

Rothmans of Pall Mall Limited v Maycolson International Ltd
[2006] SGHC 51

Case Number : OM 40/2005
Decision Date : 23 March 2006
Tribunal/Court : High Court
Coram : Lai Siu Chiu J
Counsel Name(s) : Low Chai Chong and Gilbert Chong (Rodyk & Davidson) for the applicant; Daniel Koh and Boey Swee Siang (Rajah & Tann) and May Tan (Yu Sarn Audrey & Partners) for the respondent
Parties : Rothmans of Pall Mall Limited — Maycolson International Ltd

Trade Marks and Trade Names – Registration – Opposition to registration of trade mark – Whether application for registration of trade mark made in bad faith – Whether trade mark applicant under duty to inquire into bona fides of proposed mark – Whether breach of legal requirement necessary for bad faith to arise – Applicable test to determine bad faith – Section 7(6) Trade Marks Act (Cap 332, 2005 Rev Ed)

23 March 2006

Judgment reserved.

Lai Siu Chiu J:

Introduction

1 This was an appeal against the decision of the Principal Assistant Registrar of Trade Marks P Arul Selvamalar (“the Registrar”). In June 2003, Rothmans of Pall Mall Limited (“the Applicant”) commenced opposition proceedings against Maycolson International Ltd (“the Respondent”) under ss 7(6), 8(2)(b) and 8(4) of the Trade Marks Act (Cap 332, 1999 Rev Ed) (“the Act”).

2 The Registrar held that the opposition failed on all three grounds relied on by the Applicant and allowed the Respondent’s mark (see [6] below) to proceed to registration. The Applicant was dissatisfied with her decision and has now appealed. In Notice of Motion No 40 of 2005 (“the Notice of Motion”), the Applicant prayed for the following orders:

- (a) that the decision of the Registrar (that the opposition fails and Trade Mark Application No T03/00663 in Class 34 may proceed to registration) be reversed and/or set aside;
- (b) that the Respondent’s mark shall not proceed to registration and, in case the mark has been registered, that the said registration be disallowed;
- (c) that the costs of and incidental to this appeal be paid by the Respondent; and
- (d) such other relief that the court may deem fit.

3 Having taken time to consider the arguments raised by the parties before me at the hearing, I am allowing the appeal for the reasons that I now set out.

The facts

4 The Applicant belongs to the British American Tobacco Group of Companies, and is the

registered proprietor in Singapore of numerous trade marks in Class 34 ("cigarettes") of the International Classification of Goods and Services ("ICGS"). The Applicant owns the following six trade marks: registration nos T57/22291J, T67/42191F, T79/80665F, T83/02989H, T01/03299G and T01/05135E (collectively "the Applicant's trade marks"). Each of these trade marks consists of a dark blue background framed by a gold/yellow border, a crest device at the top, and a banner at the bottom of the dark blue background. With the exception of T01/05135E, all of these trade marks contain the word "Rothmans" in cursive script, with the first letter "R" in upper case.

5 The Respondent is a private company incorporated in the British Virgin Islands. It is the licensee of Axel and Klaus Hertlein ("the Hertlein brothers"), who operate a business by the name of "Top Brands". Top Brands is the distributor of "Fairlight" cigarettes in various Arab countries and East Africa. However, "Fairlight" cigarettes have not been sold in Singapore to date.

6 Sometime in January 2003, the Respondent filed Trade Mark Application No T03/00663B ("the Respondent's application") for a mark containing the word "Fairlight" on a blue, hexagon-shaped background ("the Respondent's mark") under Class 34 of the ICGS. The Registrar accepted the Respondent's application and placed an advertisement for parties to express their opposition. In June 2003, the Applicant commenced opposition proceedings, alleging that the Respondent's mark was so similar to the Applicant's trade marks that it was likely to cause confusion under s 8(2)(b) of the Act. Additionally, the Applicant claimed that registration ought to be refused on two additional grounds: first, breach of the law of passing off and copyright under s 8(4) of the Act; and second, registration was precluded under s 7(6) of the Act due to the Respondent's bad faith.

