term from the original packaging which was from the Chinese manufacturer called Yingzhijian Electronic Produce Manufactory.

61 Even if there had been misrepresentation in the sale and marketing of the defendant's machine, no damage was caused to the plaintiff as its sales of its ER839 machine increased from 50,000 in December 2003 to 70,000 in January 2004 and then to 100,000 in March 2004. There was no evidence to prove that the direct cause of a loss of sale of the ER839 machine was the sale of the defendant's machine.

62 When the plaintiff applied for the injunction against the defendant, it failed to disclose the first private investigators' report to the court. That report would have shown that his sales staff differentiated the HL1016 machine from the ER839 machine. At the committal hearing against him and Ryan on 20 and 21 September 2004, the judge interpreted the injunction as stating that anyone could sell the HL machine so long as it was not sold in a way that infringed the plaintiff's rights. While the injunction prevented him from using "OTO" and "Electro-Reflexologist" and restrained him from passing off, it did not restrain him from selling his machine. As the plaintiff's solicitors disagreed with this interpretation by the defendant's solicitors, the defendant decided to stop selling the machine on 5 March 2004.

63 He had a counterclaim against the plaintiff based on a contract dated 15 December 2003 that he had signed with the Chinese manufacturer. That contract appointed him as the exclusive distributor of the HL1016 machine for Singapore and he was obliged to order a total of 3,000 units of it every month for sale here. In January 2004, he ordered a second batch of 3,000 units but had to cancel that order after the plaintiff commenced this action and obtained the injunction in February 2004. As a result of the plaintiff's "incessant and stubborn pressure", the defendant had to stop selling the machine and was thus in breach of contract. He managed to persuade the Chinese manufacturer to suspend performance of their contract for some time but the Chinese manufacturer eventually chose to sell the machine to others who imported it here for sale. As a result of this, the defendant claimed he suffered losses as the machine was selling well. His solicitors informed the plaintiff's solicitors of the cessation of sale of his HL1016 machine with effect from 5 March 2004 and that he would hold the plaintiff liable for his losses pursuant to its undertaking as to damages.

64 Responding to the plaintiff's allegations of wholesale copying of its instruction manual, the

defendant pointed out that his instruction manual used the traditional Chinese script while the plaintiff's used the simplified one. The contents would be similar or identical as both of them described the operation and the health benefits of using the respective machines. In any event, the instruction manual would be read only after a purchase had been made. The plaintiff's claim was also not about copyright infringement. The packaging and the instruction manual were prepared by the Chinese manufacturer which had patent and design rights for the HL1016 machine.

65 After the defendant stopped the use of flyers in early January 2004, he advertised his machine for sale in the newspapers, promoting it under the name "Healthy Life" or "HL". He had instructed his sales staff to sell the product as it was and not to misrepresent it as some other brand. During the launch of the product in Sim Lim Square, he was present most of the time and could therefore observe how his sales staff promoted and sold the HL1016 machine. They did not pass it off as the plaintiff's ER839.

66 The defendant conducted the sales at the Chinatown Point outlet. There was no need to pass off the defendant's machine for that of the plaintiff's as the former had features not found in the latter and was also cheaper to purchase.

67 After the defendant stopped selling the machine with effect from 5 March 2004, the plaintiff alleged that Ryan, an independent businessman, was the defendant's agent and was in collusion with the defendant to circumvent the injunction. Ryan had affirmed an affidavit explaining that he was selling the HL1016 as part of his own business and that he had obtained the HL machines through an importer here.

68 At the committal hearing on 20 and 21 September 2004, there were negotiations between the parties. The stumbling block to a settlement was the proper interpretation of the terms of the injunction. The judge hearing the matter asked whether the parties were willing to be bound by his interpretation and they said they were willing. The judge then said that under the injunction, anyone could sell the machine but no one was to do so by infringing the plaintiff's rights.

69 The parties' solicitors negotiated further after the judge had given his interpretation but, this time, the obstacle was the wording of the undertakings that the defendant and Ryan should give to the court.

