

Client Alert

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Declaration of invalidity - *Tan Buck Hai v United U-LI Projects Pte Ltd* [2018] SGIPOS 19

Facts

This case is one in a series of disputes between the same parties, arising from the same background and circumstances. It concerns an action for the invalidation of a trade mark under four main grounds.

Tan Buck Hai (the "**Respondent**") was the registered proprietor of **U-LI** ("**Subject Mark**") in Singapore in Class 9. The Subject Mark was first registered on 19 September 2013 in the name of a company incorporated by the Respondent, before the Respondent registered a full transfer of ownership to himself on 16 December 2014.

United U-LI Projects Pte Ltd (the "**Applicant**") is the registered proprietor of a

series of two marks, **U-LI** **U-LI** (the "**Earlier Mark**") in Class 6. The Earlier Mark was registered on 8 April 2011, pre-dating the registration of the Subject Mark.

The Subject Mark originated from Malaysia and is used in relation to a brand of cable management and support systems, designed, manufactured and sold by United U-LI (M) Sdn Bhd (the "**Malaysian Manufacturer**"). The Malaysian Manufacturer is the registered proprietor of the "U-LI" trade mark in Class 6 in Malaysia since 21 February 2001.

Some time in 1993, the Malaysian Manufacturer started to sell and distribute its goods in Singapore through a company called Choo Chiang Marketing Pte Ltd. The Respondent was an employee in the company. Subsequently, in October 2003, another company U-LI Marketing Pte Ltd ("**U-LI**") was set up. U-LI then sold and distributed the goods in Singapore. The Respondent was initially one of the directors and a shareholder of U-LI, but soon gave up these positions due to personal circumstances.

Separately, one of the directors and shareholders of U-LI Marketing resigned from U-LI, and incorporated the Applicant in February 2009. The Applicant also obtained goods from the Malaysian Manufacturer. In April 2011, the Applicant registered the Earlier Mark in Singapore.

At all material times, the Applicant and U-LI (which the Respondent claimed to be in control of), were the authorised distributors of the Malaysian Manufacturer's goods in Singapore.

On 17 December 2014, the Applicant applied to invalidate the Subject Mark, on four grounds pursuant to the Trade Marks Act (Cap 332, 2005 Rev Ed) ("**TMA**"): (1) earlier trade mark (section 8(2)(a) and (b)); (2) passing off (section 8(7)(a)); (3) bad faith (section 7(6)); and (4) fraud and misrepresentation (section 23(4)).





Decision

The Registrar allowed the invalidation application, on the grounds that the marks were identical covering similar goods and likely to cause confusion (section 8(2)(a)), and that the Subject Mark was registered in bad faith (section 7(6)). The Registrar was not satisfied that the grounds of passing off (section 8(7)(a)), and fraud and misrepresentation (section 23(4)) had been made out.

Below we provide further detail on the Registrar's findings on each ground.

- **The earlier trademark ground (section 8(2)(a) and (b) of the TMA)**

The Registrar found that the Subject mark was identical to the Earlier Mark, covering highly similar goods, resulting in a strong likelihood of confusion.

On the analysis of similarity of marks, the Registrar found that it was "*fairly straightforward*" that the marks are "*undeniably identical: whether visually, aurally or conceptually*", given that both used the same combination of letters, font type and arranged in the same order. The fact that the Earlier Mark was a series of two marks and the Subject Mark was a single mark, as well as one of the two series of marks being a non-distinctive colour, did not provide any significant differentiation between the marks visually.

In terms of similarity of goods, the Registrar was of the view that the nature of the goods and the notional fair use to which both marks could be applied were essentially the same. While the classes of registration of both marks were different, the Registrar commented that the Applicant's registration in only Class 6 may have been an oversight on the Applicant's part given that the Applicant now has a pending application of the Earlier Mark in Class 9.

Finally, in relation to consent (or lack thereof), the Registrar found that the evidence made it clear that the Respondent did not have the Applicant's nor the Malaysian Manufacturer's consent to register the Subject Mark.

- **The passing off ground (section 8(7)(a) of the TMA)**

In relation to the passing off ground, the Registrar found that it had not been made out.

On the first element of passing off, being the Applicant's goodwill, the Registrar found that it was "*clearly established*" on the facts, given that the Applicant had been trading in the U-LI products since they were incorporated in 2009.

However, the second element of passing off, being misrepresentation, was not established. The Registrar considered that in order for the Respondent to have committed an actionable misrepresentation, the Applicant must first fulfil the threshold inquiry that its Earlier Mark is distinctive of its goods and services. The Registrar was not satisfied that this was the case - while the Applicant is a non-exclusive distributor of the U-LI products in Singapore, the Respondent's company is similarly a valid and authorised distributor of U-LI



products in Singapore. Customers would not be able to distinguish the goods sourced from either distributor.

- **The bad faith ground (section 7(6) of the TMA)**

The Applicant succeeded on the ground of bad faith.

The Applicant's position on the Respondent's bad faith conduct was that the Respondent has made a wrongful claim of proprietorship to the Subject Mark, when he knew he was not authorised to register the trade mark.

