

**IN THE HEARINGS AND MEDIATION DIVISION OF
THE INTELLECTUAL PROPERTY OFFICE OF SINGAPORE
REPUBLIC OF SINGAPORE**

Trade Mark Registration No. T0514132D
30 April 2010

IN THE MATTER OF A TRADE MARK REGISTRATION BY

SUBAIR SYSTEMS ASIA LIMITED

AND

INVALIDATION THEREOF BY

SUBAIR SYSTEMS, LLC

Hearing Officer: Ms See Tho Sok Yee
Principal Assistant Registrar

Cur Adv Vult

GROUNDINGS OF DECISION

1 The Registered Proprietors, SubAir Systems Asia Limited (“SS Asia Limited” from 25 October 2007), registered the trade mark “SubAir & device” (“the Registered Mark”) on 29 July 2005 under Trade Mark No. T0514132D in Class 7 in respect of “Portable soil aerating machines, air suction machines, drainage machines, and components and parts therefore” (*sic*).

2 The Registered Mark comprises a green circular device with a stylised “S” and the word “SubAir” to its right as shown below:



3 The Applicants, SubAir Systems, LLC, filed an application for a declaration of invalidity against the Registered Mark on 30 April 2008. The Registered Proprietors did not file any Counter-Statement in response. After their agents discharged themselves, the Registered Proprietors also did not update a local address for service within 2 months from a formal Registrar's notice directing them to do so. Hence, under Rule 9(6)(c) of the Trade Marks Rules (Cap 332, 2008 Rev Ed) ("the Rules"), the Registered Proprietors were not permitted to take part in the proceedings relating to this invalidation. In accordance with procedure, it then fell on the Applicants to file evidence in support of the application and they did so on 3 February 2010. A hearing was fixed for 30 April 2010 but the Applicants informed the Registrar in writing that due to the economic downturn and cost constraints, they could not attend the hearing nor file written submissions, instead requesting a decision based on the pleadings and evidence. The Applicants subsequently amended their grounds of invalidation on 16 April 2010, to clarify the grounds they are pursuing.

Grounds of Invalidation

4 The Applicants' grounds of invalidation are founded on Section 23(4); Section 23(1) read with Section 7(6); Section 23(3)(b) read with Section 8(7)(b); Section 23(3)(b) read with Section 8(7)(a); and Section 23(3)(a)(iii) read with Section 8(4); all being provisions of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("the Act").

Applicants' Evidence

5 The Applicants' Statutory Declaration ("Applicant's SD") was executed by their Chief Executive Officer, Michael E. Corwon, on 25 January 2010. The Applicants' SD sets out the history and nature of their business, their trade marks and the use thereof, and, significantly, a sale and licence agreement between the Applicants and the Registered Proprietors.

Registered Proprietors' Evidence

6 The Registered Proprietors did not file nor serve any evidence in support of their registration in accordance with Rule 33(1) and (2) of the Rules.

7 Therefore, Rule 59(2)(d) read with Rule 33(3) operates such that the Registered Proprietors are deemed to admit "to the facts alleged by the applicant in his application for ... a declaration of invalidity of the registration."

8 Applying the above deeming provision to the facts of this case, it is not in dispute, among other things, that the parties entered into a Sale and Licence Agreement exhibited as "MC5" of the Applicants' SD.

Applicable Law and Burden of Proof

9 As referred to above, the applicable law is the Trade Marks Act (Cap 332, 2005 Rev Ed) and Trade Marks Rules (Cap 332, 2008 Rev Ed). In addition, as the Applicants rely on Section 8(7)(b) of the Act relating to copyright law, the Copyright Act (Cap 63, 2006 Rev Ed) (“Copyright Act”) is also applicable.

10 The undisputed burden of proof in an application for declaration of invalidation under the Act falls on the Applicants.

Background

11 The Applicants were set up in 1995 as SubAir Inc. in the United States of America. SubAir Inc. was later purchased by a group of investors and reorganised as SubAir Systems, LLC in August 2002.

12 The Applicants are a global leader and specialist in subsurface aeration technology, maintenance and promotion of the well being of greens and turf. They manufacture and provide goods and services for treating and maintaining greens and turf, particularly at golf courses and sports facilities. They have worldwide custom, for example in Hong Kong where they were responsible for installations at a horse track; and in Japan where they worked on golf courses.

13 The Applicants’ evidence is that they own the registration rights and goodwill in marks containing or comprising the word “SUBAIR” and/or the device “” (“SubAir Marks”). The SubAir Marks have been used continuously and extensively for a substantial period of time on goods and services related to subsurface aeration technology in numerous countries around the world. The Applicants sell their goods and services throughout the world directly and through distributorship and agency channels.

14 In Asia, the Applicants’ goods and services have been sold since before 2002, the year where there was a corporate reorganisation.