70 On the second day of the hearing, the judge remarked about the plaintiff's failure to make out a *prima facie* case for committal against the defendant and Ryan. Further negotiations followed. The parties finally agreed to settle the committal issue in exchange for the defendant's and Ryan's undertakings to the court. The defendant undertook not to deal with massage or reflexology apparatus under the name "OTO" or "Electro-Reflexologist" or pass off any such apparatus as the plaintiff's "Electro-Reflexologist". In the event of a breach of the undertaking, the defendant agreed to pay the plaintiff $300 per unit sold by him together with the costs and disbursements incurred on an indemnity basis. It was stated in the undertaking that the settlement was without prejudice to the issues to be tried at trial and without admitting that the defendant had sold or continued the sale of the defendant's machine under the name "Electro-Relaxologist" after 5 March 2004. The defendant believed that the judge's interpretation clarified the legal position that he could continue to sell his machine so long as he did not infringe the plaintiff's rights.

71 The defendant then explained how he got his mark, "OTC Bodycare Japan". He wanted the acronym "OTC" to "exemplify the 'over the counter' business concept" as the "OTC" name or concept was popular for pharmaceutical products. It represented affordability. He came across this concept in

the non-prescription drugs sold over the counter in China. The red and green colours in his logo denoted type 2 and 1 drugs. He exhibited several samples of pharmaceutical products which had "OTC" indicated on its packaging.

72 In November 2003, he submitted an application to register "OTC Bodycare Japan" as a trademark but IPOS did not permit an application to contain the word "Japan". He therefore amended his application by dropping the word. The defendant pointed out that the plaintiff used to be known as IPS Enterprises Pte Ltd until 1997 (it should be 1999) when it changed its name to "OTO Bodycare Pte Ltd". His design was to differentiate "OTC Bodycare" from "OTO" or even "OTO Bodycare". Therefore, the colour scheme of his logo had the red and green colours in reverse order and he added the word "Japan" at the bottom to create a different visual impression. His act of attempted registration showed that he intended not to infringe the plaintiff's trademark. If IPOS did not approve his application, he would not use "OTC Bodycare" for the marketing of his HL1016 machine.

73 Since IPOS did reject his application, he stopped using his logo. His sales staff removed or blocked out his logo in the poster used in Sim Lim Square. He had emphasised to them before the launch of his machine for sale here that all sales and marketing efforts must differentiate the HL1016 from the other brands. After IPOS' rejection of his application, he re-emphasised this point to his sales staff.

74 He then adopted a different strategy to move the sales of his machine. He lowered its selling price to between $138 and $168 per unit and advertised in the newspapers, emphasising the name "Healthy Life" or "HL" and abstaining from using "Electro-Relaxologist" or "OTC Bodycare Japan".

75 After the amended injunction was served on him, he handed over eight units of the HL1016 machine to his solicitors for them to be handed over to the plaintiff's solicitors. There was never any complaint by any of his customers about having been misled into thinking that his machine was the ER839 machine. Instead, many of them informed him that his machine was better than the plaintiff's. This was despite the plaintiff's advertisement on 9 February 2004 offering a trade-in for customers who had bought "imitation" machines.

76 Although Gnee Hong Co Pte Ltd imported and sold the same HL1016 machine, the plaintiff did not take legal action against it. In the committal proceedings, a representative from that company made an affidavit in support of the plaintiff's case against the defendant and Ryan. The defendant also complained about the plaintiff's conditions imposed on his request to view the video recording of the investigations done by its private investigators. The plaintiff wanted him to pay $1,500 for transferring the video recording into a Video Compact Disc and then only with "irrelevant portions" edited out. He did not agree with the conditions as it was the plaintiff's duty to give discovery.

The decision of the court

77 Section 27(2)(b) of the Trade Marks Act (Cap 332, 1999 Rev Ed) provides that a person infringes a registered trademark if, without the consent of the proprietor of the trademark, he uses in the course of trade a sign where because the sign is similar to the trademark and is used in relation to goods or services identical with or similar to those for which the trademark is registered, there exists a likelihood of confusion on the part of the public.

