

Newsletter

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For further information, please contact:

Andy Leck
+65 6434 2525
andy.leck@bakermckenzie.com

Angeline Lee
+65 6434 2629
angeline.m.lee@bakermckenzie.com

Lim Ren Jun
+65 6434 2721
ren.jun.lim@bakermckenzie.com

Abe Sun
+65 6434 2547
vasan.abe.sun@bakermckenzie.com

Recent Developments

The case of *Audi AG v Lim Ching Kwang* [2017] SGIPOS 2 considered in the context of revocation proceedings, whether evidence of use outside the relevant period of use was relevant and what constituted a fair specification when there has been use in respect of some but not all of the goods registered. The Registrar also considered whether registering the entire list of goods in a class constitutes bad faith.


Implications

The totality of items of evidence may allow the necessary facts pertaining to genuine use to be established, even though each of those items of evidence, taken individually, would be insufficient to constitute proof of the accuracy of those facts.

The specification need not be limited to the precise goods that the mark has been used for, but should also extend to those which the average consumer considers as belonging to the same subcategory.

The mere fact that a trade mark specification lists the entire class of goods is not prima facie evidence of bad faith. The analysis is fact dependant and factors such as the Registered Proprietor's intention, business plans, marketing and promotional activities, and commercial viability will have to be considered.

What the case says



Audi AG (the "**Applicants**"), the German manufacturer of automobiles including the Audi A1 car model applied for the registration in Class 12 of the  (the "**AOne Mark**") to be:

- 1) revoked under Sections 22(1)(a) and (b) of the Trade Marks Act ("**TMA**") on the basis of non-use; and
- 2) declared invalid under Section 23(1) read with Section 7(6) of the TMA on the grounds that the AOne Mark was applied for in bad faith.

The registered proprietor had registered the AOne Mark for the entire list of goods contained in Class 12 of the Alphabetical List of the Nice Classification. The registered proprietor only claimed use of the AOne Mark in relation to "suspension shock absorbers for vehicles" and in particular, torque rods, mountings for engine and cab bushings.



Revocation - Non-Use

In this case, an email quotation referring to the plain word "AOne" torque bushes, when considered with photographs of the cardboard boxes pasted with  stickers, used to deliver the torque bushes, was held to be good evidence of the fact that torque bushes bearing the registered mark.  were offered for sale during the relevant period.

An order placed before the relevant period for stickers bearing the registered mark as well as torque bushes which were sold during the relevant period was considered in leading to the conclusion that the torque bushes sold during the relevant period bore stickers of the registered mark. This was because there was an email from the registered proprietor instructing another party to place the sticker on top of the box used to deliver the torque bushes and this email, although dated before the relevant period, was only 10 days before the torque bushes were delivered during the relevant period.

As for what constituted a fair specification that reflected the use made, the Registrar stated that "the specification need not be limited to the precise goods that the mark has been used for, but should also extend to those which the average consumer considers as belonging to the same subcategory". The Registrar opined that since torque brush bushes fell under the sub-category of "suspension rod bushing" he would have considered the latter to be a fair specification. However, since the registered proprietor had already conceded to torque rod bushes being a fair specification, the registration for the AOne Mark in Class 12 was revoked with the exception of "torque rod brushes".

Invalidation – Bad Faith

The applicant alleged that the AOne Mark was applied for in bad faith because the specification reproduced the entire list of goods contained in Class 12 of the Alphabetical List of the Nice Classification. As it was overwhelmingly wide, there cannot be any realistic or bona fide intention on the registered proprietor's part to use the AOne Mark in respect of all the goods. This was compounded by the fact that registered proprietor's businesses only had a paid up capital SGD 200,000. The Registrar rejected the applicant's allegation of bad faith for the reasons set out below.

The Registrar held that whether a specification is broad should not be determined with reference to the Nice Classification but by taking into account factors such as the registered proprietor's intention, business plans, marketing and promotional activities and other facts and circumstances including what is commercially viable.

Furthermore, the paid up capital of a business is not static and may increase gradually as a business expands. As such, the paid up capital is not indicative of the range of goods the registered proprietor can trade in and will trade in at a future date.

