

Future Enterprises Pte Ltd v McDonald's Corp
[2006] SGHC 175

Case Number : OM 49/2005
Decision Date : 29 September 2006
Tribunal/Court : High Court
Coram : Tay Yong Kwang J
Counsel Name(s) : Tan Tee Jim, SC and Lam Chung Nian (Lee & Lee) for the appellant; Dedar Singh Gill and Penny Leng (Drew & Napier LLC) for the respondent
Parties : Future Enterprises Pte Ltd — McDonald's Corp

Trade Marks and Trade Names – Registration – Respondent registered owner of "McCAFE" mark – Applicant filing application to register "MacCoffee" mark – Respondent opposing application on ground that registration of "MacCoffee" mark likely to cause confusion to public – Whether visual, aural or conceptual similarity between "McCAFE" mark and "MacCoffee" mark existing – Section 8(2) (b) Trade Marks Act (Act 46 of 1998)

29 September 2006

Tay Yong Kwang J:

1 The appellant's application for registration of the mark "MacCoffee" ("the MacCoffee mark") was filed on 10 April 2003. It was accepted for registration and was advertised on 17 October 2003. The matter before me involves an appeal from the decision of the Principal Assistant Registrar of Trade Marks ("PAR") allowing the respondent's opposition and disallowing the appellant's application for registration of the MacCoffee mark.

2 The application relates to class 30 for the following goods:

Coffee; tea; cocoa; coffee based beverages; artificial coffee; cappuccino; cereal preparations (including instant cereal in powder form), ice cream, prepared meals, confectionery, namely candies, sweets, lollipops, liquorice, lozenges, pastilles; cakes, bread, biscuits, jellies (confectionery) and puddings; pastries; snack foods products made from processed flour preparations and potato flour; cookies; snack food products made from corn; snack bars containing dried fruits and nuts (confectionery); cereal-based food bars; rice crackers; muesli bars; wafers.

However, during the proceedings before the PAR, the appellant indicated that it was willing to restrict the goods to "instant coffee mix" only.

3 On 16 December 2003, the respondent filed a notice of opposition based on its prior registration of "McCAFÉ" ("the McCAFÉ trade mark") in class 30 for:

edible sandwiches, meat sandwiches, pork sandwiches, fish sandwiches, chicken sandwiches, biscuits, bread, cakes, cookies, chocolate, coffee, coffee substitutes, tea, mustard, oatmeal, pastries, sauces, seasonings, sugar[.]

The respondent claimed that registration of the MacCoffee mark would be contrary to ss 8(2) and 8(3) and contrary to the law of passing off under s 8(4)(a) of the Trade Marks Act 1998 (Act 46 of 1998) ("TMA 1998"). The notice of opposition also stated that registration of the MacCoffee mark would be objectionable under s 7(6) of the TMA 1998. Each of the parties filed two statutory declarations.

4 At the conclusion of the hearing, the PAR allowed the opposition based on s 8(2)(b) of the TMA 1998. She held that the MacCoffee mark was similar to the respondent's registered trade mark such that there was a likelihood of confusion on the part of the public in Singapore. The PAR was of the view that the MacCoffee mark and McCAFÉ trade mark were visually, aurally and conceptually similar, the goods were similar and a substantial number of average Singaporeans would be likely to be confused by the MacCoffee mark.

5 Section 8(2)(b) of the TMA 1998 states:

A trade mark shall not be registered if because —

(a) ...

(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.

6 The parties had been engaged in litigation before, represented by the same firms of solicitors here. In 1994 and 1995, the appellant applied for registration of its MacCoffee and eagle device for instant coffee mix, its MacNoodles and eagle device for instant noodles, its MacChocolate and eagle device for instant cocoa mix and its MacTea and eagle device for instant tea mix. The MacCoffee and eagle device was registered without opposition. However, the other three marks were opposed by the respondent. The respondent's opposition failed before a PAR and in the High Court and eventually in the Court of Appeal (see *McDonald's Corp v Future Enterprises Pte Ltd* [2005] 1 SLR 177) ("*the MacTea opposition*"). In the present opposition, the equivalent of s 8(2)(b) of the TMA 1998 under the previous Trade Marks Act (Cap 332, 1992 Rev Ed) (s 23 thereof) was not pursued before the Court of Appeal.

7 The issues before me are:

(a) whether the MacCoffee mark and the McCAFÉ trade mark are similar; and

(b) whether the goods specified for both marks are identical or similar

such that a likelihood of confusion exists on the part of the public.

Whether the marks are similar

8 When comparing trade marks, one considers their visual, aural and conceptual similarities (see: Andrew Ang J in *Richemont International SA v Goldlion Enterprise (Singapore) Pte Ltd* [2006] 1 SLR 401 at [8], citing *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77 at 84). One judges them by their look and their sound (see: *In the Matter of an Application by the Pianotist Company Ltd for the Registration of a Trade Mark* (1906) 23 RPC 774 ("*the Pianotist case*").