78 It was too much of a coincidence that the defendant's mark had the same first two letters as the plaintiff's trademark, a third letter that was dressed up to look remarkably like the letter "O" and horizontal stripes across the middle portion of the letters. The fact that the plaintiff's "OTO" was in

italicised form while the defendant's "OTC" was not did not make a significant difference in the overall visual impact. Anyone looking at the defendant's mark without close scrutiny, whether due to distance or the shortness of time, would have thought that he had seen the letters "OTO". It did not matter that the defendant's mark had other words below it. The top three letters were in bold print and they were the ones that were distinctive and that would register immediately on the viewer. The use of what appeared to be "OTO" as a distinct word, with or without additional words or material, amounted to infringement in much the same way as "VOLVO" was held to have been infringed even though there were the additional words "independent" and "specialist" (see *Aktiebolaget Volvo v Heritage (Leicester) Ltd* [2000] FSR 253). The defendant's mark was therefore similar to the plaintiff's trademark "OTO". I should add that I found the defendant's explanation as to how he coined the name "OTC' rather contrived in the light of all the other similarities his mark shared with the plaintiff's trademark and the unregistered mark.

79 The plaintiff's trademark was registered for massage apparatus and the defendant's mark was used for massage apparatus, in particular, foot massager. The defendant had therefore used a sign which was similar to the plaintiff's trademark and in relation to identical goods for which the plaintiff's trademark was registered.

80 The plaintiff had to prove only likelihood of confusion and not actual confusion. The plaintiff relied on the case of *MI & M Corporation v A Mohamed Ibrahim* [1964] MLJ 392 where the court applied the test of imperfect recollection and said that, "In the present case the test is to be applied in relation to people who are generally illiterate and who do their shopping in small dark grocers' shops where large quantities of goods are crowded in a disorderly manner". The plaintiff submitted that the atrium of Sim Lim Square was a noisy, bustling area with many stalls and shoppers and where the majority of customers buying the massage machine were "uncles and aunties" (or middle-aged and elderly people), who were likely to be less educated and more likely to mistake the defendant's machine for the plaintiff's. It was argued therefore that the test mentioned in the case cited above was highly relevant for the present case.

81 In this case, "OTO" is, phonetically and visually, a very simple word which the literate and illiterate could easily remember. It was certainly very much more well known than the defendant's "OTC". It was obviously for this reason that the defendant chose a name that could be deceptively presented to resemble "OTO". It did not matter whether the potential customers were well educated or not, and the atrium in Sim Lim Square could hardly be described as dark or dingy. What was important was whether they would think they saw "OTO" when the letters were actually "OTC" disguised to look like "OTO". An objective test should be applied here. There could be little doubt objectively that confusion was likely in the circumstances of this case. Further, it appeared that a good number of people were actually confused by the cleverly disguised word as they had to ask the sales staff whether the machine was "OTO". Once there was a likelihood of confusion, infringement had taken place and it did not matter that the defendant's sales staff then tried to explain that their product was not "OTO". In any event, the sales staff did not help much on some occasions as they were enjoying themselves by playing on the phonetic similarity between "OTO" and "auto", thereby confounding instead of expounding. It also did not matter if no sale took place because the defendant had already used someone else's trademark as a bait to bring in customers.

82 The plaintiff therefore succeeded in its claim on infringement of its trademark, "OTO".

83 The plaintiff also claimed passing off in respect of the defendant's use of the words "OTO Bodycare" and "Electro-Relaxologist", the similarities in shape, design, packaging and overall get-up between the defendant's HL1016 machine and the plaintiff's ER839 machine. The plaintiff argued that

the defendant's machine was an instrument of deception and that the sales methodology of the defendant confused the public into purchasing his machine as and for the plaintiff's. Following from this, it was submitted that the removal of the word "Electro-Relaxologist" would not materially lessen or remove the likelihood of confusion and deception of the public if the sales methodology remained the same.

