IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[1992] SGHC 93

Suit No 2454 of 1991

Between

Beecham Group Plc

… *Plaintiff*

And

Chinheh Trading (S) Pte Ltd

… *Defendant*

GROUNDS OF DECISION

Version No 1: 11 Sep 2026 (01:05 hrs)

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Beecham Group Plc v Chinheh Trading (S) Pte Ltd

[1992] SGHC 93

Suit No 2454 of 1991
Chan Sek Keong J
10 April 1992

1 **Judgment:**

2 **GROUNDS OF DECISION**

3 The plaintiffs are the registered proprietors in Singapore of the trade mark HORLICKS in class 30 for beverages. As the beverage is popularly called by its trade mark name in Singapore, I shall hereinafter refer to it simply as "horlicks".

4 The horlicks that is distributed and sold in Singapore, China, Hong Kong, Malaysia and Thailand is packed by SmithKline Beecham Consumer Brands Pte Ltd ("SmithKline') under licence from the plaintiffs. For convenience, I shall refer to the horlicks packed by SmithKline as "Singapore horlicks". The horlicks that is distributed and sold in Taiwan is packed by Getz Brothers & Co Inc (Taiwan) under licence from the plaintiffs.

5 The Singapore horlicks is sold in glass bottles capped from the top with blue plastic caps, each bearing the mark HORLICKS embossed on it. Each bottle also has a paper label on which is printed the same mark and also

information about the beverage. Embossed on each bottle and printed on each label is a statement, in Chinese: "This product is sold in the People's Republic of China, Hong Kong, Singapore, Malaysia and Thailand".

6 Sometime in 1990, the defendants began to export to Taiwan Singapore horlicks which they were able to acquire lawfully in Singapore. The plaintiffs were aware of Singapore horlicks being imported into Taiwan since the beginning of 1991 but it was only in November 1991 that they commenced legal proceedings against the defendants and applied ex parte and obtained an interlocutory injunction restraining the defendants from exporting such horlicks to Taiwan.

7 The statement of claim alleged that the defendants had infringed the plaintiffs' trade mark by "selling tampered HORLICKS malt under a spurious HORLICKS trade mark and/or by exporting into Taiwan the Plaintiffs' HORLICKS malt packed by < SmithKline > which is meant only for distribution and sale in Singapore, China, Hong Kong, Malaysia and Thailand." There was a further allegation that the defendants had passed off "tampered Horlicks malt as and for the Plaintiffs' Horlicks malt, and < the Taiwanese importers > as the Plaintiffs' authorised importers when in fact they are not."

8 The particulars of the alleged infringement, as set out in the statement of claim, were: (i) the removal of, by the process of grinding, the Chinese characters for "People's Republic of China" ("China") which were embossed on the glass bottles, and (ii) the substitution for the original label on each bottle of a new label containing the names, in Chinese characters, of the Taiwanese importers. The particulars of passing off were exactly the same.

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9 In their application to discharge the interlocutory injunction, the defendants admitted that they had bought Singapore horlicks for export to Taiwan. They explained that Taiwanese law or regulations prohibited the import of any goods which were marked for sale in China. Accordingly, to render the Singapore horlicks importable into Taiwan, they had to ensure that the packaging made no reference to China. To effect this, they had to grind off the Chinese words for China from the glass bottles and to cover up the same words printed on the labels with stickers. They admitted doing these two acts but denied having pasted new labels on the bottles.

10 As regards the infringement action, the plaintiffs' case was that the defendants had used a spurious mark on tampered Singapore horlicks for export to Taiwan. I understood the argument of counsel for the plaintiffs to have been that the mark was spurious because of the alleged re-labelling of the bottles. I was unable to understand how a trade mark could be spurious except in the sense that it was used by someone on his goods without the authority of the registered proprietor of that mark. Presumably what counsel had in mind was that the re-labelling constituted an authorised "use" of the plaintiffs' trade mark, although this point was never made clear.

11 However, as far as this complaint was concerned, there was no prima facie evidence that the defendants had re-labelled the bottles in Singapore. There was a hearsay statement that two operatives of the plaintiffs' investigators had seen labels being pasted on the bottles. The said operatives did not file any affidavit to clarify what they had seen. This omission was crucial as the defendants had filed affidavits asserting that they had merely pasted stickers on the original labels to cover up the words referring to the countries in which the product was sold. The plaintiffs did adduce in evidence a bottle with a new label, but this bottle was admittedly purchased in Taiwan and not in Singapore. In this

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connection, the plaintiffs also complained that the colour of the new labels was a darker hue of blue from that of the original. This was an irrelevant complaint in relation to infringement. If the defendants had no authority to use the plaintiffs' trade mark, it would not have mattered if they had used the same colour for the new labels. In my view, there was no serious issue of fact to be tried in relation to the allegation of re-labelling.