7 The current proceedings in court are part of a long-standing saga between the Applicant and the Hertlein brothers, who have been embroiled in a bitter fight over the latter's use of the "Fairlight" mark. In October 2002, the Applicant successfully persuaded the Berlin District Court to issue an interim injunction restraining a contract manufacturer of Top Brands from producing, marketing and/or exporting cigarettes bearing the "Fairlight" mark.[\[note: 1\]](#) The proceedings in Berlin are still pending, and the Berlin courts have yet to deliver a conclusive verdict on the matter of infringement. This is unfortunate as the mark involved in the Berlin proceedings is identical to that which the Respondent sought to register in the present case. The Applicant also commenced a second set of proceedings against the Hertlein brothers in January 2003. Consequently, the Hertlein brothers have been subject to a Europe-wide injunction which prevents them from using the "Fairlight" mark or packaging.[\[note: 2\]](#) However, this injunction has a limited scope and only applies in relation to a mark that is not identical to the Respondent's mark in the present proceedings.

8 These two injunctions are not the end of the matter, as the Applicant is currently involved in litigation against the Hertlein brothers in Austria. While the Hertlein brothers have used a variation of the "Fairlight" mark, the Applicant alleges that the terms of the Europe-wide injunction have been flouted due to the similarities between both marks (*ie*, the original mark that formed the subject matter of the injunction and the modified variation of the mark).

The decision below

9 The Registrar held that the Applicant's opposition failed on all three grounds and permitted the Respondent's application to proceed to registration.

10 The Registrar held that the Applicant's opposition under s 8(2)(b) of the Act was unsustainable. Applying the global assessment test, the Registrar, *inter alia*, held that the Applicant had not made out a case for the refusal of registration as:

- (a) the Respondent's mark was not similar to the Applicant's trade marks; and
- (b) there was no likelihood of confusion on the part of the public.

11 The Registrar expressly rejected any claims of similarity between the Respondent's mark and the Applicant's trade marks. She opined that there was "no risk"[\[note: 3\]](#) of aural similarity between the words "Rothmans" and "Fairlight". She also discounted the Applicant's claims of visual similarity, on the basis that the word "Fairlight" was a "prominent feature"[\[note: 4\]](#) that would allow the public to distinguish the Respondent's mark from the Applicant's trade marks.

12 Further, the Registrar noted that no likelihood of confusion existed for the following reasons. First and foremost, the Registrar opined that the blue and white packaging used by the Applicant was nondescript, as the colour combination was not sufficiently distinctive to be identified with the Applicant. Moreover, the Registrar observed that the white background seemed to be a mere background, in contradistinction to cases where the parties had used a distinctive colour combination such as burgundy and gold. Second, the Registrar held that the mandatory placement of health warnings on cigarette packets significantly reduced the area available on cigarette packets for the display of a manufacturer's logo and trade marks. Consequently, the aural dimension of the marks on the cigarette packets took on a greater significance. This was partly due to the unique mechanism by which cigarettes are sold locally. As cigarettes can only be sold over the counter, customers would have to make an oral request for their desired brand of cigarettes. The Registrar thus accorded great weight to the aural dissimilarity between the Applicant's trade marks and Respondent's mark.

13 Having established that s 8(2)(b) of the Act did not apply, the Registrar went on to dispose of the arguments under s 8(4) of the Act in a brief fashion. Misrepresentation did not arise within the meaning of s 8(4)(a) as the marks were not confusing. Similarly, the law of copyright had not been flouted as s 8(4)(b)'s threshold requirement of "substantial copying" had not been proved.

