

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

[2018] SGHC 159

Suit No 1335 of 2016

Between

- (1) Dr. Babor GmbH & Co. KG
- (2) His Bounty Associates Pte Ltd

... Plaintiffs

And

Sante De Beaute Pte Ltd

... Defendant

Between

Sante De Beaute Pte Ltd

... Plaintiff in Counterclaim

And

His Bounty Associates Pte Ltd

... Defendant in Counterclaim

JUDGMENT

[Trade marks and trade names] — [Groundless threat]

TABLE OF CONTENTS

INTRODUCTION.....	1
BACKGROUND TO THE DISPUTE	2
THE ELEMENTS OF GROUNDLESS THREAT OF TRADE MARK INFRINGEMENT PROCEEDINGS	9
ISSUES TO BE DETERMINED	11
ISSUE 1: WHETHER HIS BOUNTY HAD THREATENED TO SUE SANTE FOR TRADE MARK INFRINGEMENT AND THE PRECISE SCOPE OF THE THREAT.....	12
ISSUE 2: WHETHER THE THREAT WAS AN ACTIONABLE THREAT	16
ISSUE 3: WHETHER THE THREAT WAS JUSTIFIED	19
SANTE’S PRELIMINARY OBJECTIONS	19
INFRINGEMENT OF THE BABOR WORD MARK.....	23
<i>Whether there was express or implied consent for the use of the BABOR word mark</i>	<i>25</i>
(1) Clarifications on authority and the date of the alleged infringement 27	
(2) The distinction between consent under s 27 of the TMA and contractual agreement	28
(3) The initial meeting and subsequent emails	29
(4) The events of 30 August 2016	31
(5) The 16 December email	34
<i>Whether the principle of international exhaustion of rights applies to excuse Sante’s alleged infringement</i>	<i>35</i>

ISSUE 4: WHETHER THE CIRCUMSTANCES ARE SUCH THAT IT WOULD BE APPROPRIATE TO GRANT RELIEF TO SANTE.....	38
CONCLUSION.....	38
ANNEX 1.....	40

This judgment is subject to final editorial corrections approved by the court and/or redaction pursuant to the publisher's duty in compliance with the law, for publication in LawNet and/or the Singapore Law Reports.

**Dr. Babor GmbH & Co. KG & another
v
Sante De Beaute Pte Ltd**

[2018] SGHC 159

High Court — Suit No 1335 of 2016
Chan Seng Onn J
31 October, 1 November 2017; 5 February 2018

12 July 2018

Judgment reserved.

Chan Seng Onn J:

Introduction

1 The 1st plaintiff, Dr Babor GmbH & Co (“Dr Babor”), is a company incorporated under the laws of Germany. It is a manufacturer of skin and beauty care products (“Babor products”) with a worldwide presence. Dr Babor is the registered proprietor of the trade mark “BABOR”(“BABOR word mark”).¹

2 His Bounty Associates Pte Ltd (“His Bounty”) is a Singapore incorporated company and the sole distributor of Babor products in Singapore. It is the 2nd plaintiff in relation to the claim and the defendant in the counterclaim.

¹ Agreed Bundle of Documents, Volume 2 (“2 AB”) 414–415.

3 Sante De Beaute Pte Ltd (“Sante”) is a Singapore incorporated company in the business of operating beauty salons offering hair, nails and beauty treatments. It is the defendant in relation to the claim and plaintiff in the counterclaim.

4 This suit was originally commenced by His Bounty and Dr Babor as a trade mark infringement and passing off action against Sante on 21 December 2016. In response, Sante filed a counterclaim against His Bounty for making groundless threats of trade mark infringement. The trade mark infringement and passing off claims against Sante were subsequently withdrawn. Following this withdrawal, Dr Babor ceased to be a party to the suit.

5 In an unusual turn of events, the corresponding groundless threat counterclaim was not withdrawn. Hence, the trial proceeded on the sole issue of whether His Bounty had made a groundless threat of trade mark infringement towards Sante and the applicable relief, if any.


6 The trial was heard over two days. Sante and His Bounty each called one witness to give evidence at trial: Ms Quek Szy Min (“Ms Quek”) for Sante and Ms Wong Tsi Yan (“Ms Wong”) for His Bounty. Ms Quek is the finance manager of Sante while Ms Wong is a director of His Bounty.

7 At the end of the trial, I reserved judgment. I now set out my decision.

Background to the dispute

8 The BABOR word mark is registered in Class 3 of the International Classification of Goods and Services in Singapore. The registration details are as follows:²

² 2 AB 414.

Trade Mark No	Trade mark	Specifications
T8202980J		Preparations for the cleansing and care of the skin and face, cosmetics, perfumery, toiletries, shampoos, deodorants for personal use, after-shave lotions, cosmetic preparations for bath, essential oils, cosmetic sun protection preparations.

9 His Bounty was initially registered as “His Bounty Associates” in 2004. It was subsequently incorporated in December 2009.³ Since 2004, His Bounty has been the sole distributor of Babor products in Singapore. Its most recent distributorship agreement with Dr Babor is dated 1 January 2015.⁴ The agreement remains in force until 31 December 2019.⁵

10 Babor products sold by His Bounty are categorized into two groups, “cabin size” products and “retail size” products. Cabin size products are purchased by His Bounty’s clients (typically beauty salons and spas) to use in the provision of their services. Retail size products are also purchased by His Bounty’s clients. However, these products will be resold to customers of these clients for home use.⁶

³ Agreed Bundle of Affidavits, Volume 2 (“2 BA”), 3.

⁴ 2 BA 57.

⁵ 2 BA 69.

⁶ Notes of Evidence (“NE”) Day 1, 161–162.

11 His Bounty’s business model involves entering into standard form Business Purchase Agreements (“BPAs”) with their various clients. Generally, these BPAs are signed on an individual outlet basis.⁷ This means that His Bounty generally contracts for the use and promotion of Babor products on an outlet-by-outlet basis, even if a client has more than one beauty salon or spa outlet. This is to ensure that there is no undue competition between clients that use or sell Babor products.⁸

12 Sante was incorporated in October 2015.⁹ As at 23 August 2016, Sante had leased five locations for the operation of their beauty salons. The outlets were as follows:

- (a) An outlet at Blk 85 Dawson Road (“Dawson outlet”);
- (b) An outlet at Blk 43 Holland Drive (“Holland Drive outlet”);
- (c) An outlet at 446 Clementi Avenue 3 (“Clementi outlet”);
- (d) An outlet at Blk 803 Keat Hong Close (“Keat Hong outlet”); and
- (e) An outlet at Blk 810 Choa Chu Kang Avenue 7 (“Choa Chu Kang outlet”).¹⁰

13 Sante also had a registered business address at Blk 155 Bukit Batok Street (“Bukit Batok office”). This location was not involved in the provision of salon services.¹¹

⁷ 2 BA 5.

