

# THE ROLE OF ACQUIRED DISTINCTIVENESS IN THE MARKS–SIMILARITY ANALYSIS

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## I. Introduction

1 Following the seminal case of *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc*<sup>1</sup> (“*Staywell*”), trade mark practitioners and decision–makers have been divided on the role of acquired distinctiveness within the “step–by–step” approach: can it be considered at the marks–similarity stage, or is it a matter left to the likelihood of confusion stage?<sup>2</sup>

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1 [2014] 1 SLR 911.

2 While academic commentary is not a focus of this article, see, *eg*, Tan Tee Jim SC, “Relative Grounds for Refusal of Registration” in *Law of Trade Marks in Singapore* (Sweet & Maxwell, 4th Ed, 2021) ch 8 at para 8.072:

... in determining whether the marks in question are similar, the court is to consider them ‘as a whole’ and must not take into account of ‘any external added matter or circumstances’. The comparison is strictly ‘mark for mark’. This means that the court will not have regard to the goods or services in question, how the marks are in fact used as well as the relative weight and importance of each aspect of the similarity of the marks having regard to the goods or services concerned ...

*cf* Ng–Loy Wee Loon SC, “Registration Criteria” in *Law of Intellectual Property of Singapore* (Sweet & Maxwell, 3rd Ed, 2021) ch 21 at para 21.5.18:

... The distinctiveness of the earlier trade mark is an integral factor in the visual, aural and conceptual assessments. To be more precise, it is the degree of distinctiveness of the earlier trade mark that has an impact: the more distinctive the earlier trade mark, the more different the later mark has to be before it will be considered dissimilar to the earlier trade  
(*cont’d on the next page*)

2 This article outlines some of the recent developments on the matter with brief observations at the end.

## II. Key principles

3 For context, a statement of the key principles is necessary.

### A. The “step-by-step” approach

4 The proprietor of a registered trade mark is conferred statutory rights under the Trade Marks Act 1998<sup>3</sup> (“TMA”). Under s 27(2)(b) of the TMA, these rights may be asserted against another trader’s infringing use of a similar mark in respect of identical or similar goods or services. Under s 8(2)(b) of the TMA, they may also be relied on to oppose a later application for registration of such a mark, or to apply for invalidity of the registration. The ultimate question is whether there exists a likelihood of confusion on the part of the public because of (a) the similarity of marks, and (b) the identity or similarity of goods or services.

5 The “step-by-step” approach is applied to determine the existence of a likelihood of confusion. The key principles were laid down in *Staywell*. There are three steps to the test.<sup>4</sup>

6 First, the competing marks are assessed for similarity (*ie*, the marks-similarity stage). This is based on the overall impression given by the marks, having regard to their visual,

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mark. For this reason, there is often a preliminary step to peg the level of distinctiveness of the earlier trade mark. As we have seen, this refers to the mark’s ability to function as the badge of origin of the goods or services in question. The distinctiveness may be inherent within the earlier trade mark (e.g. the mark is meaningless in the context of the goods or services in question) and/or it may be acquired by the mark as a result of its prior use in relation to the goods or services.

3 2020 Rev Ed. See in particular s 26.

4 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [15]. This approach was first articulated in *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2006] 2 SLR(R) 690.

aural and conceptual similarities, and bearing in mind their dominant and distinctive components.<sup>5</sup>

7 Second, the goods or services under those marks are assessed for similarity (*ie*, the goods-similarity or services-similarity stage).

8 Third, the inquiry focuses on whether a likelihood of confusion arises from the earlier two similarities (*ie*, the likelihood of confusion stage). External factors may be considered provided they relate to how the two similarities will affect the consumer's perception as to trade origin. The permissible factors include those which (a) are intrinsic to the nature of the goods or services, and/or (b) affect the impact of the two similarities on the consumer.<sup>6</sup>

9 The three steps are assessed systematically. The first two steps are assessed individually, and are threshold requirements which must be met before an assessment of the final step.<sup>7</sup>

## **B. Technical distinctiveness and marks-similarity**

10 According to *Staywell* at [25], “technical distinctiveness” is an integral factor in the marks-similarity inquiry. This refers to the capacity of a mark to function as a badge of origin. A mark which has greater technical distinctiveness enjoys a high threshold before a competing sign will be considered dissimilar to it.<sup>8</sup>

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5 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [26].