15 The Applicants’ annual sales figures are as follows:

	Worldwide (USD)	Singapore (USD)
2004	1,200,000	38,000
2005	2,100,000	400,000
2006	4,500,000	-
2007	4,980,000	-
2008	8,170,000	-

16 The Applicants' advertising and promotion expenditure in relation to the SubAir Marks are as follows:

	Worldwide (USD)
2004	90,000
2005	101,000
2006	120,000
2007	357,332
2008	579,218

17 The Applicants have registered or applied to register the SubAir Marks in several countries / territories, including the United States of America, Europe (Community Trade Mark), South Korea, Malaysia, Indonesia, Australia, China and South Africa. The SubAir Marks are variously registered in Classes 7, 11 and 37.

18 The Registered Proprietors are a limited liability company incorporated in Hong Kong. In 2004, the Registered Proprietors approached the Applicants with a business proposition. The upshot of it was that the parties entered into a Sale and Licence Agreement ("the Agreement") which took effect from 1 October 2004.

19 One of the key issues in the present case is whether, at the application date of 29 July 2005, the Agreement still subsisted.

20 The Applicant's SD states at Paragraph 32 that "Due to the Applicant's (*sic*) defaults and continual non-compliance with the terms of the Agreement, the Agreement was terminated." However, the exact date and other details of the Agreement's termination were not admitted in evidence. Section 14.2(a) of the Agreement does allow either party to terminate the Agreement prior to the expiry of the initial term by prior written notice to the other party, if the other party breaches any material term or condition of the Agreement and fails to cure that breach within thirty (30) days after receiving the non-breaching party's written notice stating the nature of the breach and his intent to terminate. Paragraph 32 of the Applicant's SD refers to Exhibit "MC9" but the contents therein are equivocal. The document, a letter dated 17 October 2007 from the Applicants' attorneys in Texas, USA to the Registered Proprietors' Hong Kong lawyers, is equivocal in that it did not expressly terminate the Agreement. The relevant paragraph reads:

As you are aware, we have notified you and Asia (*as the Registered Proprietors are referred to*) of Asia's defaults under, and continual non-compliance with, both the License Agreement and the SH Agreement. As of this date, we have obviously made little or no progress toward resolving the ongoing issues between USA (*as the Applicants are referred to*) and Asia. This lack of progress leads us to believe that an expeditious and amicable resolution of the matters at hand is unlikely. Accordingly, USA has no choice but to explore any and all remedies available to USA as a result of Asia's defaults and non-compliance. (*italicised words in parenthesis added*)

21 Paragraph 33 of the Applicants' SD states that pursuant to the termination of the Agreement and the cessation of all business relationship between the Applicants and the Registered Proprietors, the latter changed their name to SS Asia Limited on 25 October 2007. This statement was supported by a copy of an extract from the Hong Kong Companies Registry exhibited as "MC10" showing that an entity incorporated on 28 July 2004 and formerly known as SubAir Systems Asia Limited has changed its name to SS Asia Limited with effect from 25 October 2007. The change in name is consistent with the Agreement having been terminated, but is not in itself a concluding factor.

22 Notwithstanding the unsatisfactory evidence on when the Agreement was terminated, which has a bearing on whether the Agreement subsisted on the application date of 29 July 2005, I am, however, satisfied that the Agreement was more probably than not still subsisting on the crucial date. When the Registered Mark was registered on 29 July 2005, the Applicants were still unaware of its existence. Paragraph 24 of the Applicants' SD states that on or about July 2006, it came to the Applicants' attention that the Registered Proprietors had, without the Applicants' permission, registered and/or applied for registration of the SubAir Marks in the Registered Proprietors' name in Singapore. In fact, on 29 July 2005, the Registered Proprietors had filed a total of nine trade mark applications for various SubAir Marks in Classes 7, 11 and 37. All those applications that were accepted and published in 2006 by the Registry of Trade Marks were opposed by the Applicants (who, incidentally, did not defend the applications against the oppositions). However, one application, which was published earlier in 2005, was unopposed and therefore registered. This registration is the subject of the present invalidation action. The Applicants' lawyers wrote to the Registered Proprietors on 24 July 2006 seeking the assignment of the one registration and eight pending applications to the Applicants. The Registered Proprietors' Singapore lawyers then replied on 31 August 2006. The contents of the latter reply indicated that the Registered Proprietors intended to discuss with the Applicants how the Singapore trade marks should be handled, as part of a package of business issues that have arisen which were already the subject of discussions between the parties. To my mind, this demonstrates that the parties were still negotiating in 2006 and their relationship had not come to a point where the Agreement had to be terminated prior to the expiry date on 31 December 2009. From the content of the parties' correspondence in Exhibit "MC9" of the Applicants' SD, one deduces that it was only in 2007 that the relationship deteriorated and there was no satisfactory resolution of the issues that had been the subject of discussions. Whether or not the Agreement was ever formally terminated before the expiry date of 31 December 2009 is another issue, but for present purposes, I am persuaded that the Agreement subsisted at the relevant date, namely 29 July 2005.

