

LEGAL UPDATE

A PUBLICATION OF DREW & NAPIER LLC

MITA (P) 410/07/2003



The new Consumer Protection (Fair Trading) Act came into force on 1 March. It has been said that the Act gives more power to consumers. The Act has modified the contract law principle of *caveat emptor*, or 'buyer beware' and now places a greater burden on a supplier to ensure that he is dealing fairly with consumers.

Suppliers will now have to give serious consideration to the manner in which they conduct their trade to ensure that they do not fall foul of consumers' rights against unfair practices. In this edition, we include an article discussing the implications of this new Act and offer a few practical suggestions to suppliers to protect themselves from actions for unfair practices.

Here at Drew, we believe that learning is a lifelong process and we advocate it so that all our lawyers are kept abreast of the latest developments of the law and its practices. This is not only done in-house but also externally.

In January this year, Drew & Napier LLC was conferred the Continuing Professional Development Award 2003 (large law practice category) by the Law Society of Singapore. This was in recognition of our active participation at various seminars organised by the Society's Continuing Professional Development Committee. It represents our continued commitment to all our clients that our lawyers stay updated on the latest legal developments.

It is with this continued commitment that we once again bring you our Legal Update. We hope you will find this issue useful and informative.

Directors
Drew & Napier LLC

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ANNOUNCEMENTS

- As part of our comprehensive legal services, we continually seek to make accessible to you our collective knowledge, experience and resources. In the coming months, we will be conducting several seminars on relevant and important topics of law, including the Consumer Protection (Fair Trading) Act, the competition law and initial public offerings.

The Consumer Protection (Fair Trading) Act was passed as law recently and has generated a lot of interest and debate, as you would have seen in the forum pages of the major local publications. We hope to provide an insight into this piece of legislation and will touch on “*Liabilities of Consumers and Retailers*”.

By January 2005, a new law, the competition law, will come into force. This is relatively new in Singapore. The law is quintessential for Singapore to retain its competitiveness in the global market. Our lawyers have had the benefit of handling some of the initial legal work in this area, namely in the telecommunications industry. This seminar will provide information on how competition law will affect your business.

As with the growth of China, many Chinese corporations are interested to have their companies listed here for funding and expansion reasons. We are committed to also assisting our local business community in taking advantage of the benefits of being a listed company. The seminar will explain the steps required to obtain a listing on the SGX.

If you are interested in any of the above seminars, please kindly email us at seminar@drewnapier.com and we will provide you with more information.

Should you also like to see other areas of law being covered in our seminars, please email your suggestions to us. Your feedback is important to us and is greatly appreciated.

FAREWELL

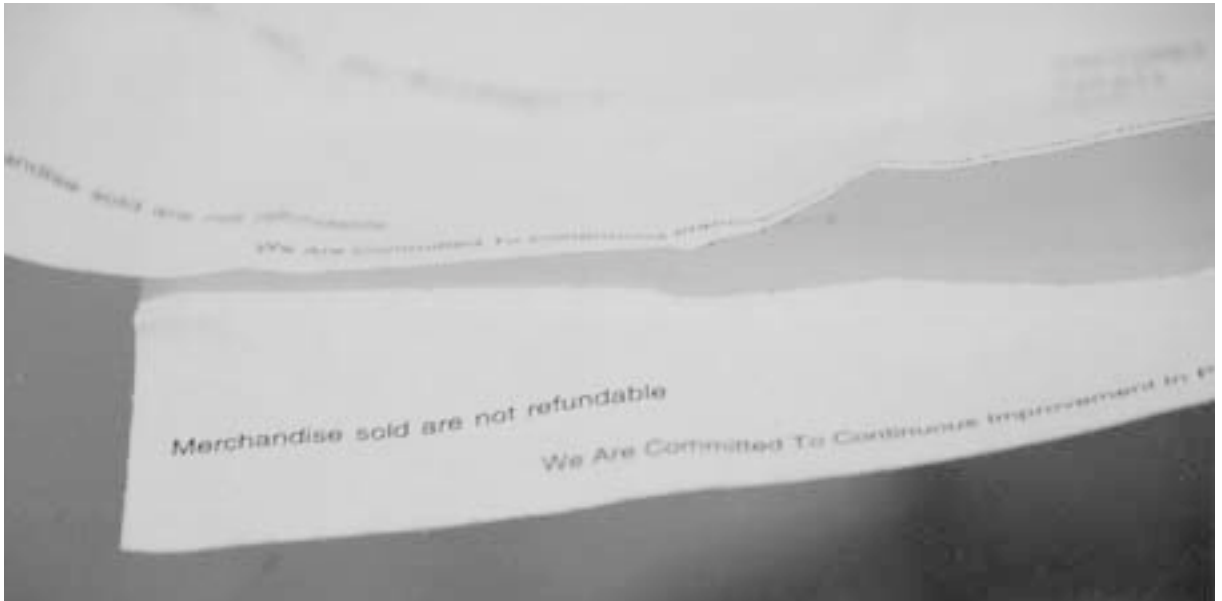
- We bid farewell to our Consultant and Head of South Asia Desk, Mrs Leena Pinsler, who retired from practice last month.