⁸ 2 BA 6.

⁹ 2 AB 313.

¹⁰ Agreed Bundle of Affidavits, Volume 1 (“1 BA”) 3.

¹¹ NE Day 1, 124.

14 On 23 August 2016, Eve Kerk (“Ms Kerk”) an employee of Sante, called Lawrence Seow (“Mr Seow”), a sales manager at His Bounty, to invite His Bounty to a meeting to discuss the possibility of a business relationship between Sante and His Bounty. Mr Seow accepted the invitation.

15 On 24 August 2016, the meeting between Sante and His Bounty was held at the Bukit Batok office.¹² Mr Seow and Ms Wong attended the meeting on behalf of His Bounty. Mr Thomas Lee (“Mr Lee”), a business development manager at Sante, Ms Kerk and Ms Quek attended the meeting on behalf of Sante. Mr Seow and Ms Wong gave a sales presentation in relation to Babor products which was well received by the representatives from Sante.¹³ Sante then placed an order for \$8,278.41 of Babor products. This order, was described as an order for cabin size Babor products.¹⁴ Pursuant to the order, Sante paid a \$5,000 deposit.

16 Between 26 August 2016 and 5 September 2016, Sante made further orders for Babor products, some of which were retail size and some of which were cabin size.¹⁵ The total price for all the Babor products that were purchased by Sante, including the initial order, came up to \$26,187.23.

17 The purchase of the Babor products was a precursor to a long term business relationship which His Bounty and Sante had hoped to formalise. Hence, there were negotiations between the parties on the signing of one or several BPAs.¹⁶

¹² 1 BA 3.

¹³ 1 BA 4.

¹⁴ 2 AB 276.

¹⁵ 3 BA(2) 4 and 75–89.

¹⁶ 1 BA 6.

18 Unfortunately, the negotiations hit a snag. Sante had concerns regarding the terms of the BPA and wished to negotiate the BPA before executing it. Sante therefore countermanded one of its cheques that went towards payment of the \$26,187.23 owed to His Bounty, pending the successful negotiation of the terms of the BPA.¹⁷ His Bounty discovered that the cheque was countermanded on 9 September 2016. It was unhappy with Sante’s conduct. Ms Wong and Mr Seow hence entered the Bukit Batok office on 13 September 2016 to demand payment or alternatively retrieve the Babor products that had been delivered.¹⁸ Ms Quek called the police to the scene. The representatives from His Bounty did not succeed in their efforts to retrieve the Babor products. As a result of this incident, the relationship between the parties rapidly deteriorated and no BPAs were signed.

19 The outstanding sums for the purchase of the \$26,187.23 worth of Babor products was eventually paid up on 13 October 2016.¹⁹

20 Sometime around late September 2016, while the dispute over the purchase of the Babor products was ongoing, Ms Wong received word that Sante was printing and distributing business brochures, pamphlets, posters, name cards and other materials (which will be referred to collectively as the “Allegedly Infringing Articles”) which contained Dr Babor’s intellectual property to promote its business at the Clementi and Holland Drive outlets.²⁰ As a result, His Bounty engaged CDIC Consultants LLP (“CDIC”) to conduct an investigation on the matter. An investigation report (“Investigation Report”) was completed on 9 October 2016.²¹ The Investigation Report alleged that

¹⁷ 1 BA 7.

¹⁸ 2 BA 12–13.

¹⁹ 1 BA 198.

²⁰ 2 BA 14.

intellectual property infringement had occurred at the Clementi and Holland Drive outlets.

21 Soon after receiving the report, Ms Wong contacted Dr Babor’s Asia Pacific Area Manager, Madeleine Genzsch (“Ms Genzsch”), to discuss the findings of the report. Ms Wong also requested a letter of authority (“Letter of Authority”) purporting to authorise His Bounty “to pursue any unauthorised use of Dr Babor’s Intellectual Property Rights in Singapore”. Prior to this, His Bounty was already in possession of a Letter of Authority, which was valid up till 31 December 2019.²² However, Ms Wong wanted to have a fresh copy of the Letter of Authority.²³

22 Ms Wong met Ms Genzsch in Taiwan on 10 and 11 November 2016. Ms Genzsch passed a fresh copy of the Letter of Authority to Ms Wong in person.²⁴ After returning to Singapore on 12 November 2016, Ms Wong passed the Letter of Authority to His Bounty’s solicitors.

23 On 14 November 2016, His Bounty’s solicitors wrote a letter of demand to Sante (“Letter of Demand”) alleging trade mark infringement and passing off in relation to the Allegedly Infringing Articles.²⁵ The Investigation Report was enclosed with the Letter of Demand.

24 Between 23 November 2016 to 16 December 2016, representatives from Sante, His Bounty and Dr Babor engaged in email correspondence relating to the Letter of Demand. In a particular email sent on 16 December 2016 at

²¹ 2 BA 200.

²² Exhibit P1.

²³ NE Day 1, 182–183.

²⁴ NE Day 1, 183.

²⁵ 2 AB 380.

10.40pm (“16 December email”), Ms Genzsch appeared to express appreciation for Sante’s promotional efforts.²⁶

25 On 21 December 2016, the writ of summons and statement of claim in respect of trade mark infringement and passing off was filed.²⁷ Dr Babor was named as the 1st plaintiff and His Bounty as the 2nd plaintiff.

26 On 20 January 2017, Sante filed the defence, as well as the counterclaim in groundless threat against His Bounty.²⁸ The contents of the Letter of Demand formed the primary basis for Sante’s allegation of groundless threat.²⁹

27 On 11 March, Dr Babor and His Bounty withdrew the trade mark infringement and passing off claim, and Dr Babor ceased to be a party to the suit. However, Sante refused to withdraw the counterclaim. As a result of these events, the trial proceeded only on the basis of resolving the counterclaim in groundless threat. The parties dispute the reasons for the withdrawal of the infringement and passing off claim, as well as the reasons for refusing to withdraw the counterclaim. However, these disputes are immaterial to the resolution of this suit.

28 Having set out the background, I now turn to consider the elements of groundless threat.

The elements of groundless threat of trade mark infringement proceedings

²⁶ 2 AB 400.

²⁷ Setting Down Bundle (“SBD”) 1–11.

²⁸ SBD 30–37.

²⁹ SBD 34–36.

29 Sante’s claim for groundless threat is founded on s 35 of the Trade Marks Act (Cap 332, 2005 Rev Ed) (“TMA”). The relevant portions of s 35 of the TMA are as follows:

35.—(1) Where a person threatens another with proceedings for infringement of a registered trade mark other than —

(a) the application of the mark to goods or to material used or intended to be used for labelling or packaging of goods;

(b) the importation of goods to which, or to the packaging of which, the mark has been applied; or

(c) the supply of services under the mark,

any aggrieved person may bring proceedings for relief under this section.