14 Finally, the Registrar held that the Respondent had not acted in bad faith so as to preclude registration pursuant to s 7(6) of the Act. In the Registrar's opinion, the Respondent's failure to make further inquiries did not justify a finding of bad faith. Further pursuit of the matter would not have enabled the Respondent to obtain clear or conclusive answers as to whether a breach of the law had occurred, simply because the Applicant's trade marks and the Respondent's mark were neither identical nor extremely similar. The Registrar thus dismissed the entirety of the Applicant's case and allowed the Respondent's mark to be registered.

Issues arising on the appeal

15 Under s 8(2)(b) of the Act, a trade mark shall not be registered if "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, and there exists a likelihood of confusion on the part of the public".

16 For the purposes of this appeal, it is not in dispute that the goods in question are identical. What is in dispute, however, is the issue of similarity between the Applicant's trade marks and the Respondent's mark, as well as the likelihood of confusion on the part of the public. The Applicant submitted that the Registrar erred in fact and in law in dismissing its grounds of opposition under s 8(2)(b) of the Act. The Applicant also contended that the Registrar erred in finding that the Respondent had not acted in bad faith under s 7(6) of the Act.

The applicable law

17 I now turn to consider the appropriate test for bad faith under s 7(6) of the Act. This case is significant as it is the first time that the issue will be addressed by our courts. Under s 7(6), “[a] trade mark shall not be registered if or to the extent that the application is made in bad faith”. It is thus clear that bad faith serves as an absolute bar to registration of a trade mark.

18 The Applicant had urged this court to re-examine the Registrar’s decision on the absence of bad faith by the Respondent. The crux of the Applicant’s complaint was that the Registrar had misdirected herself in determining the appropriate test that ought to be applied under s 7(6). First, she had failed to impose an affirmative duty on the trade mark applicant to make inquiries into the *bona fides* of a mark before seeking its registration. Second and more importantly, the Registrar had wrongly conflated the distinct issues of bad faith and breach of a legal requirement. According to the Registrar, even if a potential applicant were obliged to probe into the origins of a mark, bad faith would only arise if the applicant obtained clear and unambiguous information that a breach of the law had occurred.

19 I am of the view that the Applicant’s complaints were justified on both counts. With due respect to the Registrar, the first limb of her reasoning is unsustainable in policy terms. A trade mark applicant should bear a positive duty to investigate into the *bona fides* of a mark before seeking registration. As the Applicant rightly observed, this is necessary to uphold the sanctity of the trade marks register and its system of registration.[\[note: 5\]](#) The absence of a duty to inquire would undermine the protection offered to registered marks under our trade marks regime. The lack of a duty to probe into the *bona fides* of a mark would mean that registration would be permitted in virtually all cases – registration would be unlikely to be precluded on the basis of bad faith, save in the most extreme of circumstances where the applicant is personally involved in a collusive scheme to register an offending trade mark. In borderline cases, such as those where suspicious circumstances exist as to the *bona fides* of the mark, registration would be allowed since an applicant’s failure to investigate would not lead to a finding of bad faith. Viewed in this light, the omission of a duty to investigate is fundamentally flawed, as it gives scant protection to registered trade marks and encourages an applicant to turn a blind eye to any impropriety in relation to the proposed mark for registration.

20 The second limb of the Registrar’s logic was also misconceived. In attempting to link the issue of bad faith with breach of the law, the Registrar appeared to have in mind the causation requirement that is imposed in tort cases. Simply put, she reasoned that bad faith can only arise if an applicant, having made due inquiry, obtains conclusive information of a prior infraction of the law. Applying this approach to the facts, the Registrar found that bad faith had not been made out, as further inquiries by the Respondent would not have revealed the breach of any legal requirements under the Act. In doing so, the Registrar distinguished the decision in *Harrison v Teton Valley Trading Co Ltd* [2004] 1 WLR 2577 (“*Harrison’s case*”) as one where further inquiry would have divulged the breach of a confidentiality agreement.

