

Jamal Abdulnaser Mahmoud Al Mahamid v Global Tobacco Manufacturers (International) Sdn Bhd
[2015] SGHC 42

Case Number : Originating Summons 421 of 2014
Decision Date : 11 February 2015
Tribunal/Court : High Court
Coram : Aedit Abdullah JC
Counsel Name(s) : Yew Woon Chooi, Foo Maw Jiun, Quek Jie Ying (Rodyk & Davidson LLP) for the plaintiff; Stanley Lai Tze Chang SC, Goh En-Ci Gloria, Clara Tung Yi Lin (Allen & Glenhill LLP) for the defendant.
Parties : JAMAL ABDULNASER MAHMOUD AL MAHAMID — GLOBAL TOBACCO MANUFACTURERS (INTERNATIONAL) SDN BHD

Trade Marks and Trade Names – Invalidity

[LawNet Editorial Note: The appeal to this decision in Civil Appeal No 51 of 2015 was dismissed by the Court of Appeal on 29 September 2015. See [\[2015\] SGCA 51.](#)]

11 February 2015

Judgment reserved.

Aedit Abdullah JC:

Introduction

1 Ask a person what she may think of when she hears the word “Manchester”, she may reply, “the city in England”. If she is of a historical inclination, she may reply “Cotton Cloth”, “the Industrial Revolution” or “the Reform Act”. If she is a fan of football, she may reply, “United” or “City”. Ask the Plaintiff and those who own or work in the Defendant and their reply would be “cigarettes”.

2 The Plaintiff and Defendant each chose “Manchester” as the name of their respective brand of cigarettes. Both of them registered trade marks in Singapore with the use of the term “Manchester”: the Plaintiff in 2005 and the Defendant in 2012. The Plaintiff, who had registered his mark earlier than the Defendant seeks now to invalidate the Defendant’s mark.

Background

3 The Plaintiff’s mark, T0501104H (“the Plaintiff’s mark”), is reproduced below:



4 It was registered in Singapore on 7 June 2005, and is owned by the Plaintiff, Mr Jamal

Abdulnaser Mahmoud Al Mahamid, a holder of a Syrian passport. The mark has been registered by him in over 34 countries and was first used in Singapore in 2010. It is used on cigarettes sold duty-free, usually to chandlers (*i.e.*, retail dealers specialising in providing supplies to ships) serving ships arriving in Singapore. The Plaintiff also supplies marketing paraphernalia to distributors for their onward distribution to the ship chandlers and the buyers of the cigarettes. The Plaintiff claims sales of over US\$400,000 in 2012 in Singapore. In comparison, the global sales of these cigarettes were US\$26m in 2012 and almost US\$40m in 2013.

5 The Defendant, a Malaysian company in the business of manufacturing cigarettes, has been selling cigarettes under their various brands since 2003. These are sold mostly in Malaysia. It is the registered proprietor of the trade mark below, T1208253B ("the Defendant's mark"), which was given a certificate of registration in Singapore on 29 November 2012.



6 The Defendant launched its "Manchester" brand of cigarettes in Malaysia in 2008. In 2012, they sold 20,669,500 sticks of "Manchester" cigarettes in Malaysia. That year, the Defendant decided to expand its business into Singapore. No objections were raised by the Intellectual Property Office of Singapore ("IPOS"), and no opposition was filed. The Defendant's cigarettes have been sold in Singapore since November 2012. The Plaintiff attempted to register his mark in Malaysia, but this was refused, though the grounds for such refusal were not before this court.

7 In 2014, the Plaintiff commenced these proceedings, seeking invalidation of the Defendant's mark.

The Plaintiff's Case

8 The Plaintiff contends that the Defendant's mark should be invalidated under the following provisions:

- (a) s 23(3)(a)(i) read with s 8(2)(b) of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("the Act"), as the Defendant's mark is similar to that of the Plaintiff, and there is a likelihood of confusion;
- (b) s 23(3)(b) read with s 8(7)(a) of the Act as the use of the Defendant's mark amounts to passing-off;
- (c) s 23(1) read with s 7(6) of the Act as the Defendant's application for the registration of its mark was made in bad faith; and
- (d) s 23(3)(a)(iii) read with s 8(4) of the Act as given that the Plaintiff's mark is well-known in Singapore, the use of the Defendant's mark indicates a connection between the parties, and there is a likelihood of confusion because of such use.

The Defendant's Case

9 The Defendant argues, in response to the Plaintiff's case, that:

(a) The marks are not similar and there is no likelihood of confusion. While aural similarity is conceded, the Defendant denies that the marks are visually or conceptually similar. The word "Manchester", though common, did not outweigh the differences between the marks. As consumers of cigarettes are discerning and particular, there is no likelihood of confusion.

(b) There is no passing-off as there is no evidence of goodwill in the Plaintiff's mark, misrepresentation by the Defendant and damage suffered by the Plaintiff.

(c) There was no bad faith in the Defendant's later registration of its mark. The Defendant's registration of its mark was within the boundaries of acceptable commercial behaviour. In particular, the Defendant did not know of the Plaintiff's mark and did not have any other reason to realise that its filing of a trade mark application would breach acceptable commercial standards.

(d) The Plaintiff's mark is not well known in Singapore as there is no evidence of this.

My Decision

10 The issues that are in play in these proceedings are:

- (a) whether the marks are similar and whether there is likelihood of confusion;
- (b) whether there is passing-off by the Defendant's mark;
- (c) whether the Plaintiff's mark is well known in Singapore; and
- (d) whether the Defendant's mark was registered in bad faith.

