

# INTELLECTUAL PROPERTY NEWS

A PUBLICATION OF DREW & NAPIER LLC

## FOREWORD

In this issue, we report on a landmark local patent infringement decision concerning the popular ThumbDrive device, where a number of interesting and novel issues never raised before in patent litigation in Singapore were considered.

Next, we examine an English Court of Appeal decision on copyright infringement, dealing with whether a restorer of out of copyright works could claim copyright for the works he restored if there had been “creative input and sweat of brow” involved.

Finally, in the case of *La Mer Technology Inc v Laboratories Goemar SA [2004] EWHC 2960 (Ch)*, the issue of what constitutes “genuine use” of a trade mark was considered by the English High Court.

## THUMBDRIVE GOES TO COURT

### Introduction

In a recent landmark patent infringement decision, the High Court in Singapore (“the Court”) ruled in favour of Trek Technology (Singapore) Pte Ltd (“Trek”), which was represented by Drew & Napier LLC, in its patent infringement actions against a number of defendants in Singapore. The patent concerned the ThumbDrive device (“the ThumbDrive”), a universal serial bus (“USB”) enabled computer data storage device now commonly used by many people in place of the floppy drives and CD-Rom drives.

The suit by Trek also encompassed an unprecedented application to amend the patent. This was the first time a Singapore court had dealt with the issues of amending a patent while in the midst of patent infringement proceedings.

### Relevant Legislation

Singapore Patents Act (“the Act”):

Section 66(1) states that a person has infringed on a patent for an invention if, while the patent is in force, he “makes, disposes of, offers to dispose of, uses or imports the product or keeps it whether for disposal or otherwise in Singapore in relation to the invention without consent of the proprietor of the patent”.

Section 80(1)(g) [now Section 80(1)(f)(ii)] provides for the revocation of a patent in the event that the patent was obtained on a misrepresentation.

Section 83 allows for a patent to be amended during a patent infringement proceeding, unless the amendments result in the specification disclosing additional matter; or extend the protection conferred by the patent.

Section 25(5) states that the amendments must satisfy the basic criteria that, *inter alia*, the claims must be “clear and concise”.

### Facts

Trek was awarded its patent for the ThumbDrive in 2002 in Singapore. At that time, the ThumbDrive was beginning to gain widespread popularity because of its universality, compactness, portability and ease of use.

The defendants (collectively known as “the Defendants”) were:

- (i) M-Systems Flash Disk Pioneers Ltd (“M-Systems”), the manufacturer of a product known as Diskey (the “Diskey”);
- (ii) Electec Pte Ltd (“Electec”), which purchased the Diskey from M-Systems; and
- (iii) FE Global Electronics Pte Ltd (“FE Global”), which bought the Diskey from Electec and then distributed and sold the product in Singapore.

### Infringement of the Patent Claims

Before considering the specific acts of infringement, the Court had to consider whether

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the Diskey fell within the scope of Trek's patent. The Court held that "there was no dispute that the Defendants made, sold or offered for sale, or kept for disposal in Singapore, devices that were clones of the ThumbDrive.

### **Acts of Infringement**

#### *"Offer to dispose" of the Diskey in Singapore over the internet*

One of the interesting issues in this case was whether M-Systems had "offered to dispose" of the Diskey through a series of websites that linked its websites to FE Global's and Electec's Singapore websites. M-Systems said there was no such offer as it had no control over the links and thus, there was no evidence that it had offered to dispose the Diskey in Singapore.

The Court disagreed. On the evidence, there was a distribution agreement "of one sort or another" between M-Systems and FE Global to jointly promote the Diskey, which included provision for mutual linking between their websites. Relying on the case of ***Euromarket Designs Inc v Peters [2001] FSR 20***, the Court found that the primary M-Systems website provided an avenue for the user in Singapore to purchase the Diskey with links to the FE Global/ Electec websites and opined that a reasonable user looking at the websites would understand that an offer to dispose the Diskey was being made in Singapore. Accordingly, the Court found that M-Systems had "offered to dispose" of the Diskey in Singapore within the meaning of Section 66 of the Act.