12 However, even assuming that there was a serious issue of fact to be tried on whether the defendants did re-label the bottles with their own labels, counsel for the plaintiffs was unable to explain why the re-labelling itself constituted an infringement of their exclusive right to the use of the trade mark. Admittedly, the defendants would have re-applied the plaintiffs' trade mark without the authority of the plaintiffs. But the purpose of the re-labelling was not to modify the trade mark or to replace it with some other mark done but for the same purpose that the plaintiffs had used it, viz., to indicate the horlicks was that of the plaintiffs. The re-labelling was what it literally was. The purpose was to change the label but not the trade mark. The re-labelled bottles of horlicks were not intended to and did not deceive the Singapore public or cause confusion. Counsel cited no authority to show that these acts were a "use" of the plaintiffs' trade mark which infringed the exclusive right of use in respect thereof. The established law is to the contrary: see Shanahan - Australian Law of Trade Marks and Passing Off 2nd ed 1990 at pp 512-513, and the English and Australia authorities cited therein. The law in Singapore is the same: see the discussion in NG CHYE MONG v DPP < 1988 > 2 MLJ 150.

13 As regards the action of passing off, the plaintiffs' case was that the Singapore horlicks exported by the defendants was a spurious product. Counsel contended that the plaintiffs' product was not merely the beverage itself but also the way it which it was packaged for sale. He cited as authority for his argument

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the case of BRITAINS LTD v M MORRIS & CO (LONDON) LTD < 1961 > RPC 217.

14 In that case, BL sought an injunction to restrain MM from selling various types of toys under the name of "Swoppets", a brand name which BL had used for many years to sell the same types of toys. MM's toys were made from identical moulds but the finish was of poor quality and the assembly wrong. MM filed a defence and stated that they proposed to discontinue this form of trading. MM did not appear at the hearing. The court held that even though MM had discontinued that form of trading BL was entitled to be protected against "this improper dealing on the part of < MM > in the distribution of unsatisfactory models as and for < BL's > goods by using in connection with them the brand name which BL have chosen to identify their product ..."

15 BRITAINS LTD was an ordinary case of passing off. MM had passed off inferior toys as those of BL's. The products were the toys themselves. In this case, the product was the beverage. The bottles, the caps and the labels are not an integral part of the product. This argument confused the quality of the product with the marketing of the product. The medium was not the message. The product intended for export by the defendants was genuine horlicks and not a spurious product.

16 Counsel for the plaintiffs also contended that the defendants' manner of exporting was a misrepresentation to the public in Taiwan that the plaintiffs were prepared to let into the market a product that was packed in mutilated bottles and that that misrepresentation would damage their goodwill, presumably in Taiwan. Counsel did not specify what cause of action the plaintiffs had in this respect, assuming that there was any damage to their goodwill.

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17 For the above reasons, I found that there was no serious issue to be tried on the claim based on passing off.

18 In the course of the hearing, I inquired of counsel for the plaintiffs whether he wished to raise any point in connection with s 45(3)(a) of the Trade Marks Act. He declined. After the interlocutory injunction was discharged, counsel wrote in to inquire whether I wished to hear further arguments in connection with the effect of the words "This product is sold in the People's Republic of China, Hong Kong, Singapore, Malaysia and Thailand". I declined.

19 The plaintiffs have now appealed, and it is therefore necessary for me to give my reasons for declining to hear the further arguments which were as follows: (a) that the statement embossed on each bottle and printed on each label and pasted on each bottle, viz., "This product is sold in the People's Republic of China, Hong Kong, Singapore, Malaysia and Thailand" is a restriction notice prohibiting the use of the plaintiffs' trade mark in Taiwan, and, accordingly, the exportation of the horlicks to Taiwan amounted to an infringement of the trade mark; and (b) the defendants had notice of the restriction and were bound by it, whatever they might have done to the bottles or the labels. Counsel accordingly contends that this is a serious issue to be tried and that the injunction should have been continued as the balance of convenience was in favour of the plaintiffs.

