City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier
[2009] SGCA 53

Case Number : CA 150/2008

Decision Date : 06 November 2009

Tribunal/Court : Court of Appeal

Coram : Chao Hick Tin JA; Andrew Phang Boon Leong JA; V K Rajah JA

Counsel Name(s) : Tan Tee Jim SC, Christopher De Souza and Ng Guan Zhen (Lee & Lee) for the appellant; Wong Siew Hong and G Radakrishnan (Infinitus Law Corporation) for the respondent

Parties : City Chain Stores (S) Pte Ltd — Louis Vuitton Malletier

Trade Marks and Trade Names

6 November 2009 Judgment reserved.

Chao Hick Tin JA (delivering the judgment of the court):

Introduction

1 The present appeal concerns the alleged infringement by the appellant, City Chain Stores (S) Pte Ltd ("the Appellant"), of a mark of a well-known brand in luxury goods owned by the respondent, Louis Vuitton Malletier ("the Respondent"). It raises three broad issues, namely: (a) whether there has been infringement of a registered trade mark under ss 27(1) and 27(2) of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("the Act"); (b) whether a claim in passing off has been established; and (c) whether s 55 of the Act on the protection of well-known trade marks has been breached.

2 The Appellant, which was incorporated in Singapore on 2 November 1985 with an issued and paid-up capital of S$1.8m, is a wholly-owned and indirect subsidiary of Stelux Holdings International Limited ("Stelux"), a company founded in 1963 and which has been listed on the Hong Kong Stock Exchange since 1972. Stelux operates two major retail chains: "City Chain" and "Optical 88". The Appellant is a part of the City Chain retail chain which was first set up in Hong Kong in 1985. Currently, there are more than 360 City Chain stores and counters operating in Hong Kong, Macau, China, Thailand, Malaysia and Singapore. There are 36 City Chain outlets in Singapore.

3 The Respondent is a company incorporated in France. Founded in 1854, it commenced business as a trunk maker. Today, it has an estimated brand value of US$20.3bn and it is now part of the LVMH Group which was formed in 1987. Currently, the Respondent's products include fashion and travel items, luggage, handbags, leather goods, ready-to-wear fashion, footwear, jewellery, writing instruments and sunglasses. Since 2002, the Respondent has also been manufacturing and selling watches. In Singapore, the Respondent's products are available exclusively through LVMH Fashion Singapore Pte Ltd (a wholly-owned subsidiary of the LVMH Group) which, at the time of the trial, operated three stores in Singapore: at Ngee Ann City, Hilton Hotel Arcade and Raffles Hotel Arcade. It has recently opened a fourth store at a newly completed high-end shopping mall.

4 Stelux had business dealings with the LVMH Group prior to this dispute. For example, one City Chain store in Hong Kong carried Tag Heuer, Christian Dior and Fendi watches (brands which are part of the LVMH Group). There has not been any previous dealing between Stelux and the LVMH Group in Singapore. Although Stelux and the LVMH Group were at one point in negotiation for Stelux to have

dealership rights in Singapore for Tag Heuer, nothing materialised from that.

Facts leading up to the commencement of the alleged trade mark infringement action

5 In November 2006, the Appellant launched a range of watches in Singapore bearing the SOLVIL trade mark as well as flower devices on its dial and strap ("the Solvil watch"). Daniel Roland Plane ("Plane"), a solicitor based in Hong Kong, who was responsible for the design and management of intellectual property enforcement programmes for the LVMH Fashion Group in the Asia Pacific region, discovered in 2007 that the Solvil watches were being offered for sales at City Chain outlets in Hong Kong, several cities in China (including Shanghai, Beijing, Shenzhen and Guangzhou) as well as in Malaysia (Kuala Lumpur) and Singapore.

6 Plane instructed co-ordinated enforcement raids to be carried out against the City Chain outlets in China (ie, in Beijing, Shenzhen,Guangzhou and Chongqing), Malaysia and Singapore. In Singapore, a private investigator, Mr Ng Chui Guan ("Ng"), visited the Appellant's outlets at The Central, Marina Square, Suntec City Mall and Plaza Singapura between 4 May and 9 May 2007 and made trap purchases from each outlet. Ng also deposed that between 9 May and 13 May 2007, he visited 22 other City Chain outlets around Singapore and observed that the Solvil watches were available or on display at those outlets. In China, the respondent only succeeded in its legal action in Shenzhen Intermediate People's Court but that is under appeal. In Malaysia, following the raids, no legal proceedings have been initiated against any party.

7 On 15 May 2007, the Respondent proceeded to file four complaints against the Appellant alleging infringement of s 49 of the Act. The Respondent alleged that its Flower Quatrefoil mark had been infringed by the Appellant's use of its flower design ("the Solvil Flower") on the Solvil watches sold by the Appellant.

8 The Flower Quatrefoil mark is one of four constituent elements that make up the Louis Vuitton Monogram Canvas design ("the Monogram") which has been applied to the Respondent's goods since 1896. Even today, the Monogram is still applied to a majority of the Respondent's products. The Monogram was first registered as a trade mark in France in 1905 and is registered as a trade mark in Singapore in respect of a number of classes.

9 The Flower Quatrefoil mark itself is also registered in Singapore under Trade Mark No T0514535D in respect of:

> Goods made of precious metals, their alloys or plated therewith, in particular craftwork objects, ornamental objects, tableware, ashtrays, boxes and cases, powder compacts; jewellery, jewellery articles (including fashion jewellery) in particular rings, rings for keys, rings, buckles, earrings, cuff links, bracelets, charms, brooches, chains, necklaces, tie pins, ornamental pins, medallions; timepieces and chronometric instruments including watchstraps, watches, wristwatches, pendulum clocks, pendulettes, alarm clocks, caskets and cases for time pieces.

10 The magistrate issued four search warrants (Nos 64/2007 to 67/2007) which were executed at the four above-mentioned outlets (see [6] above) on 16 May 2007. A total of 24 of the Solvil watches were seized. On 16 November 2007, four charges in Private Summonses Nos 2246-2007 to 2249-2007 were issued against the Appellant for breaching s 49(c) of the Act. The Appellant responded by applying by way of criminal motion for the search warrants to be quashed. On 13 December 2007, the Respondent filed a writ of summons (Suit No 779 of 2007 ("Suit 779/2007")) against the Appellant. The parties agreed that Suit 779/2007 and the criminal motion would be heard together. The trial judge allowed the claim in Suit 779/2007 and dismissed the criminal motion. His

grounds of decision are reported in *Louis Vuitton Malletier v City Chain Stores (S) Pte Ltd* [2009] 2 SLR 684 ("GD").

11 In Suit 779/2007, the Respondent sought, *inter alia*, an injunction to restrain the Appellant from doing any act that would infringe the Respondent's trade mark, pass off its watches or cause confusion or indicate a connection between the Appellant's and Respondent's goods; a declaration that the Respondent's trade marks were well-known within 2(1) of the Act; an inquiry into damages suffered by the Respondent and the delivery up of the Solvil watches (see [27] of the GD). The thrust of the defence in the court below was that the Solvil Flower was not used as a trade mark on the Solvil watches as it was merely decorative; the use of the Solvil Flower was not a misrepresentation that was likely to deceive the public; the Respondent's trade mark was not well known to the relevant sector of the public or the public at large and the Solvil watches did not infringe s 55 of the Act (see [28] of the GD).

12 At the conclusion of the trial, the trial judge ordered (at [89] of the GD) that (a) the Respondent succeed in its claim on the grounds of infringement of trade mark under ss 27(1) and 27(2) of the Act, in passing off and under s 55 of the Act; (b) the injunctions as claimed be issued; (c) at the option of the Respondent, there be an inquiry as to damages or an account of profits; (d) the infringing articles be delivered up within 14 days from the date of judgment or, alternatively, the Appellant's solicitors to confirm with the Respondent's solicitors by letter that there were no further infringing articles in the possession of the Appellant; (e) the Appellant pay the Respondent costs of the civil action; and (f) the criminal revision application be dismissed with no order as to costs.

13 In this appeal, there are three main issues in dispute which we shall deal with in turn, namely, (a) whether the Appellant's Solvil watches infringe the Respondent's registered Flower Quatrefoil mark under ss 27(1) and 27(2) of the Act; (b) whether the Respondent's claim for passing off has been established; and (c) whether the Appellant has breached s 55 of the Act on the protection of well-known trade marks.

Whether the Appellant's Solvil watches infringe ss 27(1) and 27(2) of the Act

Section 27(1) of the Act

14 Sections 27(1) and 27(2) of the Act prescribe the acts which would amount to an infringement of a registered trade mark as follows:

> **Acts amounting to infringement of registered trade mark** 27. —(1) A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.
>
> (2) A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign where because —
>
> (*a*) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered; or
>
> (*b*) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,

there exists a likelihood of confusion on the part of the public.