9 In assessing the visual similarity between the two marks, the PAR said (at [46] and [47] of her grounds of decision (*Future Enterprises Pte Ltd v McDonald's Corp* [2005] SGIPOS 21)):

For the consideration of confusing similarity under section 8(2)b, the Registrar is restricted to examining the Opponents mark – as it appears on the register, and the Applicants mark – as it is

filed in the application. Both appear in normal script on the register and in the application. The E in McCAFE has an accent above it (the diacritical mark), but visually this is a difference which likely to be unnoticed by the average consumer. The marks begin with the letter M which stands for Mc in the Opponents mark and Mac in the Applicants mark and end with the words café and coffee. In both marks, the capital letter C in the centre divides the first and second parts of the marks such that the impression is not of one word but of two words put together.

In the ***MacTea opposition***, the High Court said that it is wrong to look at the prefix Mac alone and without regard to the suffixes (Tea, Chocolate and Noodles) and that the total impression of the marks must be considered. Considering the total visual impression of the marks McCAFE and MacCoffee, I am of the view that there are sufficient visual similarities to override the differences submitted by the Applicants – that the prefixes Mc and Mac and the suffixes Cafe and Coffee are different.

10 I agree with the PAR. Besides the similarities noted by her, the suffixes also contain the common letters “c”, “f” and “e” in the same sequence although one has four and the other six letters.

11 Aurally, both marks have three syllables. The two prefixes are homonymous and synonymous. As noted by the Court of Appeal in *the MacTea opposition* ([6] *supra* at [52] and [67]):

52 ... It is also clear that the common feature that links its family of marks is the prefix “Mc”. It is not disputed that “Mac” is synonymous with “Mc”.

...

67 ... The first thing that will be noted is that “MacChicken” and “McChicken” of the appellant are not only identical, they also relate to the same product.

12 The appellant’s MacCoffee would be pronounced as “mac-kof-fee” while the respondent’s McCaFÉ could be rendered as “mac-caf-fay” or “mc-kah-fay”. The suffixes do not sound perfectly alike when pronounced carefully by someone such as a teacher of elocution but the court must make allowance for imperfect recollection and careless pronunciation and speech (*Aristoc, Ld v Rysta Ld* (1945) 62 RPC 65 at 72–73). Taken as a whole, the two marks do sound remarkably similar and are a far cry from cases where there is similarity in only one part of the word (as in *Cooper Engineering Company Proprietary Limited v Sigmund Pumps Limited* (1952) 86 CLR 536 (“Rainmaster” and “Rain King”)) or where the suffixes are so obviously distinct from each other (as in *Frank Yu Kwan Yuen v McDonald’s Corporation* (27 November 2001) (High Court, Chancery Division, UK) at [44] (“McChina” and “McDonald’s”)).

13 In considering conceptual similarity, the PAR said ([9] *supra* at [54]):

However, the idea behind the marks, the joining of a prefix Mc or Mac together with a coffee related word, café or coffee, is similar. The Applicants submitted that a café is understood by English speaking Singaporeans as a place where one drinks coffee and coffee is understood as a reference to the drink. The Opponents submitted that café also means coffee in French. In my view an average person will be slow to notice the difference between the words café and coffee in terms of the meaning of the words. This is especially so since the mark McCAFE is registered for coffee and may be used on coffee. The conceptual difference between café and coffee will then be further diminished. Additionally, it is not the conceptual difference between café and coffee that should be considered it is the conceptual difference between McCAFE and MacCoffee.

14 The concept between the two marks is similar. Whether they relate to the beverage or the place where such beverage is sold and consumed, the idea of coffee is evoked in the minds of the public.

15 Looking at the three hallmarks of similarity, I agree with the PAR that the two marks in issue are similar. It is true that the courts are wary of allowing companies to monopolise words that are either purely descriptive or used in everyday parlance (see: *The Polo/Lauren Co, LP v Shop-In Department Store Pte Ltd* [2006] 2 SLR 690 at [11]). However, the analysis here is not about the common words “café” and “coffee”. We are here concerned about two words invented by the injection of a prefix to them and which, by themselves, have no known meaning in the English language.

Whether the goods of both parties are similar

16 Although the appellant’s application for registration was originally for a broader class of goods (see [2] above), at the end of its submissions before the PAR, it indicated that it was willing to restrict the specification of goods to “instant coffee mix” only. The PAR therefore decided the opposition before her on the basis that if the application succeeded, it would be allowed with such a restriction as to the specification of goods because, if the broader original specification of goods was considered, the goods of the parties would be more similar. On that basis, she held that the goods of both parties were similar if not identical as the appellant’s application and the respondent’s registration included coffee.

