IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[1997] SGHC 310

Suit 1162/1996

Between

Future Enterprises Pte Ltd

… *Plaintiff*

And

Tong Seng Produce Pte Ltd

… *Defendant*

GROUNDS OF DECISION

Tort — Passing off — Goodwill; Tort — Misrepresentation

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Future Enterprises Pte Ltd v Tong Seng Produce Pte Ltd

[1997] SGHC 310

Suit 1162/1996
Judith Prakash J
26 November 1997

Judgment:

JUDITH PRAKASH J

Cur Adv Vult

The plaintiff and the defendant are well-established trading companies in Singapore. In 1994, a fateful year, both decided to venture into the `instant` beverage and food business. That decision led inevitably to both of them making the most popular of such products, the 3-in-1 instant coffee. The plaintiff now claims that the defendant has, since about March 1996, passed off or attempted to pass off the defendant`s brand of 3-in-1 instant coffee mix as and for the plaintiff`s coffee mix both in Singapore and elsewhere.

2.The defendant has defended the claim vigorously. It says that when it started to sell its product, `A MaxCoffee`, in Singapore in October 1995, the plaintiff`s `MacCoffee` had not acquired the reputation or goodwill necessary to allow the plaintiff to prosecute a passing off action. Secondly, it denies that the get-up of

its product is so similar to that of the plaintiff that the defendant`s product can be confused with or passed off as the plaintiff`s.

3. **Factual background**

This account of the facts leading up to the action is taken substantially from the affidavits of evidence-in-chief filed by Mr Tan Wang Cheow, a director of the plaintiff company, and that of Mr Eng Yew Beng who is employed as sales manager by the defendant.

4.The plaintiff company was incorporated under the law of Singapore as a private limited company in 1982. According to the business profile obtainable from the Registry of Companies, the plaintiff is, principally, a wholesale trader (including an importer and exporter) and commission agent. In 1994, the plaintiff decided to branch out by developing a product range of 3-in-1 beverages that would appeal to consumers in emerging markets in the Asia Pacific region. Due to the small size of Singapore`s domestic market as well as the fact that it was already well-supplied with such products, the plaintiff decided that it would be more fruitful for it to focus initially on the relatively `virgin and underdeveloped` overseas markets.

5.The initial products were to be 3-in-1 coffee mix, tea mix and chocolate mix. The plaintiff had noted that the potential export market was particularly good for 3-in-1 coffee mix. The 3-in-1 product, by then well known in Singapore, is a serving size mixture of coffee, creamer and sugar packed in an individual foil sachet. All that is needed to complete the beverage is hot water. These sachets are sold in bulk packs of 20 to 50 sachets each and, as a convenience beverage, the 3-in-1 mix has proved to be popular for both domestic and office consumption.

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6.After studying the trends in, and taste preferences of, the initial markets which it identified as those of Russia and Vietnam, the plaintiff decided that its product should bear an `American` style. The plaintiff wanted an image to convey the impression of a sophisticated, western, capitalistic `American` taste and it chose the trade mark and get-up for its product accordingly.

7.The plaintiff`s packaging started with a trade mark beginning with the prefix `MAC`. It considered `Mac` to be a way of addressing persons whose names were not known which was commonly used in western English speaking countries. Apart from the prefix `MAC` which was to be affixed to all the different products of the plaintiff in order to give them a common identity, the packaging also carried a design showing the American flag across the top corner and a logo depicting a stylised American eagle. In addition, the `MacCoffee` mark was coloured in a gradated brown colour which the plaintiff considered reminiscent of an American `western` style. Finally, the phrase `True American Taste` was printed prominently across the bottom of the packaging. All of these separate elements were designed to convey the American image and appeal which the plaintiff wished consumers to obtain.

8.After finalising the design, the plaintiff, on 28 December 1994, filed an application to register `MACCOFFEE & EAGLE DESIGN` in Class 30 in respect of `Instant coffee mix` at the Registry of Trade Marks. Since this trade mark was duly registered only on 10 May 1997, the plaintiff cannot, and do not, rely on it for the purpose of this action.

