

Guy Neale and others v Nine Squares Pty Ltd  
[2013] SGHC 249

**Case Number** : Suit No 314 of 2011  
**Decision Date** : 18 November 2013  
**Tribunal/Court** : High Court  
**Coram** : Judith Prakash J  
**Counsel Name(s)** : Ang Cheng Hock SC, William Ong, Kristy Tan, Jacqueline Lee and Bryna Yeo (Allen & Gledhill LLP) for the 1st to 4th and 6th plaintiffs; Cavinder Bull SC, Kelvin Tan, Priscilla Lua and Lee Xin Jie (Drew & Napier LLC) for the defendant.  
**Parties** : Guy Neale and others — Nine Squares Pty Ltd

*Trusts – Express trusts*

*Trusts – Constructive trusts*

*Trade Marks and Trade Names – Invalidity*

*Trade Marks and Trade Names – Well-known trade mark*

[**LawNet Editorial Note:** In the appeal to this decision in Civil Appeal No 172 of 2013, the Court of Appeal declared that the two trade marks in Singapore are held on express trust by the defendant for the partnership comprising the six appellants. The court also ordered that the defendant transfer the registration of these marks to the partnership and that the necessary rectifications be made with the Registry of Trade Marks. See [\[2014\] SGCA 64.](#)]

18 November 2013

Judgment reserved.

**Judith Prakash J:**

**Introduction**

1 This action, Suit No 314 of 2011 (“Suit 314”), was heard together with Suit No 955 of 2010 (“Suit 955”). The plaintiffs in both actions sued as a partnership in relation to a restaurant, bar and club business in Bali, Indonesia. While the plaintiffs identified themselves as partners, there was a dispute in Suit 314 as to whether they were indeed partners or only joint venturers.

2 The restaurant in Bali was, according to the agreement made between the first, second, third and fifth plaintiffs in January 2000, to be named “Ku de Ta”. However, in many of the documents that were generated in relation to the business over the years that followed, it was called “Ku De Ta” and I will use this latter spelling in this judgment. Further, I will refer to the restaurant business in Bali as “Ku De Ta Bali”.

3 The defendant, Nine Squares Pty Ltd (“Nine Squares”), is the registered owner of two trade marks in Singapore bearing the name “KU DE TA” (collectively “the Singapore Marks”). The plaintiffs’ claim in this action is for:

- (a) a declaration that the Singapore Marks are held on trust for and should be transferred to

the plaintiffs; or

(b) invalidation of the Singapore Marks.

4 The fifth plaintiff in both actions is an Australian, one Arthur Chondros ("Chondros"). Chondros was one of the founders of Ku De Ta Bali and it is his position that the Singapore Marks do not belong to the plaintiffs but to Nine Squares. He was made a party to both actions as a plaintiff because the actions were brought by the "partnership" in which he is still involved. He is, however, a dissenting partner in relation to the actions and gave evidence on behalf of Nine Squares. The submissions made by the plaintiffs were accordingly made on behalf of the first to fourth and the sixth plaintiffs.

5 Suit 955 was brought by the plaintiffs against a Singapore company, Ku De Ta SG Pte Ltd ("KDTSG"), in respect of its use of the name "Ku De Ta" for the restaurant cum bar/lounge/club ("Ku De Ta Singapore") which KDTSG operates at the Skypark at the Marina Bay Sands development ("Marina Bay Sands") in Singapore.

6 Apart from Chondros, the plaintiffs are Guy Neale ("Neale"), Aki Kotzamichalis ("Kotzamichalis"), Made Wiranatha ("Kadek"), White Horses Trading Company Limited ("WH Trading") and White Horses Investments Limited ("WH Investments"). Together with Chondros, they are the owners of Ku De Ta Bali. Nine Squares is a company incorporated in the State of Victoria, Australia. At all material times, it had two equal shareholders, viz, Chondros and one Daniel Ellaway ("Ellaway"). By the time of the trial, however, Ellaway was no longer a shareholder whilst Chondros had become a minority shareholder and there was a new majority shareholder.

7 This judgment is in respect of Suit 314 but many of the facts recounted hereunder are relevant in respect of Suit 955 as well. The evidence that was adduced before me during the trial was admitted in both suits.

## **Background facts**

### ***The founding of Ku De Ta Bali***

8 In 1997, Chondros, who had previously operated a restaurant in Melbourne belonging to his family, moved to Bali in the hope of opening a restaurant there. In April 1999, he located a beach-front site which he thought would be suitable for a high-end dining destination. He then approached Kadek for assistance in obtaining the lease of the land. Kadek is an Indonesian citizen and native Balinese and was thus qualified to bid for and hold the lease. He was then, and still is, a successful businessman with many business interests including restaurants and clubs. Kadek lent his name to the bid and it was successful. Thereafter, at Chondros' request, Kadek helped with part of the down payment for the lease. More investors were needed so Chondros approached Kotzamichalis, another Australian expatriate living in Bali, and Neale, an Australian working in Singapore, and they agreed to contribute funds for the establishment of the restaurant. Hereinafter I shall sometimes refer to these four men as the "founders".

9 Chondros said that he himself came up with the name "Ku De Ta" for the proposed restaurant as a play on the phrase "*coup d'état*", to signify his ambition of revolutionising fine dining in Bali. He claimed that this was prior to inviting financial contributions from Kotzamichalis, Neale and Kadek. However, Kadek said that he had had a role to play in suggesting that the original name "kudeta" be split up into "Ku De Ta" because the original word would have offended political sensitivities in Bali. What is accepted is that on 4 January 2000, Kadek applied to register the trade mark "KU DE TA" in class 42 (restaurants, etc) in Indonesia and, on 20 March 2001, it was registered under Kadek's name

as Trade Mark No 469240 ("the Indonesian Mark").

10 The plaintiffs' position is that the Indonesian Mark was and is held on trust for and on behalf of all of them while Nine Squares is adamant that the Indonesian Mark is held on behalf of Chondros only.

11 In February 2000, the founders entered into an agreement entitled "Heads of Agreement" ("the 2000 HOA"). All signed it except Kotzamichalis but no issue was made of his non-signature and it was common ground that the 2000 HOA bound all four founders.

12 The essential terms of the 2000 HOA are as follows. Clause 3 stated that Chondros would manage and control the operation of the "business", and that he would receive a salary for doing so. The "business" was defined as "the restaurant business name [*sic*] 'Ku De Ta' to be carried out in Bali, Indonesia". Clauses 4 to 7 of the 2000 HOA set out the founders' respective entitlements to a share of the net profits of the business. Finally, cl 13 of the 2000 HOA stated that the 2000 HOA was to be governed by the laws of the State of Victoria, Australia.

13 Subsequent events in 2001 caused an adjustment in the profit and equity shares in the business, so that the figures stated in the 2000 HOA no longer reflected the true position. After the adjustments, the equity shares were distributed as follows: Neale 31%, Kadek 30%, Chondros 26.5% and Kotzamichalis 12.5%. These changes were not documented.

### ***Managing Ku De Ta Bali***

14 The restaurant was constructed in 2000. During construction the project ran out of funds and each of the founders had to contribute more money in proportion to his entitlement to profits. Chondros was the driving force behind the design, concept and construction of the restaurant but Kadek was also deeply involved. He had to carry on negotiations with the land owners and with the authorities for dispensation of the beach setback line requirement in order to construct the restaurant on the land closer to the sea front. He also obtained all necessary permits and licenses needed to establish and run the business including the restaurant and alcohol licenses. Subsequently he undertook to be the employer under Indonesian law of all the local staff and opened bank accounts in his name for the use of the business.

15 As had been agreed, after it opened, Chondros managed the daily operations of Ku De Ta Bali. In late 2002, he enlisted Ellaway to assist him in running the restaurant. In January 2003, Chondros procured the incorporation of a public company in Australia and this was subsequently converted into Nine Squares, a private company. At all material times prior to 2010, Chondros and Ellaway were equal shareholders in Nine Squares and its only two directors.

16 In July 2003, the founders met at the cigar lounge in Ku De Ta Bali. At that meeting, Chondros proposed that they appoint Nine Squares as the management company of the restaurant. Neale, Kotzamichalis and Kadek claimed that they did not agree and that they insisted that only Chondros act as the manager. Chondros however contended that all of them agreed to the transfer of management rights and duties to Nine Squares. All accepted however, that at that meeting they had agreed that instead of the monthly salary which Chondros had been receiving for managing Ku De Ta Bali, he should be paid a management fee. This was eventually fixed at 2.85% of net revenue.

17 In May 2005, Ellaway proposed that the business should engage Nine Squares as Ku De Ta Bali's management company, and also that the amount of management fees should be increased. Neale, Kotzamichalis and Kadek said that they did not agree to these proposals, while Nine Squares claimed that Kadek agreed to increase the management fees to 3.5% of net revenue. In 2008, Ellaway

proposed again that the founders sign a management agreement with Nine Squares, but this was not agreed to.

### **Registration of the name "KU DE TA"**

18 In about October 2002, Chondros asked Ellaway to register the name "KU DE TA" as a trade mark in Australia. This was registered on 17 October 2002 in both their names. On 29 January 2004, Chondros and Ellaway assigned the Australian trade mark to Nine Squares. Neale, Kotzamichalis and Kadek claimed that they were not aware of these developments at the time.

19 On 16 February 2004, on the basis of the Australian trade mark, Nine Squares applied to the World Intellectual Property Organization for international registration of "KU DE TA" as a trade mark, designating Singapore as one of the countries for registration. "KU DE TA" was therefore registered in class 43 (restaurants, etc) as a trade mark in Singapore (Singapore Trade Mark No T0405181Z) with effect from 16 February 2004, with Nine Squares reflected as the registered proprietor ("1st Singapore mark") Again, Neale, Kotzamichalis and Kadek claimed that they did not know of these developments at the time.

20 At some point before June 2007, Chondros separately told Kotzamichalis and Kadek that he had registered a number of "KU DE TA" trade marks overseas. Both claimed that they thought that Chondros had registered them for and on behalf of Ku De Ta Bali. In fact, Kotzamichalis replied that Chondros should get reimbursement for the registration costs out of Ku De Ta Bali's business account. Kadek, however, was more circumspect in offering reimbursement; he thought that Chondros had gone overboard by registering "KU DE TA" in too many countries. Chondros also told Neale, sometime after 29 June 2007, that he had incurred expenses for these overseas trade mark registrations.

21 As to the use of the trade marks, it is undisputed that Nine Squares was stated as the registered owner of the "KU DE TA" trade mark in the copious corporate and promotional material published by the Ku De Ta Bali restaurant, including the press kits available on Ku De Ta Bali's website, the CDs sold at Ku De Ta Bali (which the plaintiffs had personal copies of), and the management handbook issued by Ku De Ta Bali to its employees.

22 On 25 May 2007, Ellaway sent the founders an email to clarify rumours that Ku De Ta was opening in Singapore. In this email, Ellaway stated that Nine Squares had secured the trade mark of "KU DE TA" in around 35 countries. Neale and Kotzamichalis aver that this statement did not cause them concern because they had assumed that Nine Squares had registered the trade marks for and on behalf of the partnership. Nevertheless, Neale called for a partnership meeting, given Ellaway's allusions to negotiations and discussions about commencing a Ku De Ta operation in Singapore.

23 On 29 June 2007, Kotzamichalis, Neale and Kadek attended a partnership meeting at Ku De Ta Bali. Neale claimed that he had notified Chondros of this meeting, but the latter was not at the restaurant and did not turn up. Chondros, on the other hand, explained that he had not been present because he had not been invited to the meeting.

24 The matters purportedly discussed and agreed on by Kotzamichalis, Neale and Kadek at the meeting were later set out in an email memorandum dated 6 July 2007, sent by Neale to all the founders including Chondros ("the Email Memorandum"). Amongst other things, the Email Memorandum stated that:

Any use of the Ku de Ta name by any partner for whatsoever reason must be approved by all partners. Any subsequent agreement must then be governed by a license agreement which

details, inter alia, what royalties are to be paid to Ku de Ta Bali. Currently, no such arrangement is in force.

In court, Chondros declared that when he received the Email Memorandum, he had gone to ask Kadek about it and Kadek had told him not to worry about it but to continue with his work.

25 On 21 November 2007, Ellaway sent an email to the founders informing them of a potential expansion opportunity and that “there will be the opportunity for all founding KDT partners to invest in any new venture undertaken based on total project cost as well as the commencement of discussions regarding the matter of royalties due & payable”. Whether Ellaway’s email was sent pursuant to the imperative in the Email Memorandum is disputed.

### ***Entry of new partners***

26 In the second half of 2008, Chondros asked his friend, Gary Collins (“Collins”), whether he would be interested in purchasing part of Chondros’ equity share in Ku De Ta Bali. Collins agreed to purchase 10% of the equity in the business from Chondros for US\$700,000. Collins made the acquisition through his vehicle, WH Trading.

27 Before Chondros transferred some of his shares to WH Trading, he, together with Neale, Kotzamichalis and Kadek, executed another Heads of Agreement in April 2009 (“the 2009 HOA”). The 2009 HOA was very similar to the 2000 HOA. Significantly, the definition of “business” was unchanged. Subsequently, Chondros’ share transfer to WH Trading was effected by way of a deed of assignment dated 7 April 2009.

28 In 2010, Chondros sold a further 6.5% equity stake in the business to Collins. This time Collins used another corporate vehicle, WH Investments, for the acquisition. Chondros also borrowed money from Collins against the collateral of another 4% stake in Ku De Ta Bali. When Chondros failed to repay the loan, Collins (through WH Investments) acquired that 4% stake in August 2011.

### ***Dispute between Chondros and Ellaway***

29 Although Kotzamichalis, Kadek and Neale did not agree that Nine Squares was to become Ku De Ta Bali’s management company, they did not object to Chondros using Nine Squares to manage and operate the Ku De Ta Bali restaurant, so long as Chondros remained personally in charge of management.

30 Nine Squares’ practice was to procure various supplies for Ku De Ta Bali and pay the suppliers first. It would then send the invoices from the suppliers to Ku De Ta Bali for reimbursement. Ellaway was in charge of the invoices. Sometime in 2009, Chondros thought that the amounts of the suppliers’ invoices seemed inflated. By April that year, Chondros was convinced that Ellaway was “ripping [Ku De Ta Bali] off” by altering and/or forging suppliers’ invoices to inflate the amounts charged under the invoices, and then claiming those inflated amounts from Ku De Ta Bali.

31 In May 2009, Chondros confronted Ellaway about this issue. Chondros was dissatisfied with the latter’s explanations as to his conduct and told him that Nine Squares could not continue to manage Ku De Ta Bali if Ellaway had defrauded Ku De Ta Bali. At the trial of this action, Ellaway admitted that he had altered the suppliers’ invoices so that they showed more than what had actually been billed.

### ***Chondros’ unsuccessful attempt to expand overseas***

32 In 2009, Chondros became acquainted with one Justin Wright ("Wright"). He asked Wright to structure and investment plan which would facilitate the expansion of the "KU DE TA" brand overseas. The idea suggested was the incorporation of a holding company "Ku De Ta Holdings" which would own all the "KU DE TA" trade marks for the purpose of franchising the brand. Chondros called this the "Dream Project". He invited the other founders of Ku De Ta Bali to participate in this venture, but ultimately the project did not take off.

### ***Licence agreement for the 1st Singapore Mark***

33 On 18 March 2009, one Karl Patel ("Patel") introduced one Chris Au to Chondros and Ellaway as a party interested in investing in a potential venture at the Marina Bay Sands. Chris Au was a Hong Kong businessman who wanted to use the "KU DE TA" name for a restaurant in Singapore. He knew that Chondros and Ellaway were the directors and equal shareholders of Nine Squares. He was also aware that there were other investors in Ku De Ta Bali besides Chondros.

34 Ellaway replied to Patel and Chris Au, dropping Chondros out of the email loop, to ask if he could speak with Chris Au.

35 In the meantime the dispute between Chondros and Ellaway escalated. On 24 June 2009, Chondros sent an email to Ellaway asking him for: (a) an accounting of all amounts paid to Ellaway by Nine Squares; (b) access to Nine Squares' books; (c) an accounting in respect of Ku De Ta Bali; and (d) a list of any obligations Ellaway had entered into purportedly on behalf of Nine Squares. Chondros also wrote, "Please note that until all matters are determined you should not enter into any agreements or incur any expenditure without my express written consent".

