

PT Swakarya Indah Busana v Dhan International Exim Pte Ltd
[2009] SGHC 280

Case Number : OS 2/2009

Decision Date : 14 December 2009

Tribunal/Court : High Court

Coram : Lai Siu Chiu J

Counsel Name(s) : Sukumar Karuppiah and Justin Blaze George (Ravindran & Associates) for the plaintiff; Vijai Parwani (Parwani & Co) for the defendant

Parties : PT Swakarya Indah Busana — Dhan International Exim Pte Ltd

Trade Marks and Trade Names – Invalidity

14 December 2009

Judgment reserved.

Lai Siu Chiu J:

1 This was a case where PT Swakarya Indah Busana ("the plaintiff") sought to invalidate trademarks registered by Dhan International Exim Pte Ltd ("the defendant") under the Trade Marks Act (Cap 332, 2005 Rev Ed) ("the Act") comprising of the words "EMPEROR MARTIN" and a star device ("the defendant's mark"). It was the plaintiff's case that the defendant's mark was registered in bad faith and/or the registration was tainted with fraud.

The facts

2 The plaintiff is a company incorporated in Indonesia and is a manufacturer of ready-made garments including shirts bearing the marks "MARTIN" ("the plaintiff's first mark") and "MARTIN PACEMAKER" ("the plaintiff's second mark") with stylized letters MR enclosed in an oblong device topped with a crown. The plaintiff's first mark is as follows:

[LawNet Admin Note: Image 1 is viewable only by [LawNet](#) subscribers via the PDF in the Case View Tools.]

while its second mark is as follows:

[LawNet Admin Note: Image 2 is viewable only by [LawNet](#) subscribers via the PDF in the Case View Tools.]

3 The plaintiff's second mark was registered in Indonesia as far back as 2 July 1983 and it was assigned to the plaintiff on or about 29 June 1987. In Singapore, the plaintiff registered six marks under Class 25 of the International Classification of Goods and Services ("ICGS"). All six registered marks included the word "MARTIN" (collectively "the MARTIN marks").

4 The defendant is a Singapore company registered on 4 April 1988 which was converted from a sole-proprietorship that began business in 1971, initially as an importer and wholesaler of Indian saris. In early 2000, the defendant expanded its business to include the sale of men's shirts catering to the Indian community in the "Little India" area of Singapore at Serangoon Road. The defendant ceased to be a retailer in 2003 and continued its business as a wholesaler operating from No 46 Upper Dickson Road ("the defendant's shop") while its office for administration purposes was at No 1 North Bridge

Road #11-08, High Street Centre, Singapore ("the defendant's office"). The defendant has two directors who are siblings viz Sanjay Sunder ("Sanjay") and Neeraj Sunder Samnani ("Neeraj").

5 In May 2002, the defendant applied to register the defendant's mark for its own brand of men's shirts. The defendant's mark was approved for registration in May 2003 under Class 25 of the ICGS and the defendant commenced selling shirts using the defendant's mark in 2004.

6 The plaintiff's shirts marketed under the plaintiff's first and second marks as well as the MR device shown at [2] (hereinafter collectively referred to as "the MARTIN shirts") have been sold in Singapore since 1982. They were shipped from Indonesia to Tan Lai Seng Trading Company ("TLS") (a sole-proprietorship of one Tan Say Boon) who was the exclusive distributor for the promotion, marketing and sale of the MARTIN shirts in Singapore. In turn TLS distributed the MARTIN shirts through no less than seven dealers which included Ho Keh Hee trading as Meng Lee ("Meng Lee").

7 Between 1992 and 1994, Radha Exports ("Radha") a sole-proprietorship, was the plaintiff's Singapore distributor in place of TLS. In 1995, Radha Exports Pte Ltd ("REPL") the successor company to Radha, took over the distribution of the MARTIN shirts.

8 The plaintiff first applied in Singapore to register the plaintiff's second mark and the MR device on 11 May 1981 through TLS. The application was rejected by the Registrar of Trade Marks based on the old Trade Marks Act (since repealed on 15 January 1999).

9 Subsequently, Radha filed an application on or about 16 February 1989 to register the plaintiff's first mark and the MR device. Again the application was rejected. Both this and the earlier unsuccessful application were filed with the plaintiff's consent.

10 On or about 10 October 1991, the plaintiff filed an application to register the plaintiff's second mark. Once again, the application was rejected.

11 Earlier the plaintiff had three marks registered. One was for the mark MARFIN with the MR device which was first registered on 21 March 1985 ("the MARFIN mark"). The plaintiff was assigned the MARFIN mark after it sued the registrant Meng Lee (its former retailer) in Originating Motion No 18 of 1992 ("the OM"). In the OM, the plaintiff and its retailers had applied to expunge the MARFIN mark. The OM was discontinued after the plaintiff signed a settlement agreement on 22 May 1992 ("the settlement agreement") with and paid, Meng Lee a sum of \$360,000 to assign the MARFIN mark to the plaintiff.

12 The second mark registered on 26 October 1998 was for the words LEO MARTIN. The original registrant Mohamed Mustafa & Samsuddin Pte Ltd (Singapore) subsequently assigned the mark to the plaintiff.

13 The third mark resulted from Suit No 14 of 2008 ("the 1992 Suit") where the plaintiff sued Meng Lee (and his daughter Ho Foong Nee) for breach of the settlement agreement in [11] when Meng Lee registered the mark MARTIN KING and M device on 4 May 2000 without the plaintiff's authority. The 1992 suit was eventually resolved by the signing of a settlement agreement wherein Meng Lee agreed to assign the MARTIN KING and M marks to the plaintiff.

14 The plaintiff eventually managed to register the plaintiff's first mark and the plaintiff's second mark, together with the stylized letters MR on 20 June 2006. Subsequently, on 11 April 2007, the plaintiff registered the MR device. These were the plaintiff's fourth, fifth and sixth marks respectively.

15 In summary, the plaintiff's current registered marks are the following:

[LawNet Admin Note: Image 3 is viewable only by [LawNet](#) subscribers via the PDF in the Case View Tools.]