The Respondent argued that he is entitled to ownership of the Subject Mark by virtue of his long-time efforts in promoting the products bearing such a mark. However, the Registrar found that the evidence showed that throughout the time that the Respondent was in the various companies (Choo Chiang and then U-LI), promoting the U-LI products, he was always and remained only as an employee. An employee, no matter how hardworking in promoting the employer's intellectual property rights, does not thereby acquire rights to them.

The Registrar took the view that the totality of the Respondent's conduct provided sufficient grounds to find that his intention was "*not being purely bona fide*".

First, the Respondent got a company that he incorporated to register the Subject Mark, instead of registering it himself, and intended to have it assigned to himself soon after. The Registrar took the view that this was because the Respondent wanted to cloak the application with greater legitimacy through closer association, if the application was seen to be made by a company bearing the same "U-LI" reference in its name.

Second, the Respondent knew, at the time of filing the application for the Subject Mark, that the Applicant had registered the Earlier Mark in Class 6. He did nothing about the Applicant's Earlier Mark at that time, even though he should have thought that the Applicant's registration was wrongful. The Respondent, nonetheless, proceeded to register the mark in an alternative Class 9.

Third, the Respondent did not seek to clarify the position of his entitlement to the U-LI mark with the Malaysian Manufacturer. If he truly felt so convinced and confident about his entitlement to the Subject Mark, he would have done so.

- **The fraud and misrepresentation ground (section 23(4) of the TMA)**

The Registrar found that the Applicant failed on this ground.

The Applicant relied on the fact that the Subject Mark was originally registered in the name of "U-LI Impex Pte Ltd", which did not exist at all at the time and therefore was a misrepresentation.



However, the Registrar was of the view that it was clear from the facts that the use of this name was a typographical error that was subsequently corrected. There was no evidence of any intention to mislead the Registrar in accepting the original registration.

Comment

This case is particularly interesting given the Registrar's analysis in finding the Respondent had registered the trade mark in bad faith. It provides useful guidance on the key considerations and evidence required by the hearing tribunal to establish the bad faith ground. In particular, if a party that seeks to register a mark becomes aware that there is a prior registration of the mark, that party should take action immediately to clarify the position, particularly if it believes it has a genuine entitlement to the mark. Depending on the facts, applying for registration of the mark in a different class just to try to circumvent the earlier mark, could indicate in later proceedings that the party did not believe at the time of registration that it had a genuine entitlement to the mark.

IP Week - "Ideas to Assets: Connecting Markets through IP"

Background and Discussion

On 4 September 2018, Second Minister for Finance and Education, Ms. Indranee Rajah S.C. delivered the opening speech at IP Week in Singapore. The event, organised by IPOS with support from the Ministry of Law, discussed issues relating to innovation in the intellectual property space, such as blockchain technology, branding and copyright monetisation.

In her address, Ms. Rajah noted that technology companies are becoming an important factor in the global economy, where they hold intangible assets such as inventions, product designs, customer relationships, database, software and branding. Globally, intangible assets are becoming increasingly valuable. This is particularly evident in Singapore, where a study showed that in 2016, of 900 local companies, more than one-third of their assets were intangibles, representing a 20% increase since 2010.

With Asian companies investing more in innovation, Singapore has strengthened its connectivity to international markets to help these companies expand. In addition to the Comprehensive and Progressive Agreement for Transpacific Partnership (CPTPP), a company's inventions are also protected globally through the initiatives such as the Global Patent Prosecution Highway Programme and the ASEAN Patent Examination Cooperation Programme. Singapore also offers services such as IP management and advisory, IP training, and patent search services.

Ms. Rajah outlined the following schemes that are available for local businesses to take advantage of:



- Grants for Enterprise Development and Market Readiness offered by Enterprise Singapore to internationalise and build new capabilities. Companies can also obtain greater tax breaks for registering new IP rights and licensing payments for commercial use of IP.
- IPOS has signed a Memorandum of Understanding with Llyod's Asia with a view to promoting IP insurance as a strategic tool to help innovative companies manage and mitigate IP litigation expenses.

In addition, Ms. Rajah noted the importance of growing expertise in Science, Technology, Engineering and Maths. Existing professionals are able to upgrade their skills through the SkillsFuture Study Award for the IP sector, launched by IPOS. The IP Academy also offers training courses for professionals and will be collaborating with NUS to develop a joint professional certification in IP and innovation.

In addition, with Singapore increasingly being recognised as a financial hub it is well placed to work with international and local partners to better monetise and finance intangible assets. IPOS and the Singapore Accountancy Commission are collaborating on a joint market study on the valuation of intangible assets, which will be used to develop a framework for companies to use to maximise value in intangible assets.

Comment

With the increase in intangible assets and their value in the global economy, IP rights are an increasingly important consideration in helping companies protect and globalise these assets and their innovations. As a hub for innovation, Singapore is well placed to provide these services, particularly since the government and related organisations, such as IPOS, have and are continuing to put in place measures that benefit innovative companies.

If you would like further information on any of the above initiatives, please do not hesitate to contact one of our lawyers.

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