

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

Trade Mark No. T0912496C
Hearing Date: 15 January 2018

**IN THE MATTER OF A TRADE MARK REGISTRATION IN THE NAME OF
GRASSLAND XIAO FEI YANG PTE LTD**

AND

**APPLICATION FOR DECLARATION OF INVALIDITY THEREOF BY
INNER MONGOLIA LITTLE SHEEP CATERING CHAIN CO. LTD.**

Hearing Officer: Ong Sheng Li, Gabriel
Assistant Registrar of Trade Marks

Representation:

Mr Zechariah Chan and Mr Jasper Lim (Lee & Lee) for the Applicant

(The Registrant, Grassland Xiao Fei Yang Pte Ltd, filed its pleadings but not its evidence. It did not appear at the hearing.)

GROUNDΣ OF DECISION

Introduction

1 More than a century ago, Rudyard Kipling penned these words:

*“Oh, East is East, and West is West, and never the twain shall meet,
Till Earth and Sky stand presently at God’s great Judgment seat;
But there is neither East nor West, Border nor Breed, nor Birth,
When two strong men stand face to face, though they come from the ends of the earth!”¹*

Whatever one might think of Kipling’s “The Ballad of East and West”,² few would disagree that the interplay between different cultures is one of the themes explored in the poem.

¹ The work (first published in 1889) has since passed into the public domain. Only the first few lines are reproduced here.

² I am aware that Kipling is not without his critics. He has been said to have been pro-imperialist or racist (see, e.g. his later work, “The White Man’s Burden”, published in 1899), but such views (on which I express no opinion) do not appear to find their way into this poem. Quite the opposite, in fact: see [72] below.

2 One of the key pillars of culture, of course, is language. And on some level, this case is about the transliteration of Chinese characters into the Roman (or Latin) script used in the English language. This thread is woven into the central issue in this dispute: If one trader has registered a trade mark in Chinese characters for certain services, in what circumstances (if at all) may another trader register its English transliteration for the same or similar services?

Subject matter of the dispute

3 This is an application to have a registered trade mark declared invalid.

4 The registered trade mark in issue is “XIAO FEI YANG” (TM No. T0912496C) in Class 43 (“Subject Mark”). It is registered for the following goods:

Booking of restaurant places; booking of restaurant seats; inn keeping (bar, restaurant and accommodation); provision of information relating to restaurants; provision of restaurant booking or reservations from customer loyalty and frequent buyer schemes; restaurant booking or reservation services provided in relation to a customer loyalty or frequent buyer scheme; restaurant booking or reservation services provided in relation to a frequent flyer scheme; restaurant booking or reservation services provided in relation to frequent flyer schemes; restaurant reservation services; restaurant services; restaurant services for the provision of fast food; restaurants; self-service restaurants; theatre restaurants (Provision of food and drink).

The date of registration of the Subject Mark is 30 October 2009.

Background

The Registrant

5 The Subject Mark is owned by Grassland Xiao Fei Yang Pte Ltd (“Registrant”), a company incorporated in Singapore.

6 At the relevant time, the Registrant operated a hotpot restaurant located at 81 Geylang Road, Singapore 389199. The hotpot restaurant was known as “Grassland Xiao Fei Yang” or “草原小肥羊” (Hanyu Pinyin: Cǎo Yuán Xiǎo Féi Yáng). Loosely translated, “草原” means “grassland”, and “小肥羊” means “little fat sheep”. For convenience, I will refer to the aforementioned restaurant in the rest of this decision as the “Geylang Hotpot Restaurant”.

The Applicant

7 The party seeking a declaration of invalidity is Inner Mongolia Little Sheep Catering Chain Co. Ltd. (“Applicant”). The Applicant is in the business of franchising hotpot restaurants. It was founded in 1999 in Baotou, Inner Mongolia, China. Presently, it operates as a subsidiary of Little Sheep Group Limited, apparently a leading hotpot chain in China.

8 Although the Applicant uses various trade marks in the course of its hotpot business, its essential trade marks typically incorporate one or more of the following key elements: (a) the Chinese characters “小肥羊” (often stylised in what some might describe as Chinese

calligraphy); (b) the English words “Little Sheep”; and/or (c) the logo or device reproduced below.



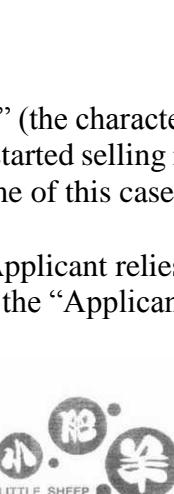
9 It is clear that the Applicant’s hotpot restaurant business has enjoyed a degree of success, at least outside of Singapore. In 2008, Little Sheep Group Limited was listed on the Hong Kong Stock Exchange. In 2010, Little Sheep Group Limited reported approximately over S\$400 million in revenue, which was apparently about 2% of all dining-out receipts in China. In 2011, Little Sheep Group Limited was sold to Yum! Brands Inc., a US-based fast food franchise conglomerate for approximately S\$745 million. By May 2016, the Applicant had over 300 restaurants located in various parts of the globe including China, Hong Kong, Macau, Japan, South Korea, Canada, the United States, Indonesia and Dubai. There is also evidence relating to the Applicant’s worldwide turnover figures and its advertising and promotion expenditure worldwide, but it is not necessary to go into the details.