23 In the treatment of the relevant grounds of invalidation, therefore, I will refer substantially to the Agreement which governs the parties' obligations to each other as on 29 July 2005.

MAIN DECISION

Ground of invalidation under Section 23(4)

24 Section 23(4) of the Act reads:

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.

Applicants' pleading

25 The Applicants plead that the Registered Proprietors obtained the registration by misrepresentation. In the Agreement, the Registered Proprietors acknowledged that the Applicants' marks, including the Registered Mark, are solely owned by the Applicants. It was also under the Agreement that the Registered Proprietors obtained a licence to use the Applicant's marks, including the Registered Mark. Further, under the Agreement, the Registered Proprietors were not to register any of the Applicant's marks.

26 Therefore, in registering the Registered Mark, the Registered Proprietors have misrepresented the true ownership and/or entitlement to use to the exclusion of others, even the true owner, namely the Applicants.

27 Alternatively, the Applicants allege that the manufacture and/or use of the Registered Mark on "Portable soil aerating machines, air suction machines, drainage machines, and components and parts therefore" (*sic*) are outside the confines of the Registered Proprietors' permitted business activities under the Agreement.

Decision on Section 23(4)

28 It is to be noted at the outset that Section 23(4) has two alternative elements, fraud and misrepresentation. The Applicants have not pleaded that there was fraud, but rather misrepresentation, on the part of the Registered Proprietors, in obtaining registration for T0514132D. The Applicants did not file written submissions and did not refer to any case authorities on "misrepresentation" under Section 23(4) of the Act.

29 However, *Weir Warman Ltd v Research & Development Pty Ltd* [2007] 2 SLR(R) 1073 ("*Weir Warman*") offers some guidance in principle, although it was in respect of both fraud and misrepresentation. At [92] of this Court of Appeal decision, Rajah JA summarised that the two elements required are (1) untrue representation; and (2) consequential reliance:

Both these cases involve some form of *untrue* representation and the consequential reliance on that representation by the Registrar of Trade Marks in accepting the registrant's application.

30 The two cases referred to by Rajah JA above are *National Dairies Ltd v Xie Chun Trading Pte Ltd* [1997] 2 SLR(R) 969 (“*National Dairies*”) and *Yomeishu Seizo Co Ltd v Sinma Medical Products (S) Pte Ltd* [1991] 1 SLR(R) 246 (“*Yomeishu*”).

31 In *National Dairies*, it was held that the registered proprietor had obtained 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 Australia. The Registrar of Trade Marks had initially objected to the application; the registered proprietor then 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*” ([29] of *National Dairies*) and the Registrar registered the mark on the strength of the Statutory Declaration.

32 In *Yomeishu*, there was a serious issue of fraud in relation to the registration of the trade mark “Yomeishu” together with Chinese characters because there was an endorsement that the mark had no meaning whereas it actually meant “the kind of wine that is tonic, nourishing and good for health”.

33 To succeed under Section 23(4) here, the Applicants have to first show that the Registered Proprietors have made “some form of *untrue* representation”. What is the untrue representation in the present case? The Applicants say that there are two. First, the Registered Proprietors have misrepresented the true ownership and/or entitlement to use to the exclusion of others, even the true owner, namely the Applicants. Second, the Registered Proprietors have misrepresented that the manufacture and/or use of the Registered Mark on “Portable soil aerating machines, air suction machines, drainage machines, and components and parts therefore” (*sic*) are within the confines of the Registered Proprietors’ permitted business activities under the Agreement.

34 With regard to the first alleged misrepresentation, [93] of *Weir Warman*, it was found that:

In the present case, there was no untrue representation on the part of the defendant – the defendant represented that it had the right to register the “Warman” mark in Singapore, and it does indeed have such right.

35 On the facts discernible from the written decision in *Weir Warman*, there is a suggestion between the lines that the mere making of an application to register a trade mark entails an implied representation to the Registrar that an applicant had the right to do so. If an applicant did not have the right to make an application to register a trade mark, and still did so, such act would amount to a “form of *untrue* representation”. On the facts of *Weir Warman*, the defendant has equal right as the plaintiff to register the mark in dispute and hence, there was no misrepresentation. In the present case, Section 3.2 of the Agreement provides, *inter alia*, that:

At no time during or after the term of this Agreement shall SA Asia (*as the Registered Proprietors are referred to in the Agreement*) challenge or assist

others in challenging the Technology or the registration thereof or attempt to register any Technology, including any trademarks, servicemarks, marks or trade names confusingly similar to the SubAir Marks. (*italicised words in parenthesis added*)

36 It is clear from the above that the Registered Proprietors were prohibited from registering the Registered Mark. Yet, they have impliedly misrepresented to the Registrar that they were entitled to register the Registered Mark by filing trade mark application T0514132D on 29 July 2005.