9.According to Mr Tan, the plaintiff commenced marketing and selling its MAC products in August 1994. The initial sales were to Russia and other countries of the former Soviet Union, Vietnam, United Emirates and Pakistan. The products, especially MacCoffee, were immediately successful in these markets. In order

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to develop the export market for its MAC products, the plaintiff participated in various international food and beverage shows or exhibitions such as the `MOSFOOD `95` and `WORLD FOOD `95` exhibitions in Moscow and the `ANUGA `95` exhibition in Germany. The plaintiff continued its participation in foreign exhibitions in 1996, attending at least eight. It also took out space or advertised in various trade or food directories such as ***World Food `96*** , ***Singapore Food and Beverage Directory*** and the ***Singapore Exporters `96/97 Directory*** .

10.Mr Tan asserted that by virtue of the constant and continued export of the MAC products by the plaintiff, the plaintiff had acquired a valuable and substantial goodwill in connection with each of these products in each of the markets to which it exports them, and in Singapore as well, especially in the export trade community. According to the plaintiff`s annual accounts, export sales of beverages in 1995 accounted for over $17m in gross income. Mr Tan said that approximately 90% of these sales would have been attributed to the MacCoffee brand. As for the year ended December 1996, the export sales figures rose to over $28m.

11.To develop brand recognition and goodwill, according to Mr Tan, the plaintiff expended considerable sums in promoting and publicising its MacCoffee and MAC range of products in emerging markets in the region as well as in Singapore in 1995, 1996 and 1997. He exhibited to his affidavit, copies of invoices, advertisements and other documents relating to the advertisement and promotion of MacCoffee in Russia, Vietnam, Myanmar, Kazakhstan and Bangladesh. As of May 1997 when Mr Tan`s affidavit was filed, the plaintiff`s export market included countries from the former Soviet Union, South East Asia, the Indian sub-continent, Eastern Europe, the Middle East and Europe.

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12.The plaintiff commenced local distribution of products bearing the MAC prefix trade mark in Singapore in 1995. The initial sales related to MacNoodles which were carried by the NTUC chain of supermarkets. This product was advertised on television for approximately one month. A second distribution channel was set up in November 1995, whereby Kiam Seng & Co was appointed as the exclusive distributor for Ice MacCoffee. Mr Tan said that the distribution covered a large number of coffee shops, coffee stalls, minimarts, cafes and canteens. An invoice attached to Mr Tan`s affidavit shows that 600 cartons of Ice MacCoffee, which was a liquid beverage supplied in cans, were sold to Kiam Seng & Co on 14 November 1995.

13.In August 1996, the plaintiff appointed Triton Global Investments Pte Ltd as distributor within Singapore for MacCoffee, MacTea, MacChocolate, Mac Ice Lemon Tea and Mac Ice Can Milk Coffee. The distribution agreement was for a trial period of six months. It would be noted that the agreement included distribution rights for `Mac Ice Can Milk Coffee` although Mr Tan had earlier stated that the exclusive distributor for `Ice MacCoffee` was Kiam Seng & Co. Perhaps Kiam Seng & Co was given the rights to a slightly different product or perhaps the sale to Kiam Seng & Co was a one-off transaction rather than in a course of a distribution agreement.

14.In April 1996, according to Mr Tan, the plaintiff received information that the defendant were selling a 3-in-1 coffee mix product under the trade mark `MaxCoffee`. He considered that the defendant`s packaging bore specific similarities to the plaintiff`s product. The plaintiff took the view that the inspiration for the trade mark and the packaging design of the defendant`s product was derived from its own MacCoffee product and, on 26 April 1996, the plaintiff`s solicitors wrote to the defendant telling the latter to recall its product from the market and to cease all further manufacture, distribution and

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sale of it in Singapore and in the other markets in which MacCoffee was then sold. The defendant did not comply and the plaintiff accordingly commenced this action on 27 June 1996.

15.According to the plaintiff`s statement of claim, MacCoffee is sold in a bulk package containing 50 aluminium foil sachets of instant coffee mix for individual consumption. The package has a distinctive get-up as described in para 7 above. The plaintiff went on to allege that it had acquired significant and valuable goodwill in the name `MacCoffee` and the get-up and that the same had come to be associated exclusively with and be distinctive of the plaintiff`s instant coffee mix and no-one else`s by reason of extensive use as well as widespread and significant sales and advertising volume. To substantiate this assertion, the plaintiff stated that during the period from 1994 to June 1996, it had sold approximately 220 million sachets of MacCoffee for sales revenues of approximately US$16m.