(2) The relief which may be applied for is any of the following:

(a) a declaration that the threats are unjustifiable;

(b) an injunction against the continuance of the threats;

(c) damages in respect of any loss he has sustained by the threats.

(3) The plaintiff is entitled to the relief referred to in subsection (2) unless the defendant shows that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned.

30 From the wording of the statute, the plaintiff of a groundless threat claim must prove that:

(a) The defendant made a threat to sue for trade mark infringement;

(b) The threat did not relate to acts of infringement that fall within s 35(1)(a)–(c) of the TMA; and

(c) The plaintiff must be an aggrieved person within meaning of s 35(1) of the TMA.

31 Once these three elements are proven, the plaintiff is entitled to apply for relief unless the defendant is able to demonstrate that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned. The parties dispute whether s 35(3) of the TMA can even be invoked in the present case and I will address this dispute in due course.

32 The Court of Appeal in the recent decision of *Lee Tat Cheng v Maka GPS Technologies Pte Ltd* [2018] 1 SLR 856 (“*Lee Tat Cheng*”) at [104]–[109] confirmed that in the context of groundless threat proceedings relating to patent infringement, the Court retains the discretion to determine whether or not to grant relief and if so, what sort of relief should be granted. The plaintiff would not be “aggrieved” if the plaintiff is unable to demonstrate that: (a) the plaintiff has suffered any loss as a result of the defendant’s threats; or (b) it is appropriate for the court to intervene by granting a declaration (to the effect that the threats are unjustified) or an injunction (to restrain the defendant from continuing the threats), even if the defendant’s threat were found to be groundless.

33 Section 77 of the Patents Act (Cap 221, 2005 Rev Ed), which lays down the applicable test for groundless threat in the patent context, is structured and worded similarly to s 35 of the TMA. Moreover, the policy tensions underlying all groundless threat provisions are similar (see *Lee Tat Cheng* at [104]). Therefore, I am of the view that a similar discretion exists under s 35 of the TMA.

34 In the course of the judgment, I will make reference to cases from the UK. This is because many provisions of the TMA are largely modelled on the Trade Marks Act 1994 (UK) (“UK TMA”) (See Tan Tee Jim, *Law of Trade Marks and Passing Off in Singapore* (Sweet & Maxwell, 3rd Ed, 2014) (“Tan,

Law of Trade Marks”) at paras 1.035 and 1.039). These cases are especially useful in the context of the present proceedings as there is a paucity of local cases on several issues before the court.

35 I will refer to threats that fall outside the ambit of s 35(1)(a)–(c) of the TMA as “actionable threats”. I will use the expression “justified” or “justification” to refer to a situation where s 35(3) of the TMA applies.

Issues to be determined

36 The parties do not dispute that Sante is an “aggrieved person” in the narrow sense that Sante was the recipient of the correspondence that contained the alleged threat. However, there is dispute as to whether Sante is an “aggrieved person” in the wider sense pertaining to whether the circumstances are appropriate for this court to grant relief, even if the rest of the elements of groundless threat are satisfied. All the other elements of groundless threat, as well as the justification defence under s 35(3) of the TMA are also in dispute.

37 Therefore, there are four main issues to be determined:

- (a) Whether His Bounty had threatened to sue Sante for trade mark infringement and the precise scope of the threat.
- (b) Whether the threat was an actionable threat.
- (c) Whether the threat was justified.
- (d) Whether the circumstances are such that it would be appropriate to grant relief to Sante.

38 I will address each issue in turn.

Issue 1: Whether His Bounty had threatened to sue Sante for trade mark infringement and the precise scope of the threat

39 Both parties broadly agree on the proper perspective to take in determining the scope of an alleged threat. They submit that the allegedly threatening correspondence must be construed in accordance with the perspective of a reasonable person in the shoes of the recipient, with knowledge of all the relevant circumstances as at the date of the correspondence. I agree that this is a sensible and appropriate perspective to adopt for the purposes of this issue.

40 There is no dispute that a reasonable person would understand that His Bounty had threatened Sante with infringement proceedings in the Letter of Demand sent on 14 November 2016. However, the parties diverge on the precise scope of the threat.

41 Sante suggests that the Investigation Report that was enclosed with the Letter of Demand would have a strong influence on the scope of the threat. Relying primarily on statements found in the Investigation Report, Sante claims that the threat involved His Bounty asserting trade mark rights in:³⁰

- (a) The BABOR word mark;
- (b) A BABOR logo (“BABOR logo mark”);
- (c) Landscape pictures of Caucasian ladies; and
- (d) A 1956 sign.

42 Save for the BABOR word mark, none of the signs listed above were registered trade marks at the time of the threat.

³⁰ Closing Submissions of Plaintiff in Counterclaim (“PCS”) para 68.

43 His Bounty argues that a proper reading of the Letter of Demand would lead a reasonable person to conclude that the threat was confined to the use of the BABOR word mark. The significance in the divergence between the two parties is clear: it would be difficult for His Bounty to justify the threat, if the threat involved trade marks that were not registered.

44 After carefully examining the Letter of Demand and the relevant surrounding documents, I find that a reasonable person in the shoes of the recipient would understand that the threat of infringement proceedings was confined to the use of the registered BABOR word mark in the Allegedly Infringing Articles, at the Clementi and Holland Drive outlets. The threat did not extend to the use of the other unregistered marks/signs.

45 The salient paragraphs in the Letter of Demand state:³¹

3. **Dr. Babor GmbH & Co. KG**, a company incorporated in Germany, is the lawful owner and exclusive proprietor of the trade mark **Babor** registered in Singapore and many other countries. ...

...

5. It has come to our client's attention recently that you have caused to be printed and produced in your business brochures, pamphlets, posters, name cards, signage and others (hereinafter collectively called "the infringing articles") the trademark **Babor** without our client's sanction or authority in your outlets at Block 446 Clementi Avenue 3 #01-193 Singapore and Block 43 Holland Drive #01-41 Singapore. We enclose herewith a copy of the Investigation Report undertaken on our client's behalf.

6. It is patently clear from the aforesaid report that you have infringed the **Babor** trade mark and our client is entitled to commence legal proceedings against you and look towards you for damages arising from your aforesaid infringing acts and/or passing off.

[emphasis in original]

³¹ 2 AB 380–381.

46 As can be seen above, the plain wording of the Letter of Demand only identifies the BABOR word mark and no other trade mark as the subject of threatened infringement proceedings.

47 Sante submits that the Letter of Demand and Investigation Report should be read together. I do not doubt that all contemporaneous correspondence should be look at as a whole (see *Patrick John Brain v Ingledew Brown Bennison and Garrett (A Firm) and another (No. 3)* [1997] FSR 511 at 521). However, this principle alone is insufficient to support Sante’s argument.