15 The Act is based on the Trade Marks Act 1994 (c 26) (UK) ("the 1994 UK Act"). One of the main purposes of the 1994 UK Act was to implement the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks ("Directive"). Sections 10 and 11 of the 1994 UK Act give effect to Articles 5 and 6 of the Directive, so authoritative guidance on the interpretation of s 10 of the 1994 UK Act would come from the European Court of Justice ("ECJ"). Having said that, Andrew Phang J (as he then was) noted (at [72] of *Nation Fittings (M) Sdn Bhd v Oystertec Plc* [2006] 1 SLR 712 ("*Nation Fittings*")) that unlike the 1994 UK Act, the interpretation of the Act is not subject to the Directive. Nevertheless, while the courts in Singapore are not bound by the rulings of the ECJ, the fact remains that s 27 of the Act was taken from s 10 of the 1994 UK Act and thus the scheme of things set out in the Directive would be relevant in interpreting s 27 of the Act.

16 Phang J in *Nation Fittings* (albeit *obiter*) dealt with the requirement of use of the infringing sign as a trade mark. He noted (at [53] of *Nation Fittings*) that the issue of whether or not, in order to establish a trade mark infringement under s 27 of the Act (or its UK equivalent), the alleged infringing use by the defendant must also constitute use as a trade mark in the first instance, was an open question in both England and in Singapore.

17 Phang J in *Nation Fittings* then proceeded to discuss the differing approaches of Lord Nicholls of Birkenhead and Lord Walker of Gestingthorpe in *R v Johnstone* [2003] FSR 42 ("*R v Johnstone*") (at [61], [63] and [64] of *Nation Fittings*), the ECJ's decision in *Arsenal Football Club Plc v Reed* [2003] Ch 454 ("*Arsenal v Reed*") (at [57] of *Nation Fittings*) and Jacob J in *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 (at [67]–[69] of *Nation Fittings*) amongst others. He also noted that the English Court of Appeal in *Arsenal Football Club Plc v Reed* [2003] RPC 39 (at [57] of *Nation Fittings*) did not adopt the narrower view of what constituted infringement under the 1994 UK Act.

18 In the light of the pronouncements in those cases, Phang J was of the view that what mattered was that any interpretation adopted must be consistent with logic and fairness (at [72] of *Nation Fittings*) and came down in favour of Lord Nicholls's reasoning in *R v Johnstone* (at [63] and [73] of *Nation Fittings*). He thus opined that before there could be a trade mark infringement, the alleged offending use must be of the nature of a trade mark use (at [62] of *Nation Fittings*). He drew further support from a leading local textbook by Mr Tan Tee Jim SC (at [60] and [62] of *Nation Fittings*) and noted that there were decisions from other jurisdictions other than England which appeared to support the requirement of trade mark use in the context of alleged trade mark infringement (at [59] of *Nation Fittings*).

19 Lord Nicholls in *R v Johnstone* (at [17]) relied on the ECJ decision in *Arsenal v Reed* in concluding that "Non-trade mark use is not within s.10(1) to (3) [of the 1994 UK Act]". It seems to us that *Arsenal v Reed* does not entirely support the proposition that trade mark use is required for trade mark infringement. The ECJ in *Arsenal v Reed* held at [48]–[53]:

> 48 In that context, the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin.
>
> …
>
> 51 It follows that the exclusive right under article 5(1)(a) of the Directive was conferred in

order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions. *The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods*.

…

53 It should be noted that article 5(5) of the Directive provides that paragraphs (1)-(4) of article 5 do not affect provisions in a member state relating to protection against the use of a sign for purposes other than that of distinguishing goods or services.

[emphasis added]

20 It would be noted that this statement does not conform to the traditional reference that the infringing use must be a trade mark use and moves towards the test of whether the infringing use is liable to affect the functions of the registered trade mark (hereinafter referred to as "the broader Community approach"). This formulation has been applied in subsequent ECJ cases (see *Anheuser-Busch Inc v Budejovicky Budvar, NárodnÍ Podnik* [2005] ETMR 27 at [59], *Adam Opel AG v Autec AG* [2007] ETMR 33 at [21]–[22] and *Celine Sarl v Celine SA* [2007] ETMR 80 at [16]).This approach appeared to have been recognised, if not accepted, by Lord Walker in *R v Johnstone itself* (at [83] and [85] of the decision) when he said:

83 The European Court of Justice recognised (para.[54]) that:

> ... uses for purely descriptive purposes are excluded from the scope of art.5(1) of the Directive because they do not affect any of the interests which that provision aims to protect, and do not therefore fall within the concept of use within the meaning of that provision (see, with respect to a use for purely descriptive purposes relating to the characteristics of the product offered, Case C-2/00 Hölterhoff [2002] E.C.R. I- 4187 , para. [16]).

…

85 The law is therefore in something of a state of disarray. But even if the European Court of Justice exceeded its jurisdiction in the *Arsenal* case (a point on which I would express no view), its exposition of the general principles is still highly material. The Court has excluded use of a trade mark for "purely descriptive purposes" (and the word "purely" is important) because such use does not affect the interests which the trade mark proprietor is entitled to protect. *But there will be infringement if the sign is used, without authority, "to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor" (para*.[56]*). There may be such a link, in the view of the European Court of Justice, even though the consumer treats the mark as a badge of support for or loyalty to the trade mark proprietor*.

[emphasis added]

21 Equally interesting is that Aldous LJ in *Arsenal Football Club Plc v Reed* [2003] RPC 39 at [33] set out his understanding of the ECJ decision in *Arsenal v Reed* as follows:

In para.[42] of their judgment, the ECJ do not set out to answer the questions referred. Their

reason becomes clear from the rest of the judgment. The referred questions were based upon the view that the issue of infringement would depend upon whether the use complained about was trade mark use, in the sense that the use indicated the origin of the goods. *That the ECJ concluded was not the relevant consideration. In summary the ECJ held that registration of a trade mark gave to the proprietor a property right (see s.2 of the Act). The relevant consideration was whether the use complained about was likely to damage that property right or, as the ECJ put it, is likely to affect or jeopardise the guarantee of origin which constitutes the essential function of the mark. That did not depend on whether the use complained of was trade mark use*. [emphasis added]

22 The broader Community approach was also recognised by Daniel Alexander QC in *Rxworks Ltd v Dr Paul Hunter* [2008] RPC 13 ("*Rxworks*") when he explained that the reason why descriptive use was excluded from protection was not because descriptive use was regarded as excluded from protection *per se*, it was because such use was regarded as not affecting those interests that trade mark law was there to protect. He stated (at [52] of *Rxworks*):

Thirdly, although the purpose and result is similar, Community jurisprudence approaches the issue from a somewhat different angle to that of the earlier English law. *Broadly speaking, as can be seen from the formulation of the fourth condition, Community jurisprudence looks to the ultimate impact on the proprietor's interests in the registered mark: the reason that descriptive use is excluded from protection is not because descriptive use is regarded as excluded from protection* per se *. It is because such use is regarded as not affecting those interests that trade mark law is there to protect. In considering this issue, Community jurisprudence focuses more on asking "what effect is the use likely to have?" than on asking "is the use descriptive use or trade mark use?" although the latter informs the answer to the former*. [emphasis added]

Therefore, it does not appear from *Arsenal v Reed* that the broader Community approach requires that the infringing use must be of trade mark use.

23 The broader Community approach was considered and accepted by the Supreme Court of South Africa in *Verimark (Pty) Ltd v BMW AG* [2007] SCA 53 (RSA). Harms ADP, in delivering the judgment of the court, said at [7]:

This approach appears to me to be eminently sensible. It gives effect to the purpose of the Act and attains an appropriate balance between the rights of the trade mark owner and those of competitors and the public. What is, accordingly, required is an interpretation of the mark through the eyes of the consumer as used by the alleged infringer. If the use creates an impression of a material link between the product and the owner of the mark there is infringement; otherwise there is not.

24 Moving back to the judgments in *R v Johnstone*, the remaining three judges Lord Hutton, Lord Rodger of Earlsferry and Lord Hope of Craighead agreed with both Lord Nicholls and Lord Walker. Due to the differing approaches of Lord Nicholls and Lord Walker (discussed at [19] and [20] above), *R v Johnston* does not clearly stand for the proposition that trade mark use is required for there to be infringement under the 1994 UK Act.

25 In relation to the Scottish Court of Session (Outer House) decision of *Bravado Merchandising Services Ltd v Mainstream Publishing (Edinburgh) Ltd* [1996] FSR 205 and the ECJ decision of *Hölterhoff v Freiesleben* [2002] FSR 52 ("*Hölterhoff*") (cited at [59] of *Nation Fittings* for the proposition that jurisdictions other than England also appear to support the proposition to the effect that use as a trade mark is necessary in the context of alleged trade mark infringement) these two

cases were rendered before *Arsenal v Reed*. Furthermore, *Hölterhoff* was interpreted by the ECJ in *Arsenal v Reed* (at [54]–[55]) to be a decision with respect to the use of a mark for purely descriptive purposes relating to the characteristics of the product offered whereas in *Arsenal v Reed* the use of the sign took place in the context of sales to consumers and was obviously not intended for purely descriptive purposes. In this connection, we are reminded of the following remarks of Aldous LJ in *Arsenal Football Club Plc v Reed* [2003] RPC 39 at [39]:

> Paragraph 54 of the ECJ judgment [*Arsenal v Reed*] has to be read in the context of para. [16] of the *Hölterhoff* judgment. The descriptive use in that case was held not to affect the proprietor's trade mark interest. At no stage did the ECJ suggest that use which was not understood by the public to be a designation of origin could not infringe. The ECJ indicated that the Directive required consideration as to whether the function of the trade mark right was liable to be harmed. That becomes more apparent from the paragraphs of the ECJ judgment that follow.