16.The defendant`s main business lies in the import and sale of rice and sugar. In late 1993, it signed a lease with the Jurong Town Corporation for the rental of its present premises. It was a condition of the lease that the defendant manufacture or process food products on the premises. The defendant therefore decided to go into the business of manufacturing instant beverages as a side line.

17.Mr Eng Yew Beng joined the defendant in January 1994 as its sales manager in charge of the production and marketing of its new products. Some time in July 1994, the defendant started to manufacture and sell instant cereal, 3-in-1 instant coffee mix and chrysanthemum tea under the brand `Supreme`. The Supreme products were sold mainly to the defendant`s existing network of retailers for rice and were also exported to Malaysia and Taiwan. Unfortunately, the sales of Supreme 3-in-1 instant coffee mix were not good.

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18.The feedback that Mr Eng received was that in the Singapore market there were many established brands and for a new product like Supreme, price was a crucial factor. The Malaysian and Taiwanese buyers also stated that Supreme was considered expensive. They added, too, that the packaging was unfashionable and conservative and what was needed was a more attractive contemporary or `American` design. Mr Eng was informed that an attractively designed product with a competitive price would be ideal for the Taiwanese and Malaysian markets.

19.The defendant was not able to reduce the price of Supreme coffee mix as its ingredients were of a high quality. It therefore decided to launch a new brand of instant coffee mix which would not only be price competitive but also have an attractive contemporary or American style packaging. According to Mr Eng, the name `A MaxCoffee` was conceived by his sales team. He himself came up with the name `A Max`. The `A` in the name was to signify high or best quality. It could also mean `American`. He decided on `Max` because it was a play on the word `mix` as the product was a mix of coffee powder, milk powder and sugar. Taken together, the words `A Max` were also close to `Amex` which was well-known and American.

20.Mr Eng testified that the packaging of A MaxCoffee was designed by a Mr Goh of Porton Commercial Art. He gave Mr Goh the `A MaxCoffee` name and told him to produce a packaging which was attractive and fashionable with a distinctly American flavour. Mr Eng also gave Mr Goh some samples of packaging of the leading coffee mix brands. These samples included `Super`, `Mr Cafe` and `Owl`.

21.The get-up which was finally approved and produced for A MaxCoffee was described by Mr Eng as follows: (a). The package is rectangular in shape

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approximately 24cm by 23cm. There is a red band of varying width at the top. It ranges from 5cm on the left corner to 12cm at the right corner. Two thin white lines run the length of the red band.

(b). On the red background, the words `A MaxCoffee` appear in yellow/orange. The `A` is about 5cm high. The `MaxCoffee` is about 4cm high and altogether the name `A MaxCoffee` stretches from 22cm.

(c). Immediately below the letter `A` is a big blue and white star measuring 10cm high and 10cm wide. On the same line as the star are the words `3-in-1 Instant Coffee Mix` in bright yellow.

(d). Below the star are the Chinese words `American Flavour` in blue.

(e). The centre portion of the packaging is brown/choco in colour. There is a picture of a coffee cup and saucer surrounded by coffee beans. The banner `True American Taste` appears below the cup and saucer.

22.Mr Eng also gave a description of the plaintiff`s MacCoffee packaging which included some elements not mentioned by the plaintiff in its statement of claim. He said that the top left half to the packaging is covered by the American flag, the Stars and Stripes. An eagle measuring 8cm high and 20cm wide is the most prominent feature on the top half. It is in `striking` black, brown, yellow and white colours. It is clutching an olive branch and three arrows respectively in each talon. Below the eagle is the word `MacCoffee` (also in orangy/yellowey hues although Mr Eng does not point this out). The legend `3-in-1 Instant Coffee Mix` appears immediately below `MacCoffee`. The middle of the packaging is beige/kaki in colour. There is a coffee cup surrounded by coffee beans and the legend `True American Taste` in blue and red runs from left to right at an angle.