10 The Applicant did not own, operate or franchise any hotpot restaurants in Singapore. It does, however, sell its hotpot soup base to the public in Singapore through local supermarket chains such as Sheng Siong. Displayed prominently on the front of the packaging of the



Applicant’s hotpot soup base are the following marks:

(the characters read: “小肥羊”)

 and “” (the characters also read “小肥羊”). It is unclear from the documents when the Applicant first started selling its hotpot soup base in Singapore, but this does not have any impact on the outcome of this case.

11 In this action, the Applicant relies on the following registered trade marks which it owns in Class 43 (collectively, the “Applicant’s Earlier Trade Marks”):

- a.  (T0212756D) in Class 43 for “Restaurants”, registered on 16 September 2002;



- b. (T0617564H) in Class 43 for “*Canteens; cafeterias; hotels; snack-bars; restaurants; catering services provided by trucks for selling food and beverages; food and drink catering*”, registered on 21 November 2005; and

- c. **小肥羊** (T0710982G) in Class 43 for “*Canteens; cafeterias; self-service restaurants; hotels; snack bars; cafes; tea houses; restaurants; catering services provided by trucks for selling food and beverages; food and drink catering*”, registered on 13 March 2007.

12 Each of the Applicant’s Earlier Trade Marks pre-date the Subject Mark (which was registered on 30 October 2009). There is no challenge to their validity.

Grassland Pte Ltd

13 Earlier in this decision, I introduced the Registrant as the operator of the Geylang Hotpot Restaurant. To this, I must add a qualifier: the Registrant was not its first operator.

14 While the evidence is murky as to the origins of the Geylang Hotpot Restaurant, there is evidence that as far back as August 2008, efforts were made by a person or persons using the forum handle (i.e. name) “草原小肥羊” to advertise the restaurant on various Chinese-language internet forums aimed at Chinese nationals (and other Chinese speaking individuals) living in Singapore. There were also other internet forum posts (dated September 2008 to January 2013) from members of the public in Singapore who had visited, or were interested in visiting, the Geylang Hotpot Restaurant. I will come to the details later, but it bears mentioning that at least some members of the public were under the impression that the Geylang Hotpot Restaurant was a part of or otherwise linked to the Applicant’s group of restaurants.

15 On 30 October 2009, Grassland Pte Ltd (“Grassland”) applied to register the Subject Mark (i.e. “XIAO FEI YANG”). Grassland provided its registered office address as “81 Geylang Road, Singapore 289199”, which coincided with the location of the Geylang Hotpot Restaurant. It is only reasonable to conclude that Grassland owned or operated the restaurant at or around that point of time. It appears that the Applicant was not aware of the Subject Mark then. At any rate, the Applicant did not file to oppose it, and the Subject Mark was eventually accepted for registration.

16 On 24 February 2011, Grassland transferred ownership of the Subject Mark to the Registrant, presumably pursuant to an undisclosed agreement. (However, as it will be seen later, notice of the transfer was not formally lodged with the Registrar until 15 October 2014.) It appears that sometime after that date, the Registrant took over the reins of the business of the Geylang Hotpot Restaurant.

The related opposition proceedings



17 On 12 August 2011, the Registrant applied to register “” (TM No. T1111136I) in Class 43 for “*Services for providing food and drink, restaurant services*” (the “Grassland 草原小肥羊 Mark”). On 20 April 2012, the Grassland 草原小肥羊 Mark was published for opposition.

The private investigators’ report

18 On 15 June 2012, two private investigators walked into the Registrant’s hotpot restaurant. They enjoyed a meal, but the food was merely a pretext: they were there to gather evidence. In the course of their visit, the investigators observed, among other things, that the Grassland 草原小肥羊 Mark was used on various materials such as name cards, signage, posters, staff t-shirts, bowls and plates, and on receipts. They also struck up a conversation with one Madam Phang, who was overseeing the restaurant operations.

19 Madam Phang was evidently quite the talker. Among other things, she revealed to the private investigators that the restaurant’s chef was from China and used to work for “小肥羊” (that is to say: for the Applicant’s hotpot restaurants). According to Madam Phang, the restaurant was “*owned by her younger brother*” whom she declined to name. She also said that the restaurant had “*commenced its operation for about a year* [which would be in or around June 2011] and it was the only outlet in Singapore”. When probed as to the origins of the name “草原小肥羊”, Madam Phang responded as follows:

“... This is erm, what is that ah. This is very popular in China one. This ‘Xiao Fei Yang’ is very popular in China. It’s popular. The chef is from there lor, from the ‘China Xiao Fei Yang’. ‘Xiao Fei Yang’ is very very popular in China. It’s a chain in China but their business is in the millions one per year”.