37 With regard to the second alleged misrepresentation, Section 2.1 of the Agreement provides, *inter alia*, that:

SubAir (*as the Applicants are referred to in the Agreement*) will sell Equipment, Products and Parts to SA Asia (*as the Registered Proprietors are referred to in the Agreement*) for use and implementation in the SA Asia Business within the Territory for those prices set forth on the Price Lists... (*italicised words in parenthesis added*)

Section 1 of the Agreement defines “Equipment”, “Products” and “Parts” as follows:

“*Equipment*” – That machinery, equipment, computer hardware, tools, goods, and testing equipment sold by SubAir, as such Equipment may be added to or abandoned by SubAir in SubAir’s sole discretion from time to time during the term of this Agreement

“*Products*” – Those products listed in Exhibit E attached hereto, as such Products may be added to or abandoned by SubAir in SubAir’s sole discretion from time to time during the term of this Agreement

“*Parts*” – Any and all parts and related items heretofore or hereafter sold by SubAir, including those parts and other items listed on Exhibit B attached hereto

However, Exhibits B and E both state:

The units for Asia must be customized to accommodate a different power requirement than in effect for the United States. This Exhibit, therefore, will not be provided until the re-design is finalized.

The preamble defines “SA Asia Business” as follows:

... the business of physically constructing, rehabilitating and/or remediating golf courses and/or sports fields within the Territory... which for the avoidance of doubt shall include the project management or any of the foregoing activities, but shall exclude the product management of activities outside the scope of the

foregoing such as construction of club houses or the day-to-day operational management of golf courses.

Exhibit H of the Agreement defines “Territory” as follows:

People’s Republic of China, Japan, Korea, Singapore, Malaysia, Indonesia, Vietnam, Thailand, Burma, Australia, New Zealand, Dubai, Kuwait, Saudi Arabia, Oman, Qatar, United Arab Emirates, and Bahrain.

38 From the above, it is not clear whether the Equipment, Products and Parts that the Applicants were to sell the Registered Proprietors, and which the latter were to use, under Section 2.1 of the Agreement include “Portable soil aerating machines, air suction machines, drainage machines, and components and parts therefore” (*sic*) to which the Registered Mark is applied. If they do, then it could be said that, at least, there is no misrepresentation that the Registered Proprietors are entitled to use the aforementioned goods bearing the Registered Mark, albeit under the parameters of Section 2.1 of the Agreement. In the absence of better evidence and submissions, no finding is made on this second allegation of misrepresentation.

39 As the Registered Proprietors have misrepresented to the Registrar that they were entitled to register the Registered Mark when they were prohibited by the Agreement from doing so, I find that the Applicants succeed under Section 23(4) in this invalidation action.

Ground of invalidation under Section 23(1) read with Section 7(6)

40 Section 23(1) of the Act reads:

The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 7.

Section 7(6) of the Act reads:

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

Applicants’ pleading

41 The Applicants plead that the Registered Proprietors filed the application to register the Registered Mark in bad faith. In the Agreement, the Registered Proprietors acknowledged that the Applicants’ marks, including the Registered Mark, are solely owned by the Applicants. It was also under the Agreement that the Registered Proprietors obtained a licence to use the Applicant’s marks, including the Registered Mark. The manufacture and/or use of the Registered Mark on the goods claimed is beyond what the Registered Proprietors were licensed to do under the Agreement.

Further, under the Agreement, the Registered Proprietors were not to register any of the Applicant's marks.

Decision on Section 7(6)

42 The Singapore Court of Appeal has authoritatively concurred with and applied the test for determining bad faith as enunciated by the English Court of Appeal. The recent decision in *Valentino Globe BV v Pacific Rim Industries Inc* [2010] SGCA 14 (“*Valentino*”), at [29], refers to *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd and another and another appeal* [2009] 2 SLR(R) 814 (“*Wing Joo Loong*”) as follows:

In *Wing Joo Loong*, this court observed at [105] that “[t]he test for determining the presence of bad faith, in the context of the English Trade Marks Act, was settled by the English Court of Appeal” [emphasis in original]. It would be useful to set out in full the observations of this court at [105]–[106] which are as follows:

105 The test for determining the presence of bad faith, in the context of the English Trade Marks Act, was settled by the English Court of Appeal in *Harrison v Teton Valley Trading Co Ltd* [2004] 1WLR 2577, where Sir William Aldous, with whom Arden and Pill LJJ agreed, expressed the test as follows (at [26]):

The words ‘bad faith’ suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as [being] in bad faith by persons adopting proper standards.

This test, which was referred to by Sir Aldous (*id* at [25]) as the “combined” test of bad faith, contains both a subjective element (*viz*, what the particular applicant knows) and an objective element (*viz*, what ordinary persons adopting proper standards would think).