17 Clearly, the PAR was correct in her holding. Shorn of the appellant’s descriptive term and additive, the basic product in both cases is coffee.

Whether likelihood of confusion exists on the part of the public

18 In the *Pianotist* case, cited by both our High Court and our Court of Appeal in the *Polo* case ([15] *supra*), the following test was propounded by Parker J ([8] *supra* at 777):

You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion — that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be confusion in the mind of the public which will lead to confusion in the goods — then you may refuse the registration, or rather you must refuse the registration in that case.

19 The *Polo* case was concerned with s 27(2)(b) of the Trade Marks Act (Cap 332, 1999 Rev Ed) which reads:

A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign where because —

(a) ...

(b) the sign is similar to the trade mark and is used in relation to goods or services

identical with or similar to those for which the trade mark is registered,

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

The Court of Appeal said (at [25], [28] and [34]):

25 ... It is clear from the term of s 27(2)(b) that it does not necessarily follow that, just because the registered mark and the sign, as well as the goods, are similar, confusion will automatically arise. ...

...

28 The question of likelihood of confusion has to be looked at globally taking into account all the circumstances including the closeness of the goods, the impression given by the marks, the possibility of imperfect recollection and the risk that the public might believe that the goods come from the same source or economically-linked sources: see *Associated Newspapers Ltd v Express Newspapers* [2003] FSR 51 ... But that is not all. Steps taken by the defendant to differentiate his goods from those of the registered proprietor are also pertinent ... So also is the kind of customer who would be likely to buy the goods of the appellant and the respondent ...

...

34 ... The average consumer is not an unthinking person in a hurry but, as the court emphasised in [*the McTea opposition*], would be someone who would exercise some care and good sense in making his purchases. The trial judge also rightly pointed out that unlike the respondent's goods which are sold in their stores located in modest suburban shopping centres, the appellant's retail outlets are found in prime shopping centres. ...

20 The respondent has not used McCaFÉ in respect of the goods covered in its registration. It has only used it in respect of services, essentially as the name of its restaurants or cafés. In such a situation, where a mark is not used, the court assumes that the proprietor will use it "in a normal and fair manner" (the Court of Appeal in the *Polo* case at [17]). The PAR rightly observed ([9] *supra* at [60], [61], [66], [70]–[74]):

60 When a trade mark Applicant who has secured registration has not used his mark on the goods for which it is registered, the Registrar has to assume that he will use it in the normal way that a trader of those goods will trade in those goods ... The Opponents have been granted registration on the basis that they will use the mark McCaFE on coffee. If they do not, in 5 years time, their registration may be subjected to an application for revocation on the basis of non-use. However as the registration stands at present, the Opponents have the right to sell coffee under the mark McCaFE from anywhere, including a supermarket.

61 The question is whether: if MacCoffee for instant coffee mix is registered, would people be confused that it originates from the source which has registered McCaFE for coffee. At present the public may not know that the mark McCaFE has been registered for coffee but the Registrar has to assume that the trader who registered it (the Opponents) will use it on coffee and that then the public will know that there is a mark called McCaFE under which coffee is sold. This is the approach that the Registrar has to take when a trader has not used a mark on the goods for which he has sought registration. The Registrar has to assume that the trader who sought registration is going to use it on those goods for which it is registered. I must assume that one day on a supermarket shelf for coffee, there may be a packet or a bottle of coffee labeled

McCAFE. Then I must consider that, if I allow registration of the mark MacCoffee (without the eagle device), there will be a bottle or packet of coffee on the same supermarket shelf which is labeled MacCoffee. I must not take into account what else may appear on these 2 bottles or packets of coffee in addition to the brand, as I have no evidence of how the McCAFE mark is going to be used on coffee and how the MacCoffee mark will be used in Singapore (although there is some evidence of how it is used overseas). I must consider that the earlier registration is for coffee, which entitles the trader to sell coffee under the brand McCAFE, and what is likely to happen if I allow registration of the application mark, as another trader will then be entitled to sell coffee under the brand MacCoffee. And I must consider whether there will be confusion.

...

66 Even if I take into account that the Opponents are hitherto restaurant and café operators, there is an additional factor which I must take into account in relation to café operators. Café operators like Starbucks, Coffee Bean & Tea Leaf and Dome, do sell coffee beans from their café outlets (class 30 use) in addition to providing the service of preparing beverages and serving them from their café (class 42 use). Therefore even if I take into account that the Opponents are hitherto café operators, I must also take into account that they may sell unprepared coffee from their café outlets, like the other café operators. The Opponents are entitled to do so from anywhere but because the Applicants submit that I must take into account that they have not done so, I will take into account that they have not done so. However, when I do that I must also take into account that they may do so from their café outlets. Although I am mindful of the fact that this is a restriction which I am artificially placing on the Opponents registration – that they may only sell unprepared coffee from their café outlets, I will also consider whether there will be confusion if the McCAFE coffee is sold only from McCAFE outlets.

