

19. INTELLECTUAL PROPERTY LAW

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Copyright

Disney Enterprises Inc v M1 Ltd – Dynamic injunction to block access to flagrantly infringing online locations

19.1 In *Disney Enterprises Inc v M1 Ltd*¹ (“*Disney Enterprises*”), the High Court, in a judgment handed down by Lee Seiu Kin J in September 2018, analysed s 193DDA of the Copyright Act² and granted a dynamic injunction that would require network service providers in Singapore to block access to 53 online locations which were initially identified as Flagrantly Infringing Online Locations (“FIOLs”).

19.2 The plaintiffs were engaged in the creation, distribution, licensing and marketing of theatrical motion pictures, television programming and other related products and included companies such as Disney Enterprises, Twentieth Century Fox Film, Paramount Pictures and Warner Bros Entertainment. They owned copyrights in numerous films and sought injunctions to block access to 53 online locations which provided public access to a collection of films without consent or licences from the plaintiffs. The 53 online locations were websites which were in turn accessible via Fully Qualified Domain Names (“FQDNs”). An FQDN is a domain name, a uniform resource locator (“URL”) and/or an Internet protocol address (“IP address”) which can access an online location, including a website.

19.3 The defendants were network service providers engaged in the business of providing telecommunications services and were the major Internet service providers in Singapore, such as M1, Singtel and Starhub.

1 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318.

2 Cap 63, 2006 Rev Ed.

The defendants did not raise any objections to the plaintiffs' application, and it was not disputed that the defendants' services were being used to access the FIOs.

19.4 The plaintiffs sought two types of orders. The first was an order for the defendants to take reasonable steps to disable access by its subscribers to a list of FQDNs which were being used to enable or facilitate access to the 53 websites identified as FIOs ("the main injunction"). The second was an order that would require the defendants to block new FQDNs not presently listed in the plaintiffs' schedule which were subsequently discovered to provide access to the *same* FIOs that were the subject of the main injunction, upon receiving notification from the plaintiffs ("the dynamic injunction"). Under this dynamic injunction, the plaintiffs may from time to time notify the defendants in writing of FQDNs via which a FIO which was referred to in the schedule to the main injunction is accessible, and provide an affidavit to the defendants and the court, which identifies the additional domain name(s), URL(s) and/or IP Address(es) and states the reasons the FIO accessible from the FQDNs is the same FIO which is identified in the schedule to the main injunction.

19.5 Lee J granted the main injunction in April 2018 and requested further submissions from the plaintiffs regarding the dynamic injunction.

19.6 The central legislative provision in the application for injunctive relief was s 193DDA of the Copyright Act. Section 193DDA empowers the High Court to order network service providers to take reasonable steps to disable access to a FIO:

193DDA.—(1) Where the High Court is satisfied, on an application made by the owner or exclusive licensee of copyright in a material against a network service provider, that —

(a) the services of the network service provider have been or are being used to access an online location, which is the subject of the application, to commit or facilitate infringement of copyright in that material; and

(b) the online location is a flagrantly infringing online location,

the High Court may, after having regard to the factors referred to in section 193DB(3), make an order requiring the network service provider to take reasonable steps to disable access to the flagrantly infringing online location.

...

19.7 Lee J was of the view that the notice and service requirements for an order under s 193DDA of the Copyright Act as set out under s 193DDB were satisfied by the plaintiffs, as the plaintiffs had undertaken reasonable efforts to identify the owners of the 53 online locations and to notify them as well as the defendants of these proceedings.³

19.8 Regarding the issue whether the online locations were FIOIs, Lee J turned to s 193A of the Copyright Act which defines a FIOI as:

... an online location which is determined by the High Court under section 193DDA to have been or is being used to flagrantly commit or facilitate infringement of copyright in materials.

Lee J noted the parliamentary intention in the drafting of this provision, commenting that “the definition of a FIOI is intended to be, to some extent, imprecise and amorphous in order to accommodate advancements in technology”.⁴ His Honour was satisfied that based on a consideration of all of the factors listed under s 193DDA(2) – such as whether the primary purpose of the online location is to facilitate copyright infringement and whether these locations contain directories of the means to facilitate infringement – the 53 websites were indeed FIOIs.⁵ All of these websites were found to fall into one of the following categories: linking target website, streaming target website, peer-to-peer target website or subtitle target website.⁶

19.9 The main analysis in the judgment was whether the orders sought were reasonable steps to disable access to the flagrantly infringing online locations. Lee J noted that the court is to take into account the factors referred to under s 193DB(3) in making an order under s 193DDA of the Copyright Act. Section 193DB(3) reads:

When making an order under subsection (1) or (2) or section 193DDA(1), the court shall have regard to –

- (a) the harm that has been or may foreseeably be caused to the plaintiff;
- (b) the burden that the making of the order will place on the network service provider;
- (c) the technical feasibility of complying with the order;
- (d) the effectiveness of the order;

3 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [18].

4 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [20].

5 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [23].

6 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [24].

- (e) any possible adverse effect on the business or operations of the network service provider;
- (f) whether some other comparatively effective order would be less burdensome; and
- (g) all other matters which it considers relevant.

19.10 Regarding the main injunction, Lee J held that it was necessary to mitigate further harm caused to the plaintiffs and that the methods proposed to block access to the FQDNs, including Domain Name System blocking, URL filtering or IP address blocking were technically feasible and did not place an excessive burden on the defendants.⁷

19.11 Lee J noted that the dynamic injunction:⁸

... anticipates and seeks to counteract circumventive measures that may be taken by owners or operators of the FIOs [which] would include measures taken to change the domain name, URL and/or IP address providing access to the FIO.