48 The Investigation Report alleges other instances of infringement beyond the BABOR word mark. For example, the Investigation Report erroneously states that Dr Babor owns the trade mark to the BABOR logo mark and that this trade mark was infringed by the use of the mark on a poster.³²

49 Despite these allegations, the sole reference to the Investigation Report in the Letter of Demand merely states, “We enclose herewith a copy of the Investigation Report undertaken on our client’s behalf.”³³ Reading both documents together, the Investigation Report appears to be a supporting document meant to provide evidence to support His Bounty’s allegation in the Letter of Demand that there was infringement of the BABOR word mark.

50 Furthermore, I am of the view that a reasonable person in the shoes of the recipient would be cognisant of the different authors behind the two documents and construe the documents accordingly. The Letter of Demand was written by His Bounty’s lawyers and would be understood as the document that would contain any threat of legal proceedings. On the other hand, the

³² 2 AB 385 and 388.

³³ 2 AB 381.

Investigation Report was prepared by investigators, whose primary role is the collection of factual evidence, as opposed to dealing with the intricacies of litigation. This role is alluded to on the cover page of the Investigation Report, where CDIC is described as “Your Preferred Partner In *Fact-Finding*” [emphasis added]. A reasonable person would first look to the Letter of Demand to identify any possible legal threat and would be guided on the scope of the threat by the wording of the Letter of Demand.

51 Therefore, in light of the clear words of the Letter of Demand, as well as the authorship of the different documents, I find that a reasonable person would not view the Investigation Report as anything other than a document containing evidence to support the threat of infringement made in the Letter of Demand. The threat was limited to the use of the BABOR word mark in the Allegedly Infringing Articles, at the Clementi and Holland Drive outlets.

52 Quite apart from the scope of the threat, Sante also claims that the Letter of Demand gave the impression that His Bounty was itself entitled to sue Sante for trade mark infringement.³⁴ I agree that a reasonable person would come to this conclusion. This is based primarily on the wording of the Letter of Demand, which expressly states, “our client is entitled to commence legal proceedings against you”.³⁵ However, this has no adverse effect on His Bounty’s case, for reasons I will explain when discussing issue 3. I now turn to consider whether the threat is actionable.

Issue 2: Whether the threat was an actionable threat

53 Sante submits that the threat was an actionable threat. It highlights that

³⁴ PCS paras 78 – 83.

³⁵ 2 AB 381.

the use of the BABOR word mark was for the purpose of advertising services, and cites the UK case of *Best Buy Co Inc v Worldwide Sales Corp Espana SL* [2011] FSR 30 (“*Best Buy Co*”) to suggest that the advertising of services does not fall within the 35(1)(a)–(c) of the TMA.³⁶

54 His Bounty argues that the use of the BABOR word mark in the Allegedly Infringing Articles falls within s 35(1)(c) of the TMA, namely, the supply of services under the mark. On this basis the threat was not actionable.

55 I agree with Sante that the acts do not fall within s 35(1)(c) of the TMA.

56 In *Best Buy Co*, one of the issues before the English Court of Appeal was whether s 21(1)(c) of the UK TMA applied to a situation where a trade mark was being used for the purposes of advertising services. On this point the court held at [34]:

34. ...As a matter of ordinary language, use of the mark for advertising services which are available is not “the supply of services under the mark”, as no services are thereby being supplied. Further, section 10(4) distinguishes between a person who “offers or supplies services under the sign” and a person who “uses the sign on business papers or in advertising.” It therefore appears to me almost fanciful to think that, when the drafter of the 1994 Act, eleven sections later, simply referred to “the supply of services under the mark”, it was intended to extend to advertising.”

57 The wording of s 21(1)(c) of the UK TMA at the time of the decision in *Best Buy Co* was identical to that of s 35(1)(c) of the TMA. I recognise that s 21 of the UK TMA has since been amended, however, the amendments are immaterial to the present proceedings. I find that the observations in *Best Buy Co* are applicable to our context. In particular, under s 27(4) of the TMA, a similar distinction is drawn between a person who “offers or supplies services

³⁶ PCS paras 45–47 and 59–61.

under the sign” and a person who “uses the sign in advertising”. Therefore, I accept the proposition put forward by Sante and hold that the advertising of services using the mark does not fall within s 35(1)(c) of the TMA. The question then turns to the nature of the acts that were threatened with infringement proceedings.

58 The alleged infringement, according to the Letter of Demand, involved Sante “caus[ing] to be printed and produced in [Sante’s] business brochures, pamphlets, posters, name cards, signage and others...the trademark **Babor** without [His Bounty’s] sanction or authority” [emphasis in original].³⁷

59 The wording of the threat strongly suggests that the alleged acts of infringement extends beyond the ambit of the supply of services under the mark. To place the BABOR word mark on promotional material such as pamphlets, posters and brochures strongly indicates the mark was used for advertising and this was not a case of merely supplying services under the mark.

60 Moreover, insofar as services were supplied under a mark, the services supplied by Sante were not supplied under the BABOR word mark but rather under its own Sante name and logo. I give two examples taken from the Investigation Report to illustrate this point:

- (a) An allegedly infringing business card had the Sante logo and business name displayed on the top of the card, followed by the heading “PRODUCTS”. The BABOR word mark was placed under this heading.³⁸

³⁷ 2 AB 381.

³⁸ 2 BA 216.

(b) An allegedly infringing Sante flyer had the Sante logo placed on the top left corner. The BABOR word mark was placed next to various salon treatments, including one that was described as “Dr Babor Ultimate Lifting Anti Aging Facial”.³⁹

61 This is not a situation where the BABOR word mark had replaced the Sante logo or had been placed in a manner which would have given the impression that services were being offered under Dr Babor’s brand. Rather, the use of the BABOR word mark was to indicate that Dr Babor’s products were used in the provision of Sante’s salon services. In relation to this point, I have appended pictures of the Sante flyer and business card for reference under Annex 1.

62 Therefore, the allegedly infringing acts cannot be characterised as “the supply of services under the mark” and s 35(1)(c) of the TMA is not applicable to the present case. As such, Sante succeeds in proving that the threat is actionable. I now turn to address the question of whether His Bounty can justify the threat.

Issue 3: Whether the threat was justified

Sante’s preliminary objections

63 As alluded to above, the parties dispute the applicability of s 35(3) of the TMA. To understand their dispute, some background is necessary.

64 The vast majority of groundless threat claims arise in the context of intellectual property infringement claims, with the groundless threat action arising as a counterclaim. While this case initially proceeded on this orthodox

³⁹ 2 BA 213.

trajectory, subsequent events have put the court in the unusual position of deciding on a groundless threat claim without corresponding infringement proceedings (see [27] above). This has particular significance when considering s 35(3) of the TMA, as the question of justification is usually resolved concurrently in light of the decision on the trade mark infringement issue (See for example *Allergan, Inc and another v Ferlandz Nutra Pte Ltd* [2016] 4 SLR 919 at [165]).