The investigators’ findings were recorded in an investigations report (“PI Report”).

20 At first blush, there seemed to be some discrepancy between Madam Phang’s account of when the Geylang Hotpot Restaurant started business (namely: in or around June 2011) and the evidence from the internet forum posts which seemed to indicate that the restaurant had been in business at least as far back as August 2008 (see [14] above).

21 On closer examination, however, Madam Phang’s statements were consistent with the fact that in February 2011 Grassland transferred the Subject Mark to the Registrant, and together with it, ostensibly the whole of the business of the Geylang Hotpot Restaurant.

The opposition to and withdrawal of T1111136I

22 On 17 August 2012, armed with the PI Report, the Applicant filed to oppose T1111136I (i.e. the application for the Grassland 草原小肥羊 Mark). The PI Report was tendered as part of the Applicant’s evidence in those proceedings, and in support of the contention that the Grassland 草原小肥羊 Mark had been applied for in bad faith.

23 On 21 October 2014, the Registrant was supposed to file its evidence in support of T1111136I. It did not do so (although it did file a Counter Statement). Consequently, and in accordance with the relevant rules, T1111136I was treated as withdrawn.

The transfer of the Subject Mark to the Registrant

24 On 15 October 2014, the Registrant filed to lodge a transfer of ownership of the Subject Mark so that it would be recorded as the proprietor.

25 Interestingly, this application for a transfer of ownership took place about a week prior to the Registrant's deadline (of 21 October 2014) to file evidence in the opposition proceedings in respect of T1111136I. (As mentioned earlier, the transfer was to have taken place on 11 February 2011. In other words, from 11 February 2011 to 14 October 2014, the Registrant took no steps to formally record the transfer of ownership.)

26 Was the timing mere coincidence? Or was it planned beforehand? It is impossible to tell one way or the other based on the evidence and material before me.

The application for and grounds of invalidity

27 On 23 May 2016, the Applicant filed this action seeking a declaration of invalidity in respect of the Subject Mark. The Applicant relies on the following provisions of the Trade Marks Act (Cap. 332, Rev Ed 2005) ("TMA"):

- a. **Section 23(3)(a)(i) read with Section 8(2)(b) TMA.** The Applicant's case on this ground is that the Subject Mark ought to be declared invalid because it is: (i) similar to each of the Applicant's Earlier Trade Marks; (ii) registered in respect of services which are identical to or similar with the services for which the Applicant's Earlier Trade Marks are registered; and (iii) there exists a likelihood of confusion.
- b. **Section 23(1) read with Section 7(6) TMA.** The Applicant's case is that the Subject Mark ought to be declared invalid because it was applied for in bad faith.
- c. **Section 23(3)(a)(iii) read with Section 8(4)(b)(i) and/or 8(4)(b)(ii)(B) TMA.** This ground of invalidity is premised on the contention that the Subject Mark conflicts with the Applicant's Earlier Trade Marks which are claimed to be not only well known but also well known to the public at large in Singapore.
- d. **Section 23(3)(b) read with Section 8(7)(a) TMA.** Under this ground, invalidity is sought on the basis of passing off.

Counter Statement

28 The Registrant filed a Counter Statement in response to the Applicant's Application for a Declaration of Invalidity. In it, it denied the whole of the Applicant's case.

Applicant's evidence

29 The Applicant's evidence in support of this application for a declaration of invalidity took the form of a Statutory Declaration ("SD"), dated 17 March 2017, executed by Mr Ted Tuern Lee, the General Manager of the Applicant ("TTL-SD").

30 Notably, Exhibit J of TTL-SD contained a copy of the same PI Report that was tendered in evidence in the opposition proceedings against T1111136I.

A case of déjà vu?

31 When the time came for the Registrant to file evidence, it failed to do so. Subsequently, its solicitors applied to be discharged from acting as agents in the proceedings.

32 In an invalidation action, the rules of the duel are different from those in an opposition. The failure of the Registrant to file evidence in support of the Subject Mark did not entitle the Applicant to automatically succeed in its application for a declaration of invalidity.

33 Instead, the Registrant is treated as having admitted to the facts alleged by the Applicant in its Application for a Declaration of Invalidity of the Subject Mark: see rule 59(2)(d) and 31A(9) Trade Mark Rules (Cap. 332, R1) ("TMR"); *Application for Cross-examination by PT Eigerindo Multi Produk Industri [2014]* SGIPOS 2 at [7]; and *Morton's of Chicago Inc v Lone Star Restaurants Limited [2011]* SGIPOS 2 at [12]. In other words, the Applicant's version of the facts is taken as being unchallenged.