Leena joined us in 1983. She became a Partner in 1988, and then a Consultant after our corporatisation in May 2001.

During her career at Drew, Leena provided her expertise in the establishment and marketing of private and retail funds, structured finance products, as well as matters dealing with the banking and securities industries. She also advised on mergers and acquisitions for a wide range of industries.

As Head of the South Asia Desk, Leena had been actively involved in investment work relating to South Asia, particularly in India.

Seller Beware: The New Consumer Protection (Fair Trading) Act



INTRODUCTION

The Consumer Protection (Fair Trading) Act (“the Act”) came into force on 1 March 2004, introducing fair trading legislation to our laws for the first time.

Prior to the passing of the Act, consumers in Singapore could only enforce rights against suppliers in contract and tort. With the passing of the Act, consumers are provided with new causes of action against suppliers.

UNFAIR PRACTICES

This article will focus on the newly introduced right to claim against suppliers for unfair practices, and considers the impact that it has on the way suppliers do business. It is not an exhaustive examination of all the rights of consumers and obligations of suppliers under the Act.

Meaning of unfair practices

Under the Act, a supplier engages in an unfair practice when he:

- (i) makes a false claim;
- (ii) makes a deceptive or misleading representation to the consumer reasonably causing the consumer to be misled or deceived;

- (iii) takes advantage of the consumer despite knowledge of the consumer’s special circumstances; or
- (iv) engages in any of the specific practices listed in the Second Schedule of the Act. (See sub-section on Specific Unfair Practices below)

False, deceptive or misleading representations

The Act does not only make false claims actionable. Half-truths and vague representations that reasonably deceive or mislead a consumer also expose a supplier to claims under the Act. This is particularly so when the supplier knows that a consumer’s special circumstances would make him vulnerable to be misled or deceived.

In this regard, a supplier’s state of mind is irrelevant, as seen in the Canadian case of *Findlay v Couldwell* (1976) 69 DLR (3d) 320. The court held that a false, deceptive or misleading representation may occur even in the absence of an intention on the part of a supplier to deceive or mislead a consumer. This means that a supplier can be made liable under the Act even if he honestly or innocently makes a false representation to a consumer.

Moreover, a deceptive or misleading representation can arise not only from what a supplier may positively state, but also from what a supplier may fail to state.

“ The fact that a consumer could have learnt the truth if he was less trusting may not excuse a supplier’s actions. ”

Indeed, the Canadian courts, in interpreting provisions that are very similar to those in our Act, have ruled that the supplier is obliged to disclose information to the consumer. Failure to do so may result in the supplier providing deceptive or misleading information.

The Canadian courts have also decided that the supplier has a positive duty to ascertain pertinent facts of the goods and services supplied before disclosing this information to the consumer.

For example, in *Rushak v Henneken (1991) 84 DLR (4th) 887*, the British Columbia Court of Appeal concluded that a car dealer had committed an unfair practice, in part by failing to indicate to the buyer that the car might possibly be afflicted with rust beneath the undercoating. The car salesman had described the car to the consumer as “a good vehicle”, “one of the best of its kind” and “very nice”. These representations were made although the dealer did not know whether the car was in fact rusted. The car salesman’s suggestion that the car should be taken to an independent shop for inspection did not excuse him from liability.

The fact that a consumer could have learnt the truth if he was less trusting may not excuse a supplier’s actions. In dealing with provisions similar to those in the Act, the court in *Stubbe v PF Collier & Son Ltd (1977) 74 DLR (3d) 605* pointed out that they “protect not only alert, potential customers, but also those who are not alert, are unsuspecting and credulous”.

