

Newsletter

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Louis Vuitton Malletier v Megastar Shipping Pte Ltd [2017] SGHC 2015

Facts

The Singapore High Court decision arose from claims for trade mark infringement by various trade mark proprietors (the "**Plaintiffs**") against a Singapore-incorporated transshipping, freight forwarder company, Megastar Shipping Pte Ltd (the "**Defendant**").

Two shipments of two containers (the "**Containers**") loaded with cargo containing counterfeit goods (the "**Counterfeit Goods**") were transported from two ports in China to Singapore. The Containers were to be sent to an Indonesian-incorporated company (the "**Third Party**") based in Batam, Indonesia.

Given that larger container vessels would be unable to enter the Batam port's shallow waters, arranging for on carriage of the Containers on smaller "feeder" vessels and shipping goods from China to Indonesia through Singapore was necessary. To do so, the Third Party appointed the Defendant as a freight forwarder and local consignee (as defined below) within Singapore.

The Defendant acted upon the Third Party's instructions, notified the carrier to declare "transshipment status" for the Containers, and transferred the "operator code" for the Containers from the carrier to the Defendant. Thereafter, the Defendant used the online Portnet system to provide instructions to the Port of Singapore Authority ("**PSA**"), as per the information provided by the Third Party. While doing so, the Defendant named itself the "local consignee" of the Containers and the goods therein, and provided such information to PSA to effect operations.

In Singapore, the Containers were intercepted by the Singapore Customs. The Counterfeit Goods therein were then detained, inspected and seized under the newly enhanced provisions for "assistance by border authorities" set out in Part X of the *Trade Marks Act* (Cap 332, 2005 Rev Ed) (the "**TMA**").

Under such border enforcement provisions, Customs would notify the rights-owner of the seizure, and the rights-owner would have to provide a formal notice to Customs requesting further detention with the required security, within 48 hours upon Custom's notification. Thereafter, Customs would detain counterfeit goods for up to ten working days.

Under Section 87 of the TMA, the importer of counterfeit goods could provide written notice to Customs and consent to the seized counterfeit goods being forfeited to the Government and / or the rights-owner. Such notice by the importer would have to be given before any infringement action regarding the seized counterfeit goods was instituted.



Under Section 88 of the TMA, Customs would have to release the seized counterfeit goods if the rights-owner did not institute action for infringement (amongst other requirements) upon the expiry of the retention period of the seized counterfeit goods. If there was no court order preventing the release of the seized counterfeit goods after 3 weeks commencing from when such infringement action was instituted, Customs would have to release the goods to the importer.

Where the Defendant did not agree to a release of the Counterfeit Goods within the stipulated deadline, the Plaintiffs commenced proceedings for trade mark infringement against the Defendant for importation of the Counterfeit Goods into Singapore. Such action was necessary to ensure continued detention of the Counterfeit Goods under the border enforcement provisions of the TMA.

However, the Defendant denied importing the Counterfeit Goods into Singapore, and asserted that even if the Counterfeit Goods had been imported into Singapore, the Defendant was, in any case, not the importer.

The status of the Third Party, who did not appear or take any part in the proceedings, was never made entirely clear on the evidence. However, the parties proceeded on the basis that the Third Party was itself a freight forwarder.

Whilst the Singapore High Court (the "**Court**") considered numerous issues, the key issues were:

- (1) What amounts to an act of import or export "under the sign";
- (2) Is the Defendant the importer or exporter in the context of trade mark infringement under Section 27 of the TMA; and
- (3) Is the mere intention to export sufficient to find that a local consignee is an exporter for the purposes of trade mark infringement?

Decision

The High Court made the following key findings:

Issue 1 - What amounts to an act of import or export "under the sign"

Under Section 27(1) of the TMA, a person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

Under Section 27(4)(c) of the TMA, a person uses a sign if, in particular, he imports or exports goods under the sign.



The Defendant argued, amongst other things, that there was no act of importation since the Counterfeit Goods were not meant for circulation in the Singapore market. The Defendant also argued that the use of the Plaintiff's trade marks was not in the course of trade as required for proving infringement, since the Counterfeit Goods were loaded inside sealed containers and, but for the inspection in Singapore, would never have been exposed to view in Singapore.

