

Bad Faith and Trade Mark Registrations in Singapore

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Abstract

One of the grounds on which a trade mark will be refused registration in Singapore (as is the case in the UK) is proof of “bad faith” on the part of the applicant in the application process. Although the concept of “bad faith” has been part of the corpus of trade mark law in Singapore for some time now, there is very little exposition on its precise meaning and scope of application both in the literature as well as in case law. “Bad faith” is usually raised in trade mark opposition proceedings against marks which are, for example, immoral or offensive in nature, or as against applicants who do not have the intention to put them to genuine use in the course of trade. However, the High Court of Singapore has, in the recent decision of *Rothmans of Pall Mall Limited v Maycolson International Ltd* [2006] SGHC 51 and for the very first time, interpreted the element of “bad faith” in section 7(6) of the Trade Marks Act 1998 as imposing an *affirmative* duty on the applicant to make reasonable enquiries as to the *bona fides* of the proposed mark (particularly when the applicant has knowledge of parallel proceedings in other countries involving the same/similar marks).

It is the aim of this paper to critically examine the test laid down by the High Court for “bad faith” as well as the legal duties imposed on trade mark applicants to make due inquiries into the *bona fides* of a mark before seeking registration in Singapore. Additionally, the authors will assess the legal bases upon which the High Court came to the conclusion that “bad faith” on the part of the applicant was made out in the present case (in particular, the fact that the trade mark applicant was cognizant of the existence of parallel proceedings in Europe involving the same/similar conflicting marks) as well as the various policy implications of the High Court’s decision. It seems to us that the burden placed by the High Court on prospective trade mark applicants (who now have a *positive* duty to investigate into the *bona fides* of a proposed mark) is somewhat onerous and questionable, the effect of which may be to impede rather than promote the smooth flow of day-to-day commerce.

Introduction

According to section 7(6) of the Singapore Trade Marks Act 1998 ('the Act'), a trade mark shall not be registered if or to the extent that the application is made in bad faith. The Act does not define the term "bad faith". However, the concept of bad faith registration or application is not unknown to Singapore trade mark lawyers. Under the old law,¹ bad faith applications have mostly occurred in cases where the trade mark applicant was found not to have used or has no intention to use the mark he has applied for.² But, with the enactment of section 7(6) in the Act after the repeal of the old law, bad faith registration or application is a distinct absolute ground of refusal and it is quite separate from section 5(2) (e) mandating use or bona fide intention of use by a trade mark applicant.³ Arguably, an applicant who has no intention to use the trade mark he is applying for falls foul of section 7(6) for bad faith application and also section 5(2) (e). Clearly, the concept of "bad faith" under the Act is much wider compared to the old law and it certainly would apply to many more situations besides the lack of a bona fide intention to use the trade mark applied for.

Recently, the Singapore courts in the cases of *Rothmans of Pall Mall Limited v Maycolson International Ltd*⁴ ("Rothmans of Pall Mall") and *Nautical Concept Pte Ltd v March Richard Jeffery and Anor*⁵ have had the opportunity to consider this concept of bad faith and the proper construction of section 7(6). Of the two High Court cases, *Rothmans of Pall Mall* is perhaps more controversial and is therefore the subject of discussion in this paper. The legal principles enunciated by the judge and the public policy implications raised in the *Rothmans of Pall Mall* case are not only significant for trade mark owners seeking registration but also particularly interesting to study and discuss. It is the aim of this paper to critically examine the test laid down by the High Court in *Rothmans of Pall Mall* for "bad faith" as well as the legal duties imposed on trade mark applicants to make due inquiries into the *bona fides* of a mark before seeking registration in Singapore. Additionally, the authors will assess the legal bases upon which the High Court in that particular case came to the conclusion that "bad faith" on the part of the applicant was made out (in particular, the fact that the trade mark applicant was cognizant of the existence of parallel proceedings in Europe involving the same/similar conflicting marks) as well as the various policy implications of the High Court's decision. It seems to us that the burden placed by the High Court in *Rothmans of Pall Mall* on prospective trade mark applicants (who now have a *positive* duty to investigate into the *bona fides* of a proposed mark) is somewhat onerous and questionable, the effect of which may be to impede rather than promote the smooth flow of day-to-day commerce.

¹ Singapore Trade Marks Act 1939.