106 Recently, this combined test of bad faith was succinctly explained in *Ajit Weekly Trade Mark* [2006] RPC 25 as follows (at [35] and [41]):

35 ... Bad faith is to be judged according to the combined test of dishonesty for accessory liability [for] breach of trust set out by the majority of the House of Lords in *Twinsectra Ltd v Yardley* [2002] 2 A.C. 164, with *Gromax Plasticulture* [(103) *supra*] ... providing the appropriate standard namely, acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined.

...
41 ... [T]he upshot of the Privy [Council's] decision in [*Barlow Clowes International Ltd v Eurotrust International Ltd* [2006] 1 WLR 1476] is: (a) to confirm the House of Lords' test for dishonesty applied in *Twinsectra*, i.e. the combined test; and (b) to resolve any ambiguity in the majority of their Lordships' statement of that test by making it clear that an enquiry into a defendant's views as regards normal standards of honesty is not part of the test. The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant's conduct is dishonest judged by ordinary standards of honest people, the defendant's own standards of honesty being irrelevant to the objective element...

This court in *Wing Joo Loong* then applied at [107]–[117] the combined test of bad faith which, to reiterate, contains both a subjective element (*viz*, what the particular applicant knows) and an objective element (*viz*, what ordinary persons adopting proper standards would think). It is therefore apparent to us that bad faith as a concept is context-dependent. In the final analysis, whether bad faith exists or not hinges on the specific factual matrix of each case.

43 In the present case, we do not have to look too far to find that the Registered Proprietors have indeed acted in bad faith when filing the application to register the Registered Mark in 29 July 2005.

44 Section 3.2 of the Agreement provides, *inter alia*, that:

At no time during or after the term of this Agreement shall SA Asia (*as the Registered Proprietors are referred to in the Agreement*) challenge or assist others in challenging the Technology or the registration thereof or attempt to register any Technology, including any trademarks, servicemarks, marks or trade names confusingly similar to the SubAir Marks. (*italicised words in parenthesis added*)

Section 1 of the Agreement defines “SubAir Marks” and “Technology” as follows:

“*SubAir Marks*” – Those trademarks, tradenames and servicemarks owned solely by, and formally and properly registered in the name of, SubAir (*as the Applicants are referred to in the Agreement*) as listed in Exhibit F attached hereto. (*italicised words in parenthesis added*)

“*Technology*” – Tangible and intangible assets owned solely by SubAir which include: (1) the SubAir Marks, (2) technologies, methods, formulations, data bases, trade secrets, know-how, inventions and other intellectual property owned

solely by, and formally and properly registered in the name of SubAir, and (3) computer software.

Exhibit F of the Agreement lists the SubAir Marks as:

SubAir, SubAir logo, SubAir Systems, SubAir Elite, Elite Aeration System, SubAir Pro, Pro Aeration System, AirForce One, AF1, Distributed Separator, Dual Valve, Diverter, Wye Fitting, AC-6 Valve, SV-4 Gate Valve, SV-6 Gate Valve.

45 As set out above, the Agreement prohibits the Registered Proprietors from “attempt(ing) to register any Technology, including any trademarks, servicemarks, marks or trade names confusingly similar to the SubAir Marks.” The SubAir Marks defined in the Agreement include the word “SubAir” and the “SubAir logo”, though there is no visual representation of the latter in Exhibit F of the Agreement. It is interesting,

however, that there is a representation of the logo “” next to the word “SubAir” on the price lists at Exhibit C of the Agreement.

46 Nevertheless, even using only the word “SubAir”, which is defined in the Agreement as part of the SubAir Marks, as a basis for comparison with the Registered

Mark , I find that the latter is “confusingly similar” to the former. The Registered Proprietor has (successfully) attempted to register the Registered Mark in breach of Section 3.2 of the Agreement.

47 I refer to the principles of bad faith set out in *Valentino* above, which make clear that there is a subjective element and an objective element in an inquiry of bad faith. For the subjective element, one considers what the Registered Proprietors know. For the objective element, one considers what ordinary persons adopting proper standards would think.

48 Here, the Registered Proprietors must have known of the terms of the Agreement to which they are a party. In particular, they must have known that they were not entitled to register the Registered Mark in view of the specific prohibition in Section 3.2 of the Agreement. They must also have known that the Applicants owned the rights to the defined “Technology” in the Agreement. (Although the definition of “SubAir Marks” is rather narrow – they only comprise such marks that are “formally and properly registered in the name of” the Applicants and listed in Exhibit F – such that the Registered Mark is not within these parameters because it is not “formally and properly registered in the name of” the Applicants, the definition of “Technology” is wider and non-exhaustive and could include such marks which are not “formally and properly registered” in the Applicants’ name, e.g. unregistered trade mark rights.) That is the subjective element.

