

Nike International Ltd v Campomar SL
[2006] SGCA 2

Case Number : CA 45/2005
Decision Date : 16 January 2006
Tribunal/Court : Court of Appeal
Coram : Chao Hick Tin JA; Andrew Phang Boon Leong J; Yong Pung How CJ
Counsel Name(s) : Harry Elias SC and Zee Yeng Yun (Harry Elias Partnership) for the appellant;
Patrick Yap and Prithipal Singh (K L Tan and Associates) for the respondent
Parties : Nike International Ltd — Campomar SL

Trade Marks and Trade Names – Revocation – Appeal against High Court decision not to revoke registration of trade mark on ground of non-use for period of five years immediately preceding date of application – Whether overwhelmingly convincing evidence of single transaction use of mark within five-year period adduced by proprietor of mark – Section 22(1)(a) Trade Marks Act (Cap 332, 1999 Rev Ed)

16 January 2006

Chao Hick Tin JA (delivering the judgment of the court):

1 This was an appeal by the appellant against the decision of the High Court (reported at [2005] 4 SLR 76) reversing the decision of the Principal Assistant Registrar of Trade Marks (“PAR”) which revoked a trade mark registered by the respondent on the ground that for the relevant period of five years there had been non-use of the mark by the respondent. We heard and allowed the appeal on 22 November 2005, thus upholding the decision of the PAR to have the trade mark revoked. We now give our reasons.

The background

2 The appellant, Nike International Ltd (“Nike International”), a US company, is a wholly-owned subsidiary of Nike Inc. Both these companies have, since 1972, been marketing and retailing shoes and apparel worldwide under the “NIKE” trade mark and brand name.

3 The respondent, Campomar Sociedad Limitada (“Campomar”), a Spanish company, applied to register the mark “NIKE” in class 3 of the International Classification of Goods in respect of “perfumery with essential oils”. The mark was duly registered on 30 December 1989 with the registration taking effect from 2 April 1986.

4 On 21 January 2002, Nike International filed an application to have the mark revoked under s 22(1) of the Trade Marks Act (Cap 332, 1999 Rev Ed) (“TMA”). In its statement of grounds, Nike International declared that it wished to have the registration of the mark made in favour of Campomar revoked because it wanted to register Singapore Trade Mark No T01/17954H NIKE in class 3 in respect of:

Bleaching preparations and other substances for laundry use; cleaning; polishing, scouring and abrasive preparations; soaps; perfumery; essential oils; cosmetics; hair lotions; dentifrices; colognes; toiletries; sunscreens; cosmetics; skincare products; deodorants and antiperspirants for personal use; shaving preparations.

5 By a counter-statement, Campomar disputed Nike International’s assertion that for the period of five years immediately preceding the application to revoke, the mark had not been made use of by

Campomar. To substantiate this assertion, its principal manager, Mr Antonio Ruiz Corrales ("Corrales"), filed three statutory declarations. In his first statutory declaration, Corrales exhibited sales invoices issued during the years 1996 to 2001 to demonstrate use of the mark. In his second statutory declaration, Corrales explained that the abbreviations "NM", "NW" and "NC", which appeared in an invoice of 12 July 2001 (which he later clarified should read 27 July 2001) and which was exhibited in his first statutory declaration, stood for "NIKE MAN", "NIKE WOMAN" and "NIKE" respectively. In his third statutory declaration, he exhibited a bill of lading showing that products bearing the NIKE mark had been shipped by De Ruy Perfumes SA to a Singapore company called Bhojwani's Pte Ltd ("Bhojwani's"), as well as a letter dated 11 December 2003 from one Silvia Martos of Geodis Teisa, a freight forwarder of De Ruy Perfumes SA.

6 On the other hand, Nike International filed four statutory declarations to substantiate its claim of non-use by Campomar. The first was a report by a private investigator, Mr Wilfred Anthony ("Anthony"), that his enquiries in November 2001 at ten major shopping centres in Singapore showed that no NIKE perfumes were sold at those centres. Anthony also made some discreet inquiries at Bhojwani's and was told by a female employee who claimed to be in charge of the office ("Kalai") that it did not sell any perfumes in Singapore but only in Indonesia. Kalai also informed Anthony that it did not deal in NIKE perfumes.

7 The second statutory declaration was made by the finance director of Nike Singapore (the exclusive licensee of Nike International in Singapore), Mr Hughes, where he referred to, *inter alia*, the reputation of the NIKE brand and a survey undertaken by a market researcher, AC Nielsen, in August 2001, which showed that at least 55% of the persons polled identified perfume bearing the NIKE mark as being associated with Nike International.

8 The third statutory declaration established that Galaxy Enterprises Pte Ltd, the last known distributor of NIKE perfumery products in Singapore, had ceased to sell such products by 5 November 1996.

