

Once again, we wish to thank you, our clients, for all your support in the past year. The World IP Survey again named Drew & Napier LLC the top Trademark firm in Singapore last year. The survey also listed Drew & Napier as the number one Patent practice in Singapore last year, making it the sixth year that we have been voted number one in both the categories. The survey was conducted by UK-based Managing Intellectual Property, a leading international IP magazine with over 10,000 readers around the world.

In this issue, we report on the *Bee Cheng Hiang* case in which the Singapore Court of Appeal found that the defences of honest practices and fair dealing may require an in-depth consideration of factual and legal issues which should not be determined summarily. Our second case, the *Arsenal Football Club* case, a decision by the Court of Justice of the European Communities, touches on the rights of trademark proprietors to prevent third parties from exploiting and selling unofficial versions of their merchandise. Finally, we highlight a recent Practice Direction issued by the Registry of Companies and Businesses bringing about certain changes to the law relating to the selection of proposed company or business names.

BATTLE OF THE BAK-KWAS

Introduction

In the world of intellectual property, it is a well-known fact that a trade mark may be protected by copyright laws in addition to trade mark laws where the mark possesses some artistic value and is not merely a word in any language. This overlap was considered in the recent decision of the Court of Appeal in the case of *Bee Cheng Hiang Hup Chong Foodstuff Pte Ltd v. Fragrance Foodstuff Pte Ltd*, a case that centred around the defences of honest practices under section 27(6) of the Trade Marks Act (hereinafter “s27(6) TMA”) and fair dealing under section 37 of the Copyright Act (hereinafter “s37 CRA”).

*Bee Cheng Hiang Hup Chong
Foodstuff Pte Ltd v.
Fragrance Foodstuff Pte Ltd*
Court of Appeal of Singapore
Before Chao Hick Tin, JA and
Tan Lee Meng, J
1 November 2002
CA No. 43 of 2002

Relevant Legislation

S27(6) TMA exempts a person from trade mark infringement where the mark is used for identifying goods or services of the registered proprietor or licensee, provided it is used with “honest practices in industrial or commercial matters”.

The defence of fair dealing in s37 CRA allows for the reporting or adaptation of a literary, dramatic, musical or artistic work provided that the matter is a current event in a broadcast, cable programme service or cinematography; or in a newspaper, magazine or similar periodical and a sufficient acknowledgement of the work is made.

Background Facts

On 2 and 3 February 2002, the Appellants, Bee Cheng Hiang, placed a notice in the local English and Chinese newspapers and concurrently distributed pamphlets with the same notice. The notice set out the trade mark of Bee Cheng Hiang against that of the Respondents, Fragrance Foodstuff, and stated that both the companies were unrelated.

Representations of the marks for Bee Cheng Hiang and Fragrance Foodstuff are set out below:



Bee Cheng Hiang's
mark



Fragrance Foodstuff's
mark

Following this, Fragrance Foodstuff sought an apology from Bee Cheng Hiang and asked for damages for the infringement of the copyright in their logo. This was refused by Bee Cheng Hiang, leading to an action for both copyright and trade mark infringements.

When this action was filed, Fragrance Foodstuff also applied for an interim injunction against Bee Cheng Hiang in respect of both the trade mark and copyright infringements. This was heard together with Fragrance Foodstuff's application for summary judgment against Bee Cheng Hiang for the alleged copyright infringement.

At the hearing, the judge granted summary judgment in favour of Fragrance Foodstuff by issuing an injunction to restrain Bee Cheng Hiang from infringing Fragrance Foodstuff's copyright in their mark. The judge also imposed a caveat on Fragrance Foodstuff to prohibit Fragrance Foodstuff from taking any further steps or execution proceedings until the trial of the action. As Bee Cheng Hiang undertook not to further publish the notice until trial, the judge did not make an order for an interim injunction for the alleged trade mark infringement.

Issues

As Bee Cheng Hiang did not dispute that they had reproduced and published Fragrance Foodstuff's mark, there was *prima facie* infringement of Fragrance Foodstuff's copyright in the mark.