² Any person claiming to be the proprietor of a trade mark *used or proposed to be used* by him who is desirous of registering it shall apply in writing to the Registrar in the prescribed manner for registration in Part A or B of the register: see section 12(1), Singapore Trade Marks Act 1939.

³ See section 5(2)(e) Trade Marks Act 1998 – The application shall state that the trade mark is being used in the course of trade, by the applicant or with his consent, in relation to those goods or services; or that the applicant has a *bona fide* intention that the trade mark should be so used.

⁴ [2006] SGHC 51

⁵ [2006] SGHC 239

Rothmans of Pall Mall – The Facts

The Appellant in this case belongs to the British American Tobacco Group of Companies. It is the registered proprietor of numerous trade marks for cigarettes (in class 34 of the International Classification of Goods and Services ('ICGS')) in Singapore. The colour scheme of the Appellant's trade marks consists of a dark blue background framed by a yellow/gold border. There is also a crest device at the top and a banner at the bottom of the dark blue background in the trade marks. The word mark "Rothmans" in cursive script with the first letter 'R' in upper case appears in all but one of the Appellant's registered trade marks in Singapore. The Respondent is a private company incorporated in the Virgin Islands and it is a licensee of the Hertlein Brothers, owners and operators of a business called 'Top Brands'. 'Top Brands' is the distributor of a brand of cigarettes named 'Fairlight' in various Arab countries and East Africa but this brand of cigarettes are not sold in Singapore. In January 2003, the Respondent applied for the registration of a mark containing the word 'Fairlight' on a blue, hexagon-shaped background for cigarettes under Class 34 of the ICGS. In June 2003, the Appellant commenced opposition proceedings against the Respondent's application for trade mark registration on the grounds that (a) the Respondents' mark is so similar to the Appellant's trade mark that it was likely to cause confusion under s 8(2)(b) of the Act; (b) there was a breach of the law of passing off and copyright under s 8(4) of the Act; and (c) the registration was precluded under s 7(6) of the Act for reason of the Respondent's bad faith. It is important to note that there is a long drawn battle between the Appellant and the Hertlein Brothers over the registration and use of the 'Fairlight' mark. The opposition proceeding in the present case is part of a series of other on-going proceedings (particularly in Europe) by the Appellant to stop the use of the 'Fairlight' mark by the Hertlein Brothers on cigarettes. As a result of these other proceedings in Europe, there is a Europe-wide injunction against the Hertlein Brothers which prohibits them from using the 'Fairlight' mark or packaging.

The Trade Marks Registrar's Decision and the Appeal to the High Court

The Trade Marks Registrar ('the Registrar') held that the Appellant's opposition failed on all three grounds and allowed the Respondent's 'Fairlight' mark to proceed to registration. With regard to the Appellant's opposition under s 8(2)(b) that the Respondent's mark was so similar to the Appellant's mark that it was likely to cause confusion, the Registrar, applying the global assessment test, held that the marks in dispute were not similar and there was no likelihood of confusion on the part of the public. The Registrar found that the disputed marks were neither similar visually nor aurally, especially in considering the prominence of the word mark 'Fairlight' in the Respondent's mark.

On the allegation of bad faith, the Registrar concluded that the Respondent had not acted in bad faith so as to preclude the registration of the 'Fairlight' mark pursuant to s 7(6) of the Act. Specifically, the Registrar held that the Respondent's failure to make further inquiries into the bona fides of the mark did not justify a finding of bad faith. This is because the marks of the Appellant ('Rothmans' on blue background) and the Respondent ('Fairlight' on blue background) were neither identical nor extremely similar

and any further inquiries by the Respondent would not yield a conclusive answer as to whether a breach of law has in fact occurred.

On appeal to the High Court of Singapore, the Appellant submitted that the Registrar erred in fact and in law in dismissing its grounds of opposition under (a) s 8(2)(b) of the Act – that a trade mark shall not be registered if “it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, and there exists a likelihood of confusion on the part of the public”; and (b) under s 7(6) of the Act – that the Respondent had not acted in bad faith. On the second ground of appeal, the High Court over-ruled the decision of the Registrar and found that the Respondent in this case had indeed acted in bad faith.