Since the filing of the application by the plaintiffs, the means of accessing some of the FIOs had already changed, and should the dynamic injunction not be granted, the plaintiffs would need to apply to the court to amend the main injunction in order to add the new domain name for it to be blocked. A dynamic injunction would obviate the need for the plaintiffs to return to court to apply for an amendment of the main injunction or for a new order each time a FIO employed a circumventive measure.

19.12 In summary, the factors stipulated under s 193DB(3) supported the granting of the dynamic injunction. In coming to his decision, Lee J considered the decisions by courts in the UK and Australia regarding the grant of dynamic injunctions to combat online piracy. It was noted that English courts are more willing to grant such injunctions,⁹ while the Australian courts have preferred an approach that would require the court to amend the original order to add these new FQDNs, upon application by the applicants.¹⁰

7 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [33].

8 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [35].

9 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [45]–[46]. See, eg, *Twentieth Century Fox Film Corp v British Telecommunications plc (No 2)* [2012] Bus LR 1525; [2012] 1 All ER 869; and *Cartier International AG v British Sky Broadcasting Ltd* [2017] Bus LR 1; [2017] 1 All ER 700.

10 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [47]–[48]. See, eg, *Roadshow Films Pty Ltd v Telstra Corp Ltd* [2016] FCA 1503; and *Roadshow Films Pty Ltd v Telstra Corp Ltd* [2018] FCA 582.

19.13 Lee J was persuaded by two key considerations. First, the ease and speed at which circumventive measures may be taken by owners and operators of FIOs to evade the main injunction, through for instance changing the primary domain name of the FIO, would render the main injunction ineffective. Essentially:¹¹

... [a] dynamic injunction provides a practical means of ensuring the continued effectiveness of the original injunction since it provides an expedited process for the blocking of additional FQDNs which resolve to the same infringing websites.

Second, Lee J evaluated that:¹²

... the burden to the defendant network service providers, the technical feasibility of complying with the dynamic injunction, any possible adverse effect on the business of the network service providers, and whether some other comparatively effective order would be less burdensome ...

and found that the dynamic injunction would not significantly increase the burden on the defendants from that already imposed under the main injunction. Further, in order to ensure that the interests of the defendant network service providers are not unduly impinged by the dynamic injunction, Lee J included a proviso in the order granted that:¹³

... the defendants would not be required to block the additional FQDNs upon the request of the plaintiffs if [the defendants] are of the view that the grounds for disabling access provided by the plaintiffs are insufficient.

19.14 In Australia, a “rolling order” sought under s 115A of the Australian Copyright Act 1968 – the equivalent of our dynamic injunction – was denied by the Federal Court in 2016 when film companies such as Roadshow, Disney, Twentieth Century Fox and Paramount, wanted certain carriage service providers to block access to streaming and BitTorrent sites; an injunction, however, was granted to disable access to the target online locations as listed.¹⁴ More recently, the Federal Court also found it appropriate to grant an injunction to require the respondents to take reasonable steps to disable access to the KickassTorrents (KAT) website, commenting that the website has already been the subject of orders blocking access to it on the basis of flagrant copyright infringement in a significant number of jurisdictions,

11 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [50].

12 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [43].

13 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [44].

14 *Roadshow Films Pty Ltd v Telstra Corp Ltd* [2016] FCA 1503.

including the UK, Ireland, Denmark, Italy, Finland and Belgium.¹⁵ The court noted that:¹⁶

Where online copyright infringement occurs on a large scale, copyright owners need an efficient mechanism to disrupt the business models of online locations operated outside Australia that distribute infringing copyright material to Australian consumers.

However, the court still declined to issue such rolling orders, holding that:¹⁷

... in the event that the applicants consider that further blocking orders should be made as a result of knowledge that they obtain that the KAT website may be accessed by an additional domain name, the Court may be approached.

19.15 The *Disney Enterprises* decision does strike an appropriate balance between the competing interests. There is clear evidence that the FIOs can – and do – change their FQDNs, and consumers are returning to BitTorrent usage due to an increase in exclusive entertainment content and multiple subscription-based streaming services such as Netflix, HBO, Amazon and Hulu.¹⁸ A dynamic injunction can better aid the copyright content owners to combat piracy but this does not seem to be a battle that they are winning unless they fundamentally transform their current business models.

PropertyGuru Pte Ltd v 99 Pte Ltd – Authorship of photographs – No copyright unless material alteration – Groundless threats

19.16 In *PropertyGuru Pte Ltd v 99 Pte Ltd*¹⁹ (“*PropertyGuru*”), the High Court, in a judgment handed down by Hoo Sheau Peng J in March 2018, found that there was no copyright infringement of the rental listings that the defendant had taken from the plaintiff’s website and listed on its own website. The defendant’s counterclaim against the plaintiff for groundless threats of legal proceedings of copyright infringement was also dismissed.

19.17 The plaintiff, PropertyGuru Pte Ltd (“PropertyGuru”), and the defendant, 99 Pte Ltd, are competitors in the business of providing online property classifieds. They each own and operate a website for this

15 *Universal Music Australia Pty Ltd v TPG Internet Pty Ltd* [2017] FCA 435 at [76] and [82].

16 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [9].

17 *Disney Enterprises Inc v M1 Ltd* [2018] 5 SLR 1318 at [87].