However, a supplier will not be liable if only an exceptionally unsophisticated consumer would be deceived or misled by the supplier’s representations. The supplier is only liable if it is reasonable for an ordinary consumer to be deceived or misled.

Specific unfair practices

The Act also identifies a number of specific unfair practices. A few examples of these specific unfair practices are as follows:

- (i) Representing that goods or services are of a particular standard, quality, grade, style, model, origin or method of manufacture if they are not.
- (ii) Representing that goods or services are available or are available for a particular reason, for a particular

price, in particular quantities or at a particular time if the supplier knows or can reasonably be expected to know it is not so, unless the representation clearly states any limitation.

- (iii) Representing that a price benefit or advantage exists in respect of goods or services where the price benefit or advantage does not exist.
- (iv) Taking advantage of a consumer by including in an agreement terms or conditions that are harsh, oppressive or excessively one-sided so as to be unconscionable.
- (v) Taking advantage of a consumer by exerting undue pressure or undue influence on the consumer to enter into a transaction involving goods or services.

These specific unfair practices are illustrative of how the Act has modified the contract law principle of *caveat emptor*, or ‘buyer beware’. Whereas prior to the Act the burden was placed on the consumer to be careful and diligent when entering into a consumer transaction, the Act now places a greater onus on a supplier to ensure that he is dealing fairly with consumers.

The case of *Findlay v Couldwell* illustrates how terms that unconscionably seek to prevent consumers from making claims against suppliers may result in unfair practice. Here, the court found that the salesman’s representation of a car that he sold to the plaintiff as being in “A-1” condition was misleading, the car having blown up shortly after purchase. The court held the salesman liable despite a provision in the contract for excluding him from liability.

Therefore, suppliers can no longer be complacent about the manner in which they conduct business with consumers even if they have a contract that contains terms seeking to exclude or limit consumers’ rights of action against them.

CLAIMS

Consumers’ claims

The Act allows a consumer to bring an action for unfair practice against the supplier, where the amount of the claim is up to S\$20,000. In an effort to simplify the procedure for making a claim for unfair practice, the Small Claims Tribunal has jurisdiction to hear such claims.

Consumers may claim against employers and principals for the acts or omissions of their employees and agents.

In making an order in an action for unfair practice, the court will consider whether a consumer has made a reasonable effort to (i) minimise any loss or damage resulting from the unfair practice, and (ii) to resolve the dispute with the supplier before commencing the action.

Consumer group actions

The Act also empowers certain gazetted bodies to:

- (i) enter into a voluntary compliance agreement with a supplier; or
- (ii) apply for a declaration or injunction against a supplier.

The gazetted bodies may initiate these actions where there are reasonable grounds for them to believe that a supplier has engaged in, is engaging in or is likely to engage in an unfair practice. The actions are designed to ensure that the supplier does not engage in unfair practices again.

The gazetted bodies may invite a supplier to enter into a voluntary compliance agreement. The supplier will have to undertake not to engage in unfair practice. The supplier may also have to undertake to compensate any consumer who has suffered loss and damage as a result of an unfair practice and to publicise the voluntary compliance agreement.

These bodies are also empowered to take a supplier to court and seek an injunction to restrain the supplier from engaging in unfair practice.

Presently, the Consumer Association of Singapore and the Singapore Tourism Board have been gazetted as bodies empowered to take these actions.

Abolition of parol and extrinsic evidence rules

The Act has also significantly changed the evidential rules relating to consumer transactions by abolishing the parol and extrinsic evidence rules.

The parol evidence rule prevents oral evidence from being used to add, vary or contradict the terms of a written contract. The extrinsic evidence rule prevents documents other than the written contract from being used to add, vary or contradict the terms of the written contract.

The abolition of the parol and extrinsic evidence rules means that evidence of the terms of the contract between a consumer and a supplier is no longer limited to the four

corners of the written contract. Evidence may now extend to oral discussions and any other materials that are referred to, such as brochures.

SOME PRACTICAL SUGGESTIONS TO THE NEW OBLIGATIONS

With the Act coming into force, suppliers will have to give serious consideration to the way in which they do business to ensure that they do not fall foul of consumers' rights against unfair practices. The following are a few practical suggestions:

Training of employees and agents

Proper training of employees and agents will help to ensure that they do not make unwitting representations that open their employers and principals to liability for unfair practices.