16 The plaintiff's marketing manager Alvernia Tan ("Alvernia") deposed in her first affidavit that the essential feature of the plaintiff's MARTIN marks was the word MARTIN. This equally applied to the three marks registered by the plaintiff personally (numbered 4, 5 and 6 in [15]) as well as to the three earlier marks that were assigned to the plaintiff.

17 Alvernia deposed that since 1982 at least, the plaintiff had sold and it continues to sell in substantial quantities in Singapore, MARTIN shirts. Sales were first made through TLS and later through REPL.

18 Through TLS, in 1982, the plaintiff sold 287 dozens of MARTIN shirts. In 1990, the quantities sold peaked at 67,820 dozens. In terms of value, the sales were \$18,655 in 1982 and by 1990, they had increased to \$4,408,300.

19 The following chart showed the estimated total sales made by TLS between 1982 and 1991:

YEAR	ESTIMATED AMOUNT IN DOZENS	ESTIMATED SALES IN S\$
1982	287	18,655.00
1983	622	40,430.00
1984	450	29,250.00
1985	1023	66,495.00
1986	562	36,530.00
1987	5553	360,945.00
1988	27,844	1,809,806.00
1989	56,013	3,644,095.00
1990	67820	4,408,300.00
1991	49,447	3,214,185.00
	Grand Total	13,628,691.00

20 As for the sales made by Radha of MARTIN shirts between 1992 and 1994, they were as follows:

YEAR	QUANTITY OF MARTIN SHIRTS (PIECES)	ESTIMATED SALES IN S\$
1992	500,100	2,282,086.00
1993	706,164	3,346,033.00
1994	532,260	2,627,092.00
Total	1,738,524	8,255,211.00

21 After it took over from Radha as the plaintiff's distributor, REPL made the following sales between 1995 and February 2008:

YEAR	QUANTITY OF MARTIN SHIRTS (PIECES)	TOTAL SALES PRICE IN S\$
1995	578,782	2,795,700.00
1996	536,086	2,781,365.00
1997	398,472	2,088,932.00
1998	271,071	1,077,580.00
1999	27,425	112,767.00
2000	42,727	228,330.00
2001	137,540	767,865.00
2002	314,897	1,815,170.00
2003	106,522	581,049.00
2004	133,524	726,569.00
2005	115,398	655,911.00
2006	89,080	513,369.00
2007	114,048	656,977.00
2008 (Jan-Feb)	11,455	66,820.00

	Grand Total	14,868,404.00
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22 In addition to obtaining supplies of MARTIN shirts from the plaintiffs, REPL also obtained its supplies from PT Karwikarya Wisman Graha ("PTK") which is an Indonesian company established in 1996 with the same shareholders as the plaintiff. Through PTK, REPL imported into Singapore between 1997 and February 2008 the following quantities of MARTIN shirts:

YEAR	QUANTITY OF MARTIN SHIRTS (PIECES)	TOTAL SALES PRICE IN S\$
1997	31,362	87,739.00
1998	121,973	670,851.50
1999	403,110	2,233,248.46
2000	333,809	1,907,436.47
2001	208,306	1,171,544.08
2002	62,582	324,103.08
2003	136.096	784.149.67
2004	102,015	585,592.50
2005	117,285	684,162.50
2006	29,616	172,759.99
2007	91,933	536,275.84
2008	47,822	278,849.66
	Grand Total	9,436,712.75

23 The sales figures in [21] to [25] were confirmed by Radha and REPL by the first affidavit filed on 18 December 2008 by Naraindas Gangaram ("Naraindas"), its manager partner and managing-director respectively.

24 Alvernia asserted that over the years since 1982, the plaintiff had built up a solid goodwill and reputation in its MARTIN shirts in Singapore. She deposed that in early 2008, the plaintiff learnt of the defendant's mark which appears as follows:

[LawNet Admin Note: Image 4 is viewable only by LawNet subscribers via the PDF in the Case View Tools.]

25 The plaintiff further ascertained that the defendant was a customer of MARTIN shirts and had purchased from REPL the following quantities and values of MARTIN shirts between November 2005 and October 2007:

No	Date	Invoice No	Quantity Supplied In Dozens	Sales in \$
1	19.11.2005	105616	550	38,500
2	11.05.2007	141749	100	7,000
3	16.05.2007	142028	140	9,800
4	29.05.2007	142980	92	4,600
5	30.05.2007	143069	636	31,800
6	12.06.2007	143911	557 + 10 shirts	27,891.65
7	18.06.2008	144347	200	14,000
8	09.07.2007	145931	155	10,850
9	19.07.2007	128102	100	7,000
10	27.07.2007	147460	100	7,000
11	27.07.2007	147461	475	33,250
12	11.09.2007	151694	350	24,500
13	10.10.2007	154450	250	17,500
Total			3,715 [44,470 shirts]	233,691.65

26 The plaintiff decided to investigate and obtain independent evidence of the defendant's use of the defendant's mark. The plaintiff engaged a firm called Commercial Investigations LLC ("CI") to ascertain:

- (a) the actual use of the defendant's mark by the defendant;
- (b) to secure sample purchases of the MARTIN shirts offered for sale by the defendant;
- (c) to ascertain why the defendant chose the word MARTIN as part of the defendant's mark.

The persons from CI who conducted the investigations were (i) Tan Chin Hock; (ii) Lau Weida and (iii) Tan Chye Soon (collectively "the investigators").

27 I turn now to the investigators' findings starting with those of Tan Chin Hock ("TCH"). In his affidavit, TCH deposed that he visited the defendant's shop on 21 February 2008 together with Lau Weida ("Lau"). Neeraj introduced himself to TCH and Lau ("the two investigators") and said the defendant dealt mainly in saris. The two investigators noted there were shirts in the shop bearing the defendant's mark as well as shirts with the label MARTIN WORLD (which Neeraj said the defendant no longer manufactured). The two investigators were told long-sleeved shirts with the defendant's mark cost \$5.50 each or \$66 per dozen. Neeraj revealed that those shirts (made in China) were exported to India, Thailand, Saudi Arabia and other countries.

