

## CASE NOTE – TRADE MARKS

### Louis Vuitton Malletier v Megastar Shipping Pte Ltd (PT Alvenindo Sukses Ekspress, third party) and other suits [2017] SGHC 305

Would a freight forwarder be liable for trade mark infringement if it receives counterfeit goods? The High Court sought to address this question in the present case, which involved claims for trade mark infringement brought by several famous brand owners, namely, Louis Vuitton Malletier, Guccio Gucci SPA, Burberry Limited, Hermès International, and Sanrio Company Ltd (collectively, the “Plaintiffs”), against a local freight forwarder, Megastar Shipping Pte Ltd (the “Defendant”).

The claims arose when two containers filled with counterfeit goods were shipped from China to Singapore, with the intention that they were to be sent on to a third party, PT Alvenindo Sukses Ekspress, in Indonesia (the “Third Party”). The Third Party had appointed the Defendant as the local consignee that would arrange for the transshipment of the goods to Indonesia.

After the containers were intercepted by Singapore Customs and found to contain counterfeit goods, the Plaintiffs sued the Defendant for trade mark infringement, alleging that the Defendant was the importer of the counterfeit goods into Singapore, and further or in the alternative, that it was the exporter of the counterfeit goods by virtue of its intention to export the goods. Under section 27(4)(c) of the

Trade Marks Act (“TMA”), a person is deemed to have used an infringing sign if he “imports or exports goods under the sign”.

The key issues that the High Court determined were as follows:

1. Whether the counterfeit goods had been imported into Singapore within the meaning of section 27(4)(c) of the TMA;
2. Whether the Defendant was the importer of the counterfeit goods and thereby liable for trade mark infringement;
3. Whether the Defendant was the exporter of the counterfeit goods, and thereby liable for trade mark infringement, based on its intention to export the goods.

#### ***Issue 1: Whether the counterfeit goods had been imported into Singapore***

The High Court had to determine the meaning of the term “import” for the purposes of s 27(4) TMA. In doing so, the Court rejected the Defendant’s argument that “import” meant that there had to be an intention for the goods to be circulated in the Singapore market. The Court noted that if Parliament had intended to read in such a requirement, it would

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have included express words to that effect, as it had done in relation to section 27(4)(b), which provides that a person is deemed to use an infringing sign if he “offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign”.

The Court further observed that the same term may have different meanings under different pieces of legislation, and ultimately adopted the definition of “import” under s 2(1) of the Interpretation Act, that is “to bring or cause to be brought into Singapore by land, sea or air”, subject to the qualifier that these acts must be done in the course of trade. On the facts, the Court found that the counterfeit goods had clearly been “imported”, as they had been brought into Singapore in the course of trade.

### ***Issue 2: Whether the Defendant was the importer of the counterfeit goods***

The High Court considered a large volume of English and European cases, before concluding that the question as to who is the importer or exporter is highly fact-sensitive, and that careful attention to the underlying transaction in respect of the goods is necessary. As such, the mere fact that the Defendant was named as the local consignee in sea waybills, or would have been named as the “importer” in the relevant permits and declarations required by customs or port authorities, did not necessarily mean that the Defendant would be deemed as the importer for the

purposes of trade mark infringement.

On the facts, the Court found that the Defendant was not the importer of the counterfeit goods, as the Defendant had no part in making the shipping arrangements, packing, or loading the containers on board the inbound vessels, there was no evidence at all that the Defendant had a common design with the shippers in China or the Third Party to infringe, and on the evidence, the only parties who were interested in the counterfeit goods were the shippers in China and the Third Party.

### ***Issue 3: Whether the Defendant was the exporter of the counterfeit goods***

The Plaintiffs argued that even if the Defendant was not the importer, it was nevertheless liable for trade mark infringement as the exporter, as it had the intention to export the counterfeit goods. However, the High Court rejected the Plaintiffs’ arguments, taking that view that the mere intention to export is insufficient to amount to use of an infringing sign. The Court noted that the plain wording of section 27(4)(c) TMA does not support such a construction, as it merely provides that there is infringing use if a person “imports or exports goods under the sign”.

