

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[1994] SGHC 43

Suit 2435/1991

Between

Saga Foodstuffs
Manufacturing (Pte) Ltd

... Plaintiff

And

Best Food Pte Ltd

... Defendant

GROUND'S OF DECISION

Civil Procedure — Pleadings — Amendment; Trade Marks and Trade Names
— Assignment

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Saga Foodstuffs Manufacturing (Pte) Ltd v Best Food Pte Ltd

[1994] SGHC 43

Suit 2435/1991
Lai Siu Chiu JC
25 February 1994

1 The plaintiffs (according to their statement of claim) have, for over 22 years, carried on the business of manufacturing food products which include rice vermicelli (`the product`). Since 1985, they have manufactured and marketed the product in specially designed and distinctive packaging. As a consequence of long and extensive usage, advertisement and promotion, the plaintiffs said they had acquired a substantial and valuable reputation in respect of the get-up and design of the product in Singapore, which same has become closely associated and or identified with the plaintiffs. They alleged that shortly before the issue of their writ (27 November 1991), the defendants had passed off their rice vermicelli as the product by using packaging which was confusingly and deceptively similar to the plaintiffs` get-up, thereby misappropriating the plaintiffs` goodwill. They claimed, inter alia, an injunction against the defendants.

2 By their amended defence, the defendants, inter alia:

(1) neither admitted that the plaintiffs had continuously manufactured and marketed the product in distinctive packaging nor that the plaintiffs had extensively used, advertised or promoted the get-up of the packaging; (2) denied

3 The application

(a) prior to 26 January 1988, the defendants had used and passed off the plaintiffs' packaging and or design and get-up; (b) as a result of the plaintiffs taking the defendants to court, the defendants, in an out-of-court settlement, agreed with the plaintiffs in an agreement dated 26 February 1988 not to 'pass-off or use such packaging ...'; (c) at all material times, the defendants knew that the get-up and the design belonged to the plaintiffs and that all customers associated the product with the get-up and the design; (d) after the 26 February 1988 agreement, the defendants repackaged and redesigned their get-up on their goods, but their attempts were commercially unsuccessful; (e) as a result, the defendants repackaged and redesigned their get-up and design on their goods so that it was almost identical with the plaintiffs' get-up and design for the product.

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(1) on 5 November 1993 he was served with the agreed bundle of documents for the coming trial. He noted therefrom that an application had been filed by two persons, Goh Eng Hock and Goh Eng Kean, trading as Tai Sun Noodles Manufacturers ('the first partnership') on or about 9 July 1985 in trade mark application No 3163/85 ('the application') for class 30; (2) on or about 12 February 1992, the first partnership assigned the benefit of the application to Goh Eng Hoe, Goh Eng Kean, Goh Eng Hock, Goh Hock Hoe and Goh Hock Wah trading as Tai Sun Noodles Manufacturers ('the second partnership'); (3) in turn, the second partnership assigned the benefit of the application to the plaintiffs, **after** the writ in this action was issued on 27 November 1991; (4) the application was eventually registered on 30 November 1992; (5) the plaintiffs' application to amend the statement of claim to add a cause of action based on infringement of TM 3163/85 should not be allowed as they were not the holders thereof as at the date of the writ in this action.

6 The plaintiffs had stated in their notice that they were making the application as they felt it was necessary 'for the sake of completeness of pleadings'. I dismissed the plaintiffs' application with costs when it first came up for hearing before me. At the request of counsel for the plaintiffs, I heard further arguments subsequently, after which I affirmed my previous order. The plaintiffs have appealed against my decision and I now give my reasons.

