

Reemtsma Cigarttenfabriken GMBH v Hugo Boss AG (No 2)
[2003] SGHC 205

Case Number : OM 600007/2002, 600008/2002

Decision Date : 10 September 2003

Tribunal/Court : High Court

Coram : Belinda Ang Saw Ean J

Counsel Name(s) : Low Chai Chong, Ian Fok and Catherine Lee (Rodyk & Davidson) for the applicants; Dedar Singh Gill and Paul Teo (Drew & Napier LLC) for respondents

Parties : Reemtsma Cigarttenfabriken GMBH — Hugo Boss AG

Trade Marks and Trade Names – Revocation – Revocation of registration for non-use – Whether "enuine use" of marks within statutory period – Grounds for revocation under s 22 of the Trade Marks Act – Whether court retains discretion to maintain mark on register – Trade Marks Act (Cap 332, 1999 Rev Ed) s 22

1 The Applicant, Reemtsma Cigarettenfabriken GmbH, is in the business of the manufacture and sale of cigarettes. The Respondent, Hugo Boss AG, is in the business of design, manufacture and sale of high fashion menswear and other luxury goods and is the proprietor of two registered marks in Singapore, the subject matter of these proceedings. The registered marks are: (a) Trade Mark no. T74/59825G "BOSS" for cigarettes in Class 34 and (b) Trade Mark no. T87/05010G "HUGO BOSS" in respect of cigarettes, cigars, tobacco for cigarettes, pipe tobacco, lighters and matches in Class 34. For convenience, both registered marks are referred to collectively as the "Marks".

2 The Applicant filed Originating Motion nos. 600007/2002 and 600008/2002 on 5 February 2002 to have the Marks removed for non-use pursuant to section 22(1)(a) and/or (b) of the Trade Marks Act (Cap.332). It is convenient at this point to set out the provisions of section 22, so far as material.

"22. (1) The registration of a trade mark may be revoked on any of the following grounds:

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

(b) that such use has been suspended for an uninterrupted period of 5 years, and there are no proper reasons for non-use;

.....

(2) For the purposes of subsection (1), use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and use in Singapore includes applying the trade mark to goods or materials for the labelling or packaging of goods in Singapore solely for export purposes.

(3) The registration of a trade mark shall not be revoked on the ground mentioned in paragraph (a) or (b) of subsection (1) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the 5 year period and before the application for revocation is made.

(4) Any commencement or resumption of use referred to in subsection (3) after the expiry of the

5 year period but within the period of 3 months before the making of the application for revocation shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.

....

(7) Where grounds for revocation exist in respect of only some of the goods or services for which the trade mark is registered, revocation shall relate to those goods or services only.

.... ”

3 The issues before me are:

(i) Was there “genuine use” of the Marks within the statutory period; and if not, were there proper reasons for non-use;

(ii) Whether the Court has discretion to allow a mark to remain on the register even though the grounds for revocation under section 22 of the Act are made out; and if so, whether the Court should exercise its discretion in this case to allow the Marks to remain.

(i) Was there “genuine use” of the Marks

4 The BOSS mark was registered in 1974. The HUGO BOSS mark was registered in 1987. The Originating Motions were filed on 5 February 2002. Another date to note is the date three months prior to the date of the applications, namely 6 November 2001.

5 The Applicant submits that it has made out a prima facie case for the removal of the Marks from the register. The Respondent contends, however, that genuine use has been made of the Marks in Singapore in the five years ending three months prior to the date of the applications for revocation under section 22 of the Act. By section 105 of the Act, if a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.

6 Affidavits were filed by both sides. I shall begin with the Applicant’s. The Applicant approached the issue of non-use by bringing forward general evidence from the market to establish that no real use of the Marks in this country could be found. Commercial Investigations was appointed by the Applicant to conduct investigations in July 1999 and in November 2001. The chief investigator, Philip Tan See Wei (“Tan”), in his affidavit of 5 February 2002 detailed the investigations carried out in Singapore and the results of the investigations were that during the relevant period the Respondent had not used in the course of trade the Marks.

7 Tan confirmed that in July 1999 his company received instructions from the Applicant’s lawyers to determine whether the Marks had been used in Singapore in respect of cigars and cigarettes during the previous five years. Ms Leo Ying another experienced investigator was assigned the task as well.