The Court observed that in any case, the Defendant’s engagement by the Third Party was for the limited purpose of arranging for the transshipment of the containers. It was the Third Party that instructed the



Defendant on which vessels were engaged to perform the transshipment to Indonesia, and the commercial invoices made it clear that the Third Party was the ultimate consignee. As such, the Court concluded that if any party was the exporter of the counterfeit goods, it was the Third Party, and not the Defendant.

### **Comment**

This case is significant because the Court has clarified what amounts to importation for the purpose of trade mark infringement. In doing so, the Court has departed from European position, which it describes as being “heavily driven by considerations concerning the free movement of goods and the exhaustion of rights”.

## **CASE NOTE – TRADE MARKS**

### **The Polo/Lauren Company, L.P. v Royal County of Berkshire Polo Club Ltd [2017] SGIPOS 19**

Applicant's Marks



(the “Device Mark,” “Composite Mark” and “Word Mark” respectively)

Registered Proprietor's Mark



(the “Registered Mark”)

The Applicant, the Polo/Lauren Company, L.P., is a well known company producing various products, notably, fragrances and clothing. The Registered Proprietor, Royal County of Berkshire Polo Club Ltd is a world class polo club.

The Applicant filed a declaration of invalidity against the Registered Proprietor's mark on the basis that it was confusingly similar with the Applicant's marks, that it was

contrary to the law of passing off, and that the Applicant's marks should be protected as well-known marks.

At the heart of the matter, the Registry had to determine to what extent the polo player on horseback motif could be monopolized as a trade mark right, and to what extent other traders could be prevented from using the motif, whether in the same or different narrative.



First, in relation to the similarity of marks inquiry, the Registrar found that the Device Mark and the Word Mark were dissimilar to the Registered Mark and the Composite Mark had a low degree of similarity to the Registered Mark. In concluding that the marks were conceptually dissimilar, the Registrar was of the view that the Applicant's marks connoted the idea of game of polo, whereas the Registered Mark evokes the idea of a place or location or a particular polo club, as the words "Royal County of Berkshire" and "Polo Club" in the Registered Mark clearly conveys the concept of the name of a polo club and the place where the club is situated, namely Berkshire.

As the threshold requirement was met for the Composite Mark, the Registrar went on to consider the likelihood of confusion in relation to this mark only. One of the factors that the Registrar took into account to assess whether there was likelihood of confusion was the trade channel of the goods concerned. The Registrar noted that the goods concerned (such as handbags, briefcases, travelling bags and wallets) were bought from brick-and-mortar shops or on the Internet. When goods are purchased from brick-and-mortar shops, the choice of the item to buy is generally made visually as the consumer would not make the purchase without having sight of the goods. As such, the visual aspect would play an important role in the assessment of likelihood of confusion. If the goods are bought

from the Internet, consumer would only perceive the marks visually. Furthermore, the textual content would be important as the consumers would have to enter the text of the mark into the address bar or search engine in order to get to the desired website. As such, the element "Royal County of Berkshire" in the Registered Mark would have a significant impact on the customer and this reduces the likelihood of confusion. As such, the Registrar concluded that there was no likelihood of confusion and dismissed this ground for invalidation.

As the Registrar found that all two other grounds for invalidation also failed, the application was dismissed.

### ***Comment***

When assessing likelihood of confusion, the Registrar considered the trade channel which the goods were purchased and whether this would affect how consumers perceive the marks. If goods are purchased from the Internet, consumers are more likely to perceive the marks visually and pay attention to the text of the mark as this would be entered in the search engine to arrive at their desired website. With the rise of e-commerce and online shopping, this suggests that if the goods are sold online then the visual factor and textual elements of the marks may play a more significant role in determining whether there is a likelihood of confusion between two marks.



## CASE NOTE – PATENTS

### Warner-Lambert Company LLC v Novartis (Singapore) Pte Ltd [2017] SGCA 45

In the present case, the court of 5 judges considered whether post-grant amendments to amend method of treatment claims to Swiss-style claims should be allowed.