65 Sante has seized on this unusual state of affairs to make two preliminary objections pertaining to the applicability of s 35(3) of the TMA in the present case:

(a) First,⁴⁰ Sante submits that as a matter of law, it would be inappropriate to apply the justification defence in a situation where there are no actual infringement proceedings. Sante highlights that no case has invoked s 35(3) of the TMA in the absence of actual infringement proceedings. They argue that to dismiss the claim on the ground of justification without an actual infringement suit commenced by the registered trade mark proprietor would open the flood gates to threats by parties who do not have the standing to bring infringement suits.

(b) Second,⁴¹ and closely related to the first, Sante submits that His Bounty's threat suggests that His Bounty was entitled to commence infringement proceedings in its own name. I earlier agreed with this construction (see above at [52]). As a corollary to this construction, they argue that because His Bounty, as a non-exclusive licensee, did not have *locus standi* to bring infringement proceedings for the BABOR word

⁴⁰ PCS paras 84–89.

⁴¹ PCS paras 78–83.

mark without joining the registered trade mark proprietor, the threat cannot be justified in the circumstances.

66 In my view, these preliminary objections do not disentitle His Bounty from relying on s 35(3) of the TMA, and I will deal with each objection in turn.

67 Turning to the first objection. I find that this argument has no legal basis and is unsupported by the wording of the s 35 of the TMA. While it is true that no cases have invoked s 35(3) without corresponding trade mark infringement proceedings, it may simply be a reflection of the unusual procedural history of the present proceedings. Significantly, no cases have ruled out the possibility that s 35(3) can be invoked even without infringement proceedings. This is unsurprising given the wording of s 35(3) of the TMA.

68 Section 35(3) of the TMA reads:

(3) The plaintiff is entitled to the relief referred to in subsection (2) unless the defendant shows that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned.

69 The phrase “shows that the acts...constitute ... an infringement” does not indicate that an actual trade mark infringement suit has to be commenced in order to satisfy this provision. The provision merely suggests that the defendant must prove that the relevant acts must amount to infringement.

70 At this juncture it will be helpful to set out certain portions of s 26 and s 27 of the TMA:

Rights conferred by registered trade mark

26.—(1) The proprietor of a registered trade mark has exclusive rights —

(a) to use the trade mark; and

(b) to authorise other persons to use the trade mark,

In relation to the goods or services for which the trade mark is registered.

(2) The proprietor has the right to obtain relief under this Act for infringement of his trade mark.

(3) The acts amounting to infringement of a registered trade mark are set out in section 27, and references in this Act to the infringement of a registered trade mark shall be construed accordingly. ...

...

Acts amounting to infringement of registered trade mark

27. —(1) 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 which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered. ...

71 As can be seen from the wording of s 26(3) of the TMA, the question of infringement is to be decided with reference to s 27 of the TMA. Therefore, all the defendant in a groundless threat suit has to do in order to invoke s 35(3) of the TMA is to satisfy s 27 of the TMA. There is no additional requirement that an actual claim of trade mark infringement be brought before the court.

72 This brings me to the second objection raised by Sante. For reasons similar to the first objection, the question of whether the defendant has *locus standi* to bring actual infringement proceedings is irrelevant to the consideration of whether the relevant acts amount to infringement. Whether an act constitutes infringement is considered in s 27 of the TMA. In contrast, the procedural limitations on the right to bring an infringement claim is located in s 26(2) of the TMA.

73 I will make a final observation relating to Sante’s argument on the possibility of a flood of groundless threats. In my view, this danger is more imagined than real. Even if a defendant succeeds in defending a groundless threat suit, the only benefit to such a defendant is that the possibility of paying damages to the plaintiff is avoided. In order to gain substantial damages in respect of any act of infringement, the maker of the threat must first commence infringement proceedings. As such, it is unlikely that allowing s 35(3) of the TMA to be invoked by parties without standing to bring an actual infringement claim will result in a flood of threats from a multitude of uninterested parties. In practice, parties are only likely to incur cost and expense to make such threats if they are connected to the trade mark in significant ways. This case is one example. While His Bounty is not the registered proprietor of the BABOR word mark, His Bounty is the sole distributor of Dr Babor products in Singapore. Furthermore, Dr Babor, the registered proprietor of the BABOR word mark, has in fact purported to authorise His Bounty to “pursue any unauthorised use” of their intellectual property through a Letter of Authorisation.⁴²

74 For the reasons mentioned above, Sante’s preliminary objections fail and I move to consider whether there has been infringement of the BABOR word mark.

Infringement of the BABOR word mark

75 Based on the scope of the threat identified above (see [51]), the question before the court is whether use of the BABOR word mark in the Allegedly Infringing Articles, at Sante’s Clementi and Holland Drive outlets constitutes an infringement of the BABOR word mark.

⁴² Exhibit P1.

76 His Bounty's case appears to be that there was infringement of the BABOR word mark as Sante's use of the mark falls within s 27(1) of the TMA, or alternatively, s 27(2) of the TMA.

77 The relevant portions of s 27 of the TMA are as follows:

Acts amounting to infringement of registered trade mark

27.—(1) A person infringes a registered trade if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

(2) 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) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered; or
- (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.

...

(4) For the purposes of this section and sections 28,29 and 31, a person uses a sign if, in particular, he —

- (a) applies it to goods or the packaging thereof;
- (b) offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers or supplies services under the sign;
- (c) imports or exports goods under the sign;
- (d) uses the sign on an invoice, wine list, catalogue, business letter, business paper, price list or other commercial document, including any such document in any medium; or
- (e) uses the sign in advertising.

(5) Notwithstanding subsection (4), a person who —

- (a) applies a sign to any material used or intended to be used for labelling or packaging goods; or
- (b) uses a sign on any document described in subsection (4)(d) or in advertising,

is deemed not to use the sign if, at the time of such application or use, he does not know nor has reason to believe that the proprietor or a licensee of the registered trade mark did not consent to such application or use of the sign.

78 Sante submits that it has not infringed the BABOR word mark. Its case is focused on two alternative grounds:

- (a) There was express or implied consent to use the BABOR word mark.⁴³
- (b) The principle of international exhaustion of rights pursuant to s 29(1) of the TMA applies in the present case.⁴⁴

79 Aside from the two grounds set out in the previous paragraph, as well as the preliminary objection raised above (see [65] above), the parties do not dispute the rest of the elements of trade mark infringement. I also note that based on the evidence adduced by His Bounty, in particular the pictures and descriptions in the Investigation Report, it appears that the BABOR word mark was “used” within meaning of s 27(4) of the TMA by Sante in the Allegedly Infringing Articles.

80 Hence, the analysis will proceed on the basis that the issue of infringement turns on two questions. First, whether there was consent and

⁴³ PCS paras 13–14.