11 The Plaintiff has not based his case on s 8(1) of the Act, *i.e.*, there was no contention that the marks were identical. This is not surprising given the requirement under s 8(1) that the marks should be entirely the same (see *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 where the court interpreted s 27(1) of the Act, a provision which is similar to s 8(1)).

12 I find that the marks are indeed similar, and there is likelihood of confusion. In summary, I accept the Plaintiff's arguments that the two marks were each dominated by the word "Manchester". I find that these marks are not only aurally identical, but also visually and conceptually similar. These similar marks are in respect of identical or highly similar goods. Given the circumstances, there is a likelihood of confusion on the part of the relevant consumers of cigarettes in Singapore.

13 On the other hand, I accept the position of the Defendant that the Plaintiff's other three grounds, namely passing-off, the mark being well known in Singapore and bad-faith registration, are not made out. In respect of the first two grounds, there is insufficient evidence of goodwill to show that the mark is well known here. As for bad-faith registration, I do not find that the Defendant's conduct in registering its mark after the Plaintiff had registered his showed any want of such honesty according to the requisite standard.

The law on invalidation

14 The Plaintiff's claim is for invalidation under s 23 of the Act. The grounds specified under s 23 for invalidation are generally tied back to either the absolute grounds for refusal of registration under s 7, or, more pertinently for the present proceedings, to relative grounds for refusal under s 8 of the Act. The case law on these sections would thus be material and persuasive.

15 There has not been any indication as to why no opposition was made to the registration of the Defendant's mark, but, in any event, such absence does not, and cannot, present itself as an obstacle in the present proceedings.

Similar marks and likelihood of confusion

16 Section 8(2)(b) of the Act reads:

(2) A trade mark shall not be registered if because –

...

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

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

Section 8(2)(b) thus requires: (i) similarity between the trade marks in question; (ii) the registration of the marks for identical or similar goods; and (iii) the existence of a likelihood of confusion among the public owing to the similarity. If s 8(2)(b) is fulfilled, s 23(3)(a)(i) specifies that the registration of the later trade mark may be declared invalid, unless the owner of the earlier trade mark consents to the registration. As noted by the Plaintiff, there is no dispute in the present case that the Plaintiff's mark is an earlier mark, that the goods are identical or similar, and that the Plaintiff has not consented to the registration of the Defendant's mark.

17 The assessment of the three requirements in s 8(2)(b), namely similarity of marks, identity or similarity of goods or services, and the likelihood of confusion arising therefrom, is carried out systematically following a step-by-step methodology: *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc. and another and another appeal* [2014] 1 SLR 911 ("Staywell") at [15]. I am cognisant of the need not to lapse into a holistic assessment.

Similarity

18 The approach to be adopted in assessing whether marks are similar was laid down by the Court of Appeal in the cases of *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd and another and another appeal* [2013] 2 SLR 941 ("Hai Tong") at [39]–[40] and *Staywell* at [14]–[20]. From these cases, particularly the more recent *Staywell*, the following propositions may be gleaned, which are pertinent for the present case:

(a) The assessment is done mark for mark, without consideration of external matters.

(b) In that assessment, a dominant component may be given special attention but similarity is ultimately assessed as a whole.

(c) Similarity is a question of impression, and the court's assessment must be on the totality of the observation of the marks.

(d) It is not necessary for all three aspects, namely the aural, visual and conceptual aspects, to be similar.

(e) Such assessment is to be carried out with the imperfect recollection of the average consumer.

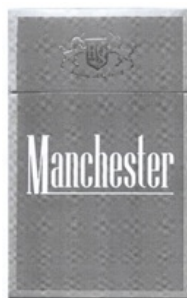
19 The assessment of similarity on the one hand and confusion on the other proceed on different bases. In *Staywell*, the following guidance was given (at [20]):

Finally, on this issue, we reiterate that the assessment of marks similarity is mark-for-mark without consideration of any external matter This means that *at the marks similarity stage* this even extends to not considering the relative weight and importance of each aspect of similarity having regard to the goods. This does not mean that the court ignores the reality that the relative importance of each aspect of similarity might vary from case to case and will in fact depend on all the circumstances including the nature of the goods and the types of marks Rather, such considerations are properly reserved for the *confusion* stage of the inquiry, because that is when the court is called upon to assess the *effect* of objective similarity between the marks, on the perception of consumers. ... We think that this is conceptually clearer because it recognises that the issue of *resemblance* between the competing marks is distinct from the question of the *effect* of such resemblance. ...

[emphasis in original]

In the present context, this means that the marks are measured as marks, and there is no consideration of their use, for instance on the packets of cigarettes, or how these may be displayed and viewed by consumers.

20 The two marks are each composite, consisting of both textual and graphical elements. It is apparent that there are differences between the two marks. In the case of the Plaintiff's mark, there is a crest or coat of arms, with the initials "HQ", the words "House of Quality", as well as a rectangular background or field. While there was no specific explanation for this rectangular background or field, it is apparent, as submitted in oral arguments by the Defendant, that this was possibly a representation of a typical cigarette packet.



21 The Defendant's mark on the other hand, comprises of the word "Manchester" below the letter "M". The letter "M" is composed of circles against a dark background.



22 The Defendant concedes that there was aural similarity between the marks. This is of course

rightly conceded since the word in each mark is the same, and that word would be what is uttered when the marks are mentioned verbally.

(1) Visual similarity

23 The approach to be taken in assessing visual similarity is to assess the marks in totality, without placing undue emphasis on any component, unless it is warranted: *Hai Tong* at [41]. Only after a holistic assessment of the visual characteristics of the two marks can the conclusion that these marks are visually similar be reached.

