Doctor's Associates Inc *v* Lim Eng Wah (trading as Subway Niche) [2011] SGHC 104

Case Number	: Originating Summons No. 462 of 2010/Q (Registrar's Appeal No.296 of 2010/V)
Decision Date	: 29 April 2011
Tribunal/Court	: High Court
Coram	: Kan Ting Chiu J
Counsel Name(s)	: Adrian Wong, Max Ng and Sharon Yeow (Gateway Law Corportion) for the plaintiff; Engelin Teh SC and Thomas Sim (Engelin Teh Practice LLC) for the defendant.
Parties	: Doctor's Associates Inc — Lim Eng Wah (trading as Subway Niche)

Civil Procedure

29 April 2011 Judgment reserved.

Kan Ting Chiu J:

1 The plaintiff in these proceedings, Doctor's Associates Inc., is a corporation incorporated in the USA with its principal place of business in the state of Florida. The plaintiff is suing the defendant, Lim Eng Wah, who is trading in Singapore under the name Subway Niche, for relief against the defendant for infringing and passing off of the plaintiff's "SUBWAY" trade mark which is registered under the Trade Marks Act (Cap 332, 2005 Rev Ed) ("the Act") by the use of the "SUBWAY NICHE" trade mark.

2 In these proceedings, the principal reliefs that the plaintiff is praying for are, inter alia:

(a) A declaration that the plaintiff's trade mark "SUBWAY" is well known in Singapore, for the purposes of the Act;

(b) A declaration that the continuing use of "SUBWAY NICHE" by the defendant amounts to an infringement of the plaintiff's registered trade mark in Singapore;

(c) Further or alternatively, a declaration that the plaintiff is entitled to restrain by injunction the use in Singapore, in the course of trade and without the plaintiff's consent, the trade mark "SUBWAY NICHE" which incorporates or employs the plaintiff's well known trade mark "SUBWAY", in relation to any goods or services; and

(d) Further or alternatively, an order that the defendant, whether by himself, his officers, servants, agents or any of them be retrained from passing off by advertising, marketing, selling or otherwise distributing goods and services by reference to the use of the word "SUBWAY", when such goods or services of the defendant are actually not associated or connected to the plaintiff.

and the plaintiff also seeks to restrain the defendant from further acts of trade mark infringement and

passing off, damages and delivery up of any offending material.

3 Viewed on its own, this is an unexceptional action by one trader against another for the infringement of its intellectual property. There is, however, a history to this case. The background is that the plaintiff had sued the defendant for infringement of the trade mark in an earlier action, Suit No. 764 of 2008 ("Suit 764").

4 In Suit 764, the plaintiff claimed as the registered proprietor of several SUBWAY trademarks that the defendant had committed acts of infringement and passing off against those registered trade marks by the use of the name "SUBWAY NICHE". The plaintiff sought to restrain the defendant from committing those wrongful acts, delivery up of any offending material and damages.

5 Suit 764 was not litigated on its merits because it was struck out after the plaintiff had failed to comply with an unless order. On 7 September 2009, an Assistant Registrar had issued an unless order that:

1. The Plaintiffs do by 12.00 pm, Thursday, 10 September 2009 give further security for the Defendant's costs in this action to the sum of S$19,000.00 in the form of a banker's guarantee from a first class Singapore bank, the terms of which are to be subject to the Defendant's solicitors' approval;

2. In default of compliance, the Plaintiffs' Statement of Claim be struck out and the action dismissed with costs without further order;

6 That was not the first order for the plaintiff to furnish security for costs. There was an earlier consent order of 26 August 2009 by which the plaintiff was to furnish security in the sum of $19,000 within seven days of the order. The consent order also provided that pending the provision of the security, the action was to be stayed. The consent order was different from the order of 7 September 2009 in that it was not an unless order; it did not decree that the action was to be struck out if the security was not furnished.