28 The two investigators noticed that the defendant's shop also stocked long-sleeved shirts with the plaintiff's second mark (ie MARTIN PACEMAKER) and when asked by TCH, Neeraj said the Indonesia-made shirts were priced at \$6.30 each. Neeraj said he could offer the two investigators a cheaper price of \$4.00 per shirt if they purchased in bulk shirts with the defendant's mark but he could not reduce the price for shirts with the plaintiff's second mark because it was the original MARTIN brand but he had 'duplicated' the MARTIN brand because some customers wanted cheaper things and yet looked for MARTIN shirts. Neeraj added that there were seven other different MARTIN brands in Singapore but only those with the plaintiff's second mark was the 'original' and that was why it was the most expensive amongst the MARTIN brands. Neeraj informed the two investigators that the defendant dealt in two MARTIN brands and that the EMPEROR MARTIN brand was in the market for about 5-6 years while shirts with the plaintiff's second mark had been in the market for 15 years.

29 The two investigators ascertained that the defendant's shop stocked men's underwear, men's socks and men's shirts under the following labels:

[LawNet Admin Note: Image 5 is viewable only by [LawNet](#) subscribers via the PDF in the Case View Tools.]

The defendant's shop also stocked round neck and polo T-shirts under the DIVOLKA brand.

30 The two investigators purchased one dozen EMPEROR MARTIN socks (at \$4.00), one EMPEROR MARTIN shirt at \$5.50, one box of EMPEROR MARTIN men's briefs at \$2.00 (for 3), one DIVOLKA brand T-shirt as well as one pair of DIVOLKA brand shorts. The EMPEROR MARTIN shirt and the other items purchased by the two investigators did not bear the defendant's mark as registered (see [24] above). Instead, they bore the marks shown in [29] on the plastic packaging and on the hang tags while the EMPEROR MARTIN shirt had the get-up below on the label of the collar and on the hang tag that was attached to one of the front buttons:

[LawNet Admin Note: Image 6 is viewable only by [LawNet](#) subscribers via the PDF in the Case View Tools.]

(The above get-up was described as "the defendant's tailored mark" in the plaintiff's closing submissions and for convenience the description will similarly be adopted in this judgment). The receipt that was issued for the above purchases (see exhibit TCH-6 in TCH's affidavit) described the defendant's shirt as "MARTIN EMPEROR".

31 The sample of its shirt that the defendant produced in court ("the defendant's sample") had a label on its collar that stated:

[LawNet Admin Note: Image 7 is viewable only by [LawNet](#) subscribers via the PDF in the Case View Tools.]

Other than the collar, the markings on the plastic wrapping of the defendant's sample reflected the defendant's tailored mark in [30].

32 The third investigator Tan Chye Soon ("TCS") visited the defendant's office on 22 February 2008 where Sanjay attended to him. When he inquired, Sanjay told TCS that the defendant's mark indeed belonged to the defendant and that the company had started manufacturing men's shirts about two years ago using the defendant's mark. TCS was told the defendant only sold shirts that used the defendant's mark. Sanjay also said MARTIN Classic shirts were very saleable and indicated there were also two other brands with the word MARTIN called MARTIN ROYAL and MARTIN WORLD but claimed no knowledge of either brand. TCS made no sample purchases as Sanjay had informed him the defendant's office carried no stocks and referred TCS to the defendant's shop.

33 In summary, the investigators ascertained the following facts:

- (a) the defendant originally sold men's shirts under the plaintiff's second mark;
- (b) later, the defendant duplicated the plaintiff's second mark by using the word MARTIN on the defendant's mark because some customers (especially foreign workers) wanted cheaper shirts that looked like MARTIN shirts;
- (c) The investigators were told that there were seven other different MARTIN brands of shirts in Singapore but only MARTIN PACEMAKER was the original and it was also the most expensive amongst the MARTIN brands;
- (d) the defendant only dealt in two MARTIN brands;
- (e) the defendant's mark and the plaintiff's second mark had been in the market for 5-6 years and 15 years respectively.

34 I turn next to the affidavits filed on the defendant's behalf by Sanjay. In his first affidavit, Sanjay deposed that prior to May 2002, he and his brother surveyed the market and found there were several brands of shirts bearing the MARTIN brand which were very popular amongst end buyers. Before the defendant's mark was registered, the defendant's solicitors conducted searches in the trade marks registry and found at least 35 variations of the MARTIN mark had been applied for and registered by different entities over the last 27 years. In addition, Sanjay discovered two other marks MARTIN PLUS and MARTIN KING PACEMAKER were found on shirts sold in the Serangoon Road area. Besides MARTIN PACEMAKER, there were shirts being sold that bore the words MARTIN ORIGINAL, MARTIN EXECUTIVE, *Martin* SUPER (registered on 13 October 2006 by one of the plaintiff's retailers Everyman's Shopping Centre) and MARTIN CROWN. He added that when the defendant applied to register EMPEROR MARTIN in May 2002, there were already eleven other registered trade marks bearing the MARTIN mark for men's shirts but none were registered by the plaintiff.

35 Sanjay asserted that MARTIN was a common denominator and contrary to what Alvernia claimed in her affidavit, the plaintiff did not have exclusive use of the word. He claimed that the defendant added the word EMPEROR as a prefix to the word MARTIN (unlike the MARTIN marks which had suffixes) to "convey the majestic era of days gone by when emperors used to rule India". (This claim however was not borne out in the actual usage of the defendant's mark as was noted in [30] above).

36 Sanjay made a meticulous comparison of the plaintiff's shirts bearing the plaintiff's second mark and the defendant's shirts bearing the defendant's mark and found twelve differences between them.

37 With regard to the defendant's actual use of the defendant's tailored mark on its men's shirts as shown in [30] above, Sanjay deposed that both words EMPEROR MARTIN were in upper casing but different fonts were used "purely for marketing strategy".

38 Sanjay gave the following sales figures of EMPEROR MARTIN shirts by the defendant:

Year	Turnover (S\$)
2004	19,855.00
2005	37,129.21
2006	4,398.00
2007	17,621.80
2008	13,324.35
2009	853.68

39 Sanjay exhibited invoices to his affidavit to support the above sales. I note however (as the plaintiff observed in its closing submissions) that save for one, the other 25 invoices were not issued by the defendant but by one LRN Shokai and even more curious, two of those invoices were issued by LRN Shokai (which has the same address as the defendant's office) to the defendant. The invoices were also confined to sales in October to December 2004 and January 2005 and March 2005. No invoices were produced for the years 2006 to 2008, an omission for which the plaintiff drew an adverse conclusion in its closing submissions.