#### *Joint tortfeasorship/ Conspiracy to infringe*

Trek relied on the common law grounds of joint tortfeasorship and conspiracy to infringe against the Defendants. Trek argued that the links between the websites of the Defendants, and the continued supply and sale of the Diskey despite clear notice of the patent, was evidence of a conspiracy to infringe the patent. Further, the business arrangement between the Defendants showed that the acts constituting infringement were carried out in furtherance of a common design, thus showing that the three defendants were joint tortfeasors.

The Court opined that for parties to operate in furtherance of a common design, it was "not necessary for them to have mapped out a plan" and that "tacit agreement" was enough, and agreed that the evidence showed that a case of joint tortfeasorship had been made out against the Defendants. The Court, however, felt that the "threshold for conspiracy" was a high one to cross and held that Trek had not proven its case on this point.

#### *Validity of the patent*

The Defendants relied on over 46 prior art to

persuade the Court that the patent was invalid for lack of novelty, obviousness and incapable of industrial application. However, the Court held that they had failed to show that any of the prior art disclosed an integrated mass storage device with an integrated plug, or that the patent lacked inventive step.

#### *Misrepresentation*

Another interesting and novel point in this case was the Defendants' reliance on Section 80(1)(g) of the Act to challenge the validity of the patent. This was the first time in Singapore that such a challenge was mounted in court by defendants in patent infringement proceedings.

The onus was on the Defendants to show that the alleged misrepresentation was a "materially inducing factor" in deceiving the Registrar of Patents into granting the patent. In this case, the Court held that there was no evidence that the alleged misrepresentations had "materially induced" the Registrar and dismissed the Defendants' challenge.

### **Application to amend the ThumbDrive patent**

Trek applied for amendments to its ThumbDrive patent during the patent infringement proceedings, as permitted under Section 83 of the Act. Based on the technical documents and the evidence of the experts, the Court held that the amendments fulfilled the criteria set out in Section 83 and Section 25(5) of the Act.

Apart from technical objections, the Defendants raised substantial issues as to whether the Court should exercise its discretion in favour of the amendments.

In response, the Court traced the history of the judicial authorities on this issue and was of the view that an amendment to a patent should be permitted unless there were compelling reasons against it, for example, "grave misconduct" or "bad faith" as espoused in ***Mabbuchi Motor KK's Patents [1996] RPC 387***. The Court also opined that the transparency of the patent system in Singapore enabled adverse parties to evaluate the validity and strength of patents which have been filed, making it less likely that adverse parties would be surprised (and consequently prejudiced) by subsequent amendments which might be sought by the patentee, even if this took place in the course of patent litigation.

The Court then addressed the Defendants' argument that Trek had failed to disclose all relevant matters to explain the circumstances relating to the amendments. In particular, the Court held that the duty of disclosure did not compel the disclosure of privileged documents by the patentee. The Court also held that Trek had not acted with unreasonable delay to bring about its

application for amendments. As such, the Court dismissed the allegations raised by the Defendants, and allowed the amendment.

## Comment

The Trek decision is significant as it deals with issues never raised before in patent litigation in Singapore, such as the reliance on misrepresentation as an attack on the validity of a patent, and the amendment of a patent during infringement proceedings.

Another issue of interest is the sale of an infringing article over the internet. Adopting the approach taken by Jacob J in the ***Euromarket*** case, the court looks into the “purpose and effect of the advertisement in question” and decides if there is an offer to dispose the infringing article in Singapore. Whether one had control over the links made to other websites is of little persuasive evidence if it can be shown that there is a business arrangement which provides for mutual linking between the websites. Thus, the onus is on the website’s owner to ensure that his website does not provide an avenue for an interested buyer in Singapore to purchase infringing articles – whether those websites are controlled in Singapore or overseas.

### Editor’s Note:

The Defendants have filed an appeal against this decision, which will be heard in February 2006.