24 In assessing visual similarity, the guidance of the Court of Appeal in *Staywell* is useful. In that case, the Court of Appeal noted that technical distinctiveness, *i.e.*, the capacity of the mark to function as a badge of origin, is an integral factor in the assessment of similarity (at [28]–[29]):

28 It follows from this that it is not wrong for a court to find that a component of a mark is inherently technically distinctive - for example if it is a non-descriptive word or an elaborate and inventive graphic device. Where a particular element or component has a high degree of technical distinctiveness, this can have a bearing on whether as a result of this, that component or element is found to be the dominant and distinctive element of the mark in the non-technical sense.

29 The finding of distinctiveness of the separate components of the mark must ultimately be related back to the impression given by the mark as a whole. The distinctiveness of a particular component of a mark is but one factor feeding into the ultimate question of whether the mark, in the form it is registered and/or used, has strength as an indicator of origin to the exclusion of other trade sources. This latter question clearly must be considered by looking at the mark as a whole, because it is the entire mark, and not only a component of it, that must function as the badge of origin.

Similarly, in *Hai Tong*, though there was no separate analysis of the difference between general and technical distinctiveness, it is clear that distinctiveness was a relevant consideration (see [62(e)(ii)] and [65(a)]).

25 Distinctiveness, in the technical sense, refers to the ability of the mark to act as a badge of origin, and it is recognised that, in relation to a mark with greater technical distinctiveness, there is a higher threshold to be met in creating a sufficiently dissimilar mark (see *Staywell* at [24]–[25]). In the present case, the word “Manchester” is distinctive in the technical sense when used in respect of cigarettes. While “Manchester” is not meaningless on its own, it has no connection in general usage with cigarettes or tobacco, and would not provide any information in itself to aid a consumer buying cigarettes. The word “Manchester” does not describe cigarettes or tobacco in anyway. A different conclusion may be reached if instead of “Manchester”, the trade marks bore a word or name that had some connotation or description relating to cigarettes or tobacco. The word “Manchester” in respect of cigarettes is thus inherently technically distinctive: it is a non-descriptive word.

26 In carrying out this analysis, I recognise that words do not “talk” in trademarks: *Hai Tong* at [41]. That is, words in composite marks do not dominate or constitute the whole of such marks simply because they are words. The question that has to be asked, as noted by the Court of Appeal in *Hai Tong*, is whether the word is dominant on the facts of each mark.

27 The primary point of the Defendant’s denial of visual similarity is that, while the text is the same, there are significant differences in that each had its own graphical elements. Yet, when the

two marks are examined side by side, it is evident that it is the word "Manchester" that is visually dominant in either. In the Plaintiff's mark, "Manchester" stands out against the background. In the Defendant's version, the word occupies a large part of the visual real estate, just under the stylised "M". This is notwithstanding the fact that the Plaintiff's mark comprises more visual elements than the Defendant's mark. I do note that the Plaintiff's mark has a large amount of background, with the word "Manchester" occupying a smaller proportion of the space. The Plaintiff's mark has also other graphical elements, such as the words "House of Quality" as well as the letters "HQ" on the coat of arms. Nevertheless, it is clear that the word "Manchester" is centralised in the visual field. It is to that word that the eye is drawn: that undoubtedly being the intention of whoever designed the mark for the Plaintiff.

28 As the Plaintiff submits, citing *Hai Tong*, a composite mark may be dominated by a textual component if that textual component is large, and in a prominent location or if it stands out from the background (see *Hai Tong* at [62(d)(ii)]). A device component may be equally significant or dominant if: (i) the device is significant and large; (ii) the words accompanying the device are not distinctive or are purely descriptive; or (iii) the device is complicated (see *Hai Tong* at [62(e)]).

29 In the present case, the graphical elements of the marks do not draw significant attention away from the words. The conclusion here is similar to that drawn in *Hai Tong*, where the Court of Appeal found that the graphical element of the stylised rose in that case was outweighed by the textual element. There, it was found that, as the graphical element underscored the text and did not draw attention away from the text, a consumer would be more likely to remember the text rather than the graphical element, and the presence of the graphical element would not serve to distinguish similar textual components (*Hai Tong* at [65]). Likewise, in this case, the dominance of the text was not diminished or attenuated in any way by the surrounding graphical elements in either mark. It is the word "Manchester" that would be remembered, not the surrounding frill.

30 The Defendant also seeks to play up the distinction between the other visual elements on the marks. The Plaintiff's mark has a crest, while the Defendant's has a letter "M" made up of small circles against a dark background. But it is nonetheless clear that it is the word "Manchester" that stands out and dominates the visual landscape in each. That dominance prevails in the present case over the other visual elements in each mark: the coat of arms, and text "House of Quality" and "HQ" in the Plaintiff's mark, and the letter "M" made up of circles in the Defendant's mark.

31 The Defendant further contends that the Court should not accept that the word "Manchester" is dominant simply because the word is common to both marks. It is true that the textual element cannot be dominant simply because it is common. Certainly, had one mark with large, ornate and colourful graphical elements far surpassing the text "Manchester" been measured against the Plaintiff's mark, a different conclusion may be reached. Whether the text dominates a mark is an inquiry which leads to varied results from case to case. This is not a finding that a component is dominant merely on the basis that it is common between both marks.

32 The Defendant argues that the two marks leave very different impressions to viewers, and thus the common word should not be accepted as the dominant part of each mark. However, it is clear on examination that any person's eye would be drawn to and would dwell upon the word "Manchester" when looking at each mark individually. This would also be the case when the marks are placed side by side. The other parts of each mark, and the different graphical elements employed are mere accoutrements and minor details. Thus, all in all, it cannot be gainsaid that each mark was visually similar to the other.