Apart from false representations, unclear and ambiguous representations may also deceive or confuse consumers such as to give rise to liability. It has been seen that the absence of any intention on the supplier's part to engage in unfair practice may not prevent him from being liable. Training will help to ensure that employees and agents communicate clear and accurate information to consumers.

Where employees or agents sell standard goods and services, it is also useful to provide written instruction about those goods and services, with clear guidelines as to the extent that employees and agents may deviate from the written description when they are speaking to consumers.

Posting written information about goods and services

It is useful for suppliers to provide written information on the goods and services being sold, either by posting such information at fixed positions on the shop floor or by providing pamphlets. The written information can also invite consumers to contact a central enquiry centre if they have questions or need to seek confirmation of information they have received. Such written information make accurate information about the goods and services readily accessible to consumers, minimising the prospect of consumers making credible claims that they received deceptive or misleading oral representations contrary to the written information.

Record keeping

Suppliers should also consider implementing a system under which employees and agents are required to keep written records of any special oral representations that are made. If a demonstrably

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reliable system of such records is maintained, it will be useful evidence to rebut false or frivolous claims by consumers. Moreover, if consumers know that such records are kept, it would help to deter false or frivolous claims from being made.

Review of standard contracts

Suppliers need to review their standard contracts to see if clauses that once provided protection to them have lost their legal or practical effect.

Certain clauses in standard contracts that would previously have protected suppliers may now constitute unfair practice. For example, terms in consumer contracts that are harsh, oppressive or excessively one-sided so as to be unconscionable would constitute unfair practice, and should be removed from standard contracts. Moreover, terms that are inconsistent with the provisions of the Act are void.

Other terms that do not in themselves constitute unfair practice may have lost some of their effect and lead to unwarranted complacency in the way suppliers do business. For example, terms refusing consumers exchanges of products or refund under any circumstances

may not be unfair practice, but since consumers can now obtain restitution of the price paid if suppliers engage in unfair practice, a refusal to consider all complaints would be imprudent. Instead, a policy of careful examination of requests for refunds will allow suppliers to deal with legitimate requests for refunds and reduce the prospect of claims being made under the Act.

CONCLUSION

The Act is a call to suppliers to deal fairly with consumers. Suppliers who choose to hide unfair practices behind once iron-clad exclusions and limitations in their standard contracts will find that they are no longer invincible from claims. This is especially so given the powers of the gazetted bodies to take public and embarrassing action against suppliers who engage in unfair practices.

On the other hand, suppliers who have a customer-oriented culture that encourages consumer feedback and who have mechanisms to ensure that legitimate grievances are addressed and resolved, will protect themselves from actions for unfair practices, and from potential damage to their public reputation.

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Court Of Appeal Applies An Alternative Test To Directors' Duties



“ Case law makes it clear that the fiduciary duties of directors are to act in good faith for the benefit of the company... ”

INTRODUCTION

In our September 2003 issue, we reported on a High Court ruling in *Tokuhon (Private) Limited (No. 2) v Seow Kang Hong and Others* [2003] SGHC 121 (Suit No. 1499 of 2001/C – unreported) allowing for the enforcement of costs against an unsuccessful litigant while an appeal was pending.

The dispute in *Tokuhon (Private) Limited v Seow Kang Hong and Others* [2003] SGHC 121; [2003] SGCA 39 is also important for an alternative test applied by the Court of Appeal in deciding whether the former directors of Tokuhon (Private) Limited (“Tokuhon”) were in breach of their fiduciary duties to the company. This article discusses the Court of Appeal’s decision on directors’ duties.

DIRECTORS’ DUTIES

Directors owe a host of fiduciary, statutory and common law duties to their company. In Singapore, Section 157 of the Companies Act (Cap. 50) states that “a director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office”.

Case law makes it clear that the fiduciary duties of directors are to act in good faith for the benefit of the company; to exercise their powers for legitimate and proper purposes, and not to allow any conflict between their duties as directors and their private interests.

The parameters of these duties have been notoriously difficult to define.