Absence from pre-hearing review and full hearing

34 Given that it did not file evidence, it is not surprising that the Registrant was absent from the pre-hearing review ("PHR") despite having had notice of it.

35 After the PHR, the Applicant wrote to the Registrant in accordance with my directions inviting the latter to respond with reasons as to their absence. No response was received. (I should add that the mere fact that the Registrant failed to file evidence did not preclude it from attending the PHR or the full hearing.)

36 The Registrant was absent from the full hearing, which proceeded in its absence.

MAIN DECISION

Section 23(1) read with Section 7(6) TMA

37 I begin with the bad faith ground of invalidation. There are three operative provisions under this ground. They are as follows:

- a. Section 23(1) TMA states that a registered trade mark "*may be declared invalid on the ground that the trade mark was registered in breach of section 7*".
- b. Section 7(6) TMA provides that a trade mark "*shall not be registered if or to the extent that the application is made in bad faith*".

- c. Section 23(8) TMA reads: “*In deciding whether the registration of the later trade mark was applied for in bad faith, it shall be relevant to consider whether the applicant for the registration of the later trade mark had, at the time his application was made, knowledge of, or reason to know of, the earlier trade mark*”.

The law

38 The leading case on the Section 7(6) TMA ground is the Court of Appeal’s decision in *Valentino Globe BV v Pacific Rim Industries Inc* [2010] 2 SLR 1203 (“*Valentino*”). A restatement of the key principles in *Valentino* is set out below.

- a. Once bad faith is established, the application for registration of a mark must be refused (or in this context: the application for invalidation must be allowed) even though the mark would not cause any confusion. (*Valentino* at [20] referring to *Rothmans of Pall Mall Ltd v Maycolson International Ltd* [2006] 2 SLR(R) 551 (“*Rothmans*”) at [29] and *Tan Tee Jim SC, Law of Trade Marks and Passing Off in Singapore* (Sweet & Maxwell Asia, 2nd Ed, 2005) at para 5.71.)
- b. The legal burden of proof needed to substantiate an action on this ground lies on the party bringing the application (here: Applicant). (*Valentino* at [21] referring to *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd* [2009] 2 SLR(R) 814 (“*Wing Joo Loong*”) at [33].)
- c. Bad faith embraces not only actual dishonesty but also dealings which would be considered as commercially unacceptable by reasonable and experienced persons in a particular trade, even though such dealings may otherwise involve no breach of any duty, obligation, prohibition or requirement that is legally binding upon the registrant of the trade mark. (*Valentino* at [28] referring to *Weir Warman Ltd v Research & Development Pty Ltd* [2007] 2 SLR(R) 1073 at [48].)
- d. The test for determining the presence of bad faith is a “combined” one, in that it contains both a subjective element (*viz*, what the particular applicant knows) and an objective element (*viz*, what ordinary persons adopting proper standards would think). 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. (*Valentino* at [29] referring to *Wing Joo Long* at [105] – [117].)
- e. An allegation of bad faith is a serious claim to make and it must be sufficiently supported by the evidence, which will rarely be possible by a process of inference. (*Valentino* at [30] referring to *Nautical Concept Pte Ltd v Jeffery Mark Richard and anor* [2007] 1 SLR(R) 1071 at [15].) However, as observed in Ng-Loy Wee Loon, *Law of Intellectual Property of Singapore* (Second Edition) Sweet & Maxwell 2014 at [21.4.1] (“*Law of Intellectual Property of Singapore*”), footnote 109, this does not mean that there is an absolute prohibition against drawing inferences. (In support of this observation, Professor Ng-Loy cited the decision in *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 (“*Festina*”) at [115], where the High Court pointed out that a finding of bad faith was largely, if not invariably, based on circumstantial evidence.)

39 The general rule that bad faith can exist even where there is no likelihood of confusion does not mean that the issue of resemblance between the two competing trade marks is completely irrelevant in the bad faith inquiry. Resemblance between the marks has some relevance because the notion of bad faith cannot be decided in a vacuum; it has to be decided in the context of some link or nexus between the parties in dispute. (*Law of Intellectual Property of Singapore* at [21.4.7] citing *Festina* at [115].)

40 A relevant factor when determining whether there was bad faith is whether there has been a failure by the trade mark applicant (here: Registrant) to address the allegation of bad faith. (*Tan Tee Jim SC, Law of Trade Marks and Passing Off in Singapore* (Sweet & Maxwell, Third Edition, Vol. 1, 2014) at para. 7.194, point (14).) For an example of a case where this factor, *inter alia*, was taken into account, see *PT Swakarya Indah Busana v Dhan International Exim Pte Ltd* [2010] 2 SLR 109 (“*PT Swakarya*”) at [90].