33 I also note that the two typefaces used in the marks are not totally distinct – they share

similarities, though differences are apparent and may be significant to the trained eye. A consumer with imperfect recollection may not recall or pay heed to these differences, which are minor compared to the similarity of the text.

34 In concluding that the word "Manchester" dominates each mark, the assessment is of the marks as a whole. As was noted in *Staywell* (at [26]):

When speaking of the assessment of a mark as a whole, it may be noted that the cases have consistently stated that the "visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components" (*Sabel v Puma* ... at 224, *Matratzen Concord GmbH v OHIM* (Case T-6/01) [2002] ECR II-4335 ..., *Doctor's Associates Inc. v Lim Eng Wah* [2012] 3 SLR 193 ("*Subway Niche*") at [19] and *Bentley & Sherman* ... at p 864).

35 The Plaintiff contends that the trade channel for which the marks are registered point to the dominance of the word "Manchester". It argues that given the regulation of cigarette sales, a consumer would distinguish different brands by asking for his desired brand by name. The Plaintiff also cites decisions of the IPOS placing greater weight on aural rather than visual cues in relation to marks on cigarette packets. In the first of these cases, *British American Tobacco (Brands) Inc. v Phillip Morris Products S A* [2012] SGIPOS 7 ("*Phillip Morris*"), the Registrar considered the nature of the marketplace and environment in deciding the matter in respect of an issue under s 7(1)(b) of the Act, i.e., whether the marks were devoid of any distinctive character. In the second case, *N.V. Sumatra Tobacco Trading Company v British American Tobacco (Brands) Inc.* [2008] SGIPOS 2, the Registrar emphasised the aural cues of the mark when considering the likelihood of confusion under s 8(2)(b) of the Act. However, it is my view that while these matters raised by the Plaintiff, such as the trade channel and regulation of cigarette sales, are appropriate matters to be considered in deciding a matter in respect of s 7(1)(b) or in deciding whether a likelihood of confusion exists, they are not relevant for the present stage of the analysis.

(2) Conceptual similarity

36 Conceptual similarity requires a comparison of the underlying ideas behind the marks, or, put in another way, the comparison of the feelings and images intended to be evoked by each mark. In this regard, the Court of Appeal in *Staywell* adopted the formulation in the previous edition of Lionel Bentley & Brad Sherman, *Intellectual Property Law* (Oxford University Press, 3rd Ed, 2009), i.e., that "the conceptual analysis seeks to uncover the ideas that lie behind and inform the understanding of the mark as a whole" (at [35]).

37 For the Plaintiff, it was said that his mark is intended to evoke "Manchester", the city in England. It is contended by the Plaintiff, that the Defendant's mark is also meant to evoke the idea of the United Kingdom and the city of Manchester.

38 The Defendant submits that there is no conceptual similarity between the marks here. It says that the Plaintiff's mark is intended to convey the impression of tradition and nobility, through the coat of arms, as well as the word "Manchester". Taken together these are meant to evoke English tradition. In comparison, the Defendant's mark has a more contemporary image, intending to connote, in the Defendant's words, a "more young and modern vibe".

39 In examining conceptual similarity, the aim is to identify the ideas underpinning the mark as a whole; therefore, the analysis must be a holistic one, as each component may have a different conceptual basis: *Staywell* at [35]. In analysing conceptual similarity, one will need to consider the

connotations or evocations inspired by the marks. Certainly, as the Defendant says, one could construe the Plaintiff's mark as a whole as importing some element of luxury or quality through the use of the coat of arms present on the Plaintiff's mark. Indeed, the Plaintiff's mark actually includes the words "House of Quality" and the crest bears the letters "HQ", which is, presumably, an abbreviation for "House of Quality". In comparison, the Defendant's mark would not be taken to directly evoke an association with tradition, luxury or quality. However, in both marks, the word "Manchester" occupies a significant part. Taking each mark as a whole, the conceptual objective is the evocation of whatever it is that the word "Manchester" is supposed to evoke: it may be England or Great Britain, whether it is the Britain of tradition or contemporary English. Different aspects of England or Britain are perhaps evoked by the two marks, but it is ultimately the same object. Alternatively, and I suspect more likely, the image to be evoked is whatever is triggered in the minds of the consumer by the word "Manchester": the city; England or Great Britain; or the football teams. Indeed, some ambiguity may have been intended behind both these marks. I therefore find that there is conceptual similarity.

The overall assessment of similarity

40 I am satisfied that there is similarity between the two marks. Visually, the word "Manchester" dominates, or is at least a significant part of, either mark. The other graphical elements do not detract from the prominence of the word in either mark. Conceptually, both marks allude to whatever may be evoked by the word "Manchester". Whether that evocation is in terms of tradition or modernity does not matter – the image to be inspired is primarily triggered by the word "Manchester", and not the surrounding accoutrements. Also, as the Defendant concedes, there was certainly aural similarity. Taking all of these together, the only conclusion that can be drawn is that these marks are similar. While I find similarity in all three aspects, even if I am wrong on conceptual similarity, similarity as a whole would still be made out. Not all three aspects of similarity need to be made out: *Hai Tong* at [40(a)]. Further, it is recognised that even if only one aspect out of the three is similar, that could be sufficient to establish overall similarity. Thus, even if there is a conceptual difference, the aural and visual similarity taken together would invariably lead to overall similarity between the two marks. It is clear from the cases that what is needed is an appreciation of the holistic impact of the two marks – the inquiries into aural, visual and conceptual similarity do not constitute a mechanical exercise, with each box to be ticked before a conclusion of similarity can be derived. Ultimately, as noted in *Staywell* at [17], the determination of similarity is a matter of impression. It was noted by the Court of Appeal there that:

... [T]he reality [is] that the similarity of marks is ultimately and inevitably a matter of impression rather than one that can be resolved as a quantitative or mechanistic exercise ... The three aspects of similarity are meant to guide the court's inquiry but it is not helpful to convert this into a checkbox exercise in which a tick, however faint it might be, in any one box must compel the court to find that the marks are similar when a sensible appraisal of the marks as a whole would show otherwise.