21 With respect, the Registrar’s nuanced interpretation of s 7(6) is incorrect. The Registrar had misapplied *Harrison’s case*. An examination of *Harrison’s case* shows that it did not go so far as to suggest that breach of a legal requirement must occur before a finding of bad faith can be made. In *Harrison’s case*, the applicant applied to register the mark “China White” as a trade mark for various alcoholic and non-alcoholic drinks. In so doing, the applicant had relied on the representations of a Mr Rymer, who claimed to be the sole proprietor of the name and recipe of a cocktail drink. However, Mr Rymer was actually bound by the terms of a confidentiality agreement that precluded him from disclosing the recipe of the cocktail. The English Court of Appeal refused to register the mark. It held that bad faith had been established because the applicant had failed to make further inquiries to satisfy himself that Mr Rymer was indeed the sole proprietor of the cocktail drink.

22 Admittedly, the appellate court gave much weight to the fact that the applicant would have discovered the breach of the confidentiality agreement had he made further inquiries. However, the court did not expressly impose a rigid criterion that breach of a legal requirement was necessary for bad faith to arise. Rather, the court was more concerned with formulating a test to ascertain the mental state of an applicant, and the appropriate test for determining bad faith. This is evident in the speech of Sir William Aldous, who delivered the main judgment of the court and devoted much of his judgment to an evaluation of precedents that had considered the applicable test for bad faith. While Sir William Aldous observed that Mr Rymer was in breach of a legal requirement (*ie*, the confidentiality agreement), he did not accord much importance to it when determining the issue of bad faith. In fact, it would appear that he glossed over the issue of a legal breach, and focused on the applicable test for bad faith. Thus seen, it was entirely wrong for the Registrar to construe *Harrison's* case as authority for the proposition that a legal requirement must be breached before bad faith can arise. In any case, even if it is correct that breach of a legal requirement is relevant to the issue of bad faith, *Harrison's* case leaves the matter open. At best, *Harrison's* case suggests that such breach will lead to a finding of bad faith. However, *Harrison's* case does not impose a rigid requirement of "causation", such that breach of a legal requirement must first exist before bad faith can ever arise.

23 In addition, the Registrar's conflation of bad faith and breach would lead to undesirable consequences. At first glance, her logic is attractive in its simplicity. Legal certainty would be enhanced because an applicant would only be liable for bad faith if clear and conclusive evidence of a breach existed. The registration process would be a straightforward exercise; an applicant would not have to inquire into the existence of foreign proceedings that sought to impugn the proposed mark, since different countries could well apply different legal principles to determine trade mark infringement. An applicant could also ignore proceedings in respect of similar, but non-identical marks. This is because any court finding as to similarity would only be determinative in respect of that country itself. This is best explained by way of an illustration. For instance, if proceedings were brought in Germany to impugn a specific trade mark on the grounds of its deceptive similarity to a registered mark, the findings of a German court would have no bearing on the issue of bad faith. Due to the differences in legal principles between countries, an applicant could assume that the proposed mark was not deceptively similar and proceed to seek registration in Singapore unless and until the Singapore courts hold that deceptive similarity exists.

24 The Registrar erred in combining the distinct issues of bad faith and breach of a legal requirement. Section 7(6) of the Act plays an important role in the registration process; it separates the wheat from the chaff by impugning applications made in bad faith. However, the Registrar's reasoning effectively reduces the role of s 7(6) to naught. Take, as an example, a situation where an applicant attempts to register a proposed mark. Tying the issue of legal breach to bad faith would encourage applicants to seek registration of questionable marks. This is because suits for trade mark infringement often occur simultaneously in numerous countries, and in relation to similar (or identical) marks. However, more often than not, the courts in the various countries are unlikely to reach similar conclusions as to whether infringement has occurred, simply because of the differing legal principles and facts involved in each case. An applicant who makes further inquiries would thus be unlikely to obtain clear and conclusive evidence of a legal breach, given that the various courts do not speak with one voice. Most applicants would thus simply perform the barest minimum to discharge their duty of good faith. They could virtually turn a blind eye to the outcome of overseas proceedings, since it would be a rare case for foreign courts to take a unanimous view as to infringement.

