

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

Trade Mark Nos. T1301266Z, T1301267H and T1301268F
Hearing Date: 25 June 2019

IN THE MATTER OF TRADE MARK REGISTRATIONS

**IN THE NAME OF
TOMY INCORPORATED**

AND

**APPLICATIONS FOR DECLARATION OF INVALIDITY THEREOF BY
DENTSPLY SIRONA INC.**

Hearing Officer: Lee Li Choon
 IP Adjudicator

Representation:

Mr Suhaimi Lazim, Mr Khoo Lih-han (Mirandah Asia (Singapore) Pte Ltd) for the
Applicant

Ms Elaine Lew (Rodyk IP) for the Registered Proprietor

GROUND OF DECISION

Introduction

1 This matter involves three invalidation proceedings instituted by Dentsply Sirona, Inc. (“the Applicant”) against Trade Mark Registration Nos. T1301268F for the mark “ **MICROARCH** ”, T1301266Z for the mark “ **SENTALLOY** ”, and

T1301267H for the mark “ **BIOFORCE** ” (collectively, known as “the Subject Marks”) that are registered in the name of Tomy Incorporated (“the Proprietor” or “Tomy”). The Applicant seeks to invalidate the registrations of the Subject Marks under Sections 8(7)(a), 8(2)(b), 8(4)(b)(i), and 7(6) read with Sections 23(1) and 23(3) of the Trade Marks Act (Cap. 332, 2005 Rev Ed) (“the Act”).

2 The Subject Marks were registered on 22 January 2013 in Class 10 in respect of the following goods:

“Orthodontic brackets, orthodontic bands, orthodontic tubes, orthodontic wires, orthodontic hooks, orthodontic stops, orthodontic lingual buttons, orthodontic elastics, orthodontic attachments, orthodontic appliances.”

3 The Applicant’s applications for declarations of invalidity were filed on 7 September 2017. Counter-statements were filed by the Proprietor on 5 January 2018 in defence of the registrations of the Subject Marks. The Applicant filed evidence in support of its applications on 14 August 2018. The Proprietor filed evidence in defence of its registrations on 11 December 2018. Thereafter, the Applicant filed evidence in reply on 18 February 2019. Following the close of evidence, a Pre-Hearing Review was held on 13 March 2019. The parties filed their written submissions on 27 May 2019. I heard parties who made oral submissions before me on 25 June 2019.

Applicant’s Evidence

4 The Applicant’s evidence comprises the following:

- (i) a Statutory Declaration made by Douglas J. Hura, director of patents and trademarks of the Applicant, on 10 August 2018 in York, Pennsylvania, the United States of America (“Applicant’s SD”); and
- (ii) a Statutory Declaration in Reply made by the same Douglas J. Hura, on 13 February 2019 in York, Pennsylvania, the United States of America.

Proprietor’s Evidence

5 The Proprietor’s evidence comprises a Statutory Declaration made by Nobu Kawaguchi, president and CEO of the Proprietor, on 7 December 2018 in Tokyo, Japan (“Proprietor’s SD”).

Applicable Law and Burden of Proof

6 As the applicable law is the Act, there is no overall onus on the Proprietor either before the Registrar during examination or in invalidation proceedings. The undisputed burden of proof in the present case falls on the Applicant.

MAIN DECISION

Background and the Relationship between the Parties

7 There is a longstanding relationship between the parties, dating back to 1967 when one of the Applicant’s subsidiaries GAC International, Inc. (now known as GAC

International LLC) (the term “GAC” will be used to refer to this entity, whether under its previous or current name) was appointed as a distributor of the Proprietor’s orthodontic products. Hereafter, I will use the term “the Proprietor” and the term “Tomy” interchangeably, depending on whichever is more appropriate in the context. Since then, the relationship between the parties had been governed by a number of agreements and the Applicant contends that the agreements clearly delineate the Trade Marks of the Applicant and the Trade Marks of the Proprietor as well as the accompanying cross-licenses to use each other’s Trade Marks. It is not in dispute that the Applicant is the holding company of GAC, and GAC is the Applicant’s wholly-owned subsidiary, and therefore, there is no need to differentiate between the intellectual property rights of GAC from those of the Applicant.

8 As it is important to understand the intentions and agreement between the parties as regards the ownership and use of the Subject Marks as can be gleaned from their past and existing relationship, I will first set out the relevant agreements between them in detail before I go to my findings in the applications. For our purposes, the earliest agreement that is relevant is the Agreement on 4 January 1986 (“the 1986 Agreement”). This was followed by an agreement on 1 September 1998 (“the 1998 Agreement”); another on 1 December 2004 (“the 2004 Agreement”) and the latest on 22 March 2012 (“the 2012 Agreement”).