6 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [83], [95] and [96].

7 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [15].

8 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [24] and [25].

11 Technical distinctiveness can arise in two forms: inherent distinctiveness and acquired distinctiveness. According to the Court of Appeal in *Staywell*:<sup>9</sup>

... Distinctiveness can be inherent, usually where the words comprising the mark are meaningless and can say nothing about the goods or services; or *acquired*, where words that do have a meaning and might well say something about the good or services, yet come to acquire the capacity to act as a badge of origin through long-standing or widespread use ... [emphasis added]

12 Acquired distinctiveness is therefore demonstrated through evidence of use. Yet, the Court of Appeal also stated at [20] that the assessment of marks-similarity is mark-for-mark “without consideration of any external matter”.

### **C. A possible contradiction of principles**

13 Herein lies the difficulty. If, pursuant to *Staywell* at [20], evidence of use demonstrating acquired distinctiveness is “external matter”, it cannot be considered at the marks-similarity stage. If so, however, this would appear to contradict *Staywell* at [25] on technical distinctiveness (which can be inherent or acquired) being an integral factor at this stage.

14 It has been rightly observed that this issue is not merely an academic one. A trade mark proprietor asserting senior rights will want to argue that its earlier trade mark has greater technical distinctiveness and therefore enjoys a high threshold before a competing sign will be considered dissimilar.<sup>10</sup> Hence, there is a need to reconcile the principles.

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9 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [24].

10 *Clarins Fragrance Group f.k.a. Thierry Mugler Parfums S.A.S v BenQ Materials Corp.* [2018] SGIPOS 2 at [24].

### III. Recent decisions

#### A. The “contextual approach” and the “mechanical approach” in GCIH

15 In *GCIH Trademarks Ltd v Hardwood Private Ltd*<sup>11</sup> (“GCIH”), a trade mark opposition decision, Principal Assistant Registrar Ong Sheng Li, Gabriel (the “PAR”) dealt at length with the issue in a postscript.<sup>12</sup> In the PAR’s view, decisions at the Registry level could be broadly categorised as taking either the “contextual approach” or the “mechanical approach” to marks–similarity.

16 First, he identified the approach in *Monster Energy Company v NBA Properties, Inc*<sup>13</sup> (“NBA”) as the “contextual approach”. In *NBA*, IP Adjudicator Burton Ong held at [46] that, in the marks–similarity analysis, parties should be permitted to adduce evidence of surrounding circumstances that are relevant towards establishing the general knowledge possessed by the average consumer. To do otherwise would be to adopt a “highly contrived, and artificially blinkered, approach towards mark–similarity assessment that is incompatible with the commercial realities within which the trade mark regime operates”.

17 The PAR in *GCIH* agreed that in certain cases, contextual evidence and information would be invaluable to understanding consumers’ perception of the marks. To him, acceptable examples included contextual dictionary evidence and considerations such as the linguistic knowledge and capabilities of the average consumer in Singapore, which he considered to be internal to the marks in issue.<sup>14</sup>

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11 [2021] SGIPOS 6.

12 *GCIH Trademarks Ltd v Hardwood Private Ltd* [2021] SGIPOS 6 at [103]–[113]. In the main decision (at [40]), the principal assistant registrar found that the opponent had deployed evidence of alleged acquired distinctiveness through use towards the issue of the effect of trade mark resemblance on consumer perception (a factor going towards the likelihood of confusion) instead of the issue of trade mark resemblance (*ie*, marks–similarity). The evidence was therefore disregarded at the marks–similarity stage.

13 [2018] SGIPOS 16.

14 *GCIH Trademarks Ltd v Hardwood Private Ltd* [2021] SGIPOS 6 at [108]–[109].