49 One then inquires what ordinary persons adopting proper standards would think of the Registered Proprietors' act of applying to register the Registered Mark with the subjective knowledge described above.

50 The Court of Appeal in *Weir Warman* opined at [49] that:

It appears to me to be an incontrovertible proposition that if a registrant of a trade mark has proprietorship of that trade mark, or at the very least, the *right to register* that trade mark, then such registration of the trade mark should fall well within the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular trade. Conversely, where it can be shown that the applicant knew of an *exclusive* proprietary right of *another* in relation to the trade mark it seeks to furtively register, then any such registration would, almost invariably, quite clearly fall short of the relevant standards.

51 In the present case, clearly on the face of the Agreement, the Registered Proprietors did not have “the *right to register*” the Registered Mark. Conversely, the Agreement recognised that the Applicants have the legal rights to the “Technology” and the SubAir Marks (which includes the word “SubAir” and the SubAir logo per Exhibit F of the Agreement) and the Registered Proprietors were only licensed to use the SubAir Marks in a specific, limited way.

52 As such, the Registered Proprietors' act of applying to register the Registered Mark falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the trade. They have acted in bad faith, and the ground of invalidation under Section 7(6) succeeds.

Ground of invalidation under Section 23(3)(b) read with Section 8(7)(b)

53 Section 23(3)(b) of the Act reads:

(3) The registration of a trade mark may be declared invalid on the ground —
...
(b) that there is an earlier right in relation to which the condition set out in section 8 (7) is satisfied,
unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

Section 8(7)(b) of the Act reads:

A trade mark shall not be registered if, or to the extent that, its use in Singapore is liable to be prevented —
...
(b) by virtue of an earlier right other than those referred to in subsections (1), (2) and (3) or paragraph (a), in particular by virtue of the law of copyright or any law with regard to the protection of designs.

54 It is also pertinent to set out Sections 31(1) and 26(1)(b) of the Copyright Act on which the Applicants rely:

Infringement by doing acts comprised in copyright

31. —(1) Subject to the provisions of this Act, the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, not being the owner of the copyright, and without the licence of the owner of the copyright, does in Singapore, or authorises the doing in Singapore of, any act comprised in the copyright.

Nature of copyright in original works

26. —(1) For the purposes of this Act, unless the contrary intention appears, copyright, in relation to a work, is the exclusive right —

...

(b) in the case of an artistic work, to do all or any of the following acts:

(i) to reproduce the work in a material form;

(ii) to publish the work in Singapore or any country in relation to which this Act applies, if the work is unpublished;

(iii) to communicate the work to the public; and

(c) ...

Applicants' pleading

55 The Applicants plead that they own the copyright in the SubAir device “”. Therefore, use by the Registered Proprietors, except such as is in accordance with the Agreement during the subsistence of the Agreement, is prohibited / liable to be prevented by virtue of the law of copyright, in particular Sections 31(1) and 26(1)(b).

56 The Applicants points out that the Registered Proprietors have not put in issue the subsistence in copyright in the artistic work of in the SubAir device “” nor the Applicants' ownership thereof. As such, these two issues can be presumed under Section 130 of the Copyright Act.

Decision on Section 8(7)(b)

57 To succeed under this ground, the Applicants must establish that the use of the Registered Mark in Singapore is liable to be prevented by virtue of the law of copyright.

58 Leaving aside the fundamental issues of copyright infringement such as ownership of copyright, protection in Singapore of copyright in a work made outside Singapore and so on, which are not in dispute and are in any case presumed under Rule 59(2)(d), I

would focus on the evidence surrounding the Registered Proprietors' position on the application date of 29 July 2005.

59 I have, earlier on at [22], found that the Agreement subsisted at the relevant date, namely 29 July 2005. Thus, while in general the ground of copyright infringement under Section 8(7)(b) of the Act would be examined notionally, especially if the trade mark applicant has not actually reproduced the mark yet, it is impossible for me to ignore the Agreement that governs the parties' mutual rights and obligations in the present case.

60 The Agreement states at Section 3.1:

3.1 License

Subject to the terms and conditions of this Agreement, SubAir (*as the Applicants are referred to in the Agreement*) grants to SA Asia (*as the Registered Proprietors are referred to in the Agreement*) a non-transferable, revocable license, without right of sublicense, to use the Technology in the Territory solely in connection with the sale, distribution and advertisement of the Equipment, Products and Parts. SA Asia shall not use the Technology except as expressly permitted herein. (*italicised words in parenthesis added*)

61 The definition of "Technology" is as set out at [44] above. It is non-exhaustive and essentially refers to "tangible and intangible assets owned solely" by the Applicants.

While copyright in the SubAir device "" is not expressly referred to, in the absence of evidence or submissions to the contrary by the Registered Proprietors, I am satisfied for the purposes of this invalidation that such copyright is included within the non-exhaustive definition of "Technology".