18 Enrique Dans, “Why More and More People Are Returning to BitTorrent” *Forbes* (5 October 2018).

19 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52.

purpose, being www.propertyguru.com.sg (“the PG website”) and www.99.co (“the 99 website”) respectively. PropertyGuru has established itself as one of the leading market players since launching its website in 2007, while the defendant only entered the market in 2015.

19.18 When the 99 website first started operations in 2015, the defendant took rental listings from the PG website and listed them on the 99 website. In technical terms, what the defendant did was to “scrape” listings by means of a software.²⁰

19.19 The plaintiff’s solicitors then contacted the defendant and asked that the defendant cease doing so. The plaintiff and the defendant then entered into settlement talks which culminated in the signing of a settlement agreement dated 28 September 2015. After the date of the settlement agreement, the plaintiff claimed that the defendant continued to cross-post listings through a mobile application known as the Xpressor Application (“Xpressor App”) and through a service it offered known as the Posting Assistant Service (“PA Service”).

19.20 Xpressor is the name of a web-based platform (“the Xpressor Platform”) which allows users to post property listings to multiple web portals simultaneously. At the time of the trial, the Xpressor Platform was still available on the Internet. As there were some technical issues and inconvenience faced with accessing the Xpressor Platform from the 99 website, and the defendant then collaborated with another company, Media Publishing Group (“MPG”), on the development of the Xpressor App.

19.21 The Xpressor App, available for download on the iTunes Apple Store and Google Play Store, enables users to cross-post their listings on the PG website to the 99 website. But on 8 December 2015, the plaintiff’s solicitors sent a letter to MPG alleging that in making available the Xpressor App, which users of the PG website could use to cross-post listings to the 99 website, MPG had induced those users to breach certain terms and conditions of the PG website. MPG then removed the Xpressor App and signed a confidential settlement agreement with the plaintiff dated 6 February 2016. Nonetheless, the Xpressor Platform continued to be accessible on the Internet.

19.22 The PA Service was made available for free to premium account holders of the 99 website. If a property agent chooses to use the PA Service, an independent contractor of the defendant would access the agent’s listings on the PG website, and *manually* copy the information in those listings and post them on the 99 website.

20 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [9].

19.23 Regarding the plaintiff's claim for breach of the settlement agreement, Hoo J held that ultimately, it was the property agents who made the decisions whether or not to cross-post the listings they had on the PG website to the 99 website using the Xpressor App. These were the acts of the property agents or users, not the acts of the defendant, and thus fell outside the scope of settlement agreement.²¹ The plaintiff's cause of action in the tort of inducement of breach of contract was also dismissed. Citing *M+W Singapore Pte Ltd v Leow Tet Sin*,²² Hoo J held that the elements of the tort were not satisfied. In particular, the plaintiff did not plead "the particular breaches of contract which the defendant was supposed to have induced" and "merely allege[d] that the Xpressor App has been used by an 'unquantifiable number' of end users"²³ Moreover, the plaintiff failed to prove that "there [was] a causal link between the defendant's alleged act of inducement and the alleged breaches"²⁴

19.24 Regarding the copyright infringement claim, the court noted that:²⁵

... the plaintiff's watermark was removed from the nine photographs on the 99 website, and that the nine photographs also carry an *additional* watermark in the centre of each photograph showing the property agent's name [which] was added by the defendant. [emphasis in original]

This amounted to a substantial unauthorised reproduction of the photographs. But crucially the plaintiff's claim to ownership of the watermarked photographs rested on:²⁶

... the fact that the plaintiff enhances the photographs posted on its website, such as by resizing them, altering the light balance and softening the edges of the images, and by adding the watermark.

19.25 Referring to a number of authorities,²⁷ Hoo J held that, on the facts of the case, the plaintiff was *not* the author of the original photographs and had no copyright in the watermarked photographs:²⁸

21 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [57].

22 [2015] 2 SLR 271 at [88].

23 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [82].

24 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [87].

25 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [62].

26 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [96].

27 *Interlego AG v Tyco Industries Inc* [1989] AC 217; *The Reject Shop plc v Robert Manners* [1995] FSR 870; *Virtual Map (Singapore) Pte Ltd v Suncool International Pte Ltd* [2005] 2 SLR(R) 157.

28 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [102].

[T]he copying, enlargement or resizing of an artistic work, such as a drawing, painting or photograph, does not make the resulting image a copyrighted work. There must be a material alteration or embellishment to the original work to confer originality (and hence copyright protection) on the resulting work.

The addition of the watermark “PropertyGuru.com.sg” also did not make the altered image an original work as it “merely supplies information to the viewer of the photograph, in the same way as the written information in the design drawings considered in *Interlego did*”.²⁹

19.26 But the court commented that in a future case:³⁰

... a photograph might be so substantially [digitally] altered, in a manner which obviously required much skill and labour of an artistic nature as to qualify for copyright protection.

19.27 On the counterclaim by the defendant for groundless threats of legal proceedings under s 200 of the Copyright Act, Hoo J referred to principles laid down in the Court of Appeal decisions of *Singsung Pte Ltd v LG 26 Electronics Pte Ltd*³¹ (“*Singsung*”) and *Global Yellow Pages Ltd v Promedia Directories Pte Ltd*³² (“*GYP*”).

19.28 Generally, a provision such as s 200:³³

... represents a balance between protecting copyright on one hand and preventing right-holders from using the threat of legal proceedings directed at their customers or competitors as a bullying tactic to chill their legitimate activities on the other.