18 The PAR, however, disagreed with the IP Adjudicator’s suggestion (in *NBA* at [41]) that evidence of “public activities which may have shaped consumer knowledge of, and familiarity with, a word mark” could be taken into account at the marks–similarity stage, to the extent that it may relate to a trader’s “public activities”. According to him, public activities relating to advertising and sales will have an impact on the effect of resemblance, and not the resemblance itself, of the marks on consumers’ perception. The PAR considered such evidence to be properly left to the likelihood of confusion stage.<sup>15</sup>

19 Second, the “mechanical approach” was characterised by decisions taking the position that it would be inconsistent with *Staywell* (especially at [20]) to take into account contextual evidence or evidence of use at the marks–similarity stage.<sup>16</sup> Under this approach as outlined by IP Adjudicator David Llewelyn in *Valentino S.p.A v Matsuda & Co*<sup>17</sup> (“*Matsuda*”), such evidence may be adduced only at the likelihood of confusion stage. The marks–similarity analysis involved only a “common–sense overall comparison of mark–for–mark”. This would guard against “much irrelevant evidence”.

20 In *Matsuda*, the IP Adjudicator also stated that “additional” distinctiveness acquired through use after registration was not relevant at the marks–similarity stage.<sup>18</sup> In this regard, the PAR in *GCIH* agreed that evidence of “enhanced” distinctiveness acquired through use should be reserved for the likelihood of confusion stage.<sup>19</sup>

## **B. A matter of stare decisis, as held in Combe**

21 Subsequently, in *Combe International Ltd. v Dr. August Wolff GmbH & Co. KG Arzneimittel*<sup>20</sup> (“*Combe*”), IP Adjudicator Sheik

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15 *GCIH Trademarks Ltd v Hardwood Private Ltd* [2021] SGIPOS 6 at [110].

16 *GCIH Trademarks Ltd v Hardwood Private Ltd* [2021] SGIPOS 6 at [111].

17 [2020] SGIPOS 8 at [20], fn 1.

18 The IP Adjudicator maintained his position in *S. C. Johnson & Son, Inc. v Off-White LLC* [2021] SGIPOS 16.

19 *GCIH Trademarks Ltd v Hardwood Private Ltd* [2021] SGIPOS 6 at [112].

20 [2021] SGIPOS 10 at [30].

Umar Bin Mohamed Bagushair held that, as a matter of *stare decisis*, it was acceptable for him to consider evidence of acquired distinctiveness at the marks-similarity stage. He cautioned against holding that the Court of Appeal's earlier rulings – that is to say, decisions predating *Staywell* – were no longer good law, unless the position was explicitly clear.

22 According to the IP Adjudicator, such prior decisions included *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd*<sup>21</sup> (“*Hai Tong*”) where evidence of acquired distinctiveness was explicitly allowed to be considered at the marks-similarity stage. In *Hai Tong* at [33], the Court of Appeal held that the following factors may be considered in determining if an earlier mark had acquired distinctiveness through use:

- (a) the market share held by the registered mark;
- (b) the nature of its use (whether or not it was intensive, widespread and long-standing);
- (c) the amount invested in promoting the mark;
- (d) the proportion of the relevant class of individuals who identified goods sold under the mark as emanating from a particular source; and
- (e) any statements from trade associations and chambers.

23 To support his view that *Staywell* was not so explicitly clear, the IP Adjudicator cited *Polo/Lauren Co LP v United States Polo Association*<sup>22</sup> (“*Polo*”) at [28], where Lee Seiu Kin J opined that “it is less clear whether *Staywell* contemplates that earlier trade marks which are already inherently distinctive can become more distinctive through use and that this enhanced distinctiveness can be taken into consideration at the marks-similarity stage”.<sup>23</sup>

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21 [2013] 2 SLR 941.

22 [2016] 2 SLR 667.

23 *Polo/Lauren Co LP v United States Polo Association* [2016] 2 SLR 667 at [28] should be read in its full context, where Lee J expressed the following view:

I note at the outset that the factoring of acquired distinctiveness at the marks-similarity stage appears to be at odds with the Court of Appeal's finding in *Staywell* at [20] that ‘the assessment of marks similarity is  
(cont'd on the next page)

24 Based on the above, the IP Adjudicator held that *Staywell* at [20] did not explicitly contradict *Hai Tong* at [33] such that the latter was no longer good law.