26 The uncertain state of the law in England is exemplified by *Whirlpool Corp v Kenwood Ltd* [2009] RPC 2 at [73] where the court held that in relation to Art 12(b) of the Community Trade Mark Regulation 40/94 (the Singapore equivalent of s 28(1)(*b*) of the Act), the case law of the ECJ established that a defence to the effect that it was being used non-distinctively (for example, purely decoratively) stood or fell on the proposition that there was no use for the purpose of distinguishing any goods or services in a manner liable to affect the functions of the protected trade mark. The court there seemed to be seeking to combine the two approaches. On the other hand, in *Electrocoin Automatics Limited v Coinworld Limited* [2004] EWHC 1498 (Ch) the court concluded at [85]:

> It appears to me that the implication of Article 5(5) of the Directive and the thrust of the guidance provided by the judgments and decisions I have referred to above is that the rights conferred by registration of a trade mark are not engaged (and therefore not infringed) by use of a sign "*other than for the purposes of distinguishing goods or services*". The expression "*distinguishing goods or services*" refers to the function which a sign must be able to perform in order to satisfy the general requirement for registration in Article 2. The legislation aims to ensure that a trader cannot legitimately use a sign to perform that function in a context or manner which would conflict with the use of an identical or similar sign by another trader to perform the same function in relation to goods or services of the kind for which it (the latter sign) is validly registered. The circumstances in which a conflict can be found to exist are, for the purposes of infringement, specified in Articles 5(1) and 5(2). This is the analysis I intend to apply to the claim for infringement in the present case. [emphasis in original]

27 Admittedly, the effect of the broader Community approach is that it may in some cases lead to greater trade mark protection in line with Aldous LJ's *dicta* in *Arsenal Football Club Plc v Reed* [2003] RPC 39 at [37] where he said:

> It is important to note that the ECJ is not concerned with whether the use complained about is trade mark use. The consideration is whether the third party's use affects or is likely to affect the functions of the trade mark. An instance of where that will occur is given, namely where *a competitor wishes to take unfair advantage of the reputation of the trade mark by selling products illegally bearing the mark. That would happen whether or not the third party's use was trade mark use or whether there was confusion*. [emphasis added]

Further elucidation of the broader Community approach may also be obtained from the following statements of Daniel Alexander QC in *Rxworks* at [53]:

> In determining that effect, the descriptiveness or otherwise of the use is plainly a relevant

consideration. It may be, but is not invariably, determinative. It is neither necessary nor, in every case, sufficient for a finding that a sign will have no impact on the functions, and, in particular, the essential function, of a mark that the sign is used descriptively by the defendant. *There are cases where a sign is not used descriptively as such (for example, where the sign may be used decoratively or as a mere name for something in some other sense) but still, taking all relevant matters into account, the use could have no impact on the functions of the proprietors' mark*. … *Conversely, there are cases where a sign is used other than as an indication of origin (and, perhaps, is descriptive) where the court may nonetheless conclude that, taking all relevant matters into account, the use will have an adverse impact on the functions of the mark including its essential function*. This may be illustrated by the judgment of the Court of Appeal in *Arsenal Football Club plc v Reed* [2003] EWCA Civ 696; [2003] R.P.C. 39 where Aldous L.J. said (at [48]):

> As found by the judge, the trade marks, when applied to the goods, were purchased and worn as badges of support, loyalty and affiliation to Arsenal, but that did not mean that the use by a third party would not be liable to jeopardize the functions of the trade marks, namely their ability to guarantee origin. To the contrary, the wider and more extensive the use, the less likely the trade marks would be able to perform their function. As the ECJ pointed out, the actions of Mr Reed meant that goods not coming from Arsenal but bearing the trade marks were in circulation. That affected the ability of the trade marks to guarantee the origin of the goods.

[emphasis added]

28 The broader Community approach has the advantage of linking the protection of a registered mark to the function of the registered mark as a guarantee of origin. This linkage has been recognised by Jacob LJ in *L'Oreal SA v Bellure NV* [2008] ETMR 1 at [41]. It is evident that the broader Community approach will involve a determination of fact, but just like any other question of fact, it will be decided on the available evidence, and for a case involving trade mark, often based on the average consumer of the goods in question (see *Adam Opel AG v Autec AG* [2007] ETMR 33 at [25]). The courts are well accustomed to dealing with such questions of fact. This approach thus also has the advantage of greater flexibility in allowing the courts to achieve justice in individual cases. In *Rxworks* (at [58]) the court set out a non-exhaustive list of relevant factors in determining whether there has been use that will jeopardise the essential function of the mark which included "the nature of the sign, its meaning, the context of its use including, possibly, scale".

29 A factor that militates against the broad Community approach (as noted by Phang J in *Nation Fittings* at [62]) is that the requirement of trade mark use would also ensure that the legal protection of the rights of registered trade mark proprietor is well-justified so that it could not be said that such proprietors were exploiting what might otherwise be labelled, in effect, as unnecessary or excessive monopoly rights. However, as can be seen from the *dicta* of Aldous LJ in *Arsenal Football Club Plc v Reed* [2003] RPC 39 and Daniel Alexander QC in *Rxworks* (see [21] and [22] above), there are possible uses of a sign which are not trade mark uses which may nevertheless affect the functions of a registered mark. After all, trade marks have, in the final analysis, to do with the *origin* of the goods concerned. Therefore, to fail to afford protection to registered marks in relation to such uses will lead to under-protection and may encourage exploitation in this respect. But admittedly such uses, which are not trade mark uses, are likely to be few and far between and therefore the effect of such protection is unlikely to amount to the grant of excessive monopoly rights to the registered mark proprietor.

30 With reference to the broader Community approach adopted by Aldous LJ in *Arsenal Football*

Club Plc v Reed [2003] RPC 39, Phang J wondered (at [57] of *Nation Fittings*) whether a court can escape from the concept of trade mark use as such even in this broader context. It is no doubt true that the essence of a trade mark will be relevant at the stage of determining whether the use affects or is liable to affect the functions of the registered trade mark.

31 At this juncture of the discussion, it may not be inappropriate to refer to the concern expressed by Lord Walker in *R v Johnstone* at [86]–[87] that the broader Community approach could lead to uncertainty in determining when the third party's use would affect or was likely to affect the functions of the trade mark. Lord Walker identified the difficulty which could arise out of the broader Community approach in this way:

> The difficulty arises, I think, because between cases which are clearly at the opposite extremes of "distinctiveness" and "descriptiveness" there is something of a no man's land of debateable cases, and the problem of analysis varies with the character of the mark and the character of the goods to which it is affixed. Disputes about books, and scarves, and compact discs, cannot easily be resolved by a single test. Most people would have an intuitive feeling that to label a compact disc with the words "Rolling Stones" is less purely descriptive than entitling a biography "Wet Wet Wet". That is no doubt because a group of musicians are in some sense the authors (or at least the performers) of what is on the disc, but are not the authors of an unauthorised book about themselves. But in that case is not their real grievance infringement of their copyright or their performing rights, rather than of their trade mark? Was not Mr Hölterhoff's real complaint infringement of his design right in two new methods of cutting precious stones (if indeed he had invented those methods) rather than of his trade mark?
>
> These are difficult questions which it is not necessary for your Lordships to determine in order to dispose of this appeal. Whatever uncertainties there are about the decision of the European Court of Justice in *Arsenal*, its likely effect is that the province of trade mark use has annexed a significant part of the no man's land in which elements of distinctiveness and descriptiveness overlap.

32 We would also hasten to add that the broader Community approach adopted by the ECJ has also been the subject of criticism, most recently by Arnold J in *L'Oreal SA v eBay International AG* [2009] EWHC 1094 (Ch) where he stated at [302]:

> It is difficult to see either from this passage or from the ECJ's subsequent case law what the sixth condition [it must affect or be liable to affect the functions of the trade mark] adds to the fifth condition [it must be in relation to goods or services which are identical to those for which the trade mark is registered]. In both *Arsenal* at [51]-[60] and *Anheuser-Busch* at [59]-[60] the Court held that the sixth condition is satisfied where the use of the sign is such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor i.e. the sign functions as a trade mark. In *Céline* at [19]-[23] the Court held that the fifth condition is satisfied where essentially the same criterion is fulfilled. Furthermore, the Court seems to treat the sixth condition as being satisfied in cases where the fifth condition is satisfied and as being not satisfied in cases where the fifth condition is not satisfied.