Similarity or identity of goods

41 As noted above, there is no dispute that the goods are identical. Even if the cigarettes are meant to be marketed to different segments of the consumer market, that would not render these goods unidentical or dissimilar.

Confusion

42 I find that confusion as to the origin of the goods is likely to arise because of the similarity of

the marks. A consumer with imperfect recollection is likely to confuse the Defendant's mark and hence the Defendant's goods with the Plaintiff's mark and goods.

(1) The law on assessment of confusion

43 Factors that are germane to determining whether there is a likelihood of confusion include the following (see *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2006] 2 SLR(R) 690 ("Polo") at [28] and *Hai Tong* at [85]):

- (a) the similarity or identity of the marks; the closeness or identity of the goods; and
- (b) the recollection and discernment of the relevant consumer.

44 In relation to the first factor, the Court of Appeal in *Hai Tong* noted that it was self-evident that the more similar the marks, the more likely that confusion would result (at [85(c)(iii)]).

45 The perspective to be taken is that of the average consumer with some care and good sense: *Hai Tong* at [40]. In *Hai Tong*, the Court of Appeal noted that the interplay between these factors will need to be considered (at [85(c)]):

... Each of these factors will have a bearing on the likelihood of confusion. As an illustrative proposition, the likelihood of confusion must be greater where, say, the contesting marks are similar to a high degree, the goods are identical in nature and the segment of the public in question is undistinguished in its attention than would be the case if the marks and the goods are somewhat similar but not exceedingly so, and the relevant segment of the public happens to be highly knowledgeable and very fastidious. ...

46 While the assessment of confusion takes into consideration matters outside the marks, it would not be correct to factor everything. In *Staywell*, the Court of Appeal gave guidance on the element of confusion (at [86]):

...[I]f the competing marks and goods are found to be sufficiently similar such that, having regard to the characteristics of the likely consumer, the court concludes there would be a likelihood of confusion, it would not be permissible to have regard to yet further extraneous considerations that might have the effect of diminishing the likelihood of confusion. In the same way that confusion stemming from sources other than the similarity of marks and goods is outside the reach of trade mark protection ... so too must such factors be irrelevant to displace a finding of likely confusion if the property rights represented in the trade mark are to be meaningfully upheld.

The Court noted again at [95]:

... The permissible factors are those which (a) are intrinsic to the very nature of the goods and/or (b) affect the impact that the similarity of marks and goods has on the consumer. The impermissible factors are those differences between the competing marks and goods which are created by a trader's differentiating steps. In other words, factors which are not inherent in the goods, but are susceptible to changes that can be made by a trader from time to time, should not be permissible considerations. ...

47 On the other hand, the Court of Appeal recognised that factors relating to purchasing practices and the degree of care exercised by a consumer when purchasing the relevant good can be considered and assessed. Thus consumer perception, as influenced by the similarity of the marks and

the goods would be material considerations.

(2) Confusion in the present case

48 The Plaintiff relies on the two marks having been registered for the same class and for identical goods, the similarity of the marks, and the need, in the local context, for purchasers to ask a retailer for cigarettes by asking for "Manchester" cigarettes to argue that there is a likelihood of confusion. It was also emphasised that the Plaintiff's sales would primarily be to ship chandlers and sailors and that most orders from ships would specify the word "Manchester", such that there is a risk that the chandlers would be supplied with the Defendant's products instead.

49 Counsel for the Defendant argues that where marks have been used and continue to be used, actual evidence of confusion is needed. The Defendant contends that the specific trade channels used by the Plaintiff are also material. Given that these sales are to ship chandlers, the average consumer of the Plaintiff's cigarettes would be a ship chandler, not the general smoker. Such a consumer would be circumspect and discerning.

50 The Defendant further contends that if the likelihood of confusion is determined from the viewpoint of the average consumer, in this case the average consumer would possess the following characteristics:

- (a) the average consumer would be a fastidious smoker who pays greater attention to the cigarettes which he purchases because the choice of cigarette is a matter of habit and personal preference;
- (b) such a purchaser is likely to be a regular and habitual consumer of cigarettes who is familiar with the packaging of the brand and the flavour of the cigarettes;
- (c) the average consumer is also likely to be particular about purchasing a specific line or flavour from a manufacturer; and
- (d) the average consumer would make the purchase not only via an oral request, but also through a visual inspection.

51 The Defendant thus submits that even if the marks are similar, there is only a low level of similarity; this, coupled with the qualities associated with the average consumer, leads to the conclusion that there would be a low likelihood of confusion on the part of the average smoker.

52 I am satisfied, accepting the arguments of the Plaintiff, that the relevant consumer of cigarettes would be confused. The two strongest factors indicating likelihood of confusion here are: (i) that the two marks are in respect of identical goods, namely cigarettes; and (ii) the high degree of similarity between the marks. Once two marks, which are in respect of the same goods, are found to be similar, any consumer, with the proverbial imperfect recollection of the mark he wanted to buy, would probably not be able to distinguish between the different items on sale, and would think one was the other. There is thus confusion as to the origin of the goods.