**C. Acquired distinctiveness in relation to marks–similarity in Digi**

25 The judgment of the General Division of the High Court in *Digi International Inc v Teraoka Seiko Co, Ltd*<sup>24</sup> (“*Digi*”) was handed down shortly thereafter. The dispute concerned a trade mark applicant’s unsuccessful appeal to the General Division of the High Court in a trade mark opposition based on, amongst other grounds, s 8(2)(b) of the TMA.

26 In his decision, Dedar Singh Gill J found that the opponent’s mark bore a low degree of inherent distinctiveness.<sup>25</sup> Having regard to the opponent’s evidence of use and the factors in *Hai Tong* at [33], Gill J also found that the opponent’s mark had acquired distinctiveness and the distinctiveness of the whole mark had been enhanced to a moderate degree through use.<sup>26</sup>

27 On the facts of the case, it was determined by Gill J that the competing marks were visually similar.<sup>27</sup> He went on to state: “It also bears emphasising that the Respondent’s Mark (Singapore) [*ie*, the Opponent’s mark] has inherent and acquired distinctiveness. All the more, the differences in respect of the

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mark–for–mark *without consideration of any external matter*’ [emphasis added]. Rather, the effect of acquired distinctiveness should be left for the confusion stage of the inquiry, when the court assesses ‘the effect of *objective similarity between the marks, on the perception of consumers*’ [emphasis in original omitted; emphasis added in italics]. It is clear that *Staywell* contemplates the factoring of acquired distinctiveness for trade marks which may not be inherently distinctive and have come to be so under s 7(2) of the TMA. It is also clear that *Staywell* contemplates that earlier trade marks may have varying degrees of technical distinctiveness. It is less clear whether *Staywell* contemplates that earlier trade marks which are already inherently distinctive can become more distinctive through use and that this *enhanced* distinctiveness can be taken into consideration at the marks–similarity stage. ...

24 [2021] SGHC 165.

25 *Digi International Inc v Teraoka Seiko Co, Ltd* [2021] SGHC 165 at [91]–[102].

26 *Digi International Inc v Teraoka Seiko Co, Ltd* [2021] SGHC 165 at [103]–[119].

27 *Digi International Inc v Teraoka Seiko Co, Ltd* [2021] SGHC 165 at [125].

triangle devices are not so substantial as to distinguish the Application Mark visually.”<sup>28</sup>

28 Some have interpreted this to mean that Gill J took into consideration enhanced distinctiveness at the marks–similarity stage.<sup>29</sup> If this was indeed the case, it is worth noting that the opponent’s mark (Singapore Trade Mark No. T8605807D) was registered on 18 December 1986. In arriving at a finding of enhanced distinctiveness, Gill J took into account evidence of use from 1987 up to 2017. This may be contrasted with the views taken in *Matsuda* and *GCIH* (that evidence of use after registration is not relevant at the marks–similarity stage), as well as that taken in *Polo* (that it is not clear if enhanced distinctiveness can be taken into consideration at the marks–similarity stage).

#### **D. Developments in the EU: China Construction Bank**

29 In Europe, the “global appreciation” approach, as opposed to the “step–by–step” approach, is applied. Under this approach, similarity between marks and goods or services is assessed globally along with other factors towards determining the existence of a likelihood of confusion.<sup>30</sup> EU and Singapore trade mark law are therefore markedly different.

30 Nevertheless, the judgment of the Court of Justice of the European Union (the “CJEU”) in *China Construction Bank Corp v European Union Intellectual Property Office*<sup>31</sup> may be of interest to local practitioners. In this matter, the trade mark applicant sought to annul the decision of the First Board of Appeal of the European Union Intellectual Property Office (the “EUIPO”)

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28 *Digi International Inc v Teraoka Seiko Co, Ltd* [2021] SGHC 165 at [125].