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23.Some time in October 1995, the defendant started selling A MaxCoffee. Invoices for local sales were produced. Unfortunately, the Taiwanese and Malaysian markets failed to develop and the defendant now sells A MaxCoffee primarily in Singapore. The defendant has exported some A MaxCoffee to Indonesia. In September 1996 and February 1997, it sold A MaxCoffee to Nissho Iwai International (S) Ltd, which then exported the goods to Vietnam. From October 1995 up to the date of the affidavit, ie 29 May 1997, the defendant had sold approximately three thousand cartons (50 sachets x 20g x 20 packets) of A MaxCoffee. The ratio of local sales to export sales was about 16:1.

24.In February 1997, the defendant`s solicitors engaged Consumer Probe (S) Pte Ltd, a private research company, to carry out a survey to find out whether buyers of 3-in-1 coffee mix in Singapore could differentiate between the packaging of MacCoffee and that of A MaxCoffee. The researcher divided the buyers into two groups: end-users and the trade sector. She conducted face-to-face interviews with 150 Singaporeans aged 21 to 55 who had bought any brand of coffee mix within the preceding three months. These comprised the end-user group. The trade sector was made of provision shop owners, supermarket supervisors and wholesalers. Fifty interviews were conducted among members of this group.

25.The first finding of the researcher was that the most popular 3-in-1 coffee mix brands judging by those most purchased during the preceding three months, were Super (28%), Nescafe (25%) and Owl (23%). MacCoffee and A MaxCoffee had each a very small market share in the 3-in-1 coffee mix segment. Neither of them was mentioned by any end-user as being the brand most often purchased during the preceding three months. Among provision shops, only 3% sold A MaxCoffee whilst 6% sold MacCoffee. As for the wholesalers/exporters, 17% had sold A MaxCoffee whilst none had sold MacCoffee. Among the ten

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supermarkets and minimarts surveyed, only two sold A MaxCoffee and only one sold MacCoffee.

26.Each of the interviewees was shown a MacCoffee package and an A MaxCoffee package. Among the consumers, 50% considered that the two designs came from different manufacturers while the other half thought that they had been produced by the same maker. Persons in the trade were slightly better at differentiating the products - 52% thought they came from different manufacturers. 66% of the consumers were, however, able to distinguish the two brand names stating that A MaxCoffee and MacCoffee were distinctive different brands. So were 68% of the traders.

27. **General principles**

The elements of the tort of passing off were identified by both Lord Diplock and Lord Fraser in the case of **Erven Warnink BV v J Townend & Sons (Hull) Ltd** [1979] AC 731 (the ***Advocaat*** case). As Oliver LJ put it in **Anheuser Busch Inc v Budejovicky Budvar** [1984] FSR 413 at pp 462-463:

> *The most recent and most authoritative exegesis of the essential elements of a claim in passing off is to be found in the speeches of Lord Diplock and Lord Fraser in [the Advocaat case] Lord Diplock identified five characteristics as common to all passing-off actions, although he uttered a caution against assuming that the presence of all five in any factual situation necessarily give rise to a cause of action. No claim could, however, succeed in the absence of all five. Thus there is required to be found:*
>
> *`(1) a misrepresentation; (2) made by a trader in the course of trade; (3) to prospective customers of his or ultimate consumers of goods or services supplied by him; (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and (5) which causes actual damage to a business or goodwill to the trader by whom the action is brought or (in a quia timet action) will probably do so.`*

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> *These essentials were expressed slightly differently by Lord Fraser as follows:*
>
> *`It is essential for the plaintiff in a passing-off action to show at least the following facts: (1) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies; (2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods; (3) that because of the reputation of the goods, there is goodwill attached to the name; (4) that he, the plaintiff as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendant selling goods which are falsely described by the trade name to which the goodwill is attached.`*
>
> *These two statements of principle complement one another, Lord Diplock emphasising what has been done by the defendant to give rise to the complaint, and Lord Fraser what the plaintiff has to show as a prerequisite of complaining. Since the remaining members of its Lordships` House agreed with both speeches, it is not in dispute that the two statements have to be taken as a composite.*

28.Although there are five elements which have to be established in order to substantiate an action for passing off, the facts of this case and the submissions which have been made are focused principally on two issues: first, whether the plaintiff has established that there was goodwill attached to the name `MacCoffee` in Singapore; and secondly whether the defendant misrepresented its coffee mix as MacCoffee.