In *Singsung*, and affirmed in *GYP*, it was held that it does not follow that the court must grant relief where an allegation of copyright infringement has failed, and the court should consider a number of factors that include whether the action was warranted, whether any conceivable damage flowed from the demand being made, the costs consequences from the failed action, and whether relief is required at all.³⁴

19.29 In dismissing the s 200 counterclaim, the following considerations were relevant:

29 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [104].

30 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [103].

31 [2016] 4 SLR 86.

32 [2017] 2 SLR 185.

33 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [112].

34 *Singsung Pte Ltd v LG 26 Electronics Pte Ltd* [2016] 4 SLR 86 at [148]; *Global Yellow Pages Ltd v Promedia Directories Pte Ltd* [2017] 2 SLR 185 at [101].

(a) The plaintiff commenced proceedings in the belief that the defendant's reproduction of the contents (which would include the photographs) on the PG website had breached the undertaking in the settlement agreement not to reproduce contents from the PG website in the future.³⁵

(b) The defendant did not suffer any loss as a result of the threat of infringement proceedings over and above that which could be compensated for by a costs order against the plaintiff.³⁶

Patents

ASM Technology Singapore Pte Ltd v Towa Corp – Patent validity, infringement and groundless threats

19.30 *ASM Technology Singapore Pte Ltd v Towa Corp*³⁷ (“*ASM Technology*”) was an appeal against the High Court's decision allowing the patent infringement action brought by the respondent (Towa Corp) against the appellant (ASM Technology). The respondent was the registered proprietor of a patent granted by the Singapore Registry of Patents in 1999 concerning a method and apparatus for moulding resin to seal electronic parts, which could simply cope with production of electronic parts to be sealed with moulded resin in small and large quantities (“the Patent”). It was the respondent's claim in the High Court proceedings that the appellant had infringed the Patent by manufacturing, selling, offering for sale and keeping in Singapore a product known as the “IDEALmold” machine. The appellant opposed the respondent's claims for patent infringement with submissions before the High Court arguing, among other things, that the Patent was invalid, that the IDEALmold machine did not infringe the Patent as it merely embodied the teaching disclosed in the prior art before the Patent's priority date and that the Patent's claims did not cover the IDEALmold machine.

19.31 The High Court held that the Patent was valid as it satisfied the criteria of a patentable invention which were novelty, inventiveness and sufficiency. The court further found direct infringement of the Patent as the appellant's IDEALmold machine incorporated the feature of modularity of moulding units which was the inventive concept of the Patent. The means by which the appellant employed in its IDEALmold machine to achieve the modularity of moulding units, whether complex,

35 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [116].

36 *PropertyGuru Pte Ltd v 99 Pte Ltd* [2018] SGHC 52 at [117].

37 [2018] 1 SLR 211.

costly and time-consuming, were immaterial. The respondent succeeded in its patent infringement claim at the High Court and the appellant's counterclaim for groundless threats was accordingly dismissed.

Summary of Court of Appeal's decision

19.32 The appellant appealed against the findings of the High Court and the issues to be determined by the Court of Appeal were:

- (a) whether the concept of "modularity" fell within the scope of the monopoly claimed in the Patent;
- (b) whether the Patent was novel;
- (c) whether the Patent involved an inventive step;
- (d) whether the IDEALmold machine infringed the Patent; and
- (e) whether the threats of infringement made by the respondent were groundless within the meaning of s 77 of the Patents Act.³⁸

19.33 The Court of Appeal in a unanimous decision agreed with the High Court and answered the questions from (a) to (d) in the affirmative. As the Court of Appeal found that the appellant had infringed the Patent, the issue of whether the threats of infringement made by the respondent were groundless did not arise for decision. Accordingly, the appeal was dismissed with costs.

Patent claims – Interpretation and claim construction

19.34 The starting point in the adjudication of a patent infringement action is the determination of the patent owner's exclusive rights in the invention as disclosed in the patent. The extent of the invention covered by a patent is laid down in s 113(1) of the Patents Act and the scope of a patent is contained in the claims. Whilst the claims are the principal determinants in the construction of a patent specification, it is legitimate as a matter of interpretation of the claims to consider the specification as a whole and the description and drawings which accompany the specification can be used to interpret the claims. A patent specification should be given a purposive construction rather than a purely literal construction. Such an approach balances the rights of the patent owner and those of third parties by upholding the full extent of the monopoly

38 Cap 221, 2005 Rev Ed.

granted by the patent on the one hand and ensuring certainty in the scope of rights for third parties on the other.

19.35 Bearing these important principles in mind, the Court of Appeal examined the merits of the appellant's written submissions contending that the High Court had erred in its judgment.

The inventive concept of the patent – Modularity and unlimited modularity

19.36 At the heart of the dispute between the parties was whether the inventive concept of the Patent included “modularity” of the moulding units in an apparatus for moulding resin to seal electronic parts. The appellant argued that the term “modularity” did not feature in the Patent and as such, the adoption of it was contrary to the plain meaning and outside the language of the Patent's claims. The Court of Appeal rejected the appellant's arguments. The mere absence of the term “modularity” in the Patent was not definitive in the inquiry of what constituted the inventive concept of the Patent. The Court of Appeal, having reviewed the language of the Patent, concluded that the term “modularity” was simply “a succinct, convenient and accurate shorthand for the substance of the invention” disclosed in the Patent. The Court of Appeal further rejected the appellant's submissions that the invention disclosed in the Patent should be limited to a moulding apparatus with no more than four moulding units as per the description in the Patent's claims. In rejecting the appellant's submissions, the Court of Appeal reiterated the importance of the purposive approach in patent interpretations. The fact that the Patent made reference to the three additional moulding units using an expression denoting finite number of units (5a, 5b, 5c) instead of a reference to an infinite number (5a, 5b, 5c *etc*) was an immaterial linguistic distinction and it was the Court of Appeal's view that the Patent adequately expressed the inventive concept of “unlimited modularity” of the moulding units in a moulding apparatus.