40 In his second affidavit, Sanjay accused Alvernia of withholding material facts from the court. In particular, he alleged that she had failed to disclose that the plaintiff paid the very substantial sum of \$360,000 for the assignment of the MARFIN trade mark from Meng Lee. He further alleged that Alvernia failed to disclose that Meng Lee had sued Radha in January 1992 for trademark infringement and passing-off. He then alleged that after the defendant received the plaintiff's first letter of demand, a director (Naraindas) of Radha (with whom the defendant had a cordial business and social relationship) told his brother Neeraj that the litigation was not Radha's idea and the defendant should assign the defendant's mark to the plaintiff.

41 Sanjay then embarked on a comparison of the MARTIN marks with those filed by the registrants of *Martin* SUPER, LEO MARTIN and MARFIN (before the last two marks were assigned to the plaintiff). Sanjay claimed that the three marks were even closer to the plaintiff's first and second marks. In relation to the *Martin* SUPER mark, he wondered why the plaintiff had not taken action against the registrant and he noted that the plaintiff took an assignment for the mark LEO MARTIN from the registrant Mohd Mustaffa & Samsuddin Co Pte Ltd in 2008.

42 Finally, Sanjay questioned the lack of explanation from the plaintiff as to why it waited for 15 years after its failed attempt in October 1991 in [10] before it applied in June 2006 to register the plaintiff's first and second marks. Further, he questioned why the plaintiff left it first to TSL and later to Radha to register the plaintiff's second and first marks respectively, purely on the understanding

that the two distributors would assign the trade marks to the plaintiff subsequently. He wondered why the plaintiff took no further steps after the applications by TSL and Radha applications were rejected by the trade marks registry.

43 Sanjay's second affidavit drew a response from Alvernia as well as from Radha. In her reply affidavit, Alvernia explained that it instituted the OM proceedings together with its seven Singapore trading partners. However, the plaintiff was concerned that unless the OM as well as the 1992 suit commenced by Meng Lee against Radha were resolved expeditiously, its retailers would not be able to sell the plaintiff's shirts and would suffer a heavy financial burden. That was the reason that prompted the plaintiff to resolve the disputes quickly to avoid potentially lengthy legal proceedings.

44 Alvernia pointed out that Meng Lee did not deny its MARFIN mark copied the plaintiff's MARTIN marks and in the settlement agreement, Meng Lee acknowledged the plaintiff's rights to the MARTIN marks in Indonesia.

45 Alvernia noted that Sanjay and Neeraj had admitted they conducted a survey and had found shirts in the market bearing the plaintiff's second mark and the mark MARTIN KING. In other words, the two brothers knew of the plaintiff's second mark before they applied to register the defendant's mark.

46 Neeraj filed one affidavit on the defendant's behalf where he sought to give his version of the conversation he had with TCH on 21 February 2008 when the two investigators visited the defendant's shop posing as buyers of MARTIN PACEMAKER or EMPEROR MARTIN shirts. Neeraj pointed out that the defendant openly displayed EMPEROR MARTIN shirts at the shop. He contended he did not tell TCH that the defendant had stopped manufacturing MARTIN WORLD shirts – the defendant never manufactured such shirts. He had instead said the defendant stopped selling such shirts because its supplier ceased selling them.

47 Neeraj confirmed he candidly told the two investigators that MARTIN PACEMAKER had been around for 15 years while EMPEROR MARTIN was around for 5-6 years. Neeraj claimed his knowledge of MARTIN PACEMAKER was based on information given by the defendant's customers. He himself was personally aware of the Martin marks after the defendant started distributing shirts with the defendant's mark in 2004. Consequently, he argued, the information he obtained in 2005 could not be used to impute bad faith to the defendant in 2002.

48 Neeraj explained that when he told TCH that the plaintiff's shirt was 'original' (see [28]), he was actually repeating what the defendant's customers told him and by 'original' he meant the first in time. He pointed out that there was a brand of shirts called MARTIN Original registered in the trade marks registry in December 2005 and the plaintiff did not appear to be affected by it.

49 Neeraj explained that when he said the defendant 'duplicated' the MARTIN brand he meant manufacturing a MARTIN shirt with its own distinctiveness. He did not mean duplicating the plaintiff's MARTIN shirts as the defendant did not know who owned the MARTIN PACEMAKER brand as it was not even registered at the time.

50 Naraindas filed a second affidavit on behalf of REPL wherein he confirmed that he and the plaintiff had an arrangement whereby Radha would register the plaintiff's first mark for expediency and later would assign the same to the plaintiff. He clarified that REPL was/is not a retailer but a distributor and it supplied goods to a number of retailers including its sister company ABC Express which sells MARTIN shirts.

51 Naraindas deposed he first heard about EMPEROR MARTIN shirts three years ago. Because shirts bearing that mark were not sold widely or in large quantities, the brand did not make an impression on him and he did not inform the plaintiff. Moreover, the defendant continued to buy MARTIN shirts from REPL albeit it was not his company's biggest buyer. Hence, he did not appreciate that the defendant was attempting to capitalise on the MARTIN marks until early 2008 when he was informed by the plaintiff.

52 Naraindas clarified that his conversation with Neeraj in [40] was purely to recommend an amicable settlement with the plaintiff as he understood the plaintiff had a good case.

The submissions

53 As stated in [1], the plaintiff claimed that the defendant's mark was registered in bad faith and tainted with fraud, based on s 23 of the Act which states:

Grounds for invalidity of registration

(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 7.

(2) Where the registered trade mark was registered in breach of section 7 in that it is a trade mark referred to in subsection (1) (b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(3) The registration of a trade mark may be declared invalid on the ground —

(a) that there is an earlier trade mark in relation to which —

(i) the conditions set out in section 8 (1) or (2) apply;

(ii) where the trade mark has been registered pursuant to an application for registration of the trade mark made before 1st July 2004, the conditions set out in section 8 (3) apply; or

(iii) where the trade mark has been registered pursuant to an application for registration of the trade mark made on or after 1st July 2004, the conditions set out in section 8 (4) apply; or

(b) that there is an earlier right in relation to which the condition set out in section 8 (7) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(4) The registration of a trade mark may be declared invalid on the ground of fraud in the registration or that the registration was obtained by misrepresentation.