33 Also recently the writers, Ng-Loy Wee Loon and Tan Tee Jim SC (whom Phang J cited at [60] and [62] of *Nation Fittings*) (Chap 16, Intellectual Property Law, (2005) 6 SAL Ann Rev 334 at para 16.80), were of the similar view:

> It is respectfully suggested that the preference [for trade mark use] is well founded. If not, it

would give rise to a number of inconsistencies in our Act. First, under s 7(1) of the Act, a sign is registrable if it is distinctive (either inherently or through use) and capable of indicating a trade origin (that is, a connection in the course of trade between a trade mark proprietor and his goods and services). The registration would permit the proprietor to prevent unauthorised use of an identical or similar sign because of the likelihood of confusion that exists on the part of the public. However, if the registration also gives the proprietor the right to prevent non-trade-mark use of the sign, it will effectively have created a new and very wide monopoly of unlimited duration over any use of a sign in ways which are themselves not distinctive or do not in any way give rise to the likelihood of confusion. Second, s 22(1) provides that the registration of a trade mark may be revoked if the mark has not been used for a period of five years. The fact that the proprietor may have used it as a non-trade mark and can stop others from using it in that way would be irrelevant. Third, s 24(1)(*a*) provides for the defence of acquiescence where the proprietor of an earlier trade mark or right has failed to take action for a period of five years to oppose the use of a later trade mark in relation to the goods or services in relation to which it has been so used. The defence would not apply if the use of the later mark is not trade mark use. Fourth, s 35 provides that certain applications or uses of "the mark" are not actionable for groundless threats of infringement proceedings at the suit of the person threatened. However, if the mark is used in a non-trade-mark manner, the threat remains actionable.

34 We recognise that there could be an argument in favour of the broader Community approach centring on the proposition that it is not necessary to hamper the infringement provision with the additional requirement of trade mark use since it is possible for an alleged infringer to fit his trade mark use into s 28(1)(*b*) of the Act (which relates to a descriptive use defence). In her article, *Time to Re-think the Ever Expanding Concept of Trade Marks*? [2008] EIPR 151, Ng-Loy Wee Loon addressed this argument as follows:

> The essence of such an argument is that the existence of the defences justifies a more lax approach when determining infringement. Such an argument is not unlike the argument that was once made in the context of registration. In *Nichols Plc Trade Mark Application*, Jacob J. (as he then was) had to decide whether a common surname should be allowed registration without any evidence the mark having acquired distinctiveness by use. One of the arguments put to the judge was that a tribunal should take a more lax approach to registration of surnames because other traders wishing to use this surname could always rely on the "own name" defence present in the trade mark law. This argument was rejected by Jacob J., who pointed out the danger of subscribing to such an argument:
>
> > The problem with saying 'registration will not harm the public: if a third party wants to use the mark descriptively he has a defence' is this: that in the practical world powerful traders will naturally assert their rights even in marginal cases. By granting registration of a semi-descriptive or indeed a nearly-but-not-quite-completely descriptive mark one is placing a powerful weapon in powerful hands. Registration will require the public to look to its defences. With such words or phrases the line between trade mark and descriptive use is not always sharp. Moreover, it must not be forgotten that the monopoly extends to confusingly similar marks. In any marginal case defendants, SMEs particularly, are likely to back off when they receive a letter before action. It is cheaper and more certain to do that than stand and fight, even if in principle they have a defence.
>
> With some modifications, Jacob J. Could have been sounding this warning in the infringement context.

35 Before concluding our discussion on this issue, we would revert to Article 5(5) of the Directive

itself which may perhaps provide some help in resolving which is the correct approach to adopt. This paragraph was referred to by the ECJ in [53] of *Arsenal v Reed* (see [19] above).The paragraph states:

> Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

Article 5(5) of the Directive would appear to suggest that member states are allowed to enact laws to extend the protection accorded to a registered mark where the use of a sign by the third party does not seek to distinguish the goods or services of that third party, *ie*, the sign is not used as a trade mark. This in turn would also appear to suggest that Articles 5(1) to 5(4) of the Directive are not intended to apply to situations where the sign used by the third party does not seek to distinguish the goods or services of the third party (*ie*, trade mark use), otherwise, why is there a need for Article 5(5) of the Directive. Following from this view of Article 5(5) of the Directive, the proper construction of s 27 would be that the offending use of a sign must be of the nature seeking to distinguish the goods or services of the third party. Furthermore, the point made by Lord Nicholls (at [17] of *R v Johnstone*), that he did not regard the lack of an express statement in ss 10(1) to 10(3) of the 1994 UK Act (which is identically worded to s 27(1) of the Act) that the offending use must be for the purposes of a trade mark to suppose that Parliament intended to depart from such a basic principle, is not unpersuasive. Perhaps, the two approaches are in reality no more than exercises in linguistics and that in a real case the same result would likely be obtained from either approach.

36 On balance, bearing in mind the object of a trade mark law, which is probably narrower than that of the law on passing off, and Article 5(5) of the Directive, we are inclined to take the stricter approach that the infringing use must be of a trade mark use. However, for the purposes of the present appeal, whichever approach we adopt, the same result will be obtained. We shall now explain. If the correct approach were to require trade mark use, we think that the trial judge erred (at [67] of his GD) in dismissing the Appellant's argument, that the use of the Solvil flower as a mere decoration or embellishment does not infringe trade mark use, on the ground that there is no such defence under s 28 of the Act. On that approach, the Appellant's argument that the use of the Solvil Flower as a mere decoration should be considered to determine whether the use amounted to trade mark use. On the other hand, if the broader Community approach were to be the correct one to adopt, the Appellant's argument that the use of the Solvil Flower as a mere decoration should also be considered to determine whether it is liable to affect the function of the Flower Quatrefoil mark as a mark of origin.

37 In considering this issue, we are conscious that a sign may have several functions, one of which is as a badge of origin. In *Arsenal v Reed* at [55], the ECJ held that the use of the Arsenal logo was not intended for purely descriptive purposes. The use was such as to create the impression that there was a material link in the course of trade between the goods concerned and the trade mark proprietor. It bears mentioning that the determination of whether a sign is liable to affect the function of a registered trade mark is a finding of fact for the judge which will invariably be fact sensitive and determined on a case-by-case basis. This question could, in some instances, be quite complex.

38 In the instant case, we note that the Solvil Flower is displayed in a randomly-repeated pattern on the inner and outer Solvil watch dial; the shape and size of the Solvil Flowers on the Solvil watch dial are varied (some Solvil Flowers have small diamantes included while others do not); some petals of the bigger Solvil Flowers in the inner Solvil watch dial are cut off; and incomplete Solvil Flowers are

present on the Solvil watch strap which do not have a circle in the middle of the flower). With no uniformity on how the Solvil Flowers are represented on the Appellant's watches, we find that the predominant use of the Solvil Flower is for decorative purposes. Thus, the use of the Solvil Flower on the Solvil watches is not trade mark use. This finding should conclude the question of whether the use of the Solvil Flower on the Solvil watches would infringe the trade mark rights of the Respondent in the Flower Quatrefoil mark. This finding, however, does not conclude the matter on the broader Community approach. Further inquiry will be necessary. Given its similarity to the Flower Quatrefoil mark and the fact that the Solvil Flower pattern is prominently displayed on the Solvil watch, it could still affect the function of the Respondent's Flower Quatrefoil mark. We need to consider the position under s 27(1), as well as under s 27(2)(*b*), of the Act.

Is the Solvil Flower identical with the Flower Quatrefoil mark for purposes of s 27(1) of the Act?

39 For s 27(1) of the Act to apply, it must be shown that the Solvil Flower is identical with the Flower Quatrefoil mark. The test of whether a sign is "identical" with a registered mark under s 27(1) of the Act entails a strict interpretation. Minor differences would take the case outside of the definition of identical (see *Nation Fittings* at [85]). The protection accorded under this provision cannot be extended beyond the situations for which it was envisaged, in particular, to those situations more specifically covered by another provision, *eg*, s 27(2)(*b*) of the Act on similar goods or services or where the sign is similar: see SA *Société LTJ Diffusion v Sadas Vertbaudet SA* [2003] FSR 34 at [50]. Such a strict approach is taken with regard to s 27(1) of the Act because once a case is shown to fall within that provision, protection *ipso facto* follows, irrespective of whether there is proof of likelihood of confusion on the part of the public. *Reed Executive plc v Reed Business Information Ltd* [2004] RPC 40 provides a useful illustration. There the court, confronted with the question of whether "Reed Business Information" was identical to "Reed", held that it was not but instead held that they were similar.

40 Based on our observation of the Solvil Flower and the Flower Quatrefoil mark, we are of the view that they are not identical. The Flower Quatrefoil mark has a distinctive circle in the middle of four equally-spaced petals, whereas the Solvil Flowers on the watchstrap, as well as on the Solvil watch's outer dial are conspicuously lacking in this distinctive feature. Although the Solvil Flower on the inner dial of the Solvil watch contains a single diamante in the middle of the petals (which are also decorated with diamantes), because the entire Sovil Flower is decorated with diamantes, the circle in the centre of the Solvil Flowers on the inner watch dial is not obvious. Given the absence of a distinctive circle in the centre of the Solvil Flower, the Solvil Flower and the Flower Quatrefoil mark are not identical for purposes of s 27(1) of the Act.