9 The fourth statutory declaration sought to explain that in relation to the invoice of 27 July 2001, the shipping term "EXW", which stood for "Ex Works", meant that the goods were sold on the basis that the buyer would collect the same at the seller's premises.

10 At the hearing before the PAR, it appeared to be common ground that the evidence touching on the activities of Galaxy Enterprises Pte Ltd was irrelevant as it related to a period prior to the relevant five-year period under s 22(1)(a) of the TMA, *ie* 21 January 1997 to 21 January 2002. The central issue canvassed before the PAR was whether there was any genuine use of the mark during the five-year period. Relying on s 105 of the TMA, the PAR noted that the burden rested on the proprietor, in this case Campomar, to show what use had been made of the mark and, on the evidence, held that Campomar had failed to discharge the burden. Consequently, the PAR revoked the registration of the mark by Campomar. Campomar appealed to the High Court.

11 Before the appeal was heard in the High Court, Campomar obtained leave to file a further affidavit wherein a 2001 price list was exhibited. In this affidavit, Corrales, besides explaining why this list could not have been produced earlier, referred to the invoice of 12 July 2001 relating to a sale by De Ruy Perfumes SA to Bhojwani's and said:

7 On page 1 of the Bhojwani invoice under the caption "Free Goods", the following items correspond to and are found in the 2001 Price List:

(a) NW EdP N/S Merchandiser Tin 7.5 ml;

- (b) Nike Woman EdP N/S 7.5 ml.

8 On page 2 of the Bhojwani invoice under the caption "Products", the following items correspond to and are found in the 2001 Price List:

- (a) NC EdT N/S 100 ml;
- (b) NC EdT N/S 50 ml;
- (c) NW EdP N/S 100 ml;
- (d) NW EdP N/S 50 ml;
- (e) NW EdP N/S 25 ml;
- (f) NM EdT N/S 100 ml;
- (g) NM EdT N/S 50 ml;
- (h) NM EdT N/S 25 ml.

Corrales further clarified that the date on the 12 July 2001 invoice should read 27 July 2001.

12 The judge below was persuaded that the invoice "related to perfume products of De Ruy Perfumes SA and that the trade mark "NIKE" was used on the products, albeit with an additional description in some instances to identify the target gender group" (at [52]). He also accepted the claim that "De Ruy Perfumes SA and Campomar were associated companies and that the use of the mark by one entity was equivalent to use by the other" (at [53]). With reference to the absence of evidence from Bhojwani's, the judge accepted counsel for Campomar's explanation that Bhojwani's, being a former distributor, "did not wish to be involved in the litigation although the company had been approached by him to give affidavit evidence" (at [54]). The judge's conclusion was (at [55]):

Bhojwani's Pte Ltd must have sold and exported the NIKE products it had bought to someone in Indonesia or must have exported them there for sale. It must be remembered that Kalai was speaking to the private investigator in April 2002 whereas the shipment of NIKE perfumes took place some eight months ago in August 2001. It was possible that she meant the company did not deal in NIKE perfumes at that time. It was also unclear what the actual status of Kalai in the company was and how long she had been in its employ.

The law

13 Section 22(1)(a) of the TMA reads:

The registration of a trade mark may be revoked on any of the following grounds:

- (a) that, within the period of 5 years following the date of completion of the registration procedure, it has not been put to genuine use in the course of trade in Singapore, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use.

14 The earlier version of this provision of the TMA, *ie*, s 40(1)(b) of the Trade Marks Act

(Cap 332, 1992 Rev Ed), used the expression "bona fide use" instead of "genuine use". The previous expression came under consideration by this court in the case of *Swanfu Trading Pte Ltd v Beyer Electrical Enterprises Pte Ltd* [1994] 1 SLR 625 and was taken to mean "genuine use" as contrasted to "fictitious", "pretended" or "colourable". The use need not be substantial but "the more substantially a registered trade mark is used in a commercial way, the easier it is to see that it is bona fide" (at 632, [32]).

15 In our opinion, there is no real or practical difference between the two terms, "bona fide" and "genuine". Therefore, cases decided under the previous provision are equally germane to the construction of what is now s 22(1)(a). The essential standard of proof required to defeat a revocation application is to show a genuine use of the mark during the relevant five-year period. One single use of the mark could satisfy the test provided that overwhelmingly convincing proof of the act is adduced. Here, we would quote the following passage of Wilberforce J (as he then was) in "*NODOZ*" *Trade Mark* [1962] RPC 1 at 7, which related to the question as to whether a product despatched by the registered proprietor in the US was received in England:

It may well be, of course, that in a suitable case one single act of user of the trade mark may be sufficient; I am not saying for a moment that that is not so: but in a case where one single act is relied on it does seem to me that that single act ought to be established by, if not conclusive proof, at any rate overwhelmingly convincing proof. It seems to me that the fewer the acts relied on the more solidly ought they to be established, and it does not seem to me that the evidence which I have heard, which is that an order was received many thousands of miles away in San Francisco or Missouri, and that steps were taken within the company to have the order executed, is sufficient evidence to satisfy the onus which is required. I repeat that, if there had been some more definite evidence of postage or receipt by the post office, I might have been inclined to take a different view: but the matter stops at the internal files and records of the respondent company, and I cannot feel that, where so many steps had to be taken before the goods actually arrived in this country, and where there are so many possibilities of non-delivery, I ought to hold that the arrival of the goods in this country has been established with sufficient certainty.