Validity of the patent – Novelty and inventive step

Novelty

19.37 It was the appellant's submission that the invention in the Patent was not novel as the unlimited modularity of moulding units in the moulding apparatus had been anticipated in three pieces of prior art – ASA 808K, NEC and Hitachi.

19.38 The requirement of novelty is one of the three criteria to be satisfied before a patent can be granted to an invention as prescribed by

s 13(1) of the Patents Act. The Court of Appeal, in assessing whether the invention in the Patent satisfied the requirement of novelty, set out the basic principles applicable in the novelty inquiry. Novelty of an invention in a patent is determined by assessing whether it formed part of the state of the art. An invention is novel if it has not been anticipated by the relevant pieces of prior art. In this exercise, each piece of prior art can be compared against the invention disclosed in the patent only separately. As a general rule, sources of prior art are not to be “mosaic-ed” together when assessing novelty. It is for the party resisting a patent claim to discharge the burden of proving anticipation of prior art. A piece of prior art is said to have anticipated the invention disclosed in a patent only if the teachings in the patent are so clear that a skilled addressee following those teachings must inevitably produce an item that would infringe the patent if it were valid.

19.39 The Court of Appeal considered each and every piece of the three cited prior art and concluded that the invention of an unlimited modularity of moulding units in an apparatus for moulding resin to seal electronic parts disclosed in the Patent had not been anticipated by the prior art. Thus, the requirement of novelty of the invention was satisfied. In respect of each of the three pieces of prior art, a similar argument that it anticipated “unlimited modularity of moulding units” was canvassed by the appellant: a moulding apparatus that is “designed to operate with a variable number of moulding units” (ASA 808K); moulding units in the form of mould press structures that are mounted with respect to each other having the ability to change the number of such moulding units and multiple number of “press structures” (NEC); and moulding units in the form of mould press structures that are mounted with respect to each other having the ability to change the number of such moulding units “freely” and provision for an unlimited number of moulding units (Hitachi). The Court of Appeal rejected all of the appellant’s submissions. It may be said that upon careful examination and analysis, the Court of Appeal concluded that the mechanics of the apparatus in each of the three pieces of prior art did not contain directions on “unlimited modularity” of the moulding units that are so clear that a skilled addressee following those directions must inevitably produce an apparatus for moulding resin to seal electronic parts that would, if the Patent were valid, infringe the Patent’s claim.

Inventiveness

19.40 The appellant argued that the concept of “unlimited modularity” was an abstract idea that could not be protected via a patent. Instead, the monopoly of the Patent, if any, was how the abstract idea of “unlimited modularity” were to be achieved by the mechanics of the apparatus, but the Patent was unfortunately silent on retrofitting as a way of achieving “unlimited modularity”. As such, it was the appellant’s

contention that its IDEALmold machine with its ability to be retrofitted to achieve modularity could not have come within the monopoly of the Patent's claims and thus did not infringe the Patent.

19.41 The Court of Appeal rejected the appellant's submissions on the lack of inventiveness of the Patent. The requirement of inventiveness (or non-obviousness) is one of the three criteria for a grant of a patent under s 13(1) of the Patents Act. In the context of what constitutes an invention, the inventive step requirement may be viewed as the extra step undertaken by the inventor which would convert a mere discovery or an abstract idea into an invention.³⁹ A claimed invention satisfies the requirement of inventiveness if this "extra step" undertaken by the inventor is not obvious to a person skilled in the art, having regard to any matter that forms part of the state of the art as of the priority date of the invention. The inventiveness inquiry entails a "structured" four-step analysis that has been enunciated in *Windsurfing International Inc v Tabur Marine (Great Britain) Ltd*⁴⁰ and endorsed by the Singapore Court of Appeal in *Muhlbauer AG v Manufacturing Integration Technology*.⁴¹ Central to the "structured" approach is the identification of the inventive concept of the patent claim and the "normally skilled but unimaginative addressee in the art" who is also imputed with common general knowledge at the priority date. The next step of the inventiveness inquiry involves a comparison of the differences in the contents of the common general knowledge as at the priority date and the claimed invention so as to conclude on the final analysis of whether the gaps between them have been obvious to the "skilled addressee in the art" or not.

19.42 An important point in the assessment of whether the invention in the Patent was inventive or not resided in the expert report of one Dr Pecht (the appellant's expert witness), which did not appear to have been adopted by the appellant in its oral submissions. Instead, the appellant relied on a bare assertion that an ability to increase or decrease the number of moulding units in a moulding apparatus was general knowledge at the priority date. This was contrary to the report submitted by Dr Pecht, which stated that the common general knowledge at the relevant time *did not* include attachment of additional moulding units to or detachment of additional moulding units from a moulding apparatus. This was the modularity of the moulding units in a moulding apparatus and was the essence of the inventive concept in the Patent.

39 *Merck & Co Inc v Pharmaforte Singapore Pte Ltd* [2000] 2 SLR 708 at [63], per Chao Hick Tin JA.

40 [1985] RPC 59 at 73–74.