54 Besides ss 23(1) and (4), the plaintiff had also relied on s 7(6) of the Act which states:

Absolute grounds for refusal of registration

7(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.

55 The plaintiff had also cited s 5(2)(e)(ii) of the Act

Application for registration

5(2) The application shall —

(e) state —

(ii) that the applicant has a bona fide intention that the trade mark should be so used.

for its argument that the defendant's conduct showed that it never intended to use the defendant's mark and hence s 7(6) applied.

56 The defendant on the other hand contended that the plaintiff's claim was misconceived as the plaintiff's first and second marks were unregistered (as at 26 May 2002) whereas the defendant's mark was registered.

57 It was further argued by the defendant that it had taken reasonable steps to verify the position by conducting a survey on the different types of MARTIN shirts in the market prior to registration of the defendant's mark (see Sanjay's statements in [34] above). Additionally, the defendant pointed out that none of the eleven MARTIN marks were registered by the plaintiff. Consequently, the defendant contended, it did not and could not be expected to know of the proprietorship of the plaintiff's first and second marks. The defendant highlighted that the plaintiff did not commence an alternative action in passing-off against the defendant.

58 The plaintiff countered the defendant's argument in [56] by pointing out that the plaintiff's claim was based on first usage at common law of the plaintiff's first and second marks since at least 1982. The plaintiff argued that registration of either mark was not the determinant (see *DALIC Trade Mark* [1998] 2 SLR 231 where Lim Teong Qwee JC said at p 236 [12]:-

..in the case of a used trade mark the proprietor is the person who first used it in relation to goods or services for the purpose stated in the definition of 'trade mark' under the Act.

("The Act" referred to in the above passage of the judgment was the Trade Marks Act (Cap 332, 1992 Ed) which was the predecessor of the (present) Act). The above passage was endorsed recently by our courts in *Weir Warman Ltd v Research & Development Pty Ltd* [2007] 2 SLR 1073, a case cited by both parties which involved a similar application by the plaintiff in the action to invalidate and revoke a trade mark pursuant to ss 23(1) and 7(6) of the Act.

The law

59 The legislative provisions relevant to the parties' dispute have been set out earlier at [53] to [55]. It would be appropriate at this juncture to review some of the case-law relating to bad faith and fraud in the registration of trade marks.

60 I start with *McDonald's Corp v Future Enterprises Pte Ltd* [2005] 1 SLR 177 (the "McDonald's case"). There, the defendant/respondent applied to register three marks viz "MacTea", "MacChocolate" and "MacNoodles" along with an eagle device, in Class 30 of the ICGS. McDonald's

unsuccessfully opposed the applications before the Registrar of Trade Marks as well as before the High Court under the former Act (1992 Ed) on the following grounds:

- (1) under s 12(1) – that the defendant's claim to proprietorship was not made in good faith as it had copied the common distinctive prefix of the appellant's family of marks namely "Mc";
- (2) under s 15 – that registration of the three marks would likely deceive or cause confusion to the public; and
- (3) under s 23(1) – that the application marks were identical with or nearly resembled the trade marks belonging to McDonalds.

61 McDonalds appealed to the Court of Appeal. In dismissing McDonald's appeal, Chao Hick Tin JA *inter alia* held that McDonald's marks and the defendant's marks were neither visually nor aurally similar. McDonald's marks were usually displayed together with the golden arches or sold in packaging bearing the golden arches. The word components of the rival marks were different in terms of colour, font and typeface. Even though the defendant's marks consisted of a device common to the trade (the eagle device), this did not mean that the marks were incapable of being distinctive since they had to be examined as a whole. The learned judge observed at [78]:

...An allegation of bad faith is a serious matter and should not be lightly inferred. In "*Royal Enfield*" *Trade Marks* [2002] RPC 24 it was held (at [31]) that:

An allegation that a trade mark has been applied for in bad faith is a serious allegation...A plea of fraud should not lightly be made...and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v Garrett* (1877-78) LR 7 Ch.D 473 at 489). In my judgment precisely the same considerations apply to an allegation of....bad faith made under section 3(6). *It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference* [emphasis added].

62 The *McDonald's* case sets out the high standard of proof required for an allegation of bad faith, which was reiterated in *Nautical Concept Pte Ltd v Jeffery Mark Richard and another* [2007] 1 SLR 1071. In the 2007 case, the court added that once bad faith was established, the application to register the trade mark in question would not be allowed even if the mark did not cause any confusion or breach of duty and even where marks were not identical.

63 I turn next to *Rothmans of Pall Mall Limited v Maycolson International Ltd* [2006] 2 SLR 551 ("the *Rothmans*' case") a case cited by both parties and which was a decision of this court. The case addressed the issue of bad faith under s 7(6) of the Act specifically for the first time in our courts. There, the applicant was the registered proprietor of numerous trade marks in Class 34 of the ICGS (viz cigarettes) containing the word "Rothmans". The applicant opposed the registration by the respondent of a mark called "Fairlight". The respondent was a licensee of two Germans Axel and Klaus Hertlein who operated a business that distributed Fairlight cigarettes. The respondent applied to register a mark containing the word Fairlight on a blue hexagon-shaped background under Class 34. This was despite the fact that an identical mark was the subject of pending trade mark infringement proceedings overseas. Despite the applicant's opposition citing the following sections of the Act:

- (i) s 7(6);
- (ii) s 8(2)(b) – that the mark was likely to cause confusion and

(iii) s 8(4) – breach of the law of passing-off and copyright

the Principal Assistant Registrar of Trade Marks ("the PAR") accepted the application for registration.

64 I allowed the applicant's appeal against the decision of the PAR as I found that the applicant had made out its case that the application to register the Fairlight mark was made in bad faith. It was not disputed that the get-up of the Fairlight mark was identical to the "Rothmans" registered marks.

65 On the specific issue of bad faith under s 7(6) of the Act, I had said:

26 I am further convinced that the issues of bad faith and breach should be kept distinct because of their differing underlying rationales. The "bad faith" doctrine is wider in its ambit, as it encompasses conduct which may be morally but not legally reprehensible. This is best summed up by the comments of Hobbs QC in relation to the English equivalent of our s 7(6) (ie, 3(6) of the UK Trade Marks Act 1994 (c 26). In *Demon Ale Trade Mark* [2000] RPC 345 (at 356), Hobbs QC stated that:

[T]he expression "bad faith" has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.