41 It is well established that the relevant time for determining whether there is bad faith is the time of filing the application for registration. (See *Leonid Kovalkov v Tan Siew Keng Angeline* [2016] SGIPOS 10 at [29], wherein the learned IP Adjudicator cited *Kerly’s Law of Trade Marks and Trade Names* (15th Ed) (Sweet & Maxwell, 2011) at [8-263], which referred in turn to the decision of the European Court of Justice in *Chocoladefabriken Lindt & Sprungli AG v Franz Hauswirth GmbH* (C-529/07) for this proposition.)

42 However, the rule that bad faith must be assessed as at the time of filing the application for registration does not exclude the consideration of matters which occurred after the date of application; they may assist in determining the applicant’s state of mind at the date of registration. (*PT Swakarya* at [91] citing *Ferrero SpA’s Trade Marks* [2004] RPC 29 and *Tesco Stores Ltd’s Trade Mark Applications* [2005] RPC 17.)

Relevance of the PI Report

43 In advancing its submissions on the ground of bad faith, the Applicant focussed on the contents of the PI Report and in particular Madam Phang’s statements concerning the origins of “草原小肥羊” (see [19] above).

44 My difficulty with the Applicant’s reliance on the PI Report is that the link between the Registrant’s actual or imputed knowledge and Grassland is unclear. The fact that the Registrant’s chef had previously been in the Applicant’s employ, even coupled with Madam Phang’s knowledge of the Applicant’s reputation and commercial success, does not, without more, establish that the Subject Mark had been registered in bad faith by Grassland when it applied for the mark on 30 October 2009. After all, it is possible that the chef in question only joined the Geylang Hotpot Restaurant much later in time. Additionally, it seems that as far as Madam Phang was aware, the Geylang Hotpot Restaurant started business in 2011 (see [19] above). This suggests that she did not know of the existence of Grassland, which weighs against a finding that the two were closely related to each other.

45 The Applicant made two submissions with a view to addressing the concerns above. First, it stressed that I can take into account matters which occurred after the date of application (see [42] above.) Second, it contended that Grassland and the Registrant appear to be related for two reasons: (a) Grassland’s registered office address is the very same address as that which the Registrant uses to operate the Geylang Hotpot Restaurant; and (b) Grassland and the Registrant (i.e. Grassland Xiao Fei Yang) share an uncanny similarity in their names.

46 I see no issue with the Applicant’s first submission, which is correct in law. My difficulty, rather, is with the second submission. Since the Registrant did not give evidence, there is no record of its version of the facts concerning its relationship with Grassland. Be that as it may, it was open to the Applicant to tender evidence to prove a sufficient link between Grassland and the Registrant. For instance, it could have provided relevant extracts from the Companies Register with a view to establishing the alleged link. But it did not do so; neither did it provide any other documents that would shed light on the issue. Moreover, the Applicant was silent on the significance of the Registrant’s address being recorded on the Register as “*50 Kallang Pudding Road #03-07 Golden Wheel Industrial Building Singapore 349326*”. Obvious as it might seem, this was a different address from that of the Geylang Hotpot Restaurant (which was situated at Grassland’s registered address).

47 While it is certainly plausible that Grassland and the Registrant are related companies, given the circumstances, I do not think that the link has been so clearly established. This does not mean that the PI Report and its contents are irrelevant; far from it. What it means is that I should not be too quick to jump to the conclusion that the Subject Mark was applied for in bad faith simply based on Madam Phang’s account as captured in the PI Report.

Evaluation

48 I will cut straight to the chase: in my judgment, there is, on balance, sufficient evidence to support a finding of bad faith. My reasons are as follows.

The necessary nexus

49 First and foremost, there is a clear nexus or link between the Subject Mark and the Applicant’s Earlier Trade Marks. As alluded to in the introduction to this decision, and mentioned in passing at various points above, the Subject Mark (which is registered in Class 43 for various restaurant services), is a transliteration of the Applicant’s earlier trade mark T0710982G (also registered in Class 43 for various restaurant services). For convenience, a representation of T0710982G, which is “小肥羊” in stylised (or Chinese calligraphy) form, is again reproduced below.



It bears repeating that the other two of the Applicant’s Earlier Trade Marks also contain the characters “小肥羊”.

50 Now, I am well aware that Hanyu Pinyin, which is the official Romanisation system for Chinese characters, uses diacritic marks on the vowels to denote the different tones or accented sounds, like so: “*Xiao Féi Yáng*”. It is true that these diacritic marks are not featured in the Subject Mark at all. And it is also true that the use of different diacritic marks on “XIAO FEI YANG” could potentially alter their pronunciation and thus their meaning.

51 But it is plain from the evidence that Grassland could only have intended for “XIAO FEI YANG” to mean “小肥羊” and nothing else. The reason I say this is that Grassland used the Chinese characters “小肥羊” in the course of trade (this is recorded in the PI Report), and as

part of the Geylang Hotpot Restaurant's trade name “草原小肥羊”. The Registrant carried on this very same use of the characters “小肥羊” and even applied to register Grassland 草原小肥羊 Mark (TM No. T1111136I) in Class 43 for “*Services for providing food and drink, restaurant services*”. For ease of reference, I once again reproduce the Grassland 草原小肥羊 Mark below.