36 On 29 June 2009, without Chondros' knowledge, Ellaway caused Nine Squares to enter into a licence agreement with Chris Au ("the Licence Agreement"), under which Nine Squares purported to license to Chris Au the use of the 1st Singapore Mark within Singapore.

### ***Second Singapore trade mark registration***

37 On 30 June 2009, Ellaway caused Nine Squares to apply in Singapore to register "KU DE TA" as a trade mark in classes 9 (music) and 25 (apparel). This trade mark was subsequently registered as Singapore Trade Mark No T0907126DF ("2nd Singapore Mark") with effect from 30 June 2009. Nine Squares was shown as the registered proprietor of the 2nd Singapore Mark.

### ***The formation of KDTSG***

38 In the meantime, Chris Au was working closely with Patel on the project to open Ku De Ta Singapore at Marina Bay Sands ("the Project"). On 20 July 2009, a joint venture agreement was executed between Retribution Limited (a British Virgin Islands ("BVI") company belonging to Chris Au) and Rocky Cape International Limited (a BVI company belonging to Patel), whereby it was agreed that Kudeta Limited would be incorporated in the BVI as a joint venture between Retribution Limited and Rocky Cape International Limited. It was also agreed in this joint venture agreement that Kudeta Limited was to incorporate KDTSG in Singapore, and that Chris Au was to sub-license the use of the 1st Singapore Mark to KDTSG. Kudeta Limited would raise funds for the Project by allotting shares in itself to third party investors. Kudeta Limited was incorporated on the same day.

39 On 13 August 2009, KDTSG was duly incorporated with Kudeta Limited as its sole shareholder. Later, on 23 November 2009, Chris Au assigned his rights under the Licence Agreement to KDTSG.

### ***The Australian court proceedings***

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40 Chondros found out in February 2010 about the Licence Agreement. He immediately disputed that Nine Squares had a right to license the 1st Singapore Mark and contended that the Licence Agreement was void.

41 In April 2010, KDTSG and Chris Au commenced legal proceedings in Victoria, Australia, against Nine Squares seeking, *inter alia*, a declaration that the Licence Agreement was valid ("the Australian proceedings").

42 Chondros initially defended the Australian proceedings vigorously. He filed an affidavit swearing that:

45. It was never my intention that the Management Company [Nine Squares] would be the beneficial owner of the trademarks. In that regard, I note that the Management Company had no involvement in the registration of the name of the Restaurant in Indonesia. Whilst the concept of the Restaurant was mine, I have three other partners (Kadek, Neale and Kotzamichalis) who are owners of the Restaurant and who have an entitlement to be part of any benefits that were derived as a result of the use of the trademarks. It was always my intention that the partners of the Restaurant would be included as recipients of any benefits received from the use of the trademarks, however as no concluded contracts were entered into; we had never discussed the extent of their entitlement.

46. Ellaway is aware that I dispute that the Management Company is the beneficial owner of the trademark. He is aware from discussions that we have had that the partners in the Restaurant will have to be included as beneficial owners of the trademarks.

43 Subsequently, on 9 July 2010, the Australian proceedings were settled. In an apparent *volte face* from his initial insistence that the Licence Agreement was invalid, Chondros entered, on Nine Squares' behalf, into a deed of settlement with Chris Au and KDTSG. This deed affirmed the Licence Agreement with slight variations.

### ***The plaintiffs commence proceedings in Singapore***

44 In September 2010, KDTSG opened Ku De Ta Singapore. In December 2010, the plaintiffs commenced Suit 955 against KDTSG to enjoin the latter from using the trade name or mark "KU DE TA" and in passing off. In 2011, they started this action ("Suit 314") by way of an originating summons. It was subsequently converted to a writ action.

### **The issues**

45 The plaintiffs have defined the issues in this suit as follows:

- (a) Who owns the name/mark "KU DE TA" and its associated goodwill?
- (b) Was Chondros entitled to procure Nine Squares to register the 1st Singapore Mark in February 2004 and the 2nd Singapore Mark in June 2009?
- (c) Are the Singapore Marks held by Nine Squares on trust for the plaintiff?
- (d) Alternatively, are the grounds for invalidating the Singapore Marks, as set out in the Trade Marks Act (Cap 332, 2005 Rev Ed) ("TMA"), satisfied?

46 Nine Squares did not quarrel with the way in which the plaintiffs had delineated the issues. However, the reliefs claimed by the plaintiffs in their statement of claim relate entirely to the Singapore Marks and therefore the main issues for decision are (c) and (d) above. The formulation of the first issue, as to who owns the name/mark "KU DE TA" and its associated goodwill is too broad because it is conceivable that the Indonesian Mark could be owned legally and beneficially by different parties from those who are the legal or beneficial owners of the Singapore Marks. Given that Nine Squares is the legal owner of the Singapore Marks, the plaintiffs' claim in essence is that they are the beneficial owners of the same. Such beneficial ownership can arise by way of either an express trust or a constructive trust. It is in relation to the plaintiffs' assertion that even if no express trust was created, there was an institutional constructive trust in the plaintiffs' favour because Chondros breached his fiduciary duty to the partnership by registering the Singapore Marks in Singapore, that the question of who had prior ownership of the name/mark "KU DE TA" comes into play. It is also in connection with the assertion of an institutional constructive trust that I have to consider the second issue, that of whether Chondros was entitled to cause Nine Squares to apply for registration of the Singapore Marks.

47 Whilst the issue of the institutional constructive trust should be considered after the express trust issue, I think that I should deal at the beginning with the issue of whether the name/mark "KU DE TA" was owned by the founders collectively or Chondros alone or Nine Squares prior to the registration of the 1st Singapore Mark. In this connection, I would have to consider the nature of the association between the plaintiffs *inter se*. The parties in their closing submissions also put these issues as requiring their initial attention.

48 Therefore, I will deal with the issues as follows:

- (a) Prior to the registration of the 1st Singapore Mark who, if anyone, owned the name/mark "KU DE TA"?
- (b) Does Nine Squares hold the Singapore Marks on an express trust for the plaintiffs?
- (c) If not, does Nine Squares hold the Singapore Marks on a constructive trust for the plaintiffs and, in this connection, was Chondros entitled to cause Nine Squares to register the 1st Singapore Mark in February 2004 and the 2nd Singapore Mark in June 2009?
- (d) Should the registration of the Singapore Marks be invalidated under s 23 of the TMA?

### **The ownership of the name/mark KU DE TA**

49 Just to avoid confusion, I should state that in this portion of the judgment, I am dealing generally with the name/mark "KU DE TA" and not with the Singapore Marks. I am focussing on the period between 1999 when Chondros and Kadek bid for the land in Bali and 2004 when the 1st Singapore Mark was registered.

50 Nine Squares takes the position that after securing the lease, Chondros came up with and decided on the name "KU DE TA" for his restaurant and it was only after he had thought of the concept, design and name of the restaurant that he, in late 1999, sought investments from Kadek, Kotzamichalis and Neale. The other men had no part in deciding the name. Chondros then wanted to protect his rights to the name and he sought Kadek's assistance to register it on his behalf. Kadek applied for registration of the trade mark in Indonesia on 4 January 2000 and, in line with his understanding that he was doing so on behalf of Chondros, subsequently handed the original trade mark application form to Chondros. As at 4 January 2000, the business venture between the founders



had yet to be constituted and therefore the Indonesian Mark was not being registered for any alleged partnership. Even after the 2000 HOA came into effect, it did not give the plaintiffs ownership of the Ku De Ta name or the Indonesian Mark. These continued to belong to Chondros exclusively.

51 For the purposes of determining ownership of the name/mark "KU DE TA", it is irrelevant who devised the name and whether it was the sole inspiration of Chondros or, as the plaintiffs asserted, whether Kadek had a part to play in the way it was formulated. This was conceded by Mr Richard Hoad, an Australian lawyer specialising in intellectual property law who testified on Nine Squares' behalf. The plaintiffs' legal expert, Mr Raymond A Finkelstein QC ("Mr Finkelstein"), testified that under the laws of Victoria there is no property in a name as such. It is only when a name carries goodwill with it or it has been registered as a trade mark that it can be owned. So, no one owned the name when it was first agreed that "KU DE TA" should be the name of the restaurant business that the founders were planning to carry on in Bali. When the Indonesian Mark was issued subsequently, the legal owner was Kadek.

52 The parties are agreed that the starting point for determining if the founders had rights of ownership *inter se* in respect of the "KU DE TA" name/Indonesian Mark is the terms of the 2000 HOA. The plaintiffs' expert, Mr Finkelstein, stated that "to determine whether the parties intended the name/mark Ku De Ta to be partnership or joint venture property, it is necessary to examine the [2000 HOA] and construe that agreement in accordance with the principles applicable in Australia for the construction of contracts". Where the parties differ is that Nine Squares says that the exercise must end with the 2000 HOA whilst the plaintiffs contend that the 2000 HOA was not and could not have been intended by the original parties to be a complete record of their rights and obligations *inter se*, and therefore the conduct of the founders and the surrounding circumstances outside of the 2000 HOA can also be looked at.

53 Looking at the 2000 HOA, it is clear that the founders had come together with a view to conducting a restaurant business which was to operate under the name "KU DE TA". This can be seen from the following provisions of the document:

(a) Recital A, which states that "Chondros has established and developed the business and is desirous to form a partnership in the future for the purposes of conducting the business (as hereinafter defined)". (It should be noted that this recital was not literally true as the business had not been established or developed yet.)

(b) The definition of "The Business" in cl 1(1) to mean "the restaurant business name "Ku De Ta" to be carried out in Bali, Indonesia".

(c) The provisions regarding capital contributions by the partners. "Capital Contribution" is defined in cl 1(1) as "the amounts contributed by each member to establish the Business as per Schedule B".

(d) Clause 2, which provides that "The Members acknowledge that they are co-operating in the establishment of the business in Indonesia and that the obligations of each of the parties to this Agreement and the transactions noted in this Agreement are directed towards the successful establishment and running of the business". (Note: in contrast to Recital A, this clause reflected the situation as it existed on the date of signing.)

(e) Clauses 4 to 7, which set out the parties' obligations and the consideration provided by each partner in return for a particular percentage of the net profits of the business.

(f) Clause 3(d), which provides that "At the expiration of the Term all rights shall vest absolutely in the Members". The "Term" is defined in cl 1(1) to mean 20 years commencing from 6 July 1999.

54 The foregoing clauses indicate the way in which the parties intended to regulate their business. I find it significant that Recital A mentioned that the intended form of business was "a partnership". It was drafted by a lawyer appointed by Chondros who took instructions from Chondros. It is clear that the lawyer understood his instructions to be that the founders would be forming a partnership business which related to the construction and operation of a restaurant in Bali under the name "KU DE TA". It is in this context that cl 3(d) must be interpreted. The question is what the word "rights" covered. Mr Finkelstein's opinion was that "rights" would be taken to refer to rights in the partnership property.

55 I agree with the plaintiffs that the partnership property would consist of the fixed assets and other chattels belonging to the business, the lease of the land and the name and goodwill of the restaurant. Mr Finkelstein explained that, applying Australian law principles, when construing commercial contracts "the language used [must be given] the ordinary sense that business men would give to it" (citing *Weardale Coal and Iron Co Ltd v Hodson* [1894] 1 QB 598 at 601). In this context, the parties cannot have intended that the "rights" that would belong to them would be confined only to assets that would be worth very little such as fittings, fixtures and chattels and outstanding debts (on the basis that after 20 years the lease would have expired and have no further value). Parties would have intended that "rights" would cover the name "KU DE TA" plus any goodwill attached to the name as a result of the successful operation of the business. After 20 years of successful operation, the name and the goodwill would be the most valuable asset of the partnership. Mr Finkelstein considered that such a construction would accord with ordinary business sense. I agree. Ordinary business sense would be the same in Australia as in Singapore.

56 There was nothing in the 2000 HOA that preserved any interest that Chondros might have had in the name "KU DE TA" for himself alone. Given that he came up with this name and that he was the one giving instructions to the lawyer drafting the 2000 HOA, it is significant that he did not think to protect his rights in the name from the other founders. If his evidence is to be believed, from early-January 2000 he wanted his interest in the name protected and that was why he asked Kadek to register it for him in Indonesia. If that was indeed the main reason for the trade mark registration, Chondros would also have instructed his lawyer to ensure that the 2000 HOA, which was supposed to be signed by all the founders, contained a provision whereby they all acknowledged his ownership of the name.

57 I agree also with the plaintiffs' submission that it can be inferred from the conduct of the founders and the surrounding circumstances that they had agreed from the beginning that the "KU DE TA" name and goodwill, as it grew, would belong to the partnership. The founders were getting together to establish a restaurant with Neale, Kotzamichalis and Kadek contributing the majority of the funds needed for the business. It is not believable that they would have agreed that the name and the brand of the restaurant should belong only to one of them, *ie*, Chondros, notwithstanding that he was the originator of the name. Second, the name had not been used by any of the founders in connection with any other business and was thought of specifically for the business established pursuant to 2000 HOA. In December 1999, Chondros had prepared a brochure with financial projections for the restaurant which he showed to Neale when trying to persuade him to invest in the project. It was clear then that what Chondros wanted was to open a restaurant with a specific name and that was the business that Neale was offered a share in. In those circumstances, it cannot be inferred that Chondros intended to keep the name for himself alone. That would not have been understood by Neale, Kadek or Kotzamichalis when they got together with him to develop the project.

The name, though attractive and attention grabbing, was a new name and not attached to any previous business of any kind. As such, there would be no reason for the other founders to believe that Chondros had special rights to the name.

58 It is also relevant that at the time the 2000 HOA was signed, it was not certain that the name would be approved by the Indonesian authorities. Kadek had to work hard to get such approval because of the sensitivity of the name. It was to distance the word from its political roots that either Chondros or Kadek broke it up into its three component syllables. Chondros' evidence was that he told Kadek to "get me that name" and that evidence was used by Nine Squares to justify its assertion that the Indonesian Mark was held on trust for Chondros alone. I disagree that the remark can be interpreted so unequivocally as to have clearly indicated to Kadek that Chondros wanted the name for himself alone. The obvious interpretation was that Chondros wanted approval for the name so it could be used for the intended business. Ownership of the name or the Indonesian Mark was another matter. Indeed it was Kadek's evidence that he considered himself as holding the Indonesian Mark on trust for the partners. Whilst at the time he applied for it, the partnership was not yet in existence, it was anticipated that there would be additional investors in the business and that it would not belong to Chondros alone. Indeed, Kadek himself had by then put a lot of effort into securing the lease and was an intended investor so at the least he would have contemplated holding the mark for himself as well as for Chondros. While he may have handed the original application form for the trade mark to Chondros, there is no dispute that at all times Kadek kept the Indonesian Mark registration certificate itself in his own possession. It is also worth mentioning that in correspondence over the years Ellaway repeatedly conceded that the Indonesian Mark belonged to the partners of Ku De Ta Bali.

59 I consider the conduct of the founders to be relevant because I accept Mr Finkelstein's opinion that the 2000 HOA was not a complete record of the parties' agreement. It did not provide for matters like the liability of the partners to contribute to debts of the business or what was to occur on a winding up of the business. I also accept Mr Finkelstein's evidence that the applicable Australian legal principle is that where a written agreement is not a complete record of what has actually been agreed, the court would have to infer the other terms agreed to by the parties from their conduct.