29 The court is entitled to make a finding of bad faith despite the fact that the marks in question are not so similar as to cause confusion. Indeed, both the Applicant and the Respondent were in agreement on this point and had submitted that the determination of confusion and the establishment of bad faith were two distinct issues that should be considered separately...

66 In the *Rothmans*' case, I had referred to a passage from *Gromax Plasticulture v Don & Low Nonwovens* [1999] RPC 367 where the UK courts first attempted to define the concept of "bad faith". It would be appropriate to set out the same instructive passage from Lindsay LJ's judgment where he said (at p 379):

I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances...

67 I had also referred to *Harrison v Teton Valley Trading Co Ltd* [2004] 1 WLR 2577 in *Rothmans*' case (at [20] to [23]) which case again dealt with the issue of bad faith. There Sir William Aldous has this to say (at p 2585):

24 Clearly, the court, when considering bad faith, cannot apply a purely subjective test, called by Lord Hutton [in *Twinsectra Ltd v Yardley* [2002] 2 AC 164] "the Robin Hood test". The dishonest person or one with low standards cannot be permitted to obtain trade mark registrations in circumstances where a person abiding by a reasonable standard would not. The registration of a trade mark is designed to enable bona fide proprietors to protect their proprietary rights without having to prove unfair trading. Registration is not provided to help

those with low moral standards.

26 For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words "bad faith" suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.

68 Having reviewed the relevant case law on the meaning of "bad faith", I turn next to the case law on fraud and misrepresentation, under s 23(4) of the Act (set out earlier at [53]).

69 The plaintiff had cited the UK case *Bentley Motors (1931) Ltd v Lagonda, Ltd and Walker Owen Bentley* (1947) 64 RPC 33 for the test of fraud. There, Justice Roxburgh said (at p 35);

I am most anxious to avoid defining "fraud" in the context in which it appears here, because apparently it has not yet been done, and I am not anxious to be the first to do it if it is not necessary for me to do it; but when I see in conjunction the words "obtained by fraud", I feel bound to hold that it involves some element of actual deception by the applicant for registration. I want to make it plain that in using the phrase "actual deception" I do not necessarily exclude all omissions because it is quite possible, and I think it is trite saying, that a statement may be in such a form that having regard to what is omitted it is deceptive, though on the face of it and taken quite alone it is not deceptive.

But in my judgment a claimant who sets out to say that registration was obtained by fraud must allege some actual deception by word or deed, or some omission by word or deed, of the character which I have just indicated;...

70 Justice Roxburgh's dictum was adopted by our High Court in *Yomeishu Seizo Co Ltd and another v Sinma Medical Products (S) Pte Ltd* [1991] SLR 499 at 509 and more recently by the Court of Appeal in *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd* [2009] 2 SLR 814.

The decision

71 Having reviewed the law, I return to our case. Looking at the facts as a whole, I have little doubt that the defendant's mark was registered in bad faith in breach of s 7(6) and/or s 23(4) of the Act.

72 As observed earlier (at [29] and [30]), the defendant's mark was not used by the defendant for its shirts or for the other three items of clothing that it sold. Despite the claim of Sanjay (at [35]) that the defendant used the word EMPEROR as a prefix "to convey the majestic era of days gone by when emperors used to rule India", the defendant's tailored mark that was actually used on its shirt did not bear out Sanjay's claim; indeed, it was the reverse. The defendant's tailored mark had the word EMPEROR conspicuously smaller (font 20) than the word MARTIN which font size (48) was more than twice as large. Moreover, the word EMPEROR appeared above the word MARTIN so that there was no question of pronouncing the brand as EMPEROR MARTIN. I reject Sanjay's assertion in [37] that the different fonts were used purely for 'marketing strategy'. It was a deliberate act on the part of the defendant to copy the plaintiff's first and second marks by placing emphasis on the word MARTIN rather than on the word EMPEROR.

73 The plaintiff had pointed out the similarities between its shirt bearing the plaintiff's second mark and the defendant's shirt (in para 69 of its submissions) to support its contention that the defendant was riding on the goodwill and reputation of the MARTIN marks. The plaintiff went further (at para 125) to point out (with which I agree) that the purchaser of the defendant's shirts would not pause to analyse the packaging and look for the connection between the word EMPEROR and MARTIN, given that the latter completely overwhelmed and overshadowed the word EMPEROR in actual usage. There was a further suggestion in the plaintiff's submissions that the concept of the crown in the MR device of the plaintiff's first and second marks had also been copied by the defendant but replaced by the word EMPEROR.

74 I believe the likely scenario in the defendant's shop would be the following:

A customer walks in and asks for a MARTIN shirt. The defendant's staff would show the plaintiff's shirt to the customer. If the customer attempts to bargain down the price or complain that the price (of \$6.30 was too high), the defendant's staff would produce the shirts bearing the defendant's tailored mark stating it was cheaper at \$4.00 each. The general perception to a member of the public would be that the defendant's shirt and the plaintiff's shirt were from one and the same source *ie* from the same manufacturer because both bore the label MARTIN. The unwitting customer would therefore purchase the defendant's shirt, not the plaintiff's because of the price difference.

That would be how the defendant rode on the goodwill and reputation of the MARTIN shirts. The defendant would sell its shirts by capitalising on the price difference between its shirts and the plaintiff's shirts but in so doing, it misrepresented its shirt as a cheaper version of the more expensive MARTIN PACEMAKER or MARTIN shirt albeit from the same source. Consequently, the fact that the defendant's shop also stocked the plaintiff's shirts is not a redeeming factor that meant the defendant did not ride on the goodwill of the plaintiff's reputation as the defendant suggested in its closing submissions.

75 The defendant's conduct in the scenario I have painted above amounted to deception of the defendant's customers most of whom (particularly foreign workers) were neither highly educated nor discerning enough to tell the difference between the defendant's and the plaintiff's shirts. The price range of both shirts (despite the \$2.00 difference) meant that their market was the less well-off consumer who shopped in Little India. Consequently, I reject the purported highlighting of the word EMPEROR as opposed to the word MARTIN in the defendant's tailored mark, as argued in the defendant's submissions (at para 55) and in Sanjay's first affidavit (at para 25).