In construing what "import" means under Section 27(4)(c) of the TMA, the Court recognised that the term "import" may carry different meanings in different legislation, although the pieces of legislation are all broadly concerned with the import and export of goods. Nonetheless, the Court held that in the absence of express incorporation of other definitions of "import", there was no reason to construe "import" in accordance with the Customs Act (Cap 70, 2004 Rev Ed).

As such, the TMA should be understood broadly in accordance with Section 2(1) of the Interpretation Act - i.e. "*to bring or to cause to be brought into Singapore by land, sea, or air*", unless there is "something in the subject or context inconsistent with such construction". The Court also noted that the Interpretation Act's definition of "import" is subject to the following qualifier: Section 27(1) of the TMA deals with unauthorised use of a sign in *the course of trade*.

Given such construction of "import" under Section 27(4)(c) of the TMA, the Court held that Parliament had not intended that "import" (as listed as a form of infringing use) under Section 27(4)(b) of the TMA should require that counterfeit goods be intended for sale or circulation in the Singapore market. If it had intended to, Parliament would have included express wording to such effect. For example, Section 27(4)(b) defines use of a sign as "*offering or exposing goods for sale, puts them on the market or stocks them for those purposes under the sign...*".

Further, the Court rejected the Defendant's argument as to the lack of exposure of Counterfeit Goods, since the Singapore Courts, like the European Court of Justice, have held that the essential function of a trade mark is to guarantee the origin of goods and services.

Issue 2 - Is the Defendant the importer or exporter in the context of trade mark infringement under Section 27(1) of the TMA?

Section 93A of the TMA states:

- "(1) Notwithstanding section 82(4), any authorised officer may
- (a) detain any goods
 - (i) that are imported into, or that are to be exported from, Singapore; and
 - (ii) that are not goods in transit, unless the goods are consigned to any person with a commercial or physical presence in Singapore; or
 - (b) examine any goods, including goods in transit, which he reasonably suspects are counterfeit goods in relation to a registered trade mark."



The Court noted that Section 93A of the TMA is directed towards the detention of the goods as opposed to seizure under Sections 82 to 88 of the TMA. Under Section 93A(1)(a) of the TMA, goods in transit cannot be detained unless they have been consigned to a person who has commercial or physical presence in Singapore (“**a local consignee**”). Where goods are in transit through Singapore without any local consignee, the authorised office only has the power to examine the goods under Section 93A(1)(b) of the TMA.

In deciding if the local consignee would be considered the importer for the purposes of trade mark infringement under Section 27(1) of the TMA, the Court held that the wording of Section 93(A)(2) for border enforcement makes specific reference to (i) the importer; (ii) the exporter, and (iii) the consignee. Therefore, the local consignee is not necessarily also the importer or exporter.

The Court held that the fact that the Defendant was named as the local consignee in the sea waybills and was required to submit or make declarations under Singapore customs rules and regulations did not mean the Defendant is to be treated as an importer or exporter for the purposes of trade mark infringement.

Lack of interest in the Counterfeit Goods

In the present case, the shippers in China were both the shippers and consignors. Further, the goods were destined for Batam where the Third Party was named as the consignee in the invoices. On such facts, the Court held that it was apparent that the only persons who were interested in the property in the goods were the shippers and the Third Party.

In contrast, the Defendant was likely dealing with the Third Party who was also an agent or freight forwarder. In the end, while there was evidence that the Defendant dealt with or acted on the instructions of the Third Party in previous transactions, there was no evidence as to who (if any) the Third party may have had obligations to in Indonesia or elsewhere in respect of the seized / detained goods. However, the Defendant did not acquire any property in the Counterfeit Goods simply by virtue of being named as the consignee in the sea waybills.

Lack of involvement

In particular, the goods were inside sealed containers and the Court found nothing to show that the Defendant had a common design with the importer to infringe the Plaintiff's trade marks. Rather, the steps required of the Defendant were largely concerned with documentation and entry of the necessary details into the Portnet system. The transshipment process did not entail the Defendant taking physical possession or control of the containers or their contents.

Policy considerations

The Court acknowledged the interests of intellectual property right owners who would wish to interdict and stop trade in counterfeit goods at the border for effective enforcement of their rights.



Nonetheless, the Court considered that the Defendant as freight forwarder would often deal with a high volume of container traffic in varied circumstances and short deadlines. In this vein, the Court held that a carrier or freight forwarder should not be considered to be an importer or a joint importer simply because the goods were transitorily under their control in circumstances.