***Case: Trek Technology (Singapore) Pte Ltd v FE Global Electronics Pte Ltd and Others and Other Suits [2005] SGHC 90***

## Making Music Together

### Introduction

The English Court of Appeal (“the Court”) upheld the decision of the English High Court in ***Lionel Sawkins v Hyperion Records Limited [2004] EWHC 1530 (Ch)*** when it considered whether copyright subsisted in modern performing editions of the out of copyright music of Michel Richard de Lalande, the principal court composer at the courts of Louis XIV and Louis XV.

### Relevant Legislation

UK Copyright, Designs and Patents Act 1988 (“the UK Act”):

Section 1(1): Copyright is a property right which subsists in ... the following descriptions of work – (a) original literary, dramatic, musical or artistic works; and

Section 3(1): “Musical work” is defined as “a work consisting of music, exclusive of any words or

action intended to be sung, spoken or performed with the music”.

### Facts

The plaintiff, Dr Sawkins, was a world-renowned authority on the music of Lalande. Through more than 300 hours of research in respect of each edition, he produced four playable editions of the composer’s works which were suitable for modern performances and registered them with the Performing Right Society and the Mechanical Copyright Protection Society Ltd.

Dr Sawkins’ amendments and additions to Lalande’s works were summarised as follows:-

(i) *Te Deum Laudamus*: He added 1,139 notations and corrections to make the music playable. He also added a figured bass line to the score to correct mistakes or to enhance the performers’ understanding of the chords to be played, and added 319 interventions of his own.

(ii) *La Grande Pièce Royale*: The Plaintiff re-created missing viola parts. He derived this orchestral suite from four different sources, and had transposed and corrected the source material, making it playable.

(iii) *Venite Exultemus*: He derived this piece from various sources and other editions. He added a figured bass, corrected wrong notes and re-composed the text. He made a total of 747 interventions.

(iv) *Panis Angelicus*: He used the versions prepared by others in the 18<sup>th</sup> century. He made one change to the bass line figuring and added interventions to correct the pitch of two notes.

The defendant, Hyperion Records (“Hyperion”), produced a compact disc (“CD”) of performances which included those based on Dr Sawkins’ editions of Lalande’s works.

At the time of recording, Dr Sawkins and Hyperion entered into discussions regarding the terms under which Dr Sawkins’ editions would be used, as he claimed copyright in those editions. Hyperion had been prepared to pay Dr Sawkins an editor’s fee, but not copyright royalties. They contended that there could not be copyright in a work that, by virtue of its age, was out of copyright. They also argued that Dr Sawkins had not used the right kind of skill and labour appropriate to the creation of a fresh musical copyright, because he was seeking to create editions which he felt Lalande would have intended, and had therefore largely reproduced the relevant contents of the source material instead of producing an original work, i.e. that no new music was composed.

The High Court accepted Dr Sawkins’ evidence that none of the music recorded by Hyperion could

have been played from existing copies of Lalande's scores. It held that "where the material produced was based on an existing score, the test was whether the new work was sufficiently original in terms of the skill and labour used to produce it". The High Court therefore found that Dr Sawkins had acquired copyright in the first three pieces, but not the fourth piece as the scale of the editorial interventions in the fourth piece was not sufficient to create a copyright. As Dr Sawkins' scores were the only ones used for the recording, his copyright was infringed.

Hyperion appealed against the decision in respect of the first three pieces of works.

### Issue

The principle issue was whether Dr Sawkins' works fell within the definition of "original musical work" under the UK Act.

### Decision

The Court held that:-

(i) Dr Sawkins' works were original. After considering the case of **Walter v Lane [1900] AC 539**, where the House of Lords held that shorthand writers' reports of public speeches were considered original literary works, the Court held that it remained good law. On application of the "essential elements of originality" as expounded in **Walter**, the Court held that the effort, skill and time expended by Dr Sawkins were sufficient to consider them original works in the copyright sense.