76 The facts of this case are reminiscent of *Betty's Kitchen Coronation Street Trade Mark* [2000] RPC 825 which concerned the mark below:

[LawNet Admin Note: Image 8 is viewable only by LawNet subscribers via the PDF in the Case View Tools.]

In the above case, the UK Trade Mark Registrar Mr Reynolds refused to register Granada Television's (the applicant's) mark Betty's Kitchen Coronation Street under Classes 29 and 30 (as a food item) because he found there was no intention to use the mark in the form applied for.

77 The registration of the mark (under s 3(6) of the UK Trade Marks Act 1994) had been opposed by Betty & Taylors Group Ltd ('Bettys') who were proprietors of a number of restaurants and associated shops. Mr Reynolds found that on the applicant's packaging for its hot pot product, the elements "Betty's Kitchen" and "Coronation Street" were positioned some distance apart and in a

wholly different style from the mark applied for. Mr Reynolds had this to say (at p 842):

Against that background [Bettys' opposition] it seems to me that the mark applied for is an attempt by the applicants to put sufficient distance between themselves and the opponents for the purposes of securing a registration but without the mark being a true reflection of what is conceded to be the intended and actual form of use. Taking all these circumstances into account I have come to the view that the applicants' dealings fall short of "acceptable commercial behaviour" to use Lindsay LJ's words (see [66]).

78 The above comment would equally apply to the defendant's mark. Sanjay had deposed (see [34]) that the defendant conducted searches in the Trade Marks Register and found at least 35 variations of the MARTIN trade mark. He said he and Neeraj conducted a survey of the market and discovered the popularity of MARTIN shirts. That being the case, the defendant must have been conscious of the differences between the various registered marks bearing the word MARTIN. The defendant applied to register the defendant's mark as, with the addition of the word EMPEROR, it purportedly created a distinctiveness when compared to the other registered MARTIN marks. However after registration, the defendant did not intend to use the defendant's registered mark. Consequently, it was no answer to the plaintiff's complaint for the defendant (as Sanjay sought to do in his affidavit) to contend there were twelve differences between the plaintiff's shirt bearing the plaintiff's second mark and the defendant's mark when the defendant never intended to use the latter but opted to use the defendant's (unregistered) tailored mark on its shirts.

79 The defendant's true intent was manifested in the shirt sample purchased by the two investigators at [30] from the defendant's shop. Neither Sanjay nor Neeraj offered any explanation as to why the defendant's tailored mark was found on the sample shirt instead of the defendant's mark. Further, no explanation was proffered on why the defendant's sample in [31] showed the defendant's mark on the collar and yet the hangtag and plastic packaging used the defendant's tailored mark.

80 The two investigators had purchased the sample shirt on 21 February 2008 while the hearing before this court was on 12 August 2009. The label on the collar of the defendant's sample (at [31]) also differed from the defendant's mark at [24] in that the star had been shifted from the right side to the centre and positioned above the words EMPEROR MARTIN. Why was there a difference unless the defendant's mark was of little or no significance to the defendant? Could it be that the defendant changed the collar's label deliberately for this trial but omitted to replace the hangtag and packaging for its shirt?

81 I had already noted at [39] that the invoices exhibited in Sanjay's affidavit raised more questions than answers. How did the defendant market its shirts? As MARTIN shirts or as EMPEROR MARTIN shirts?

82 Neeraj had sought to explain in his affidavit that when he told the two investigators that the defendant 'duplicated' the MARTIN brand, he meant manufacturing a MARTIN shirt with its own distinctiveness. However, no particulars were furnished on what were the alleged distinctive features in the defendant's shirt as compared with the MARTIN PACEMAKER shirts of the plaintiff. The plain meaning of the word 'duplicate' in the English language according to the Concise Oxford Dictionary is "exactly like something already existing"—in other words copied. This was exactly what the defendant did; it copied the plaintiff's second mark.

83 I would add that there was also no evidence of the survey the two brothers supposedly conducted in 2002 prior to launching the defendant's own shirt. If indeed the survey was conducted, then both brothers knew of the existence of the plaintiff's first and second marks. Further Neeraj had

volunteered the information to the two investigators that the plaintiff's second mark had been in the market for 15 years as against the defendant's mark of 5-6 years. I entertain little doubt that the affidavit of TCH accurately recorded his conversation with Neeraj (summarised at [33]) and I am not prepared to accept Neeraj's *ex post facto* explanation/rationalisation of the actual words he used. Ignorance of the identity of the proprietor of a mark (as Sanjay claimed) is irrelevant for a case based on bad faith.

84 The defendant had submitted that the six registered MARTIN marks of the plaintiff were irrelevant on the issue of fraud as the date for considering fraud was the date of the application of registration of the defendant's mark *ie* May 2002. This argument was misconceived – the basis of the plaintiff's claim was that of first usage under common law (*DALIC Trade Mark* supra [58]). The first affidavit filed by Alvernia showed that the plaintiff's usage of the first and second marks in Singapore had commenced since 1982. That cannot be disputed and indeed the defendant did not challenge Alvernia's affidavit in that regard. The defendant's only criticism (in its submissions) was that other than Singapore, there was no evidence from the plaintiff that it sold MARTIN shirts worldwide. That criticism however is no answer to the plaintiff's claim of its usage and reputation in Singapore to which the Act applies.

85 It also served little purpose for Sanjay to compare the plaintiff's first and second marks to other registered marks containing the word MARTIN and argue that the latter were even more similar to the former than the defendant's mark. In any case as the plaintiff pointed out in its submissions, the use or registration of trade marks which incorporate the MARTIN marks did not give the defendant the licence to ride on the goodwill or reputation of the MARTIN marks merely because others may have done so.

86 Similarity of marks is irrelevant when a mark is registered in bad faith. It is also irrelevant to the issue of bad faith that the plaintiff chose not to sue the defendant for passing-off. What is a relevant consideration is the fact that when the defendant applied to register the defendant's mark, Sanjay or Neeraj made a false declaration in breach of s 5(2)(e)(ii) of the Act as the defendant did not have a *bona fide* intention of using the mark in the form that was applied to be registered (per Hobbs QC in *Demon Ale Trade* [2000] RPC 345 at p 356 which dealt with s 3(6) of the UK Trade Marks Act 1994).