29. **Goodwill**

The most generally accepted definition of goodwill is the famous one formulated by Lord Macnaghten in **IRC v Muller & Co`s Margarine Ltd** [1901] AC 217. It is, I think, worth reproducing his Lordship`s words in full:

> *What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force*

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> *which brings in custom. It is the one thing which distinguishes an old established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates.*
>
> *Goodwill regarded as property has no meaning except in connection with some trade, business, or calling. In that connection I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of these things, and there may be others which do not occur to me. In this wide sense, goodwill is inseparable from the business to which it adds value, and, in my opinion, exists where the business is carried on. Such business may be carried on in one place or country or in several, and if in several there may be several businesses, each having a goodwill of its own (at pp 223-224).*

30.Several important elements of goodwill can be derived from the above passage. The first is that in order to have goodwill there must be a business, trade or calling. This case involves the sale of goods ie a trade and the observations I make are limited to that context. Second, goodwill is the power of attraction which draws the customers to buy the goods. The third element is that goodwill is territorial because it only exists where the trade exists. If therefore a party sells goods in Singapore solely, he will have goodwill here but will not have goodwill in a third country like Malaysia or Indonesia. Similarly, a person who sells goods in Malaysia but not in Singapore will have goodwill in Malaysia but not here.

31.It appears from the ***Anheuser Busch*** case that this would be so even if the goods sold in Malaysia are made in Singapore as long as they are not available in the market here. O`Connor LJ in that case observed:

> *I am in no doubt that the evidence showed that by 1973 the plaintiffs` Budweiser beer enjoyed a significant reputation among members of the public in this country. That is not*

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> *sufficient to found an action for passing off. It is* ***the goodwill of a business carried on in this country*** *that can be protected, not the reputation - goodwill if you like, of the business carried on in another country. [Italics mine.]*

The facts of that case are particularly interesting in that the plaintiffs` Budweiser beer was sold in England but only in United States military and diplomatic establishments. These cans were available for purchase, duty free, by serving American and by British employees of American service establishments. However, those sales were not considered to constitute the carrying on by the plaintiffs of a business in England in any real sense since no ordinary member of the general public could go out and buy a can of Budweiser beer as and when he wanted it. It is also notable that Oliver LJ, just before the passage I quoted earlier setting out the formulations on the law in the ***Advocaat*** case, stated that the basic question which the court had to consider was how far it was an essential ingredient of a successful claim in passing off that the plaintiffs should have established ***in England*** (italics mine) a business in which its services or goods were sold to the general public on the open market (at p 462).

32.Many authorities have been cited to me by both sides. I need not recite all of them. I have arrived at the conclusion that in order for the plaintiff to establish that it has a goodwill in MacCoffee which can be protected, it has to show that it carried on business in MacCoffee in Singapore. It is not enough for the plaintiff to establish, as its counsel argued, that it is incorporated in Singapore and makes the MacCoffee here. The plaintiff as a company may have earned some goodwill simply by virtue of existing here and carrying on a manufacturing business but that goodwill would attach to the plaintiff`s own name and not to the name of its products unless those products are also available in the local market and have a local reputation. I therefore draw a distinction between the goodwill that may be attached to the corporation Futures

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Enterprises Pte Ltd which carries on manufacturing business in Singapore and the goodwill attached to the product `MacCoffee`. Just because the plaintiff has some general goodwill in Singapore does not mean it also has a specific goodwill relating to MacCoffee which it can enforce as a property right.

33.Also, as Lord Macnaughten pointed out, businesses may be carried out in one place or country or in several and if in several, there will be several businesses each having a goodwill of its own. In this case, the evidence is that the plaintiff carried out extensive trade in MacCoffee in Russia. It would therefore have substantial goodwill for MacCoffee in Russia. The plaintiff has argued that the goodwill it has gained internationally, not only in Russia but in other countries as well (though the evidence adduced was substantially that of Russian sales) would contribute to goodwill existing in Singapore. That does not appear to be the case if one applies the ***Anheuser Busch*** holdings.

