

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

[2023] SGIPOS 11

Trade Mark No. 40201925975W
(International Registration No. 1500237)

**IN THE MATTER OF A TRADE MARK APPLICATION
IN THE NAME OF
NOVEL BRANDS USA LLC**

... Applicant

AND

**AN OPPOSITION BY
ZERODENSITY YAZILIM ANONIM SIRKETI**

... Opponent

FOUNDATIONS OF DECISION

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ZERODENSITY YAZILIM ANONIM SIRKETI

v

Novel Brands USA LLC

[2023] SGIPOS 11

Trade Mark No. 40201925975W (International Registration No. 1500237)

Principal Assistant Registrar Tan Mei Lin

26 January 2023, 23 February 2023

10 May 2023

Principal Assistant Registrar Tan Mei Lin:

Introduction

1 This is an opposition against a Singapore designation of IR No. 1500237 under Trade Mark No. 40201925975W (the “Subject Application”). The trade mark is “**REALITY ENGINE**” (the “Subject Mark”) filed by Novel Brands USA LLC (the “Applicant”) in respect of “*Downloadable and recorded computer software.*” (the “Application Goods”) in Class 9.

Procedural History

2 The Applicant applied to register the Subject Application on 7 September 2019, claiming a priority date of 7 March 2019. The Subject Application was published for opposition purposes on 20 March 2020.

3 ZERODENSITY YAZILIM ANONIM SIRKETI (the “Opponent”) filed its Notice of Opposition on 20 July 2020. The Applicant filed its Counter-Statement on 3 February 2021.

4 The Opponent filed evidence in support of the opposition on 26 November 2021. The Applicant filed its evidence in support of the application on 28 July 2022.

5 Following the close of evidence, a pre-hearing review was held on 28 October 2022. The parties made their oral submissions before me on 26 January 2023 and were given leave to file further written submissions, which they did on 23 February 2023.

The evidence

6 The following Statutory Declarations (“SD”) were tendered in evidence:

- (a) SD of Mehmet Özkan, Chief Operating Officer of the Opponent, dated 26 November 2021 (“OSD”); and
- (b) SD of Thomas R. La Perle, Manager of the Applicant, dated 21 July 2022 (“ASD”).

Background

The Applicant

7 The Applicant is a company incorporated under the laws of Delaware on 4 September 2019.

8 It has worldwide applications and registrations for the Subject Mark in Classes 9 and/or 42. The vast majority of these worldwide applications and/or registrations in Class 9 bear the same specification as the Subject Application.

9 The Applicant’s goods are still in the development stage and have not yet been marketed publicly. It intends to use the Subject Mark for software

products sold directly to consumers and developers, to make it easier for them to prototype and produce high-quality augmented reality (“AR”) experiences.

The Opponent

10 Established in 2014, the Opponent is incorporated in Turkey and is in the business of developing broadcasting products and solutions for industries such as broadcasting, AR, live events and e-sports, offering high quality and technologically advanced production with real-time visual effects.

11 The Opponent’s broadcasting compositing system is offered under the sign “Reality Engine”. The system provides real-time, photo-realistic, three-dimensional virtual studio and AR solutions, enabling users to create immersive content and revolutionise story-telling. It features video input/output, keying, compositing and rendering in one single machine, providing both hardware and software broadcasting solutions.

Grounds of opposition

12 The Opponent relies on Sections 8(7)(a) of the Trade Marks Act 1998 (“the Act”) in this opposition. The ground under Section 7(6) of the Act¹ was pleaded but was withdrawn on 15 November 2022.

Applicable law and burden of proof

13 There is no overall onus on the Applicant before the Registrar during examination or in opposition proceedings. The undisputed burden of proof in the present case falls on the Opponent.

¹ 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.”