The Positive Duty of Trade Mark Applicants to Enquire into the Bona Fides of a Mark

The Appellant’s counsel argued that the Registrar was wrong not to impose an affirmative duty on a trade mark applicant to make inquiries into the bona fides of a mark before seeking its registration. More importantly, the Appellant argued that the Registrar had erred in law by combining the separate issues of bad faith and breach of a legal requirement. Essentially, the Registrar had ruled that even if a trade mark applicant were obliged to make inquiries into the bona fides of a mark before seeking registration, bad faith would only be established if the applicant, after making the inquiries, obtained clear and unambiguous information that a breach of the law had occurred.

Justice Lai Siu Chiu disagreed and opined that the Registrar’s ruling was unsustainable in policy terms. The learned judge felt very strongly that a trade mark applicant should be under an *affirmative* duty to inquire into the bona fides of a mark before seeking registration as the absence of such a duty would severely undermine the protection accorded under the trade mark registration system. More importantly, this lack of an *affirmative* duty on the part of the trade mark applicant to inquire would render registration to be permitted in virtually all cases, except for the extreme situations in which the trade mark applicant is personally involved in a collusive scheme to register an offending mark. All other cases including borderline ones would proceed to registration as the applicant’s failure to inquire would not constitute bad faith. Consequently, the learned judge felt that “the omission of a duty to investigate is fundamentally flawed, as it gives scant protection to registered trade marks and encourages an applicant to turn a blind eye to any impropriety in relation to the proposed mark for registration.”

Bad Faith and a Legal Breach

With regard to the link between bad faith and a breach of law, the learned judge in *Rothmans of Pall Mall* opined that although the Registrar’s interpretation of s 7(6) of the Act may be “attractive in its simplicity”, the conflation of bad faith and breach would however lead to undesirable consequences. This is particularly true in the context of contentious overseas proceedings. Given that legal suits for trade mark oppositions or infringements often occur simultaneously in many different jurisdictions, in relation to either similar or identical marks, and given also that different national courts applying differing legal principles are unlikely to arrive at similar conclusions, the conflation of bad faith and breach as propounded by the Registrar would effectively reduce the

application of s 7(6) of the Act to a naught. Such an interpretation would send a signal to trade mark applicants to do only the barest minimum to discharge their duty of good faith and they could shut their eyes to the outcome of overseas proceedings, since further inquiries would not bear any conclusive outcome as it is a rarity for foreign courts to take a unanimous view as to issues of infringement. Justice Lai felt that the Singapore courts could not allow trade mark applicants to take such a “cavalier attitude” towards overseas proceedings and that policy considerations dictate that due regard should be had to the outcome of these proceedings as they may be indicative of any impropriety surrounding the registration of the proposed mark. Thus, the learned judge ruled that bad faith and breach are separate issues and ought to be kept distinct. The doctrine of bad faith in trade mark law is much wider in its ambit since courts have traditionally ruled that it includes conduct which may be morally reprehensible though not legally wrong. The upshot of the High Court’s judgment is that bad faith under s 7(6) of the Act could still be established even if further inquiries may fail to reveal clear and conclusive evidence of a breach in law.

After *Rothmans of Pall Mall*, it is clear that not only is the trade mark applicant under a positive duty to enquire about the bona fides of the trade mark under application, the mere exercise of due diligence by the trade mark applicant to make further enquiries appears inadequate to discharge this duty since bad faith under s 7(6) may still be established if these further enquiries fail to reveal clear and conclusive evidence of a legal breach. Following the argument of the High Court in *Rothmans of Pall Mall*, it appears to us that the only available option for the trade mark applicant is not to file if in doubt, a decision which may be based completely on speculative grounds. The burden on the trade mark applicant is indeed an onerous one.

Bad Faith and Foreign Trade Mark Proceedings

The Hertlein Brothers were parties to various infringement proceedings elsewhere in the world, particularly in Europe. A Europe-wide injunction was granted against the Hertlein Brothers in which they were prohibited from using the ‘Fairlight’ mark and packaging. However, the High Court in *Rothmans of Pall Mall* found that the Hertlein Brothers got around the terms of the injunction by using a variation and a newer version of the ‘Fairlight’ mark. Although these foreign proceedings have not yet been concluded (at the time of hearing), the High Court was of the opinion that the attempt by the Hertlein Brothers to sidestep the terms of the injunction and the persistence in associating themselves with the Appellant’s mark amounted to evidence of bad faith. The Respondent, as a licensee of the Hertlein Brothers, was accordingly also imputed with bad faith.