The leading authority on directors' duties in Singapore is the Court of Appeal decision in *Intraco Ltd v Multi-Pak Singapore Pte Ltd* [1995] 1 SLR 313 where the test laid down was:

"whether an honest and intelligent man in the position of the director, taking an objective view, could reasonably have concluded that the transactions were in the interest of the company."

However, in Tokuhon, the Court of Appeal found that:

"the interest of the company would not be the appropriate test to be applied in the present case... what we should be looking at is whether Mrs Seow (the director in question) had obtained any unfair advantage vis-à-vis the other two parties."

The Court of Appeal highlighted that under normal circumstances, the *Intraco* test of "interest of the company" would apply and Mrs Seow's actions would be in breach of her fiduciary duty to Tokuhon.

However, the Court of Appeal found the *Intraco* test inappropriate because of the exceptional circumstances of this case. The Court of Appeal instead applied an "unfair advantage" test and concluded that Mrs Seow's actions were not a breach of her director's duties.

Below are the details of these exceptional facts that caused the Court of Appeal to apply the "unfair advantage" test instead of the customary "interest of the company" test.

FACTS

Tokuhon was the sole distributor of a certain brand of medicated plasters from Japan. The company's three groups of director-shareholders did not enjoy a cordial working relationship.

Between February and April 2000, Mrs Seow sent three letters to the representative responsible for awarding the medicated plaster distributorship. These letters mentioned her intention to withdraw from Tokuhon and the numerous conflicts between the three groups of directors-shareholders. The representative terminated Tokuhon's distributorship in May 2000.

Mr and Mrs Seow resigned from their directorship in Tokuhon in June 2000. Mrs Seow was subsequently invited to be the new distributor for the medicated plasters. She was appointed the new distributor on 29 June 2000.

Tokuhon instituted an action against Mr and Mrs Seow for an alleged breach of fiduciary duties as directors. It was alleged that:

- (i) Mrs Seow's conduct in writing the letters was a breach of her fiduciary duty as it caused the termination of the medicated plaster distributorship for Tokuhon; and
- (ii) Mrs Seow had breached her fiduciary duty by subsequently accepting the distributorship.

THE HIGH COURT DECISION

At the High Court, Rubin J found that Mrs Seow was not in any breach of her fiduciary duty. Tokuhon's claim was therefore dismissed with costs.

Rubin J found that Mrs Seow could not be blamed for writing the letters. The loose and unorthodox manner in which Tokuhon's directors had been going about their business operations, their frequent stand-offs, and their constant efforts to steal a march on the others, made the loss of the distributorship inevitable.

Rubin J pointed out that the cause was really the fact that the three groups of directors could no longer work together under the corporate umbrella of Tokuhon:

"From the manner in which these individuals were seen to be reacting to each other since the incorporation of the Plaintiffs (Tokuhon) and the way in which business of the Plaintiffs was being carried out over the years, it was apparent that the Plaintiffs were being operated, not like any traditional private company, but were like three self-seeking groups plying their wares, sheltering nominally under a single corporate tent, but with scant regard for any corporate discipline or mutual regard."

Rubin J held that under such circumstances, a test other than that of the 'interest of the company' must be applied to determine if Mrs Seow had breached her duty by accepting the distributorship.

His Honour approached the question of breach by examining what should be considered fair between the contending factions of directors. This approach was not new as it had already been formulated by the High Court of Australia in *Mills v Mills* (1937-38) 60 CLR 150. (Rubin J did not cite any local cases for this proposition as there are no reported local case law on this point.)

Having decided to apply the approach in *Mills v Mills* as opposed to the 'interest of the company' approach to the facts in this case, Rubin J found that Mrs Seow was not acting out of turn and was not in breach of her fiduciary duties to the company.

It is important to bear in mind that until this High Court decision, the usual test for determining a breach of

“ By choosing to apply an alternative approach to decide whether there was a breach of fiduciary duty by Tokuhon’s directors, our Courts have shown that they will recognise commercial realities. ”

fiduciary duty by a director was whether the director had acted in the ‘*interest of the company*’. By applying the *Mills v Mills* approach, Rubin J. had chosen to depart from the standard *Intraco* test.

Tokuhon appealed against Rubin J’s decision.

COURT OF APPEAL DECISION

The Judges of Appeal dismissed Tokuhon’s appeal and agreed with the views of the High Court.