*1986 Agreement*¹

9 This was an agreement between the Proprietor and GAC (when the latter was still GAC International, Inc). The recital of the agreement sets out that at the time of the agreement, the Proprietor was the manufacturer of orthodontic products and GAC had been its sales distributor for the sale of all of the Proprietor’s orthodontic products in certain territories throughout the world since 1967. Before the execution of the 1986 Agreement, GAC was a shareholder in the Proprietor together with two other major shareholders and by virtue of a Shareholder Agreement executed just before the 1986 Agreement, GAC had agreed to sell a portion of its shares to the two other major shareholders and as a condition precedent, the scope and term of GAC’s distributorship was to be expanded in accordance with the terms of this 1986 Agreement.

10 Essentially, the 1986 Agreement carved out the territories within the control of GAC (“GAC’s 1986 Territory”) and the territories within the control of Tomy (“Tomy’s 1986 Territory”). Tomy’s Territory was defined to mean all of the countries in Asia (including Japan), those of the Middle East, as well as the countries of New Zealand and Australia. GAC’s Territory was defined to mean all countries in North and South America, Europe, Africa and the countries of Israel and Turkey.

11 In relation to trademarks, it was set out in Clause 11 that the products manufactured by Tomy (“the Products”) and purchased by GAC for sale in GAC’s Territory shall be sold under the trademark “Tomy” or “Orth-Tomy” (“Tomy Trademarks”) and GAC shall have the right to use such names and trademark and, at its option, may register them as a trade name or trademark. The Agreement also provides that GAC shall use the name “Tomy” or “Orth-Tomy” in all advertisements and catalogues for the Products manufactured by Tomy. The 1986 Agreement was to

¹ See the Applicant’s SD Vol 2, pg 450-462

remain in effect for ten years from the date of execution and shall automatically be renewed for another five years if either party notifies the other party of its intention to renew the Agreement prior to the expiry of the original period (see Clause 8 of the Agreement). It is to be noted that this 1986 Agreement does not deal with any of the Subject Marks.

12 At the hearing on 25 June 2019, counsel for the Proprietor drew my attention to the following facts that can be gleaned from this 1986 Agreement:

(a) That the Applicant was described as an “exclusive sales representative and distributor”²

(b) That Clause 9 imposes minimum purchase targets on GAC. In the event of GAC not meeting the minimum purchase targets or in the event of GAC not making payments for the purchases within the stipulated time frame or GAC breaching any material obligations under the Agreement, the Agreement provides that the Proprietor shall then be entitled to sell the Products itself or appoint one or more other distributors and / or agents to sell the Products in any and all of GAC’s 1986 Territory³.

13 Relying on these facts that can be gleaned from the Agreement, counsel for the Proprietor argued that GAC was merely a distributor of the Products and thus, ownership of trade mark rights was never intended to be vested in GAC. I do not agree. The Agreement in fact anticipates that GAC is entitled, at its own option, to register the Tomy Trademarks in GAC’s name in GAC’s Territory. Therefore, it would appear that as far as ownership of the Tomy Trademarks is concerned, at that point in time, GAC had equal rights to the Tomy Trademarks in GAC’s Territory. In any event, the 1986 Agreement only provided for the Tomy Trademarks and did not deal with the Subject Marks and so, the Agreement does not throw any light on the subject of ownership of trade mark rights in the Subject Marks.

*1998 Agreement*⁴

14 The 1998 Agreement replaced the 1986 Agreement and came into effect on 1 September 1998. The 1998 Agreement was for a period of five years which shall be automatically renewed for additional 3-year periods until either party gives notice not to renew. The recitals of the 1998 Agreement show that there were transfers of shares among the Proprietor, an entity called Tomy International Inc (“Tomy International”), GAC and the Applicant. In particular, GAC was to transfer shares in the Proprietor and in Tomy International held by it to the Proprietor and in return, the Proprietor was to transfer its shares in GAC to the Applicant or GAC (by this time, the Applicant had become the major shareholder of GAC).

15 Again, the “Products” refer to products manufactured by the Proprietor and “Tomy Trademarks” refer to the mark “TOMY” and the logo mark of “Orth-Tomy”. In this Agreement, all relevant parties carved out their territories by dividing the world into “Exclusive Territory” and “Non-Exclusive Territory”. “Exclusive Territory” was defined as all countries other than Japan and the Non-Exclusive Territory (for convenience, I will refer to this as “GAC’s 1998 Territory”). “Non-Exclusive Territory” was defined as Korea, Taiwan, Thailand and the People’s Republic of China (including