The appellant, Warner-Lambert (the “Appellant”) owns a pharmaceutical patent over the use of pregabalin for the treatment of pain (the “Patent”). When the respondent, Novartis (the “Respondent”) sought product licences in respect of pregabalin products, the Appellant commenced proceedings against the Respondent for patent infringement. The Respondent in turn counterclaimed for the revocation of the Patent for invalidity as it claimed a monopoly over methods of treatment of the human or animal body which was impermissible under s 16(2) Patents Act (“PA”).

To cure the invalidity, the Appellant applied for leave to amend the Patent from method of treatment claims to Swiss-style claims. However, the High Court judge dismissed the application as he was of the view that the amendments would extend the scope of protection of the Patent, and that there had been undue delay on the part of the Appellant in seeking the amendments.

The Court of Appeal upheld the dismissal on both issues.

#### Undue Delay in Seeking Amendments

The Court of Appeal held that there was undue delay on the Appellant’s part in seeking the amendments. The delay had been for more than a decade and there was no reasonable ground to excuse the long delay. Several circumstances such as the Appellant seeking to remedy the potential invalidity in other jurisdictions but not in Singapore also led the court to find that the Appellant had actual and constructive knowledge that the Patent may be invalid, and their failure to act on this knowledge expeditiously amounted to unreasonable delay.

The court further clarified the expectations placed on a patentee in relation to seeking patent amendments. The court opined that it was incumbent on the patentee to be responsible for the validity of the patent in the register and that it should not stand idle and wait for challenges to validity or for infringement before it reviewed the validity of the patent. This was for the policy reason that if a patentee was only put on notice when it receives clear advice that its patent is problematic, patentees would simply stop taking advice, leaving them free to delay amending their patents. Hence in the present case, it was incumbent on the Appellant to apply to amend the Patent at the earliest possible opportunity or at the very least seek legal advice in relation to the issue.



## **Amendment of Method of Treatment Claims to Swiss-Style Claims**

The Court of Appeal held that where the amended claims would be obviously invalid, the court should disallow the amendment. However, this did not apply to the present case as the amended claims did not leave the Patent obviously invalid as the validity of Swiss-style claims has been upheld in other jurisdictions but has yet to be considered by the Singapore courts.

Further, the court held that an amendment that seeks to reformulate a claim from one type of claim to another, such as a product to a method of use claim, may be permitted if the scope of protection is not extended. However in the present case, the scope of protection would be extended and hence the amendment should not be permitted. This is because the granted claims protected the method of treatment while the amended claims protected the manufacture. As manufacture was not within the original scope of protection, there would clearly be an extension of the scope of protection if the amendments were allowed.

### **Other Observations: Necessity of Swiss-style claims**

Although the Court of Appeal was not required on the facts to deal with the validity and necessity of Swiss-style claims, they took the opportunity to make some important observations.

First, the court opined that s 14(7) PA appears to support the patentability of second and subsequent medical uses of known substances. In their view, finding a new use for a known substance is no less novel and innovative than finding the substance itself, and the new use may even revolutionise a particular industry or area of knowledge.

If that was indeed the case, then inventors did not need to resort to Swiss-style claims. The court went on to state that Swiss-style claims may not even be necessary at all, as purpose-limited product claims may be sufficient to obtain a patent.

### **Comment**

In light of the present judgment, patentees should bear in mind the importance of seeking amendments at the earliest opportunity to avoid the refusal of the application on the basis of undue delay. Constructive and not actual knowledge is sufficient to put the patentee on notice of the need to amend. Further, it is now clear that seeking the post-grant amendment of method of treatment to Swiss-style claims would be disallowed as it would increase the scope of protection of the patent.

Although Swiss-style claims are currently allowed by IPOS, it remains to be seen if they will revise their guidelines accordingly in light of the Court of Appeal's stated preference for purpose-limited product claims as opposed to Swiss-style claims.



## CASE NOTE – PATENTS

### Sun Electric Pte Ltd v Sunseap Group Pte Ltd and others [2017] SGHC 232

In a landmark patent case, George Wei J held – against the tide of 13 precedent cases – that the High Court does not have original jurisdiction to hear patent revocation proceedings, or to grant an order for revocation by counterclaim.

