

Dangers of Using a Common Name as a Trade Mark

TMRG Pte Ltd and another v Caerus Holding Pte Ltd and another [2021] SGHC 163

Is a business entitled to a monopoly over a common name such as “Luke” (or its possessive form, “Luke’s”)? This was the key question explored by the High Court in *TMRG Pte Ltd and another v Caerus Holding Pte Ltd and another [2021] SGHC 163*, in which our firm’s Melvin Pang and Ong Eu Jin successfully acted for the defendants.


Background

The plaintiffs are Singapore companies operating fine dining restaurants under the name “Luke’s Oyster Bar & Chop House”. Restaurateur Mr Travis Masiero, a director and shareholder of the plaintiffs, claimed that he had named the restaurants after his son, Lucas.


The first and second defendants are respectively the Singapore exclusive franchisee and the franchisor of the popular “Luke’s Lobster” brand of small, casual, self-service lobster roll shacks. Luke’s Lobster derives its name from the second defendant’s CEO and co-founder, Luke Holden.

On 1 October 2009, the second defendant opened the first Luke’s Lobster shack (in New York City). Since then, the second defendant has, either directly or through franchisees, opened some 37 Luke’s Lobster shacks in the United States, Japan, and Taiwan.

In May 2011, the plaintiffs opened the first Luke’s Oyster Bar & Chop House restaurant (at Gemmill Lane). In 2014, the plaintiffs opened a second restaurant under the same name (at the Heeren); it closed in December 2020 because its landlord, Robinsons, ceased operations.

On or around 3 April 2018, the defendants’ Luke’s Lobster marks — the word mark **Luke's Lobster** and the logo  were successfully registered in Singapore. No objections were raised by the Registry of Trade Marks during their examination of the marks, and no opposition to the registration of the marks was filed by the plaintiffs.

In July 2020, the plaintiffs came to know that the defendants were intending to open the first Luke’s Lobster shack in Singapore (at Isetan, Shaw House). On 7 August 2020, the plaintiffs commenced the suit, and on 11 August 2020, they applied for an interlocutory injunction to restrain the defendants from opening the shack. An interlocutory injunction was not granted, and so the shack was opened on 23 September 2020. A second Singapore shack (at Jewel, Changi Airport) was opened in January 2021. Luke’s Lobster’s frozen seafood products are also available at NTUC FairPrice Finest supermarkets.

The plaintiffs brought the following claims against the defendants: (a) infringement of the plaintiffs’ registered mark  under section 27(2)(b) of the Trade Marks Act (“TMA”); (b) passing off; and (c) invalidation of the defendants’ Luke’s Lobster registered marks.

Trade Mark Infringement

The Court applied the established step-by-step approach, which involves the consideration of: (a) whether there is marks similarity; (b) whether there is services identity/similarity; and (c) whether, on account of the first two conditions,

there exists a likelihood of confusion. The Court also considered the applicability of the “own name” defence under section 28(1)(a) of the TMA and the “registered mark” defence under section 28(3) of the TMA.

Marks Similarity

The Court held that there is no marks similarity. In reaching its decision, the Court noted that a common name such as “Luke” (or its possessive form, “Luke’s”) is of low distinctiveness, such that the average consumer would be sensitive to additional words or features that accompany or qualify it. The Court’s findings on the various aspects of marks similarity are as follows:

1. Visually, the marks are dissimilar. The plaintiffs’ registered mark has nine words and 51 letters (Luke’s / Oyster Bar / Chop House / Travis Masiero Restaurant Group). On the other hand, the Luke’s Lobster word mark has two words and 12 letters, and the Luke’s Lobster logo has one word, five letters, and a lobster device. There are also differences in font and design.
2. Aurally, the marks are dissimilar. The plaintiffs’ registered mark has 15 syllables, the Luke’s Lobster word mark has three syllables, and the Luke’s Lobster logo has one syllable. The only common syllable, “Luke’s”, is of low distinctiveness.
3. Conceptually, the marks are dissimilar. The plaintiffs’ registered mark bring to mind a place (an oyster bar or a chop house), whereas the Luke’s Lobster marks bring to mind an animal (the lobster) or a type of food (lobster). The plaintiffs’ registered mark also expressly states that their restaurants are part of the Travis Masiero Restaurant Group, whereas the Luke’s Lobster marks make no reference to any restaurant group.


Services Identity/Similarity

The Court held that there is services identity/similarity; the plaintiffs’ registration is for “restaurants” (amongst other services). The Court noted that this holding does not mean that there is no distinction between Luke’s Lobster shacks and the plaintiffs’ restaurants; rather, these differences fell to be considered under the element of confusion.