87 The defendant's submissions dealt at length with the issue of the assignment of the first three registered marks in [15] to the plaintiff. Those assigned marks are equally irrelevant to the plaintiff's claim.

88 I turn next to the issue of bad faith. I am mindful of the caution expressed in *Royal Enfield Trade Mark* and in the *McDonald's* case that an allegation of bad faith is a serious matter, it should not be lightly made, a high standard of proof is required and the allegation should be distinctly proved instead of being inferred from the facts. Of course there are exceptions such as the *Rothmans*' case where a strong inference of bad faith could be and was made out.

89 Bearing in mind the test formulated by Lindsay LJ in *Gromax Plasticulture v Don & Low Nonwovens* that bad faith connotes dishonesty and dealings which fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men, I conclude that the conduct of the defendant (by the actions of Sanjay and Neeraj) also amounted to bad faith under s 7(6) of the Act. The comments made in [74], [75], [78] and [79] would similarly give rise to a strong inference of bad faith on the part of the defendant, apart from the issue of fraud.

90 It is noteworthy that Sanjay and/or Neeraj made no attempt to offer any explanation at all as to why the defendant chose to use the word MARTIN in the defendant's mark. Sanjay's explanation

for adopting the word EMPEROR as a prefix was unbelievable in any case as the clear emphasis in the defendant's tailored mark was on the word MARTIN and not on the word EMPEROR. Further, Sanjay did not elaborate on what he meant by marketing strategy in the difference in font size used for the words EMPEROR and MARTIN nor why the word MARTIN was so obviously highlighted. Instead, Sanjay (as well as the defendant's closing submissions) embarked on an unnecessary and irrelevant criticism of the plaintiff's omission and apparent undue delay in registering the plaintiff's first and second marks before June 2006. The defendant even questioned the plaintiff's wisdom of taking an assignment from TLS and Radha had they succeeded in registering the plaintiff's second and first marks respectively when the issue is irrelevant to this case.

91 The law requires bad faith to be determined as at the date of the application (see *Ferrero SpA's Trade Marks* [2004] RPC 29) ("Ferrero's case") which would be 20 May 2002 when the defendant filed its application. However, Ferrero's case is also authority for the proposition that bad faith did not exclude from consideration matters which occurred after the date of application; they may assist in determining the applicant's state of mind at the date of registration. That principle in Ferrero's case was followed in *Tesco Stores Ltd's Trade Mark Applications* [2005] RPC 17. Applying that principle to our case, the defendant's conduct subsequent to registration showed that it did not intend to use the defendant's mark.

92 Granted, MARTIN is an English name and not an invented word. According to the Court of Appeal in *The Polo/Lauren Co LP v Shop-In Department Store Pte Ltd* [2006] 2 SLR 690, just like the word 'polo', the word MARTIN cannot claim an inherent distinctiveness, unlike "Volvo" or "Rolex" or "Cartier". I agree that case-law decrees that where common words are included in a registered mark, courts should be wary of granting a monopoly in their use. However, it also bears remembering that a distinctiveness of a common English word like MARTIN can be acquired through usage as the plaintiff had sought to establish (on which they succeeded) in this case. The defendant's conduct showed that it exceeded the boundaries of normal and fair use of the word MARTIN (per Mr Reynolds at p 841 in *Betty's Kitchen Coronation Street Trade Mark* (*supra* [\[76\]](#))).

93 I find that there was an obvious and conscious effort on the part of the defendant to copy the plaintiff's second mark in the usage of the word MARTIN and a deliberate preference to use the defendant's (unregistered) tailored mark instead of the defendant's mark.

94 Clearly the defendant's mark was never intended to be used by the defendant in its registered form when it was filed. Consequently, I grant an order in terms of prayer 1 of the Originating Summons (OS). The defendant's mark under Trade Mark registration number T0206327F in Class 25 is hereby declared invalid pursuant to s 23(4) as well as s 23(1) read with s 7(6) of Act and should be revoked by the Intellectual Property Office of Singapore. Pursuant to prayer 2 of the OS, the plaintiff is awarded costs on a standard basis to be taxed unless otherwise agreed.

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PT Swakarya Indah Busana v Dhan International Exim Pte Ltd
[2009] SGHC 280

Image 1



Image 2



Image 3

No.	Trade Mark	Date registration took effect	Registration No.
1		21 March 1985	T8501266F
2		26 October 1998	T9810739C
3		4 May 2000	T0007285E
4		20 Jun 2006	T0611966G
5		20 June 2006	T0611956Z
6		11 April 2007	T0707676G

Image 4

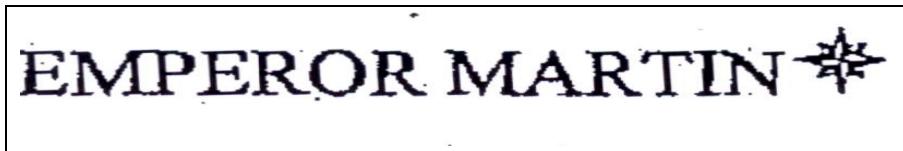


Image 5

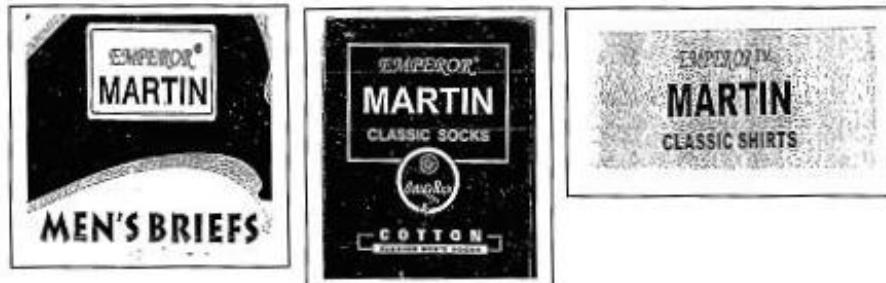


Image 6



Image 7



Image 8