Advertisement by association

52 Second, there is evidence that Grassland advertised the Geylang Hotpot Restaurant in a manner which may have given the public the impression that it was part of, or at least commercially associated with, the Applicant's chain of restaurants.

53 On 4 August 2008, someone using the forum handle “草原小肥羊” started a thread on BBS.SGCHINESE.NET, a Chinese-language forum on the internet. The title or caption read as follows (English translation provided by the Applicant): “*Caoyuan Xiaofeiyang welcomes old friends to come and try*” and was accompanied by a hyperlink to an external page presumably belonging to Grassland. The text of the post itself read (and again I quote from the translation): “*Caoyuan Xiaofeiyang comes to Singapore*” and this was followed by information on the opening hours and promotional prices of the Geylang Hotpot Restaurant. The post concluded with an address (81 Geylang Road) and contact details.

54 It appears that the “*Caoyuan Xiaofeiyang welcomes old friends to come and try*” thread and post sparked a great deal of interest among the Chinese-speaking (and in particular the mainland Chinese) community in Singapore. (By the time it was accessed by the Applicant's representative in 2014 for the purposes of exhibiting it to TTL-SD, it had garnered 93400 views and 1493 replies.) It is clear from among the earliest replies to the thread that many individuals were under the impression that “草原小肥羊” was part of or related to “小肥羊” back home (*viz.* China). The following examples are taken from the very same thread. In a post marked “D2” by the Applicant's translator, a person remarked on 14 August 2008: “*Xiaofeiyang was my favourite place for hotpot when I was in Shanghai. This can finally be eaten in Singapore now as well, happy*”. Another, marked “D3”, added on 22 August 2008: “*By the way, will the Xiaofeiyang in Singapore be the same as the one in Shanghai which offers choices of different varieties of lamb?*”

55 What was highly troubling, however, was that there was no attempt whatsoever by the person or persons behind the “草原小肥羊” forum account to correct this misapprehension that the Geylang Hotpot Restaurant was part of or otherwise commercially linked to the Applicant's group of hotpot restaurants. Indeed, they seemed to encourage it. As it turned out, someone representing the Geylang Hotpot Restaurant replied to D3's question above, saying: “*As Singapore has very strict controls on meat, and some parts (of the meat) are too costly, it is very difficult for buffet businesses like us to provide wide varieties.... The ones we have now introduced are fatty lamb, fatty beef, as well as thinly sliced pork belly. We will introduce more varieties of dishes one by one in the coming days*”. (Although the post itself is not exhibited in the evidence, it is recorded in another post marked D4, dated 22 August 2008, which quoted

the aforementioned exchange.) It is very telling that instead of explaining that the restaurants were unrelated, they selectively addressed only the question regarding the difference in quality.

56 On 25 August 2008, “草原小肥羊” once again posted in the “*Caoyuan Xiaofeiyang welcomes old friends to come and try*” thread saying: “*Thank you friends from far and wide for your support, we will work harder!*” (post marked D5). Surely they would have read the posts in the thread. And if so, they would have known that some members of the public were under the impression that the Geylang Hotpot Restaurant was linked to the Applicant’s chain of restaurants. Yet, once again, there was not even a hint of an attempt to explain that the restaurants were unrelated.

57 The result of Grassland’s efforts was that at least some individuals visited the Geylang Hotpot Restaurant under the impression that the Applicant’s chain of restaurants had entered the Singapore market. One such individual, known only by the internet forum handle “LiWB”, posted a review of the restaurant on 11 September 2008 on another Chinese language forum, MICROE.CN. The introduction to LiWB’s review (translated into English and marked by the translator as A1) read as follows: “*The Caoyuan Xiaofeiyang brand of hot pot is quite famous back at home. I heard that they’ve come to Singapore and have visited (it) because I was attracted by its fame*”. LiWB went on to express disappointment as to the quality of the food.

58 To be fair, there were many others who were not deceived or confused. I do not need to go into the details and it suffices to state that at least some of them took to these same Chinese-language forums on the internet in a bid to clarify that “草原小肥羊” in Singapore and “小肥羊” in China were unrelated. Ultimately, whether or not the public was deceived or confused is of limited relevance to the issue of bad faith. The more important point is that Grassland’s conduct, by the yardstick of reasonable and experienced traders, must surely have fallen short of what is commercially acceptable.