53 This is reinforced by the statements of the Court of Appeal in *Hai Tong*. In that case, it was stated that the fact that marks are used on identical goods will have a bearing on the assessment of likelihood of confusion (*Hai Tong* at [97]–[98] and [103]). Since the goods here, as in the case of *Hai Tong*, are identical, minor differences in price, or the type of specific cigarettes sold by the parties, are not, following the approach in *Hai Tong*, material either. Any prospective purchaser of cigarettes

confronted with one or the other of the two marks, with an imperfect recollection of the respective marks, would be plainly confused as to their respective origins. In other words, I am satisfied that there is a likelihood that a purchaser of cigarettes confronted with the Defendant's product bearing the Defendant's mark would think that it was the Plaintiff's mark, on the Plaintiff's goods.

54 As to who is the average consumer here, the Plaintiff says that the average consumers are the ship chandlers and sailors. The Defendant does not take significant issue with this but contends that the ultimate consumers are fastidious and therefore not likely to be confused. In my view, there is insufficient evidence of the specific qualities of a typical consumer of cigarettes, such as surveys. In the absence of such evidence, the court must proceed on the basis that such a consumer shares the characteristics of a general consumer. In buying expensive items, such as a condominium or hotel stay, there may be greater care taken. I am not convinced however that the care taken by a cigarette smoker is so great that it will even give pause to a smoker if he were confronted by the Defendant's product when he seeks to buy the Plaintiff's; it is very likely that the smoker will, given the identity of the textual component, assume or conclude that the Defendant's product is the Plaintiff's, perhaps in different packaging. Changes in packaging of consumables do occur, and different markets may have the same product in different packages. Thus even if the fastidiousness or habits of smokers put forward by the Defendant were true, in the present case, the conclusion would have to be that there is a likelihood of confusion on the part of purchasers.

55 Circumstances of purchase are material in so far as these arise in respect of how possible consumers can purchase the goods or services in question. The Court of Appeal in *Staywell* recognised explicitly that purchasing practices are material (at [163(g)]). Thus the observations in cases cited by the parties, such as *Phillip Morris*, would be useful and relevant, in so far as they do not go into issues of exposure to marketing efforts and the like. In any event, the Plaintiff contends that the ability of consumers of cigarettes in this specific case to differentiate the marks would be limited because of the purchasing mechanism considered in *Phillip Morris* (at [57]). I am unable to accept all of the Plaintiff's contentions, as there is insufficient evidence of that before me. But this does not lead to a finding against the Plaintiff for the reasons stated above.

56 There was some argument at the hearing about how these restrictions would play out in the context of chandlers trying to buy cigarettes to supply to ships. It is likely that such purchasers would have to rely on the name or aural characteristics of the marks: by most means of purchase, the aural aspect would dominate. But even if the attention of such purchasers were drawn to the marks as a whole, visually, the purchasers would still be likely to be confused as to the origin of the goods: the marks are very similar, dominated in each case by the word "Manchester" and as emphasised above at [52]–[53], they are in respect of identical goods. In the circumstances therefore, I find that there is sufficient probability of confusion as to the origin of the cigarettes – the consumer with the usual characteristics would think when faced by the Defendant's mark that it belonged to the Plaintiff, and originated from the Plaintiff.

57 As to absence of evidence of actual confusion, this is not to be given undue significance (see the comments of the Court of Appeal in *Hai Tong* at [99]–[101]). This should be particularly so where the marks are in respect of identical goods, as in the present case. In such a situation, the absence of evidence of actual confusion is not that significant. The Defendant cites *Baywatch Production Co. Inc v The Home Video Channel* [1997] FSR 22 ("*Baywatch*") as authority for the proposition that absence of evidence of confusion is significant. It must be noted however that *Baywatch* was concerned with an application for an injunction; in such a context actual confusion would be a material factor in swinging the court's discretion. Additionally, the court there had to deal with, on the one hand, a television or video show apparently about lifeguards, and on the other, an explicit adult programme. Though the latter seems to have spoofed and referenced the former, it is not

surprising, given the clear distinction between the two programme types that the court there required proof of actual confusion. As one would expect, the court in *Baywatch* declined the application for an injunction against the defendant there. In the present case, in comparison, we have cigarettes on both sides, with similar marks.

58 The Defendant also relies on the case of *McDonald's Corp v Future Enterprises Pte Ltd* [2005] 1 SLR(R) 177 ("*McDonald's*") for the proposition that aural similarity could be overridden at the point of sale by other factors, rendering confusion unlikely. The facts of *McDonald's* are significantly different. That case concerned the application by Future Enterprises Pte Ltd to register, *inter alia*, a mark "MacTea" along with an eagle device in Singapore. This application was opposed by McDonald's Corporation, the international fast-food chain. The Court of Appeal, in allowing the mark "MacTea" to be registered, found that even if one had the impression that "MacTea" was related to McDonald's, this impression would dissipate upon seeing the actual product at the time of purchase, as the product bearing the "MacTea" mark clearly had a different visual design and a different spelling of "Mac" from McDonald's usual products. The case here is very different: the two marks are aurally identical and are also highly similar visually with the same dominant word element.

59 I note that in *Staywell* the Court of Appeal held that a difference exists between confusion in the context of opposition proceedings under s 8(2) as compared to infringement proceedings under s 27(2) of the Act (at [56]–[61]). In the former, as monopoly rights are sought, confusion is measured against notional fair use. In contrast, as infringement proceedings are not at all concerned with the exercise of monopoly rights, but only whether the actual use of one mark has encroached on the rights conferred upon the holder of another mark. In the present case, where both marks have been registered, and there is no question of infringement, the issue is a tussle between competing and incompatible monopoly rights. It should follow therefore, that in these proceedings, the proper question is one of notional fair use, rather than just actual use. On that basis, as both marks are in respect of cigarettes, and notionally, such cigarettes could be available to all possible consumers in Singapore, there would very likely be confusion. As the goods are of the same type and the marks are highly similar, each dominated by the word "Manchester", a consumer would be hard put to recall the differences, which are of minor detail only. It is highly likely here, that the goods will be perceived or believed to come from the same source.