20 In support of his arguments, counsel has referred to the following authorities: CASTROL LTD v AUTOMATIVE OIL SUPPLIES LTD < 1983 > RPC 315, COLGATE-PALMOLIVE LTD v MARKWELL FINANCE LTD < 1989 > RPC 497 and DANISH FANCY FOOD GROUP A/S v HOCK SENG (Suit No 2129 of 1988). As all these cases raised issues in connection with the United Kingdom equivalent of s 5(3)(a) of the Trade Marks Act, before it was

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amended by Act No 7 of 1991, it is necessary that I reproduce this provision. It read:

21 45.-(3) The right to the use of a trade mark given by registration as aforesaid shall not be deemed to be infringed by the use of the trade mark as aforesaid by any person -

22 (a) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the proprietor or a registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it or has at any time, expressly or impliedly, consented to the use of the trade mark.

23 The CASTROL and COLGATE-PALMOLIVE cases have been examined by Mr George Wei in his illuminating article Parallel Imports and Intellectual Copyrights in Singapore 1990 SAcLJ 286 at pp 314-322. Both the English cases were concerned with parallel imports. The issue in each case was whether the parallel importers who imported into the United Kingdom for sale goods sold under a trade mark belonging to the same group of companies would infringe the rights of the registered proprietor of the trade mark in the United Kingdom. In the second case, there was a further claim in passing off.

24 In the CASTROL case, Castrol sued AOS for infringement in importing into the United Kingdom lubrication oil manufactured under licence in Canada by Castrol's associate company, BCCL, bearing the trade mark "CASTROL GTX". Castrol were the owners of the identical trade mark in Canada and the United Kingdom. Under the licence agreement, it was stated that no licence was granted to BCCL to any trade mark owned by Castrol in any part of the world

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outside Canada. AOS relied on s 4(3)(a) of the Trade Marks Act 1938 (corresponding to s 45(3)(a)). The Deputy Judge held that s 4(3) was only concerned with trade marks registered in the United Kingdom. On the evidence, Castrol had not applied their United Kingdom trade mark on the imported goods or consented to the use of the same on the said goods.

25 The CASTROL case was approved by the Court of Appeal in the COLGATE-PALMOLIVE case. There were two separate actions in the latter case. The first was an infringement action and the second was a passing off action. MF were the defendants in both actions and the plaintiffs were two companies of the Colgate US group of companies. MF had imported into the United Kingdom toothpaste made, under a restrictive licensing agreement, by a Brazilian subsidiary of Colgate US. The toothpaste was inferior, cosmetically and prophylactically, to the toothpaste made by Colgate UK in the United Kingdom and marketed by them under the Colgate trade mark as a registered user. The Court of Appeal held that both the actions for passing off and for infringement succeeded.

26 With regard to the claim based on passing off, the court held that a trader who placed the same mark on two distinct articles produced by him, a superior class and an inferior class, was entitled to bring a passing off action against a person who resold goods of the inferior class in circumstances which imported that the goods were of the superior class and thereby damaged the trader's reputation as well as passing off. With regard to the claim for infringement, the court held neither of the defences in s 4(3)(a) of the Trade Marks was applicable. In relation to the first limb thereof, the court held that Colgate UK had not applied the United Kingdom mark to the Brazilian toothpaste since the mark applied to the toothpaste was not used or proposed to be used in the United Kingdom. With regard to the second limb, the court held that Colgate did not

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expressly consent to the use of their mark on the Brazilian toothpaste for the purpose of export to the United Kingdom. The court also held that there was no implied consent as the licensing agreement provided that the Brazilian subsidiary had no right to use the trade mark except in Brazil.

27 In the FANCY FOODS case, FF were the registered proprietors in Singapore of the Kjeldens word and device in class 30 for biscuits, etc. They licensed an Indonesian company, M, to make butter cookies subject to the condition, inter alia, that M should not export them or sell them to any customers who, to the knowledge, would export them. M's butter cookies were sold under the Kjeldens mark in tins, gift boxes and outer cartons containing the words "FOR SALE IN INDONESIA ONLY". HS imported into Singapore a consignment of the said cookies so marked. The plaintiffs sought to continue an ex parte interlocutory injunction and one of the issues raised was whether there was a serious issue on liability to be tried. Having regard to the CASTROL and the COLGATE-PALMOLIVE cases on the United Kingdom section corresponding to s 45(3)(a) of the Trade Marks Act, I held that there was a serious issue on liability to be tried.