The fact that the registered mark is not used in relation to the full range of goods which it is registered for could be due to many factors some of which are extraneous to the registered proprietor's intentions at the point of filing.



The Registrar also opined that it was common for businesses to seek registration of a mark not only for the categories of goods and services it marketed at the time of filing but also for other categories it intended to market in the future.

The Registrar was of the view that the registered proprietor operated a legitimate spare parts business covering a wide range of goods. His evidence showed that he promoted the AOne brand at every opportunity in an effort to expand the market under the mark and his belief that his co-Director's influence would assist him in expanding his market further.

Actions to consider

When applying for a broad specification of goods or services, businesses should bear in mind if it is supported by its business plans and commercial viability.



No similarity between snaapp and SNAC – *Apptitude Pte Ltd v MGG Software Pte Ltd* [2016] SGIPOS 15

Recent Developments

MGG Software Pte. Ltd. (the "**Applicant**") was a software development company which developed amongst others "snaapp", a mobile app which allowed teachers to take attendance of students and communicate with the parents. The Applicant had applied to register the trade mark  (the "**Application Mark**") in Class 9 for goods including computer software and communication systems and Class 38 for services including mobile phone communications services on 3 March 2014.

The Opponent was the proprietor of the trade mark  (the "**SNAC Mark**") which was registered on 30 September 2013 for identical goods and services in Classes 9 and 38. The SNAC Mark was used in relation to the Opponent's mobile app known as SNAC which was used to notify parents of "ongoings in their children's schools".

The Opponent relied upon Sections 8(2)(b), 8(7)(a) and 7(6) of the Trade Marks Act ("**TMA**") as grounds of opposition and failed on all grounds. The main reason being that the marks were highly dissimilar.

Implications

Whilst the two competing marks had similarities in pronunciation "snap" vs "snac"/"snack", the fact that they looked visually dissimilar as a whole and were invented terms with no meaning led to a finding that they were overall dissimilar.

What the case says

Confusing Similarity - s 8(2)(b)

Under section 8(2)(b) of the TMA, a trade mark shall not be registered if it is similar to an earlier trade mark; is to be registered for goods similar to those which the earlier trade mark protects; and there exists a likelihood of confusion arising from the two similarities.

On the issue of similarity of marks, the two marks were found to be highly dissimilar overall. It was found that the very different colours in the marks played a large role in distinguishing them. The marks were visually substantially dissimilar because they were both invented terms with no meaning and the dominant component in the Application Mark - "snaapp" contained six letters while the dominant component in the SNAC Mark - "SNAC" contained four. The Registrar rejected the Opponent's argument that the word app is a descriptive term for "a small, specialized program downloaded onto mobile devices" and as such should be disregarded from the analysis for visual similarity. The reason for the rejection being that visually, one would see "snaapp" and not 'sna app' so the Application Mark had to be assessed as a whole and not dissected into arbitrary



parts. Additionally, the words “SCHOOL NOTIFICATION & ATTENDANCE APP” although having limited visual impact nevertheless contributed to the overall impression that the Application mark “has more components and is visually more complex and longer” than the SNAC Mark.

The Registrar found that “SNAC” was more likely than not going to be pronounced as “snac” or “snack” which has some aural similarity to “snap” the undisputed pronunciation for “snaapp”. The proprietor’s intention as to how the mark should be pronounced may be relevant but not determinative.

There was, however, no conceptual similarity between the marks. Although the Opponent had intended for “SNAC” to be an acronym for “school notification and acknowledgment console” since these words do not appear in the SNAC Mark, “SNAC” is essentially an invented word with no conceptual meaning. It is therefore not conceptually similar to “snaapp” regardless of whether “snaapp” was interpreted as “snaapp SCHOOL NOTIFICATION & ATTENDANCE APP” or a meaningless word. In any event, as both SNAC and “snaapp” are invented meaningless terms, they are not conceptually similar.

The ground of opposition under Section 8(2)(b) therefore failed as the marks were dissimilar. For completeness, the Registrar considered the issue of similarity of goods and likelihood of confusion and found the goods to be identical but there was no likelihood of confusion.