41 Furthermore, as the trial judge rightly noted (at [71] of the GD), "[t]he proportions of the [Solvil Flower] petals and their slightly rounded off tips may be marginally different" from the Flower Quatrefoil mark, albeit that it is a minute difference which the judge described as "hardly noticeable when one is looking at the two designs holistically". Nevertheless, this difference, together with the difference referred to in [38] above, would all the more confirm that the Solvil Flower is not identical with the Flower Quatrefoil mark.

Section 27(2) of the Act

Similarity

42 Given our finding above (at [39] above) that the Flower Quatrefoil mark and the Solvil Flower are not identical, the next issue is whether they are similar within the meaning of s 27(2)(*b*) of the Act.

43 In order to establish an infringement under s 27(2)(*b*) of the Act, three factors must be shown namely: (a) the alleged offending sign must be similar to the registered mark; (b) both the sign and the mark must be used in relation to similar goods or services; and (c) on account of the presence of the first two conditions, there exists a likelihood of confusion on the part of the public (see this court's decision in *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2006] 2 SLR 690 ("*Polo*") at [8]).

44 This court (at [8] of *Polo*) explained the relationship between the first and third factor by stating that, in a broad sort of sense, the greater the similarity between a mark and a sign, the greater will be the likelihood of confusion. However, the court expressly added that it does not mean that if the mark and the sign are similar, and they are used on similar goods, that there will *ipso facto* be confusion in the minds of the public. The court also explained that if either of the first two conditions is not satisfied, there will not be any need to go into the third question of determining whether there exists a likelihood of confusion.

45 In the present case, the trial judge made the following findings:

a) that the two competing devices were at least similar for the purposes of s 27(2) of the Act (at [73] of the GD); and

b) the requirement of a likelihood of confusion had been satisfied on the grounds (at [74] of the GD) that first, a customer of the Appellant may think that the Appellant had been licensed by the Respondent to use the trade mark or that there was some collaborative marketing with Solvil being a more affordable class of Louis Vuitton watches; and second, the Appellant's customers may buy the Solvil watches because they resemble Louis Vuitton watches.

46 Given that it is not disputed that the Flower Quatrefoil mark and the Solvil Flower are used in relation to similar goods, namely watches, the present facts raise two issues under s 27(2)(*b*) of the Act:

a) whether the Flower Quatrefoil mark and the Solvil Flower are at least similar for the purposes of s 27(2)(*b*) of the Act; and

b) if the Solvil Flower and the Flower Quatrefoil mark are similar, whether there is a likelihood of confusion on the part of the public.

47 In determining whether the Flower Quatrefoil mark and the Solvil Flower are at least similar for the purposes of s 27(2)(*b*) of the Act, it has been firmly established that this is a question of fact and degree for the court to determine by looking at the two signs as a whole (see *Polo* at [8]).

48 The Flower Quatrefoil mark is essentially made up of two shapes, namely a circle and a petal shape. The circle is surrounded by four identically-shaped petals which are arranged evenly around the circle so that they are equally spaced (at 90 degrees from each other).

49 The Solvil Flower is similar to the outline shape of the Flower Quatrefoil mark (in that there are four petals arranged at 90 degrees from each other and they radiate from a common centre). The only differences are, firstly, there is a lack of a distinctive circle in the centre of the Solvil Flower

and, secondly, the shape of the petals on the Solvil Flower are minutely different from the shape of the Flower Quatrefoil mark's petals (as mentioned at [38]–[39] above).

50 We are of the view that looking at the two signs as a whole, there are sufficient similarities in the Solvil Flower and the Flower Quatrefoil mark to conclude that they are similar for purposes of s 27(2)(*b*) of the Act.

Whether there exists a likelihood of confusion on the part of the public under s 27(2) of the Act

51 Turning next to the element of the likelihood of confusion, this question is to be determined as at the time when the alleged infringing use of the sign commenced (see the ECJ in *Levi Strauss & Co v Casucci SpA* [2007] FSR 8 at [20]).

52 In considering the question of likelihood of confusion, it should be addressed globally, taking into account all the circumstances of the case including the closeness of the goods, the impression given by the marks, the possibility of imperfect recollection and the risk that the public might believe that the goods come from the same source or economically-linked sources (see *Polo* at [28]). In *Polo* at [34], this court considered the locations at which the goods were sold, the disparity in prices of the goods, the packaging of the goods and the different target consumers of both parties to conclude that there was no confusion under s 27(2)(*b*) of the Act.

53 Furthermore, steps taken by the defendant to differentiate his goods from those of the registered proprietor are also pertinent (see *Polo* also at [28]). The judge at first instance in the *Polo* case recognised as much when he (Lai Kew Chai J's judgment in *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR 816 at [21]) opined that where the user of a potentially infringing sign had taken pains to distinguish his products from the registered proprietor's goods and services, the effect might be that the likelihood of confusion, if any, was merely hypothetical or speculative.

54 In relation to the interpretation of "a likelihood of confusion on the part of *the public*", Phang J held at [97] of *Nation Fittings* that "[t]he case law appears to suggest that the 'average consumer' need *not*, *depending on the specific facts*, *necessarily mean* the general public" [emphasis in original]. In that case, which concerned dealing with trade marks for pipe fittings, Phang J held (at [103]) that the "average consumer" of pipe fittings such as those produced by the plaintiff and Nation Fittings "would not potentially be just *any* person but, rather, *plumbers and contractors*, bearing in mind the fact that there might, *occasionally*, be customers who were neither plumbers nor contractors" [emphasis in original] and this would impact on the criterion of the "likelihood of confusion" under s 27(2)(*b*) of the Act. There, Phang J also took into account relevant factors including the fact that the *price* of the pipe fittings of Nation Fittings was *significantly lower* than those produced by the plaintiff (some *25%)* and this fact was held to be *virtually decisive* in the context of the case because it would serve to dispel any likelihood of confusion *even if* the "average consumer" was construed as extending *beyond* the category of plumbers and contractors to include potential customers. Furthermore, the packaging was relevant as the packets were themselves quite distinctive.

55 In *Polo* (at [2]), the court noted that unlike the appellant's goods, which were sold at upmarket boutiques located in prime shopping areas and were accordingly pricey, the respondent operated five suburban stores, selling clothing, bags, handbags, shoes, watches and household goods at prices affordable to the masses. This court (in *Polo* at [34]) applied the test of the average consumer without specifying whether this was the general public or a more specific group. In the context, it seems to us clear that the court had in mind the general public.

56 In the present case, since a watch is a product which is commonly available and purchased by the general public, the average consumer would be the general public. It follows that the nature of the members of the public is a relevant consideration. The average consumer is not an unthinking person in a hurry but someone who would exercise some care and good sense in making his purchases (see *Polo* at [34]). This is all the more so when it involves high-end luxury products, to which the Respondent's products belong. In this regard, we are reminded of the observations by PS Tan (for the Registrar of Trade Marks) in *Samsonite Corp v Montres Rolex SA* [1995] AIPR 244 (cited at [99] of *Nation Fittings)* that luxury goods are bought after careful inspection and deliberation.

57 On the evidence adduced before the court in the present case, we would respectfully differ from the trial judge's finding at [74] of the GD that a customer might think that the Appellant was licensed by the Respondent or that there was collaborative marketing. This is because no evidence has been adduced to indicate such an association on account of either the advertisements, methods of sale and/or packaging of the Solvil watch or for any other reason. The risk of confusion is merely hypothetical and speculative because there is simply no evidence of any such confusion arising on the part of the consumers. Moreover, there have been no business dealings between Stelux and LVMH Group in Singapore in the past (see [4] above) which could, without more, give rise to such an inference of a licence. We would underscore that there is no evidence that the Respondent has, in any part of the world, manufactured and or offered for sale any sub-brand product which is inferior to its normal range of high quality luxury products.

58 Furthermore, even though the Solvil Flower and the Flower Quatrefoil mark are similar, the mere association of the public between the two signs based on their similar use is not *in itself* a sufficient basis for concluding that there is a likelihood of confusion on the part of members of the public in the absence of any possibility of a misapprehension as to the origin of the goods and services (see the High Court decision in *Richemont International SA v Goldlion Enterprise (Singapore) Pte Ltd* [2006] 1 SLR 401 at [20] in relation to a similar provision under s 8(2) of the Act).

59 As noted by Phang J in *Nation Fittings* at [102], where the "average consumer" is ostensibly the general public, the courts will still take the trouble to ascertain who, precisely, the target consumers, are. On the present facts, the target consumers of the Solvil watch are likely to be young and trendy consumers looking for a bargain, whereas the target consumers of the Respondent's watch are likely to be more sophisticated and of high income level. We are of the view that neither the target consumers nor the general public would be confused bearing in mind that (a) the SOLVIL mark appears in the centre of the Solvil watch face and the overall appearances of the parties' watches are distinct; (b) the Solvil watches are sold at its stores in Singapore located throughout the island whereas the Respondent's watches are only sold in its boutiques at three upmarket locations in Singapore (at that time); (c) the Respondent forbids the sale of its goods by other retailers; (d) the Respondent's watches are priced between S$4,000 and S$60,000 whereas the Solvil watches are generally priced below S$200; and (e) the Appellant's Solvil watches are marketed in a way that closely associates them with its SOLVIL mark.