60 The facts (particularly those in [57] and [58] above) distinguish the present situation from that which existed in the case of *Ratna Ammal v Tan Chow Soo* [1964] MLJ 399, a decision of the Federal Court of Malaysia. The question there was whether a trade mark which was used by a partnership business belonged to the partnership or to the respondent in the case who was one of the partners. It was held that the property rights in the trade mark were vested in the respondent alone. The basic facts were that since September 1959, the respondent had been importing and selling sweetened condensed milk under the name "Saint Brand". In August 1961, the respondent applied for this trade mark to be registered in respect of milk and other dairy products. The trade mark was registered in the respondent's ownership on 1 October 1962 but took effect from the date of the application. In the meantime, on 3 November 1961, a written agreement was executed providing for the respondent and the appellants to constitute a "syndicate" to market "Saint Brand" sweetened condensed milk. The recital in the agreement made reference to the respondent's application for the registration of the trade mark and the appellants argued that this recital and the fact that the business was to sell the milk in tins bearing the trade mark supported the inference that the trade mark had become partnership property. The court held, however, that there was nothing in the agreement to suggest that the parties had agreed that the rights in the trade mark were to become partnership property in respect of all the goods it covered. The agreement contained clauses providing a careful consideration for the partners' interests in regard to finance and in regard to the respondent having to provide premises for the business free of charge. In that situation, had the partners agreed that the trade mark should belong to them all, this agreement would have been clearly expressed in the document. The court also noted that the right to use the trade mark was acquired by the respondent

before the partnership was formed and was originally acquired by him alone. In the present case, no business had been built up by Chondros at all before the application for the Indonesian Mark.

61 On the issue of the form of association, as I have stated, the 2000 HOA said it was a partnership and Nine Squares referred to it as such in these proceedings until very late in the day. In its original defence filed on 2 June 2011, Nine Squares admitted that the plaintiffs were partners of Ku De Ta Bali. It was only in May 2012 that it changed its position to assert instead that the plaintiffs were in a "business venture". In the Australian proceedings Chondros also referred to Ku De Ta Bali as a partnership. Further, the laws of the State of Victoria, Australia, which govern the 2000 HOA, define partnership as "the relation which subsists between persons carrying on a business in common with a view of profit" (see s 5 of the Partnership Act 1958 (Act 6330 of 1958) (Vic)). The evidence of Mr Finkelstein was that the conduct of the parties as well as the provisions of the 2000 HOA would determine whether their relationship was a partnership or not. Mr Kym Fraser ("Mr Fraser"), the expert called by Nine Squares, opined that the nature of the plaintiffs' arrangement depended only on what they had agreed and not on what they did. However this opinion is contrary to the statement of law in *The Law of Partnership in Australia* (Keith L Fletcher) (Lawbook Co, 9th Ed, 2007) at para 2.35. Further, Mr Fraser conceded that if there were areas that were not covered by the written agreement, the court could look at the parties' conduct at any time to determine what they had agreed on in respect of those areas.

62 Looking at the evidence, I am satisfied from the terms of the 2000 HOA and the conduct of the parties that they intended to be, and duly conducted themselves as, partners. I do not agree that cll 3(a) and 3(b) of the 2000 HOA demonstrate that there was no intention to form a partnership.

63 Clause 3(a) and (b) provide that:

- (a) Except as expressly provided herein, the Members agree that Chondros shall manage and control the operation of the business including all matters relating to the construction, interior direction, hiring and firing of staff and daily operation of the Business.
- (b) Chondros shall have the power to enter into all transactions necessary for carrying on the business.

64 Mr Fraser's opinion was that these clauses conferred powers on Chondros which the other parties did not have. It was suggested that the requirement of mutuality to constitute a partnership meant that all partners must have the ability to bind the other parties and the presence of the clauses meant that there was an absence of the required mutuality. However, Mr Fraser also agreed that in this case, all the founders had a role to play in the critical decision making of the business. Second, because the business was in Indonesia, there were many transactions which could only be entered into by Kadek on behalf of the founders. Mr Fraser acknowledged that this circumstance would "vary" the 2000 HOA because it meant Chondros was not the only one who could enter into transactions and that might change the character of the founders' arrangements.

65 Quite apart from the above, Mr Finkelstein's evidence that mutuality in the context of partnership means that there ought to be reciprocity of obligations between the partners *inter se* is more logical and in accordance with the common law of partnership from which the Victorian law sprang. Mr Finkelstein's opinion was that the obligations which the parties assumed under cll 4 to 7 of the 2000 HOA constituted clear mutual obligations. In addition, under cl 10.5 of the 2000 HOA, meetings of the members were competent to exercise all the authorities, powers and discretion vested in the members. This indicated that the parties were running the business in common.

66 As a partner, Chondros owed fiduciary duties to the other partners. It should be noted that Nine Squares conceded that even if I found the relationship between the founders *inter se* to be that of joint venturers, Chondros would still owe the other founders fiduciary duties.

## **Express trust**

### ***The law***

67 On the creation of express trusts, the following passage at para 21-019 of *Snell's Equity* (John McGhee QC gen ed) (Sweet & Maxwell, 32nd Ed, 2010) ("*Snell's Equity*") was quoted with approval in *Tee Yok Kiat and another v Pang Ming Seng and another* [2012] SGHC 85 at [29]:

An express trust is created by the *actual intention* of the person in whom the property is vested, as where A declares himself a trustee of Whiteacre for B, or conveys it to C on trust for B. The intention may be apparent from the express use of the words "trust" in the relevant instrument or gathered by inference from A's words or conduct. [emphasis added]

68 The creation of an express trust is straightforward: the settlor must show an actual or express intention to convey the property on trust. This can happen in two ways: the settlor declares himself as trustee, or the settlor transfers the trust property to the trustee. In this case, only the first situation is applicable as the partners who never had legal title to the Singapore Marks could not have been the settlors. Hence, it must be the plaintiffs' case that Nine Squares intended to hold the Singapore Marks as trustee for the partnership when the trade marks were registered.

69 In addition, there must be present the three certainties: certainty of intention, certainty of subject matter and certainty of objects. For there to be certainty of *intention*, a careful inquiry of the facts must show that the settlor clearly intended to subject the trust property to a trust obligation. This can be discerned from the language used in a trust document, or, where the language used is found to be inadequate, a settlor's intention deduced as a matter of "business common sense" may even be sufficient (*Don King Productions Inc v Warren* [2000] Ch 291 at 311). The settlor's intention must be clear on two fronts: that the trustee's duties are to be *legally* enforceable rather than merely social or moral, and that it would involve *trust* duties as distinct from other legal relationships such as that between debtor and creditor (*Snell's Equity* at para 22-013). As for certainty of *subject matter*, there must be a clearly identifiable property intended to be subject to the trust, since trusts cannot exist in abstract. The property must be specifically identified and there must be no conceptual uncertainty surrounding the subject matter. Notably, a settlor cannot create a trust of future property which he does not presently own but hopes to own sometime in the future (*Re Ellenborough* [1903] 1 Ch 697). Lastly, to establish certainty of *objects*, there must be ascertainable legal persons who possess the standing to enforce the obligations under the trust, and for whom the property is held.

70 The express trust is only brought into existence when it is fully constituted, *ie*, legal title to the property has been vested in the trustee, and beneficial title in the beneficiaries. This step prevents the settlor from retaining ownership of the property. This can be done in a few ways, the most common of which is a declaration of a trust; whether a declaration is an effective one or not is a question of fact. For instance, whilst words spoken in "loose conversation" would not amount to an effective declaration of trust (*Jones v Lock* (1865) LR 1 Ch App 25), it was suggested in *Paul v Constance* [1977] 1 WLR 527 that repetition of similar words in conversation over a period of time ("as much yours as mine" there) may be sufficient.

71 Although *Re Vandervell's Trust (No 2)* [1974] Ch 269 seems to suggest that an effective

declaration may also be inferred from *conduct*, this case has been described as “notoriously controversial” due to the questionable sufficiency of intention to create a trust in that case (Okeke Chukwuebuka, “Re Vandervell’s Trust revisited: was Denning really wrong?” (2013) 18 Cov LJ 107 at p 107). Mr Vandervell had set up a trust for his children to be managed by Vandervell Trust Company (“the VTC”). He later obtained a share option to be held on resulting trust for himself by the VTC, which was exercised, and shares were transferred to the VTC. Mr Vandervell then died with nothing in will because he believed that his children were provided for by the trust. Lord Denning MR held that the exercise of the option was tantamount to terminating the resulting trust in favour of Mr Vandervell, and in fact created “a valid trust” (at 319). However, it should be noted that this approach of inferring effective declarations from mere conduct has been criticised as not representing a clear and present irrevocable declaration of trust adequately, and should be approached with caution (Pearce, Stevens & Barr, *The Law of Trusts and Equitable Obligations* (Oxford University Press, 5thEd, 2010) (“*Pearce et al*”) at p 200).

72 In *Underhill and Hayton: Law Relating to Trusts and Trustees* (LexisNexis, 18th Ed, 2010) it is stated at para 9.8 that “[i]n *exceptional cases* it may be possible for a court to find that though there has been no actual express declaration of trust it is possible to infer a declaration of trust from acts showing that a person has constituted himself a trustee, *ie*, from conduct evincing an intent to deal with his property so that somebody else to his own exclusion acquires the beneficial interest (or part thereof) in his property” [emphasis added].

### ***Submissions and analysis***

73 It must be borne in mind throughout the discussion that follows that the legal owner of the Singapore Marks is Nine Squares and that at all material times, this entity was in turn owned by Chondros and Ellaway in equal shares and they were both involved in the activities of Nine Squares, though perhaps Ellaway’s participation was greater than Chondros’. The evidence showed that while Chondros was the creative mind and the person with the ideas about how Ku De Ta Bali should be run and how its business and that of Nine Squares should be developed, Ellaway handled all the administrative details and did all the paperwork. Nine Squares cannot simply be identified with Chondros. Thus, in attempting to ascertain whether there was an express intention to create a trust over the Singapore Marks, it is the intention of Nine Squares that I must focus on as shown through its words and, perhaps, conduct if the same is clear enough.

74 The plaintiffs submitted that the trust arose because Chondros had used Nine Squares to register “KU DE TA” trade marks overseas in the name of Nine Squares. However, Chondros on behalf of the partners had intended that Nine Squares would hold the KU DE TA trade marks “on trust for the Ku de Ta Partnership”. I shall refer to these marks collectively as “KU DE TA Marks”.

75 The plaintiffs relied on the following factors as showing the express intention required:

- (a) discussions between Chondros and the partners regarding overseas expansion of Ku De Ta Bali;
- (b) discussions between Chondros and Kotzamichalis, and Chondros and Kadek on registration of KU DE TA Marks;
- (c) the 29 June 2007 partnership meeting and the 6 July 2007 email memorandum;
- (d) Neale’s discussion with one Lachlan Gyde;

- (e) expenses for exploring expansion opportunities were charged to Ku De Ta Bali;
- (f) acquisition of Chondros' stake by WH Trading;
- (g) Ellaway's email to Kotzamichalis dated 21 November 2008;
- (h) the Dream Project;
- (i) Gili Meno;
- (j) Chondros' agreement that the domain name [www.kudeta.net](http://www.kudeta.net) belonged to the partnership;
- (k) Arthur Tay's evidence;
- (l) Ellaway's behaviour; and
- (m) Chondros' admissions in the Australian proceedings and in correspondence with Ellaway and Marina Bay Sands.

76 The plaintiffs also made detailed submissions on their assertion that what Ellaway had told third parties about Nine Squares' registration of trade marks and other actions of Nine Squares in relation to the trade marks were irrelevant to the determination of whether a trust existed.

77 Nine Squares submitted that the plaintiffs had failed to show any evidence of an intention on the part of Nine Squares to hold the Singapore Marks on trust for the plaintiffs. They had not even been able to identify the point in time at which Nine Squares intended to create the alleged trust or the terms of the trust. In their closing submissions, the plaintiffs had raised conversations with Chondros spanning a period of almost ten years in which Chondros had never once expressly declared to them that the KU DE TA Marks were held by Nine Squares on behalf of the plaintiffs. Instead, the evidence showed that Nine Squares always stated that it owned the KU DE TA Marks and that it behaved in a manner that was consistent with its ownership.

78 I will consider the evidence which the plaintiffs rely on.

#### *Discussions between Chondros and the partners regarding overseas expansion of Ku De Ta*

79 The plaintiffs cited instances where: (a) the partners had discussions over what business model to use for expansion (*viz*, a royalties or build-and-operate model); (b) Neale had warned Chondros against rushing to take Ku De Ta overseas; (c) Kotzamichalis had informed Chondros about various overseas opportunities; and (d) Chondros had spoken to Kadek about potential expansions in Indonesia and Thailand.

80 However, it is difficult to conclude that any of these discussions amount to or evidence an intention to create an express trust. Notwithstanding the fact that mere interest in overseas ventures is quite distinct from the prospect of securing intellectual property rights in those destinations, it is unclear that Chondros exhibited any intention to do the latter on behalf of the partners. Moreover, in the larger scheme of all the discussions that Chondros and Ellaway undertook with *other* individuals in relation to overseas expansion, the involvement of the partners, by comparison, was miniscule. The following are instances of such exploratory discussions (unless otherwise indicated under "Remarks", only Chondros and Ellaway were involved in the discussions, without the participation of Neale, Kotzamichalis or Kadek):

	Period	Person(s) involved in discussions	Location of opportunity	Remarks
1	2003	Graham Bristow	Gado Gado, Bali	For the setting up of "Klub Kudeta". Discussions between Chondros, Kadek and Graham Bristow
2	2005, 2008	Hani Al Maki	Singapore, Thailand	Proposed a new Singapore-based company (Nine Squares International Pte Ltd)
3	2004–2005	Greg Young	Phuket	
4	2005	Anthony Lark	Thailand	
5	2005–2007	Lee Chin Chuan of Sentosa Leisure Group	Singapore	
6	2006	Hideki Hashimoto	Guam	
7	2006	Singapore Keppel Land	Singapore	
8	2006	Singapore Polo Club	Singapore	
9	2006	Michael Suittie and Mark Landers	Koh Samui	
10	2007	Adam Wise of Four Day Week Pte Ltd	Singapore	For securing the roof-top site at the to-be-built Marina Bay Sands
11	2007	Richard Shearer of Prism Estates	Phuket	Kotzamichalis referred Richard Shearer to Chondros alone, without the other founders being involved
12	2007	Kevin Troy		
13	2007	Patel and Harry Apostolides of Above + Beyond Resorts	Thailand	The founders were informed that there would be an opportunity for them to invest in this new venture
14	2007	Jacque Mavian of Dubai Festival City Quayside Hotel LLC	Dubai	
15	2008	James Forbes	Caribbean Islands	Kotzamichalis referred James Forbes to Chondros alone, without the other founders being involved



16	2008	Jean-Michel Alfieri	Middle East	Kotzamichalis told Chondros of Jean-Michel Alfieri's interest
17	2008	Eddie Malkoun and Greg Kahan	Phuket	
18	2008	Philip James	Phuket	
19	2008	Marina Bay Sands	Singapore	
20	2009	Patel, Robin Leigh and Harry Apostolides	Singapore	
21	2009	Gary Collins and Darren Collins	Gili Meno	Chondros approached Gary Collins and Kadek to ascertain their interest

81 These exchanges with various other parties (apart from items 1, 11, 13, 15, 16 and 21) show that the founders were left unaware of most of the discussions on expansion, and that Ellaway and Chondros seldom saw it necessary to include them. The correspondence with various interested parties indicated that Nine Squares was consistently representing itself as the owner of the Singapore Marks; no mention was made of the fact that there would be participation from the rest of the partnership. Save for the potential Phuket venture with Above + Beyond Resorts in 2007 (item 13), Chondros and Ellaway never informed the partners, much less sought their opinion, on anything related to overseas expansion, unless that specific opportunity had been referred to them through a partner (like Kotzamichalis' referrals in items 11, 15 and 16). The fact that the partners were excluded from the *bulk* of the expansion discussions is *prima facie* consistent with Nine Squares' claim that the opportunities were pursued for Nine Squares' benefit alone, as expressed by Chondros in oral evidence:

Q: ... your evidence is that they are not involved, and they are not entitled to be involved in any overseas expansion?

A: Correct, *I have no obligation to involve them*, no.

...

Q: It's only *out of your goodwill that you might offer them an opportunity to invest in these overseas expansion possibilities*, that you would tell the partners in Bali about these expansion possibilities?

A: Yes, rarely I would, yes.

[emphasis added]

82 Given that from the outset, Chondros had never concealed his desire to take Ku De Ta to the world, it is not surprising that he should have discussed a plan or two with individual partners of Ku De Ta Bali at one point or another. In fact, he had good reason to as he had always kept in mind that these were investors to whom he would want to offer opportunities for investment.