41 [2010] 2 SLR 724.

19.43 Applying the structured four-step analysis in assessing inventiveness, the Court of Appeal, agreeing with the High Court, found that the appellant made no meaningful attempt to compare the invention in the Patent with the prior art and offered no evidence whether the differences between the invention in the Patent and the prior art were obvious to a person skilled in such art. Consequently, the Court of Appeal concluded that the appellant had failed to discharge its burden of proving that the Patent lacked inventiveness.

Infringement

19.44 At common law, the patentee had the sole right “to make, use, exercise and vend”⁴² the invention within the country. In Singapore, the exclusive rights conferred on a patentee are now codified in s 66(1) of the Patents Act.

19.45 As far as a product patent is concerned, s 66(1)(a) of the Patents Act confers on the patentee the exclusive right to make, to dispose of, to offer to dispose of, to use, to import or to keep – whether for disposal or otherwise – the patented product. Anyone who does any of these acts without the consent of the patentee infringes the patent. In *ASM Technology*,⁴³ once the issue of “modularity” as part of the inventive concept of the patent was resolved, there was no real dispute that the appellant’s IDEALmold contained all the other remaining features of the Patent including the “retrofitting” process which permitted an unlimited number of moulding units to be attached to an IDEALmold machine. Thus, the Court of Appeal held that the appellant infringed the product patent claims found in claims 4 and 5 of the Patent by making and selling the IDEALmold machines in Singapore.

19.46 As far as the process patent claims found in claims 1 and 2 of the Patent are concerned, s 66(1)(b) of the Patents Act confers on the patentee the exclusive rights “to use the process” and “to offer it for use in Singapore”. However, liability for infringement of a patent for a process is not absolute as this is subject to the patent owner proving the defendant knows, or it is obvious to a reasonable person in the circumstances, that the unauthorised use of a process would be an infringement of the patent. In this regard, the Court of Appeal was of the view that it was inconceivable “the Appellant manufactured the IDEALmold machines without knowing how they would work”. Therefore, the appellant could not avoid liability by asserting that the mere supply of the IDEALmold machines *per se* did not mean that the appellant had used the infringing process.

42 *Minter v Williams* (1835) 111 ER 781 at 783, *per Coleridge J.*

43 See para 19.30 above.

Lee Tat Cheng v Maka GPS Technologies Pte Ltd – Patent validity, infringement and groundless threats

19.47 In *Lee Tat Cheng v Maka GPS Technologies Pte Ltd*⁴⁴ (“*Lee Tat Cheng*”), the appellant was the owner of the patent known as “the automotive accident recordal system and process”. Essentially, the invention protected by the patent was an in-vehicle camera with an automatic power-up and recording feature when the ignition system of the car was turned on. There were 22 claims in the patent. Eight of the claims were relevant to the dispute in this case but for the purposes of the appeal before the court, only claim 1 of the patent was relevant. The respondent distributes and offers for sale in-vehicle cameras, of which the following three models were alleged to be patent infringing (“Devices”):

- (a) Marbella MX5 HC Digital Recorder (“MX5”);
- (b) Marbella MX6 HC Digital Recorder; and
- (c) Marbella QB6 HD Digital Recorder.

19.48 Relying on s 66(1) of the Patents Act, the appellant alleged that the respondent had infringed claim 1 of the patent by offering for sale the aforementioned Devices.

19.49 In defence, the respondent challenged the validity of the patent on grounds of lack of novelty and inventiveness. Alternatively, the respondent argued that the sale of the Devices did not infringe the patent as they did not contain three essential features of claim 1 of the patent pertaining to the presence of an ignition monitor, and the means through which signals could be sent from the ignition monitor to the system on detection of an ignition voltage so as to switch off at least one of the optical recorders after a fixed period of time following the receipt of an ignition monitor signal.

19.50 The High Court held that the patent was valid; that the Devices did not infringe claims 1 to 8 of the patent; and that relief under s 77 of the Patents Act for groundless threats of infringement proceedings should be granted.

19.51 The issues before the Court of Appeal pertained only to the High Court’s decision on infringement of the patent and groundless threats of infringement proceedings as well as the costs order made. There was no challenge on the High Court’s finding that the patent was valid.

44 [2018] 1 SLR 856.

Infringement of the patent

19.52 The first issue which the Court of Appeal had to address was whether the High Court erred in finding that the respondent's offering of the Devices for sale did not infringe the patent. To answer the patent infringement inquiry, the first step involves a construction of the patent to determine the scope of the monopoly conferred. This is followed by ascertaining whether the Devices have taken all the essential elements of claim 1 of the patent.

19.53 In cases where the defendant has taken all the essential features of the claims in a patent, it is clear that the patent is infringed. The difficulty lies when there is only a slight difference between the patented invention and the defendant's alleged infringing product or when the defendant merely changed one aspect of the invention or employed different means to achieve the same result as the patented invention. In these situations, it would be grossly unfair if the defendant is able to usurp the essence of the patented invention while avoiding liability by skirting the literal language of the patent claims. To address the potential unfairness to the patentee which may result from a narrow and literal interpretation of the patent claims, the courts in the UK and the US have each developed their own approaches.