84 To succeed in a passing-off claim, the plaintiff had to show that it had the necessary goodwill, that there was misrepresentation by the defendant and that damages were suffered as a result. The plaintiff asserted that goodwill arose from trading and could attach to trade names as well as the get up, including the form factor, of the product. Goodwill is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom (see *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223–224).

85 The plaintiff changed its name to its present one in 1999. It has used the name and mark "OTO Bodycare" for a number of years and has advertised extensively. The defendant was aware of this name since about 2002. He had used it as one of the points of reference when designing his own mark, "OTC Bodycare". The plaintiff therefore had goodwill and reputation in this name and mark.

86 Clearly, the defendant intended to copy the plaintiff's mark. The similarities were too striking to be mere coincidence. He was trying to ride on the name "OTO" when he inserted his mark in his posters and flyers. The inverted colour scheme was part of his ruse as some people may remember the colours without recollecting the order in which they appear. Others may view the inverted colour scheme as a variation made by the plaintiff. There was therefore misrepresentation on the part of the defendant.

87 The evidence did not bear out the plaintiff's claim that its invented term "Electro-Reflexologist" was associated with the plaintiff and no one else. Placed side by side with the defendant's term, "Electro-Relaxologist", the similarity in spelling would obviously cause some confusion. However, it was not proved that the public, on seeing or hearing the plaintiff's term, which most people would not be able to say or spell without tripping up, would immediately conjure up an image of the plaintiff or know that it was an OTO product. I make the same comments where the shape and get up of the plaintiff's massage machine and the plaintiff's sales method were concerned. The plaintiff was not claiming it had a monopoly on the design of the massage machine or its sales methodology (which did not appear to me particularly unique in any case). The defendant's packaging box, while having similarities with the plaintiff's, nevertheless had enough visual differences to distinguish itself from the plaintiff's. The public's usual question about whether the defendant's machine was an OTO product was probably due to the fact that people were more familiar with the OTO name, which had been advertised extensively, and the fact that the defendant had used a term which looked like "OTO", rather than due to their instant recognition of the design and shape of the machine. I therefore found that it was not proved that the plaintiff possessed goodwill and reputation in "Electro-Reflexologist" or in the shape, design and sales methodology of its product although I accepted the plaintiff's arguments that the defendant was a copycat in many aspects.

88 Accordingly, passing off occurred so long as the defendant used "OTC" or "OTC Bodycare" in the way he did. Once those terms were removed from his posters and flyers, the passing off ceased. The evidence showed that the defendant stopped using those terms by 19 January 2004. However, since the promotion period stated in the flyers ended on 21 January 2004 and people could still have been misled between 19 and 21 January 2004, I considered it fair that the later date should be the date of cessation of use by the defendant. I therefore held that there was infringement of the plaintiff's trademark and/or passing off by the defendant in January 2004 (up to 21 January 2004).

89 Unfortunately, however, the defendant was not contented to maintain that situation until trial. In an apparently defiant mood after the hearing of the committal proceedings in September 2004, he created the said Notice of Agreement (see [43] above). The defendant tried to explain why he prepared that notice. It was to serve two purposes, he said. The first purpose was to inform the public that he was allowed to sell his product (*ie* there was no restraint by injunction). This was because there were rumours in the market that no one was allowed to sell that product. The second purpose was to show that the holder of that "certificate" had been granted dealer status by him. If the plaintiff were to bully his sales staff by threatening legal action against them, they could rely on the certificate and point their fingers at him. Here again, I found the defendant's explanation to be contrived. Far from accomplishing those purported purposes, the said notice, when viewed objectively by a member of the public, strongly suggested that the defendant or the holder of the notice had been appointed a dealer of the plaintiff's goods and that what he was selling was therefore an "OTO" product. It was another manifestation of his youthful mischief and defiance and corrupted creativity. By instructing his sales staff to place that notice next to the product they were selling at Sim Lim Square and to carry it with them for their sales rounds, he revived the passing off.

90 For this reason, while I found no infringement of trademark or passing off between 22 January 2004 and 21 September 2004, I held that there was passing off from 22 September 2004 until such time that all copies of the Notice of Agreement were withdrawn from use.