Ground of Opposition under Section 8(7)(a)

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

8.—(7) 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;

15 To succeed on this ground of opposition, the Opponent has to establish the "classical trinity" of passing off, being the 3 elements set out below²:

(a) **Goodwill**, namely that the Opponent has goodwill attached to the goods/services it supplies in the mind of the purchasing public by association with the identifying “get-up” under which its particular goods/services are offered to the public, such that the get-up is recognised by the public as distinctive of the Opponent’s goods/services and no others;

(b) **Misrepresentation**, namely that the Applicant has made a misrepresentation to the public (whether intentional or otherwise) leading (or which is likely to lead) the public to believe that the goods offered by the Applicant are those of the Opponent’s; and

(c) **Damage**, namely that the Opponent suffers (or is likely to suffer) damage by reason of the erroneous belief engendered by the Applicant’s alleged misrepresentation.

² *Singsung Pte Ltd v LG 26 Electronics Pte Ltd (trading as L S Electrical Trading)* [2016] 4 SLR 86 at [27] to [28].

Goodwill

16 The relevant date for establishing goodwill is the date when the acts complained of were carried out³. In this case, the act complained of is the Applicant’s act of making the Subject Application. The Applicant filed the Subject Application on 7 September 2019, claiming a priority date of 7 March 2019. If registered, the Applicant’s rights as an “earlier trade mark” take effect from the claimed priority date of 7 March 2019.

17 Accordingly, the relevant date for assessing whether the Opponent has goodwill is 7 March 2019; and the Opponent does not dispute it.

18 While the Opponent is based overseas, it is the Opponent’s case that it has, since 2018, continually partnered with Cgangs International Pte. Ltd. (“Cgangs”), its non-exclusive distributor based in Singapore, to offer its goods and services in Singapore.

19 One event that the Opponent collaborated with Cgangs (together with Mediacorp and ITE College Central) is The 2019 Countdown Show which aired on Mediacorp’s Channel 5 to the mass public in Singapore. For this event, a photo-realistic, three-dimensional mermaid seen “swimming” around the arena during one of the live performances, was made possible through the Opponent’s “Reality Engine” hardware and software⁴.

20 As a result of The 2019 Countdown Show, the Opponent issued 3 invoices to Cgangs. The invoices are all dated 28 November 2018 and total a

³ *Mopi Pte Ltd v Central Mercantile Corporation (S) Ltd* [2001] SGHC 328 at [113].

⁴ OSD pages 103, 109, 110, 115, 118.

sum of USD35,050. The description under item 2 of each of the invoices states “Reality Engine Full License – 1 Day Rental”⁵.

21 Sometime between 23 and 31 January 2019, various correspondences took place between the Opponent and Cgangs regarding requests for the Opponent’s goods and services to be deployed for various events such as National Day Parade 2019 and Broadcast Asia 2019⁶.

22 On 31 January 2019, the Opponent issued 2 quotations to Cgangs for its goods and services. Both invoices include an item for a full license of the “Reality Engine” software⁷.

23 The Applicant contends that the Opponent’s evidence does not show that the Opponent uses the sign on software “as a core good”. It submits that the Opponent uses the sign in respect of a “system” – “in relation [to] engineering and architectural design services... related to providing AR/VR experiences”. In support of this it relies on the Opponent’s trade mark application for “Reality Engine” in Singapore, Trade Mark No. 40202006067V (IR No. 1520745) (the “Opponent’s Application”), which claims the following goods and services:

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⁵ OSD pages 120 to 122.

⁶ OSD pages 212 to 222.

⁷ OSD pages 223 to 228.

1) Class No. Class 09

Goods / Services Apparatus for recording, transmission or reproduction of sound or images, cameras, photographic cameras, television apparatus, video recorders, computers, desktop computers, tablet computers, wearable technological devices, namely smart watches, smart wristbands, head-mounted cameras; microphones, loudspeakers, earphones, telecommunications apparatus, apparatus for the reproduction of sound or images, computer peripheral devices, cell phones, magnetic and optic data carriers and computer software and programmes recorded thereto, including but not limited to downloadable and recordable electronic publications, movies, music, computer software, television and all other channels including the ones for mobile apparatus such as telephones and tablets.

