



CASE NOTE –LITIGATION – ANTON PILLER ORDERS

Asian Corporate Services (SEA) Ltd v Eastwest Management Ltd [2006] SGCA 1

The Court of Appeal recently had the opportunity of affirming the principles governing the grant of a civil search order (otherwise known as an “Anton Piller” order).

An Anton Piller order is an order of court which directs a defendant to permit the applicant to enter onto his premises or property within his control in order to search for, examine and remove articles or documents temporarily, as well as to obtain information from the defendant’s computers.

In Asian Corporate Services, the Court of Appeal had to decide whether the plaintiff had demonstrated sufficient grounds for the issuance of an Anton Piller Order against the defendant. The dispute centred on the alleged diversion of business from plaintiff by the defendants who were sued for, inter alia, conspiracy to injure the plaintiff by unlawful means and breach of fiduciary duties.

The Court of Appeal affirmed the four elements, first set out in the UK case of Anton Piller KG v Manufacturing Processes Ltd [1976] Ch 55, had to be satisfied before the order will be issued, namely,

- (a) whether the plaintiff has shown an extremely strong prima facie case;
- (b) whether the damages suffered by the plaintiff would have been very serious;
- (c) whether there was a real possibility that the defendants would destroy relevant documents; and
- (d) whether the effect of the Anton Piller order would be out of proportion to the legitimate object of the order.

The court found that there was sufficient evidence that suggested that the defendants had engaged in a conspiracy, accepting that proof of conspiracy is often to be inferred from objective facts rather than the availability of direct evidence. The conduct of the defendants also led the court to draw the inference that there was a real possibility that the defendants would destroy evidence (citing Nikkomann Co Pte Ltd v Yulean Trading [1992] SLR 980 and Dunlop Holdings v Staravia Ltd [1982] Com LR 3 with approval).

As for the question of whether excessive harm could be caused to the defendants, the court found that since the Order was fairly specific in its scope and did not impede the business operations of the defendant, there was no excessive harm caused to the defendant.

What was significant is the finding that, in relation to the issue of material non-disclosure on the part of the plaintiff, the court will be entitled to consider whether the non-disclosure was innocent or arose from a desire to suppress. Hitherto, the established position on the duty of non-disclosure is that whether a fact is material or not is for the judge hearing the application to assess, and not by the subjective assessment of the plaintiff or its solicitors (see Brink’s-MAT Ltd v Elcombe & Ors [1998] 1 WLR 1350 and Siporex Trade SA v Comdel Commodities [1986] 2 Lloyd’s Rep 428).

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CASE NOTE – INFRINGEMENT - TRADEMARK

Caterpillar v Ong Eng Peng (f/t/a Catplus International) [2006] SGHC 58

In a decision issued in April this year, the Singapore High Court dealt with the operation of section 27(2)(b) Trade Marks Act, in a case brought by the Caterpillar Inc.,. This was only the second case in Singapore dealing with infringement under section 27(2)(b), the first being *The Polo/Lauren Co, LP v Shop in Department Store Pte Ltd* [2005] 4 SLR 816 ('Polo').

Caterpillar Inc., is the owner of the registered mark "CAT" in classes 7 and 12 and often used a combination of yellow, black and red in relation to its marks. The Defendant was sued by Caterpillar for the use of the sign "CATPLUS" on its products, using a similar combination of colours.

Section 27(2)(b) Act

The issues before the Court were (a) whether, under s.27(2)(b), the Plaintiff's registered mark "CAT" was similar to the defendant's "CATPLUS"; (b) whether use of "CATPLUS" was "use" in a trade mark sense; and (c) whether there was a likelihood of confusion on the part of the public.

The High Court found that Caterpillar's case for infringement under s.27(2)(b) was made out. In his judgment, Justice Tay Yong Kwang, considered the *Polo* case of little assistance as in that case, the "POLO" trademark was not considered distinctive as it was usually used in conjunction with other words or marks. However, in this case, Justice Tay decided that the marks were similar, as the word "PLUS" was a mere laudatory addition to the end of the Plaintiff's distinctive word mark "CAT".