25 It would not be right for our courts to permit applicants to take such a cavalier attitude towards overseas proceedings. The plain words of s 7(6) require an applicant to be devoid of "bad faith"; a duty to make reasonable inquiries is a necessary corollary to disproving "bad faith" in this context. Further, policy considerations dictate that due regard should be had to the outcome of

overseas proceedings. This is because such proceedings may be indicative of any impropriety surrounding the proposed mark and the registration of such marks should be rejected under s 7(6) if bad faith is indeed made out.

26 I am further convinced that the issues of bad faith and breach should be kept distinct because of their different underlying rationales. The "bad faith" doctrine is wider in its ambit, as it encompasses conduct which may be morally but not legally reprehensible. This is best summed up by the comments of Hobbs QC in relation to the English equivalent of our s 7(6) (*ie*, s 3(6) of the UK Trade Marks Act 1994 (c 26)). In *Demon Ale Trade Mark* [2000] RPC 345 (at 356), Hobbs QC stated that:

[T]he expression "bad faith" has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.

27 Consequently, the Registrar's interpretation of s 7(6) was erroneous. In my opinion, a duty should be imposed on an applicant to make further inquiries if the circumstances would lead a reasonable person to harbour suspicions as to the propriety of the proposed mark. Further, breach of such a duty can arise even if further inquiries do not reveal clear and conclusive evidence of a legal breach.

Application to the facts

28 Even though the Applicant's trade marks and the Respondent's mark are not similar, it is my view that bad faith existed.

29 The court is entitled to make a finding of bad faith despite the fact that the marks in question are not so similar as to cause confusion. Indeed, both the Applicant and the Respondent were in agreement on this point and had submitted that the determination of confusion and the establishment of bad faith were two distinct issues that should be considered separately. This view is fortified by academic opinion, which affirms that bad faith is a distinct and independent argument from the issue of confusing similarity. The learned author (Tan Tee Jim SC) of *Law of Trade Marks and Passing Off in Singapore* (Sweet & Maxwell Asia, 2nd Ed, 2005) aptly expressed this point when he stated at para 5.71:

Once bad faith is established, the application will be refused, even though the offending conduct does not cause any confusion or breach any duty, obligation, prohibition or other legally binding requirement.

30 However, the Applicant and the Respondent then parted company on the standard and/or type of proof that is required for a finding of bad faith to arise. The Applicant cited the decision of *Kundry SA's Application: Opposition by the President and Fellows of Harvard College* [1998] ETMR 178 ("*Kundry's case*") as authority for the view that an application would be tainted with bad faith if an applicant knew of the opponent and its concern about the possibility of confusion, and did not respond to the allegations. The Respondent sought to distinguish *Kundry's case* on the basis that the opponents in *Kundry's case* had reason to believe that the marks were confusingly similar. This, according to the Respondent, was a key distinguishing factor from our present case where the marks in question are so different that the Respondent had no reason to think that a real risk of confusion existed. The Respondent also sought to confine the decision in *PT Permona v Shanghai Tobacco Group* [2001] SGHC 359 ("*Permona*") to its facts on two counts: first, that the marks in that case

were confusingly similar; and second, that the applicants were clearly guilty of misconduct because they had intended to misappropriate the opponents' mark.

31 I am not convinced by the Respondent's arguments. The present case is similar to *Kundry's* case and to *Permona* in so far as allegations of misconduct are concerned. In both cases, the court attached significant weight to the existence of misconduct by the parties and their motives for registration. Such misconduct is also borne out on the facts of our case – the Respondent's attempt to register its mark is a blatant attempt to ride on the goodwill and reputation of the Applicant's trade marks. This finding of misconduct is wholly justified when one considers the totality of the evidence that was presented before this court.