7 **The decision**

8 Before stating the grounds for my decision, I would first of all set out the parties' arguments in support of their respective stands. For the plaintiffs, their counsel argued:

(a) the plaintiffs relied on s 21(1) ('the section') of the Trade Marks Act (Cap 332) ('the Act'), which states:

[w]hen an application for registration of a trade mark in Part A or B of the register has been accepted and has not been opposed, and the time for opposition has expired, or having been opposed the opposition has been decided in favour of the applicant, the

Registrar shall, subject to subsection (2), register the trade mark in Part A or B, as the case may be, and the trade mark when registered shall be registered as of the date of the application for registration and that date shall be deemed for the purposes of this Act to be the date of registration to say that the registration of TM 3163/85 was backdated to 15 July 1985, which was the date it was filed and accepted in the registry pending opposition; (b) the guiding principle in such applications is that all relevant issues should come up before, and be disposed of by, the court; (c) the registrar had issued a s 54 certificate under the Act which states:

In any legal proceedings in which the validity of a registered trade mark comes into question and is decided in favour of the proprietor of the trade mark, the court may certify the same, and if it so certifies then in any subsequent legal proceeding in which such validity comes into question the proprietor of the trade mark on obtaining a final order or judgment in his favour shall have his full costs, charges and expenses as between solicitor and client, unless in the subsequent proceeding the court certifies that he ought not to have them. Therefore, the application is not a frivolous one; (d) the plaintiffs have every right to pursue the action for infringement and whether they do or do not succeed is a matter to be decided at the trial; (e) under s 48 of the Act, the registration of a trade mark is deemed to be conclusive after seven years unless the original registration was obtained by fraud.

9 Counsel for the defendants (who said he was unable to find any authorities directly on the point) submitted as follows:

(1) as amendments relate back to the date of the writ, pleadings cannot be amended to add a cause of action which was not available to the plaintiff at the date of writ but which accrued thereafter; (2) the defendants object to the proposed amendments because, as at the date of the writ, the plaintiffs were not the registered holders of a valid registration; (3) the defendants accept that TM 3163/85 is deemed registered as at the date of the writ even though it was then a pending registration. However, the registration was held **not** by the plaintiffs but by the first partnership; the plaintiffs were assigned the rights of the trade mark only on 12 February 1992, which was after the issuance of the writ herein; (4) as the plaintiffs' rights to exclusive use of the trade mark accrued from the date of assignment, they cannot sue for infringement based on acts occurring **before** the date of the assignment; (5) until the assignment, the plaintiffs did not enjoy the exclusive right

to use of the trade mark; between the date of the application and the date of the assignment, the exclusive right to the use of the trade mark rested with the first partnership; (6) s 42(4) of the Act states that a trade mark shall not be assignable if, as a result, the exclusive rights subsist in more than one person; (7) the defendants were also deprived of the opportunity to cancel the trade mark registration on the ground of non-use.

10 At the further hearing, counsel for the plaintiffs put forward the following additional arguments:

(i) since the basic principle of amendment is to allow actual issues to be tried at the hearing, the amendments ought to be allowed unless it is so clear that the same cannot be sustained; (ii) the amendments are to bring into issue the statutory rights given to the plaintiffs under ss 21 and 45 of the Act; (iii) what was being assigned to the plaintiffs was not the registered trade mark but the benefit of the application. At best, the first partnership had some inchoate rights in the trade mark but as of the date of the assignment in February 1992, even the first partnership did not have a cause of action against the defendants for trade mark infringement. Whatever rights they had, however, they assigned to the plaintiffs; (iv) when the plaintiffs finally obtained registration of the trade mark, they then had a valid registration over the period which covers the dates of the infringement and the date of the writ. The rules of assignment do not apply because what was assigned by the first, and then the second, partnership was not a cause of action but rather a set of rights which later, upon registration of the trade mark, vested in the plaintiffs the right to sue for infringement as of July 1985, the time of the original application.