² See Clause 2 of the Agreement – the Applicant’s SD Vol 2, pg 452

³ See Clause 9 of the Agreement – the Applicant’s SD Vol 2, pg 455-456

⁴ See the Applicant’s SD Vol 2, pg 471-490

Hong Kong) (for convenience, I will refer to this as “Tomy’s 1998 Territory”). Essentially, the 1998 Agreement provides that GAC shall have the exclusive right to sell and distribute the Products in the Exclusive Territory (i.e., the United States, Europe etc.) (“GAC’s Territory”) and the non-exclusive right to sell and distribute the Products in the Non-Exclusive Territory (example, Hong Kong).⁵ In other words, GAC has exclusive right to sell and distribute the Products in GAC’s 1998 Territory and non-exclusive right to sell and distribute the Products in Tomy’s 1998 Territory. Conversely, the Proprietor has the exclusive right to distribute and sell the Products in Tomy’s 1998 Territory and the non-exclusive right to distribute and sell the Products in GAC’s 1998 Territory. As Singapore fell within the “Exclusive Territory” in the 1998 Agreement, GAC had the exclusive right to sell and distribute all products manufactured by the Proprietor (earlier referred to as “the Products”) in Singapore under the 1998 Agreement. As Japan was taken out of the Exclusive Territory and not included in the Non-Exclusive Territory, that means that Japan remains as the Proprietor’s exclusive market.

16 In relation to trademarks, Article 14.1 provides that GAC may sell the Products under its own brands or tradenames and GAC shall own all rights to its brand, tradename, trademarks and trade dress owned by it and the Proprietor shall claim no rights or interest therein. While GAC has the right to use the Tomy Trademarks (“TOMY” and “Orth-Tomy”) in connection with the Products manufactured by the Proprietor in all countries except Japan, it is clearly set out that GAC shall not apply for or acquire the registration of the Tomy Trademarks or any mark similar thereto without first obtaining the Proprietor’s prior written approval⁶. Further, every use of the Tomy Trademarks by GAC shall be for the sole benefit of the Proprietor⁷. Thus, in relation to the Tomy Trademarks, unlike the 1986 Agreement, the 1998 Agreement had the effect of taking away GAC’s rights to own the Tomy Trademarks without the written approval of the Proprietor.

17 The 1998 Agreement also sets out trademarks that are defined as the “Existing Trademarks” of GAC and are “owned or licensed by GAC” and these trademarks are listed in Exhibit 4 of the Agreement⁸. The Subject Marks “BIOFORCE”, “MICROARCH” and “SENTALLOY” are listed in Exhibit 4. The Subject Marks are reflected as “registered trademarks” in “covered territories” in Exhibit 4. For the purpose of a specific example, for instance, the mark BIOFORCE is shown as a “registered trademark” and under “covered territories” for this mark, the United States is listed; the mark MICROARCH is shown as a “registered trademark” and under “covered territories” for this mark, the list shows the United States, Benelux, Canada, France, Italy; and the mark SENTALLOY is shown as a “registered trademark” and under “covered territories” for this mark, the list shows the United States, Benelux, Canada, France, Germany, Italy, Mexico, and the United Kingdom.

18 Article 14.4 further provides that the Existing Trademarks shall be maintained by GAC at GAC’s expense. In relation to these “Existing Trademarks”, by virtue of Article 14.4 of the 1998 Agreement, GAC also granted a non-exclusive and royalty-free license to the Proprietor to use them in connection with and for the purpose of

⁵ See Article 2 of the Agreement – the Applicant’s SD Vol 2, pg 472-473

⁶ See Article 14.3 of the Agreement – the Applicant’s SD Vol 2, pg 480

⁷ See Article 14.2 of the Agreement – the Applicant’s SD Vol 2, pg 479

⁸ See the Applicant’s SD Vol 2, pg 491

producing and selling the Products until the termination of the Agreement. In this connection, unlike in the case of the Tomy Trademarks, there is no express prohibition that the Proprietor shall not apply for or acquire the registration of the Existing Trademarks belonging to GAC without the approval of GAC. However, Article 14.6 does provide that *“neither party shall directly or indirectly do anything which is likely to impair the value or validity of any of the other party’s trademarks, trade names, brand names or any other similar industrial or other intangible property or rights which the other party now owns or possesses or will hereafter own or possess in or outside the Territory”*. (emphasis added)