60 Accordingly, we are of the view that the use of the Solvil Flower on the Solvil watch would not create a likelihood of confusion on the part of the average consumer as to the origin of the Solvil watches. The trial judge himself held that the Appellant's customers may buy the Solvil watch because they resemble the Respondent's watch (at [74] of the GD), thereby implicitly recognising that the customers of the Appellant appreciate that they are not buying the Respondent's watches. It cannot be over-emphasised that price-wise, the price of a Solvil watch is only a minute fraction of that of a watch of the Respondent (see [57] above) and no potential purchaser of the Respondent would ever be confused into thinking that he was buying a Respondent's watch. In the result, we find that s 27(2)(*b*) of the Act has not been infringed.

Action for passing off

61 We now turn to the Respondent's claim based on passing off. The trial judge held that the claim for passing off had been made out (at [81] of the GD) after finding that the Respondent possessed substantial goodwill (at [77] of the GD), that misrepresentation had been established (at [79] of the GD), and that there was a likelihood of damage by taking judicial notice of the fact that people do get put off certain luxury brands simply because there were so many fakes and cheap look-alikes in the market. The Appellant has appealed against the whole of the trial judge's decision on this cause.

Does the Respondent possess substantial goodwill in Singapore?

62 In *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR 216 ("*Novelty v Amanresorts*") at [39], this court held that the two essential features of goodwill are that "it is the association of a good, service or business on which the plaintiff's mark, name, labelling, *etc* … has been applied with a particular source" and "this association is an 'attractive force which brings in custom'". Proving goodwill or distinctiveness is a question of fact. Relevant factors include advertising, trading, volume of sales, and whether it has been registered. But the fact that the mark or indicia is not novel does not mean that it cannot be distinctive of the plaintiff's goods or services (see *Halsbury Laws of Singapore* vol 13(3) (LexisNexis Singapore) at para 160.8172007).

63 The relevant date on which the reputation of the plaintiff in a passing-off action should be considered is the date on which the conduct complained of commences (see this court's decision in *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 2 SLR 550 at [34]). On the present facts, the relevant date would be November 2006, which was the period of commencement of sale of the Solvil watches in Singapore.

64 Given the law as set out above, the trial judge erred in taking into account irrelevant evidence in determining the existence of goodwill of the Flower Quatrefoil mark as he relied on events after November 2006 (such as the turnover of the Respondent's Singapore subsidiary, LVMH Fashion Singapore Pte Ltd, for the financial year ending 31 March 2008 crossed S$370m; and for the first half of 2008, sales of its watches had hit S$1.45m (at [77] of the GD)).

65 The only relevant information demonstrating goodwill which was cited by the trial judge was that "the [Respondent] started selling its watches in 2004 and yet managed to achieve annual sales of [S]$1.7m to [S]$1.9m between 2005 and 2007 for its watches". This information is derived from the affidavit and evidence-in-chief of Plane[note: 1] which reads:

> I have been informed by LVMH Fashion Singapore Pte Ltd that since the launch of the watches in 2004, sales are as follows:

Year	**Approximate Sales**
2005	S$1.9 million
2006	S$1.7 million

2007	S$1.9 million
2008 (Till June)	S$1.45 million

66 Taking into account the relevant date of November 2006, the only applicable figures in this regard would be the 2005 and 2006 sales figures: S$1.9m and S$1.7m, respectively. However, as noted by the Appellant[note: 2], these sales figures include all watches sold by LVMH Fashion Singapore Pte Ltd which encompass other watch brands such as Tag Heuer and Ebel. In any case, even if there was goodwill in the Respondent's own watches (for which there is no specific evidence), there is no evidence to show that the goodwill in the watches was on account of the Flower Quatrefoil mark as opposed to other marks on the Respondent's watches such as the LOUIS VUITTON mark.

67 The trial judge (at [78] of the GD) also noted that "there is no evidence of advertisement or sale of specific models of LV watches". On the other hand, he felt that this had been made up by the fact that "the [Respondent] has product catalogues readily available in its LV stores". However, as the Appellant rightly pointed out, there is no evidence that the catalogues were available prior to November 2006. Therefore, this factor should not be taken into account to establish goodwill in the Flower Quatrefoil mark.

68 On the present dispute between the parties, the trial judge also fell into error when he took into consideration the goodwill of the Respondent generally, because the Respondent must show that the goodwill was specifically in relation to the Flower Quatrefoil mark, as opposed to the LOUIS VUITTON mark. In *Tong Guan Food Products Pte Ltd v Hoe Huat Hng Foodstuff Pte Ltd* [1991] SLR 133, the appellant took out an interim injunction against the respondent in a passing-off action on the ground that the respondent's packaging and marketing of cashew nuts were similar to that of the appellant. The Court of Appeal dismissed the appeal on the grounds that the public did not associate the dark-blue-and-white packaging exclusively with the plaintiff's products, nor was there any confusion in the market. The court held that "Tong Garden" might well have been an established name, but not its packaging. Therefore, in the same vein, it is not sufficient to establish goodwill in the Louis Vuitton brand generally, but rather, goodwill in the Flower Quatrefoil mark must be proved. The Respondent has failed to adduce any evidence (not even one piece of sales invoice) that the Respondent had sold a watch bearing the Flower Quatrefoil mark in Singapore[note: 3] .

69 The trial judge at [10] of the GD also referred to the fact that from 1896 until recently, the Respondent had applied the Monogram to all of its goods, and presently the Monogram is still being applied to a majority of their goods. However, this fact alone is insufficient to establish the existence of goodwill in the Flower Quatrefoil mark given that the latter is only a part of the Monogram. In this regard, we agree with the perceptive view of the High Court in *Love & Co Pte Ltd v The Carat Club Pte Ltd* [2009] 1 SLR 561 at [33], where it was held that the average discerning consumer would not normally dissect a trade mark into its constituent parts to analyse them but he will generally view the trade mark as a whole. That is natural and in line with common sense. To contend otherwise would be quite contrived. The Respondent has not proved that the constituent elements of the Monogram possess goodwill. Certainly there was nothing adduced in court to show that the Flower Quatrefoil mark in itself possesses goodwill.

70 The only evidence adduced at trial to prove goodwill in the Flower Quatrefoil mark are three advertisements which appeared in certain lifestyle publications between June and November 2006

showing the Respondent's watch bearing a single Flower Quatrefoil mark (which was accompanied by the prominent display of the LOUIS VUITTON mark on the advertisement). Quite apart from the fact that there is no evidence regarding the circulation of the magazines in which the advertisements appeared (namely *Nuyou* and *Bella Citta*), those advertisements alone are hardly sufficient to establish that goodwill exists in the Flower Quatrefoil mark itself. It is just as possible that the Respondent's watches were sold due to the goodwill in the LOUIS VUITTON mark, rather than the Flower Quatrefoil mark. The observations of this court in *Da Vinci Collection Pte Ltd v Richemont International SA* [2006] 3 SLR 560 ("*Da Vinci*") at [20] are highly germane to the present case:

> From the affidavits filed in the action, it seemed clear that the respondent's reputation in its watches was in the "IWC" mark, which is a prestigious international brand, rather than in the name mark itself. As pointed out by the appellant's counsel, the name mark had not even been used on the dials of the respondent's watches; it only appeared at the back of the watches. Only the "IWC" mark had been so used on the dials. He also pointed out that the focus of the respondent's advertisements had always been on the "IWC" brand, not the name mark. Counsel for the respondent submitted that the name mark was used as a secondary mark and as such was capable of acquiring a reputation of its own to indicate the origin of the watches. However, the evidence before us showed that the name mark was never used by itself on any of the respondent's IWC watches, but was always used as an adjunct to the "IWC" mark. We concluded on these facts that it was unlikely that the respondent would lose its goodwill and reputation in its name mark or that such reputation was likely to be irrevocably destroyed or made worthless by the opportunistic advertising campaign of the appellant since the prestige of the premium mark or brand "IWC" would not be affected in any way by the advertisement. Although *Kerly's* at para 19-083 notes that "infringement may easily destroy the value of a mark or … [it] reduces the distinctive character of the claimant's mark", this is not the case here, especially when the respondent's watches are primarily sold under the premium mark "IWC".

71 Indeed, there is a marked similarity between our case here and that in *Da Vinci* in the sense that both cases involved a dominant mark which the public is well aware of. The Respondent's reputation in its watches is likely to be in the LOUIS VUITTON mark, which is a prestigious international brand, as opposed to the alleged goodwill in the Flower Quatrefoil mark. Although the Flower Quatrefoil mark appears on the dial of many of the Respondent's watches, it does not appear on every watch face sold by the Respondent, whereas the LOUIS VUITTON mark does. Furthermore, the Flower Quatrefoil mark has never been used alone, without any other of the Respondent's marks, on any of the Respondent's watches. In the circumstances, it is quite clear that the Respondent has not proved that the Flower Quatrefoil mark possesses goodwill.