62 The Applicants have not adduced evidence to show that the Registered Proprietors acted contrary to the Agreement vis-à-vis the actual use of the SubAir Marks (as to amount to copyright infringement) as on the application date of 29 July 2005. At the material time, there is no evidence that the Registered Proprietors applied the Applicants'

SubAir device "" on "Portable soil aerating machines, air suction machines, drainage machines, and components and parts therefore" (*sic*) that did not emanate from the Applicants. Rather, it appears that the Applicants' concern is that the Registered Proprietors will use the Registered Mark on the goods claimed *after* the termination of the Agreement. This is suggested in the specific formulation of the Applicants' plea at [57] above, using the phrase "except such as is in accordance with the Agreement during the subsistence of the Agreement". In the absence of written submissions, the Applicants' position and arguments are not clearly articulated. However, in any case, if I am correct on the Applicants' line of reasoning, it only deals with a period of time *after* the critical date, 29 July 2005.

63 Hence, I am not persuaded on a balance of probabilities that as on 29 July 2005, the use of the SubAir device “” in Singapore is liable to be prevented by virtue of the law of copyright.

64 In the circumstances, the Applicants do not succeed in their claim under Section 8(7)(b) in this invalidation.

Ground of invalidation under Section 23(3)(b) read with Section 8(7)(a)

65 Section 23(3)(b) of the Act reads:

- (3) The registration of a trade mark may be declared invalid on the ground —
...
(b) that there is an earlier right in relation to which the condition set out in section 8(7) is satisfied,
unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

Section 8(7)(a) of the Act reads:

- A trade mark shall not be registered if, or to the extent that, its use in Singapore is liable to be prevented —
(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade

Applicants’ pleading

66 The Applicants plead that “use of the Registered Mark in Singapore by the Registrant except such use as is in accordance with the Agreement during the subsistence of the Agreement is prohibited / liable to be prevented by virtue of the law of passing off”.

Decision on Section 8(7)(a)

67 The test for passing off is well established and ***Reckitt & Colman Products Ltd v Borden Inc*** [1990] WLR 341 sets out the elements of passing off as follows:

- (i) goodwill attached to the goods or services which the plaintiff supplies, in the mind of the purchasing public by association with the identifying get-up under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services

- (ii) misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by him are those of the plaintiff
- (iii) damage that the plaintiff is likely to suffer by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

68 The first question, then, is whether the Applicants have established goodwill in the Registered Mark in Singapore. The evidence of use is general and very little is specific to Singapore. The most direct evidence pertaining to use in Singapore are the sales figures set out at [15] in 2004 and 2005 but these are not sufficient in the absence of more information on the use of the Registered Mark specifically in Singapore. How and where was the Registered Mark used specifically in Singapore? It is trite law that under the law of passing off, the goodwill that needs to be established is tied to a location – in the present case, Singapore. It may well be that the Applicants enjoy goodwill in the Registered Mark in other parts of the world, but in the absence of further and better evidence, I am unable to find that the Applicants have such goodwill in Singapore based on the evidence that has been filed.

69 Regarding the second element of misrepresentation, I again refer to Section 3.1 of the Agreement. This has been set out at [60] above, where Section 8(7)(b) was under consideration. The same reasoning applies here under Section 8(7)(a). The Agreement confers limited rights of use on the Registered Proprietors. The Applicants have not shown on a balance of probabilities that the Registered Proprietors have breached their obligations under the Agreement such that there is an impact on a finding of passing off, or otherwise misrepresented the origin of the goods and service provided, as on the material date of 29 July 2005. The Applicants' use of the phrase "except such use as is in accordance with the Agreement during the subsistence of the Agreement" in their plea at [66] above reinforces the point that their concern does not so much pertain to a time when the Agreement subsisted and the Registered Proprietors did not breach its provisions, but to a later time when such the Agreement no longer subsisted and the latter did not enjoy any more licence to use the Registered Mark. However, the material date is 29 July 2005, at a time when the Agreement subsisted and the Registered Proprietors have not been shown, on a balance of probabilities, to have used the Registered Mark other than as permitted under the Agreement.

70 Thus, the Applicants have not demonstrated that there is likely to be or that there has been misrepresentation by the Registered Proprietors on 29 July 2005.

71 By the same token, the Applicants have not made out the third element of damage under passing off.

72 In view of the foregoing, the ground of invalidation under Section 8(7)(b) fails.

Ground of invalidation under Section 23(3)(a)(iii) read with Section 8(4)

73 Section 23(3)(a)(iii) of the Act reads:

The registration of a trade mark may be declared invalid on the ground —
(a) that there is an earlier trade mark in relation to which —

...

(iii) where the trade mark has been registered pursuant to an application for registration of the trade mark made on or after 1st July 2004, the conditions set out in section 8(4) apply

...