The Court of Appeal took pains to point out that the facts and circumstances of the present case were exceptional. While the Court conceded that in ordinary circumstances what Mrs Seow did (in writing the letters) would constitute a breach of her fiduciary duties as director of Tokuhon, the Court also took into account the norm set by the directors-shareholders in the conduct of their affairs.

The Court noted that each group of directors-shareholders in Tokuhon saw themselves as free to act in their own interests. The Court accordingly found that the true cause of the loss of the distributorship was a breakdown in co-operation among the three groups of directors-shareholders and not Mrs Seow’s letters.

On the issue of whether the Seows had breached their fiduciary duties by accepting the distributorship, the Court of Appeal accepted that:

“the test of the interest of the company would not be the appropriate test to be applied in the present case. What we should be looking at is whether Mrs Seow had obtained any unfair advantage vis-a vis the other parties.”

The Court of Appeal did not, in applying the alternative test of “*unfair advantage*” refer to the *Mills v Mills* approach adopted by Rubin J in the High Court. However, it seems clear from the judgment that for all intents and purposes the Court of Appeal had chosen to not to use the more common *Intraco* test.

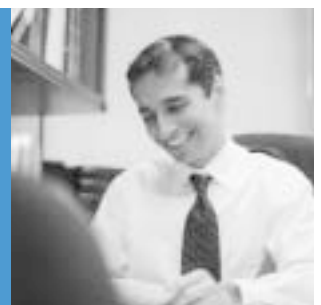
Whether the test is “*what is fair among the contending factions*” as applied in the High Court (quoting the decision in *Mills v Mills*) or “*unfair advantage*”, as applied in the Court of Appeal, the point remains that the exceptional circumstances of this case forced the Court of Appeal to apply an alternative test.

COMMENT

The facts of this case are exceptional. By choosing to apply an alternative approach to decide whether there was a breach of fiduciary duty by Tokuhon’s directors, our Courts have shown that they will recognise commercial realities. The Court of Appeal took into account the manner in which the Tokuhon directors had actually managed and carried out company operations, even when it was against accepted principles of corporate governance. It is an example of our Courts’ alacrity in responding to practical realities by adopting new approaches to ensure that such realities are taken into account to arrive at a just decision.

SHAM SABNANI joined Drew & Napier LLC in 1998 and is currently a Senior Associate with the Litigation & Dispute Resolution department. He is also an adjunct tutor in advocacy skills at both the National University of Singapore Law Faculty and the Practical Law Course conducted by the Board of Legal Education, Singapore. His main areas of practice include Restructuring & Insolvency and Commercial Litigation. He also advises corporations and banks on employment matters, banking issues and securities matters.

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Pan-West Wins Trade Mark Dispute



INTRODUCTION

In the recent local decision of *Pan-West (Pte) Ltd v Grand Bigwin Pte Ltd* ([2003] SGHC 250), the Singapore High Court looked into the scope of the defences provided under Sections 29 and 27(6) of the Trade Marks Act (“TMA”) in trade mark infringement claims.

RELEVANT LEGISLATION

Section 29(1) of the TMA provides that a registered trade mark is not infringed by its use in relation to goods which have been put on the market, whether in Singapore or outside Singapore, by the proprietor of the registered trade mark or with his express or implied consent (conditional or otherwise).

Section 27(6) of 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 and commercial matters*”.

FACTS

The Plaintiff was the registered proprietor of the “KATANA GOLF and KG logo” trade mark for various golfing equipment and products. The Defendant had imported and sold six pieces of golf clubs known as the 55ATi golf clubs which bore the trade mark “KATANA”. The “KATANA” trade mark was registered in Japan in the name of a Japanese company known as Umeda Shokai KK. The

Assistant Registrar allowed summary judgment to be entered against the Defendant in respect of trade mark infringement and passing off.

The Defendant appealed and argued for the matter to be allowed to proceed to trial on the grounds that it could avail itself to possible defences, namely, under Sections 29(1) and 27(6) of the TMA.

DECISION

The Court dismissed the Defendant’s appeal and held that the Assistant Registrar was correct to hold that the Plaintiff was entitled to a summary judgment.

The Court found that the Plaintiff had clearly established use and goodwill in its “KATANA GOLF” and KG logo trade mark in Singapore, and that the essential element in this mark was the word “KATANA”. Agreeing with the Assistant Registrar below, the Court took the view that the Defendant had infringed the mark through its use of the “KATANA” trade mark on the 55ATi golf clubs without the Plaintiff’s consent.