Passing Off - s 8(7)(a)

The opposition also failed on the grounds of passing off. The Registrar found that there was goodwill in the SNAC Mark and/or the element “SNAC” even though the Opponent had only signed on 5.96% of the schools in Singapore. Based on precedent case law, one does not need excellent reputation or enormous goodwill to sustain a passing off action. Taking into account the small size and nature of the target market (i.e. schools), 5.96% was sufficient. However, the elements of misrepresentation and likelihood of damage were not made out as the Application Mark and the SNAC Mark / “SNAC” were dissimilar. As the apps are provided to schools and the majority of schools are in receipt of government funds and are accountable for their spending, they would pay more attention to their purchases.

Bad Faith - s 7(6)

The Opponent’s case was that it had commenced marketing of its SNAC app “as early as July 2012” shortly before the Applicant allegedly coined the mark “snaapp”. However, the Applicant’s evidence showed that its snaapp was already available for download from Google Play by 24 July 2012 which supported its rebuttal that the Applicant had been working on its snaapp mobile app from as early as April 2012. This coupled with amongst others the dissimilarity between the marks led the Registrar to conclude that there was no bad faith, only a case of legitimate competition.

The mere fact that one trader has applied to register its trade mark for the same goods or services as another trader cannot, without more, amount to bad faith. The fact that a certain description has previously been accepted by the Registrar for registration means no more than that it is an appropriate claim for goods or



services falling within that relevant class. There is nothing wrong with conducting a search to see what a competitor has registered its marks for and then applying to register a dissimilar mark for the same goods and/or services. The Registrar was however prepared to accept that in very limited circumstances such as trade mark squatting, the wholesale copying of the specification of goods and/or services may be relevant towards a finding of bad faith.

The applicant's lowering of the price of its product to match that of its competitor, the opponent (at S\$2,998) was not indicative of bad faith. There was a good reason for both parties to fix the price of a one year subscription at S\$2,998 as it made things convenient for their clients which were schools, because they did not have to go through the GeBiz system.



Actions to consider

In cases where the trade mark includes an acronym, it may be worthwhile registering a variation which states what the mark stands for. This is with the view of establishing conceptual similarity with invented terms which are acronyms having similar meaning.



Court of Appeal - Kit Kat chocolate bars not registrable as shape marks



Recent Developments

The Court of Appeal affirmed the High Court's decision that Nestle's two-finger  and four-finger  shape marks (collectively, the “Registered Shapes”) are not registrable due to amongst others a lack of distinctiveness and the technical result exclusion. The principles for the registration of shape marks and the application of the technical result prohibition were confirmed by the highest court in Singapore.

Implications

In demonstrating acquired distinctiveness, it is important to craft the survey questions so that it establishes that the average consumer regarded a mark as an indicator of origin and not merely associated a shape with a particular trader.

What the case says

In our earlier client alert ([click here](#)), we reported on the High Court's decision in *Societe Des Produits Nestlé SA and another v Petra Foods Ltd and another* [2014] SGHC 252 where the Nestlé group of companies (collectively, “Nestlé”) whose products include the famous KITKAT bars brought an action for trade mark and copyright infringement against the Petra Foods group of companies (collectively, “Petra”) on the basis that Petra's Take-it products consisting of two-finger  or four-finger  moulded chocolate wafers infringed on Nestlé's Registered Shapes. Petra counterclaimed for groundless threats and also sought the invalidation and/or revocation of the Registered Shapes.

Nestle appealed to the Court of Appeal (“CA”) on the following decisions by the High Court:

- 1) the Registered Shapes lacked distinctiveness, whether inherent or acquired - Section 7(1)(b);
- 2) the Registered Shapes consist exclusively of the shape of goods necessary to obtain a technical result - Section 7(3)(b);
- 3) the Registered Shapes could be revoked for non-use – s22(1)(a), (b); and
- 4) the Registered Shapes cannot be protected as well-known marks – s55.

Whether the Registered Shapes lacked distinctiveness

The CA affirmed the High Court's decision that the Registered shapes lacked both inherent and acquired distinctiveness.

Firstly, the registered shapes do not represent a significant departure from the norms and customs of the chocolate confectionery sector. Secondly, there was no evidence that the average consumer appreciates that the registered shapes convey trade mark significance.