On the issue of "use" the Court found that the Defendant's use of "CATPLUS" on its advertising brochures fell within the meaning of use "in relation" to goods and services under s.27(2)(b). The Court also explained that the meaning of "trade" in the phrase "in the course of trade" was wide enough to encompass activity prior to the actual placement of the goods on the market. As such, Internet activity would be included.

The Court also clarified that "use" included situations where the defendant's trade in the offending goods was only a small part of his otherwise legitimate business.

Taking into account the manner in which the Defendant used "CATPLUS", unsurprisingly, Justice Tay agreed with Caterpillar that the public would likely be confused by the Defendant's use of "CATPLUS". In particular, the Court pointed to the addition of "PLUS" at the end of the mark that would confuse consumers as to the source of goods, as it could be regarded as indicating that the Defendant's products are an updated or enhanced model of Caterpillar's products. Caterpillar's case was fortified by the fact that there was actual evidence of uncertainty on the part of the public as to the origin of the goods when looking at the marks.

It is also significant that the Court recognized the likelihood of confusion on the part of the public located overseas and held that it would be a factor that the Court may take into account in determining whether there is likelihood of confusion in Singapore.

Passing Off

Applying the classic principles of passing off, Justice Tay found that Caterpillar had established the relevant elements to succeed in passing off, namely (a) that goodwill or reputation attaches to Caterpillar's products; (b) the Defendant had made misrepresentations to the public leading or likely to lead the public to believe that the Defendant's goods originate from Caterpillar; and (c) that Caterpillar has suffered or is likely to suffer damage.

It was held that Caterpillar had established goodwill through the means of an agent as Caterpillar's trader had established goodwill in respect of its goods which were identified with Caterpillar. In discussing the Defendant's overt action in selling his goods, the Court held that the cumulative acts of the Defendant would mislead a significant part of the public into thinking that the goods and services of the Defendant originated from Caterpillar. As it was clear that the Defendant's goods were in direct competition with Caterpillar's, the Court had no difficulty in finding that Caterpillar would likely suffer damage as a result of the Defendant's activities.

CASE NOTE – TRADEMARK – BAD FAITH

Rothmans of Pall Mall Limited v Maycolson International Ltd [2006] SGHC 51

The Singapore Courts recently had the opportunity to consider the concept of bad faith under section 7(6) of the Trade Marks Act ("Act").

Rothmans of Pall Mall Limited is the registered proprietor in Singapore for the ROTHMANS mark in Class 34 for cigarettes. Maycolson International Ltd is the applicant and Singapore licensee of the FAIRLIGHT mark in Class 34 for cigarettes.

At the time of Maycolson's application to register FAIRLIGHT in January 2003, the same mark was the subject-matter of an injunction in Belgium and litigation in Europe was pending in respect of a similar FAIRLIGHT mark.

In June 2003, Rothmans commenced opposition proceedings against Maycolson under the following grounds of opposition:

- (1) That the FAIRLIGHT mark was confusingly similar to the ROTHMANS mark under section 8(2)(b) of the Trade Marks Act
- (2) That the FAIRLIGHT mark breached the law of passing off and copyright law and should be refused registration under section 8(4) of the Act; and
- (3) That the application for the FAIRLIGHT mark was made in bad faith in contravention of section 7(6) of the Act

The Principal Assistant Registrar of Trade Marks rejected the opposition and Rothmans appealed to the High Court. In deciding that Maycolson's application was made in bad faith under s.7(6), the High Court reversed the decision of the Asst. Registrar and refused registration of the FAIRLIGHT mark.