One practical question a trade mark applicant may ask as a result of the High Court’s reasoning is whether a trade mark applicant could apply for a mark in Singapore that is currently embroiled in foreign law suits without being imputed with bad faith. If the trade mark applicant has made all the necessary enquiries but no definitive answers could be obtained as the foreign proceedings are still on-going, what more does the trade mark applicant have to do to show that his application was not in bad faith? It would appear from *Rothmans of Pall Mall* that the trade mark applicant is barred from making a trade mark application in Singapore until all foreign proceedings have been resolved. There could also be a situation in which different national courts, in applying differing

legal principles, may come to different conclusions on the same issues. What would the position of the trade mark applicant be in such a case?

A further difficulty with the High Court's reasoning in *Rothmans of Pall Mall* lies with the apparent incongruity of such a reasoning in view of the presence of relative grounds of refusal in section 8 of the Act. If the foreign (infringement) proceedings involve an adjudication of issues such as similarity and confusion of the marks, the High Court's reasoning in *Rothmans of Pall Mall*, when taken to its logical conclusion, will result in a situation in which these issues are effectively decided by the foreign courts when they are rightfully the purview of the Singapore national courts. If a trade mark applicant is barred from making an application of a mark which is currently embroiled in foreign law suits on a bad faith analysis, issues of substantial similarity and confusion between the marks are unlikely ever to be addressed by our local courts. If this is the case, what then is the role of the relative grounds of refusal in s 8 of the Act? Is the High Court's reasoning sound in view of the doctrine of territoriality in trade mark law? It is important to note that the injunction against the Hertlein Brothers was a ***Europe-wide injunction*** and presumably, it is only effective in Europe. If so, is the Hertlein Brothers/Respondent in breach of the injunction by seeking registration in Singapore, a country in Asia? Further, if the mark were found to be obscene or against public policy elsewhere, would it be bad faith to seek registration of such a mark in Singapore? By the High Court's reasoning in *Rothmans of Pall Mall*, it will be in bad faith to register.

Bad Faith and Comparative Advertising

There were two online advertisements placed by the Hertlein Brothers in relation to the 'Fairlight' brand of cigarettes. In the first advertisement, the Hertlein Brothers made a claim that the 'Fairlight' cigarettes were similar in taste and packaging to the Appellant's 'Rothmans' cigarettes. In the second advertisement, the Hertlein Brothers described themselves as the manufacturers of the 'Fairlight' cigarettes and once again claimed that such cigarettes resembled 'Rothmans' cigarettes and were made up of a 'British blend'. In their defence, the Hertlein Brothers had explained that both advertisements were descriptive in nature and the main objectives were to provide a comparison to consumers. However, the High Court found the Hertlein Brothers' explanation of their advertising strategy 'wholly unconvincing' and that 'bad faith was clear in the description of 'Fairlight' cigarettes as being similar in packaging to 'Rothmans' cigarettes.' According to the High Court, the comparison of the two brand of cigarettes in the online advertisements clearly indicated the intention of the Hertlein Brothers to ride upon the goodwill of the Appellant's 'Rothmans' mark.

Under the Act, section 28(4)(a) provides that "a person who uses a *registered trade mark* does not infringe the trade mark if such use constitutes *fair use* in comparative commercial advertising or promotion." The High Court had said that the Hertlein Brothers, by comparing its 'Fairlight' brand of cigarettes with the Appellant's 'Rothmans' brand, had clearly attempted to ride upon the goodwill and reputation of the Appellant's mark. This would probably not constitute fair use in comparative advertising but the High Court did not elaborate why this is so, nor explain what would otherwise be considered *fair*. Given that the marks were not so similar so as to cause confusion (in fact they were visually and aurally dissimilar), it is difficult to understand the basis upon which the High Court had arrived at this conclusion.

Was the Respondent's Trade Mark Application in *Rothmans of Pall Mall* made in Bad Faith?