16 "*NODOZ*" *Trade Mark* involved an isolated importation of tablets from America to England. In that case, the proprietor adduced evidence from the records of the company which included a letter from the proprietor accepting an offer to buy the product, a note from the foreign sales department to the shipping department of the proprietor instructing the shipping department to ship the product, a record of receipt of the payment of the price of the product, and a copy of an invoice giving particulars of the shipment. However, the judge noted that there was no evidence that the product was, in fact, delivered to any post office, that it arrived in England, or that it had reached the customer.

17 The present case was one where the alleged use related to a single transaction. The judge below referred to the level of proof required where an isolated transaction was involved, *ie*, "convincing proof, if not conclusive proof" (at [57]). However, he then went on to state (*ibid*):

[Campomar] had, *on a balance of probabilities* and that was all that was required of it, demonstrated that its mark was on its perfume products and that such products were imported into Singapore commercially, albeit on only one occasion within the relevant five-year period. In my view, Campomar has discharged its onus under the said provision. It was not required additionally to show, contrary to Nike International's submissions, its marketing or sales efforts in Singapore although such efforts would naturally have buttressed its case. [emphasis added]

18 It seemed to us that the judge appeared to have given insufficient consideration to the fact

that none of the documents produced by Campomar to prove use in Singapore related to the goods being received in Singapore. Nike International cast doubt that the price list was ever used by Campomar in the purported deal with Bhojwani's. Our decision did not rest on that. The invoice and the bill of lading were no more than *prima facie* evidence of the goods being shipped. However, that was no proof that the goods had in fact arrived in Singapore. While the facts in this case may appear a little stronger than "*NODOZ*" *Trade Mark* in the sense that here a bill of lading was produced, we did not think it satisfied the requirement of overwhelmingly convincing proof. Campomar should have produced evidence relating to the goods' arrival in Singapore. Other than a bland statement made by counsel of Campomar to the judge below that he had approached the importer, Bhojwani's, to give evidence and the importer had declined, no further explanation or details as to the efforts made were offered by Campomar. What did Campomar do to persuade or compel Bhojwani's to testify? It was true that when Anthony, the investigator acting for Nike International, tried to fix an appointment to see Mr Bhojwani, the owner of Bhojwani's, the latter declined. But Anthony was a third party and it was understandable if Mr Bhojwani did not want to assist him.

19 There must be some document trail in relation to the goods' arrival in Singapore. However, such documents were not adduced as evidence in court. There was also no evidence as to the receipt of payment for the goods. We were unable to see how the evidence adduced by Campomar could be described as "overwhelmingly convincing" when not a single piece of evidence from Singapore was produced. It must be borne in mind that what was required to be established was the goods' arrival in Singapore. Even if Mr Bhojwani did not want to be involved, he could have been compelled. The court was not told why that was not done or what difficulties there were to that course being taken.

20 At the end of the day, we did not know if the goods had, in fact, arrived in Singapore and what the importer did to them. Thus, the judge below was left to postulate. Here, we would quote again, for emphasis, what the judge stated at [55]:

Bhojwani's Pte Ltd *must have* sold and exported the NIKE products it had bought to someone in Indonesia or *must have* exported them there for sale. It must be remembered that Kalai was speaking to the private investigator in April 2002 whereas the shipment of NIKE perfumes took place some eight months ago in August 2001. It was possible that she meant the company did not deal in NIKE perfumes at that time. *It was also unclear what the actual status of Kalai in the company was* and how long she had been in its employ. [emphasis added]

However, Anthony had deposed that the employee by the name of Kalai had claimed to be the person in charge of the office (see [6] above). There was no other evidence to the contrary.

21 Section 105 of the TMA reads:

If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.

Therefore, the burden is clearly on the proprietor of the mark to prove the use he made of the mark. The point we would underscore is that where a party is obliged to prove a certain fact to the level of being "overwhelmingly convincing", that party must show that it has done everything reasonably possible to obtain the necessary evidence. To merely say that his lawyer had approached the importer who then refused to co-operate is woefully inadequate.

22 For the aforesaid reasons, we allowed the appeal and restored the decision of the PAR.