⁴⁴ PCS paras 17–19.

second, whether the principle of international exhaustion of rights applies. I will first address the issue on consent.

Whether there was express or implied consent for the use of the BABOR word mark

81 Sante argues that it was granted express or implied consent for two reasons:

- (a) There was no agreement between the parties that the \$26,187.23 worth of Babor products supplied by HIS Bounty to Sante was only to be used at Sante’s Dawson outlet.⁴⁵
- (b) Dr Babor had indicated that it approved of Sante’s promotional activities in the 16 December email.⁴⁶

82 His Bounty submits that there was no consent because:

- (a) There was an agreement, as evidenced by the correspondence between the parties, that the sale of the Dr Babor products was on an individual outlet basis and was specifically restricted to the Dawson outlet. This indicates that consent was not granted to use the BABOR word mark in any location other than the Dawson outlet.⁴⁷
- (b) This agreement is confirmed by the fact that the BPA was drafted on an individual outlet basis.⁴⁸

⁴⁵ PCS paras 20–37.

⁴⁶ PCS para 85; 2 AB 400.

⁴⁷ Defence Closing Submissions (“DCS”) paras 28–48.

⁴⁸ DCS paras 49–57.

(c) The 16 December email is insufficient to support a finding of consent in light of the context surrounding the email. In addition, the email was sent after the acts of the infringement had already taken place.⁴⁹

83 In my view, there was no express or implied consent granted to Sante. I will explain my reasons below.

(1) Clarifications on authority and the date of the alleged infringement

84 To resolve the issue of consent, it is necessary to first establish which party had the authority to grant consent and when the alleged infringement started. According to the Investigation Report, examples of the Allegedly Infringing Articles were retrieved on 2nd and 3rd October 2016. The threat in the Letter of Demand was founded on the basis of the Allegedly Infringing Articles. Therefore, it is clear that the alleged infringement started sometime around early October 2016 at the latest.

85 On consent, s 26(1) of the TMA states that the proprietor of a registered trade mark has the exclusive rights to use the trade mark and also to authorise other persons to use the trade mark. Dr Babor accordingly had the authority to grant consent for the use of the BABOR word mark. Both parties' submissions appear to be premised on the assumption that His Bounty also had similar authority, so long as it did not conflict with any position taken by Dr Babor. While the basis of this assumption is not expressly stated, I note that the Letter of Authority granted by Dr Babor states:⁵⁰

As the owner of the Babor Intellectual Property Rights, only Dr. Babor GmbH & Co. KG and their appointed contracted partners

⁴⁹ DCS paras 95–100.

⁵⁰ Exhibit P1.

have the right to sell Babor products, use the Babor logo and the Babor images.

Any use of the Babor Intellectual Property Rights by a third party without the written approval of Dr. Babor GmbH & Co. KG, its partners and sole distributors, infringes the business interests of our company and those of our partners.

Dr. Babor GmbH & Co. KG therefore authorises its sole distributor in Singapore, HIS BOUNTY ASSOCIATES Pte Ltd, to pursue any unauthorised use of our Intellectual Property Rights in Singapore and to seek monetary compensation and others from the parties which infringe our rights.

This letter is valid until 31st December 2019.

86 This letter appears to suggest that both the written approval of His Bounty *and* Dr Babor is needed to grant consent for the use of the BABOR word mark. The letter also appears to authorise His Bounty to pursue any unauthorised use of Dr Babor's intellectual property rights, without any intervention required from Dr Babor. While the letter could have been more explicit, in light of the lack of dispute on this point, I find that this letter conferred upon His Bounty the right to grant or withhold consent for the use of the BABOR word mark in Singapore, so long as it was not inconsistent with any direction given by Dr Babor.

87 Hence, the focus of the inquiry is on whether Sante had explicit or implicit consent from either Dr Babor or His Bounty around early October 2016, when the alleged acts of infringement started.

(2) The distinction between consent under s 27 of the TMA and contractual agreement

88 In order to resolve this inquiry, the parties argued at length on whether or not there was an agreement between His Bounty and Sante to confine the use of the Babor products to the Dawson outlet and by extension whether the use of

the BABOR word mark was similarly confined. Sante's submissions presume that a lack of agreement suggests implicit consent.

89 In my view, this narrow focus on contractual agreement in the sense of *consensus ad idem* is misplaced in the context of the inquiry on consent for the purposes of s 27 of the TMA. The right to grant consent for the use of the BABOR word mark is based on Dr Babor's rights as a registered trade mark proprietor and the authority delegated to His Bounty. This right does not hinge on any contractual arrangement between Sante and His Bounty. Therefore, a lack of agreement between the Sante and His Bounty as to any precise terms which govern the use of the BABOR word mark does not necessarily mean that His Bounty cannot subsequently withhold consent to use the BABOR word mark.

90 I find that this is precisely what had occurred in the present case. There was no agreement between Sante and His Bounty as to any terms that would govern the use of the Dr Babor Products or the BABOR word mark. However, the subsequent correspondence between the parties clearly demonstrates that His Bounty, with the authority granted by Dr Babor, was withholding consent for the use of the BABOR word mark other than in relation to the Dawson outlet. I will evaluate the evidence chronologically to explain how I came to this conclusion.

(3) The initial meeting and subsequent emails

91 As highlighted (see [15] above), the initial meeting between representatives of His Bounty and Sante took place on 24 August 2016.⁵¹ Both parties approached the meeting as a preliminary discussion with a view towards

⁵¹ 1 BA 3.

establishing a more permanent long-term relationship.⁵² A deposit of \$5,000 was placed by Sante for Dr Babor products, but there was no contemporaneous written record of the meeting. Ms Quek gave evidence that during the meeting, the parties did not discuss any specific limitations on the use of the Dr Babor products, instead, all that was agreed was that His Bounty would sell Babor products to Sante and also produce some promotional visuals for Sante's use.⁵³ The evidence of Ms Wong confirms that during this first meeting, the representatives from His Bounty did not disclose that their usual practice was to contract with clients on an individual outlet basis.⁵⁴ According to Ms Wong, they did not disclose this fact in order to be reactive to "changing circumstances".⁵⁵ I take this to mean that His Bounty wanted to be flexible in light of the preliminary nature of the meeting.

92 By 26 August 2016, based on the email correspondence on that date, the parties had a firm agreement on the price of the Dr Babor products, although there was evidence that Sante wanted to increase the quantity of goods to be purchased.⁵⁶ A set of Dawson outlet promotional visual mock-ups were finalised and these promotional materials were slated for installation by 29 August 2016.⁵⁷ Additionally, there was some suggestion that mock-ups were being generated for the Choa Chu Kang outlet. Significantly, His Bounty drew a distinction between the "CCK ave 6 visuals", *ie*, visuals for the Choa Chu Kang outlet, and the "babor decal for your Dawson Salon".⁵⁸ This was the earliest

⁵² 1BA 3–4; 2 BA 10.