...

70 ... The Opponents do not have a reputation in the McCAFE mark as at April 2003 as the McCAFE outlets only opened in October 2003 and there is no evidence of any pre-launch activities to establish reputation.

71 The Applicants' case is that the Opponents' marks are usually used together with the golden arches logo and/or the word McDonalds and therefore the customer will be able to distinguish the Opponents' products from the Applicants' products. The Opponents countered this submission by filing evidence of how the McCAFE mark is used and it is clear from the evidence that they do not use the mark McCAFE in conjunction with the golden arches logo or the word McDonalds. They agree that there is public awareness through press reports that McCAFE is owned by MacDonald's [sic] but they state that their branding strategy is to keep the identity of each business separate. ... If they sell unprepared coffee from a supermarket they may sell it in a different style from the style of their McCAFE outlets. ...

72 ... Even if the Applicants restrict their goods to instant coffee mix only the goods overlap with the Opponents specification because the Opponents specifications include coffee. In any event in a supermarket you would find coffee and instant coffee mix on the same shelf.

73 Taking into account all the circumstances of the case I am of the view that there is a likelihood of confusion as the marks are visually, aurally and conceptually similar and the goods are similar. If the suffixes café and coffee are separated from the mark and considered separately the ideas behind café and coffee are different but the Registrar should not separate the elements of the marks but should consider the marks as a whole. Further when McCAFE is used to sell

coffee, I am of the view that the conceptual difference between café and coffee will diminish.

74 What if I consider that the Opponents may only sell coffee beans from their café outlets like Starbucks, Coffee Bean & Tea Leaf and Dome cafes? This will be a [*sic*] artificial restriction that the Registrar will be placing on what the Opponents are entitled to do but if I consider that they may sell coffee only from their café outlets, the trade channels will then be different. However, this does not mean that a customer who has bought McCAFE unprepared coffee from their café outlet before will not be confused into picking up a packet of MacCoffee unprepared coffee from the supermarket shelf, thinking that it is now sold from the supermarket. I think that there is a risk of confusion and that it is not a remote risk considering the similarity in the marks and the goods and considering that the trade channels may be different. I have taken into account that the average consumer is not a moron shopping in a hurry, is not asinine and all the various comments made about the average Singaporean consumer in the decided cases. However where one mark has not been used, it is difficult to predict how the mark will be used and predict the reaction of the Singaporean consumer. What should sway the decision is the similarity of the marks in issue (as they appear on the register and in the application) and the goods in issue (as they appear on the register and in the application). Further as registration has been granted to the Opponents for the mark McCAFE in plain script, the Opponents [*sic*] may be used in any font, in any style and in any colour on a packet of coffee. The same would apply to the application mark, if it proceeds to registration.

21 I agree with the above analysis made by the PAR. Unlike the situation in the *Polo* case, the locations and pricing of the two parties' goods here are not necessarily so starkly different. Both the appellant's and the respondent's goods (assuming the respondent does make use of the McCAFÉ trade mark "in a normal and fair manner") are likely to appear in the same shopping mall, suburban or otherwise. The type of customers likely to purchase the appellant's goods is also not likely to be vastly different from those of the respondent's goods. Although the first McCAFÉ outlet was opened in Australia since 1993 and the respondent has yet to venture into selling unprepared coffee there, the McCAFÉ trade mark is of much more recent vintage in Singapore. It is therefore not a highly speculative eventuality which should be ignored, unlike the situation in *the MacTea opposition* ([6] *supra* at [59]). The appellant also argued that the word "edible" in the respondent's specification should only relate to prepared or cooked food which could be consumed immediately after purchase at the McCAFÉ outlets. With respect, even if it could be construed thus, there is no reason why "edible" should apply, as a matter of semantics, beyond the solids to beverages. Further, if the respondent decides to market bottled coffee or chocolate under its McCAFÉ brand (which it is entitled to do), like Starbucks has been doing with its coffee, surely that would be "edible" coffee or chocolate as understood by the appellant.

22 As noted by the European Court of Justice in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117 at [17], a lesser degree of similarity between the goods or services in question may be offset by a greater degree of similarity between the marks and *vice versa*. In the present case, there is a high degree of similarity on both scores. Like the PAR, I am satisfied that there exists a likelihood of confusion on the part of the public. As the McCAFÉ trade mark has yet to be used on the respondent's goods, naturally *actual* confusion could not be demonstrated but that is not required under s 8(2)(b) of the TMA 1998 anyway.

23 The appeal therefore failed on all counts and was accordingly dismissed with costs which I fixed at \$10,000 to be paid by the appellant to the respondent.

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