83 These few instances of Chondros sharing his ambition and plans cannot show that Nine Squares or Chondros intended to create a trust for the benefit of Ku De Ta Bali.

84 The plaintiffs claim that Chondros had told both Kotzamichalis and Kadek (on separate occasions) that he had registered KU DE TA Marks in over 100 countries, in a bid for Ku De Ta Bali to reimburse him for the registration costs involved. Upon hearing that Chondros had done so, Kadek felt that the extent of the registrations was excessive and therefore he did not offer to reimburse Chondros with the costs of registration, but directed him to speak with Neale and Kotzamichalis instead. However, during cross-examination, Kadek accepted that Chondros had not asked for reimbursement of these costs. In contrast, Kotzamichalis' assertion was that there was an occasion when Chondros told him that Chondros "had spent a fair bit of money registering trademarks for 'Ku De Ta' overseas". In response, Kotzamichalis asserted that he had told Chondros that the latter "should just reimburse himself out of Ku De Ta's business account for the costs he had incurred for the registrations".

85 Nine Squares disputed the truth of Kotzamichalis' assertion regarding reimbursement. It pointed out that the claim was that Kotzamichalis had suggested the reimbursement before receiving an email from Ellaway on 25 May 2007. In that email, however, to Kotzamichalis, Kadek and Neale (and copied to Chondros) Ellaway stated that Nine Squares had secured the "KU DE TA" trade mark in 35 countries over the years "at a high cost to our company". Ellaway did not state that such registration had been done on behalf of the founders or that Ku De Ta Bali was responsible for the costs of the same. Neither Kotzamichalis nor the other founders replied to say that the trade marks belonged to them and therefore the costs could be reimbursed from Ku De Ta Bali. These submissions of Nine Squares have much force and I find that, probably, during his conversation with Chondros, Kotzamichalis did not offer reimbursement of the registration costs from Ku De Ta Bali's funds.

86 The fact remains, however, that Chondros did tell two of the partners about these registrations. Can it be inferred from such conversations that Chondros was indicating his intention that the same be held on trust for Ku De Ta Bali? There are two other possibilities as to why Chondros might have passed on this information. He could have been angling for the partners to offer him reimbursement or he could have been telling them *simply for the sake of doing so* – without any existing intention for the partnership to be involved in future projects. If it were the former, then this would clearly indicate that Chondros registered the trade marks for the partnership. In the latter case, however, this could be explained by Chondros' long-held hope that the partners would eventually get involved as investors in *future* projects as and when they arose; in such a situation, keeping them up to date with developments would only seem prudent.

87 Even if it were accepted that Kotzamichalis had offered reimbursement, it might be argued that upon hearing this offer to reimburse him for the costs of registration, Chondros would at least have *known* that Kotzamichalis *thought* that Chondros had registered the trade marks for the partnership, regardless of whether Chondros truly did or not. Be that as it may, considerations of unconscionability are not relevant in the creation of an express trust; the crucial question here is whether what Chondros said to Kadek and Kotzamichalis was sufficient to permit a finding that a trust of the Singapore Marks was intended. There was no evidence from Chondros on what exactly he had said in these two encounters, and what sort of representations he had made to them. All I have is Kotzamichalis' bland recounting of what Chondros said and Kadek's evidence on his conversation with Chondros which was equally devoid of detail apart from the fact of registration and the remark about it being costly. In my judgment, the conversations did not go far enough to indicate the intention required. In the absence of clear words on Chondros' part to the effect that the trade marks were registered for the partners, merely telling them *about* the registration was insufficient to create, or evidence the creation of, an express trust. In any event, it is significant to note that Nine Squares,

and *not* the partnership, was the one who ultimately bore the costs of registering the KU DE TA Marks. It never claimed any of these costs from Ku De Ta Bali.

*The 29 June 2007 meeting and the 6 July 2007 email memorandum*

88 The plaintiffs pointed out that in Ellaway's email of 25 May 2007, he had assured them that "we [ie, Chondros and Ellaway] would also involve the original KDT shareholders", which led them to believe that the partnership owned the KU DE TA Marks. As mentioned earlier, this email prompted a meeting on 29 June 2007 which was attended by Kotzamichalis, Kadek and Neale. The three of them made certain decisions which were recorded in the Email Memorandum of 6 July 2007 drafted by Neale. Amongst other things, the three had agreed that: (a) the management of Ku De Ta Bali was vested in Chondros alone, and no other arrangement would be entertained; (b) any use of the Ku De Ta name by any partner had to be approved by all the partners; and (c) no unauthorised and unapproved name (such as "Nine Squares") could be used on the collectively owned Ku De Ta Bali website. Chondros, who was copied in the Email Memorandum, did not respond to it. The other partners then took Chondros' lack of reaction to the Email Memorandum's contents, and Ellaway's subsequent email on 21 November 2007 speaking of an opportunity for the partners to invest "as well as the commencement of discussions regarding the matter of royalties due & payable" (see [25] above), as clear indications that the partnership would be owed royalties because they owned the KU DE TA Marks.

89 In my view, the above events do not evince any clear intention to create an express trust. First, the email of 25 May 2007 was sent by Ellaway, not Chondros. The record is full of instances where Ellaway had specifically asserted Nine Squares' ownership of the KU DE TA Marks to various parties and the wording of the 25 May 2007 email does nothing to contradict that assertion and indicate the recognition of a trust arrangement. The plaintiffs submitted that because Ellaway said "we *would* involve the original KDT shareholders" this meant that the partners would be involved in any overseas project and this could only be because they were the owners of the KU DE TA Marks. I disagree. Ellaway's words could equally be read as an assurance to the existing partners that they would not be forgotten in a future expansion and would be offered an opportunity to participate in the same, such offer being made out of goodwill rather than out of obligation.

90 Second, Chondros' silence regarding the Email Memorandum was, according to him, due to the assurance given by Kadek that he could safely ignore Neale's email and continue as per normal. Whilst I have some doubts about the veracity of Chondros' account of his conversation with Kadek, mere silence or perceived acquiescence is certainly insufficient by itself to create or evidence the creation of an express trust.

*Neale's discussion with Lachlan Gyde*

91 Sometime around 2007 or 2008, Neale had met with one Lachlan Gyde, who was involved in the Marina Bay Sands project. Lachlan Gyde told him that Ellaway had told one Kevin Troy (an individual "tasked by the Sands group to look for marquee names to set up shop at Marina Bay Sands") that Neale had no say in setting up a Ku De Ta outlet at Marina Bay Sands. After Neale related what he had found out to Kotzamichalis and Kadek, Kotzamichalis approached Chondros for clarification. Chondros purportedly responded "that he was just trying to secure a site in Singapore for all of us as partners". The plaintiffs thus claim that Chondros' clarification had assured them that Chondros intended the KU DE TA Marks to be held on trust for them.

92 In my view, this is insufficient to create or evidence the creation of an express trust. There are other possible interpretations of what Chondros had said; for example, he might well have been

looking out for the Ku De Ta Bali partners as future *investors* in new ventures, as opposed to *beneficiaries* of the trade marks. His remark was on a par with what Ellaway said in the 25 May 2007 email.

*Expenses for exploring expansion opportunities charged to Ku De Ta Bali*

93 The plaintiffs claim that the fact that Chondros charged expenses incurred in connection with exploring various overseas opportunities to Ku De Ta Bali's account shows that the partnership was the true owner of the Singapore Marks. They cited in their closing submissions five instances of such expenses which were booked into Ku De Ta Bali's expense ledgers. It should be noted that during the trial, it was asserted by Kotzamichalis that there were more than ten instances of such charges having been made and therefore the closing submissions represented somewhat of a contraction of the plaintiffs' position.

94 I am not persuaded by this submission. The nature of these expenses is in dispute, as Nine Squares claims that the trips charged to Ku De Ta Bali's account were in fact rightly charged, *ie*, these expenses were incurred for the procurement of goods and services for the Ku De Ta Bali restaurant, and were unrelated to the exploration of overseas opportunities. In this connection, it points to the evidence adduced at trial of various other expenses which *were* incurred for the purpose of exploring overseas opportunities and correctly charged to Nine Squares. It is significant that Nine Squares was able to prove that it did often pay for such expenses out of its own funds without recourse to the funds of Ku De Ta Bali. Further, the five instances quoted by the plaintiffs are not all unequivocal instances when Chondros charged expenses for overseas exploration to Ku De Ta Bali in respect of trips that were taken only for that purpose.

95 The first instance cited by the plaintiffs was a trip to Singapore in October 2008 which the plaintiffs say was made in order to give a presentation to the Sentosa Leisure Group on a potential Ku De Ta outlet at Sentosa. The airfares for the flights of Chondros, one Donald Frizzel (a member of the staff of Ku De Ta Bali) and one Kevin Elkha (who helped prepare the presentation) and the cost of Kevin Elkha's hotel accommodation in Singapore were paid by Ku De Ta Bali. Nine Squares responded that Chondros had testified that Kevin Elkha was a consultant employed by Ku De Ta Bali to assist with the development of its website. Kevin Elkha's claim for reimbursement of his accommodation in Singapore had been included in an invoice submitted to Nine Squares which contained Ellaway's signature and his handwritten annotation "Exp dept – Mktg/Promo [KDT "new website development]". Accordingly, it said that Nine Squares was justified in charging this expense to Ku De Ta Bali.

96 The next two instances related to trips to Singapore in March 2006 and January 2007 and the plaintiffs claim that these trips were to meet Sentosa representatives about expansion opportunities in Sentosa for the Ku De Ta brand. In both these instances, airfares of the attending persons, namely Chondros, Ellaway and one Fredo Taffin, were paid by Ku De Ta Bali. Nine Squares said that it was a bare assertion that such airfares had not been repaid or reconciled by it. The same response was made to the fourth instance which was when Ku De Ta Bali paid for Ellaway's airfare to Singapore in May 2005 when he met one Hani Al Maki to discuss potential expansion opportunities in Singapore.

97 The fifth instance related to a trip to Dubai in June 2006 taken by Chondros and one Asif Mehrudeen, the Ku De Ta chef. The two men attended a trade show but Chondros agreed that during the visit, he had visited a potential restaurant site. The expenses for this trip were paid by Ku De Ta Bali. However, Asif Mehrudeen testified that the purpose of this trip was to attend the trade show and Ku De Ta Bali had paid for this as a way of thanking him for his work. Chondros also said that he had accompanied Asif Mehrudeen because the latter had not wanted to go alone. The evidence in my view does not indicate that it was wrong to charge Ku De Ta Bali for these expenses simply because

Chondros may have taken the opportunity to look at a restaurant site as well as a matter of curiosity. Other evidence in the case indicated that he was not really interested in developing the Ku De Ta brand in the Middle East.

98 It appears to me that the trips described in [95] and [96] above were likely to have been to discuss expansion opportunities and therefore, in the light of Nine Squares' position in relation to the ownership of the Singapore Marks, should not have been charged to Ku De Ta Bali although perhaps at least part of Kevin Elkha's expenses were properly so charged since he was advising Ku De Ta Bali on its website. However, even if Nine Squares did not repay or reconcile these expenses with Ku De Ta Bali, it is a stretch to find that its failure to do so indicated that it was holding the Singapore Marks on trust for Ku De Ta Bali. It is equally possible that the wrongful charges were either accidental because Ellaway was careless in his accounting or that he deliberately took advantage of Ku De Ta's funds because he knew that Nine Squares was unlikely to be questioned regarding airfares and expenses for Chondros and himself in view of the services that Chondros and Nine Squares rendered Ku De Ta Bali. In this respect, I should say that Chondros and Nine Squares were given great latitude in the running of Ku De Ta Bali. Although there was an accounts department in the business which was staffed by local employees who were considered in Bali to be Kadek's employees, the evidence was that these employees generally took instructions from Chondros when it came to preparing vouchers and that when the same were presented to Kadek for signature, he signed them without much scrutiny.

99 The plaintiffs also complain about the expenses incurred in relation to the engagement of a public relations agency, RAIN, and claim that Ku De Ta Bali had paid for work done by RAIN in allegedly building up the profile of the Ku De Ta brand. In court, Chondros agreed that the public relations plan presented by RAIN contemplated that its publicity efforts would help future expansion plans of the Ku De Ta brand. RAIN billed Nine Squares for work but Nine Squares in turn charged the RAIN invoices to Ku De Ta Bali and at least four of these were paid by the latter. The plaintiffs submitted that the cost of RAIN's publicity services were charged to Ku De Ta Bali because that brand and the expansion rights belonged to the partners. Nine Squares responded by pointing out that the only evidence of RAIN's work was adduced was a single media release it had prepared relating to the renovations done to the Ku De Ta Bali restaurant. This was rightfully charged to the business. Again, while Nine Squares may have wrongly charged Ku De Ta Bali for some of the services that RAIN rendered, I do not think that that action can be taken to mean that the Singapore Marks were held on trust for Ku De Ta Bali. As I stated earlier, such conduct could equally be due to carelessness or a deliberate taking of advantage of the Ku De Ta Bali accounting system. I also bear in mind in this connection that conduct can only establish an express trust in an exceptional case.

#### *Collins' acquisition of Chondros' stake*

100 I cannot understand why the plaintiffs submit that the way in which Collins acquired Chondros' stake and the understanding that Collins, his father, Graham Collins, and that of the Collins family accountant, one Neville Beckhurst, had of the arrangements between Ku De Ta Bali and Nine Squares, support their arguments regarding the trust arrangement.

101 Collins had, as mentioned, bought a part of Chondros' stake in the partnership through WH Trading in April 2009. At the time he did so, Collins knew that the Ku De Ta brand was internationally renowned and the plaintiffs' position is that he thought that by acquiring a share in Ku De Ta Bali, he was buying into the brand and associated goodwill, including goodwill beyond Indonesia. The plaintiffs rightly concede that Collins' *subjective* views of what he thought he was buying into did not change what Ku De Ta Bali did *in fact* own.

102 The plaintiffs argue that Chondros had told Collins that purchase of his equity stake would be a good business deal because of the potential for expansion of the "KU DE TA" brand. However, in cross-examination, Collins agreed that Chondros did not tell him that he would be buying rights in the Ku De Ta name and further agreed that he had taken that "for granted". Further, when he was charged with investigating the position, Neville Beckhurst made some email enquiries of Chondros and these were responded to on 16 December 2008 by Ellaway. In that email, Ellaway stated:

Nine Squares is the Mngt Co of KDT, owned and controlled by Arthur Chondros & Daniel Ellaway. Nine Squares owns TM over the KUDETA name in over 30 countries around the world.

...

Nine Squares plans to replicate the KDT concept in other locations around the region. Investors shall be sought to participate and raise capital required for expansion. Options to invest are voluntary and & KDT Bali shareholders shall have 1st right of refusal to participate in any brand expansion.

103 The plaintiffs submit that notwithstanding this statement, Neville Beckhurst assumed that Nine Squares held the trade marks on behalf of the Ku De Ta Bali partners because:

(a) He understood the second paragraph quoted above to mean that the Ku De Ta partners had the right to participate in any brand expansion, and considered that this could only be because the partners had rights to the "Ku De Ta" brand.

(b) He thought that the partners might have decided to put the trade marks in a company's name instead of in their own names for tax reasons.

(c) He thought that the partners might have had to use a company to hold the trade marks because of legal requirements.

104 There are two objections to this. First of all, an assumption cannot prove an intention. Second, in cross-examination, Neville Beckhurst admitted that the reasoning by which he had made that assumption was completely circular. It took some effort to get that admission out of Neville Beckhurst as he had a tendency to prevaricate and had to be directed to give straight answers. Nothing in Neville Beckhurst's evidence can explain how he concluded that the plaintiffs owned the KU DE TA Marks when he had been told explicitly by Ellaway that they belonged to Nine Squares.

105 All in all, the evidence relating to the acquisition of part of Chondros' stake by WH Trading and WH Investment cannot support an intention to declare an express trust. As far as the latter acquisition is concerned, by the time it was completed in August 2010, Collins was aware of the dispute between the plaintiffs and Nine Squares and Kadek had commenced invalidation proceedings in the Registry of Trade Marks in Singapore against Nine Squares' registrations of the Singapore Marks.