Class Status Pending (Under Examination)

2) Class No. Class 42

Goods / Services Engineering; engineering and architectural design services; computer services, namely, computer programming, computer software design, including the AR and VR content creation, updating and rental of computer software, computer hardware consultancy (consultancy in the design and development of computer hardware); rental of computer hardware.

Class Status Pending (Under Examination)

24 I do not see any merit in this argument. I am satisfied that the Opponent's evidence as of the relevant date shows that it has used "Reality Engine" in respect of software. The Opponent's quotations⁸ are clearly broken down into 2 components – one for "Software" and one for "Service". The description "Reality Engine Full License – 1 Day Rental" appears under the "Software" section. While it is true that the Opponent's invoices do not explicitly say that the item "Reality Engine Full License – 1 Day Rental" relates to software, I do not see any reason why the term in the invoice should have a different meaning from the quotation.

25 Further, the evidence shows that the Opponent's customer, Cgangs, refers to the Opponent's software as "Reality Engine".

⁸ One example of this is the Opponent's quotation dated 31 January 2019 at page 225 of OSD.

⁹ Email correspondences between Opponent and Cgangs between 23 and 31 January 2019 at pages 212 to 222 of OSD.

26 It is immaterial that the Opponent also offers other goods and services alongside its “Reality Engine” software. In any event, I note from the Opponent’s quotations that the other goods and services offered by the Opponent are referred to by other signs (such as, “Reality Lens”, “Reality Editor” and “Reality Control Suite”). As for the Applicant’s reliance on the Opponent’s Application, this is irrelevant as the Opponent is not relying on it to support its opposition to the Subject Application. A decision a business makes as to what goods and/or services to register its mark for is often a commercial one balancing many factors. It should not be assumed that a business does not trade in certain goods and/or services merely because it has not sought to register its mark for those goods and/or services.

27 Before I move on to consider whether the element of misrepresentation is made out, I should highlight 2 further points. Firstly, parties spent some time on the issue of who the “relevant purchasing public” of the Opponent’s goods are. This is because the Opponent’s goodwill resides in this section of the public, and it is also to this section of the public that we should consider whether any misrepresentation is made. I will elaborate on the parties’ arguments below. Secondly, the Applicant argues that the Opponent’s goodwill is too slight to conclude that the Applicant’s use of a similar name in a *non-competitive field* would deceive (relying on the English case of *Teleworks Ltd v Telework Group Plc* [2002] RPC 27 (“*Teleworks*”)¹⁰). I will consider whether parties are in non-competitive fields below.

¹⁰ The claimant in *Teleworks* did not fail on goodwill. In fact, the court found that despite having only a 0.001% share in the market, the claimant did have protectable goodwill, albeit extending beyond those who have dealt with it directly only to a very limited extent. The court, however, found that there was no misrepresentation on the facts. The court expressed the view that the industry concerned in the case, the computer telecommunications industry, is a “vast and extremely diverse industry” and that “care must be taken not to assume that everyone working within it is working in the same field”.

Misrepresentation

28 The Court of Appeal in *Singsung Pte Ltd v LG 26 Electronics Pte Ltd (trading as L S Electrical Trading)* [2016] 4 SLR 86 (“*Singsung*”) provided the following guidance in relation to determining misrepresentation in an action for passing off:

[38] In our judgment, the issue of distinctiveness is best understood as a threshold inquiry in the context of determining whether the defendant has committed an actionable misrepresentation. Simply put, *if a mark or get-up is not distinctive of the plaintiff’s products or services, the mere fact that the defendant has used something similar or even identical in marketing and selling its products or services would not amount to a misrepresentation that the defendant’s products or services are the plaintiff’s or are economically linked to the plaintiff...*

...