⁵³ NE Day 1, 128–129.

⁵⁴ NE Day 2, 108–109.

⁵⁵ NE Day 2, 107.

⁵⁶ 2 AB 276.

⁵⁷ 2 AB 274 and 277.

⁵⁸ 2 AB 274.

piece of objective evidence that His Bounty had given some indication, however subtly, to Sante that it were expected to use and promote Dr Babor products on an individual outlet basis. I also note that in the mock-up of the Dawson promotional visuals sent to Sante, one of the visuals was labelled “STRICTLY FOR DAWSON OUTLET ONLY”.⁵⁹ This was further indication of His Bounty’s position with respect to the usage of promotional materials relating to Dr Babor products.

93 The next significant email was sent by Mr Seow to Ms Quek on 29 August 2016.⁶⁰ There, His Bounty stated that “the working contract will be based on per outlet”. Furthermore, there was also a discussion on the “mock-up for [His Bounty’s] Keat Hong branch”. These statements reinforced the impression that His Bounty intended for the promotional materials to be strictly segregated between outlets.

94 At this juncture I pause to summarize the state of affairs between the parties. Sante and His Bounty had initially met to discuss a permanent business relationship. Based on the emails of 26 August 2016 and the evidence given by the parties at trial, I find that the preliminary discussion yielded an agreement to purchase Dr Babor products, and for the installation of Dr Babor promotional decals at the Dawson outlet. For strategic reasons, both parties did not expressly discuss the issue of whether the goods were limited to use and promotion at the Dawson outlet, although it was clear that the Dawson outlet would be the first outlet to use and promote Dr Babor products. However, by 29 August 2016, it was made increasingly clear to Sante that His Bounty was only allowing the use and promotion of Dr Babor products on an individual outlet basis.

⁵⁹ 2 AB 280.

⁶⁰ 2 AB 281.

(4) The events of 30 August 2016

95 His Bounty sent an email to Sante on 30 August 2016 at 11.34am. The relevant parts of the email are as follows:⁶¹

In reply to your request for the soft copy of the contract, please find the PDF file for the contract. ...

...

For both Dawson & Keat Hong branches, it will be 2 separate contracts...

...

I have further re attached the letter from our principal, Dr. Babor GmbH & Co, Aachen Germany, whom has clearly stated that we are their sole distributor in Singapore in their letter pertaining to “Babor Intellectual Property Rights- Trade Marks”.

...

As for the progress in the pipeline, we have already completed the Dawson decal installation, products delivered to you and training in progress. The mock up for Keat Hong has also been finalized and we are now awaiting from your side to sign the contract/or any amendments to be discussed (Dawson & Keat Hong), payment for the 50% and the issue of the post dated cheques from your side.

Please be informed that I will not be able to proceed with the window installation of Keat Hong, *if the contract is not signed as per our company policies.*

[Emphasis added]

96 The email is significant in various ways. His Bounty clarified that they were operating on an individual outlet basis. His Bounty refused to deliver the promotional materials for the Keat Hong branch without the signing of “the contract”, referring to an outlet specific BPA. A copy of the Letter of Authorisation (as set out at [85] above) was also attached.

97 The email also contained a copy of the BPA. While the parties never signed or agreed to the terms of the BPA, this document, originating from His

⁶¹ 2 AB 286.

Bounty, was important to Sante in indicating the expectations of His Bounty pertaining to the use and promotion of Babor products. The opening line of the BPA states:⁶²

THIS BUSINESS PURCHASE AGREEMENT

TO SELL AND MARKET ONLY BABOR skincare and cosmetics in the Dealer's registered business address and other outlets is...valid for **TWENTY-FOUR consecutive months** from the above date of signing

[Emphasis in original]

98 Sante submits that the term “other outlets” suggests that His Bounty was operating on the basis that Sante would be allowed to use and promote Dr Babor products in all their outlets.⁶³ However, a closer examination of the entire BPA supports the contrary position. On the same page as the opening line of the BPA, there are several sections that are clearly meant to be filled with details specific to individual deals made under the BPA. In particular, there is a section labelled “Registered Business Address” as well as a section labelled “For Outlet Address”. From an overall reading of the BPA, these two sections correspond to the phrases “registered business address” and “other outlets” as stated in the opening line. In the specific BPA sent to Sante, within the section “For Outlet Address”, the address of the Dawson outlet was filled in by His Bounty, but no other address was placed in that section. This supports His Bounty’s contention that the BPA was evidence of His Bounty’s intention to operate on an individual outlet basis.

99 In light of all the evidence, I find that by 30 August 2016, Sante was made aware of four points. First, pursuant to the Letter of Authority, His Bounty had authority to withhold consent for the use of the BABOR word mark.

⁶² 2 AB 288.

⁶³ PCS para 29.

Second, His Bounty's contracts were made on an individual outlet basis. Third, His Bounty had only provided promotional materials for the Dawson outlet. Fourth, His Bounty had expressly made clear that it was unwilling to allow use of promotional materials which contained the BABOR word mark in other outlets aside from the Dawson outlet, pending the signing of the relevant outlet specific BPAs. On this basis, I do not think that Sante would have believed that it was granted implicit consent to use the BABOR word mark in other outlets when they were being expressly prevented from doing so. Therefore, I find that Sante did not have consent to use the BABOR word mark at the Clementi and Holland Drive branches at the material time around October 2016 and it was aware of the lack of consent. I now turn to address the significance of the 16 December email.

(5) The 16 December email

100 To reiterate, Sante argues that consent can be inferred from the 16 December email. This is because it states that Dr Babor "highly appreciate SANTEs activities in terms of promoting the brand".⁶⁴

101 I reject this argument. The letter must be read in the context of the rest of the email as well as the subsequent email correspondence between His Bounty and Dr Babor. The line that Sante relies on is preceded by a sentence that states "As explained earlier we are not in the position to interfere into the business with [His Bounty's] clients". The line that Sante relies on is also followed by the statement "We also asked [Ms Wong] to approach you directly in order to find a personally way to solve the ambiguities, so that legal actions are unnecessary." In a subsequent email, Ms Genzsch reiterated, "As mentioned earlier we are not in the position to make any decisions or interferences in this

⁶⁴ 2AB 400.

case because it is the territory of [His Bounty] with whom we established many years of trustful and honest cooperation.”⁶⁵

102 Seen in context, the email from Ms Genzsch did not purport to grant any consent at all. On the contrary, it appears that Dr Babor was content to let His Bounty make the final decision regarding the use of the BABOR word mark in Singapore. The 16 December email was only a means to encourage Sante to settle matters amicably, by highlighting the positives aspects of Sante’s behaviour.

103 Moreover, it must be highlighted that the 16 December email was sent two months after the acts of infringement and one month after the Letter of Demand was issued. On this basis alone the 16 December email is irrelevant for the purposes of demonstrating that Sante had been given consent at the material time.