34.The main thrust of the defendant`s case on this issue is that the plaintiff has not discharged the onus of showing that it traded sufficiently in MacCoffee in Singapore at the relevant time so as to build up a reputation which would have translated into goodwill attaching to that brand. The immediate question is: what is the relevant time at which the existence or non-existence of goodwill relating to MacCoffee has to be adjudged? The defendant submitted, and the plaintiff did not dispute, that the relevant date is the date of commencement of the conduct of the defendant which is complained about. This submission is well supported. See **Jordache Enterprises Inc v Millennium Pte Ltd** [1985] 1 MLJ 281 which was recently followed by **Pontiac Marina Pte Ltd v CDL Hotels International Ltd** [1997] 3 SLR 726 . In the instant case, the defendant`s position is that it started selling A MaxCoffee in Singapore in October 1995. The plaintiff has not seriously challenged that date although its statement of claim puts March 1996 as the time when the defendant started

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passing off A MaxCoffee as MacCoffee. The documentary evidence substantiates the defendant`s October 1995 date. Thus, that is the date at which I have to determine whether the plaintiff had any goodwill in MacCoffee. The evidence of such goodwill at that date is meagre, to put it mildly.

35.The plaintiff`s main intention when it started manufacturing MacCoffee was to market the MAC products overseas since it considered foreign markets to be relatively undeveloped and more susceptible to its products than the local market which the plaintiff considered to be `saturated`. Accordingly, the plaintiff`s initial sales were to Russia and other countries of the former Soviet Union, Vietnam, United Arab Emirates and Pakistan. Mr Tan had claimed that the plaintiff commenced sales of MacCoffee to these countries in August 1994. No evidence was produced to substantiate this claim. The invoices he did adduce showed exports made from July 1995 onwards.

36.Mr Tan said that owing to these exports of MacCoffee, the plaintiff had acquired goodwill in MacCoffee in their export markets and in Singapore as well, especially in the export trade community. When in cross-examination, Mr Tan was asked whether he had any evidence of the plaintiff`s goodwill in Singapore, especially in the export trade community, his answer was no. The plaintiff did not call any evidence to show the existence of an export trade community in Singapore nor was any person claiming to be a member of such community called to give evidence on the plaintiff`s behalf of the reputation which MacCoffee enjoyed in that community at the material time.

37.The plaintiff produced its profit and loss statement for 1995. Two items in these accounts referred to the sale of `beverages`. Mr Tan said the term `beverage` meant the seven or eight different drinks including MacCoffee which the plaintiff sold that year. The two items were `sales - beverages` and `O/Seas

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sales beverages` and against each of these items were two figures (presumably in Singapore dollars), the first representing sales for the month of December 1995 and the second representing sales for the whole of 1995 up to 31 December. In the case of `sales - beverages` the figure for the whole of 1995 was $508,329.96 and in the case of `O/Seas sales - beverages` (which, it is common ground referred to overseas-sales of beverages), the corresponding figure was $17,136,656.99. Mr Tan explained that the figure $508,329.96 was an audit adjustment done at the year-end in respect of shipments in transit to overseas markets that had not reached their final destination as at 31 December 1995 and therefore had to be adjusted for the following year`s sales. This figure was in fact deducted from the plaintiff`s total sales figure for 1995. It is interesting that there was no entry in the 1995 accounts for local sales of beverages. Such an item did appear in the plaintiff`s profit and loss statement for 1996 and what was described there as `local sales - bev` was shown as having amounted to a figure of $248,237.26 for the whole of 1996.

38.It was not till August 1996 that the plaintiff appointed a distributor for its MAC beverages in Singapore. Whilst that does not preclude sales having been made in 1995, it is an indication that the plaintiff was not making much effort to penetrate the local market that year. Further, there was no evidence of any local sales of MacCoffee in 1995 produced by the plaintiff at the trial. No invoices of goods sold to wholesalers, provision shops, minimarts or supermarkets were produced. Neither did any personnel from any such merchandising outlet testify that he or she had purchased MacCoffee from the plaintiff for resale to either the local retail trade or the general public. Nor did any member of the public come forward to say that he or she had purchased MacCoffee in 1995 whether on a regular basis or otherwise. The inference must be that sales of MacCoffee in Singapore in 1995 were minimal.