[40] ... *The misrepresentation in question must give rise to confusion (or the likelihood thereof) in order to be actionable under the law of passing off. This is ultimately a matter for the court’s judgment and it is not to be determined on a visual side-by-side comparison. Rather it is to be assessed from the vantage point of a notional customer with imperfect recollection.*” (Emphasis added)

29 Therefore, the preliminary issue to be considered is whether the sign “Reality Engine” is distinctive of the Opponent’s goods. If so, the Opponent will have to satisfy two further requirements: first, that there was a misrepresentation made by the Applicant in using the Subject Mark, and second, that actual confusion or a sufficient likelihood of confusion arose from this (*Singsung* at [70]).

30 Regarding the threshold inquiry of distinctiveness, the Court of Appeal in *Singsung* at [39] cited the following in *The Singapore Professional Golfers’ Association v Chen Eng Waye* [2013] 2 SLR 495 (at [20]):

... [The second inquiry (ie, of misrepresentation)] typically begins with a consideration of how the defendant is said to be doing this. In general, it will entail the use of some element that serves as a badge or identifier marking the goods or services in question as emanating from the claimant ... *It will be necessary here to consider whether that element does serve as a badge or identifier, or, in the parlance of the action, whether it is “distinctive” of the claimant’s goods and services, and whether the claimant’s goodwill (established under the first stage of the inquiry) is in fact associated with that element.* It will then be necessary to consider, amongst other factors, whether there is such a similarity between the corresponding element that is being used by the defendant on the one hand and by the claimant on the other such that in all the circumstances, it is sufficiently likely to result in the relevant segment of the public being deceived or confused into thinking that the defendant’s goods or services are, or emanate from a source that is linked to, the claimant’s. ...” (Emphasis added)

31 The Opponent submits that the relevant public, that is, distributors and users of the Opponent’s “Reality Engine” software and related services, recognise and associate “Reality Engine” exclusively with the Opponent’s business and with no one else’s. The quotations and invoices issued by the Opponent to Cgangs clearly designate its software as “Reality Engine”. Communication between the representatives of Cgangs and the Opponent shows that Cgangs also refers to the software license as the “Reality Engine license”¹¹.

32 I agree. I find that the sign “Reality Engine” is distinctive of the Opponent’s goods and move on to consider whether any misrepresentation is made by the Applicant in using the Subject Mark.

33 The Applicant accepts that the Subject Mark is identical to the Opponent’s sign. However, it disputes that the parties’ goods are identical or similar. Essentially, its argument (as above, on the issue of whether the

¹¹ Pages 213, 217 and 221 of OSD.

Opponent has goodwill in software goods) is that the Opponent offers engineering and architectural design services in relation to a system related to providing AR/VR experiences. On the other hand, the Applicant seeks to register the Subject Mark in respect of “*Downloadable and recorded software*” in Class 9. As I alluded to above¹², I am unable to accept the Applicant’s point. In my view, the parties’ goods overlap. Both parties operate in the field of VR/AR and the respective parties’ goods are both software goods which have a very niche and specific purpose of providing consumers with VR or AR experiences and visual effects. It follows that the target consumers are also similar, being consumers who wish to utilise software to produce or experience VR or AR visual effects. I find that the parties are in direct competition.

34 Before I move on to consider the likelihood of confusion, I note the Applicant’s point that its goods differ from the Opponent’s in that it is “not at all targeted at events involving AR/VR technology; but rather directed to consumers and developers to make it easier for them to prototype AR experiences”. However, I should consider the notional fair uses of the Subject Mark once it is registered, and the Application Goods do not exclude those “targeted at events involving AR/VR technology” and neither are they limited only to those which would allow consumers to “prototype AR experiences”. In any event, it is not clear, and the Applicant has not adduced evidence demonstrating how software for “prototyping AR experiences” differs from the Opponent’s AR/VR software.

35 The Applicant argues that the Opponent’s consumers are “professionals in the business of organising events involving AR/VR technology”. The Opponent’s evidence shows that they sell their software to resellers such as

¹² [23]-[26] above.