7 The plaintiff failed to comply with the unless order of 7 September 2009 and appealed against the order. When the plaintiff's application for a stay of proceedings pending the appeal was heard on 14 September 2009, it was dismissed with the result that the appeal was not heard, and a further order was made striking out the plaintiff's action. The plaintiff was aggrieved by the order, and filed an application on 13 October 2009 to set it aside. This application was heard on 26 October 2009 and was dismissed. There was no appeal against the order of court of 26 October 2009.

The present appeal

8 The plaintiff filed the present originating summons on 12 May 2010. On 31 May 2010, the defendant applied to strike it out on the ground that it was an abuse of process of court, or alternatively, it was frivolous and vexatious, but the arguments presented were made on the first ground.

9 The defendant's argument was that as Suit 764 was struck out and judgment was entered against the plaintiff, it was an abuse of process of court for the plaintiff to commence the second action on the same cause of action. When the plaintiff applied to set aside the judgment in Suit 764, the defendant argued that as the plaintiff did not appeal against the case of 26 October 2009:

> [I]t is clear law that if the Plaintiffs took the view that their conduct in Suit 764 had not been

contumelious and that they should be allowed to pursue their claim for alleged trade mark infringement and passing off against the Defendant, the onus was on them to file an appeal against the [dismissal order]. It is completely wrong for the Plaintiffs not to pursue this avenue of appeal and instead file a fresh action for the same cause of action against the Defendant.

[emphasis in original]

10 That submission has to be examined against the record of the proceedings. An Assistant Registrar ("AR") who dismissed the plaintiff's application to set aside the judgment, wrote:

This is a frivolous application and an abuse of process of court. As I said earlier on 7 September 2009. SUM4258/2009 – the application for security for costs – was entered into by consent before AR Daphne Chang, whereby both parties agreed that Plaintiff was to provide security within 7 days (i.e. 3 September 2009). It lies foul in Plaintiff's mouth to state that the unless order application was unreasonable given that trial was originally to be fixed on 14 September but for Plaintiff's conduct (Plaintiff has not even set down the action for trial!). I also note that this is the second unless order made by this court against Plaintiff – the first was on 29 July 2009 whereby AR Jeyendran Jeyapal ordered Plaintiff to file and exchange the AEIC. Plaintiff's contumelious conduct cannot and will not be tolerated by this court.

11 It is to be noted that the AR had found the plaintiff's conduct *prior to* the making of the unless order of 7 September 2009 contumelious and intolerable. However, the AR did not refer to the actions the plaintiff had taken to comply with the unless order of 7 September 2009, and did not make any finding that it was the result of the plaintiff's contumely. That being the case, the failure of the plaintiff to appeal against the AR's refusal to set aside the judgment entered cannot be regarded as its acceptance that its non-compliance with the unless order was contumelious, and does not bar the plaintiff from asserting that it was not contumelious.

12 The defendant's application to strike out the originating summons was heard on 14 July 2010, and dismissed on 22 July 2010. The defendant was not satisfied with the order, and brought the present appeal.

Preliminary issue

13 There is a preliminary issue of whether the present action is based on the same cause of action as Suit 764. The defendant's application was founded on the contention that it was. The plaintiff, however, argued that it was not.

14 This issue can be dealt with quite simply. A cause of action is "[a] factual situation the existence of which entitles one person to obtain from the court a remedy against another person" per Diplock LJ, *Letang v Cooper* [1965] 1 QB 232 at 242–243. It is clear beyond sensible disagreement that both the actions brought by the plaintiff proceeded on the defendant's alleged trade mark infringement and passing off against the plaintiff's "SUBWAY" trade mark. The plaintiff's former attorney and in-house counsel, Valerie Pochron, had deposed in an affidavit filed on 2 July 2010 in the present action that:

13. The Plaintiffs initiated a fresh proceeding against the Defendant in OS No.462 of 2010/Q ("OS 462") since Suit 764 was never tried by the Court and thus remains unresolved, and that the Plaintiffs verily believe that there are substantial issues to be tried in this matter which were prevented from being heard in the Court due to procedural defaults.