91 In respect of the defendant's counterclaim for losses allegedly suffered by him between 5 March 2004 (the date he said he stopped all sales of his machine) and 22 September 2004 (the date he resumed selling the same), I did not accept that he suffered any damages at all and dismissed the counterclaim. It was incredible that Ryan or JIT would be willing to take over the business and be able to obtain stocks of the product almost immediately. If there were rumours flying in the market that no one was to sell the HL1016, as claimed by the defendant, then surely Ryan would have known about the rumours and made some enquiries before taking over the business. At the very least, Ryan would be curious to know why the defendant was suddenly giving up something which appeared profitable. It was equally unbelievable that Ryan would, in turn, relinquish the business and hand it back to the defendant once the committal proceedings were settled. Although Ivan's evidence should be scrutinised and treated with caution because of his attempts to extract payment from the defendant, I was persuaded he was telling the truth. His evidence and Patrick's testimony showed, without a doubt, that the defendant was still their employer after 5 March 2004 and that Ryan/JIT was just a stand-in for the defendant. The defendant did not call Ryan as a witness to corroborate his evidence. If the reason for not doing so was that he had fallen out with Ryan, as stated by Ivan, then it was extremely strange that he was able to regain his business from Ryan with such ease and speed.

93 Counsel for the defendant argued that the interim injunction obtained by the plaintiff should be discharged on two grounds. The first ground was that the plaintiff had failed to disclose the first private investigator's report which was already in existence at the time of application to court. That report would have shown that the defendant's sales staff differentiated the HL1016 from the plaintiff's ER839. The second ground relied on was that the plaintiff had pleaded in February 2004 that "OTO Bodycare" was a registered trademark and claimed that infringement thereof. That was not rectified until early 2005 by an amendment to the Statement of Claim.

94 The plaintiff ought to have been much more careful in its pleading and in its application to court for an injunction. However, the defendant could also have applied to court to set aside or vary the injunction at an early stage. He did not. Instead of setting aside or varying the interim injunction at this very late stage, I would take into consideration the plaintiff's errors in my decision on the

costs of these proceedings.

95 Counsel for the defendant pointed out that the defendant had made an Offer to Settle dated 22 December 2004 under O 22A of the Rules of Court (Cap 322, R 5, 2004 Rev Ed). The first term in that Offer to Settle was that the plaintiff withdraw its trademark and passing-off claims against the defendant. Since there was no infringement or passing off for the period from 22 January 2004 to 21 September 2004, the defendant submitted that costs on an indemnity basis should be awarded to him for that period. I did not accept the defendant's argument. Firstly, the plaintiff was right not to have withdrawn its claims in respect of the two periods that I have indicated earlier. Secondly, the Offer to Settle contained several other terms such as the plaintiff having to pay costs and reasonable compensation to the defendant, which, as events have shown, were unjustifiable terms.

96 On my findings, there was infringement and/or passing off and an injunction should be granted to restrain the defendant from infringing the plaintiff's trademark or from passing off his product as the plaintiff's and I so ordered. I also granted judgment to the plaintiff for damages to be assessed in respect of the periods of infringement and/or passing off. The costs of the assessment would be left to the discretion of the assistant registrar conducting it. Bearing in mind the matters in [94] above and the fact that the plaintiff had succeeded only partially in its claim, I ordered the defendant to pay the plaintiff 50% of the costs of these proceedings, excluding the assessment of damages. In para 3 of the defendant's undertaking to the court dated 21 September 2004 (in the committal proceedings), the defendant agreed to pay the plaintiff indemnity costs and disbursements incurred in connection with any breach of the said undertaking not to pass off his product for the plaintiff's. Pursuant to that undertaking, I ordered that costs be taxed on the standard basis up to 21 September 2004 and on the indemnity basis from 22 September 2004 onwards. As I have stated earlier, the defendant's counterclaim was dismissed.

Plaintiff's claim allowed in part; defendant's counterclaim dismissed.

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