Cgangs, who then use it for ultimate institutional end users, including entities such as Mediacorp, So Drama! Entertainment and Nanyang Polytechnic. In other words, the Opponent's customers procure the Opponent's goods in their professional capacities, using quotes (for distributors such as Cgangs) and from distributors (for end-users), which is "completely different from how the Applicant intends to distribute its goods from a website and/or an application where consumers can immediately access and purchase or use the Applicant's goods and software"... "to make it easier for them to prototype AR experiences". Related to this the Applicant makes three further points.

36 Firstly, the trade channels utilised by both parties and the manner in which parties carry on (or will carry on) their trade are different. The Applicant intends to market products sold under the Subject Mark directly to consumers and developers. In contrast, the Opponent's evidence in relation to sales of its software shows that it: (a) engages resellers such as Cgangs to sell their product; and (b) undertakes sales through sending Cgangs a quotation for rental of its "Reality Engine" software and other products, before invoicing Cgangs for the same. ("**Trade Channel Point**")

37 Secondly, the people actually purchasing, or who would be interested in purchasing, the Opponent's software would be doing so in their professional capacities in the context of organising an event featuring such software. The fact that the Opponent's customers would be spending corporate resources on the Opponent's products, would mean that such persons would exercise particular care, and be particularly attentive and/or cautious, in purchasing the Opponent's products. Accordingly, the risk of confusing misrepresentation would be mitigated. ("**Careful Purchase Point**")

38 Thirdly, the Opponent’s customers are “professionals in the business of organising events involving AR/VR technology”. The Applicant submits that where goods are sold in a specialised market consisting of persons engaging in a particular trade (as is the case here with the Opponent’s “Reality Engine” software), it is essential for the Opponent to adduce evidence of such persons as to the likelihood of deception or confusion (Tan Tee Jim, S.C., *Law of Trade Marks in Singapore*, (Sweet & Maxwell 4th Ed., 2021) (“**TTJ**”) at [19.244]). In the absence of such actual evidence, the officer hearing the matter cannot substitute this with his/her own opinion on the likelihood of deception or confusion. (“**Evidence of Likelihood of Confusion Point**”)

39 I respond to each of these points in turn.

40 **Trade Channel Point**: I do not see any merit in this. In opposition proceedings, the Registrar must consider the full range of rights sought by the applicant by reference to any actual use by the applicant (assuming there has been prior use) as well as notional fair uses to which the applicant may put his mark should registration be granted. Applying the above, nothing turns on the Applicant’s intention to market its goods “directly to consumers and developers”. The Subject Mark, once registered, would allow the Applicant to market its computer software to anyone, including the actual and potential customers of the Opponent’s software.

41 **Careful Purchase Point**: I accept that greater levels of care will be exercised in the decision to procure the goods concerned. This is because the goods concerned are technical goods and expensive. However, I do not agree that this is sufficient to prevent a likelihood of confusion given that the marks are identical and the overlap in the parties’ goods of interest. In Ng-Loy Wee

Loon, S.C., *Law of Intellectual Property of Singapore* (Sweet & Maxwell Asia, Rev 3rd Ed, 2022 (“Ng-Loy”) at [21.5.39] it is stated that:

In passing off, a factor that may have an impact on whether the misrepresentation is likely to confuse the public is the degree of proximity of the parties’ fields of activity: the closer their fields of activity are to each other (i.e. the more similar their goods/services), the greater the risk of confusion; and conversely, the further apart their fields of activity (i.e. the less similar their goods/services), the lower the risk of confusion.

42 In this regard, I also agree with the Opponent’s submission that consumers of the goods concerned (software goods aimed at providing consumers with VR or AR experiences and visual effects) are likely to pay more attention to the functionalities and specifications of the software and whether the particular software is able to meet the needs of the consumer, rather than the commercial origin of the goods themselves. This points towards a likelihood of confusion. In *Ceramiche Caesar SpA v Caesarstone Sdot-Yam Ltd* [2017] SGCA 30, the Court of Appeal stated at [79]:

Consumer indifference [toward the mark used in relation to the relevant goods] would, in the normal course of events, point towards a likelihood of confusion in so far as consumers would pay less attention to the differences between the marks.