Likelihood of Confusion

The Court held that there is no likelihood of confusion, noting that the relevant time for evaluating confusion is the point of purchase; the doctrine of “initial interest” confusion is not part of Singapore law. Factors that the Court took into account included the following: (a) the marks are not similar; (b) the plaintiffs’ registered mark and their restaurants did not have a strong reputation; (c) some degree of fastidiousness and attention is to be expected on the part of prospective purchases in relation to restaurant services; and (c) there are significant differences in style, price, range, and type of food and services.

The Court rejected the plaintiffs’ survey evidence, for reasons including the following:

1. The survey used the plaintiffs’ unregistered logo , instead of their registered mark. The Court was not prepared to conclude that the results of the survey would have been the same had the plaintiffs’ registered mark been used instead of their unregistered logo.
2. The participants were not the relevant cross-section of the public. All of the 266 interviewees were drawn from the plaintiffs’ mailing list, and were actual customers of the plaintiffs. No potential customers were surveyed.



3. The survey was leading or otherwise problematic in various ways. For example, one of the key objectives of the survey was to establish whether the plaintiffs' customers routinely and commonly referred to the plaintiffs' restaurants as "Luke's". However, in the email sent by Mr Travis Masiero to the participants, first sentence was "[t]his is Travis from Luke's". In effect, prior to the conduct of the survey, Mr Travis Masiero was telling the participants that he refers to his restaurants as "Luke's". Further, the survey was not based on actual market conditions, which have a significant impact on how the marks are perceived and consequently the likelihood of confusion. Even though the surveys were conducted over WhatsApp (such that images could easily be sent to the participants), the participants were not shown a photograph of the Luke's Lobster shacks or menu.
4. The raw results of the survey (in the form of 266 questionnaires) were disclosed very late, on Friday, 5 March 2021, shortly before the trial commenced on Tuesday, 9 March 2021. The plaintiffs' own evidence was that at least a month would be needed to review all the questionnaires.
5. The plaintiffs' attempt to use the statements of two participants as evidence of actual confusion was questionable. The Court noted that this amounted to an attempt by the plaintiffs to get out-of-court statements from persons—who are not called as witnesses—which are then put forward as evidence.

"Own Name" Defence under Section 28(1)(a) of the TMA

The Court held that the defendants are entitled to rely on the "own name" defence under section 28(1)(a) of the TMA. The second defendant has been using the trading name "Luke's Lobster" since 2009, two years prior to the opening of the plaintiffs' first restaurant. "Luke's Lobster" is named after the second defendant's CEO and co-founder, Luke Holden. The Luke's Lobster marks were successfully registered in 2018, without any opposition by the plaintiffs or objection by the Registry of Trade Marks. The first defendant is also entitled to rely on the defence, as it is the exclusive licensee of the second defendant, and the franchise agreement gave it the same rights and remedies as the second defendant in respect of defending against or initiating any litigation in Singapore in relation to the licensed marks (save as expressly excluded under the agreement).

"Registered Mark" Defence under Section 28(3) of the TMA

The Court held that the defendants are entitled to rely on the "registered mark" defence under section 28(3) of the TMA. The plaintiffs' claim for the invalidation of the defendants' registered Luke's Lobster marks was dismissed (discussed below).

Passing Off

The Court examined the classical trinity of elements under passing off: (a) goodwill; (b) misrepresentation; and (c) damage. The Court also considered the applicability of the prior/concurrent user defence and the "own name" defence under passing off.

Goodwill

The Court held that there is goodwill, as there is an attractive force that brings in customers to the plaintiffs' restaurants. However, the Court found that the plaintiffs' goodwill is not associated with "Luke's" per se, but rather, their registered mark, unregistered logo, the Travis Masiero Restaurant Group, and Mr Travis Masiero.

Misrepresentation

The Court held that there is no misrepresentation, noting that the doctrine of “initial interest” confusion is not part of the law on passing off, just as it is not part of the law on trade mark infringement. Factors that the Court took into account included the following:

1. The defendants’ name was chosen bona fide, which makes a finding of deception less likely. “Luke’s Lobster” was in use some two years before the plaintiffs’ first restaurant was opened.
2. There are many significant differences in style, price, range, and type of food and services. The plaintiff’s restaurants are spacious fine dining establishments, whereas Luke’s Lobster shacks are small, casual, grab-and-go outlets with limited seating. The average price of a trip to the Plaintiffs’ restaurants is S\$153 (for the restaurant at Gemmill Lane) or S\$108 (for the now-closed restaurant at the Heeren). The plaintiffs’ restaurants have a 20-page wine and drinks list, with a number of wines above S\$1,000, all the way up to S\$10,380 for the 1995 Screaming Eagle red wine from Napa Valley. On the other hand, the most expensive food item at Luke’s Lobster shacks is the Luke’s Trio at S\$33.50 and the most expensive drink is the Little Creatures IPA Pint at S\$17.50. As an illustration, if a customer were to order the most expensive food item and the most expensive drink item at Luke’s Lobster, that would only cost \$51. An average trip to the plaintiffs’ restaurants costs some two to three times of that.
3. There was evidence of very long queues at the Luke’s Lobster shack at Isetan. On the other hand, the plaintiffs’ own evidence was that their customers are busy people, the sort that go to fine dining restaurants. They would likely not be the kind to queue up at the defendants’ Luke’s Lobster shacks.

Damage

The Court held that there was no damage.

There was no evidence of direct loss of sales. The plaintiffs’ had failed to provide sales figures before and after Luke’s Lobster opened in Singapore.

There was no evidence of “blurring” or tarnishment. The Court did not accept the plaintiffs’ argument that if a customer of Luke’s Lobster perceived some association between the defendants’ and the plaintiffs’ restaurants, the plaintiffs’ reputation and brand would suffer thereby just because Luke’s Lobster does not offer a fine dining experience.

There was no evidence of restriction of expansion into the takeaway / grab-and-go / lobster shack market. The Court found that there is nothing to stop the plaintiffs from expanding into such a market; they are free to do so under the name of their restaurants. In any case, the plaintiffs had no serious intention to expand into such a market—their lobster shack popup event only lasted two weekends in June 2020, and their attempt to register a “Lobster Shack by Luke’s” mark, filed shortly before the hearing of their interlocutory injunction application, was simply an attempt to stop Luke’s Lobster from using its own name.

Prior/Concurrent User Defence

The Court acknowledged that Luke’s Lobster did have a reputation amongst Singaporeans prior to 2020. However, the Court did not accept the proposition that the reputation of Luke’s Lobster suffices to negate the reputation of the plaintiffs; instead, the plaintiffs had their own reputation in their restaurants, and Luke’s Lobster had its own reputation.

“Own Name” Defence under Passing Off

The Court did not decide on whether the “own name” defence was available under passing off, noting that the Court of Appeal in *The Audience Motivation Company Asia Pte Ltd v AMC Live Group China (S) Pte Ltd [2016] 3 SLR 617* had expressed the obiter view that this defence was not available.

Invalidation of the Luke’s Lobster Registered Marks

The Court stated that its decision on marks similarity and services identity/similarity in the trade mark infringement context applies equally in the context of invalidation. As for the confusion analysis, the Court found that broadening that to include notional fair uses to which the Luke’s Lobster marks may be put, does not lead to any difference in the outcome. As such, the Court dismissed the plaintiffs’ invalidity claim.

Key Takeaways

Key takeaways from this case include the following:

1. Businesses should be aware of the dangers of choosing a name, either a first name or a surname, as their trade mark; the more common the name, the harder it will be to protect as a trade mark. The Court cited the following warning from *Valentino SpA v Matsuda & Co [2020] SGIPOS 8*:

“Where a business chooses as its trade mark (or one of its trade marks) a name, whether a given name, a surname or a combination of the two, that choice comes with a risk: that others may be able to use it (or them) in good faith without impinging upon the trade mark owner’s rights, including the right to successfully oppose subsequent third party applications to register another combination as a trade mark. The more common the name, the more likely this is: for example, WANG would be extremely difficult, if not impossible, to protect as a trade mark for fashion articles except in combination with a given name such as ALEXANDER or VERA; as would CHOO without JIMMY or LIM without PHILLIP. Likewise, to take some examples from further afield: SMITH without PAUL; RALPH without LAUREN; KLEIN without CALVIN or ANN; LOUIS without VUITTON.”

2. Franchisees should be aware of the benefits of having an express provision in the franchise agreement that the franchisee has the same rights and remedies as the franchisor in respect of defending against or initiating any litigation in relation to the licensed marks. This would improve the chances of franchisees being able to, for example, successfully invoke defences which would otherwise appear to be available only to franchisors.
3. Brand owners seeking to rely on survey evidence in actions against infringers should be very careful in designing and conducting the surveys. It is critical to ensure that the correct cross-section of the public is chosen, the communications and questions posed to the participants are appropriately drafted, and the raw results are timeously disclosed to the opposing party.



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