8 The market investigations in Singapore covered a cross-section of the tobacco trade between 6 and 7 July 1999. The investigators visited retail outlets comprising provision shops, supermarkets, eating places, boutique tobacco retail outlet dealing in cigars, cigarettes and other tobacco products. They also visited Poh Trading, a local tobacco wholesaler, as well as Bluebell Enterprise Pte Ltd who is a well-known and established distributor of cigars, cigarettes and tobacco

products. None of the investigators came across at all these places cigars, cigarettes, tobacco for cigarettes, pipe tobacco, lighters and matches bearing either the trade mark "BOSS" or "HUGO BOSS". All 96 interviewees also personally had never heard of "BOSS" or "HUGO BOSS" being used on the relevant goods in Singapore.

9 In November 2001, Tan received instructions from the Applicant's lawyers to conduct another round of investigations to confirm that the Marks had not been used after the first survey. The same survey as the first was carried out between 6 November 2001 and 27 November 2001 with visits to the same outlets. Commercial Investigations concluded that the Marks had not been used on the relevant products in Singapore for five years prior to their first investigation in 1999 nor thereafter up to the conclusion of the second investigation in 2001.

10 Tan also deposed that his operative interviewed Alson Ng, an employee in a HUGO BOSS franchised shop in Ngee Ann City. He was someone familiar with the tobacco trade and he had not come across in Singapore the use of the Marks in respect of the relevant goods in Singapore. John Kammermen, the Regional Director of Imperial Tobacco (Asia) Pte Ltd filed an affidavit on behalf of the Applicant. He stated categorically that for the past few years he had visited "Hugo Boss" boutiques in Singapore but he has not seen "Boss" and/or "Hugo Boss" brand cigars, tobacco products or smoker's accessories on sale in such boutiques.

11 The Respondent's contention is that the Marks have been used on lighters and cigars. As regards lighters, the Respondent relies on product catalogues it would have sent from Germany to its franchisees worldwide, Singapore being one of the countries. In the usual course of trade, the product catalogues would be despatched before the start of each season. Customers using the order forms provided are free to order products featured in these catalogues if the items are not available on display. The Respondent exhibited in the affidavit of its legal counsel, Judith Eckl, the following product catalogues: Hugo Boss Collection 1998/1999, 1999/2000 and 2002/2003.

12 Ms Eckl said that featured in those catalogues were cigars, lighters and other tobacco accessories. Her statement is, however, inaccurate insofar as cigars are concerned. The Respondent later conceded that no pages on cigars were shown in the product catalogues exhibited in Ms Eckl's affidavit. Neither were loose-leaf inserts on cigars added to the product catalogues.

13 The Respondent relies on one single act of use of the Marks for cigars. There was a cigar sampling function that took place at an annual Hugo Boss Asian Buyers' Conference held in Singapore in November 1998. It has been said that BOSS cigars were distributed during the Conference to introduce BOSS cigars to all the buyers present for the purpose of attracting interest and orders.

14 Counsel for the Applicant, Mr. Low Chai Chong, drew my attention to the inadequacies of the Respondent's affidavit evidence. Although Mr. Low accepts that lighters are featured in the 1998/1999 and 1999/2000 catalogues, they do not prove that lighters were sold in Singapore. Given the Hong Kong address and telephone/fax numbers printed on the order forms, the catalogues appeared to be for use in Hong Kong. There is no evidence that similar catalogues with pricing of the merchandise in Singapore dollars as well as the local addresses and telephone/fax numbers of the franchised shops in Singapore were despatched to Singapore, the manner of despatch, whether the catalogues reached Singapore or what was done with them. No explanation was proffered as to why the Respondent had not produced the catalogues purportedly sent to Singapore. In addition, printed on the order form is a statement that "Not every article is available for all countries". There is no evidence of what items listed on the order form, in particular the lighters, were offered for sale in Singapore.

15 It is significant that if the items, in particular the lighters, in the catalogues were offered for sale in Singapore, the Respondent would naturally have adduced evidence of such sales but this was not done. Curiously, there was no affidavit from its local franchisee, Kwang Sia Pte Ltd. The local franchisee in my view would be the best person to refute the Applicant's accusation of non-use of the Marks in the course of trade in Singapore for the goods in question. In the circumstances, this is an appropriate case for adverse inference to be drawn against the Respondent. See s116(g) Evidence Act (Cap.97).

16 There is also doubt as to whether the November 1998 event was a Buyer's Conference. The invoices submitted by the Respondent described the event as a Fashion Show. Equally there is doubt as to whether or not it was BOSS cigars that were introduced. The undated photograph of three men smoking cigars is unhelpful. It does not show what brand of cigars they were smoking.