28 The three cases referred to by counsel for the plaintiffs were cases of parallel imports. The English Court of Appeal has decided that a proprietor of a trade mark has separate rights secured by separate registrations of the same trade mark in different countries. Trade mark protection is given on a territorial basis. Similarly, goodwill is a territorial concept. Accordingly, the proprietor of a trade mark registered in countries A and B is entitled to choose, and thereby to control, the types of goods he wishes to sell his under each mark in each country. He may wish to sell goods of different quality in different countries. However, the trade mark protection given by statute based on the United Kingdom model does not extend to prohibiting parallel imports altogether. There are two

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situations in which parallel imports are permitted. In Singapore, they are set out in s 45(3)(a) of the Trade Marks Act, viz., where the proprietor has applied the trade mark and has not subsequently obliterated or removed it, or where he has consented, expressly or impliedly, to the use of the trade mark.

29 These decisions are of no assistance in the present case as the horlicks in question was manufactured or packed in Singapore by or on behalf of the plaintiffs. The present case concerns the export of the plaintiffs' horlicks by the defendants.

30 The gist of the further arguments is that the words on the bottles referring to the countries where the contents are being sold are words of restriction and that the defendants are bound by them because they had notice of them. I am prepared to accept that the said words are words of restriction for the purpose of this application. But counsel has cited no authority to show that the restrictions bind any purchaser who has notice of them. The general principle is that a restrictive covenant does not run with goods and therefore such restriction does not bind the person who acquires the goods. Such restrictions are only binding contractually.

31 This principle has been modified by s 51 of the Trade Marks Act which provides as follows:

32 51.-(1) Where, by a contract in writing made with the proprietor or a registered user of a registered trade mark in respect of goods, a purchaser or owner of goods enters into an obligation to the effect that he will not do, in relation to the goods, an act to which this section applies, any person who, being the owner for the time being of the goods and having notice of the obligation, does that act, or authorises it to be done, in relation to the goods in the course

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of trade or with a view to any dealing therewith in the course of trade or with a view to any dealing therewith in the course of trade, shall be deemed thereby to infringe the right to the use of the trade mark given by the registration thereof, unless that person became the owner of the goods by purchase for money or money's worth in good faith before receiving notice of the obligation or by virtue of a title derived through another who so became the owner thereof.

33 (2) The acts to which this section applies are -

34 (a) the application of the trade mark upon the goods after they have suffered alteration in any manner specified in the contract as respects their state or condition, get-up or packing;

35 (b) in a case in which the trade mark is upon the goods, the alteration, partial removal or partial obliteration thereof;

36 (c) in a case in which the trade mark is upon the goods, and there is also thereon other matter, being matter indicating a connection in the course of trade between the proprietor or registered user and the goods, the removal or obliteration, whether wholly or partially, of the trade mark unless that other matter is wholly removed or obliterated;

37 (d) in a case in which the trade mark is upon the goods, the application of any other trade mark to the goods; and

38 (e) in a case in which the trade mark is upon the goods, the addition to the goods of any other matter in writing that is likely to injure the reputation of the trade mark.

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39 (3) Section 46(2) shall not apply to an act that is deemed by virtue of this section to be an infringement of a trade mark registered in Part B of the register.

40 (4) In this section, references in relation to any goods to the proprietor, to a registered user, and to the registration, of a trade mark shall be construed, respectively, as references to the proprietor in whose name the trade mark is registered, to a registered user who is registered, and to the registration of the trade mark, in respect of those goods, and the expression "upon" includes in relation to any goods a reference to physical relation thereto.

41 As counsel for the plaintiffs has not referred to s 51 in his submissions, I must assume that the plaintiffs are unable to satisfy the requirements of that section in order to rely on it.

42 In any event, there was no evidence that the plaintiffs had breached the condition in Singapore. If they were to sell the Singapore horlicks in Singapore to the Taiwanese importers or anyone else, there would have been no breach of that condition. If they were to sell it to the Taiwanese importers in Taiwan, the sale would be subject to the law of Taiwan. No authority has been cited to me that if there were a breach of the plaintiffs' rights in Taiwan, that would give them a cause of action in Singapore.

43 Finally, even if there was any serious issue of liability to be tried, I am of the view that the balance of convenience favoured the defendants for two reasons. Firstly, the plaintiffs have not shown that they would suffer any loss whatever in Singapore. Indeed, it would be surprising if the plaintiffs could show any loss since they had already sold the horlicks through their distributors in Singapore. Secondly, the plaintiffs were aware of the export activities of the

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defendants for many months but failed to take immediate or sufficiently urgent steps to commence this action.

44 The interlocutory injunction was accordingly discharged with costs.

Chan Sek Keong J

Steven Seah (Drew & Napier) for the plaintiffs
Tan Tee Jim with Tan (Allen & Gledhill) for the defendants

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