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

Section 8(4) of the Act reads:

Subject to subsection (5), where an application for registration of a trade mark is made on or after 1st July 2004, if the whole or an essential part of the trade mark is identical with or similar to an earlier trade mark, the later trade mark shall not be registered if —

(a) the earlier trade mark is well known in Singapore; and

(b) use of the later trade mark in relation to the goods or services for which the later trade mark is sought to be registered —

(i) would indicate a connection between those goods or services and the proprietor of the earlier trade mark, and is likely to damage the interests of the proprietor of the earlier trade mark; or

(ii) if the earlier trade mark is well known to the public at large in Singapore—

(A) would cause dilution in an unfair manner of the distinctive character of the earlier trade mark; or

(B) would take unfair advantage of the distinctive character of the earlier trade mark.

Section 2(1) defines “earlier trade mark” as:

(a) a registered trade mark or an international trade mark (Singapore), the application for registration of which was made earlier than the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks; or

(b) a trade mark which, *at the date of application* for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was a well known trade mark, and includes a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of paragraph (a) subject to its being so registered

(italicis added)

Section 2(1) defines “well known trade mark” as:

- (a) any registered trade mark that is well known in Singapore; or
- (b) any unregistered trade mark that is well known in Singapore and that belongs to a person who —
 - (i) is a national of a Convention country; or
 - (ii) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country,whether or not that person carries on business, or has any goodwill, in Singapore

Sections 2(7) and (8) are pertinent to a consideration of whether a trade mark is well known in Singapore. They are set out below:

- (7) Subject to subsection (8), in deciding, for the purposes of this Act, whether a trade mark is well known in Singapore, it shall be relevant to take into account any matter from which it may be inferred that the trade mark is well known, including such of the following matters as may be relevant:
 - (a) the degree to which the trade mark is known to or recognised by any relevant sector of the public in Singapore;
 - (b) the duration, extent and geographical area of —
 - (i) any use of the trade mark; or
 - (ii) any promotion of the trade mark, including any advertising of, any publicity given to, or any presentation at any fair or exhibition of, the goods or services to which the trade mark is applied;
 - (c) any registration or application for the registration of the trade mark in any country or territory in which the trade mark is used or recognised, and the duration of such registration or application;
 - (d) any successful enforcement of any right in the trade mark in any country or territory, and the extent to which the trade mark was recognised as well known by the competent authorities of that country or territory;
 - (e) any value associated with the trade mark.
- (8) Where it is determined that a trade mark is well known to any relevant sector of the public in Singapore, the trade mark shall be deemed to be well known in Singapore.

Applicants’ pleading

74 The Applicants did not make a detailed pleading under this ground. In the grounds of invalidation, it was simply asserted that “the conditions set out in section 8(4) of the Act apply and the Subject Registration should accordingly be declared invalid in accordance with Section 23(3)(a)(iii)”.

Decision on Section 8(4)

75 Before a case under this ground is made out, the Applicants should establish that the earlier trade mark on which it relies is well known in Singapore – Section 8(4)(a). The exhaustive definition of “earlier trade mark” at Section 2(1) above, in particular (b), is pertinent here. Not only must the SubAir Marks be well known in Singapore, they must be well known “at the date of application for registration of the trade mark in question”, namely 29 July 2005.

76 I have considered all the Applicants’ evidence, including its annual sales figures, set out at [15], its advertising and promotion figures, set out at [16], the fact that there are various trade mark registrations / applications worldwide for the SubAir Marks, set out at [17], and other evidence on the general use of the SubAir Marks such as promotional material, and printouts from the Applicants’ website at www.subairsystems.com. I have borne in mind the wide array of factors under Section 2(7) that may contribute to a finding that the SubAir Marks are well known in Singapore, as well as the possibility of a mark being well known in a sector under Section 2(8). While there is a significant amount of general information, there is much less that can point me to a finding, on a balance of probabilities, that the Applicants’ SubAir Marks were well known in Singapore on 29 July 2005.

77 Without further and better evidence or any submissions from the Applicants, the present evidence does not bear out the SubAir Marks being well known in Singapore as on 29 July 2005. As such, the ground of invalidation under Section 8(4) must fail.

Conclusion

78 Having considered the pleadings and evidence of the Applicants, I find that the invalidation fails under Section 23(3) read with Sections 8(7)(b), 8(7)(a) and 8(4) but succeeds on Section 23(4) and on Section 23(1) read with Section 7(6).

79 Trade Mark Registration No. T0514132D is hereby declared invalid. In accordance with Section 23(10) of the Act, the registration is deemed never to have been made, but this shall not affect transactions past and closed. The Applicants are entitled to costs to be taxed if not agreed.

Dated this 30th day of July 2010

See Tho Sok Yee

Principal Assistant Registrar

Hearings and Mediation Division

Intellectual Property Office of Singapore