17 The alleged purpose of the cigar sampling function to attract interest and orders is curious. It is said that the Respondent does not sell cigars but licensed its trade marks to manufacturers. Ms Eckl deposed that the Statutory Declaration of Harold Mock, the production manager of Tabak-Haus Dingelstadt GmbH shows the supply of BOSS and HUGO BOSS cigars to the Respondent since 1998. Her testimony is not borne out by the Statutory Declaration. The Statutory Declaration referred to "HUGO BOSS" Sumatra cigars and stated that the Respondent did not produce or market cigars. His statement contradicts the Respondent's claim that it was involved in marketing cigars. In addition, the production of HUGO BOSS cigars in 1998 was not for the account of Tabak-Haus.

18 Mr. Dedar Singh Gill, Counsel for the Respondent, argues that the introduction of BOSS cigars at the cigar sampling function in November 1998 constitutes use of the Marks on "cigarettes" during the relevant date as well. In an attempt to give a veneer of validity and credibility to this mischievous argument that cigars are the same as cigarettes, Mr. Gill referred me to the dictionary meaning of the word "cigarette" in a 1944 outdated edition of the *Shorter Oxford English Dictionary on Historical Principles*. I have no hesitation in rejecting his contention. They are commercially distinct items. A "cigar" is a compact roll of tobacco-leaf for smoking whereas a "cigarette" is a small cylinder of finely-cut tobacco rolled in paper for smoking. See *Shorter Oxford English Dictionary on Historical Principles* (5th ed, 2002). Moreover, as Mr. Low rightly pointed out, the International Classification of Goods and Services draws a distinction between cigars and cigarettes. The Respondent's own "HUGO BOSS" mark listed "cigar and "cigarettes" as separate products.

19 It is said that though there is no evidence of actual sale, it does not necessarily mean there is no use of the mark. However, in this case the converse is probably true. The undeniable fact is that Ms Eckle admits that there have been no sales of the goods in question in Singapore. And this is very much due to non-use of the Marks in respect of the goods in question. Ms Eckl in her affidavit deposed that sales of Hugo Boss cigars and smoker's accessories were not actively pursued in Singapore because of restrictions over smoking and tobacco advertisements under the Smoking (Control of Advertisements and Sale of Tobacco) Act (Cap. 309) and lack of active enquiries from the Singapore franchisee (which was in turn probably due in large part to the said legislation).

20 This is not even a marginal case. The Respondent's evidence of actual use of the Marks in relation to the goods is scanty and unsatisfactory. I have no difficulty concluding that cigarettes under the "BOSS" mark and the relevant goods under the "HUGO BOSS" mark have not been used at all in Singapore in the five years ending three months prior to the date of the applications for revocation under section 22 of the Act. The conclusion that I have reached renders it unnecessary to examine the extent of use for the purpose of determining "genuine use" in law.

21 I also need not say more about "proper reasons for non-use." It is not the Respondent's case

that there was non-use of the Marks and there were proper reasons for non-use. Its case is that there was genuine use of the Marks during the statutory period. It is also not a point taken by the Respondent in its submissions.

(ii) Whether the Court has discretion to allow a mark to remain on the register when grounds for revocation under section 22(1) have been established

22 The Respondent contends that on the true construction of section 22(1) of the Act, the Court has a discretion to refuse the applications even if a case for removal of the Marks from the register is made out. And in the circumstances of the case, the discretion ought to be exercised by allowing the registration of the Marks to continue.

23 Mr. Gill submits that Article 19 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") is discretionary. And since section 22(1) was enacted to give effect to Article 19, the word "may" in section 22(1) is intended to import a discretion. It follows that a similar discretion must necessarily exist in the case of partial revocation. The word "shall" in subsection (7) is to be interpreted as directory rather than mandatory.

24 Article 19 of TRIPS reads:

"If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner."

25 The position under English law is inconclusive. In *Invermont Trade Mark* [1997] RPC 125, a discretion in section 46 of the Trade Mark Act 1994 (our section 22) argued for by the Respondent was upheld. Other cases like *Zippo TM* [1999] RPC 173 and *Premier Brands UK v Typhoon Europe Ltd* [2000] FSR 767 have held that there was no discretion.