19.54 In recent decades (prior to *Actavis UK Ltd v Eli Lilly & Co*⁴⁵ ("*Actavis*")), three important English House of Lords decisions have helped define the "purposive approach" to patent construction and infringement in the UK: *Catnic Components Ltd v Hill & Smith Ltd*⁴⁶ ("*Catnic*"); *Improver Corp v Remington Consumer Products Ltd*⁴⁷ ("*Improver*"); and *Kirin-Amgen Inc v Hoechst Marion Roussel Ltd*⁴⁸ ("*Kirin-Amgen*"). Essentially, patent claims are to be construed purposively by asking the threshold question: what would the notional skilled person have understood the patentee to mean by the use of the language of the claims?

19.55 Across the Atlantic, the "doctrine of equivalents", which has a long history in American patent jurisprudence,⁴⁹ was developed by the US courts to prevent "fraud on a patent".⁵⁰ Under this approach, a process or product may be held to infringe if it performs "substantially the same function in substantially the same way to give substantially the

45 [2017] UKSC 48; [2017] Bus LR 1731.

46 [1982] RPC 183.

47 [1990] FSR 181.

48 [2005] RPC 9.

49 *Winans v Denmead* 56 US (15 How) 330 (1853).

50 *Graver Tank & Manufacturing Co v Linde Air Products Co* 339 US 605 at 608 (1950).

same result”⁵¹ Jackson J of the US Supreme Court in *Graver Tank & Manufacturing Co v Linde Air Products Co*⁵² explained:⁵³

What constitutes equivalency must be determined against the context of the patent, the prior art, and the particular circumstances of the case. Equivalence, in the patent law, is not the prisoner of a formula, and is not an absolute to be considered in a vacuum. It does not require complete identity for every purpose and in every respect. In determining equivalents, things equal to the same thing may not be equal to each other, and, by the same token, things for most purposes different may sometimes be equivalents. Consideration must be given to the purpose for which an ingredient is used in a patent, the qualities it has when combined with other ingredients, and the function which it is intended to perform. An important factor is whether persons reasonably skilled in the art would have known of the interchangeability of an ingredient not contained in the patent with one that was.

19.56 It should be appreciated that compared to the “purposive approach” under UK law (prior to *Actavis*), the US “doctrine of equivalents” is a wider concept which may have the effect of extending the scope of the patent protection beyond its claims.

19.57 In the context of construing the patent to determine the scope of monopoly, the Court of Appeal in *Lee Tat Cheng*⁵⁴ took the opportunity to lay down the law on patent construction in Singapore and considered the applicability of the recent UK Supreme Court decision in *Actavis* (which imported the “doctrine of equivalents” in patent construction under English law) here in Singapore.

19.58 The relevant statutory provisions on the extent of an invention claimed are contained in s 113 of the Patents Act which is modelled on s 125 of the English Patents Act 1977,⁵⁵ but with one important difference: the Singapore provisions do not contain equivalents of s 125(3) of the Patents Act 1977 or Art 69 of the Convention on the Grant of European Patents⁵⁶ (“EPC”) and the Protocol on the Interpretation of Art 69 of the EPC, in particular, the equivalent of Art 2 which states that:

... for the purpose of determining the extent of protection conferred by a European patent, due account shall be taken of any element which is equivalent to an element specified in the claims.

51 *Loctite Corp v Ultraseal Ltd* 781 F2d 861 at 869 (Fed Cir, 1985).

52 339 US 605 (1950).

53 *Graver Tank & Manufacturing Co v Linde Air Products Co* 339 US 605 at 609 (1950).

54 See para 19.47 above.

55 c 37.

56 5 October 1973; entry into force 7 October 1977.

19.59 On the question of the status of “equivalents” in Singapore patent law, Sundaresh Menon CJ, delivering the judgment of the Court of Appeal, held that *Actavis* should *not* be applied in Singapore based on three reasons.

19.60 The first and most important reason is that *Actavis* is inconsistent with the Singapore Patents Act because if *Actavis* is followed, the monopoly conferred on the patent owner will be allowed to go beyond the scope of claims in the patent, purposively construed. The need for harmonisation of the law regarding patent infringement in Europe in light of the coming into force of the Unified Patent Court would be an important driver in the reformulation of the approach in patent construction in the UK, but Singapore’s patent law operates in a materially different context. Consequently, this is where we would part ways from our shared common legal heritage with the UK.

19.61 Second, the Court of Appeal was of the view that the purposive approach strikes the right balance between the unfairness suffered by the patentee as a result of immaterial variants to the patented invention made by third parties and the need to provide a reasonable degree of certainty to third parties who rely on the patent claims as delimiting the scope of patent protection in the conduct of their business. Indeed, the conferment of overtly strong patent rights may have an undesirable impact on innovation and for Singapore, whose lifeblood is innovation, getting the right balance is imperative.

19.62 The third and final reason for declining to follow *Actavis* is that the application of the “doctrine of equivalents” may give rise to undue uncertainty. The Court of Appeal made a very important distinction between the purposive approach and the “doctrine of equivalents”. The purposive approach is aimed:⁵⁷

... at determining what, based on the language of the claims, the patentee would have objectively meant to include within the scope of its monopoly *at the time of the patent application*. [emphasis in original]

This gives rise to greater certainty. In contrast, the doctrine of equivalents:⁵⁸

... brings with it an element of *ex post facto analysis* that focuses on how the patented invention works in practice based on the state of developing scientific knowledge *at the date of the alleged infringement*. [emphasis in original]

57 *Lee Tat Cheng v Maka GPS Technologies Pte Ltd* [2018] 1 SLR 856 at [53].

58 *Lee Tat Cheng v Maka GPS Technologies Pte Ltd* [2018] 1 SLR 856 at [53].