Bee Cheng Hiang relied on two main defences; honest practices under s27(6) TMA and fair dealing under s37 CRA.

Held

The Appeal Judges held that in attributing the motive of an alleged infringer under s27(6) TMA and in determining whether an event was current and of public interest under s37 CRA, issues of fact and law requiring in-depth consideration were involved. Therefore such matters should not be determined summarily.

The Court of Appeal set aside the summary judgment and granted Bee Cheng Hiang unconditional leave to defend the claim.

Reasons For The Decision

The Defence of Honest Practices under S27(6) TMA

In the court below, the judge had held that there was a subtle suggestion from the notices that Fragrance Foodstuff's goods had been confused with that of Bee Cheng Hiang's and that the former's goods were of inferior quality. The judge further found that Bee Cheng Hiang was responsible for this confusion.

The Court of Appeal considered the judge's approach in the Court below and held that if the judge thought that Bee Cheng Hiang's motive was wrong, the alleged infringer had to be permitted to explain himself, call his witnesses and be subjected to cross-examination. Bee Cheng Hiang's motive could not be determined solely on the basis of affidavit evidence.

Further, the Court of Appeal did not think that it was possible to contend whether s27(6) TMA applied just from the manner in which Fragrance Foodstuff's mark was depicted, without proceeding to trial.

In discussing s27(6) TMA, the Judges of Appeal considered the Australian case of *RA & A Bailey & Co Ltd v. Boccaccio Pty Ltd & Ors* 6 IPR 279 where Young J said:

"Apart from the British Leyland case there has not been as far as I know any judicial indication ... that where a person has more than one industrial property right, it can only avail it of the protection afforded to one of those rights and where there is a conflict it is copyright which is disregarded."

Young J declined to follow the case of *British Leyland Motor Corporation Ltd & Ors v. Armstrong Patents Co Ltd & Ors* (1986) 6 IPR 102 where the House of Lords had held that it was not a breach of copyright for the defendants to produce parts to

repair vehicles by producing a copy of the relevant exhaust pipe.

The Appeal Judges commented that the situation in *British Leyland* and in *Bailey's case* were dissimilar from the present case which concerned the scope of s27(6) TMA. However, they acknowledged that the general principle might well be as stated by Young J in that “*a person who has both a trade mark and copyright is generally entitled to protection against both*”.

Assuming that s27(6) TMA was applicable, the Court was of the view that Parliament could not have intended to provide the defence available under s27(6) TMA for the reproduction of a trade mark, but leave the defendant open to an action on a related ground of copyright infringement. The Court commented that no cases touching on an equivalent provision from other jurisdictions were cited to the Appeal Judges and that the point deserved “fuller ventilation”.

The Defence of Fair Dealing under s37 CRA

In dealing with the defence of fair dealing, the judge in the Court below had held that:

- (a) The matter was of interest to the parties and not to the general public;
- (b) The occurrences of confusion were not “current events”; and
- (c) Section 37 CRA defence of fair dealing was not available to an “artistic work”.

For points (a) and (b), the Court of Appeal found that the questions whether the matter was of public interest and whether one of the events relied upon by Bee Cheng Hiang was “current” raised issues of fact and law that should not be determined summarily.

The Court of Appeal referred to the dicta in *Pro Sieben Media AG v. Carlton UK Television Ltd [1999] FSR 610* where Walker LJ said that “reporting current events” was an expression of wide and indefinite scope. The Court also cited Scott J in *BBC v. British Sky Broadcasting Ltd [1991] 21 IPR 503* where he held that the defence was *not* limited to the reporting of current events in a general news programme and that it could apply to an alleged copyright infringer.

For point (c), the Appeal Judges pointed out that s37 CRA specifically provided for the defence of fair dealing to apply to an “artistic work”.