Misrepresentation

72 In the light of our decision on the element of goodwill, there is really no need for us to consider the other two elements of misrepresentation and damage. However, to complete the picture we shall do so briefly. The trial judge at [79] of the GD held that misrepresentation had been established because a customer of the Appellant who purchased the Solvil watches (a) might think that the Appellant had been licensed by the Respondent to use the trade mark or that there was some collaborative marketing with Solvil; and (b) the Solvil watches with the Solvil Flower pattern could easily be mistaken for the Respondent's watch at a glance when worn on the wrist as people did not generally scrutinise another person's watch at close range.

73 In our opinion, the trial judge erred in considering the question of misrepresentation as he analysed the issue from the perspective of the Appellant's customers when it should have been from the perspective of the potential customers of the Respondent. It is for the Respondent to prove that

misrepresentation has been made to those who have goodwill towards the Respondent's watches. This court in *Novelty v Amanresorts* held at [75] that, "The alleged misrepresentation must be analysed from the perspective of those who have goodwill in the plaintiff's get-up."

74 In this regard, it is important to identify the specific section of the public which has goodwill towards the Flower Quatrefoil mark (see *Novelty v Amanresorts* at [41]). This, the trial judge did not do. Even if we assumed that the Flower Quatrefoil mark is generally well known throughout the whole of Singapore, it would not necessarily mean that the Respondent has goodwill in the mark because whether or not there is goodwill attached to a mark also depends in turn on whether or not there are any actual and/or potential customers of the goods, services or business bearing that mark. This court in *Novelty v Amanresorts* at [62] explained the difference between good reputation and goodwill as follows:

> A desire to become a customer of the plaintiff, without the *ability* to actually be one, cannot ordinarily form the basis of goodwill. A person in such a position is not even a potential customer of the plaintiff because there is no way for the latter's good, service or business to attract his custom. In such a case, the plaintiff can be described as having a good *reputation* among such persons (*ie*, persons who desire to be, but are unable to become, the plaintiff's customers), but that is *not* the same as having *goodwill*. [emphasis in original]

75 Following from this, this court in *Novelty v Amanresorts* at [66] came to the conclusion that the respondent's goodwill in the "Aman" names in Singapore was limited largely to those of a high income level who would have been exposed to the respondent's advertising as well as once-in-a-lifetime guests and aspirants.

76 In the same vein, the Respondent's goodwill in relation to the Flower Quatrefoil mark would be limited largely to those of a high income level who would have been exposed to the Respondent's advertising and or once-in-a-lifetime customers and aspirants who would save up to buy the Respondent's products. As the Respondent has only been selling watches bearing the Flower Quatrefoil mark from 2004, the goodwill in the Flower Quatrefoil mark, if any, can only be generated from that year.

77 Applying this principle to the present facts, the misrepresentation must be analysed from the perspective of those of a high income level who would have been exposed to the Respondent's advertisements and/or the once-in-a-lifetime purchasers of the Respondent's watches. We fail to see how it could reasonably be contended that there was misrepresentation to the relevant section of the public since (a) the word "SOLVIL" was printed prominently on the Solvil watch face; (b) the Solvil watches were sold in City Chain stores around Singapore, unlike the watches of the Respondent which were only sold in its three exclusive boutique stores in Singapore at that time; and (c) the display, sale and handing over of watches to customers differed and, in particular, the price of the watches differed significantly. Thus, even assuming that a customer of the Appellant who purchases the Solvil watches (a) may think that the Appellant has been licensed by the Respondent to use the trade mark; and (b) the Solvil watches with the Solvil Flower pattern could be easily mistaken for the Respondent's watches at a glance when worn on the wrist as people do not generally scrutinise another person's watch at close range, these are wholly irrelevant considerations. However, we must hasten to add that the two assumptions are, at best, speculative. As we have said at [68] above, there is hardly any credible evidence that the Respondent has established reputation in the Flower Quatrefoil mark *per se*, far less goodwill in it. One must bear in mind that reputation and goodwill in the LOUIS VUITTON mark are distinct from those of the Flower Quatrefoil mark.

78 In any event, there is no evidence of any confusion in the relevant sector of the public. It is

trite law that a misrepresentation is actionable under the law of passing off only if it gives rise to confusion. For our present case, the question to be asked at this stage is: Did those people in Singapore with goodwill towards the Respondent's watches believe that the Solvil watch had the same source as the Respondent's watches or was somehow connected with the source of the Respondent's watches?

79 As mentioned (at [76] above), there is no evidence from the Respondent that persons in Singapore with goodwill towards the Respondent's watches were confused, *in actual fact*, by the Appellant's use of the Solvil Flower on their watches. But the lack of such evidence is not necessarily fatal to the Respondent's claim. Instead, the court is entitled to consider whether the average reasonable person, with characteristics reflective of the relevant section of the public as identified under the examination of goodwill, is likely to be confused by the Appellant's misrepresentation (see *Novelty v Amanresorts* case at [80]).

80 Given the difference in the marketing and sale of the Respondent's and the Appellant's watches, as discussed at [57] above, there is no likelihood of misrepresentation leading to confusion. It is fair to say that the potential customers of the Respondent's watches are likely to be a discernible lot with equally discernible taste. Such a customer, paying that kind of a price for a watch of the Respondent, is likely to scrutinise the watch closely. He is unlikely to be a moron in a hurry.

Damage to the Respondent's brand name likely?

81 We now turn to the third element relating to the question of damage which a plaintiff must show if he is to succeed in a claim for passing off. The test for damage in an action for passing off is either "actual or probable damage" to the Respondent's goodwill (see *Novelty v Amanresorts* case at [94]).

82 On this element, we will only address one issue, namely, whether the trial judge had appropriately taken judicial notice of certain facts in order to satisfy himself that damage to the Respondent's brand name had been made out. On the question of taking judicial notice, V K Rajah JA, sitting in the High Court in *Zheng Yu Shan v Lian Beng Construction (1988) Pte Ltd* [2009] 2 SLR 587 ("*Zheng Yu Shan*") at [31], held that the requirement of "certainty and precision" applies with no less force to any other fact which is alleged to be judicially noticeable. As such, before taking judicial notice of any fact, the court should carefully consider whether that fact is of an unassailable character. Any doubt as to the public notoriety of any fact which is alleged to be judicially noticeable ought, as a general rule, to be resolved against the party seeking to rely on that fact: see *Zheng Yu Shan* at [33].

83 The trial judge held (at [81] of the GD) that the Solvil watches, by virtue of their resemblance to the Respondent's watches, in so far as the Solvil Flower was used, are likely to damage the Respondent's brand name because:

> People wearing LV watches with the flower quatrefoil motif are not going to be flattered that there are copycat watches out in the mass market retailing for a miniscule fraction of the price of LV watches. I take judicial notice of the fact that people do get put off certain luxury brands simply because there are so many fakes and cheap look-alikes in the market. The likelihood of damage is therefore very real indeed if the defendant carries on using the Solvil flower device on its Solvil watches.

84 With respect, we have considerable reservations as to whether the trial judge was justified to have taken such a broad-brush approach in dealing with judicial notice of fact as set out at [81] of

the GD quoted above. First, he took judicial notice that people do get put off *certain* luxury brands on the basis that there were fakes and cheap look-alikes in the market. This is, at best, a feel rather than a fact. Secondly, even if such a judicial notice is validly taken, the trial judge's conclusion that "certain" luxury brands are affected is much too general as it does not provide an indication as to the luxury brands which have been affected by such fakes and look-alikes. Therefore, it cannot be an adequate basis to hold that because of the existence of such a feel, there is likelihood of damage to the Respondent. Thirdly, and more importantly, the Respondent has not adduced any evidence of a correlation between falling sales and an increase in fakes and cheap look-alikes in the market either in relation specifically to its watches or any other luxury consumer articles. Very often, whether or not a consumer purchases an article, especially an expensive one, will depend on numerous factors including the price, one's needs and how much one fancies the article. To take judicial notice of just one factor is far too simplistic and unreliable a basis to establish likelihood of damage.

Sections 55(3) and 55(4) of the Act on the protection of well-known trade marks

Whether s 55(3)(b)(i) of the Act has been infringed

85 We now move to consider the Respondent's argument based on ss 55(3) and 55(4) of the Act. The trial judge found that the Flower Quatrefoil mark qualified as a well-known trade mark under the Act (at [83] of the GD). In the light of his findings that a customer of the Solvil watches might think that the Appellant had been licensed by the Respondent to use its trade marks or that there was some collaborative marketing with Solvil, or that the Solvil watches could easily be mistaken at one glance when worn on the wrist and the Solvil watches' resemblance to the Respondent's watches was likely to damage the Respondent's brand name, he granted injunctive relief particularly under s 55(3) of the Act (see [85] of the GD). In his view, there was dilution of the Flower Quatrefoil mark in the tarnishment sense within the meaning of s 55(3)(*b*)(i) because "[c]heapening the image of a luxury brand is as much tarnishing as associating that brand with unwholesome connotations".