19 In essence, in this 1998 Agreement, the parties’ rights of distributorship and sale of the Products (exclusive rights in their own territory and non-exclusive right in the other party’s territory) are clearly spelt out. As regards trade marks, it is clearly spelt out that GAC shall not apply for or acquire the registration of the Tomy Trademarks or any marks similar thereto without the written approval of the Proprietor. In addition, the Agreement also provided for “Existing Trademarks” which are stated to be “owned and licensed by GAC” and to be “maintained at GAC’s expense”. In relation to these “Existing Trademarks”, GAC was to grant a non-exclusive and royalty free license to the Proprietor to use them “in connection with and for the purpose of producing and selling the Products”. This non-exclusive licence granted to the Proprietor by GAC is stated to “terminate at the time this Agreement terminates”. As for use of the Existing Trademarks by the Proprietor in the Non-Exclusive Territory (i.e., Tomy’s Territory), it is clearly provided that, *“(n)otwithstanding anything herein to the contrary, (the Proprietor) shall not directly or indirectly use any of GAC’s Existing Trademarks for the purpose of producing and selling the (products) in the Non-Exclusive Territory as from January 1, 2000.”*⁹ Read in totality, it is clear that the Proprietor’s non-exclusive licence to use the Existing Trademarks for the Products in the Non-Exclusive Territory (Tomy’s Territory) would end by 1 January 2000 and the Proprietor’s non-exclusive licence to use the Existing Trademarks in connection with and for the purpose of producing and selling the Products to GAC would end by the time the Agreement ends. I also note that Article 14.6 which prohibits either party from doing anything that would impair the value of the other party’s trademarks is not limited to trademarks that are already registered but this prohibition extends to trademarks which the other party will hereafter own or possess in or outside its own territory as well.

20 It is important to see that this 1998 Agreement sets out for the first time that GAC has the liberty to sell the Products under its own trade marks. For the first time, too, there are clearly two categories of trade marks - the Tomy Trademarks that are clearly the property of the Proprietor (as GAC was prohibited from acquiring registrations for them without the written approval of the Proprietor) and the Existing Trademarks as set out in Exhibit 4 (which include the Subject Marks) that are reflected as the property of GAC as the Proprietor is only granted a limited licence to use them for the Products. The Subject Marks clearly fall within Exhibit 4 as registered trademarks. Though Singapore is not within the “covered territories” in Exhibit 4, nevertheless, as Singapore falls within the Exclusive Territory of GAC in this Agreement, it is clear that GAC has exclusive right to sell and distribute the Products in Singapore. And this applies to both Products carrying the Tomy Trademarks and Products carrying the Subject Marks since the exclusivity and non-exclusivity of sale

⁹ See Article 14.4 of the Agreement - the Applicant’s SD Vol 2, pg 480

and distribution relates to the Products manufactured by the Proprietor and is separate from the use of trade marks.

21 At the hearing on 25 June 2019, counsel for the Applicant also pointed to certain provisions in the 1998 Agreement which showed that the parties have agreed to the same arrangements in relation to patents as well, i.e., for patents belonging to GAC, GAC would grant a license to the Proprietor to use and vice versa, GAC is granted a licence to use the Proprietor's patents. Counsel for the Applicant pointed to the patent for the 'MIURA inventions' which has patents owned by GAC in the United States and Europe and pointed out that GAC is not just a mere "distributor" as characterised by the Proprietor. While the issue of ownership with regard to patents is irrelevant for the purpose of the case before me, it provides the context for a better understanding of the relationship between the parties. In essence, their relationship is not simply a manufacturer and distributor relationship but a complex one with separate ownership of intellectual property rights, different distribution and sale rights in different parts of the world and cross-licensing with limited rights to each other for the exercise of intellectual property rights belonging to the other.

*2004 Agreement*¹⁰

22 This Agreement commenced on 1 September 2004 and is effective for 5 years therefrom, with automatic renewals for 3 year periods unless either the Proprietor or GAC gives the other party a notice not to renew¹¹. In relation to Singapore, while under the 1998 Agreement, it was in the Exclusive Territory for GAC, in this Agreement, it has become a non-exclusive territory for GAC. That means that both GAC and the Proprietor have non-exclusive rights to sell and distribute the Products here in Singapore. However, under Article 2.3, it is expressly stated that the Proprietor shall not directly or indirectly compete with GAC in bidding for the National Dental Centre's contracts in Singapore. Thus, while GAC gave up their rights for exclusive sale and distribution here in Singapore, GAC continued with some degree of "exclusivity" with regard to the contracts for our national dental centre.

23 As for trademarks, the clauses remain largely the same as in the 1998 Agreement¹². Article 14.1 provides, "*It is understood that GAC may sell the Products under its own brands or tradenames. GAC shall own all rights to its brand, tradename, trademarks and trade dress owned by it and Tomy shall claim no right or interest therein. Tomy shall own all rights to trademarks of Tomy, including the mark "TOMY" and the logo mark of "Orth-Tomy" (i.e., the "Tomy Trademarks")*".