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39.The plaintiff also attempted to establish its goodwill by reference to advertising and promotion of MacCoffee. Mr Tan said that the plaintiff had expended considerable sums in promoting the product both in the emerging markets as well as in Singapore. However, the evidence of marketing produced related to the Russian market. When Mr Tan was asked in cross-examination if he had any evidence to show that the plaintiff had spent money to promote and publicise MacCoffee in Singapore, his reply was that he did not have such evidence. It would be recalled that the plaintiff had claimed advertising MacNoodles on television in Singapore for a month in 1995. Obviously, no similar campaign was mounted for MacCoffee.

40.Although the plaintiff did advertise their products in ***Singapore Exporters*** and ***Singapore Food and Beverage*** , two local trade publications, Mr Tan`s own testimony was that these advertisements were only placed in 1996. There was no evidence of any such advertisements having been placed in 1995. Further, though Mr Tan claimed that as a result of his 1996 advertisements, the plaintiff had received enquiries on its product from exporters or traders, he also told the court that he would not be calling such exporters or traders to testify.

41.Practically the only evidence that MacCoffee was available in the local market prior to October 1995 was the admission made by Mr Eng that at the time he gave his artist instructions to prepare the packaging for A MaxCoffee he was aware of the plaintiff`s product. That in itself, however, is insufficient to show that MacCoffee as such had acquired a certain goodwill or reputation in Singapore. Sporadic sales without any evidence of a certain level of local consumer/vendor awareness of the brand and its availability cannot in themselves constitute the acquisition of a reputation in Singapore.

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42.In his closing submissions, counsel for the plaintiff recognised that it did not have significant sales of MacCoffee in Singapore and that the product had no widespread brand name recognition in Singapore. Counsel submitted, however, that it did not follow that the plaintiff had no goodwill in Singapore and that the proper approach to be adopted to ascertain the existence of goodwill within the jurisdiction was to ask whether the plaintiff was incorporated within the jurisdiction. If the answer to that question was yes, then prima facie the plaintiff would enjoy goodwill and reputation here. As I have stated earlier in this judgment, I do not accept that approach because I believe a distinction has to be drawn between the goodwill that attaches to the plaintiff as a company and the goodwill that attaches to its product MacCoffee. In this case it is seeking to protect the latter property right and in order to do so, it must establish that that property exists. In my judgment, the plaintiff has failed to discharge the burden of proof of establishing that when the defendant started selling A MaxCoffee in Singapore, MacCoffee already enjoyed sufficient reputation and goodwill to found an action for passing off.

43. **Misrepresentation**

Although the plaintiff has failed to establish its goodwill, I will consider the issue of misrepresentation briefly. I should say first that I consider that Mr Eng did obtain the inspiration for A MaxCoffee from MacCoffee. His explanation on how he arrived at the name was not convincing especially since he sought to convince me that he himself was the originator of `A Max` as a play on the words `mix` and `Amex`. Mr Eng gave his evidence in Mandarin and although he obviously knew English, he did not appear to me to have the sophisticated command of the language that would have led to him conceiving `A Max` in the way he said he did. I believe that after he was told that his Supreme coffee mix had failed because of stodgy packaging, he was casting around for some

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new ideas and when he came across MacCoffee, he adopted the name and the idea of promoting an American taste as a marketing tool.

44.There are also several similarities between the presentation of the MacCoffee brand and the A MaxCoffee brand particularly in relation to the way in which the name itself is presented. These similarities are: (1). the defendant copied the plaintiff`s idea of making the brand name a composite of two words with two capital letters one at the beginning and the other being the capital `C` in the middle at the start of the word `coffee`;

(2). the type-faces used by both parties are the same;

(3). the gradated colours in the names are similar;

(4). the letters comprising `MacCoffee` and `A MaxCoffee` both employ drop shadows and such drop shadows are not found in the letters comprising the names of other coffee mix brands;

(5). the plaintiff`s and defendant`s products are the only two coffee mixes which bear the legend `True American Taste`.

The plaintiff said also that the wavy red and white striped banner at the top of the defendant`s packet when taken together with the single blue and white star which is superimposed over part of the banner is intended to be reminiscent of the American flag which appears at the top of the plaintiff`s package and it is true that one may get an `American` impression from the banner with the star next to it.