Conclusion as to this ground

60 For these reasons, I conclude that a basis for invalidation has been made out. The other grounds relied upon by the Plaintiff are not made out. I shall address these briefly, focussing primarily on the elements that were wanting.

Passing off

61 For the Plaintiff to succeed on this ground, the Plaintiff would have to show that there was contravention of s 23(3)(b) through the passing off of the Defendant's goods as the Plaintiff's. The requirements to establish a claim for passing off are (see *Novelty Pte Ltd v Amanresorts Ltd and another* [2009] 3 SLR(R) 216 ("*Novelty*") at [37]):

- (a) goodwill;
- (b) misrepresentation; and
- (c) damage.

I conclude that the Plaintiff has not established that there is goodwill in his goods.

Goodwill

62 There is insufficient evidence of goodwill. As noted by the House of Lords in *The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited* [1901] AC 217 at 223–224, and cited in *Novelty* at [39], goodwill is the “attractive force” that pulls consumers to a particular business. Goodwill may be shown through various means, including sales figures, in appropriate circumstances (see *Novelty* at [56]). The primary focus is determining the exposure of the goods or service that is the subject matter of the goodwill to consumers. Goodwill may also exist in a small section of the public.

63 The Plaintiff relies on the fact that his sales of cigarettes rose from US\$85,000 in 2010 to over US\$400,000 in 2012. However, sales alone do not establish goodwill. The difference is inherent in the definition of goodwill. Sales may be indicative of goodwill, but it would not, in and of itself, be goodwill. There must be evidence shown that consumers were attracted to the Plaintiff’s product. A person, such as a ship chandler or a sailor, may buy a particular brand for various reasons, including price and quality. A sailor aboard a ship may perchance buy a particular brand because there is nothing else available. All of these possibilities should be addressed by the evidence on goodwill. Unfortunately, none of that was available here.

64 Beyond the sales, there was scant evidence that the Plaintiff’s product had any attractive force. The Plaintiff referred to the use of marketing materials and such. But again that would not be sufficient to establish attractive force. In *Novelty*, the Court of Appeal noted that in that case it was not sufficient to show that the trade names used were generally known in Singapore: it had to be shown that were actual and/or potential customers of the goods (at [60]).

Misrepresentation and damage

65 Given my conclusion that no goodwill exists, my conclusions on the other elements, namely misrepresentation and damage can be stated briefly. Misrepresentation will be made out if there is a likelihood of confusion: *Novelty* at [77]. Actual evidence of confusion is not necessary. Given the use of the same word “Manchester”, in respect of identical goods, misrepresentation as to the source or origin or association of the goods is likely. The fact that the market for the cigarettes may differ is immaterial – the cigarettes were not targeted at entirely different price segments of the market, unlike the situation in *Novelty*; but I do not find, adopting the language from that case, that the differences between the business in respect of cigarettes was so great that a mistake of one for the other would not result. The business and goods of the Plaintiff and Defendant are identical – the sale of cigarettes, to be purchased and smoked.

66 However, I find that there was insufficient evidence of damage. In order to make out damage for passing off, the Plaintiff had to show that there was either blurring of the Plaintiff’s and Defendant’s goods, or tarnishing of the Plaintiff’s product: *Novelty* at [97]. The Plaintiff relies here on the drop in sales from 2012 to 2013. But there can be many explanations for a drop in sales, misrepresentation by the Defendant being only one of the various possible causes.

Bad Faith

67 There was no bad faith in the circumstances.

68 Bad faith is a basis for invalidation under s 23(1) read with s 7(6) of the Act if the registration of the Defendant’s mark was the result of an application made in bad faith. Bad faith has been defined

as conduct which is dishonest when judged objectively by ordinary standards of honest people: *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd and another and another appeal* [2009] 2 SLR(R) 814 at [105]–[107] (“*Wing Joo Loong*”).

69 The Plaintiff contends that as the Defendant must have known of the Plaintiff’s mark when it started using its mark, and yet proceeded to apply for registration despite having such knowledge, the application was dishonest and made in bad faith. The Defendant must have known of the Plaintiff’s mark, the Plaintiff says, as the Plaintiff’s cigarettes were sold in many countries, and had been sold in Malaysia, the place of the Defendant’s incorporation, from 2011. The Plaintiff also contends that it was too much of a coincidence that the Defendant had also decided to name its cigarette “Manchester”. The Defendant should have done a trade marks search before registering its mark. In the circumstances, the Defendant must have known of the Plaintiff’s mark and deliberately chose to use the word “Manchester” to exploit the Plaintiff’s reputation. This, it is said, shows dishonesty as well as bad faith.

70 It is necessary, as submitted by the Defendant, for the Plaintiff to show that the Defendant’s conduct fell short of normally accepted standards of commercial behaviour, and that the Defendant knew of facts which, if known to an ordinary honest person, would have made that person realise that there would be a breach of those standards: *Wing Joo Loong* at [107].

71 While the Plaintiff did not succeed in registering its mark in Malaysia, there is no evidence that the Defendant was aware of the Plaintiff’s attempt. The absence of evidence of such knowledge means that it cannot be said that the Defendant’s registration of its mark was definitely coloured by knowledge that it was doing so in the face of an already registered mark. The Defendant’s evidence is that its mark was conceived without any reference to the Plaintiff’s.