Issue 3 - Is the mere intention to export sufficient to find that a local consignee is an exporter for the purposes of trade mark infringement?

The Court held that having a mere intention to export is insufficient to amount to infringing “use” within the meaning of Section 27(4)(c) of the TMA. The plain wording of Section 27(4)(c) of the TMA does not suggest that a mere intention is sufficient. Instead, Section 27(4)(c) provides that there is “use” if a person “imports or exports goods under the sign”.

Here, the Court found that the Defendant’s engagement by the Third Party was for the limited purpose of arranging for transshipment of the inbound Containers, and the Defendant acted as agent for the Third Party in taking the action and steps that it took.

Where the Third Party engaged the Defendant to declare the goods for transshipment, and supplied the commercial invoices for the Containers’ final destination, the Court found that the Third Party was the ultimate consignees. As such, the Court concluded that if any party was the “exporter” of the Counterfeit Goods, it was the Third Party and not the Defendant.

Comments

This case is significant as the first case to be heard by the Singapore High Court regarding the latest border enforcement provisions of the TMA. The Court’s findings have clarified what constitutes “import” for the purposes of trade mark infringement.

More importantly, the Court’s consideration of policy interests suggests that local consignees in Singapore would be generally protected from claims of trade mark infringement so long as such local consignees have no ownership or legal interest in counterfeit goods, and do not actively participate in the packing or shipping of the same. The case therefore provide guidance on the factors determining when a local consignee may be considered the importer for the purposes of trade mark infringement.



Starbucks Corporation v Morinaga Nyugyo Kabushiki Kaisha [2017] SGIPOS 18

Facts

Morinaga Nyugyo Kabushiki Kaisha (the "**Applicant**") applied for registration of



the trade mark (the "**Application Mark**") for goods in Classes 29 and 30, including, among others, milk, milk products, milk beverages, coffee, and coffee beverages.

The Applicant is a manufacturer of dairy products, and has been using this trade mark in Japan for coffee and coffee-based beverages for more than 20 years.

Being one of the largest roasters and retailers of specialty coffee, Starbucks Corporation (the "**Opponent**"), opposed the registration of the Application Mark under Section 8(2)(b), Section 8(4)(b)(i), Section 8(4)(b)(ii), Section 8(7)(a), Section 7(4)(b), and Section 7(6) of the TMA. The opposition was based on the



Opponent's earlier registered marks, including "

" and "



" (the "**Opponent's Marks**").

Decision

The opposition failed where the IP Adjudicator found that the parties' respective marks were not similar.

In particular, the IP Adjudicator reaffirmed that the test for similarity under the Section 8(2)(b) limb (for non-well known marks), and the Section 8(4)(b) limb (for well-known marks) is the same. On applying the side-by-side comparison of the marks, the IP Adjudicator rejected the Opponent's arguments that the green-black-white colour scheme and the layout of the marks within a concentric circle device rendered the Opponent's Marks and Application Mark similar.



The IP Adjudicator instead found that the dominant textual and figurative elements in the marks overcame any common denominator of the concentric circles, layout and colour scheme between the parties' respective marks.

The objection for passing off also failed. The IP Adjudicator disagreed that the concentric circle device and its colour scheme were distinctive identifiers of the Opponent's goods by themselves. Rather, she found the marks as a whole gave the Opponent's Marks its distinctiveness, which included the textual "STARBUCKS" element and/or the mermaid device. As these elements were very different from the Application Mark, which contained the words "Mt. Rainier" with a mountain device, there was no misrepresentation.

Further, the IP Adjudicator found that there was no deceptiveness inherent in the Application mark itself. This is because Mt. Rainier is not synonymous with Seattle, and that the public would make only a fanciful rather than literal association between the geographical reference and coffee products. Here, the reference to "Seattle" in the Application Mark was too oblique and indirect to result in any expectation that the goods originate from Seattle. Further, deceptiveness as an absolute ground of refusal under Section 7(4)(b) of the TMA is not concerned with the deceptiveness caused by the similarity of the mark to another, but the mark by itself. Therefore, whatever connection which the Opponent and / or its Starbucks brands had with Seattle was irrelevant.

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Comments

Given the increased globalisation and free movement of goods, plenty of businesses would deal with global operations, and draw inspiration from foreign places. The fact that a mark contains a geographical reference does not necessarily give rise to a ground for objection, unless the consumer has perceived that geographical reference to mean that the goods originate from that geography.