*Ellaway's email to Kotzamichalis about a Middle East expansion opportunity*

106 Ellaway sent an email to Kotzamichalis on 21 November 2008 regarding a potential Middle East venture. In this message, Ellaway asserted that Nine Squares owned the KU DE TA Marks in certain Middle East territories and that a licence/franchise could be purchased from Nine Squares. Recognising that Kotzamichalis' failure to respond to this direct assertion of ownership of the KU DE TA Marks was damaging to their case, the plaintiffs sought to explain it away. They submitted that Kotzamichalis had apparently been assured by the Email Memorandum of 6 July 2007 which set out the partners'

common understanding, and was in fact annoyed that Ellaway, a non-partner, should have a role in discussing royalties with the partners. Kotzamichalis felt that the email was nothing but an attention-grabbing move by Ellaway.

107 This is not relevant to the issue of what evidence, if any, supports a declaration of trust. Rather, it goes the other way and supports Nine Squares' submission that the plaintiffs were told from time to time of Nine Squares' ownership of the KU DE TA Marks.

#### *The Dream Project*

108 The plaintiffs highlight the "drastic change" between the wording of the first Dream Project proposal and the second proposal, and claim that the change must have been due to Chondros telling Wright that the latter was wrong in suggesting in the first proposal that Nine Squares owned any part of the KU DE TA Marks. Significantly, the offer & disclosure document and the investment memorandum contained no mention of Nine Squares, or of the fact that the KU DE TA Marks belonged to Nine Squares.

109 The dispute over the interpretation of the Dream Project proposal clauses is extensive; however, it is of little relevance to the issue of Nine Squares' intention. An express trust can hardly be created or even evidenced by such a convoluted, non-explicit way of changing terms in an extraneous document, especially where the meaning and significance of these changes is most heavily debatable. In any event, it was the evidence of Wright, the drafter of both the first and second Dream Project proposals, that the amendment of the references in question was *not* for the purpose of reflecting Ku De Ta Bali's ownership of the KU DE TA Marks, but to reflect the plaintiffs' request that they be offered a higher percentage of the shares in Ku De Ta Holdings, the proposed holding company.

#### *Gili Meno*

110 The plaintiffs claim that when Chondros, Collins and his brother, Darren Collins, and Wright approached Kadek to use the "KU DE TA" name for a hotel they were intending to build on Gili Meno island, Chondros and Collins acknowledged that they would have to pay royalties to the partnership for the use of the name – a clear indication that Chondros knew and believed that the partnership owned the "KU DE TA" name/mark. The part of Wright's cross-examination which the plaintiffs cited as an admission that there would be royalties payable reads as follows:

To clarify the point, my understanding was, from the feedback from the shareholders meetings, from my conversations with Darren and Gary Collins, was that anything outside of Indonesia could be put together by Ku De Ta Holdings, and any Ku de Ta project within Indonesia would have to first have approval by each of the Bali investors in Ku de Ta; and secondly, that they would have to have a first right of refusal to be able to invest in a project within Indonesia.

111 I do not agree with the plaintiffs' interpretation. Put in context, Wright was actually speaking of certain meetings held in 2010 (the period when the Dream Project was being dreamt up) at which there were discussions on the Gili Meno project. Hence, Wright's statements were only his opinion on what the correct procedure would be *under the scheme of the Dream Project* (as seen from his reference to Ku De Ta Holdings), and not free-standing statements on who had ownership of the KU DE TA Marks *prior* to the Dream Project. Moreover, he specifically confined his opinions about the "approval" to projects *within Indonesia*, which is quite different from what the plaintiffs need to prove if they want to show that Chondros or Nine Squares intended to hold the Singapore Marks on trust for the partnership.

112 Moreover, it is the evidence of both Chondros and Wright that the reason why Kadek was approached to be involved in the Gili Meno project was that he was an influential Indonesian businessman who could assist with the regulatory and legal aspects of running the business. Their position was that Kadek was not approached because royalties were owed to him as a partner in Ku De Ta Bali. I found this explanation given by Chondros and Wright to be convincing because of the pivotal role that Kadek had played in the establishment and continuation of the business of the Ku De Ta Bali restaurant. At that time, Chondros regarded Kadek as his mentor, if not a father figure, and relied on him to be the Indonesian frontman of the business and the local adviser and facilitator essential in Bali when a foreigner wished to conduct business. It is worth repeating that for all Chondros' talent at conceiving and running a high-class, prestigious and glamorous restaurant business, he could not have done it without Kadek or another Balinese businessman in the frontline position *vis-à-vis* the authorities.

*Chondros conceding that www.kudeta.net rightfully belonged to the partnership*

113 The plaintiffs use Chondros' admission in an email on 23 December 2010 to Kadek (which stated that neither he nor Nine Squares had rights to the www.kudeta.net website) to say that it is inconsistent of Chondros now to assert himself as the rightful owner of the KU DE TA Marks. In my view, this admission is not relevant on the issue of his or Nine Squares' intention to create an express trust of the Singapore Marks.

*Arthur Tay's evidence*

114 Arthur Tay is a Singapore businessman. He had been approached in 2009 by Chris Au with a proposal that Arthur Tay become an investor in a Ku De Ta restaurant to be established in Singapore. Discussions took place but Arthur Tay decided not to proceed with the investment. The plaintiffs cite Arthur Tay's evidence in court that "Arthur Chondros at that time has been telling me that the brand belongs to the people in Bali Ku de Ta".

115 Nine Squares submits that this evidence should not be believed. Arthur Tay had testified that he had told Chris Au by an email on 5 December 2009 to "Action this soonest with Arthur Chondros please" and by this message, he had meant that "[I] want Chris Au to work with Arthur Chondros to get the brand secured 100%, and Arthur Chondros at that time has been telling me that the brand belongs to the people in Bali Ku De Ta. So it's all the shareholders." Thus, Arthur Tay had implied that Chondros was talking to him in early December 2009. However, during cross-examination, Arthur Tay had admitted that he had met Chondros for the first time *after* he had exited the proposed Ku De Ta Singapore deal with Chris Au, *ie*, after March 2010.

116 Given this glaring inconsistency, it is likely that Arthur Tay was, at the least, mistaken when he claimed that Chondros had said around December 2009 that the Ku De Ta brand belonged to the plaintiffs. Further, on 2 March 2010 Chondros' Australian lawyer one Tony Hargreaves wrote to Marina Bay Sands regarding the Licence Agreement and stated in the letter, *inter alia*, that "Mr Ellaway had no authority to bind Nine Squares Pty Ltd *which owns the trademark in the brand name Ku De Ta* to any such licensing agreement. ...". Given that this was his position maintained through his lawyer's letter, in March 2010 and thereafter, Chondros would not have told anyone that the Singapore Marks belonged to the plaintiffs.

117 Quite apart from the difficulties with Arthur Tay's evidence, the simple assertion that a "brand" belongs to a certain group of people is ambiguous: what does it mean to own a "brand"? Does "brand" refer to trade marks? If so, which trade marks (Bali, Singapore or everywhere)? The reported statement is far from sufficient to evidence Chondros' intention to create an express trust of the



Singapore Marks.

*Ellaway's behaviour*

118 The plaintiffs paint Ellaway as a two-faced Janus who clearly knew the Ku De Ta Bali partners' position but took care not to challenge that position openly with them. Moreover, the fact that Ellaway subsequently signed the Licence Agreement with Chris Au behind Chondros' back showed that he knew that Chondros would not do an expansion deal without the other partners' approval as they were the true owners of the KU DE TA Marks.

119 It is true that over the years Ellaway, as the plaintiffs submitted, told many untruths regarding the Ku De Ta Bali business. He often told third parties that Nine Squares was an owner of the restaurant. He could not have confused Chondros with Nine Squares so this was a misrepresentation at best. But even if he was two-faced in that he told third parties one thing taking care not to say the same thing to the partners, such behaviour cannot indicate that Nine Squares considered itself a trustee of the Singapore Marks for the partners. Indeed, Ellaway often stated expressly that Nine Squares owned the trade marks. While the plaintiffs argued that such statements should be disregarded because the mere publication of self-serving statements does not make them true, the statements did reflect the legal position. In any case, Ellaway never said expressly that the Singapore Marks belonged to the partners. His *modus operandi* was to claim more for Nine Squares and not less.

*Chondros' admissions in the Australian proceedings*

120 The plaintiffs refer to Chondros' statement in his affidavit, given in the Australian proceedings, that it was always his intention that "the partners of the Restaurant would be included as recipients of any benefits received from the use of the trademarks". Most significantly, Chondros stated that "[Ellaway] is aware that I dispute that the Management Company (*ie*, Nine Squares) is the beneficial owner of the trademark. He is aware from discussions that we have had that the partners in the Restaurant will have to be included as beneficial owners of the trademarks". The full text of this portion of the affidavit is quoted in [42] above.

121 This is perhaps the most telling piece of evidence, and forms the strongest support for the plaintiffs' claim that Chondros intended that a trust be created. In his statement, Chondros unequivocally asserted that the marks were intended to be held for the benefit of the partnership, even if the exact extent of their entitlement had never really been formally discussed.

122 While Chondros makes reference to a certain "entitlement" that the partners would have with respect to the benefits derived from the KU DE TA Marks, this assertion must be read in light of two factors that would have been operating on Chondros' mind at that time: Chondros' personal quarrel with Ellaway, and Chondros' sustained wish for the Ku De Ta Bali partners to continue investing in his new Ku De Ta ventures outside of Bali.

123 Indeed, it is Nine Squares' submission that the statements in question and Chondros' solicitor's letters sent out at that time arose in the context of Chondros' dispute with Ellaway, and were addressed to Ellaway and other parties whom Chondros believed had been working with Ellaway without his knowledge and involvement. They were not addressed to the plaintiffs and were not meant to give legal effect to the relationship between Chondros/Nine Squares and the plaintiffs. In these circumstances, Nine Squares submits, none of the statements in the Australian proceedings or in Tony Hargreaves' correspondence could give rise to an express trust in the plaintiffs' favour or in any way give any rights over the KU DE TA Marks to the plaintiffs.

124 Returning to the facts, the disagreement between Chondros and Ellaway had escalated quickly due to Chondros' suspicions that Ellaway was marking up suppliers' invoices and using Nine Squares to sign a deal with Marina Bay Sands. However, beyond this, it should also be noted that the real scope of Chondros and Ellaway's quarrel was not limited to the running of the company, but ran along far more emotional lines. Chondros described the fallout as follows:

A: This is -- like I said, your Honour, we were friends for 20 years. I was -- you know, four years before this, I'm a groomsman at his wedding so we're not -- we're not -- you know, we're real mates and our families were close and, you know, it was an emotional and difficult period for both of us, so --

Ct: And the question is: what were the issues between you?

A: Well, what wasn't an issue, your Honour, everything -- personal, business, friendship, you know --

125 Ellaway echoed this evidence:

A: ... We fell out over other personal issues to begin with.

Q: What personal issues? Please tell us.

A: Well, we both had a very significant change in, I guess, philosophies, lifestyles, you know, I - I became a -- you know, after -- I had my first child and then subsequent second child, became a different person. I was very focused on family and work and, you know, we just had -- we just changed over time. That change became quite difficult for us to work together and see eye to eye on personal issues, and it just became -- it got to a point where, you know, it -- you know, it got to a head, and we, you know -- the rest is history.

126 Given the depth of the dispute that had been building up between Chondros and Ellaway, Chondros' statements in the Australian proceedings can be understood in the context of a very frustrated Chondros wanting not only to restrain Ellaway from opening a Ku De Ta outlet in Singapore but also to completely deny him a share in the KU DE TA Marks. The bulk of Chondros' affidavit filed in the Australian proceedings focussed on Ellaway's breaches and alleged deceit, and the exact position of the Ku De Ta Bali partners was not in issue at all.

127 Moreover, Chondros' statements about the Ku De Ta Bali partners may be understood in the context of his willingness to maintain professional ties with them. At this point Chondros had been going back regularly to Kadek and confiding in the latter about his suspicions of Ellaway; from Kadek's point of view, Chondros seemed to be working hard to stop Ellaway from opening an outlet at Marina Bay Sands. Neale was also kept in the loop about Ellaway trying to open the outlet without Chondros' knowledge, with Chondros even sending Neale the letters that Tony Hargreaves had drafted to Marina Bay Sands informing them of Ellaway's lack of capacity to enter any negotiations on behalf of Nine Squares. Chondros himself explained these exchanges as follows:

*Considering that I was in the midst of persuading the other members to take an equity interest in my new venture, Ku De Ta Holdings, which I would inject the Ku De Ta trade marks into, I felt that the other members had the right to be kept informed as to Nine Squares' (i.e. Daniel's) dealings of the "Ku De Ta" trade mark. [emphasis added]*

128 It is thus possible that Chondros' reference to the partners' "entitlement" could well have been

in relation to his desire that the other Ku De Ta Bali partners should have a chance to invest in *new* Ku De Ta projects. He maintained this under cross-examination:

A: Correct, that ***I would always invite, offer, involve them in anything I did moving forward*** , correct. That was the understanding I gave to Mr Hargreaves. Yes, your Honour.

...

A: Yes, but for me – “beneficially” meant, as it always has, and my position has always been with the Bali investors and Mr Kadek that ***anything I did moving forward, that I would involve, ask their first -- offer them first right of refusal moving forward*** , and that’s the way that I explained it to Mr Hargreaves. I don’t look at it word by word and I don’t look at it in a legal term. That’s the way I explained it to Mr Hargreaves.

[emphasis added in bold italics]

129 Further, it is clear from the following exchange during Chondros’ cross-examination (in the context of whether Nine Squares held the “KU DE TA” trade marks on trust for Chondros) that Chondros’ usage of terms such as “trust”, “vesting” and “beneficial ownership” was hopelessly confused, and did not display a proper understanding of trusts:

Q: So you are the owner of the trademarks to the “Ku de Ta” name?

A: ***Nine Squares and Arthur Chondros*** , yes. Correct.

Q: No, no, no. Your evidence just now was that you are the owner, and then now you say Nine Squares and you are the owners.

A: When it comes to the discussions I had with Danny, that the trademarks were vested in Nine Squares, but it was my creation from the beginning, and that was our understanding from the beginning. Yes, so ***if you take the management company out of it and you take the -- you know, Nine Squares out of it, yes, they belonged to me*** . That’s what I did for the last nine years, correct.

Q: So Nine Squares, according to you, was holding the trademarks on trust for you?

A: In a sense, when it comes to relationship between two people, that if -- ***if you take the company out of the equation, yes, that would rest with me*** . Yes, correct.

...

Q: First of all, do you own the trademarks, in that you can tell Nine Squares to comply with whatever instructions you have in relation to the trademark?

A: ***I felt as if I am the beneficial owner of the trademarks and I am vested in Nine Squares*** , correct, yes, your Honour.

Q: So you are the beneficial owner of the trademark and you vested it in Nine Squares?

A: Yeah, well, ***that’s the company that we used to trademark in, yes*** .

Q: So Nine Squares owns the trademark, not you?

A: Well.

...

A: The vehicle we used was Nine Squares and that company I saw as mine, so they are **beneficially held for me** in Nine Squares, correct. That's what my position is.

Ct: **The company was holding the trademarks on your behalf?**

A: Well, there -- yes, **correct** .

Ang: So you are the true owner of the trademarks?

A: **Well, I'm part of Nine Squares and yes, I am -- Arthur Chondros is, yes.**

...

Q: **Nine Squares is simply holding it on trust for you?**

A: **That's the vehicle we used, yes.**

Q: No, leave aside it being a vehicle; it is just holding it on trust for you.

A: **Well, I saw the trademarks as mine, yes. Yes.**

...

Q: Jointly owned by the two of you, yourself and Mr Ellaway 50/50, Nine Squares held the trademark for you?

A: **I felt as if I was the beneficial owner of those trademarks, yes** ... Danny Ellaway can't act on my behalf, he can't go into any deals without my knowledge, because he knows that, **in the end, the company beneficially is owned by me** . Yes, correct.

Ct: Sorry, the company is beneficially owned by you?

A: Mm-hmm. **The company and its trademarks, obviously, your Honour.**

...