Bad Faith

Section 7(6) of the Act provides that

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

In interpreting section 7(6), Justice Lai made the following observations:

- (1) Firstly, the trade mark applicant has a positive duty to investigate into the bona fides of a mark before seeking registration. This is necessary to uphold the sanctity of the trade mark register and its system of registration. Without a duty to investigate, there would be scant protection of registered trade marks as an applicant will be encouraged to turn a blind eye to any impropriety relating the proposed mark for registration.
- (2) Secondly, the issue of bad faith is distinct from a breach of a legal requirement. The bad faith doctrine is wider in ambit as it encompasses conduct which may be morally but not legally reprehensible. If the issue of legal breach is tied to bad faith, this would lead to undesirable consequences as an applicant would be encouraged to seek registration of questionable marks. One example is where there are ongoing trade mark infringement suits overseas relating to the proposed mark at the time of application. Such proceedings may be indicative of any impropriety surrounding the proposed mark, which is normally a bar to the registration of marks under s.7(6). Thus, it is preferable to keep the issue of bad faith separate from a breach of a legal requirement.

The issue of bad faith is therefore distinct and independent from the issue of confusing similarity. The court is entitled to make a finding of bad faith even if the marks are not confusingly similar, as long as there is clear evidence of misconduct by the parties and their motives for registration.

- (3) Thirdly, a duty to make further inquiries should be imposed on the applicant if the circumstances would lead a reasonable person to harbour suspicions as to the propriety of the proposed mark. Further, breach of such a duty can arise even if further inquiries do not reveal clear and conclusive evidence of a legal breach.

After observing that an allegation of bad faith is “a serious matter and should not be lightly inferred”, Justice Lai concluded that the suspicious circumstances of the case justified a strong inference that the application was made in bad faith.

From the facts, it appeared that Maycolson had no place, or no proper place of business in Singapore. Furthermore, Maycolson’s records indicated that their presence in Singapore was minimal and from this, the court inferred that their operations were likely to be temporary in nature. There was also no evidence to show that Maycolson had been involved or intended to retail or distribute their cigarettes and tobacco products. Taken together, these suspicious features suggested that Maycolson may simply have been a “shell company” to enable the licensor of the FAIRLIGHT mark to propagate further use of their mark. Taking all the circumstances into consideration, the court concluded that any reasonable person in the position of the licensee would have made further inquiries as to the origins of the FAIRLIGHT mark. Having failed to do so, coupled with the suspicious circumstances in which Maycolson was set up, there was a strong inference that Maycolson had made the application in bad faith.



Furthermore, by Maycolson's attempt to sidestep the terms of the injunction, as well as by their persistence in associating themselves with Rothmans' trade mark e.g. by comparing their cigarettes to ROTHMANS cigarettes, the court found that Maycolson had improper motives to capitalize on Rothmans' reputation and goodwill.

In finding for Rothmans, the High Court concluded that a case for bad faith had been made out on the facts of the case and thus, the FAIRLIGHT mark should be refused registration under s.7(6) of the Act. This ground of opposition will no doubt be applied in future cases, where the marks may not be confusingly similar, but there is a clear attempt to ride on the goodwill of a trade mark owner.

CASE NOTE – PATENT – AMENDMENT

Trek Technology (Singapore) Pte Ltd v M-Systems and 4 others
[2005] SGHC 90
[2006] 1 SLR 874

A recent decision of the Court of Appeal has determined the law in relation to amending a patent in pending infringement or revocation proceedings.

Briefly, Trek Technology sued 4 companies in Singapore for infringement of a patent issued for the popular USB keychain storage device. In the course of trial, Trek Technology applied under section 83 Patents Act to amend the patent. This was the first time that a patentee has sought to amend its patent in pending infringement proceedings.

Under Section 83 Patents Act, a patentee is permitted to amend the specification of the patent in infringement or revocation proceedings. Similar to corresponding UK legislation, no amendment shall be allowed if it seeks to introduce additional matter that was not present in the original document or results in extending the protection conferred by the patent.