Close Link between the Copyright and Trade Mark Claims

The Court of Appeal commented that the claim in copyright was so closely linked with the claim in trade mark that there was little advantage in granting summary judgment for the copyright claim alone. This appeared to be the reason why the judge in the Court below did not make any orders as to damages for the copyright infringement but merely granted an interim injunction to restrain Bee Cheng Hiang from further infringing Fragrance Foodstuff's copyright in the mark pending trial.

Comments

The purpose of the summary judgment procedure is to enable a quick judgment to be obtained where there is plainly no defence to the claim. At the time of hearing of this case, summary judgment could be applied for even *before* a defence was filed. However, recent amendments to the Rules of Court have changed this process and summary judgment applications can now only be made *after* the defence is filed and served.

In the light of this recent change to the summary judgment application process and the outcome of this case, the plaintiff should only consider filing for summary judgment where there are issues of fact and law which clearly do *not* require in-depth consideration. This is especially so where the defence relies upon s37 CRA or s27(6) TMA.

This case is also noteworthy for the view taken by the Court on the issue of extending the application of the defence of honest practices under S27(6) TMA to apply to a copyright infringement. As mentioned earlier, the Court was of the opinion that Parliament could not have intended to provide for a defence under s27(6) TMA for the reproduction of a trade mark, but leave the defendant open to an action on a related ground of copyright infringement. The Appeal Judges subsequently concluded that this point deserved "fuller ventilation" and they indicated that a person who has both a trade mark and a copyright should be entitled to protection against both i.e. neither right should be subsumed by the other. As such, it remains to be seen how both the rights will be given effect under s27(6) TMA by our courts.

TWIST IN THE ARSENAL SAGA

Introduction

The Court of Justice of the European Communities (“ECJ”) recently indicated that trade mark proprietors were entitled to prevent third parties from exploiting their famous names and logos by selling identical unofficial merchandise if it affected the guarantee of origin of their goods.

Facts

The plaintiff was a well-known English Premier League club, Arsenal, which had built up a substantial merchandising business premised on the “Arsenal” name and club crest. The defendant, Reed, was a trader who since 1970, had been selling souvenirs and articles of clothing carrying the Arsenal name and crest, mainly from street stalls in and around Arsenal’s stadium. At no time did Reed imply that his merchandise was official. In fact, large signs were put up which stated that the words or logos on the goods were used solely to adorn the products and did not indicate any affiliation or relationship with the official Arsenal merchandise.

Arsenal brought two actions in the UK High Court against Reed, for passing-off as well as trade mark infringement. The passing-off action failed as Arsenal could not establish the “likelihood of confusion”. The trade mark infringement action was also rejected as Justice Laddie found that the Arsenal name and crest were viewed by a significant proportion of the purchasing public as “badges of allegiance” and not “badges of trade origin”. Fans simply bought merchandise carrying the Arsenal name to identify with the club as a badge of loyalty or allegiance and were not concerned with its trade origin.

Issues

To succeed, Arsenal had to prove that Reed’s goods utilised the Arsenal name/crest as a “badge of origin” of the products. The case was subsequently referred to the European Court on two issues:

- (a) Did the exclusivity conferred by Article 5 of the First Directive only extend to use that disclosed its origin, that is to say, the connection between the proprietor and the goods or services which the trade mark represented? If so, did use as a badge of support, loyalty or allegiance to the owner of the sign indicate such a connection?

Arsenal Football Club plc v. Matthew Reed

The Court of Justice of the European Communities
12 November 2002
Case C-206/01

- (b) Could the proprietor of a registered trade mark prevent any use, in the course of trade, of identical signs for identical goods or services, other than those covered by Article 6 of the Directive relating to trade marks?

Relevant Legislation

Article 5(1) of the Directive, which has its counterpart in section 10 of the UK Trade Marks Act (“the Act”), provides that the proprietor of a registered trade mark shall be entitled to prevent all third parties not having consent from using, in the course of trade, any sign identical with the registered trade mark. The UK provision is similar to section 27 of the Singapore Trade Marks Act.

Article 6 has its counterpart in section 11 of the Act, where the proprietor of a trade mark is prohibited from preventing a third party from using, amongst others, his or her own name and address, indications of kind, quality and intended purpose. Also, the proprietor cannot prevent the use of an “earlier right” by a third party in a particular locality. The corresponding provision in the Singapore Trade Marks Act may be found in section 28(1).