72 Furthermore, even if the Defendant had known of the earlier registration of the Plaintiff’s mark, it is doubtful that that fact alone would be sufficient to fix the Defendant with bad faith. The cases relied upon by the Plaintiff such as *Wing Joo Long*, *Weir Warman Ltd v Research & Development Pty Ltd* [2007] 2 SLR(R) 1073 and *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 (“*Festina*”), address situations which are different. The mere fact that the Defendant registered its mark, even if it is similar or identical to the Plaintiff’s, cannot be a sufficient basis for bad faith to be made out. Indeed, what the cases show that something akin to exploitation of dishonesty is required. There is no such evidence here.

73 The Plaintiff contends that in *Festina*, substantial similarity between the marks, coupled with the inability of the respondent there to explain the coincidence, led to a finding of bad faith. *Festina* however involved a case in which the explanation by the respondent there for similarity of the words used in the marks (*Festina* and *J. Estina*) was found to be contrived. There was no such evidence in the present case. It is also material that in *Festina* there was a history of litigation between the parties which apparently predated the opposition proceedings in Singapore.

Whether the Plaintiff’s mark is well-known

74 This ground, under s 23(3)(b)(iii) read with s 8(4), requires that there is conflict between the Defendant’s mark and a well-known trade mark. Section 8(4) is the ground for rejection of a mark if it is similar to or identical with an earlier mark, (ii) if the earlier mark is well known, and the use of the later mark would indicate a connection between those goods and the proprietor of the earlier mark, and damage his interests.

75 Whether a mark is well-known in Singapore is determined by various factors, including those

listed at s 2(7) of the Act, namely:

- (a) The degree to which the mark is known by any relevant sector of the public in Singapore;
- (b) The duration, extent and geographical area of the use or promotion of the trade mark;
- (c) Any registration in any country in which it is used or recognised, and such duration;
- (d) Successful enforcement of any right in any country or territory;
- (e) Any value associated with the trade mark.

Section 2(8) stipulates that a trade mark which is well known to any relevant sector of the public in Singapore is well-known in Singapore. 'Relevant sector of the public' is in turn defined by s 2(9) to include all actual and potential consumers in Singapore, those in Singapore involved in the distribution of the goods for which the trade mark is applied; and all businesses dealing with the goods to which it is applied. As noted by the Plaintiff, in *Novelty*, it was stated that the relevant sector of the public could be a small one.

76 The Plaintiff contends that the Plaintiff's mark is well known by the relevant sector, namely ship chandlers, their purchasers and sailors, in view of the sales in Singapore, the distribution of the Plaintiff's paraphernalia relating to the mark, that the mark has been registered in over 30 countries, and that global sales had hit US\$26 million.

77 As noted by the Defendant, whether a mark is well known can be shown in a number of ways, including survey evidence, evidence of extensive availability in Singapore or evidence of extensive marketing. Again as noted by the Defendant, it is not sufficient under this ground that the mark be known; it must be well-known.

78 The Plaintiff here did not have any survey evidence. It did point to sales and the distribution of paraphernalia among its target group.

79 The Defendant contends that the evidence relied upon by the Plaintiff is insufficient, particularly as there is only bill of lading evidence of the value of goods. The Defendant also contends that the Plaintiff's sales is not shown to be a relevant sector of the public in Singapore as the Plaintiff's primary market appears to be non-Singaporean.

80 I accept that there is insufficient evidence that the Plaintiff's mark is well-known. Even if the sale figures were accepted as being sales in Singapore, there is no evidence of what reach these sales had – there were no figures of what the total cigarette market was, or even what the total chandling cigarette market was. The figures were at most just raw sale figures. Similarly the evidence of the distribution of paraphernalia fell short of what was required in terms of evidence on the distribution of marketing materials, and hence awareness among buyers in Singapore. Additionally, the fact that the Plaintiff's cigarettes are sold in about 34 countries did not assist him. That by itself did not translate into the mark being well-known in Singapore.

81 I do not accept however the contention made by the Defendant in the course of argument that sailors or others aboard ship passing through Singapore would not constitute a material market for the purposes of determining whether the mark was well-known in Singapore. The Act applies within the territory of Singapore and not just to Singaporeans. There is nothing in the Act to suggest otherwise.

Miscellaneous matters

82 The fact that the Plaintiff did not oppose the registration of the Defendant's mark is not a ground to prevent invalidation. The Defendant does not take this point in any event, but even so, not opposing a mark cannot by itself preclude subsequent invalidation proceedings. In some cases, it may be possible that failure to oppose could be part of a course of conduct making it unconscionable or inequitable to allow invalidation subsequently, but there is nothing of this nature in the present case. Additionally, if it were correct that not opposing registration precludes invalidation, that would mean that invalidation would be reduced to a very small number of cases. That would not appear to be consonant with the parliamentary intention behind the provision of the invalidation mechanism to begin with.

83 There was also an issue about whether any goodwill was owned by the Plaintiff; as it is, as I did not find sufficient evidence of goodwill, this point was not material.

84 The Plaintiff also took issue with how the Defendant actually uses its mark. I found that the Plaintiff's allegations were not sufficiently made out on the facts.

85 There was some evidence that the cigarette packets of the Defendant indicated that these were manufactured under licence from another person. Nothing ultimately turned on that, and it is immaterial for these proceedings.

Remedy awarded

86 While the other grounds advanced by the Plaintiff are not made out, it is sufficient for the Plaintiff to have succeeded in respect of the first ground, *i.e.* that the marks are similar, in respect of identical goods, and that there will be probable confusion. It follows therefore that the Plaintiff is entitled to the relief prayed for, namely, that Trade Mark No. T1208253B for "Manchester and M device" registered in Class 34 in the name of the Defendant is declared invalid under s 23(3)(a)(i) read with s 8(2)(b) of the Act.

Costs

87 I will hear the parties on costs.

Copyright © Government of Singapore.