26 In *Invermont*, the hearing officer reached the conclusion that there was no discretion in section 47, but could not see any reason to infer that the same should apply to revocation in section 46. In *Zippo*, the hearing officer decided there was no residual discretion, largely due to section 46(5) (partial revocation) being independently derived from Article 13 of the TM Directive (which provides for similar treatment in cases of partial revocation and invalidity). Neuberger J in *Premier Brands* preferred the views of the hearing officer in *Zippo*.

27 The editors of *Kerly's Law of Trade Marks and Trade Names* (13th ed) at paragraphs 9-12 to 9-17 are of the view that no discretion exists. The House of Lords in *Scandecor Development AB v Scandecor Marketing AB & others* [2001] ETMR 74 have referred the question to the European Court of Justice. The decision of the ECJ is still pending.

28 In my view, it is a question of construction of the particular statute what the word "may" means. There are instances where the word "may" is regarded as creating a discretion and in others an obligation.

29 The word "may" in section 22(1) of the Act empowers the Court (or Registrar) to revoke a registration on any of the grounds specified. The Court (or Registrar) is not obliged to make an order in every circumstance. Hence, the empowering use of the word "may". It cannot make an order, if the requirements of section 22(1) are not satisfied. What the Court (or Registrar) could do is to decline to make an order if it is not satisfied of the matters in section 22(1). But once the requirements are satisfied, is there anything in this subsection and any other part of the Act requiring

the Court (or Registrar) to exercise the power?

30 In my view, the Court (or Registrar) does not have discretion under section 22 to maintain a mark on the register when grounds for revocation have been established, whether in relation to all, or some, of the goods for which it is registered. Once the requirements are satisfied, the Court (or Registrar) is obliged to exercise the power one way. Whether the subsection is proved or not is a question of judgment not discretion. As Neuberger J in *Premier Brands* said:

".. [I]t does seem to me somewhat odd if the legislature has specifically provided for no revocation in the event of there being good reason for the non-use, but nonetheless has left the Court with a residual discretion, particularly without giving any indication as to what factors should be taken into account when exercising that discretion." [p29]

31 There are significant pointers in favour of "may" meaning that, if any of the grounds specified in the subsection (1) are satisfied, the power must be exercised one way. They are:

- (a) In this case the statutory power conferred on the Court (or Registrar) is exhaustive in that registration may be revoked in no other than in four specific grounds for revocation.
- (b) Subsection (3) expressly covers the situation where there is no power to revoke even if subsection (1)(a) or (b) is satisfied. It amounts to an exhaustive statement of the position so far as relevant. There is thus no room for discretion to operate.
- (c) There is no "sweeping up" clause to accommodate other grounds.
- (d) Subsection (7) is consistent with the absence of discretion. Once the grounds are established in respect of some goods and not the rest, partial revocation is to be ordered.

32 The conclusion could be tested in another way. Firstly, if there is some unexpressed ground with which the Court (or Registrar) could consider, it could only arise by implication as a matter of statutory construction. Section 22(1) states that a registered mark may be revoked on *the following grounds* and four grounds are enumerated. An implication cannot properly be found that goes against the express statement " *the following grounds*". The *expressio unius* rule gives the word "may" in section 22(1) the meaning "may only". Thus, no provision could be implied to cut down the operation of the specific terms of section 22.

33 Secondly, outside of the grounds specified, the Court (or Registrar) has no power and hence no jurisdiction to remove or continue with a registered mark for any other reason like public interest ground.

34 I would add that since the function of a trade mark is to give a proprietor a monopoly when his trade mark is used, there should be no discretion to retain the mark if the grounds are established. If such mark is not used or if there is no intention to use it, it ought to be revoked. See *Philosophy Inc v Ferretti Studio SRL* [2002] EWCA Civ 921; *Imperial Group Limited v Phillip Morris and Co Ltd* [1982] FSR 72; Neuberger J in *Premier Brands* at 29.

35 Before I leave this point, I ought to touch on Mr. Gill's submission (as some time was spent on it) that I should allow the Marks to remain on the register because the Applicant's proposed marks are confusingly similar. His rationale is that the Court could make use of this opportunity to stop the Applicant whose intention is to register its mark once the Respondent's Marks are revoked. Attractive as it may sound in terms of time and costs savings, the submission erroneously conflates two

principles. It mixes up a revocation application under section 22(1) with an opposition action, ignoring the fact that the latter is based on entirely different grounds. At the same time, it bypasses and short-circuits the process and procedures laid down for registering a mark and an opposition hearing. This, of course, is not permissible under the Act.

36 For all these reasons, I allow the Applicant's applications with costs.

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