REASONS FOR THE DECISION

The defence under Section 29(1) of the TMA

The Defendant claimed that it had the consent of Umeda Shokai KK in Japan to use the “KATANA” trade mark in Singapore. The Court rejected this argument outright. Section 29(1), as the Judge described, encapsulated the defence of “*exhaustion of rights*” applicable to parallel imports and therefore did not apply to the fact situation in this case. The 55ATi golf clubs were not those made by the Plaintiff and the Plaintiff was not a subsidiary or an associated company of Umeda Shokai KK. Consent had to flow from the registered proprietor in Singapore of the registered trade mark in question and consent by the Japanese proprietor was irrelevant.

The Defendant argued that the Plaintiff had impliedly consented to the use of Umeda’s “KATANA” trade mark in Singapore. For example, the Plaintiff did not raise any objections against Umeda Shokai KK’s use of the

“ Therefore, it would be important for importers to consult the trade marks register before importing such ‘genuine’ goods into Singapore. ”

“KATANA” trade mark in Japan, the Plaintiff itself had previously imported and sold golf clubs bearing Umeda’s “KATANA” trade mark in Singapore and the Plaintiff had itself been a Singapore distributor for the products of Umeda Shokai KK. The Court found that the Plaintiff’s conduct did not amount to an “*implied consent*” by the Plaintiff to the Defendant to use an identical or similar mark.

The defence under Section 27(6) of the TMA

The Court held that Section 27(6) would typically “*arise in the context of comparative advertising*” and had no relevance to the current proceedings. Also, the Judge took the view that the Defendant could not run both the defences under Sections 29(1) and Section 27(6) concurrently.

Claim in passing off

The Court also held that the Plaintiff would have also succeeded in the alternative ground of passing off. This was because the Plaintiff had successfully established goodwill and misrepresentation by the Defendant that the 55 ATi golf clubs originated from the Plaintiff. Furthermore, damage was established by the Plaintiff’s loss of sale of six golf clubs.

COMMENT

The Defendant had run a rather ingenious defence against what seemed to be clear cut trade mark infringement. To allow the Defendant’s claim of express or implied consent would render the Singapore registration of the “KATANA

GOLF” and KG logo trade mark useless. Registration confers only territorial rights. The Plaintiff, as the registered proprietor of the “KATANA GOLF and KG logo” trade mark in Singapore, has the monopoly to use the mark in Singapore while Umeda Shokai KK would have the same rights to its “KATANA” trade mark in Japan.

Importers may sometimes mistakenly believe that as long as the imported goods are “*genuine*” goods (goods bearing a trade mark validly registered outside Singapore), they would have a defence against any claims of trade mark infringement in Singapore. However, the importer may be liable for trade mark infringement if the “*genuine*” goods bear a trade mark that is identical or similar to one that is validly registered in Singapore for identical or similar goods. Therefore, it would be important for importers to consult the trade marks register before importing such “*genuine*” goods into Singapore.

Another interesting point raised in this decision is that the Court was of the view that the defence provided under Section 27(6) would typically apply only in situations where the trade mark is used as “*comparative advertising*”, even though this phrase does not appear in Section 27(6). A similarly worded section of the UK Trade Marks Act (i.e. Section 10(6)) appears to have been only applied in cases in the UK dealing with comparative advertising. However, in Singapore, it remains to be seen in future cases whether the application of Section 27(6) will be limited only to circumstances involving comparative advertising.

IAN OEI is a Senior Associate with Drew & Napier LLC’s Intellectual Property Department. He read law at the University of London and holds a LL.M. from the National University of Singapore. Ian’s main area of practice is in contentious and non-contentious intellectual property matters. He also handles pre and post trade mark registration matters, trade mark oppositions, revocation and invalidation actions. He has represented major international corporations in trade mark registration and oppositions. Drew & Napier LLC is listed as the leading trade mark firm in Singapore for the seventh year running in the latest World IP Survey conducted by *Managing Intellectual Property*.

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PUBLISHER
Drew & Napier LLC
20 Raffles Place
#17-00
Ocean Towers
Singapore 048620

CREATIVE
Raindance Corporate
Design Pte Ltd

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