The plaintiff's contention that the present action as a distinct cause of action is a futile attempt to deny the simple fact that it was the same cause of action, *ie*, that the defendant's use of the Subway Niche trade mark was an infringement and passing off of the plaintiff's SUBWAY trade mark.

The law

15 A party's right to commence action after a previous similar action has been struck out for the failure to comply with a peremptory order has been discussed and settled by the Court of Appeal in *Changhe International Investments Pte Ltd (formerly known as Druidstone Pte Ltd) v Dexia BIL Asia Singapore Ltd (formerly known as Banque Internationale A Luxembourg BIL (Asia) Ltd)* [2005] 3 SLR(R) 344 ("*Changhe*") where it held at [6]:

> Since the 1980s, it has been settled law that the court has the discretion to strike out an action as an abuse of process of the court where there had been a failure by a litigant to comply with a peremptory order of the court in a previous action.

It referred to the landmark English decisions in *Janov v Morris* [1981] 1 WLR 1389 and *Samuels v Linzi Dresses Ltd* [1981] QB 115 and the Court of Appeal's decision in *Syed Mohamed Abdul Muthaliff v Arjan Bhisham Chotrani* [1999] 1 SLR(R) 361 ("*Syed Mohamed*") and concluded at [11] that:

> [I]t is established law that where a litigant, whose first action has been struck out for failure to comply with a peremptory order, brings a second suit based on the same cause of action, that second suit may be struck out as being an abuse of the process of the court unless the litigant can give a proper explanation to establish that his *failure to comply with the peremptory order* was not contumelious. It should be noted that *Tolley v Morris* [[1979] 1 WLR 592] also stands for the principle that disobedience to a peremptory order would generally amount to contumelious conduct.
>
> [emphasis added]

16 In *Syed Mohamed* the Court of Appeal gave thought to the meaning of "contumelious" and "contumacious". It referred to the judgment of Sir John Megaw in *Jokai Tea Holdings Ltd* [1992] 1 WLR 1196 which went back to where the root words of "contumelious" and "contumacious" were. The judge's definition of "contumely" as "insolent reproach or abuse" and "contumacy" as "perverse and obstinate resistance to authority" were accepted without qualification, and "contumelious" and "contumacious" must be construed in accordance to those definitions.

17 The Court of Appeal in *Changhe* went on to add at [10] that:

> [I]n cases in which it had to decide what were to be the consequences of a failure to comply with an unless order, the relevant question was whether such failure was intentional and contumelious. The court should not be astute to find excuses for such failure since obedience to orders of the court was the foundation on which its authority rested. The crux of the matter was that the party seeking to escape the consequences of his default would have to show that the failure was not contumelious because he had made positive efforts to comply but was prevented from doing so by extraneous circumstances, and that he had no intention of ignoring or flouting the order.

and the Court then found at [27] that the party would have to show that its disobedience in respect of an earlier peremptory order was "not contumelious in that it was not intentional and arose from an extraneous circumstance over which [it] had no control."

18 The law can be summarised as follows:

(a) the disobedience of a peremptory order which resulted in the striking out of an action would generally be regarded as contumelious, and

(b) a party whose first action has been struck out for the failure to comply with a peremptory order may bring a second action on the same cause of action if it can show that the failure to comply with the peremptory order was not contumelious in the sense that it was not intentional and it arose from extraneous circumstances over which the party has no control.

The burden on the plaintiff

19 The plaintiff has the burden to show that its failure to comply with the Order of Court of 7 September 2009 which led to the striking out of the first action was not contumelious in that it was not intentional, and had arose from an extraneous circumstances over which it had no control.