24 Exhibit 4 sets out the "Existing Trademarks of GAC/Dentsply" and the Subject Marks are within the list of registered trademarks in Exhibit 4. Similar to the 1998 Agreement, the mark BIOFORCE is shown as a "registered trademark" and under "covered territories" for this mark, the United States is listed; the mark MICROARCH is shown as a "registered trademark" and under "covered territories" for this mark, the list shows the United States, Benelux, Canada, France, Italy; and the mark SENTALLOY is shown as a "registered trademark" and under "covered territories" for this mark, the list shows the United States, Benelux, Canada, France, Germany, Italy,

¹⁰ See the Applicant's SD Vol 2, pg 496-516

¹¹ See Article 18.1 of the Agreement – the Applicant's SD Vol 2, pg 508

¹² See Article 14 of the Agreement – the Applicant's SD Vol 2, pg 504-505

Mexico, and the United Kingdom. Again, Article 14.6 sets out each party's obligation in relation to the other party's trademarks – that neither party shall directly or indirectly do anything which is likely to impair the value or validity of the other party's trademarks, trade names, brand names or any other intangible property rights and this obligation not only covers trademarks presently owned but it also extends to trademarks that “will hereafter be owned or possessed in or outside the Territory”.

25 Given that Singapore is now a non-exclusive territory, GAC now has non-exclusive rights as regards distributorship and sale of the Products in Singapore. As detailed above, Singapore is not listed in the “covered territories” against the registered Subject Marks in Exhibit 4 of the Agreement.

*2012 Agreement*¹³

26 This Agreement came into effect on 1 September 2012. It is effective for 2 years with automatic renewals for periods of 1 year at a time. At the hearing, counsel for both parties were not able to confirm whether the Agreement has expired or not. Nevertheless, it is common ground that as at the relevant date, 22 January 2013, this Agreement was still effective and operative as between GAC and the Proprietor¹⁴.

27 Unlike the previous agreements, GAC now has only a non-exclusive right to sell and distribute the Products. There is no longer a division based on exclusive and non-exclusive territories. This also means that GAC can also now sell and distribute the Products in Japan which was previously the exclusive market of the Proprietor, for example.

28 Article 13 relates to the trademark rights of parties. Similarly, as found in the previous two agreements (the 1998 Agreement and the 2004 Agreement), Article 13.1 states specifically that GAC may sell the products under its own brands or tradenames and that ***GAC shall own all rights to its brand, tradenames, trademarks and trade dress owned by it and the Proprietor shall claim no rights or interest therein***. In that same Article 13, it is expressly provided that the Proprietor shall own all rights to the trademarks of Tomy, including the mark “TOMY” and the logo mark of “Orth-Tomy” (“the Tomy Trademarks”) and GAC shall claim no rights or interest therein unless otherwise explicitly provided for in the Agreement.

29 Again, the Applicant relies on Article 13.4 to say that the Agreement sets out clearly that the Subject Marks are the property of GAC and any of its Affiliates (the Subject Marks are listed as “registered trademarks” and the “covered territories” against each mark is shown in Exhibit 3¹⁵ of the Agreement). Further, Article 13.6 similarly imposes the obligations on both parties not to impair the value or validity of the other party's trademarks, including trademarks that the other party “*now owns or possesses or will hereafter own or possess*”. In relation to the Subject Marks, the “covered territories” in Exhibit 3 of the Agreement do not include Singapore for any of the Subject Marks¹⁶.

¹³ See the Applicant's SD Vol 2, pg 518-541

¹⁴ See also paragraph 36 of the Applicant's SD, pg 7

¹⁵ See the Applicant's SD Vol 2, pg 538

¹⁶ See the Applicant's SD Vol 2, pg 538

Ground of Invalidation under Section 7(6)

30 The Applicant sought to invalidate the registrations of the Subject Marks in the name of the Proprietor under Sections 23(1) and 7(6) of the Act on the basis that the applications were made in bad faith.

31 Section 23(1) of the Act reads:

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

32 Section 7(6) of the Act reads:

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

Decision on Section 7(6)

33 In relation to bad faith, the Court of Appeal in *Valentino Globe BV v Pacific Rim Industries Inc* [2010] 2 SLR 1203 (“*Valentino*”) set out the key principles applicable to the finding of bad faith at [28] and [29] as follows:

28 Turning to the local case law, in *Rothmans* ([20] supra), our High Court endorsed Lindsay J’s observations of the concept of bad faith in *Gromax Plasticulture*. Further, both Lindsay J’s and Geoffrey Hobbs QC’s approaches were again adopted by another High Court judge in *Weir Warman Ltd v Research & Development Pty Ltd* [2007] 2 SLR(R) 1073 (“*Warman*”) where the judge stated at [48] that:

... the term ‘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 ...

29 In *Wing Joo Loong* ([21] supra), 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”. 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 LJ 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] 1WLR 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.**

(emphasis in bold added)

34 It is clear that the relevant date for determining whether or not the grounds of invalidation existed in respect of each of the Subject Marks is the date of application for registration of the Subject Marks, namely 22 January 2013, as all three Subject Marks were filed for registration on this date. As at this date, the 2012 Agreement was subsisting and the relationship between the parties and their affiliates was governed by this Agreement.