Held

- (a) The trade mark proprietor must be able to prevent the use of the sign in question by the third party if it would affect the guarantee of origin of the goods. It was immaterial that the sign was perceived as a badge of support for loyalty or affiliation to the trade mark proprietor.

The essential function of a trade mark was to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him to distinguish the goods or services from others of another origin. Hence, the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing the said trade mark. The use of the Arsenal sign by Reed was used in the course of trade, since it took place as a commercial activity with a view to economic advantage and not as a private matter.

- (b) A proprietor may not prohibit the use of a sign identical to the registered trade mark if that use did not affect his own interests as proprietor of the mark. Hence, certain uses for purely descriptive purposes were excluded from the scope of Article 5(1) of the Directive.

An example would be the use of the world-famous Andy Warhol paintings comprising the Campbell's soup can. Although Warhol commercially benefited from the paintings, the Campbell's brand was an incidental representation. The trade mark use of Campbell's soup did not signify commercial origin and was not concerned with the distribution of goods and services in the market. Similarly, other non-trade uses, such as those for educational purposes, also fell outside the scope of the protection afforded to the proprietor under Article 6 of the Directive.

However, it was clear that in the present case, the use of the sign took place in the context of sales to consumers and was plainly not intended for purely descriptive purposes. Therefore, Arsenal was entitled to prohibit the use of the Arsenal name and crest by Reed.

Recent Developments

The ECJ decision made it clear that trade mark proprietors were entitled to prevent third parties from exploiting and selling unofficial versions of their merchandise if these affected the guarantee of origin of the proprietors' goods.

However, in a supplementary judgment of the Chancery Division of the High Court, pursuant to the ECJ decision, the European Court of Justice's finding that the facts and circumstances in the Arsenal case would fall within Article 5(1) of the Directive was rejected. Article 5(1) is similar to section 10 of the Act and section 27 of the Singapore Trade Marks Act.

Laddie J held that the ECJ had no jurisdiction to overturn the UK High Court's finding of fact. As such, the original finding by the UK High Court that the signs on the Reed's products would not be perceived by consumers as indicating trade origin remained.

Nevertheless, the ECJ's decision relating to the question of law referred to it was followed. Hence, the UK High Court applied the ECJ's decision that where a defendant's use of a mark was not intended by him or understood by the public to be a designation of origin, there could be no infringement. Applying that, the UK High Court dismissed Arsenal's claim.

Conclusion

It remains to be seen whether in future cases the UK High Court and Singapore Courts will adopt the ECJ's test in determining whether there has in fact been "use of the trade mark" indicating trade origin. Although the ECJ has indicated that trade mark proprietors are entitled to prevent third parties from

exploiting and selling unofficial versions of their merchandise if these affect the guarantee of origin of the proprietors' goods, the UK High Court nevertheless takes a narrow view of what constitutes "use of the trade mark" indicating origin.

RCB PRACTICE DIRECTION NO. 4 OF 2003

A recent Practice Direction issued by the Registry of Companies and Businesses (Practice Direction No. 4 of 2003) highlighted certain changes to the law regarding the selection of proposed company or business names.

With the commencement of the Companies (Amendment) Act 2002 and the Business Registration (Amendment) Act 2002 with effect from 13 January 2003, the Registrar will only reject a proposed company or business name for purposes of incorporation, registration or change of name if that name is:

- (a) identical to another;
- (b) undesirable; or
- (c) of a kind the Minister has directed the Registrar not to accept.

With effect from 13 January 2003, the Registrar will no longer check for similar names before giving approval. Applicants for proposed company or business names should still continue to exercise caution and refrain from selecting names which so nearly resemble the name of another, so as to avoid a future dispute.

The Practice Direction also states the facilities available to assist in selecting the name of a company or business name and provides guidelines on searching for identical or similar names.

For more information, please feel free to contact:

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