Ang: Mr Chondros, let me try to understand your evidence. Nine Squares is a company which is 50 per cent owned by you and Mr Ellaway, but Nine Squares is not the rightful owner of the "Ku de Ta" name; you are the rightful owner of the "Ku de Ta name".

A: **I saw myself as the rightful owner of the Ku de Ta name, yes.**

...

Q: And there was never any doubt in your mind that you are the rightful owner of the "Ku de Ta" name?

A: ***If you take the company out of the equation, yes, I'm the rightful owner.***

Q: No, but even with the company in the equation, the company was just holding it on trust for you.

A: ***They were mine, yes. I saw them as mine, yes.***

[emphasis added in bold italics]

130 Chondros' continued assertions that he saw the KU DE TA Marks as his own are telling. It is clear that the concept that a company has a separate legal personality from its founders was not a concept that Chondros accepted. Perhaps he was not even familiar with it, being a layperson whose main interest was in creating and running restaurants and entertainment venues. To him, Nine Squares the company was but a means of holding the KU DE TA Marks which ultimately belonged to him alone; in his own words, "in my heart I owned the trademarks". The following excerpt from Chondros' cross-examination over Ellaway's 50% stake in Nine Squares further illustrates this understanding:

A: ***I didn't know at that time until I found out in court, your Honour, that he could -- being a 50 per cent shareholder and managing director, he could purport or go out on*** his own and put the company, Nine Squares, into a deal anywhere. I didn't know that and I found that the hard way from Judge Hollingworth in Melbourne. Okay? I didn't realise that, and the advice I got from Tony Hargreaves, the fact that we sent all these letters over the six, nine month period, the fact that please do not enter into any deals with anybody else, I thought that would suffice. Okay? And it seemed as though that he had taken control of the company, and that's what -- you know, the -- the question at the end, your Honour, sorry, was?

...

A: I've explained myself before. I've explained myself before, your Honour, that ***I am Nine Squares***, and if -- and if, you know, Danny wasn't there, ***they are all mine***, yes, correct. That's -- I -- myself and Nine Squares, depending on -- if Danny's -- ***if you take the company out of the equation, the trademarks and the company belongs to me, yes***. That's -- that's my position.

[emphasis added in bold italics]

131 It is clear that "beneficial ownership" was a term that Chondros used loosely, and not in the legal sense of him holding something on trust for another. In fact, this really was a concept that Chondros did not apply his mind to, as evidenced from the following exchange under cross-examination (about how Ellaway came to own the KU DE TA Marks with Chondros):

Ct: -- when you registered the name, ***who was the beneficial owner or who were the beneficial owners*** of the name?

A: ***I didn't give it any thought***, your Honour. I just told Danny to go and register it. I didn't give it much thought. I just wanted to protect it ...

[emphasis added in bold italics]

132 It was clear from his evidence that Chondros considered himself to be the owner of the name "KU DE TA" from the time of its conception and that he also considered himself the owner of all ensuing KU DE TA Marks including the Indonesian Mark and the Singapore Marks. Whether this belief was legally justifiable or not is a different matter. The point here is why would Chondros, having that frame of mind, declare that the partners in Ku De Ta Bali would have to be "included as beneficial owners of the trademarks"? The answer I believe lies in the fact that at that time Chondros was focussed on wresting away any interest in the KU DE TA Marks from Ellaway because of his quarrel with the latter. He took the position that Ellaway, wearing the Nine Squares' hat, did not own the trade marks. Ellaway had been speaking on behalf of Nine Squares and Chondros saw Nine Squares as his company. It bears mention that it was Chondros who came up with the Nine Squares' device (which appeared in many places in the Ku De Ta Bali restaurant and on many articles associated with that business) and the name "Nine Squares" itself. In the course of that fight, Chondros was willing to say or do anything that would have a chance of defeating the interest claimed by Ellaway.

133 Having given the matter much consideration, I have come to the conclusion that Nine Squares' submission that the statements relied on by the plaintiffs have to be assessed in context is a sound one. Chondros did not make any statement that the partners had an interest in the KU DE TA Marks to any of them or to any third party outside of his statements in the Australian proceedings. In those proceedings he was concentrating on his fight with Ellaway and trying to get out of the Licence Agreement to which Ellaway had committed Nine Squares. It would not have helped him very much in this endeavour had he said that the KU DE TA Marks belonged to him alone and he had injected them into Nine Squares for the company to hold on trust for him as that may have implied giving Nine Squares (a company in which he was a director and equal shareholder) a licence to deal with the marks on his behalf. I therefore consider that the statements are not sufficient to create or evidence the creation of an express trust.

134 The plaintiffs made another point in relation to the Australian proceedings. They noted that there was a specific pleading in the defence filed by Nine Squares in the Australian proceedings (filed on the instructions of Chondros) that the 1st Singapore Mark was held beneficially for Chondros, Kadek, Neale and Kotzamichalis. They said that this defence reflected precisely Chondros' true position especially in the light of his admission in court that he would have considered the matter carefully with his Australian lawyers before the filing of the defence. However, at that stage, Chondros was a 50% shareholder of Nine Squares in dispute with the other 50% shareholder. As such, what he said did not in actual fact represent Nine Squares' position. Nine Squares itself was not capable at that time of taking a position. Further, in court, Chondros' comment was that the pleading was "not true in the true sense of the explanation". Whilst this evidence was self-serving, that does not mean it was incorrect. I assessed Chondros as being capable of taking positions to suit his case and I think that that is what he did in the Australian proceedings. On the other hand, I also consider that, as shown by his evidence quoted above, he had a deeply held belief that he was the owner of the name "KU DE TA" and it was his efforts and ideas that had made Ku De Ta Bali a success and therefore he thought he was entitled to keep the benefits of the same except to the extent that he wished to share them with others when it was profitable for him to do so. He may have been willing to share the Indonesian Mark with the partners because they had contributed money to Ku De Ta Bali and to share the other KU DE TA Marks with Ellaway through Nine Squares because he needed Ellaway's administrative abilities to run the company (Chondros was the creative man, not the details man) but his other actions showed he expected the partners of Ku De Ta Bali to contribute monetarily if they wanted to participate in new ventures bearing the name "KU DE TA".

#### *The behaviour of Nine Squares*

135 Nine Squares submitted that over the years it had consistently told third parties that it was

the owner of the KU DE TA Marks. It cited correspondence (a little from December 2004 and a lot from 2008 onwards) to various third parties, in which it had expressly stated that it owned either the Ku De Ta brand or the KU DE TA Marks or both. Nine Squares also prepared press kits for Ku De Ta Bali. These were placed on the Ku De Ta Bali website and distributed to the media. The press kits stated (copies of the 2006 and 2009 kits were adduced in evidence):

## 1.2 THE PATH FORWARD ...

While the stage has been successfully set in Bali, ***Nine Squares Pty Ltd***, *Concept Developers & Trademark owners of the KU DE TA brand in over 30 countries*, is set to make expansion its goal in some of the hottest waterfront locations around the world. [emphasis in bold italics in original; emphasis added in italics]

136 Nine Squares emphasised also that over the years, beginning from 2005, Ku De Ta Bali's website carried the statement that "Ku De Ta is a registered TM of Nine Squares Pty Ltd". Neale and Kotzamichalis admitted that they were aware of the statement on the website but claimed that the reference to Nine Squares was unauthorised. Their position was that this had been settled by the meeting of 29 June 2007 and the Email Memorandum of 6 July 2007. However, even after that memorandum, the statement remained on the website and no action was taken to remove it.

137 The Ku De Ta Bali management handbook prepared in 2005 by Nine Squares for Ku De Ta Bali's employees stated specifically that Nine Squares held the trade mark licence to the name "KU DE TA" in over 50 countries. Between 2005 and 2008, Nine Squares also produced a series of three Ku De Ta music CDs which were sold at the front desk of the Ku De Ta Bali restaurant. Each of the CDs stated on its sleeve that "'KU DE TA' is a registered trademark of Nine Squares Pty Ltd". In court, Kotzamichalis agreed that he had seen the statement by 2005 and had not taken any objection to it at the time.

138 The plaintiffs responded to the submissions recounted above by arguing that Ellaway had made exaggerated statements to third parties about Nine Squares' involvement in Ku De Ta Bali. Similarly when he told them that Nine Squares owned the KU DE TA Marks this did not mean that the statements were true or that he believed the statements to be true. As I have already pointed out, Nine Squares' statements about the ownership of the KU DE TA Marks were legally true. The plaintiffs assert that Ellaway had acknowledged to the partners that they owned the Ku De Ta brand but as stated above, I have found no evidence that Ellaway made unequivocal acknowledgements to that effect. As regards what they called "Ku De Ta Bali's corporate paraphernalia", the plaintiffs' response is that the thrust of the statements in these materials was that "KU DE TA" was a registered trade mark of Nine Squares. That was neither here nor there as the statements did not address the beneficial ownership of the trade marks. I think that that response is a superficial one. Nine Squares was asserting its ownership to the world and the plaintiffs could well have disputed this and required either that the statements be removed or that they be amended to show that the real owners were the partners of Ku De Ta Bali.

### **Conclusion on express trust**

139 I am satisfied overall that Nine Squares behaved in a way that was inconsistent with any recognition that the KU DE TA Marks including the Singapore Marks were held on express trust for the plaintiffs. The plaintiffs have failed to discharge the burden of showing that Nine Squares intended to hold the Singapore Marks for the plaintiffs or that it or its directors had expressed such an intention. The plaintiffs have not established the certainty of intention necessary to create an express trust.

### **Constructive trust**

## Constructive trust

### The law

140 Constructive trusts differ from express trusts primarily in that they are imposed by law for reasons other than the manifested intention of the settlor. They are imposed by equity whenever a want of probity would make it unjust and against the demands of good conscience to allow an owner or recipient of property to retain the same (*Carl-Zeiss-Stiftung v Herbert Smith & Co (No 2)* [1969] 2 Ch 276 at 301). There are two distinct types of constructive trusts: the *institutional* constructive trust and the *remedial* constructive trust. The difference between the two was explained by Lord Browne-Wilkinson in *Westdeutsche Landesbank Girozentrale v Islington London Borough Council* [1996] 1 AC 669 at 714–715 as follows:

Under an institutional constructive trust, the trust arises by *operation of law* as from the date of the circumstances which give rise to it: the function of the court is merely to declare that such trust has arisen in the past. The consequences that flow from such trust having arisen (including the possibly unfair consequences to third parties who in the interim have received the trust property) are also determined by rules of law, not under a discretion. A remedial constructive trust, as I understand it, is different. It is a *judicial remedy* giving rise to an enforceable equitable obligation: the extent to which it operates retrospectively to the prejudice of third parties lies in the discretion of the court. [emphasis added]

141 The institutional constructive trust, in a sense, is similar to the express trust in terms of obligations and enforcement where the court's only role is to identify certain facts which have occurred in the past that give rise to the imposition of such a trust. It is essentially a property institution, capable of binding third parties, and it is not an equitable remedy imposed by the court. The court's role is to declare that a trust *did* in fact arise in the past as a result of a certain set of triggering circumstances. These circumstances are largely disparate as the facts required to make out these events are quite distinct. There are seven categories of facts or circumstances that will generally found an institutional constructive trust claim (as set out in *Low Heng Leon Andy v Low Kian Beng Lawrence (administrator of the estate of Tan Ah Kng, deceased)* [2011] SGHC 184 at [53]). Of these, the category pertinent to the present case is the third, *viz*, where the defendant has obtained a profit in breach of a fiduciary duty.

142 The plaintiffs argued for the imposition of an institutional constructive trust on the basis that Chondros, as a partner of Ku De Ta Bali, breached the fiduciary duties which he owed to the partnership by riding on existing goodwill belonging to the partnership, and usurping the partnership's corporate opportunity of setting up a Ku De Ta outlet in Singapore. However, it is pertinent to note that this entire argument that an institutional constructive trust should be imposed due to Chondros' alleged breach of fiduciary duties is extremely belated: it was only raised in the plaintiffs' second supplementary submissions after prompting from the court for them to elaborate on the type of trust which they claimed had arisen. There was no mention of a breach of fiduciary duties giving rise to a trust in the plaintiffs' first set of closing submissions. Rather, what was set out there was an extensive barrage of facts – without indication of what facts would give rise to which type of trust, and by what mechanism. The allegations of breach of fiduciary duty were, in the first set of submissions, directed towards establishing that the registration of the Singapore Marks had been procured in bad faith and should therefore be invalidated. I shall consider the issues of goodwill in Singapore and usurpation of corporate opportunity in this part of the judgment but of course what I decide here will also apply to the plaintiffs' endeavour to invalidate the Singapore Marks on the ground of bad faith.

### Governing law



143 The first issue that arises in connection with this submission is which law governs the question whether Chondros had committed a breach of fiduciary duty.

144 This issue was not addressed in the parties' first set of closing submissions. I asked them for further submissions on the point and when the same were received, it became clear that the parties held the same opinion on the governing law.

145 Under Singapore conflict of law rules, a fiduciary obligation arising out of a contractual relationship between parties is governed by the proper law of the underlying contract (*Halsbury's Laws of Singapore* vol 6(2) (LexisNexis, 2009 Reissue) at para 75.404; *Rickshaw Investments Ltd and another v Nicolai Baron von Uexkull* [2007] 1 SLR(R) 377 at [83]). That being the case, since here the fiduciary obligation arises out of the partners' relationship which in turn is contractual and evidenced by the 2000 HOA, the proper law of the 2000 HOA would also govern the fiduciary obligation. Clause 13 of the 2000 HOA provides for that agreement to be governed by the laws of the State of Victoria, Australia. Thus any allegation of breach of fiduciary duties by Chondros would also have to be determined according to the laws of Victoria.

### ***Goodwill in Singapore***

146 There are a few observations I must make about goodwill before I proceed.

147 First, in assessing whether there existed in Singapore goodwill belonging to the partners associated with the name "KU DE TA", there are two dates which I have to have regard to. The first date is 16 February 2004 when Nine Squares applied to register the 1st Singapore Mark and the other is 30 June 2009 when Nine Squares applied to register the 2nd Singapore Mark.

148 Second, as emphasised in *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 ("*Amanresorts*") (at [39]), the two essential features of goodwill are:

- (a) it is the association of a business on which the plaintiffs' mark or name has been applied with a particular source; and
- (b) this association is an attractive force which brings in business or custom to the source.

Therefore goodwill only exists in a name when that name will bring in customers for the business which is carried on under that name. To establish goodwill in Singapore the plaintiffs have, thus, to show the presence of actual or potential customers in Singapore at the material time.

#### ***Goodwill as at February 2004***

149 The plaintiffs' position was that the "KU DE TA" name was well known in Singapore by the time Nine Squares applied to register the 1st Singapore Mark because of:

- (a) the registration of the "KU DE TA" trade mark in class 43 (restaurants, etc) in Indonesia with effect from 4 January 2000, by Kadek on behalf of the partnership; and
- (b) the advertising and press coverage of Ku De Ta Bali, which showed the reputation and goodwill the partnership had acquired in Singapore by early 2004.

150 The plaintiffs contended that Ku De Ta Bali had targeted tourists in Bali through advertisements, and that a significant number of tourists from Singapore went to Bali. The logical and

irresistible inference was that these Singaporean tourists would have been to or heard of Ku De Ta Bali while in Bali.

151 Nine Squares called this "a bare assertion", devoid of evidence, while KDTSG called it "pure speculation". I agree with them.

152 Second, the plaintiffs drew my attention to Ku De Ta Bali's claims as far back as 2003 that it had hosted corporate events for some of the best-known names in business, including major Singapore companies Singapore Airlines Ltd and Singapore Telecommunications Ltd ("SingTel").

153 I agree, however, with Nine Squares that on Chondros' testimony the reference to SingTel and Singapore Airlines Ltd as customers was mere puffery since custom from these entities was insignificant. Chondros gave evidence that only about four to six people from these companies had visited the restaurant. Even assuming that Chondros had underplayed the occasion, there was no evidence produced by the plaintiffs of any widespread patronisation of the restaurant either by these companies or by other Singaporeans at the time. There is not even any clear evidence of when these visits occurred.