Based on the facts of the present case, the High Court in *Rothmans of Pall Mall* drew an inference of bad faith on the part of the Respondent. This was the conclusion of the High Court despite the fact that the Appellant's 'Rothmans' mark and the Respondent's 'Fairlight' mark were not similar and there was evidence of no confusion. In assessing the existence of misconduct on the part of the Respondent giving rise to an inference of bad faith, the High Court attached significant weight to the following circumstances:

- (a) The suspicious circumstances surrounding the incorporation of the Respondent;
- (b) The compelling evidence that the Respondent and the Hertlein Brothers had not acted in a wholly honest manner;
- (c) The advertising strategy undertaken by the Hertlein Brothers from whom the Respondent had obtained a licence for the 'Fairlight' trade mark clearly indicating the intention of the Hertlein Brothers to ride upon the goodwill of the Appellant's trade marks;
- (d) The ongoing overseas trade mark infringement proceedings between the Appellant and the Hertlein Brothers over the registration and use of the 'Fairlight' mark.

The end result of the *Rothmans of Pall Mall* case is just and, in all probability, correct. The Registrar of Trade Marks and the High Court have both found that there was compelling evidence to show that the Respondents and its licensor (the Hertlein Brothers) "have not acted in a wholly honest manner". For instance, no information had been disclosed on when the Respondents acquired the licence for the "Fairlight" mark from the Hertlein Brothers, what business the Respondent intended to do in Singapore and what sort of market it saw in Singapore. The Court also found that the Hertlein Brothers "had shown a complete lack of candour" when answering questions pertaining to their advertising strategy in relation to the "Fairlight" cigarettes. The element of dishonesty on the part of the trade mark applicants must have weighed heavily in the Court's assessment of whether bad faith had been established. The judgment of the High Court in *Rothmans of Pall Mall* would certainly not have been as controversial if, in our view, the learned judge had based her decision solely on reasons (a) and (b) above.

In contrast, the other legal bases (in particular, (c) and (d) above) of the High Court's decision in *Rothmans of Pall Mall* are far from clear and have raised several interesting questions. With regard to (c) on the comparative advertising strategy of the Hertlein Brothers, it is clear that after *Rothmans of Pall Mall*, if a trade mark applicant upon making the necessary enquiries discovers that the mark concerned had been used in comparative advertising in an unfair manner, an inference of bad faith may be raised if the applicant proceeds with the application. It is interesting to note that the High Court judge, in reaching her conclusion that bad faith on the part of the Respondent was established based on evidence of his knowledge of comparative advertising strategies employed by the Hertlein Brothers, has imported into the ambit of section 7(6) the concept of the Hertlein Brothers 'taking unfair advantage' of the reputation and goodwill of the Appellant's mark. The concept of 'taking unfair advantage' and the associated

right to oppose a trade mark application on this very basis is only available to owners of trade marks that are well known to the public at large in Singapore, as provided for in section 8(4) of the Act. However, at the time of the hearing in *Rothmans of Pall Mall*, the Act had not yet been amended and, obviously, section 8(4) was not yet enacted by Parliament.

The question which must now be addressed is: has the Appellant's *Rothmans* trade mark been elevated to the status of a well known mark in Singapore as a consequence of Justice Lai's reasoning? Furthermore, has *Rothmans of Pall Mall* resulted in the Appellants being conferred greater trade mark protection than originally contemplated (thereby tilting the balance in favour of registered trade mark proprietors)? More importantly, what then is the relationship between s 7(6) (bad faith) and s 8(4) (relative ground of refusal on dilution and taking unfair advantage of marks that are well known to the public at large) of the Act? Has s 8(4) been rendered otiose as a result of Justice Lai's reasoning in *Rothmans of Pall Mall*?

Moving on to (d) and the Respondent's knowledge of foreign proceedings involving the trade mark under application, the following questions can be raised:

- (i) Is knowledge of foreign proceedings *per se* adequate for a finding of bad faith? The authors humbly submit that such knowledge alone should not be sufficient for a finding of bad faith but it is nevertheless an important factor which the court will consider in totality with all other substantiating evidence such as reasons (a) and (b) above.
- (ii) It is important to note that at the time of the High Court's decision in *Rothmans of Pall Mall*, the foreign proceedings (i.e. the proceedings commenced by the Appellant in Berlin, Germany) were still unresolved. An anomaly will certainly arise if, subsequently, the Berlin proceedings were resolved in favour of the Hertlein Brothers (i.e. no infringement on the part of the Hertlein Brothers), when the Singapore High Court has already ruled that the Respondent's trade mark application was made in bad faith as a result of, *inter alia*, the existence of foreign German proceedings. Would such a conclusion be fair to the Respondent? Can the Respondent then re-apply for the same mark in this situation? To further complicate matters and for the sake of discussion, if there are now multiple foreign proceedings concerning the trade mark in issue (which is very likely in today's globalized markets) and if the resolution of these proceedings conflict with one another (e.g. in one jurisdiction, the court rules that there is trade mark infringement whilst in the other jurisdiction, the court rules that there is no infringement), how should the trade mark applicant proceed with his application in Singapore?