35 Article 2 of the 2012 Agreement provides that, “(s)ubject to the terms and conditions herein set forth, GAC shall have the non-exclusive right to sell and distribute the Products” and “Products” is defined in Article 1.1 of the 2012 Agreement to mean, “such orthodontic materials, equipment and products manufactured by Tomy or its Affiliates” as are set forth in Exhibit 4 of the Agreement and “such other orthodontic materials, equipment, and products as may be subsequently agreed by the parties in writing from time to time”.

36 The Proprietor argues and submits that by virtue of Article 2 above, GAC merely had a “right to distribute and sell” the Products manufactured by the Proprietor¹⁷ and that all the Subject Marks fall within the scope of the term “Tomy Trademarks” under the 1998, 2004 and 2012 Agreements. On this second point, other than a mere assertion by the Proprietor, the Proprietor was not able to justify why, despite it being clear that the Subject Marks do not fall within the consistent definition of “Tomy Trademarks” in all of the relevant agreements between the parties and/or their affiliates, it says that the Subject Marks which sound and look very different from the “Tomy Trademarks” fall within the scope of the term “Tomy Trademarks”.

37 The Applicant, on the other hand, argues that the Applicant is not just a distributor of the Products. They rely heavily on Article 13 of this Agreement and a consistent thread across all three agreements (the 1998 Agreement, the 2004 Agreement and the 2012 Agreement) in relation to the Existing Trademarks which include the Subject Marks to say that the Subject Marks belong to them and that the operative 2012 Agreement clearly differentiates the Subject Marks from the Tomy Trademarks.

38 A reading of Article 13.1 shows that it is expressly provided that GAC may sell the Products under its own brands or trademarks and that GAC shall own all rights to its brands, tradename, trademarks and trade dress owned by it and the Proprietor shall claim no rights or interest to them¹⁸. This understanding between the parties that GAC may create their own brands or trademarks for the purpose of selling and distributing the Products has been consistently set out in the 1998 Agreement, 2004 Agreement and 2012 Agreement and therefore, it is established that this understanding between the parties had existed since 1998. In the same vein, under the same article, the Proprietor shall own all rights to trademarks of the Proprietor, including the mark “TOMY” and the logo mark of “Orth-Tomy” (“the Tomy Trademarks”) and GAC shall claim no rights or interest to therein. Again, the fact that the Proprietor’s ownership of trademark rights pertains only to the Tomy Trademarks is consistently established in all the Agreements (1998, 2004 and 2012).

39 Under Article 13.4 of the Agreement, the parties “agree that any and all trademark registrations owned or licensed by GAC or any of its affiliates as of the effective date (including trademark applications of GAC or its Affiliates pending as of the effective date) regarding the Products including, but not limited to, those which are identified at Exhibit 3, will be the property of GAC or its Affiliates and GAC and its Affiliates hereby grant a non-exclusive and royalty-free license to (the Proprietor) to use the Existing Trademarks (which include the Subject Marks) *“in connection with and for the sole purpose of producing and selling the Products to GAC”* and that the

¹⁷ See the Proprietor’s written submissions, paragraph 19

¹⁸ See the Applicant’s SD Vol 2, pg 526

non-exclusive and royalty-free license “*shall terminate at the time the Agreement terminates*”.

- 40 The following points can be gleaned from a reading of the 2012 Agreement:
- a. GAC and its Affiliates (including the Applicant) are entitled to create their own trade marks and the Proprietor shall claim no rights to these trade marks.
 - b. The Tomy Trademarks are specifically spelt out as “TOMY” and the “logo mark of “Orth-Tomy””. The property rights in the Tomy Trademarks are clearly vested in the Proprietor.
 - c. The trademark registrations (and pending applications for registrations) owned or licensed by GAC or any of its Affiliates as at the effective date of the Agreement are listed in Exhibit 3 and the Subject Marks are listed as “registered trademarks” in Exhibit 3. These trademarks are clearly defined as the property of GAC or its Affiliates (see Article 13.4).

41 As regards the ownership of the trademarks noted in paragraph 40c above, counsel for the Proprietor argued that the phrase “Existing Trademarks” in Exhibit 3 refers to the trademark registrations in the respective covered territories only and does not include non-registered trademarks as well as trademarks in countries that are not in the covered territories. The Proprietor’s contention is that the Subject Marks in Singapore do not fall within the Existing Trademarks as Singapore is not listed as a country under “covered territories” and the Proprietor is therefore not bound by the terms of this 1998 Agreement in relation to the Subject Marks in Singapore. While the registration of the Subject Marks in Singapore is not specifically listed in Exhibit 3, I am of the view that when Article 13.4 is read with Article 13.1, it is clear that the ownership rights of the Existing Trademarks including the Subject Marks vest in GAC and its Affiliates and the ownership rights are not confined to the covered territories as listed in Exhibit 3. The covered countries merely show the countries in which registrations or applications for registrations of the marks had already been obtained or made. I will elaborate further on this below.