The adoption of the “doctrine of equivalents” will bring about substantial change in Singapore’s patent law as it will have a material impact on the scope of the monopoly conferred on the patent owner. If such a change in the law is desired, the Court of Appeal’s view was that it should be come as a result of a legislative change by Parliament and not one which is affected by a decision in court.⁵⁹

19.63 The correct approach in Singapore for patent construction remains the purposive approach and it is useful to reiterate the key principles as follows:⁶⁰

- (a) The claims themselves are the principal determinant – what is *not* claimed is deemed to be disclaimed.
- (b) The description and other parts of the specification may assist in the construction of the claims.
- (c) The claims are to be construed purposively, and not literally.
- (d) The *Improver* questions (derived from *Catnic*)⁶¹ provide guidance in construing patent claims.
- (e) The perspective applied should be that of the notional skilled person – a workman or technician with all the knowledge of encompassed in the state of the art, but without the ability to exercise inventive ingenuity or think laterally.
- (f) Purposive construction does not entitle the court to disregard clear and unambiguous words in a patent claim, and the court is not entitled to rewrite or amend the claim under the guise of construction.
- (g) If an allegedly infringing article falls within the words of one of the claims of a patent properly construed, the patent would have been infringed. To constitute infringement, the article concerned must usurp each and every one of the essential elements of the claim in question.

19.64 Applying the purposive approach, the Court of Appeal considered in elaborate details each of the three essential features in claim 1 of the patent, that is, the ignition motor; the means to send a signal; and the means to switch off at least optical recorder after a fixed interval and concluded that the Devices offered for sale by the respondent did not usurp any of them.

59 *Lee Tat Cheng v Maka GPS Technologies Pte Ltd* [2018] 1 SLR 856 at [53].

60 *Lee Tat Cheng v Maka GPS Technologies Pte Ltd* [2018] 1 SLR 856 at [41].

61 See para 19.54 above.

Groundless threats of infringement proceedings

19.65 On the issue of whether the High Court erred in granting the respondent an injunction for its counterclaim for groundless threats of infringement proceedings, the Court of Appeal agreed with the High Court that under s 77(2) of the Patents Act, the burden is on the party who brings a counterclaim for groundless threats of infringement proceedings to prove:

- (a) threats of infringement proceedings were made; and
- (b) the party bringing the claim is a person aggrieved by those threats.

19.66 In the present case, the Court of Appeal, again agreeing with the High Court, found that if both the elements were satisfied, the claimant was presumptively entitled to relief under s 77 unless the threats were shown to be justified. The threats would be considered justified if the conditions in s 77(2)(a) of the Patents Act (a party who made the threats proves that the acts in respect of which he threatened to bring infringement proceedings constitute or would constitute an infringement of his patent); and s 77(2)(b) of the Patents Act (the patent is not shown by the claimant to be invalid) are satisfied. However, the relief provided under s 77(3) is discretionary, a position similar to the approach under s 200 of the Copyright Act pertaining to groundless threats of copyright infringement proceedings. Consequently, it did not follow that in every case in which an allegation of patent infringement was dismissed that the claimant under s 77 would be entitled to relief. In the present case, there was no evidence to suggest that the appellant would make further threats of infringement proceedings against the respondent and accordingly, the injunction granted against the continuance of such threats was inappropriate and the appeal was allowed in this respect.

Cicada Cube Pte Ltd v National University Hospital (Singapore) Pte Ltd – Entitlement

19.67 *Cicada Cube Pte Ltd v National University Hospital (Singapore) Pte Ltd*⁶² (“*Cicada Cube*”) is a case centered upon the ownership and recognition as inventors of a patented process which allowed patients’ specimens to be ordered and collected in a hospital for laboratory testing (“the Patent”). *Cicada Cube Pte Ltd* (“*Cicada*”), a software engineering company, and *National University Hospital (Singapore) Pte Ltd* (“*NUH*”) worked together in the development of this process,

62 [2018] 2 SLR 940.

which was disclosed in the Patent. Cicada applied for and was granted the Patent in 2010. After the grant of the patent, NUH claimed that its employees, including one senior doctor, Dr Sethi, had developed the invention after years of testing and challenged Cicada's entitlement to the Patent through a reference ("the Reference") to the Registrar of Patents ("the Registrar") and subsequently to the High Court.

19.68 On the issue of ownership of the Patent, the High Court held that both parties contributed to the invention disclosed in the Patent and were entitled jointly to the Patent. NUH and Cicada each appealed to the Court of Appeal contending that their own employees had developed the patented process and, consequently, they were entitled to sole ownership of the Patent to the exclusion of the other. The resolution of the ownership issue in *Cicada Cube* entailed an examination by the Court of Appeal of the inventive concept(s) of the Patent and the respective contribution(s) made by the parties. At the same time, the Court of Appeal was also asked to address procedural issues relating to patent entitlement proceedings under s 47 of the Patents Act.

Entitlement proceedings – Section 47 of the Patents Act

19.69 Under s 47 of the Patents Act, *any* person having or claiming a proprietary interest in or under the patent may challenge the grant of the patent by a reference made to the Registrar.⁶³ The Registrar may decline to deal with it if it appears that the question before him would more properly be determined by the court and the court shall have jurisdiction to do so.⁶⁴ In this regard, it is important to note the time restrictions on a party's right to bring entitlement proceedings before the Registrar or the court, that is, the end of the period of two years beginning with the date of the grant.⁶⁵ In the event the time limits were exceeded, no orders may be made in respect of the entitlement proceedings whether by the Registrar or the court:