Is *Rothmans of Pall Mall* a New Category of Bad Faith?

The Singapore High Court's decision in *Rothmans of Pall Mall* has undoubtedly widened the ambit of the concept of bad faith (as traditionally understood) in a trade mark application and the categories of bad faith are no longer limited to a lack of intention to use the mark or ownership issues. The *ratio decidendi* of the decision in *Rothmans of Pall Mall* is clear – “a trade mark applicant is under a positive duty to investigate into the

bona fides of the mark before seeking registration.”⁶ What is, however, unclear is how this positive duty is to be discharged by the trade mark applicant.

Interestingly, the bad faith provision in the Singapore Trade Marks Act 1998 (i.e. section 7(6)) is *in pari materia* with its counterpart in the UK Trade Marks Act 1994.⁷ As there is apparently no indication of the legislative intent behind the concept of bad faith in English trade mark law, the courts have been assigned the unenviable task of delineating the scope of the provision (which has been described as “notoriously unclear”).⁸ Over the years, a body of English case law has been established involving the bad faith provision and these decisions fall broadly into three main categories: (a) ownership of the trade mark and knowledge of third party claims; (b) intention to use the trade mark and width of specification of goods and services; and (c) well-known persons. It is therefore appropriate, at this juncture, to briefly survey some of the case law emanating from England that has interpreted the bad faith provision in trade mark law.

The Meaning and Examples of “Bad Faith” in English Trade Mark Law

What is “Bad Faith”?

In an oft-cited passage from the leading authority on the subject, Lindsay J took the view that bad faith, plainly, includes “dishonesty” as well as certain types of dealings that “fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”.⁹ In other words, a trade mark application will be refused on the ground of bad faith if the applicant’s conduct was dishonest or was akin to something approaching dishonesty (some form of reprehensible conduct). It was further explained by the Appointed Person, Geoffrey Hobbs QC, that the expression “bad faith” carries with it *moral overtones*, such that a trade mark application may be deemed to have been made in bad faith “... by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding on the applicant”.¹⁰ At the same time, however, Hobbs QC did clarify that the bad faith provision does not require applicants to submit to an “open-ended assessment of their commercial morality”.¹¹

It is fairly clear from Lindsay J’s interpretation of the meaning of bad faith¹² that the test to be employed is neither subjective nor wholly objective. Instead, a combined standard of objectivity and subjectivity is recommended, with the learned authors in *Kerly’s* suggesting that the appropriate test ought to be principally objective with a limited subjective element.¹³ In other words, an objection based on bad faith in the application may be raised successfully if it can be established that the applicant’s conduct

⁶ *Supra* note 4 at para 19.

⁷ See sec 3(6) of the UK Trade Marks Act 1994, which is, in turn, derived from Art 3(2)(d) of the EU Trade Marks Directive (First Council Directive 89/104/EEC of 21 December 1988).

⁸ *Tesco Stores Ltd’s Trade Mark Applications* [2005] RPC 361 at 370.

⁹ *Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379.

¹⁰ *DEMON ALE Trade Mark* [2000] RPC 345 at 356.

¹¹ *ibid.*

¹² As to which see the text accompanying note 8, above.

¹³ See *Kerly’s Law of Trade Marks and Trade Names* (13th ed., 2001) at pp. 220-221. Cf. also the two-step approach as laid down by the House of Lords in *Twinsectra Ltd v Yardley* [2002] 2 AC 164 and adopted by the English Court of Appeal in *Harrison’s Trade Mark Application* [2005] FSR 177.

was dishonest by the ordinary standards of reasonable and honest people and that the applicant himself realized that by those standards, his conduct was indeed dishonest.