86 We need only discuss the threshold requirement which must be satisfied before s 55(3)(*b*)(i) of the Act can apply, namely, whether the Flower Quatrefoil mark has become "well known to the public at large in Singapore".

Meaning of "well known to the public at large" under s 55(3)(b)(i) of the Act

87 The history of s 55(3) of the Act in Singapore has been set out in detail in *Novelty v Amanresorts* at [163] and [164], and hence does not warrant further repetition. However, we noted that the explanatory notes to the "Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks" (adopted at the 34th Series of Meetings of the Assemblies of the Member States of WIPO, 20–29 September 1999) ("Joint Recommendation") do not define the expression "well known to the public at large". However, this court in *Novelty v Amanresorts* at [229] observed that:

> In this regard, it is interesting to note that s 2 of the [Trademark Dilution Revision Act 2006] also amended the 1996 version of s 43(c) of the [US Trademark Act 1946 (commonly known as "the Lanham Act" (15 USC (US) § 1127)] by adding a definition of a "famous" trade mark.

Under s 43(c)(2)(A) of the Lanham Act (as amended by s 2 of the Dilution Revision Act 2006), a "famous" trade mark is one which is:

> … widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the

following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

88 This amendment was made specifically to eliminate the concept of "niche fame", which was recognised in some earlier cases (see, for instance, *Wedgwood Homes, Inc and Wedgwood Homes of Portland v Victor L Lund* 294 Or 493; 659 P 2d 377 (1983)). In addition, this court in *Novelty v Amanresorts* held at [233] that:

> A second, much more extensive level of protection is granted to trade marks which have attained the coveted status of being "well known to the public at large in Singapore". These trade marks, which form *a rare and exclusive class*, are entitled to protection from use of the defendant's trade mark on dissimilar goods or services even in the absence of a likelihood of confusion; that is, such trade mark are entitled to protection against the unfair dilution and the taking of unfair advantage of their distinctive character. [emphasis added]

89 The policy consideration in guiding the court in its interpretation of "well known to the public at large" can be gleaned from the Second Reading of the Trade Marks (Amendment) Bill in which the Minister for Law, Prof S Jayakumar, explained that the amendments sought were to achieve a balanced approach (*Singapore Parliamentary Debates, Official Report* (15 June 2004) vol 78 at col 108):

> But while we aspire to higher standards, we also need to be mindful that Singapore companies are at different stages of development. The concerns of our companies will be different, depending on whether they are or are not predominantly owners, or users, of IP. We have given special consideration to this. Therefore, let me assure the House that as we provide greater incentives for innovation by strengthening the rights of IP creators and holders, we will also consciously provide safeguards to balance the needs of IP users.

90 In response to a question from the floor, Prof SJayakumar seemed to suggest that the purpose of the amendment was to strengthen Intellectual Property law protection when he said:

> [My] response to that is that all companies, whether big or small, should pay attention to how they brand themselves, and trade marks are an essential component of any branding strategy. The amendments in this Bill, in my view, should benefit all companies, whether they are SMEs or big MNCs. Protection of well-known marks is an existing concept in Singapore and, with these amendments, what is it really we are trying to do? I believe what we are trying to do is to give enhanced protection for well-known marks … But if we want to do more, to encourage more companies to invest and create new products, then I think it is timely to have a regime that will give greater recognition to these brands and to future brands.

91 In *Microsoft Corporation's Applications* [1997–1999] Information Technology Law Reports 361,

the UK Trade Marks Registry held that the WINDOWS trade mark was not a well-known mark. Evidence of use was not enough and proof of actual recognition by the public had to be shown.

92 In determining whether a trade mark is "well known to the public at large in Singapore" under s 55(3)(*b*)(i) and s 55(4)(*b*)(i) of the Act, one must certainly have regard to s 2(7) of the Act which provides that in deciding whether a trade mark is well known in Singapore:

> … it shall be relevant to take into account any matter from which it may be inferred that the trade mark is well known, including such of the following matters as may be relevant:
>
> (*a*) the degree to which the trade mark is known to or recognised by any relevant sector of the public in Singapore;
>
> (*b*) the duration, extent and geographical area of —
>
> (i) any use of the trade mark; or
>
> (ii) any promotion of the trade mark, including any advertising of, any publicity given to, or any presentation at any fair or exhibition of, the goods or services to which the trade mark is applied;
>
> (*c*) any registration or application for the registration of the trade mark in any country or territory in which the trade mark is used or recognised, and the duration of such registration or application;
>
> (*d*) any successful enforcement of any right in the trade mark in any country or territory, and the extent to which the trade mark was recognised as well known by the competent authorities of that country or territory;
>
> (*e*) any value associated with the trade mark.

93 This court in *Novelty v Amanresorts* at [137] held that as the factors in s 2(7) of the Act are not exhaustive, "It appears that the court is ordinarily free to disregard any or all of the factors listed in s 2(7) as the case requires … and to take additional factors into consideration."

94 The expression "well known to the public at large" should be given a sensible meaning, bearing in mind that by virtue of s 2(8) of the Act, where a trade mark is well known to any relevant sector of the public in Singapore, the trade mark shall be deemed to be well known in Singapore. Thus the test "well known to the public at large in Singapore" must mean more than just "well known in Singapore". To come within the former test, the mark must necessarily enjoy a much higher degree of recognition. It must be recognised by most sectors of the public though we would not go so far as to say all sectors of the public. This approach would be in line with the US approach in determining famous marks.

95 Applying the relevant factors enumerated in s 2(7) of the Act to determine whether the Flower Quatrefoil mark is even a well-known mark, there is no evidence of the degree to which the Flower Quatrefoil mark on its own is known to, or recognised by, any relevant sector of the public in Singapore; there is no evidence that the Flower Quatrefoil mark has been used on its own as a trade mark; there was limited promotion of the Flower Quatrefoil mark on watches; and there is no evidence of any value associated with the Flower Quatrefoil mark. Although we observe that the Flower Quatrefoil mark has been registered in many countries and the duration of the registration has been

substantial, that does not *per se* prove that it is well known, particularly in Singapore.

96 We note the trial judge found at [83] of the GD that, "In my view, the individual elements, namely, the Trade Marks here, are distinctive in their own right. They are conspicuous in design and each element is clearly and repeatedly set out in the whole." With respect, we are unable to accept the proposition that just because a mark is something unique or conspicuous or is not descriptive, it has thereby become distinctive or well known. The latter does not follow from the former. Much would have to depend on how the mark is actually used or promoted. There must be evidence of such activities. In this regard, we would highlight the fact that the Flower Quatrefoil mark has always been used and linked to the Monogram and/or LOUIS VUITTON marks and there is no evidence that the Flower Quatrefoil mark was ever used on its own.

97 There is also no evidence that an average consumer is likely or able to recall the constituent components of such a monogram mark. This is, at best, a speculative assumption. In this connection, the remarks of the High Court in *Love & Co Pte Ltd v The Carat Club Pte Ltd* [2009] 1 SLR 561 at [33] are germane (see also [99] below).

98 In *Polo* at [17], this court noted that one reason why the word "Polo" was not distinctive is that it had not been used or promoted on its own, rather it had always been used and linked to Ralph Lauren. The Flower Quatrefoil mark is in exactly the same sort of situation. The trial judge's finding that the Flower Quatrefoil mark is in itself distinctive is really unsustainable for the simple reason, as stated in [94] above, that there is no evidence that the Flower Quatrefoil mark has ever been promoted or used on its own.

99 Finally, while the Appellant accepts that the Monogram (*ie*, the various marks together) is well known, it is a leap in logic to suggest that, as a result, the constituents of the Monogram, including the Flower Quatrefoil mark, have each also acquired such distinctiveness so as to be a badge of origin in its own right. Accordingly, we find that s 55(3)(*b*)(i) of the Act has not been infringed.

Whether s 55(4) of the Act has been made out

100 Section 55(4) deals with the situation where a party uses a business identifier which, or an essential part of which, is identical with or similar to a well-known trade mark. The explanatory note to the Joint Recommendation states that:

> The main differences between marks and business identifiers are that (i) marks distinguish goods and/or services, whereas business identifiers distinguish businesses, and (ii) the registration of marks is effected by national or regional authorities (trademark offices in most cases), whereas business identifiers may be registered by administrations which may vary from country to country, or not be registered at all.

101 In the present fact situation, it is clear that, if at all, the Solvil Flower is only being used to distinguish the Appellant's goods as opposed to identifying its watch business (as argued by the Respondent). Since the Solvil Flower is not used as a business identifier, s 55(4) can have no application.

Conclusion

102 In the result, we would allow the appeal and hold that the Respondent has failed to establish its claims under the Act or the tort of passing off. The Appellant shall have the costs here and below, with the usual consequential orders.

[note: 1]RA Vol III Part C, at para 107.

[note: 2]Appellant's Case, at para 120.

[note: 3]Appellant's Case, at paras 120 and 121.

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