59 For clarity, I restate the key points which may be gleaned from the evidence.

- a. It is simply inconceivable that Grassland’s choice of “草原小肥羊” in relation to a hotpot restaurant was pure coincidence. Moreover, steps were taken to advertise itself on a Chinese language forum ostensibly frequented by Chinese nationals living in Singapore – the precise segment of the public that would be familiar with the Applicant’s “小肥羊” hotpot because they had eaten it “*back at home*” in various cities in China. I therefore conclude that Grassland was actively associating itself with the Applicant’s “小肥羊” chain of hotpot restaurants (situated outside of Singapore), in order to benefit by way of a favourable association with the Applicant.
- b. Even if Grassland’s conduct fell short of active association, it knew or ought to have known that members of the public in Singapore were under the mistaken impression that Grassland was part of, or otherwise commercially linked to, the Applicant. The smoking gun piece of evidence is this: on 25 August 2008, 3 weeks after the first post, “草原小肥羊” wrote a follow up post on the “*Caoyuan Xiaofeiyang welcomes old friends to come and try*” thread, thanking everyone for their support. Even if Grassland was somehow completely oblivious to the Applicant’s commercial success outside of Singapore, it must have known after reading the responses to the thread. And yet it took no steps to correct this misapprehension.

- c. All of the above took place about a year prior to 30 October 2009, which was when Grassland applied to register the Subject Mark.

Actual or imputed knowledge of Applicant's Earlier Trade Marks

60 Traders apply to register marks that they use, or intend to use, in the course of trade. (Or at least, that is what should happen in practice.)

61 Grassland was using the characters “草原小肥羊” in relation to the Geylang Hotpot Restaurant, and it registered “XIAO FEI YANG” in Class 43 in relation to restaurant services. It beggars belief that Grassland would not have at least considered applying to register “小肥羊” as well. And, it only stands to reason that Grassland knew (or ought to have known) of the Applicant's Earlier Registered Trade Marks in Class 43.

62 It bears repeating that actual or imputed knowledge (assessed at the time the application was made) is a relevant consideration in evaluation whether the mark in issue was applied for in bad faith (see Section 23(8) TMA).

Failure to rebut allegations

63 One of the key planks of the Applicant's case on bad faith was that the Registrant's failure to rebut the allegations of bad faith must mean something. It urged me to bear in mind that the Registrant had not explained, or obtained an explanation from Grassland as to, the origins of the Subject Mark. In its submission, the reason for this omission was obvious: the Registrant had no defence to the bad faith claim and was therefore unable to proffer any evidence or justification for the registration of the Subject Mark. The Applicant also drew my attention to the fact that the Registrant had also abandoned the earlier trade mark opposition proceedings in respect of the Grassland 草原小肥羊 Mark (see [17] – [23] above) without responding to the bad faith allegations therein.

64 I acknowledge the force in the Applicant's submissions. It is true that if the Registrant had nothing to hide, it should have come forward to respond to the allegations that were levelled at it. Yet, there could have been other reasons why it did not, and I would prefer not to dwell in the realm of speculation. What is more, inherent in the Applicant's submissions is the assumption that the Registrant is so closely linked to Grassland that no material difference should be drawn between them for the purposes of the bad faith assessment, and it is not clear to me that it would be safe to make such an assumption.

65 Perhaps the most that can be said about the Registrant's actions is that they were not inconsistent with a finding of bad faith.

Conclusion on the bad faith ground of invalidation

66 To summarise:

- a. Grassland knew or ought to have known of the Applicant's Earlier Trade Marks, each of which pre-date the Subject Mark. It also knew or ought to have known of the Applicant's commercial success in relation to its hotpot business outside of Singapore.

- b. Notwithstanding this knowledge, Grassland used the characters “小肥羊” as part of the trade name and trade mark “草原小肥羊”, and in relation to the Geylang Hotpot Restaurant.
- c. It also took steps to advertise the restaurant in a manner which misled or deceived a number of individuals into thinking or believing that the restaurant in Singapore was the Applicant’s first foray into the Singapore market (or at least, that there was some sort of commercial link between the Geylang Hotpot Restaurant and the Applicant). Alternatively, even if Grassland’s conduct did not amount to active steps to mislead, there is evidence that it knew or must have known that some individuals were confused as to trade origin and yet it took no steps to correct this misapprehension.
- d. Instead, Grassland proceeded to apply to register the Subject Mark, “XIAO FEI YANG”, which is a transliteration of “小肥羊”.
- e. In my judgment, a reasonable and experienced person in the trade would, having regard to the relevant facts, consider Grassland’s conduct to have fallen short of the appropriate standard of acceptable commercial behaviour.
- f. The Registrant’s conduct in these proceedings (as well as in the earlier trade mark opposition) is not inconsistent with a finding of bad faith.

67 I should also mention that I found Madam Phang’s account (and the PI Report as a whole) to be not inconsistent with a finding of bad faith.

68 The ground of invalidation under Section 23(1) read with Section 7(6) TMA thus succeeds.

Other grounds of invalidation

69 Since my decision in relation to bad faith is sufficient to dispose of the matter, it is not necessary for me to – and I will not – decide on the remaining grounds (*viz.* Sections 23(3)(a)(i) read with 8(2)(b); 23(3)(a)(iii) read with 8(4)(b)(i) and/or 8(4)(b)(ii)(B); and 23(3)(b) read with 8(7)) of the TMA.