32 The Applicant quite rightly criticised the Registrar's failure to accord sufficient weight to case law which enunciated the standards of bad faith. The Registrar ought to have considered such precedents and construed the Respondent's failure to inquire as an indicator of bad faith, in so far as the Respondent purported to remain blissfully ignorant of the origins of the proposed mark. This is because the imposition of a duty to inquire is wholly consistent with the trend in case law development. I set out below Lindsay J's formulation in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379, which is often regarded as the first attempt by courts to define the concept of bad faith:

I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area [of trade] being examined.

33 Subsequently, in *Harrison's* case ([20] *supra*), the English Court of Appeal opined that the test for bad faith involved a combination of an objective and a subjective standard. Before bad faith could arise, the applicant's conduct had to fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular commercial area under consideration. In reaching its decision, the Court of Appeal approved of Lord Hutton's combined test for dishonesty in *Twinsectra Ltd v Yardley* [2002] 2 AC 164 at [36]. The Court of Appeal thus derived guidance from precedents in trust law, under which liability is imposed upon persons who have acted as accessories to a breach of trust.

34 Two consequences arise as a result of adopting such principles. First, the Respondent's case should not be furthered by the mere fact that the Respondent did not regard the Applicant's trade marks as confusingly similar or consider the Hertlein brothers guilty of passing off. [\[note: 6\]](#) This is because of the objective element involved in the test in *Harrison's* case, which requires the court to examine a defendant's conduct by reference to a reasonable person with expertise in the area under consideration.

35 Second, the Respondent was subject to a duty to inquire into the origins of the "Fairlight" mark and the intentions of the Hertlein brothers, especially since the circumstances surrounding the use of similar marks have been plagued by litigation overseas. The Respondent's failure to do so was akin to wilful blindness, and indicated bad faith because honest people would not deliberately close their eyes and ears and refrain from asking questions, lest they obtain information they would rather not know (see *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378 at 389).

36 On the facts, I am entitled to draw an inference of bad faith on the Respondent's part. I am mindful that an allegation of bad faith is "a serious matter and should not be lightly inferred": *McDonald's Corp v Future Enterprises Pte Ltd* [2005] 1 SLR 177 at [78]. Nevertheless, such an

inference is entirely justified on the facts of the present case for several reasons.

37 The circumstances surrounding the incorporation of the Respondent are highly suspicious in nature. The records reveal that the Respondent is a company incorporated in the British Virgin Islands, with a "care of" local address at 80 Marine Parade Road #09-08 Parkway Parade, Singapore 449269.[\[note: 7\]](#) This "care of" mechanism implies that the Respondent's presence in Singapore is minimal at best and likely to be temporary in nature as well. This is best explained by reference to the way a postal system forwards letters through a "care of" address: messages sent to the "care of" address are re-routed to the known permanent address where the recipient can be reached. However, such re-routing arrangements are terminated once the recipient returns to his permanent address. The "care of" mechanism is thus used by a party who merely intends to remain at the "care of" address for a transient period but ultimately intends to return to his original (and permanent) address.

38 It is telling that the Respondent has no place, or no proper place of business in Singapore. There is also no evidence that the Respondent has been involved in, or intends to be involved in, the retailing and/or distribution of cigarettes and tobacco products. Taken together, these suspicious features suggest that the Respondent may simply be a "shell company" for the Hertlein brothers to propagate further use of the "Fairlight" mark.