154 Third, the plaintiffs referred to the following evidence of advertising and press coverage of Ku De Ta Bali internationally and in Singapore:

(a) The 2001 edition of "Insight Pocket Guide Bali" stated "Ku de Ta - This Upmarket restaurant has received rave reviews since its opening in December 2000". This book was printed in Singapore, and the copyright was reserved (and worldwide distribution enquiries were directed) to the Singapore Branch of APA Publications GmbH & Co Verlag KG ("APA").

(b) The 16th edition of "Insight Guides Bali", updated in 2001 and reprinted 2002, recommended Ku De Ta Bali as "the latest trendy spot with massive indoor and outdoor dining areas, plunge pool, beach chairs, cigar bar and large lounge ...". This book was printed in Singapore, and the copyright reserved (and worldwide distribution enquiries were directed) to APA.

(c) The 2003 edition of the "Berlitz Pocket Guide Bali & Lombok" also contained a recommendation for Ku De Ta Bali. This book was printed in Singapore and the copyright reserved to APA.

(d) An article titled "Bali is beautiful" published in The Straits Times on 23 September 2003 recommended Ku De Ta Bali for modern Australian cuisine served in a chic setting.

(e) An article titled "The Big Bali Day" published in the October 2003 edition of Silver Kris, Singapore Airlines' inflight magazine, described Ku De Ta Bali as "Bali's most up-market restaurant and bar" and featured a photograph of Ku De Ta Bali on p 52.

(f) Singapore online forums, such as Singapore Brides (<http://www.singaporebrides.com/forumboard/messages/4/22176.html?1052616586>) and Expat Singapore (<http://www.expatsingapore.com/forum/index.php?topic-19249.0>) also contained reviews of Ku De Ta Bali in 2003. One of the persons recommending Ku De Ta Bali in the forums compared prices in Bali to the restaurant and food prices in Singapore.

(g) In January 2004, a Singapore publishing company published a book titled "Hip Entertaining Bars & Restaurants" with a six-page feature on Ku De Ta Bali.

(h) A New York Times article titled "A Bali Beach Worth a Stay" published on 22 February 2004 referred to Ku De Ta Bali prominently and favourably. The article stated that its writer, one Wayne Arnold, was reporting from Singapore.

(i) In February 2004, an article titled "T+L Reports: Bali is Back" in the online edition of Travel + Leisure (<http://www.travelandleisure.com>) featured Ku De Ta Bali.

(j) In a write-up titled "Paradise without the Pricetag: Prices so Low We can 'Bali' Contain Ourselves" published in the online edition of Frommers (<http://www.frommers.com/articles/2204.html>) on 1 August 2004, Ku De Ta Bali was mentioned as one of the few "sensational places to eat in Bali".

(k) An article titled "Haute resort" published in the October 2004 edition of Silver Kris, the Singapore Airlines inflight magazine, promoted Ku De Ta Bali as "The place to see and be seen at – you simply can't come to Bali and not experience Ku De Ta", with an accompanying picture of Ku De Ta Bali.

(l) In October 2004, a Singapore publishing company published a book titled "Bali Chic: Hotels, Restaurants, Shops, Spas (Chic Destinations)" with a four-page feature on Ku De Ta Bali which stated, *inter alia*, that: "Many multinational corporations have held events here, including BMW, Cathay Pacific, Credit Suisse, Fashion TV and Singapore Airlines. With such prominent attention, it is no wonder Ku De Ta has warranted a mention in The New York Times." There was evidence suggesting that Ellaway had given information for the Ku De Ta Bali profile featured in the book.

(m) A Daily Mail UK article published on 15 November 2004 cited Ku De Ta Bali as a sophisticated eatery in Seminyak, Bali.

(n) In the December 2004 edition of *Elle Singapore*, it was stated that: "The ever so smart Ku de Ta just keeps the locals, expats and informed visitors flocking back time after time... It's perennially packed because there's always a reason for a Ku de Ta rendezvous ...".

It would be noted that a number of the items mentioned, those from [154(j)] onwards, appeared after February 2004 and therefore do not indicate how well the name was known prior to the registration of the 1st Singapore Mark. This observation also applies to the article in *Elle Singapore* magazine quoted by the plaintiffs.

155 While the international publicity of Ku De Ta is not to be automatically discounted in considering whether the KU DE TA Marks were well known in Singapore, such publicity cannot be as relevant and significant as the publicity and advertising conducted *in Singapore*. The ultimate inquiry is whether the mark is well known in Singapore, and the online travel guides and newspaper articles from the UK and the US are of limited assistance unless there is proof of their distribution in Singapore or that they were read by Singapore residents.

156 As for the books referred to above, these were published in Singapore. However, the plaintiffs did not adduce evidence as to the *distribution* of the books in Singapore, and were reduced to asking me to *infer* the fact of such distribution. Many books are published in Singapore for distribution abroad as we have good printing presses and editing services. Mere publication of a book in Singapore does not imply that it was distributed here at all, let alone widely distributed. Thus these books are of little assistance to the plaintiffs.

157 The two editions of Silver Kris mentioned above are also inconclusive. While these inflight

magazines would have been found on most Singapore Airlines flights, I agree with Nine Squares that this fact in itself cannot permit an inference that a significant number of Singaporeans were exposed to or read the magazines.

158 As regards the forum reviews above, Nine Squares highlighted that there was no proof that they were authored by Singaporeans. In the absence of further evidence from the plaintiffs, I agree with Nine Squares.

159 That leaves the article of 23 September 2003 in The Straits Times. While that article does mention Ku De Ta Bali, I think it is insufficient to show that the restaurant was well known in Singapore at the time. Nine Squares is correct in saying that this was a "single fleeting reference" to Ku De Ta Bali, and even then that reference was situated amongst a whole gamut of food, activity and accommodation choices. This article does not show that Ku De Ta Bali was well known in Singapore as at 16 February 2004.

160 Fourth, the plaintiffs referred to two emails sent by Ellaway in 2004 to support their case that Ku De Ta Bali was well known in Singapore as at 16 February 2004. In February 2004, Daniel had written to a third party that "[Ku De Ta Bali] ha[s] forged a solid reputation during this time and our brand is well respected as well as recognized throughout the Asia Pacific region even as far as Europe". In July 2004, he had written to another third party that "In a little over three years this restaurant ... has earned an enviable reputation beyond the village of Seminyak". However, as Nine Squares pointed out, these emails were sales pitches. They could not evidence any reputation amongst the public in Singapore in 2004. Here, it is significant that Ku De Ta Bali did not engage in any marketing and promotions outside Bali until 2006. Thus little weight can be placed on the emails.

161 In conclusion, the evidence does not show on a balance of probabilities that Ku De Ta Bali was well known in Singapore as at 16 February 2004 much less that it had more than a handful of actual or potential customers here and therefore enjoyed goodwill here.

#### *Goodwill as at June 2009*

162 The plaintiffs submitted that Ku De Ta Bali enjoyed goodwill in Singapore by the time Nine Squares applied to register the 2nd Singapore Mark on 30 June 2009, by reason of the advertising and press coverage of Ku De Ta Bali.

163 They relied on the evidence adduced of their increasing expenditure on marketing and promotion between 2007 and 2009. However, as Nine Squares pointed out, there was no evidence of the extent of circulation of advertisements or promotional material in Singapore or the number of people based in Singapore who would have been exposed to such advertisements or material.

164 Second, the plaintiffs contended that the increasing number of tourists from Singapore who visited Bali between 2001 and 2009 meant that there was a growing pool of Singapore visitors who would have heard of or been to Ku De Ta Bali. I have already found this contention to be unmeritorious.

165 Third, the plaintiffs drew the court's attention to the following international and Singapore publications mentioning Ku De Ta Bali:

- (a) An article from TIME magazine titled "On Terror's Trail" dated 10 October 2005.
- (b) A book titled "Asian Bar and Restaurant Design" published in 2007, where it was also

mentioned that the partners of Ku De Ta Bali, namely the founders, gave their input in the design of the Ku De Ta Bali restaurant.

- (c) An article titled "36 Hours in Bali" published in the New York Times on 24 June 2007.
- (d) An article titled "Travel Postcard: 48 hours in Bali" published on Reuters on 30 November 2007.
- (e) An article titled "Bali: bouncing back" published in the Daily Mail UK on 31 January 2008.
- (f) An article titled "Bali is not just Kuta Beach" published on AsiaOne on 16 September 2008.
- (g) An article titled "Ku De Ta" published in the New York Times on 12 October 2008.
- (h) An article titled "The Miele Guide 2009/2010 Unveils Asia's Top 20 Restaurants" published in October 2009. The Miele Guide 2009/2010 ranked Ku De Ta Bali ninth amongst Asia's top 20 restaurants.
- (i) Ku De Ta Bali also continued to be a regular feature in various travel guides and websites, such as Frommers and Tripadvisor Reviews.

166 I had observed earlier that the international publications were of little assistance here. That left the AsiaOne article as the only Singapore publication. However, Ku De Ta Bali was mentioned in only one sentence in this article, and I consider such a reference insufficient to show that Ku De Ta Bali was well known in Singapore.

167 Fourth, the plaintiffs referred to a survey conducted in Singapore in late 2011 from which their brand survey expert concluded that the Ku De Ta Bali restaurant was well known to the relevant sector of the Singapore public. The survey was of persons who fit Ku De Ta Bali's clientele profile (or so the brand survey expert was instructed). From the 2011 survey results, the plaintiffs urged the court to conclude that just one and a half years previously, in June 2009, Ku De Ta Bali must have been well known in Singapore.

168 The survey identified the relevant sector of the public in Singapore whom the plaintiffs considered would be actual or potential customers of Ku De Ta Bali as being Singaporeans, Singapore Permanent Residents and expatriates based in Singapore who are

- (a) aged between 25 and 55 years old; and
- (b) professionals, managers, executives or business owners (PMEBs) or equivalent; and
- (c) earned a gross personal monthly income of S\$4,000 and above; and
- (d) engaged in at least one of the following activities at least once every two months:
  - (i) go to a fine-dining establishment (*eg*, in a hotel or place with higher quality ambience and décor) with minimum spend of S\$80 per head;
  - (ii) go to cocktail bars; or
  - (iii) go to an upmarket/fashionable nightlife establishment/ dance club; and

(e) who had travelled to Bali in the previous five years, or intended to travel to Bali in the next six months.

169 The survey sample size was about 400 people with around half being Singaporeans and Singapore Permanent Residents and the other half expatriates living in Singapore. The findings of the survey were that 50% of all respondents were aware of Ku De Ta Bali and the level of awareness of Ku De Ta Bali was significantly higher than that of seven out of ten established restaurants in Singapore which they were asked about. Of the respondents who knew of Ku De Ta in Bali, 32% had heard about it in the preceding year whilst 57% had learnt about it between two and six years previously. 30% of the respondents had been to Ku De Ta Bali and 41 of these rated their experience there as excellent. The survey expert concluded that Ku De Ta Bali was well known amongst the relevant sector of the public in Singapore.

170 On the basis of the survey, I consider it likely that by June 2009, Ku De Ta Bali as a restaurant operating in Indonesia would have been known to the relevant sector of the Singapore public as well. There were actual customers in Singapore for Ku De Ta Bali and the general impression of it was good, with the survey respondents stating they were likely to recommend it to others. There would therefore have been some goodwill in Singapore for the restaurant in Bali. This however does not help the plaintiffs with regard to the goodwill of the items covered by the 2nd Singapore Mark.

171 The 2nd Singapore Mark was registered to protect Ku De Ta-branded apparel, jewellery and music. The business of selling apparel, jewellery and CDs, is not the business that the public in Singapore would have connected with the name "KU DE TA". All the promotional materials which the plaintiffs cited and all the books and articles they referred to dealt with the restaurant. There was no focus on or advertising of the merchandise. A similar approach was taken during the survey. It focussed on whether the Ku De Ta Bali restaurant was well known to the relevant sector of the public in Singapore, and not whether Ku De Ta-branded apparel, jewellery or music was well known. Further, there was no evidence that even those persons in Singapore who had heard of the Bali restaurant had bought such items or were attracted to the same and would have bought them if they were sold in Singapore.

172 Thus while I am prepared to find some goodwill in Singapore on 30 June 2009 for Ku De Ta as a restaurant, the evidence does not support any finding that there was goodwill here at that date for Ku De Ta-branded apparel, jewellery or music.

#### *Conclusion on goodwill*

173 For the reasons given above, I find that there was no goodwill in Singapore belonging to the plaintiffs in either February 2004 or June 2009 which obligated Chondros not to procure the registration of, respectively, the 1st and 2nd Singapore Marks on those respective dates.

#### ***Usurpation of corporate opportunity***

174 The next basis on which the plaintiffs alleged that Chondros had breached his fiduciary duty was that in procuring the registration of the Singapore Marks he had usurped a corporate opportunity which Ku De Ta Bali could have exploited. Both experts agreed that, under Victorian law, this action would be a breach of fiduciary duty only if there had been "a real or substantial possibility" of the Ku De Ta Bali partnership setting up an operation in Singapore in 2004 or 2009.

175 Mr Finkelstein opined that "a real or substantial possibility" would exist where, as at the time of registration of the trade mark, setting up in Singapore would have been a likely activity that the Ku

De Ta Bali partnership would have entered into had it appreciated the opportunity, or would have moved to in the ordinary course of events. The case law did *not* require a guarantee or likelihood that the partnership would have decided to set up in Singapore. Mr Finkelstein's opinion was not disputed by Mr Fraser although there was Victorian authority to the effect that breach of fiduciary duty occurs when the fiduciary exploits for himself "a maturing business opportunity which his company is actively pursuing" (*Edmonds v Donovan* (2005) 12 VR 513 at [56], citing *Canadian Aero Service Ltd v O'Malley* (1973) 40 DLR (3d) 371).

176 The plaintiffs relied on certain events to substantiate their claim that there was a real or substantial possibility of the Ku De Ta Bali partnership setting up a Ku De Ta operation in Singapore in 2004 or 2009. First, Chondros himself gave evidence that around late 2002 he dreamt of opening Ku De Ta outlets in other parts of the world. In particular, Chondros thought of taking Ku De Ta to the Australian locations of Cable Beach and Noosa. Chondros said that he had conveyed this ambition to close friends and some management staff of Ku De Ta Bali, including Kadek. The plaintiffs submitted that it was inconceivable that Chondros did not discuss his ideas with Kotzamichalis and Neale.

177 I consider that this evidence is insufficient to show a real or substantial possibility of the partnership setting up a Ku De Ta operation in Singapore. Even accepting that so early in the operation Chondros had a sincere wish to expand Ku De Ta, there was no indication that in 2002 he had Singapore in mind as a potential expansion location. Indeed, the plaintiffs had to resort to asking me to infer that this was so. In the absence of any specific reference to Singapore, I did not think this a warranted inference on the facts, for otherwise this would give the plaintiffs an imprimatur to claim any place in Asia or the world as a potential expansion location. In addition, the fact that Chondros had caused Nine Squares to register the Singapore Marks is inconclusive, since Nine Squares had in fact *at the same time* registered the trade mark throughout the world in over 30 countries.

178 Second, the plaintiffs pointed out that Neale had told Chondros that there were opportunities on Sentosa Island in Singapore which the partners should explore. Neale could not remember the dates of such discussions. I consider that the failure to assert a clear timeframe for these alleged discussions prevents me from determining that a real or substantial possibility of expansion to Singapore existed either as at 2004 or 2009.

179 Third, the plaintiffs say that Chondros and Ellaway had been in discussions since 2005 with Sentosa Leisure Group to take the Ku De Ta concept to Sentosa Island, Singapore. However, the test as propounded by the expert witnesses requires that there be a real or substantial possibility that expansion into Singapore was a likely activity which *the Ku De Ta Bali partnership* would have entered into. That test is *not* met merely by showing that Chondros and Ellaway (who was not even a member of the partnership) were interested in Singapore as a potential market.

180 Then, with respect to the market for music and apparel in Singapore, I agree with Nine Squares that there was no evidence before the court that the Ku De Ta Bali partnership would likely have entered this market, whether in the ordinary course of events or even if it had appreciated the opportunity.