70 Nevertheless, as far as I am aware, this is the first time that this tribunal has had the opportunity to consider the issue of whether an earlier trade mark registered in Chinese characters is similar to a later registered trade mark that is essentially its transliteration. The Applicant also made written and oral submissions touching on the point, but cited no authorities in support. (And perhaps for good reason. There may well be no decided cases on point, and I am not aware of any, whether from this jurisdiction or abroad.) For these reasons, and in case it is of assistance elsewhere, I make a few brief observations (albeit without the assistance of counsel advancing an opposing view to that of the Applicant).

- a. Chinese characters are, by nature, different from letters in the English alphabet. Some might say, rather hyperbolically, that the difference is East and West. And it naturally follows that, in the comparison of competing marks involving Chinese characters on one hand and their transliteration on the other, the two would be visually dissimilar in almost all cases. So too, here. The Applicant (to its credit) did not dispute that “XIAO FEI YANG” and “小肥羊” are visually different, and if I had

to decide the issue I would have found that the two are dissimilar visually. (This reasoning would apply, *a fortiori*, to T0710982G as well.)

- b. The mere fact that Chinese characters such as “小肥羊” are visually dissimilar to their transliteration – here: “XIAO FEI YANG” – does not in and of itself bar a finding of similarity of marks. This is because one must also take into account the aural and conceptual similarities. One might also observe that the whole purpose of transliteration is to enable, with some degree of aural precision, words in one language to be represented in another. If I had to decide the issue, I would have found “XIAO FEI YANG” to be aurally similar to a significant degree to “小肥羊” (and by parity of reasoning, to T0710982G as well).
- c. It was argued by the Applicant that “XIAO FEI YANG” and “小肥羊” are conceptually similar. In Singapore, the demographics are such that a large majority of the population is of Chinese ethnicity or descent. And, apart from ethnicity, a large proportion of the public in Singapore would have at least a basic command of Mandarin Chinese. Although everything turns on the specific context and in particular the words and characters in issue, it is certainly arguable on the facts of this case that the relevant public would regard “XIAO FEI YANG” as conceptually similar to “小肥羊” (and by extension, T0710982G). If I had to decide the issue, I would have found the two to have a slight degree of conceptual similarity in that both of them point to the same meaning, which is “little fat sheep”. I can see how there might be objections or counter arguments to this view, but as stressed above, I have not had the benefit of hearing submissions from both sides.
- d. If I had to decide the point, I would have found T0710982G to be more similar than dissimilar to the Subject Mark notwithstanding that the marks have no visual similarity. The mere fact that one is in Chinese characters and the other its transliteration cannot, in my view, bar a finding that the competing marks are similar overall.

71 For completeness, if I had to decide the issue, I would have found the respective services covered by T0710982G and the Subject Mark to be identical insofar as they both relate to restaurant services. In all other respects, they are similar.

Conclusion

72 If one were to simply read the first two lines of Kipling’s *The Ballad of East and West* out of context, one might leave with the impression that the poem is about how East and West will never meet; not even till the end of the world. But the next two lines speak of a different reality; when cultures meet as equals (recall: “*two strong men stand face to face*”) from different ends of the earth, the dichotomy dissolves and it is no longer important where one’s origins are from. There is no more “*East nor West, Border nor Breed, nor Birth*”.

73 So too, with Singapore. Just like many of the other major cities of the world, people of different races, cultures, and religions live alongside one another. As a practical matter, this reality is reflected not only in our society and the languages that we speak, but also in terms of commerce and the signs that we use to designate the origin of goods and services.

74 When all is said and done, this case was essentially all about how one trader saw an opportunity to usurp the transliteration of a trade mark registered in Chinese characters in the name of another trader, and took that opportunity. The mere fact that Chinese characters (such as “小肥羊”) are, by nature, visually different to words in Roman or Latin script (here: “XIAO FEI YANG”) cannot be a bar to finding that a nexus exists as between the two, especially on account of their aural similarity and the circumstances of use. At least on these facts, Grassland’s conduct in applying for the Subject Mark could not be countenanced.

75 Having considered all the pleadings and evidence filed and the submissions made in writing and orally, I find that the invalidation succeeds on Section 23(1) read with Section 7(6) TMA. I therefore declare the Subject Mark invalid. A mark that is declared invalid is invalid *ab initio* (that is; from the very beginning) and the fact that the Subject Mark was assigned to the Registrant makes no difference.

76 As this is sufficient to dispose of the matter, I do not need to consider the other grounds raised. After all, the Registrant has not seen it fit to file evidence or make any effort to defend the action and I see no reason to play devil’s advocate on its behalf.

77 The Applicant is entitled to the costs of this action.

Date of Issue: 27 March 2018