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45.The question that arises, however, is whether the final product A MaxCoffee, although clearly derived from the plaintiff`s product, is sufficiently differentiated from MacCoffee so as not to cause any confusion.

46.The plaintiff`s case is that misrepresentation by the defendant is in the latter`s name and get-up. First, as regards the name, there is a striking objective similarity between the names MacCoffee and MaxCoffee. Both of these names are pronounced in approximately the same way. As regards the `A` in A MaxCoffee, the plaintiff`s submission is that this can be disregarded because in actual usage when the package is filled with the coffee sachets, the package would curve away from the edges and this would cause the letter `A` to be obscured whereas `MaxCoffee` would appear prominently.

47.The plaintiff also relied on the evidence of Ms Tan who had carried out the consumer survey for Consumer Probe (S) Pte Ltd. She confirmed in court that although the survey questionnaire proceeded on the assumption that the defendant`s product was called `A MaxCoffee`, in practice a fair proportion of respondents in the survey actually referred to the defendant`s product as `MaxCoffee`. Further, in a letter that the defendant`s solicitors wrote to the solicitors for Super Coffeemix Ltd, the said solicitors referred to the defendant`s product as `MaxCoffee` rather than as `A MaxCoffee`. The plaintiff submitted that therefore not only would consumers in practice call the defendant`s product `MaxCoffee` but that the defendant itself intended this to be the name of its product rather than `A MaxCoffee`. I consider it likely that under actual conditions in the market, consumers would be likely to drop the letter `A` or lay stress on the `MaxCoffee` portion of the name.

48.The only evidence which I had as to how the general public would perceive the two products came from the survey by Consumer Probe. This showed that

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50% of consumers thought that the two packages were made by the same manufacturers. In the trade sector, almost half ie 48% also thought that the two packages came from the same manufacturer. The respondents were also asked whether the two packages were of the same brand. Among the consumers, 34% thought that they were the same brand whilst 32% of the traders took that view as well. These were substantial minorities. The main reasons why the brands were perceived as being the same were the colour schemes and the spelling of the two brand names.

49.As stated by Yong Pung How CJ in **Tong Guan Food Products Pte Ltd v Hoe Huat Hng Foodstuff Pte Ltd** [1991] 2 MLJ 361 [1991] SLR 133 , the test for comparison of confusingly similar names, marks or other distinguishing indicia is not to compare them side by side but to take into account the fact that confusion which may occur will take place when the customer has in his mind his recollection of the plaintiff`s mark which may be only an idea of the whole or actual mark.

50.In my judgment, the similarity between the two products particularly by reason of the brand names employed and the overall impression of the packaging, is high. I consider that a substantial proportion of consumers are likely to mistake one for the other especially if they do not spend much time studying the different get-ups. Since the product in question is not a very expensive item and would usually be purchased by a consumer in the course of stocking up on various provisions and not just coffee mix, such purchaser is likely to simply pick the product off a shelf or ask the vendor for it without examining it very closely. The product would not get the same kind of scrutiny that a more expensive item like a camera or television set would. In this case quite apart from my own views on similarity, there is evidence of actual confusion among the respondents to the survey. On balance, I hold that the

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plaintiff has proved that the defendant`s A MaxCoffee is likely to be confused for its MacCoffee.

51.This holding does not, however, avail the plaintiff since it did not build up a sufficient reputation in MacCoffee in Singapore before the defendant`s product came onto the market. My decision is limited to the situation in Singapore and I am not making any finding as to the goodwill which MacCoffee enjoys in other markets. In fact, on the evidence which I have seen, MacCoffee appears to have a substantial reputation in Russia. Nothing in this judgment would prevent the plaintiff from protecting its goodwill in that market and others where MacCoffee is widely sold if the defendant decides to introduce A MaxCoffee in those markets.

52.In the circumstances, the plaintiff`s action fails and must be dismissed with costs.

Judith Prakash J

Wong Siew Hong and Teresa O'Connor (Chu Chan Gan & Ooi) for the plaintiff/respondent
Sim Yong Chan (Sim Yong Chan & Co) for the defendant/appellant.

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