43 **Evidence of Likelihood of Confusion Point:** TTJ at [19.244] states:

Where the goods are normally sold to the general public for consumption or domestic use, the judge is entitled to give effect to his own opinion on the likelihood of deception or confusion. However, where the goods are normally sold in a specialised market consisting of persons engaged in a particular trade,

“evidence of [such] persons as to the likelihood of deception or confusion is essential. A judge, though he must use his common sense in assessing the credibility and probative value of that evidence is not entitled to supplement any deficiency in evidence of this kind by giving effect to his own subjective view as to whether or not he himself would be likely to be deceived or confused.”.

44 It is therefore pertinent for me to consider whether the Opponent's goods are sold in a specialised market consisting of persons engaged in the trade.

45 The Applicant argues that the consumers of the Opponent's goods are professionals in the business of organising events involving AR/VR technology, who would be familiar with the different types of available product offerings on the market and be familiar with the Opponent's business. They are also likely to exercise more care and be particularly attentive and/or cautious in making their purchases. Accordingly, the risk of confusing misrepresentation would be mitigated.

46 In my view, the evidence does not support a finding that the Opponent's consumers are professionals or specialise in organising events involving AR/VR technology. While this may be true of the Opponent's distributor, Cgangs, I must also consider the end-users or indirect consumers of the Opponent as they are also customers just as much as Cgangs. The Opponent's evidence shows that its service package includes technical and operating training services and project supervision services along with assistance from an engineer. The relevant public therefore includes those who organise events utilising AR/VR technology on an ad hoc basis. Such consumers may not be familiar with the product offerings and/or service providers in the AR/VR industry.

47 I therefore do not agree that evidence of trade witnesses as to the likelihood of confusion is essential in this case. I am of the view that I am entitled to form my own opinion on the likelihood of confusion based on my assessment of the evidence before me.

48 Considering the matter in the round, I am satisfied that use of the Subject Mark would result in a substantial number of the Opponent's customers or potential customers being deceived into believing that the Opponent is responsible for, or connected with, the Applicant's software.

Damage

49 Having found that the goodwill and misrepresentation limbs of the test have been satisfied and that the parties are direct competitors, it follows that damage to the Opponent's goodwill will arise, most obviously, by diverting trade from the Opponent to the Applicant, or blurring.

50 **Ng-Loy** at [19.2.1] and [19.2.2] states:

"Blurring of goodwill" is a term of art to describe the classic form of damage to the plaintiff's goodwill caused by the defendant's misrepresentation. When the defendant uses a confusingly similar mark to sell his goods or services and, as a result, the purchaser buys the defendant's goods or services thinking that they originate from the plaintiff, the goodwill of the plaintiff becomes blurred in the sense that it is being 'spread out' to cover the defendant's goods or services.

This head of damage is ultimately about the loss of sales because custom meant for the plaintiff is diverted to the defendant. For this reason, this head of damage can only occur when the plaintiff and the defendant are trade rivals or when their products or services are substitutes. Where the parties are in direct competition with each other, the court will readily infer the likelihood of damage.

51 I therefore find that use of the Subject Mark at the relevant date was liable to be restrained by the law of passing off.

Conclusion

52 Having considered all the pleadings and evidence filed and the submissions made in writing and orally, I find that the opposition succeeds on

the ground under Section 8(7)(a). Consequently, the Subject Application is refused registration.

53 I have considered the parties' submissions on costs and, having regard to all the circumstances, award the Opponent the sum of S\$5,511.65 (inclusive of disbursements).

Tan Mei Lin
Principal Assistant Registrar

Ms Gillian Tan (That.Legal LLC) for the Opponent;
Mr Sanil Khatri and Ms Natalie Huang (Wong & Leow LLC)
for the Applicant.