The plaintiff, Sun Electric Pte Ltd (the “Plaintiff”), retails solar energy to consumers in Singapore. The Plaintiff owns a patent relating to a power grid system and a method of determining power consumption of connections on the grid (the “Patent”). Sunseap Group Pte Ltd is the parent and holding company of Sunseap Energy Pte Ltd and Sunseap Leasing Pte Ltd respectively (collectively, the “Defendants”), who are in the business of providing clean energy solutions.

The Plaintiff first claimed for patent infringement against the Defendants, which the Defendants denied and in turn counterclaimed for patent revocation. In response, the Plaintiff applied to strike out the Defendants’ counterclaim, but was denied by the Assistant Registrar. On appeal to the High Court, the Plaintiff argued that the right to institute patent revocation proceedings is confined to proceedings by way of an application to the Registrar of Patents (the “Registrar”) and the Defendants could not commence revocation proceedings in the High Court, not

even by way of a counterclaim.

In agreeing with the Plaintiff, the High Court noted that no case has directly raised, contested, or ruled upon the issue of its jurisdiction in a patent revocation proceeding at first instance. Academic texts cited by the Defendants were merely declaratory of existing practice. Unpersuaded by the existing authorities, George Wei J stated unequivocally that *“the fact that there is a practice does not provide a basis to establish jurisdiction as a matter of law. Nor can practice trump law.”*

Instead, a court’s jurisdiction must be statutorily conferred. However, the High Court found no such statutory basis in either the Patents Act (“PA”) or the Supreme Court of Judicature Act (“SCJA”) for its original jurisdiction to hear revocation proceedings.

#### Patents Act

Firstly, s 80(1) PA only provides that the Registrar has the power to revoke a patent. In stark contrast, the parallel provision in the UK Patents Act, s 72(1), expressly provides that both the Court and the comptroller (the equivalent of the Registrar) have the power to revoke patents. Further, s 82(7) PA is merely a “housekeeping” provision meant to prevent or control duplicative proceedings – for example, where the court is dealing



with issues of validity. It will not prevent a party from pursuing revocation in proceedings before the Registrar once the court proceedings are over. It is therefore not conclusive on the question of jurisdiction. Also, s 91(1) PA only confers upon the High Court the powers that the Registrar would have, and not the jurisdiction to hear any matter for which the Registrar has jurisdiction. Finally, allowing revocation by way of counterclaim in the High Court would allow parties to circumvent numerous procedural requirements for making an application for revocation under s 80(9) PA, as well as the power of the Registrar to require the patent to be sent for re-examination by patent examiners under s 80(2) PA.

### **Supreme Court of Judicature Act**

s 16 SCJA confers both *in personam* jurisdiction and unlimited subject matter jurisdiction on the High Court. An action for infringement is a claim by the proprietor of the patent against the defendant *in personam*, and may be heard by the High Court. In contrast, however, a claim for patent revocation requires jurisdiction *in rem* – patent revocation involves the

determination of the status of a *res* or thing, for the very purpose of removing it from the register and depriving the patentee of the rights *in rem* bestowed on him as against the world.

In concluding, George Wei J recognised that his decision will be of public interest, and that a review by the relevant law reform body and by Parliament of the High Court's jurisdiction over patent revocation proceedings may be in order.

### **Comment**

As the High Court has no original jurisdiction to hear patent revocation proceedings, defendants must now make a separate application to the Registrar. However, this process gives rise to a brief state of limbo – namely, after a patent claim is adjudged as invalid by the court, but before it is revoked by application with the Registrar. On top of this, it is also unclear what effect this decision would have on patents which were previously revoked by way of counterclaim. Hopefully, these uncertainties will be addressed soon.





## CASE NOTE – PATENTS

### **Rohm and Haas Electronic Materials CMP Holdings, Inc (formerly known as Rodel Holdings, Inc) v NexPlanar Corp [2017] SGHC 310**

This was a patent infringement action that concerned the plaintiff's patent for a polishing pad used in the field of semiconductor manufacturing, and a counterclaim by the defendants for the revocation of the patent.