42 I note that in all 3 agreements (the 1998, 2004 and 2012 Agreements) which incorporate the idea of the existence of 2 categories of trademarks, the Proprietor’s licence to use the Existing Trademarks of GAC (which includes the Subject Marks) is limited. For instance, in the 1998 Agreement, the licence is only up to 1 January 2000 in the Non-Exclusive Territory (Tomy’s Territory) and thereafter, the licence to use the Existing Trademarks is limited in this manner – that the Existing Trademarks are to be used “*in connection with and for the purpose of producing and selling the Products*” (that is, the Existing Trademarks are licensed to the Proprietor for use in connection with and for the purpose of producing the Products for sale to GAC) and this licence to use is granted up to the end of the Agreement only. Similarly, in the 2012 Agreement, the licence to use the Existing Trademarks for the Products is “*in connection with and for the sole purpose of producing and selling the Products to GAC*”. Thus, the provisions in relation to the Proprietor’s non-exclusive licence to use the Existing Trademarks after 1 January 2000 consistently provided that it is for the purpose of producing the Products for sale to GAC only. In other words, the non-exclusive licence given to the Proprietor in relation to the Existing Trademarks which include the Subject Marks is only for the purpose of manufacturing and selling the goods by the Proprietor

to GAC for GAC's distribution and sale. It is not for the Proprietor to use the Existing Trademarks in any other way. That is to say, the Proprietor does not have rights to own the Existing Trademarks or to use the Existing Trademarks in an exclusive way. It is clear from this that the ownership of the Existing Trademarks (which include the Subject Marks) in all the territories was always intended to remain with GAC and its Affiliates. It is also for this reason that the Proprietor had to be given a limited non-exclusive licence to use the Existing Trademarks in conjunction with the Products for sale to GAC.

43 From all of the above, and based on the common thread across all three agreements (the 1998 Agreement, the 2004 Agreement and the 2012 Agreement), I find that it is clearly anticipated that there are 2 categories of marks – the Tomy Trademarks which belong to the Proprietor, and the Existing Trademarks (which include the Subject Marks) which belong to GAC and/or its Affiliates (including the Applicant). Ownership of intellectual property rights in the Subject Marks clearly vested in the Applicant only, while ownership of intellectual property rights in the Tomy Trademarks clearly vested in the Proprietor only. It is also for this reason that the Applicant's evidence shows that there are registrations for the Subject Marks for orthodontic products in Class 10 under the Applicant's name or GAC's name in many countries, including Australia, Benelux countries, Canada, Europe countries under the European Union, France, Germany, Iceland, Israel, Italy, Malaysia, Mexico, New Zealand, the Philippines, Puerto Rico, South Africa, Taiwan, Thailand, Turkey, United Kingdom and the United States of America.

44 The Proprietor harps on the fact that it is the manufacturer of the Products and that it regards the Applicant only as a distributor and local agent. On this contention, it is important to differentiate between the terms in the agreements as regards the right to sell and distribute Products manufactured by the Proprietor from the terms in the agreements as regards the ownership of intellectual property rights in the various trademarks. The terms as regards, for example, minimum purchase of the Products from the Proprietor by the Applicant do not affect the interpretation of the terms of agreement as regards the vesting of intellectual property rights in the respective trade marks in the parties. While the terms of agreement as regards exclusive and non-exclusive rights to distribute and sell the Products in the various territories will govern the use of the various trade marks on the Products for the purpose of sale and distribution, they do not affect the ownership rights as regards the various trademarks per se. That is to say, these terms as regards sale and distributorship do not bind either party when it comes to use of their own trademarks on products not manufactured by the Proprietor or on their own products or products manufactured by some other party. By way of a specific example, for instance, the Applicant is not precluded from using the mark SENTALLOY on orthodontic products manufactured by it or on orthodontic products manufactured by someone other than the Proprietor.

45 In a case where there is a pre-existing relationship between the parties, the circumstances surrounding the pre-existing relationship between the parties is key to making a finding as to whether there was bad faith or not (see the case of *Nautical Concept Pte Ltd v Jeffery Mark Richard and Another* [2007] 1 SLR(R) 1071 where the High Court examined the circumstances surrounding the pre-existing relationship between the parties and deemed the action of the trade mark proprietor to have fallen short of the acceptable commercial standards).