The appellants had not pointed to any evidence which suggested in any way that traders in the chocolate confectionery sector differentiated their products by varying the shapes of their products.

In assessing acquired distinctiveness, it was insufficient to prove that the average consumer associated a shape which has been used by a trader for a prolonged period with that particular trader. Nestle failed to prove that a significant portion of the relevant class of persons relied upon the registered shapes on their own as an indicator of origin i.e. the “Reliance Test”.

Additionally, the CA also observed that the lack of visibility of a shape at the point of sale does not necessarily preclude it from acquiring distinctiveness so as to be registrable as a trade mark. A two-dimensional representation of a three dimensional shape mark on the product packaging and marketing materials may suffice depending on the depiction and how consumers perceive it in relation to the three-dimensional form.

The CA also held that where a mark has never been used as a sole badge of origin, this might lend weight to the inference that the trader does not depend on the mark standing alone to serve as a trade mark . This is a factor that the trader would have to overcome in proving that the mark has indeed acquired distinctiveness.

The appellants had always sold the KitKat chocolate bar in a wrapper affixed with the KitKat logo, with the logo embossed on the chocolate bar itself. Most of the marketing materials depict the bar with the KitKat logo prominently embossed on it, together with other brand identifiers such as the slogan “Have a break, have a KitKat”. Further, most of the marketing materials (including the product wrappers) do not depict the registered shapes. Some advertisements show the KitKat bar angled differently; some depict single chocolate fingers; and others depict the bar broken up.

Technical Result Prohibition - s 7(3)(b)

A two stage test is used to ascertain whether a shape mark consists exclusively of the shape of goods which is necessary to obtain a technical result. The first stage involves identifying the essential characteristics of the shape mark in question. The CA held that in the present case this identification should be undertaken from the perspective of the average consumer given that the goods in question were mass-manufactured snacks. In this regard, consumer surveys might be relevant but not necessary. Technical evidence such as expert opinion and data relating to intellectual property rights conferred previously however, would only be relevant for stage two. The CA then went on to affirm the High Court’s decision that the essential characteristics of the Registered Shapes were the rectangular slab, presence of breaking grooves, and number of grooves and fingers.

Having decided on the essential characteristics, the second stage involves examining these characteristics to determine whether they are necessary to obtain a technical result. In this regard, the CA held that there was no requirement that the essential characteristics of the shape must only serve a technical function and no other function (such as enhancing the aesthetic appeal of the product) in order for the technical result prohibition to apply. Additionally,



the term “technical result” also encompasses both technical solutions associated with the process of manufacturing the product to which the shape mark is applied and technical results in the function of the product. On this basis, the CA agreed with the High Court’s assessment that the three essential characteristics identified were necessary to obtain a technical result and the Registered Shapes were caught by the Section 7(3)(b) technical result prohibition.

Revocation for non-use

The CA also affirmed the High Court’s finding that the Registered Shapes were liable to be revoked for non-use. In particular, the CA disagreed with Nestle’s argument that mere commercial exploitation of a registered trade mark constituted genuine use as it fails to consider whether the trade mark was used as a badge of origin. On the facts, the CA found that the manner in which the Registered Shapes were used would have led consumers to believe that the shapes were mere manifestations of KitKat chocolate bars rather than indicators of origin.

Protection as well-known marks

The Registered Shapes were also not entitled to be protected as well-known marks under the TMA because such protection is not conferred on a mark which is barred from registration based on absolute grounds under Section 7 of the TMA. The Registered Shapes fall within the absolute grounds of refusal based on a lack of distinctiveness and the technical result prohibition.

Groundless threats

The action for groundless threats was not made out because the letters which form the bases of Petra’s counterclaim appear to be directed at acts of infringement which are excluded from the groundless threats remedy by Sections 35(1)(a)-(c) of the TMA.

www.bakermckenzie.com

Baker & McKenzie. Wong & Leow
8 Marina Boulevard
#05-01 Marina Bay Financial Centre
Tower 1
Singapore 018981

Tel: +65 6338 1888
Fax: +65 6337 5100

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