The case demonstrated the importance of a court assessor in a patent infringement suit. The role of such an expert is to aid in the court's decision-making and understanding of technical issues, and it was clear from the judgment that the findings of the appointed court assessor could be potentially pivotal to a party's case. For instance, where there were alleged deficiencies in one party's evidence, the findings of the court assessor were preferred. The Judge also expressly acknowledged that the court assessor's evidence assisted him greatly in his determination of whether there was actual patent infringement.

The Court's novelty analysis also shed some light on the type of evidence necessary to defeat a claim that prior sale and disclosure had anticipated the patent. With regard to prior sale, the Court held that as alleged copies of a confidential disclosure agreement could not be produced, an express obligation of confidence could not be found. However, an implied obligation of confidence could still be found on the evidence, such as the fact that

commercial or industrial information was being given on a business-like basis with a common object in mind, and the experimental nature and unavailability of samples to the public. Accordingly, the Court found that the patent was not anticipated by the prior sale. The Court also found that the patent was not anticipated by the prior disclosure, as the slides at the conference presentations were too general to provide any enabling disclosure and did not contain confidential information.

In obiter, the Judge considered some interesting questions, such as whether there is infringement by supplying the means relating to an essential element of the invention to another person for putting the invention into effect. He observed that the law does not require the court to interpret a product claim in a manner that limits protection to actual use. This is despite the Singapore Patents Act not containing a provision which provides for infringement by supplying the means relating to an essential element of the invention to another person for putting the invention into effect, as is available in the UK. Another interesting question regarding potential joint tortfeasorship of the Defendants with the customers of the 2nd Defendant was also raised, but was inconclusive.



## **Comment**

In sum, the case highlights the importance of the role of a court assessor in a patent infringement suit. The applications of the law concerning novelty and enabling disclosure also provided further guidance on the type of evidence necessary to defeat a claim that prior sale and disclosure had anticipated the patent.

Further, interesting questions have been raised regarding joint tortfeasorship with customers and whether there is infringement by supplying the means relating to an essential element of the invention to another person for putting the invention into effect. In the wake of this case, future development in patent law and legislation may look towards addressing these lacunae in law.

## **CASE NOTE – PATENTS**

### **Novartis (Singapore) Pte Ltd v Bristol-Myers Squibb Pharma Co [2017] SGHC 322**

This was a patent infringement action that concerned the plaintiff's application for a product license, which the defendant alleged would infringe its Singapore patents. The defendant, Bristol-Myers, claimed a priority date derived from an earlier US patent application for the same invention, but subsequently discovered that an error had been made during the international application process under the Patent Cooperation Treaty which percolated down to the Singapore patents. Bristol-Myers filed requests under Rule 58 of the Patents Rules to the patents registry to correct the entries in the patents register to reflect the correct US patent application number in support of the claimed priority date, which were granted. However, the plaintiff, Novartis, took the view that the corrections should not have

granted, and thus filed the present originating summons.

Wei J found that the registrar exercised his discretion wrongly, as there was no error in the register. He then proceeded to consider whether Bristol-Myers could have requested for correction under Rule 91 of the Patents Rules instead, which concerned rectification of patents and applications. In coming to his conclusion, Wei J took into consideration the fact that third parties would be prejudiced by such a late correction. He noted that even though there is no pre-grant opposition procedure in Singapore, third parties would be put on notice by the publication of the application that their interests are already provisionally affected by the pending patent. Even if it was apparent that



some error must have taken place in the priority declaration at date of publication of the applications for BM's patents, it would not have been apparent even on an inspection of the files as to what was the correct earlier US application intended to have been relied upon. The correct earlier application number might have been discovered by research of patent databases – but time and effort would have been required.

Consequently, Wei J concluded that had Bristol-Myers made a request for correction under Rule 91, that request came far too late and was in any event not supported by

exceptional grounds. However, Wei J left open the question of whether they could, despite the errors, still rely on the claimed priority date. Wei J held that this question was better left to the trial of the High Court suit.

### **Comment**

In our view, this case presents a cautionary tale on the importance of meticulousness in the patent application process. Although the High Court suit has yet to be decided, it is entirely possible that BM's clerical error is fatal to its proceedings under the Medicines Act.