(ii) Hyperion had submitted that copyright could not subsist "unless the edition include[d] the composition of new music in the form of the notes on the score (and not merely the correction of wrong or unsatisfactory notes in the scores used)". The Court rejected this narrow approach and stated that the correct approach to subsistence of copyright was laid down in **Ladbroke Ltd v William Hill Ltd [1964] 1 WLR 273**, which decided that the whole work on which copyright was claimed must be assessed. It was wrong to divide the work into segments and discard those parts in which there was no copyright. The totality of the sounds was affected by the information in Sawkins' editions; and

(iii) Music should be distinguished from the musical notes used to record it. Absent a statutory definition of "music", there was no reason to regard the actual notes of music as the only matter covered by copyright. It was wrong to deny copyright to other elements that might contribute to the sound of the music when performed, such as performance indications, speed, etc. Dr Sawkins' work had sufficient aural and musical significance to attract copyright protection.

### Comment

Earlier case law recognises that an original work can be created by contributing sufficient effort and skill to an already existing work. This case reiterates the point and illustrates that the principle is also applicable to works which are out of copyright

**Case: Sawkins v Hyperion Records Ltd [2005] EWCA Civ 565**

## DEFINING "GENUINE USE"

### Introduction

In the case of **La Mer Technologies Inc v Laboratoires Goemar SA [2004] All ER (D) 376**, the English High Court ("the Court") examined what constituted "genuine use" of a trade mark.

### Facts

The defendant, Laboratoires Goemar SA ("Goemar"), had two registrations for the mark "LABORATOIRE DE LA MER" in Classes 3 and 5. The sale of products under these marks in the United Kingdom ("UK") was very limited during the relevant period of five years from the time the mark was entered on the Register. Sales amounted to £800 worth of goods for the Class 3 registration and £600 for the Class 5 registration. The vast majority of sales in the Class 3 registration were made by delivery to Goemar's agent in Scotland which made arrangements to sell the product to the public. However, the agent ceased business and there was no evidence that sales to the public ever got off the ground, and no inference of any sales to the members of the public and end-users could be drawn. The only sales which could be directly relied upon were the £800 worth of goods sold to the agent.

The claimant, La Mer Technologies Inc ("La Mer"), applied for revocation of both marks for non-use. Before the Registrar of Trade Marks, the application succeeded partially for both classes. La Mer appealed both decisions, contending that both the registrations should have been wholly revoked. On appeal, the Court revoked the entire Class 5 registration. On the issue of the remainder of the goods in the Class 3 registration, the Court referred to the European Court of Justice ("ECJ") seven questions concerning the meaning of "genuine use" in Articles 10(1) and 12(1) of the Trade Marks Directive (the "Directive") and Section 46(1) of the Trade Marks Act 1994 ("the Act"). Following a reasoned Order of the ECJ, the Court gave its decision.

## Relevant Legislation

Section 46(1) of the Act:

“The registration of a trademark may be revoked on any of the following grounds:

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

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non use.”

Section 46(3) of the Act:

“The registration of a trademark shall not be revoked on the ground mentioned in subsection (1)(a) or (b) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the five years period and before the application for revocation is made:

provided that, any such commencement or resumption of use after the expiry of the five year period but within the period of three months before the making of the application shall be disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application might be made.”

Article 10 of the Directive:

“If, within a period of five years following the date of completion of the registration procedure, the proprietor has not put the trademark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to sanctions provided for in this Directive, unless there are proper reasons for non-use.”

Article 12 of the Directive:

“A trademark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor’s rights in a trademark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trademark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the

earliest on expiry of the continuous period of five years of non-use, shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for the revocation may be filed.”

These sections are given effect under Section 22(1), (3) and (4) of the Singapore Trade Marks Act 1998 (“STM Act”).