39 This is especially so since Yim Kam May ("Yim"), the Managing Director of the Respondent, has not denied any knowledge as to the Hertlein brothers' online advertisements. In her statutory declaration, Yim exhibited an undated letter of consent from Axel Hertlein for the Respondent's application for registration. She offered no information on when the Respondent acquired the licence for the "Fairlight" mark from the Hertlein brothers, what business the Respondent intended to do in Singapore and what sort of market it saw in Singapore. As the Registrar rightly pointed out, there was compelling evidence that the Hertlein brothers had not acted in a wholly honest manner. The Hertlein brothers had shown a complete lack of candour when explaining their advertising strategy in relation to "Fairlight" cigarettes. This can be seen from two online advertisements placed by the Hertlein brothers. In the first advertisement, it was blatantly claimed that "Fairlight" cigarettes were similar in taste and packaging to "Rothmans" cigarettes. In a second advertisement, the Hertlein brothers described themselves as manufacturers of "FAIRLIGHT" cigarettes and added that such cigarettes resembled "ROTHMANS" cigarettes and were made up of a "British blend". The Hertlein brothers claimed (in para 4 of Klaus Hertlein's statutory declaration dated 16 June 2005) that such advertisements merely served as a comparison to consumers and performed a descriptive function.

40 I agree with the Registrar that the Hertlein brothers' explanation is wholly unconvincing. There can be no credible explanation for the Hertlein brothers' actions other than bad faith. The bad faith was clear in the description of "Fairlight" cigarettes as being similar in packaging to "Rothmans" cigarettes. This comparison clearly indicated the intention of the Hertlein brothers to ride upon the goodwill of the Applicant's trade marks as its counsel submitted. As the Registrar rightly held, it was superfluous for the Hertlein brothers to make the additional claim that "Fairlight" cigarettes were akin in their appearance to "Rothmans" cigarettes. After all, the Hertlein brothers had themselves explained that cigarettes were often branded by the colour used on their packaging. Thus, the American blend cigarettes would mainly use red packaging, while the British blend cigarettes generally adopted a blue-coloured scheme. Given this strong association between the brand and the colour of packaging, the Hertlein brothers would have achieved their aims of comparison by merely highlighting that "Fairlight" cigarettes would be packaged in blue boxes. Instead, the Hertlein brothers went further and repeatedly drew emphasis to the resemblance between "Fairlight" and "Rothmans" cigarettes.

41 There is another incident that illustrated bad faith on the part of the Hertlein brothers. As mentioned previously (at [7]–[8]), the Applicant and the Hertlein brothers are currently parties to various infringement suits overseas. A Europe-wide injunction is presently in force, and its terms forbid the Hertlein brothers from using the “Fairlight” mark and packaging. However, the Hertlein brothers have paid little heed to the terms of this injunction by using a variation (and newer version) of the “Fairlight” mark. While the Austrian courts have yet to reach a final decision on the matter of breach, such conduct by the Hertlein brothers lends further support to my finding of bad faith. The Hertlein brothers have time and again shown their improper motives to capitalise on the Applicant’s reputation and goodwill by their attempt to sidestep the terms of the injunction, as well as by their persistence in associating themselves with the Applicant’s trade marks. There is no doubt that bad faith can be attributed to the Hertlein brothers, having regard to the totality of the evidence.

42 Taking all the circumstances into consideration, any reasonable person in Yim’s position would or should have made further inquiries as to the origins of the Respondent’s mark. The fact that Yim failed to do so, coupled with the suspicious circumstances in which the Respondent was set up, leads to a very strong inference that the Respondent was privy to the Hertlein brothers’ nefarious activities. Accordingly, I hold that the Respondent’s application was tainted with bad faith.

Conclusion

43 As the Applicant has made out a case for refusal of the registration of the Respondent’s mark under s 7(6) of the Act, I grant an order in terms of prayers (a) to (c) of the Notice of Motion (see [2] above). Costs under prayer (c) shall be on a standard basis and shall be taxed unless otherwise agreed.

[\[note: 1\]](#)Applicant’s Bundle of Documents, Volume 2, pp 447–451.

[\[note: 2\]](#)*Supra* n 1, pp 440–445.

[\[note: 3\]](#)Grounds of Decision at [39].

[\[note: 4\]](#)*Supra* n 3 at [41].

[\[note: 5\]](#)Applicant’s Submissions pp 24–25.

[\[note: 6\]](#)Yim’s Statutory Declaration.

[\[note: 7\]](#)Applicant’s Bundle of Documents, Volume 1, p 37.

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