20 The burden on the plaintiff, or any party in a similar position, is to show that despite the earlier action being struck out, it should be allowed to proceed with a second action. As the critical factor is that the previous action was struck out because of its failure to comply with a peremptory order, the reason for that failure is the primary matter for consideration. I make this observation because the defendant had referred to the conduct of the plaintiff before and leading to the making of the consent order of 26 August 2009 and the unless order of 7 September 2009. Under the law as set out in *Changhe*, such matters are not relevant in determining whether the second action should also be struck out. While they may have been taken into consideration for the making of the unless order, it is the *non-compliance with the unless order*, and not the previous conduct, that led to the striking out of the action. The Court of Appeal had made it clear in *Changhe* that the party had to explain its non-compliance with the unless order (and only that order).

Has the plaintiff discharged the burden?

21 The plaintiff did not comply with the unless order of 7 September 2009 to furnish the security by noon 10 September 2009. The time for compliance was only two and a half days, an unusually and impractically short time for the plaintiff in America to arrange for a Singapore bank to issue the guarantee and for it to be delivered to the defendant's solicitors.

22 Valerie Pochron affirmed an affidavit on 12 October 2009 in Suit 764 to explain the plaintiff's failure to furnish the banker's guarantee in time. In her affidavit, she deposed that:

> I am verily advised by the Account Department of the Plaintiffs that the procedure for in [sic] order to obtain a bank guarantee in Singapore the estimated time frame is 4 to 5 weeks from request to completion.

and added that:

> In this case, and as outlined above, the Plaintiffs have not been tardy or contumelious in respect of obtaining the Banker's guarantee. It is due to administrative difficulties that the Plaintiffs have not been able to comply with the orders made by the learned Assistant Registrar.

She also exhibited a banker's guarantee issued by the Hongkong and Shanghai Banking Corporation

Limited to the defendant dated 18 September 2009 for the sum of $39,000.00. Counsel for the defendant pointed out that the guarantee in fact did not take four to five weeks to be issued, and the guarantee of 18 September 2009 was obtained within nine days from the date of the unless order.

23 It should also be noted that Valerie Pochron did not state the time and the steps the plaintiff took to apply for the guarantee. The only evidence available is in her email to the plaintiff's solicitors dated 9 September 2009 where she informed them:

> Our accounting department is working as best they can, but are encountering issues with the bank and getting the additional funds into the Bank Guarantee. The funds are available, but needless to say it has not yet been transferred into the form of a Bank Guarantee. *Our accounting department is doing everything it can to comply with the order*, but I cannot be assured that it will be in place by the 10th.
>
> [emphasis added]

That could be the reason the guarantee was issued in nine days instead of four to five weeks.

24 On the basis of the available evidence, I accept that it was difficult for the plaintiff to comply with the exceptionally tight time-line imposed. The fact that the plaintiff obtained the guarantee on 18 September 2009 is evidence that its failure to furnish the bank guarantee in time did not arise out of contumely, or even contumacy.

25 The plaintiff's willingness and readiness to furnish security is further affirmed in an affidavit filed in the present proceedings on 2 July 2010 by Max Ng, a director of the law corporation acting for the plaintiff, in which he confirmed that the plaintiff had placed with the corporation $40,000.00 to ensure that should there be a similar requirement for security, the plaintiff will be able to comply in time.

26 Against the background of the evidence, I find that the plaintiff has shown that its failure to comply with the unless order of 9 September 2009 did not arise from its contumely but because of the very tight time-line. The plaintiff's production of the guarantee, albeit out of time, and the placement of $40,000.00 with its solicitors to ensure that it is able to comply with any future order for security corroborated the plaintiff's plea that it had always wanted to comply with the unless order.

Conclusion

27 The plaintiff should be allowed to proceed with its present action so that the issues of trade mark infringement and passing off can be determined on their merits. The failure to comply with the unless order should not disentitle the plaintiff from proceeding to have these matters determined.

28 The defendant's appeal is dismissed with costs.