## The Meaning Of Genuine Use

The ECJ deduced the answers to the seven questions referred to it by the Court on the meaning of “genuine use” from its judgment in the case of **Ansul BV v Ajax Brandbereiling BV [2003] RPC 40**, and stated that:

(i) “Genuine use” must mean actual use of the mark;

(ii) “Genuine use” denoted use that was not merely token, serving solely to preserve the rights conferred by the mark;

(iii) The use must be consistent with the essential functions of a trade mark to guarantee identity of origin of the goods/ services to enable a consumer to distinguish, without confusion, the goods/ services of one from another;

(iv) “Genuine use” entailed use of the mark on the market for the goods/ services protected by that mark and not just internal use by the undertaking concerned. Use must relate to goods/ services already marketed or about to be marketed;

(v) There must be regard paid to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark was real in order to maintain or create a share in the market for the goods and services protected by the mark. Consideration must be given to the nature of the goods/ services, characteristics of the market, scale and frequency of use. Use, therefore, need not be quantitatively significant to be deemed genuine;

(vi) Whether the use was sufficient depended on several factors on a case by case basis ... there was no *de minimis* rule or quantitative levels of use to be imposed. “Genuine use” did not include mere token use for the sole purpose of preserving the rights in the mark but must have as its essential aim, the preservation or creation of market share for the goods or services which it protected; and

(vii) In assessing the genuineness of use during the relevant period, account must be taken, where appropriate, of any circumstances subsequent to the filing of the revocation proceedings. The national court must determine whether such circumstances confirmed that the use of the mark

during the relevant period was genuine or whether, conversely, they reflected an intention on the part of the proprietor to defeat the claim.

### Decision of the High Court

Applying the reasoned Order of the ECJ, the Court allowed La Mer's appeal.

### Reasons for the Decision

The difference between the parties' submissions was whether, in order to demonstrate genuine use of the mark, it was necessary (as La Mer submitted) that goods bearing the mark had come to the attention of consumers or end-users (members of the public), or whether (as Goemar submitted) it was sufficient that goods bearing the mark were purchased and imported into the UK with a view to their subsequent sale to the public even though, in reality, no sales to the public occurred.

In this case, the question was one of sufficiency of the proven use.

"Genuine use" must reflect the essential functions of a trade mark as addressed by the ECJ in its reference to the case of **Ansul**.

In this case, the "use" relied upon was the purchase, by five deliveries, of £800 worth of products. There was nothing to indicate that the products were ever offered for sale (let alone, sold) to the public or that other steps were taken to bring to the public's attention the existence of the mark as a means of distinguishing these products from others. Merely importing the goods into the UK had the attributes of internal use and not "genuine use" as it did not expose the goods to the relevant market so as to even start creating or maintaining a share in that market for such goods/ services. The Court also stated that just because an act of importation of goods bearing a mark may constitute infringement of a registered mark under

Article 5(3) of the Directive (mirrored by Section 10(4) of the Act), it did not follow that the same act of importation should constitute sufficient use to save an existing registered mark from revocation for non-use as different objectives were in play. If importation could not constitute infringement, the ability to enforce a registration would be gravely emasculated. Acts which were covered by infringement, such as those conducted "internally" for example, affixing the mark to packaging did not constitute "genuine use".

In addition, the Court expounded on the export provision contained in Article 10(2)(b) of the Directive, (mirrored by Section 46(2) of the Act and corresponding to Section 22(2) of the STM Act) which stated that in principle, the affixing of the trade mark to goods or packaging concerned solely for export purposes shall constitute use. The Court held that this provision was simply an exception to the general requirement for "genuine use" and threw no light on the proper meaning of that phrase.

Therefore, the proven use of the mark on the remaining Class 3 goods by Goemar fell short of genuine use and the entire Class 3 registration should be wholly revoked.

### Comment

This case clarifies the extent of "use" of a mark that would amount to "genuine use" for the purpose of defeating a revocation action. The Court explained that "genuine use" had to be "real" and not merely token or serving solely to preserve the rights in the mark. In this aspect, "use", although not quantitatively defined, had to at least impact the market and the end user/ public. This would then be "genuine use" consistent with the essential function of a trade mark, which is a badge of recognition to the consumer.

**Case: *La Mer Technologies Inc v Laboratoires Goemar SA* [2004] All ER (D) 376**

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