The Court of Appeal (and the High Court below) adopted the test in the English case of *Bonzel v Intervention Limited* (No. 3) [1991] RPC 553, that the court must:

- (1) Ascertain through the eyes of the skilled addressee what is disclosed, both explicitly and implicitly, in the application;
- (2) To do the same in respect of the patent as granted; and
- (3) To compare the two disclosures and decide whether any subject matter relevant to the intervention has been added by the proposed deletion or addition.

The Court of Appeal concluded that there was no disclosure of additional matter, that the amendments were fully supportable by the specifications and were clear and concise. The Court also found that amendments were required "to place the invention in its proper perspective, having regard to the matters disclosed in the prior art and the specifications."

Apart from the statutory limitations to amendments, the Court confirms the position in UK that it nonetheless retains a discretion whether or not to allow the amendments. The factors to take into account in the Court's exercise of its discretion include:

- (a) Whether there was any undue delay in making the amendments;
- (b) Whether the patentee had given full and frank disclosure of all relevant details concerning the amendments; and
- (c) Whether the Patentee had sought an unfair advantage from the patent.

The conservative position in the UK was that discretionary factors were to be strictly construed against the patentee (see *Smith Kline & French Laboratories v Evans Medical* [1989] FSR 561), although that approach was questioned in the subsequent case of *Instance v CCL Label Inc* [2002] FSR 27

The Court of Appeal chose to adopt a less stringent approach to the exercise of the discretion, finding that an amendment to a patent should be permitted unless there are compelling reasons against amendment, since the transparency of the filing process significantly reduces the scope for abuse.

In relation to the issue of delay, the Court found that mere knowledge of prior art does not mean an awareness of the need to amend the patent and the appropriate juncture to ask whether the amending party has been guilty of unreasonable delay is the time when it was first made aware of the need to amend.

The Court also agreed that patentee had a duty to provide full and frank disclosure of all matters relating to the amendments. However, the Court did not agree that patentees are required to trawl through all their documents and provide full discovery. The disclosure is limited to issues relevant to the amendment proceedings and importantly, there is no requirement for a patentee to waive legal privilege in respect of the patentee's communications with his patent agent or counsel. Even if privilege is invoked, the Court will not draw any adverse inference against the patentee.

Lastly, insofar as unfair advantage was concerned, on the facts of the case, the Court of Appeal did not find any bad faith or reprehensible conduct on the part of Trek Technology.

Comment

This case has helpfully clarified the principles applicable in relation to amendment of patent in infringement or revocation proceedings. The case also illustrates the importance of taking steps to amend a patent as soon as possible once the awareness of the need to amend arises. Patentees should also be mindful that that pending the hearing of the application, any steps proposed to be taken in respect of the unamended patent must be carefully evaluated eg. issuing threatening or notification letters against infringers, lest those steps are construed as seeking to take an undue advantage from the patent.



PRACTICE NOTE – PATENT

PCT Timelines

In April 2006, the Intellectual Property Office of Singapore (IPOS) issued a proposal to revise timelines of Patent Co-operation Treaty (PCT) system national phase applications to address unresolved issues arising from the latest amendments to the Patents Rules which had extended the time for entry into national phase for all applications from 20 months to 30 months.

In its proposal for review of timelines, the IPOS proposes an extension in the period prescribed for filing a request for search and examination to be extended by 18 months allowing for applicants' concerns where there are unresolved issues arising from the International Search and International Preliminary Examination process to be resolved during the national phase.

This paper is still in the consultation phase and has not yet been discussed by lawmakers however it indicates the Singapore government's commitment to review of the patent system to keep it effective in light of changes to the PCT system.

Addition of the Korean Patent Office as a Competent Search Authority for International Applications

The Korean Patent Office has been added as a Competent International Search Authority. These changes are applicable to applications filed on or after 2 June 2006. With this new addition, Singapore applicants have a choice of four different offices when seeking international search and examination.

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