

Particulars to be Specified in Bad Faith, Fraud and Misrepresentation Allegations (HMG Circular No. 2/2015, dated 25 May 2015)

This circular deals with allegations of bad faith, fraud or misrepresentation in contentious proceedings before the Registrar. It sets out the particulars that an opponent or applicant for declaration of invalidity should include in the statement of grounds.

Statements of grounds filed by opponents or applicants for declaration of invalidity, where such proceedings rely on grounds of bad faith, fraud or misrepresentation, are required to comply with this circular if they are filed after 25 June 2015.

Section 7(6) of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("the Act") reads:

7.— (6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.

Section 23(4) of the Act reads:

23.— (4) The registration of a trade mark may be declared invalid on the ground of fraud in the registration or that the registration was obtained by misrepresentation.

Rule 30(1) of the Trade Marks Rules (Cap 332, 2008 Rev Ed) ("the Rules") reads:

30.— (1) The notice of opposition shall contain a statement of the grounds upon which the opponent opposes the registration.

Rule 57(2) of the Rules reads:

57.— (2) The application shall be accompanied by a statement of the grounds on which the application is made.

A. NEED FOR PARTICULARIZATION

At the pleadings stage, poorly drafted and elliptically worded statements can lead to a lack of clarity of the issues in dispute and to a waste of time and costs for both the parties and the Registrar later on.

The above concern is amplified in claims of bad faith under Section 7(6) or of fraud or misrepresentation under Section 23(4) of the Act, which are serious allegations. As such, they must be fully and properly set out (in the pleadings) and should not be upheld unless they are distinctly proved (through evidence and submissions).

The Registrar will expect an allegation of bad faith, fraud or misrepresentation to be particularized in the statement of grounds. The particularization must be sufficient for the respondent to know the case he has to answer so that the counter-statement response to such allegations can be meaningful. This circular sets out the general guidance to this end and is not intended to be overly technical or prescriptive.

The Registrar would not go so far as to expect the grounds of opposition or invalidation to set out a party's *evidence* of bad faith, fraud or misrepresentation, but an indication of the factual basis for the claim should be given. For instance, where relevant in an allegation of bad faith, there should be an explanation of why an opponent or applicant for invalidation believes that the conduct of the applicant or registered proprietor was dishonest or fell below the normal standards of commercial behaviour, as opposed to a bare assertion of this.

B. EXAMPLES OF SUFFICIENT PARTICULARIZATION

The following are examples where allegations of bad faith / fraud / misrepresentation are sufficiently particularized:

Bad Faith

The applicant is a partnership of which Mr B is a member and uses the Application Mark under licence from Mr B. However, Mr B has not given permission for the application to be made, nor had he any knowledge that it was being made. The making of the application is therefore an act of bad faith and offends under Section 7(6) of the Act.

Bad Faith

The application was made in bad faith under Section 7(6) of the Act because the applicants do not have the bona fide intention to use the trade mark in relation to the full range of goods or services, namely [*items within specification for which there is allegedly no intention of use to be specified*]. On the contrary, the applicants only intended to use the trade mark on [*state goods or services*], as declared in their statutory declaration in earlier proceedings.

Fraud

The registered proprietor had obtained the trade mark registration by fraud in that they claimed to be the proprietors of the mark when in fact they were simply the sole agents for products sold under the mark and manufactured in [*country*]. The Registrar of Trade Marks had initially objected to the application, whereupon the registered proprietor filed a Statutory Declaration which did not accurately state the facts and contained, at best, half-truths designed to portray the picture that the respondents were the proprietors of the mark. The Registrar registered the mark on the strength of the Statutory Declaration. The registration of the mark should therefore be declared invalid under Section 23(4) of the Act.

Fraud

The Applicants for Invalidation aver that there is a serious issue of fraud in relation to the registration of the trade mark (with Chinese characters) because there was an endorsement by the Proprietors that the mark (including the Chinese characters) had no meaning whereas it actually meant "[*meaning*]", which is directly descriptive of the goods claimed. The registration of the mark should accordingly be declared invalid under Section 23(4) of the Act.

Misrepresentation

Under Clause [x] of the Contract between the registered proprietor and the applicant, the registered proprietor was to refrain from using or registering the Subject Mark in Territory A (which included Singapore) in relation to any and all goods. Despite his contractual obligations, the registered proprietor has surreptitiously registered the Subject Mark in his own name in Singapore. The registered proprietor had misrepresented to the Registrar that they were entitled to register the Subject Mark when they were prohibited by the Contract from doing so. The registration of the Subject Mark should therefore be declared invalid under Section 23(4) of the Act.

C. EXAMPLES OF INSUFFICIENT PARTICULARIZATION

The following are examples where allegations of bad faith / fraud / misrepresentation are not sufficiently particularized:

The Application Mark is confusingly similar to our earlier trade marks. As such, the application for registration was made in bad faith and should not be allowed under Section 7(6) of the Act.

For the foregoing reasons, the Registered Proprietor is not entitled to the Registered Mark, which is confusingly similar to our earlier trade marks. As such, the application for registration was made in bad faith and/or there was fraud or misrepresentation in obtaining the registration because the Registered Proprietor held himself out to the Registrar as the rightful owner.

D. CONSEQUENCES OF INSUFFICIENT PARTICULARIZATION

This deficiency will typically be raised at a case management conference after the close of pleadings. If the parties are not in negotiations, the opponent or applicant

for declaration of invalidity will need to amend the pleadings to particularize the allegation of bad faith, fraud or misrepresentation. Otherwise, Rule 30(1) and/or Rule 57(2) would not have been complied with; and the opponent or applicant for declaration of invalidity cannot rely on Section 7(6) or Section 23(4) in the proceedings.

After the opponent or applicant for declaration of invalidity amends the statement of grounds, the respondent (applicant for registration or registered proprietor) may make consequential amendments to the counter-statement, the costs of which will typically be borne by the opponent or applicant for declaration of invalidity.

In view of the additional time and costs involved, opponents and applicants for declaration of invalidity are well advised to ensure that, if they allege bad faith, fraud or misrepresentation, such claims are particularized at the outset when proceedings are instituted.