Furthermore, even if we were to accept that a finding of bad faith may arise despite the applicant not having breached any duty or other legally binding requirement,¹⁴ it has been generally accepted that the standard of proof for such a finding is necessarily high. It is often said that the allegation of bad faith is a serious allegation that is akin to an allegation of commercial fraud. Therefore, just as a plea of fraud should not be made lightly, bad faith allegations – so we are reminded – should not be made unless they can be fully and properly pleaded, and should certainly not be upheld unless they are distinctly proved (and this is rarely possible by a process of inference from the facts).¹⁵ It may perhaps be for this reason that the concept of bad faith has been construed in an arguably ‘narrower’ sense at OHIM under the CTM system – involving, *inter alia*, actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive.¹⁶

What constitutes bad faith for the purposes of refusing a trade mark application in England is, given the foregoing, still a matter of some debate and uncertainty. Nevertheless, it may be usefully noted that the English courts are more inclined to make findings of bad faith in two broad instances, to which our discussion now turns.

Instances of “Bad Faith”

A trade mark application is likely to have been made in bad faith where the ownership (or prospective ownership) of the mark is in question – quite simply, where the mark does not rightfully belong to the applicant. In such cases, the applicant is usually aware that a third party actually intends to use/register the mark – either because this third party is the rightful owner or is otherwise entitled to use the mark – but he nevertheless chooses to proceed with the application (for the same or a similar mark) so as to frustrate the intentions of the third party and to pre-empt such use/registration by the third party. It is also a fairly common feature of such cases that a legal relationship exists between the applicant and the third party (e.g. agent-principal or employee-employer).

Bad faith was, for example, made out in *Mickey Dees (Nightclub) Trade Mark*,¹⁷ where the applicant (who was the manager of a nightclub by the same name) sought to register the mark “Mickey Dees” in his own name for nightclub services. Likewise, in *Harrison’s Trade Mark Application*,¹⁸ the owner of a nightclub named “Chinawhite” (in which a cocktail drink of the same name was served) successfully opposed the application for the mark “CHINAWHITE” for alcoholic and non-alcoholic drinks on the

¹⁴ See the text accompanying note 9, above.

¹⁵ See *McDonald’s Corp v Future Enterprises Pte Ltd* [2005] 1 SLR 177 at 199 (Singapore Court of Appeal); *ROYAL ENFIELD Trade Marks* [2002] RPC (24) 508 at [31] (Simon Thorley QC, as the Appointed Person).

¹⁶ See, for example, the decision of the First Cancellation Division in *Trillium Trade Mark* (Case No. C000053447/1, 28 March 2000 (unreported)), where it was decided that bad faith can be understood, conceptually, as a “dishonest intention”. Note, further, that bad faith allegations against a CTM can only be considered in invalidity proceedings and not as grounds for refusal of registration: see Art 51(1)(b) of the CTM Regulation (Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark).

¹⁷ [1998] RPC 359.

¹⁸ [2005] FSR 177 (English Court of Appeal).

ground of bad faith. Evidence revealed that the applicant had been approached by the bar manager at the nightclub, who previously played a part in developing the recipe for the “Chinawhite” cocktail. Finally, in *Kundry SA’s Application*,¹⁹ the applicant’s mark “JARVARD” (for clothing) was opposed by the owners of the “HARVARD” trade mark on the basis that the applicant was taking (unfair) advantage of the opponent’s established reputation and wanted to frustrate the opponent’s ability to use (and perhaps subsequently register) the mark “HARVARD” in the UK. The UK Registry accordingly made a finding of bad faith.

Another form of bad faith is where the applicant does not have a *bona fide* intention to use the mark²⁰ or where the scope of the application is too broad (involving too wide a specification of goods or services). The opportunistic stockpiling of marks occurs when the applicant has no present or fixed intention to use any of the marks applied for but merely wishes to ‘hijack’ the marks first with a view to later selling them to those who are rightfully entitled or to those who have an interest in acquiring them (an unfair business practice that is akin to online “cybersquatting”).²¹ For example, it is fairly obvious from the facts of *Mickey Dees (Nightclub) Trade Mark*²² that the application in question had been made in bad faith. The applicant in that case was clearly unable to show any realistic intent to provide nightclub services since he did not even own a nightclub in the first instance. Similarly, in *DEMON ALE Trade Mark*,²³ it was held that the application for the mark ‘DEMON ALE’ (for beer and mineral water) had been made in bad faith in view of the evidence that the applicant, an antique dealer, was not at all associated with brewing and had no *bona fide* intention to trade in beer, but had merely filed the application to prevent manufacturers of ‘alcopop’ from using the mark. It seems fair, therefore, that trade mark rights be conferred only on those who have a real/genuine intention to use the mark in trade, and that bogus applications – which seek to get in the way of opponents or to further the applicant’s cause of ‘trafficking’ in the mark – ought to be refused at the outset.