104 Therefore, Sante did not have express or implied consent to use the BABOR word mark at the Holland or Clementi outlet around early October 2016. I now turn to the principle of international exhaustion of rights.

Whether the principle of international exhaustion of rights applies to excuse Sante’s alleged infringement

105 Sante argues that s 29(1) of the TMA applies to excuse Sante from any alleged infringement. This is because it had used the BABOR word mark in advertising services that used genuine Dr Babor products, and these products were put on the market with the consent of Dr Babor,⁶⁶

⁶⁵ 2AB 401.

⁶⁶ PCS paras 17–19 and 90–93.

106 Section 29(1) of the TMA encapsulates the principle of international exhaustion of rights. It reads:

Exhaustion of rights conferred by registered trade mark

29.—(1) Notwithstanding section 27, a registered trade mark is not infringed *by the use of the trade mark in relation to goods which have been put on the market*, whether in Singapore or outside Singapore, under that trade mark by the proprietor of the registered trade mark or with his express or implied consent (conditional or otherwise). [Emphasis added]

107 In my view, s 29 (1) of the TMA is not applicable for two reasons.

108 First, the wording of s 29(1) of the TMA and the legislative history behind the provision suggests that the present circumstances do not fall within s 29 of the TMA.

109 The operative words “use of the trade mark in relation to goods” are ambiguous as to whether this includes a situation where the trade mark is used to advertise that trade marked goods are used in the provision of services.

110 The legislative history and policy tensions behind the enactment of s 29 of the TMA was recently considered in the case of *Samsonite IP Holdings Sarl v An Sheng Trading Pte Ltd* [2017] 4 SLR 99 (“*Samsonite IP Holdings*”). It appears that s 29 of the TMA was enacted primarily to deal with the issue of parallel imports (see *Samsonite IP Holdings* at [55], [56] and [70]–[79]).

111 The court in *Samsonite IP Holdings* defined parallel imports at [1] as follows:

“[A] third party, without the consent of the proprietor of an intellectual property right, imports the proprietor’s goods that are legitimately produced in Country A into Country B, to be distributed and sold “in parallel to” and in competition with

identical goods sold through the proprietor's authorised distribution networks in Country B.”

112 As alluded to above (at [60]–[61]), the present circumstances do not involve a situation where the BABOR word mark is used to advertise that Sante is offering Babor products for sale. Instead, the BABOR word mark is used to indicate that Babor products will be used in the provision of Sante’s services. I recognise that a significant portion of the Babor products were retail size products, which indicates that at least some of the Babor products were destined for resale. However, given the nature of Sante’s business as a beauty salon, a general understanding of how beauty salons operate and the fact that a significant portion of the Babor products bought were cabin size products, I find that the primary role of the Allegedly Infringing Articles was to advertise Sante’s services and highlight that Babor products were used in these services. It is likely that any sale of retail size Babor products would be part of a situation where a customer would want to maintain or follow up on beauty treatment services received at a Sante outlet.

113 In light of the careful balance that the legislature has struck between the public interests in the free movement of goods and the private interests of proprietors of intellectual property rights (see *Samsonite IP Holdings* at [72]–[73]), I am of the view that s 29(1) of the TMA should not be expanded beyond the ambit of the use of the trade mark in relation to the sale of goods, into the realm of advertising for services.

114 Second, my conclusion is fortified by the fact that the use of trade marks to accurately indicate the trade origin of goods used in the provision of services may be adequately protected in another provision of the TMA. This provision is s 28(1)(c) of the TMA which reads:

Acts not amounting to infringement

28.—(1) Notwithstanding section 27, a person does not infringe a registered trade mark when —

...

(c) he uses the trade mark to indicate the intended purpose of goods (in particular as accessories or spare parts) or services,

and such use is in accordance with honest practices in industrial and commercial matters.

115 It seems that a plausible case may be made that the use of the BABOR word mark in this case indicates that genuine Babor products would be used for the purposes of Sante’s facial services. Unfortunately, s 28(1)(c) of the TMA was not raised by either of the parties in their submissions or their pleadings. Since this was not pleaded, neither party focused on this potential issue and no evidence was led during the trial on this aspect, I will leave this point aside, and only highlight that if Sante is to rely on this provision, they would have to prove that their use of the BABOR word mark constitutes “honest practices in industrial or commercial matters”.

116 Therefore, Sante’s argument on s 29(1) of the TMA fails. On this basis, His Bounty’s threat relating to the use of the BABOR word mark is justified.

Issue 4: Whether the circumstances are such that it would be appropriate to grant relief to Sante

117 Given that the threat is justified, it is unnecessary for me to consider the question of whether the circumstances are appropriate to grant relief to Sante.

Conclusion

118 In summary, I find that:

- (a) His Bounty had threatened to sue Sante in relation to the use of the BABOR word mark in the Allegedly Infringing Articles, at the Clementi and Holland Drive outlets;
- (b) The threat was actionable as it did not fall within s 35(1)(a)–(c) of the TMA;
- (c) However, the threat was justified pursuant to s 35(3) of the TMA.

119 Sante's claim in groundless threat accordingly fails. I will hear parties on costs within two weeks.

Chan Seng Onn
Judge

Lim Jun Hao Alvin and Lee Su Yee Catherine (Dentons Rodyk &
Davidson LLP) for the plaintiff in counterclaim;
Selvaraj Chidambaram (Apex Law LLC) instructed by Dhanwant
Singh (S K Kumar Law Practice LLP) for the defendant in
counterclaim


Annex 1

Sante flyer

All Hair Lengths
任何头发长度



**BEAUTY PROMOTION
(SOFT LAUNCH)**


Dermis Hydrating Milky Enzyme Facial
牛奶蛋白酶净肤护理
\$108
(Free 1 x Protein Hair Treatment worth \$68)

Dr Babor Ultimate Lifting Anti-Aging Facial
医学 BABOR 强效提拉抗老脸部护理
\$288
(Free 1 x Schwarzkopf Hair Treatment worth \$158)

Cut + Wash + Blow
剪 + 洗 + 吹
\$15

Colour + Cut + Wash + Blow
染 + 剪 + 洗 + 吹
\$68

Treatment + Cut + Wash + Blow
护理 + 剪 + 洗 + 吹
\$68

Colour + Treatment + Cut + Wash + Blow
染 + 护理 + 剪 + 洗 + 吹
\$98






446 Clementi Ave 3 #01-103 Singapore 120446
Tel: + 65 6250 8810

803 Keat Hong Close #01-03 Singapore 680803
Tel: + 65 6891 0337

810 Choa Chua Kang Ave 7 #01-04 Singapore 680810
Tel: + 65 6750 6221

43 Tel: + 65 6750 6221

T&C apply limited Period

Sante business card