29 See, eg, Ng–Loy Wee Loon SC, “Registration Criteria” in *Law of Intellectual Property of Singapore* (Sweet & Maxwell, 3rd Ed, 2021) ch 21 at fn 159: “Note that the High Court in *Digi International Inc v Teraoka Seiko Co, Ltd* [2021] SGHC 165 considered *de facto* distinctiveness in the marks–similarity inquiry. But the issue was not raised to the High Court, that is, the parties proceeded on the basis that this was a relevant consideration.” See also *Twitter, Inc v VV Technology Pte Ltd* [2022] SGIPOS 4 at [57].

30 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [15].

31 (C–115/19 P) EU:C:2020:469.

relating to opposition proceedings filed against its application based on the opponent's earlier mark.

31 One of the issues on appeal was whether the General Court below had erroneously taken into account the reputation and distinctive character of the earlier mark in finding the competing marks to be similar. The trade mark applicant argued that: (a) the General Court erred in law by considering the reputation of the earlier mark in the marks-similarity analysis, and then considering it again in the overall assessment of the likelihood of confusion, thus "double-counting" the distinctive character of the earlier mark; and (b) the marks-similarity analysis is an "autonomous analysis", and the degree of distinctive character of the earlier mark has a role only in the overall assessment of likelihood of confusion, alongside factors such as the degree of similarity of the marks and goods or services.

32 On this issue, the CJEU held in the trade mark applicant's favour that:<sup>32</sup>

58 ... unlike the factor of the similarity of the signs at issue, the factor of the reputation and distinctive character of the earlier mark does not involve a comparison between a number of signs, but concerns only one sign, namely the sign which the opponent has registered as a mark. Since those two factors are thus fundamentally different in scope, examination of one of them does not allow conclusions to be drawn concerning the other. Even where the earlier mark has a high degree of distinctive character by reason of its reputation, that fact does not make it possible to determine whether and, if so, to what extent that mark is visually, phonetically and conceptually similar to the mark in respect of which registration is sought.

59 It is therefore incorrect in law to assess the similarity of the signs at issue in the light of the reputation of the earlier mark.

33 The CJEU further held that, although it may be relevant to identify the dominant element of a sign for comparing the signs at issue, "it does not follow that the reputation and the degree

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32 *China Construction Bank Corp v European Union Intellectual Property Office* (C-115/19 P) EU:C:2020:469 at [58] and [59].

of distinctive character of that sign, which concern it as a whole, make it possible to determine which component of that sign is dominant in the perception of the relevant public”.<sup>33</sup>

34 The above may be contrasted with the prevailing Singapore position that technical distinctiveness is an integral factor in the marks-similarity inquiry.<sup>34</sup>

#### **IV. Observations**

35 In *Digi*, it was not in issue between parties as to whether acquired distinctiveness could be considered at the marks-similarity stage. *Digi* therefore provides no clear answers and is by no means the last word on the matter.

36 At this time of writing, an appeal against the IP Adjudicator’s decision in *Combe* is pending in the General Division of the High Court.<sup>35</sup> While it would be interesting to see if the appeal will bring about a High Court decision on the issue, clarity from the apex court would be much welcome. Until then, the types of evidence that may be allowed at the marks-similarity stage, if at all, look to be an issue in the grey area.

37 Trade mark practitioners will need to follow the developments as they unfold and take meaningful guidance. For instance, in the light of the present discourse, it may be helpful to further unpack the meaning of the term “external matter” in *Staywell* at [20] and reconcile it with the judgment at [24] and [25], and with other Court of Appeal rulings.

38 Practitioners will also need to advise clients on carefully framing their arguments and deploying evidence towards the correct issue at the relevant stage, *ie*, towards the issue of trade

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33 *China Construction Bank Corp v European Union Intellectual Property Office* (C-115/19 P) EU:C:2020:469 at [61].

34 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [25].

35 HC/TA 22/2021. This is based on publicly available information from Intellectual Property Office of Singapore, *Legal Decisions* (8 March 2022) <<https://www.ipos.gov.sg/manage-ip/resolve-ip-disputes/legal-decisions>> (accessed 14 March 2022).

mark resemblance at the marks-similarity stage, and towards the effect of that resemblance on consumer perception at the likelihood of confusion stage. Further, the point in time at which acquired (or “additional”, or “enhanced”) distinctiveness is sought to be established may matter.