181 Considering the evidence in its totality, I am unable to see, on the agreed test for diversion of a corporate opportunity under Victorian law, how it could be said that there was a real or substantial possibility that, as at the respective dates of registration of the Singapore Marks, setting up in Singapore was a likely activity that the Ku De Ta Bali partnership would have entered into had it appreciated the opportunity, or would have moved to in the ordinary course of events. Nor could it be said that there was a maturing business opportunity being actively pursued by Ku De Ta Bali on either date.

### ***Conclusion on breach of fiduciary duty***

182 For the reasons given above, the registration by Nine Squares of the Singapore Marks could not have entailed any breach by Chondros of his fiduciary duty to the plaintiffs. Therefore, no constructive trust exists in respect of the Singapore Marks.

### **Invalidation of the Singapore Marks**

183 The plaintiffs' case in the alternative was that the registration of the 1st and 2nd Singapore Marks be invalidated on the following grounds:

- (a) as at their respective dates of registration, there was already an earlier trade mark in existence, viz, the "KU DE TA" trade mark;
- (b) the applications for the registration of the Singapore Marks had been made in bad faith; and
- (c) there were passing-off considerations.

### ***The "earlier trade mark" ground***

184 Pursuant to s 23(3)(a)(i) read with s 8(1) of the TMA, a registered trade mark may be declared invalid on the ground that: (a) it is identical with an earlier trade mark; and (b) it has been registered for goods or services which are identical with the goods or services for which the earlier trade mark is protected.

185 The plaintiffs look to invalidate the 1st Singapore Mark on this ground.

186 Pursuant to s 23(3)(a)(i) read with s 8(2)(b) of the TMA, a registered trade mark may be declared invalid on the ground that: (a) it is similar to an earlier trade mark; and (b) it has been registered for goods or services which are identical with or similar to the goods or services for which the earlier trade mark is protected, such that there exists a likelihood of confusion on the part of the public.

187 Further, pursuant to s 23(3)(a)(iii) read with s 8(4) of the TMA, a registered trade mark may be declared invalid on the ground that: (a) an essential part of the registered trade mark is identical with or similar to an earlier trade mark that is well-known in Singapore; (b) the use of the registered trade mark in relation to the goods or services for which it has been registered would indicate a connection between those goods and services and the proprietor of the earlier trade mark; and (c) such use is likely to damage the interests of the proprietor of the earlier trade mark.

188 The plaintiffs look to invalidate the 2nd Singapore Mark on the grounds set out at [186]–[187] above.

189 The plaintiffs' grounds for invalidating the Singapore Marks have a common denominator: the plaintiffs must show that their "KU DE TA" trade mark was an "earlier trade mark" within the meaning of the TMA.

190 An "earlier trade mark" is defined in s 2(1) of the TMA as, *inter alia*, "a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was a well known trade mark". What constitutes a "well



known trade mark” is explained further in the TMA as follows:

**2.—(1) ...**

“well known trade mark” means —

- (a) any registered trade mark that is well known in Singapore; or
- (b) any unregistered trade mark that is well known in Singapore and that belongs to a person who —
  - (i) is a national of a Convention country; or
  - (ii) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country,

whether or not that person carries on business, or has any goodwill, in Singapore;

...

(7) Subject to subsection (8), in deciding, for the purposes of this Act, whether a trade mark is well known in Singapore, it shall be relevant to take into account any matter from which it may be inferred that the trade mark is well known, including such of the following matters as may be relevant:

- (a) the degree to which the trade mark is known to or recognised by any relevant sector of the public in Singapore;
- (b) the duration, extent and geographical area of —
  - (i) any use of the trade mark; or
  - (ii) any promotion of the trade mark, including any advertising of, any publicity given to, or any presentation at any fair or exhibition of, the goods or services to which the trade mark is applied;
- (c) any registration or application for the registration of the trade mark in any country or territory in which the trade mark is used or recognised, and the duration of such registration or application;
- (d) any successful enforcement of any right in the trade mark in any country or territory, and the extent to which the trade mark was recognised as well known by the competent authorities of that country or territory;
- (e) any value associated with the trade mark.

(8) Where it is determined that a trade mark is well known to any relevant sector of the public in Singapore, the trade mark shall be deemed to be well known in Singapore.

(9) In subsections (7) and (8), “relevant sector of the public in Singapore” includes any of the following:

- (a) all actual consumers and potential consumers in Singapore of the goods or services to which the trade mark is applied;
- (b) all persons in Singapore involved in the distribution of the goods or services to which the trade mark is applied;
- (c) all businesses and companies in Singapore dealing in the goods or services to which the trade mark is applied.

191 In *Amanresorts*, the Court of Appeal stated that s 2(7)(a) of the TMA – which refers to the degree to which the trade mark is known to or recognised by any relevant sector of the public in Singapore – contains “arguably the most crucial factor when determining whether a trade mark is well known in Singapore” (*Amanresorts* at [139]). This is because s 2(8) of the TMA deems a trade mark to be well known in Singapore if it is well known to any relevant sector of the public in Singapore. This deeming provision suggested that the court could not disregard s 2(7)(a) of the TMA in its deliberations (*Amanresorts* at [140]).

192 The Court of Appeal also clarified that the definition of “relevant sector of the public in Singapore” in s 2(9)(a) of the TMA referred to the actual and potential consumers of the trade mark owner’s goods and services, and not the actual and potential consumers of the *type* of goods and services to which the trade mark applied (*Amanresorts* at [152]–[154]).

#### *The 1st Singapore Mark*

193 The plaintiffs submitted that their KU DE TA Mark was well known in Singapore by the time Nine Squares applied to register the 1st Singapore Mark on 16 February 2004, by reason of:

- (a) the registration of the Indonesian Mark in class 43 (restaurants, *etc*) in Indonesia with effect from 4 January 2000, by Kadek on behalf of the partnership; and
- (b) the advertising and press coverage of Ku De Ta Bali, which showed the reputation and goodwill the partnership had acquired in Singapore by early 2004.

194 In relation to [193(a)], I cannot see how the simple fact that the Indonesian Mark was registered in Indonesia with effect from 4 January 2000 could make that mark well known in Singapore in February 2004.

195 In relation to [193(b)], the plaintiffs relied on all the documents which I have set out in [154] above. I have already commented on the same and held that they were insufficient to serve as evidence of goodwill in Singapore. For the same reasons, I hold that they do not establish that the KU DE TA Mark was well known in Singapore as at 16 February 2004.

196 The plaintiffs also submitted that their earlier well known “KU DE TA” mark was visually and aurally identical to the 1st Singapore Mark, and that both these trade marks were used for identical goods and services, *viz*, restaurants and bars. That may be so but in itself it is not sufficient to show that the plaintiffs’ mark was well known in Singapore. Further, there was force in the contention of Nine Squares that the “KU DE TA” mark could not have been well known to the relevant sector of the public in Singapore as at 16 February 2004 because there was no overseas advertising or promotion of the Ku De Ta Bali business during the early years (*ie*, before 2004). Advertising and promotion of Ku De Ta Bali was only carried out *within* Bali during those years.

197 My previous findings in respect of goodwill that the plaintiffs had not proved that Singaporean tourists would have been to or heard of Ku De Ta Bali while in Bali also apply to this part of the analysis. The plaintiffs were not able to show that any custom that they had from Singapore or Singaporeans before 2004 was more than trivial.

198 In conclusion, the evidence does not show on a balance of probabilities that the plaintiffs' "KU DE TA" mark was well known in Singapore as at 16 February 2004. For this reason, it is not an "earlier trade mark" within the meaning of the TMA. Therefore the 1st Singapore Mark cannot be invalidated for being identical with an earlier trade mark under s 23(3)(a)(i) read with s 8(1) of the TMA.

### *The 2nd Singapore Mark*

199 The plaintiffs' submissions on why their "KU DE TA" mark was a well-known trade mark by the time Nine Squares applied to register the 2nd Singapore Mark tracked the submissions that they had made for the registration of the 1st Singapore Mark. The evidence they relied on in this regard was the same as the evidence they relied on to show goodwill in Singapore in June 2009.

200 First, I cannot accept that simply because of the registration of the Indonesian Mark in Indonesia with effect from 4 January 2000 and registration of the "KU DE TA" mark in class 14 (jewellery) and class 25 (apparel) in Indonesia with effect from 15 August 2008 by Kadek on behalf of the partnership, that should make either of those marks a well-known trade mark in Singapore as at June 2009.

201 Second, I have already dealt with the promotional material in dealing with the question of goodwill and my holdings in that regard also apply here to the question whether the "KU DE TA" mark was well known in Singapore as at June 2009.

202 Third, the aural and visual similarities between the "KU DE TA" mark and the 2nd Singapore Mark do not mean that the former was well known in Singapore at the relevant date. It is true that the "KU DE TA" mark was used on audio compact discs and apparel sold at the boutique at the Bali restaurant and that the 2nd Singapore Mark was to be used for identical or similar goods. However there was no evidence of custom in Singapore for such goods as I have pointed out above.

203 I found that the survey conducted on behalf of the plaintiffs in 2011 showed that there was probably goodwill in Singapore in June 2009 for the Ku De Ta Bali restaurant. I also found that this survey had nothing to do with Ku De Ta apparel and music and that there was no evidence to show that there were actual or potential customers in Singapore in 2009 for the CDs and the Ku De Ta apparel.

204 For the reasons given above, on a balance of probabilities, I find that the plaintiffs' "KU DE TA" mark registered in respect of jewellery and apparel in August 2008 was not an "earlier trade mark" within the meaning of the TMA. Therefore the 2nd Singapore Mark cannot be invalidated for being similar to an earlier trade mark under s 23(3)(a)(i) read with s 8(2)(b) of the TMA, or on the alternative ground that an essential part of it is identical with or similar to an earlier trade mark that was well known in Singapore, under s 23(3)(a)(iii) read with s 8(4) of the TMA.

### ***The "passing off" ground***

205 Relying on s 23(1) read with s 7(5) of the TMA, the plaintiffs next submitted that the use of the Singapore Marks was liable to be prohibited in Singapore by the law of passing off, and therefore the registration of these two trade marks should be invalidated.

206 Sections 7(5) and 23(1) of the TMA read as follows:

**7.—(5)** A trade mark shall not be registered if or to the extent that its use is prohibited in Singapore by any written law or rule of law.

**23.—(1)** The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 7.

*Must a plaintiff have a business presence in Singapore to sue for passing off?*

207 The tort of passing off is intended to protect against damage to one's goodwill. However, must a foreign entity actually do business in a particular jurisdiction before it can bring an action for passing off in that jurisdiction? Or can it simply rely on its reputation in the jurisdiction concerned without doing any business there? In this case, the plaintiffs concede that the Ku De Ta Bali restaurant does not have a business presence in Singapore.

208 In *Amanresorts*, the Court of Appeal had stated (at [68]) that it might not be of much significance if Singapore adopted the hard-line approach, which approach *would* require an entity to have done business in the jurisdiction in which it was suing for passing off. This was due to the presence of s 55 of the TMA, which afforded protection to well-known trade marks.

209 Subsequently, in *Doctor's Associates Inc v Lim Eng Wah (trading as SUBWAY NICHE)* [2012] 3 SLR 193 I read the Court of Appeal's comment in the previous paragraph as suggesting *against* whittling down the hard-line approach (at [99]).

210 The plaintiffs, however, submitted that all this did not rule out the adoption of the more "progressive" approach adopted in Australia and Canada, under which an entity did *not* require a business presence in the jurisdiction in which it was now bringing a passing off action – all that was required was that the entity possess a sufficient degree of reputation in that jurisdiction. They relied on the cases of *Orkin Exterminating Co Inc v Pestco Co of Canada Ltd* (1985) 19 DLR (4th) 90 and *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 23 IPR 193.

211 The fullest judicial exposition on this issue in Singapore is contained in *Jet Aviation (Singapore) Pte Ltd v Jet Maintenance Pte Ltd* [1998] 1 SLR(R) 713. After examining decisions from England, Ireland and Hong Kong which had departed from the hard-line approach, Warren L H Khoo J indicated his "considerable sympathy for the views expressed in this body of cases" (at [42]). Khoo J thought that the hard-line approach could not be elevated to a presumption or a rule of law; instead, for him (at [42]):

[T]he existence or otherwise of goodwill and reputation [is] a question of fact and degree to be proved in a particular case without the constraint of any rule or presumption. *The question to be considered, simply, is whether the claimant has by his business activities, be they by direct trading within the jurisdiction or otherwise, in fact generated within the jurisdiction a goodwill in connection with his business which will be protected by the law of passing off.* [emphasis added in italics and bold italics]

212 Khoo J's approach, if adopted, would effectively signal a departure from the hard-line approach. I think that this is ultimately a matter of policy. Perhaps fortunately I need not come to a conclusion on this point because in order to succeed in a passing-off action the plaintiffs would have to establish goodwill. I have already held that there was no substantial goodwill in February 2004 and while I have held that there was goodwill for the restaurant in June 2009, there was no goodwill for Ku De Ta

apparel and music at that date. Thus, the plaintiffs have failed to establish an essential element of passing off and cannot invalidate the registration of the Singapore Marks under s 23(1) read with s 7(5) of the TMA.

### ***The "bad faith" ground***

213 Pursuant to s 23(1) read with s 7(6) of the TMA, a registered trade mark may be declared invalid on the ground that its application was made in bad faith. The plaintiffs look to invalidate the Singapore Marks on this further ground.

214 The parties agreed that I have to consider the question of bad faith under Singapore law. As stated in *Halsbury's Laws of Singapore* vol 6(2) (LexisNexis, 2009 Reissue), the validity of an intellectual property right in a particular country generally depends on the law of the place where the protected right is created (at para 75.386).

215 As for what amounts to bad faith under s 7(6) of the TMA, the test is authoritatively re-stated in *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd* [2009] 2 SLR(R) 814 (at [107]):

[T]he Plaintiff [who wishes to prove bad faith] must show not only that the conduct of [the Defendant] in applying for the registration of the [trade mark] fell short of the normally accepted standards of commercial behaviour, but also that [the Defendant] knew of facts which, to an ordinary honest person, would have made the latter realise that what [the Defendant] was doing would be regarded as breaching those standards ...

That the test is both objective *and* subjective was subsequently emphasised in *Valentino Globe BV v Pacific Rim Industries Inc* [2010] 2 SLR 1203 (at [29]). The subjective element consists of what the particular applicant knows whilst the objective element refers to what ordinary persons adopting proper standards would think.

216 Therefore, an application for the registration of a trade mark will have been made in bad faith if: (a) the defendant's conduct in applying fell short of the normally accepted standards of commercial behaviour; and (b) the defendant subjectively knew of facts which would have made an ordinary honest person realise that what the defendant was doing would be regarded as breaching those standards.

### ***The plaintiffs' submissions***

217 The plaintiffs argued that Nine Squares' applications for registration of the Singapore Marks were made in bad faith for three reasons:

(a) These applications amounted to misappropriation of the "KU DE TA" trade mark/name owned by the partnership.

(b) Regardless of whether the "KU DE TA" trade mark/name was owned by the partnership, there was goodwill associated with the "KU DE TA" name in Singapore in 2004 (when the 1st Singapore Mark was registered) and in 2009 (when the 2nd Singapore Mark was registered) and that goodwill belonged to the partnership. Nine Squares' applications amounted to misappropriation of the said goodwill and/or involved a breach by Chondros of his fiduciary duties owed to his partners.

(c) Even if the "KU DE TA" trade mark/name were not owned by the partnership (which was denied), Nine Squares' applications involved a breach by Arthur of his fiduciary duties owed to his partners because there was a real or substantial possibility of setting up a further Ku De Ta operation in a place such as Singapore in 2004 and 2009, and Chondros had diverted that opportunity to himself/Nine Squares.

218 I dealt with all of the above submissions when considering whether Chondros was in breach of his fiduciary duty to the plaintiffs in relation to the registration by Nine Squares of the Singapore Marks. I have found against the plaintiffs on all these questions. Accordingly, the Singapore Marks cannot be declared invalid on the ground that Nine Squares applied for registration in bad faith as proscribed by s 23(1) read with s 7(6) of the TMA.

## **Conclusion**

219 For the reasons given above, the plaintiffs' claim must be dismissed. I will hear the parties on costs.

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