The objection that the applicant has no *bona fide* intention to use the mark is also raised when too broad a specification of goods or services is applied for. However, as it can be difficult to differentiate between ‘greedy’ and ‘dishonest’ applications, the UK Registry generally relies less on the bad faith provision to limit/restrict the specification of goods or services,²⁴ leaving it instead to other third parties to subsequently bring revocation proceedings for non-use. It is likely though that the Registry will still refuse to accept very broad applications (e.g. for “all goods/services in class X”), and will

¹⁹ [1998] ETMR 178 (UK Registry).

²⁰ The applicant must declare in his application that he is using or that he has a *bona fide* intention to use the mark in the course of trade (see sec 5(2)(e) of the Singapore Trade Marks Act 1998 and sec 32(3) of the UK Trade Marks Act 1994). Note, however, that such a declaration is not a requirement under the EU Trade Marks Directive (First Council Directive 89/104/EEC of 21 December 1988).

²¹ For a classic example of “cybersquatting”, see *British Telecommunications plc v One in a Million Ltd* [1998] 4 All ER 476.

²² *Supra.*, note 16.

²³ [2000] RPC 345.

²⁴ Such a practice also has the advantage of better aligning the UK approach with that at OHIM. Indeed, there is a powerful argument for the view that a conclusion of bad faith does not necessarily follow merely because the applicant failed to identify the specification sufficiently precisely or had framed it too widely (cf. Neuberger J in *Knoll AG’s Trade Mark* [2003] RPC (10) 175 at 184 (see, in particular, [33]-[34])).

continue to draw the line between excessively wide specifications and ones which merely provide room for possible business expansion or diversification.

Conclusion

After *Rothmans of Pall Mall*, trade mark applications in Singapore appear to have become more burdensome or onerous because the High Court has imposed a positive duty on the part of the trade mark applicant to make enquiries of the *bona fides* of the mark being applied. Although the end result of *Rothmans of Pall Mall* is submitted to be correct and just, the legal bases upon which the High Court has based its decision – in particular, (i) the Hertlein Brothers taking unfair advantage of the goodwill or reputation of the Appellant through their comparative advertising strategy, and (ii) the Respondent’s knowledge of ongoing foreign legal proceedings between the Appellant and the Hertlein Brothers – are, in our view, controversial and difficult to reconcile with prevailing trade mark principles and current legislation. *Rothmans of Pall Mall* has indeed broken the traditional mould – that of a lack of bona fide intention to use the mark and issues on ownership – in which bad faith on the part of the trade mark applicant was once assessed by the courts. Although dishonesty on the part of the trade mark applicant continues to weigh heavily in the courts’ assessment of whether bad faith is established, other factors appear to be equally important, such as knowledge of foreign proceedings and taking unfair advantage of the registered proprietor’s trade mark in comparative advertising. Perhaps the greatest contribution of *Rothmans of Pall Mall* as a precedent lies in the acknowledgement or realization that the categories of bad faith in trade mark applications are not closed in Singapore and that public policy issues of preserving the integrity of the trade mark registration system calls for the imposition of a positive duty by the courts on the part of the trade mark applicant to exercise extreme care in enquiring into the *bona fides* of the application mark. However, one should not go so far as to argue that *Rothmans of Pall Mall* now stands for the proposition that *unfair competition* (whether in the form of business strategies or otherwise) on the part of the trade mark applicant will tantamount to bad faith. To do so, it is humbly submitted, is to have lost sight of the true teachings of the High Court in *Rothmans of Pall Mall*. Nevertheless, it is clear that sharp business practices coupled with evidence of probable dishonesty and inadequate disclosures on the part of the trade mark applicant may now result in a finding of bad faith in Singapore. All trade mark applicants should henceforth be forewarned.