11 I agreed with the submissions of counsel for the defendants, and conversely rejected his opponent's arguments, for the following reasons:

(1) notwithstanding the valiant arguments put forward by their counsel to the contrary, it seemed to me clear that the plaintiffs could not overcome the hurdle that, in assignments, the assignee only steps into the shoes of the assignor and acquires the rights and benefits of the latter as from the date of the assignment. Therefore, the plaintiffs only acquired the benefit of the trade mark application on 12 February 1992; (2) the rule for amendment of pleadings, on the other hand, is that

the amendment is retrospective to the original date that the pleading was filed, in this case to the date the plaintiffs filed their writ, which was 27 November 1991. As at 27 November 1991, the plaintiffs were not the assignees of the trade mark application. They did not, therefore, have a cause of action for infringement of the trade mark TM 3163/85; (3) s 21(1) of the Act does not assist the plaintiffs to overcome the difficulty regarding the assignment date. All it does is to make retrospective the registration date to the date of application to the registry (15 July 1985), it does not change the law on assignments. Sections 45, 47, 48 and 54 do not help to improve the plaintiffs' position either.

12 I next turn to one of the cases cited by counsel for the defendants, the Australian case of ***Colbeam Palmer Ltd v Stock Affiliates Pty Ltd***, the headnote of which read as follows:

The first plaintiff was registered in 1961 under the Trade Marks Act 1955-1958 as the proprietor of a word trade mark in relation to painting sets and it thereafter sold sets under its mark. Concurrently, the defendant also sold painting sets which bore the first plaintiff's mark. Until 30 April 1965, the first plaintiff took no action to make known to the defendant or to the trade that it had registered the mark, nor did the defendant know of such registration until that date. In January 1966, the first plaintiff assigned the trade mark to the second plaintiff, which assignment was registered under the Trade Marks Act 1955-58 in October 1966. By proceedings commenced in 1965, the first plaintiff sought an injunction restraining the defendant from infringing the mark, an order that the defendant deliver up or destroy all painting sets bearing the mark still in its possession, and an account of the defendant's profits made from selling the sets after 1961. The defendant submitted to the injunction and admitted liability to account for profits made after 30 August 1965. When the case first came on for hearing, only the first plaintiff was on the record, the period of registration of the mark had expired and no evidence was given that the registration had been renewed. The second plaintiff was added during the course of the proceedings.

13 The decision of the High Court relevant for our purpose is as follows:

(5) The defendant was accountable to the first plaintiff for profits made until the date of registration of the assignment and

to the second plaintiff for profits made thereafter, regardless of the rights in equity of the plaintiffs inter se.

14 The decision accords with the general principle regarding assignments and I do not agree with the submission of counsel for the plaintiffs that the case can be distinguished on its facts and issues and is not relevant to this case as the trade mark legislation in question differed from ours. Neither can I accept counsel's submission that what was being assigned by the first and second partnerships to the plaintiffs was not the registered trade mark but some inchoate right, the assignment can only be of the benefit of the trade mark application, to which the plaintiffs were not entitled until 12 February 1992.

15 Counsel for the defendants had also referred the court to a passage from ***Shanahan's Australian Law of Trade Marks and Passing Off*** (2nd Ed, 1990), p 301, which reads as follows:

Assignment of application for registration

There is some uncertainty as to the nature of the rights of an applicant before registration. Where the mark has been in use, the application may of course have rights at common law which are capable of assignment with the goodwill of the business; but it is doubtful whether rights arising from the application itself are in the nature of property. However, it is possible to assign as future property the benefit of an application and the registration to be granted thereon. An application for the recordal of such an assignment will be received by the registrar prior to the registration of the trade mark, and although the registration will issue nonetheless in the name of the assignor, the transfer of title will be registered immediately thereafter.

16

Shanahan's

comment was in relation to the Australian Trade Marks Act 1955, but I still find it helpful as it confirms that, if an application is received to record an assignment prior to the registration of a trade mark, the registration will be issued in the name of the assignor first before the assignment is recorded.

17 For the foregoing reasons, I decided that the plaintiffs had no legal basis to amend the statement of claim in the manner they proposed and, accordingly, I dismissed their application with costs.

18 Application dismissed.

Lai Siu Chiu JC

Lok Vi Ming and Tan Joo Thye (Rodyk & Davidson) for the
plaintiffs
Steven Seah (Chan Kam Foo & Associates) for the defendants