46 By virtue of the agreement between the parties, the ownership of intellectual property rights in the Subject Marks vests in GAC and its Affiliates (including the Applicant) and the Subject Marks are therefore the property of GAC and its Affiliates. With the knowledge of the terms of agreement between the parties as regards ownership of the Subject Marks (*the subjective test for "bad faith"*), the Proprietor's action in registering the Subject Marks that are the property of GAC and its Affiliates (including the Applicant) is tantamount to hijacking of GAC's trademarks and it clearly falls outside the scope of acceptable commercial behaviour observed by reasonable and experienced persons (*the objective test for "bad faith"*). Taking into consideration all the surrounding circumstances, in particular, the circumstances surrounding the pre-existing relationship between the parties, I therefore conclude that the applications were made in bad faith.

47 As the Proprietor has also relied on the fact that it was the first to use the BIOFORCE and SENTALLOY marks in Singapore, I will now turn to look at the evidence as regards use in Singapore. The Proprietor sought to show that it has used the marks BIOFORCE and SENTALLOY in Singapore since as early as 1993 (see brochures at pages 35-36 of the Proprietor's SD and shipping records showing the shipment of BIOFORCE and/or SENTALLOY goods to Singapore at page 101 of the Proprietor's SD). While granted the evidence shows that the Proprietor was the first to use the marks BIOFORCE and SENTALLOY in Singapore, I note that this was before the 1998 Agreement. I also note that at that time (i.e., in 1993), there was already a subsisting registration for SENTALLOY and BIOFORCE respectively in GAC's name in the United States (see pages 132 and 134 of the Applicant's SD which show the registrations for SENTALLOY and BIOFORCE are from July 1992) while there was no registration for the said marks belonging to the Proprietor anywhere in the world at all.

48 The 1998 Agreement was the first agreement that set out the ownership of rights to the Tomy Trademarks and the Existing Trademarks which include the Subject Marks. Thus, after 1998, the rights in the Existing Trademarks which include the Subject Marks belong to GAC and its Affiliates. While the evidence shows use in Singapore of the marks BIOFORCE and SENTALLOY by the Proprietor in 1993, there is no evidence of any use in Singapore of any of the Subject Marks by the Proprietor after 1998.

49 In fact, post 1998, the evidence points to use in Singapore by the Applicant instead. The Applicant's evidence shows use of the Subject Marks by it from 2005 onwards to 2013 (see the evidence of invoices and sales at pages 224-336 of the Applicant's SD). The Applicant's evidence also shows substantial sale in Singapore of products under the SENTALLOY and BIOFORCE marks (see pages 353-356 of the Applicant's SD which show sales of a total quantity of 31,524 of SENTALLOY and BIOFORCE products from 2006 to 2013 and sales totalling \$424,523.9063).

50 All in all, even from the evidence as regards use of the Subject Marks in Singapore by both parties, the evidence points to the fact that, post 1998, after the 1998 Agreement had come into existence, use of the Subject Marks by either of them has been in a manner that is consistent with the understanding reached between them and as established in their agreement - that is, the Existing Trademarks (which include the Subject Marks) are the property of GAC and its Affiliates and the Proprietor's use

thereof is subject to the restricted non-exclusive, royalty-free licensing by GAC or its Affiliates for use in the Proprietor's Territory up till January 2000 only and thereafter, for the purpose of producing the Products for GAC's sale and distribution only.

51 In any event, even if there was prior use post 1998 of the Subject Marks by the Proprietor, it would not detract from the fact that such use that impinges on the ownership rights of GAC and that is in contravention of the agreement between them, should nonetheless, be disregarded as prior use that goes towards prior rights.

52 As I have already found the Proprietor's registrations for the Subject Marks to be invalid as the applications therefor were made in bad faith, it is unnecessary for me to decide whether the registrations are also invalid under the grounds of invalidation under Section 8(7)(a) (on the basis of passing off of the Subject Marks by the Proprietor), Section 8(2)(b) (on the basis of likelihood of confusion by virtue of similarities of marks and goods premised upon the Applicant's earlier marks, as claimed to be well known), and Section 8(4)(b)(i) (on the basis of confusing connection, where the Applicant relies on its marks as claimed to be well known).

Overall Conclusion

53 Having considered all the pleadings and evidence filed and the submissions made in writing and orally, I find that the applications for declarations of invalidity succeed under Section 23(1) read with Section 7(6) of the Act. I therefore declare Trade Mark Registration Nos. T1301268F for the mark "**MICROARCH**", T1301266Z for the mark "**SENTALLOY**", and T1301267H for the mark "**BIOFORCE**" invalid. The Applicant is accordingly entitled to costs of this action, to be taxed if not agreed.

Date of Issue: 2 September 2019

[The appeal from this decision to the High Court was dismissed.]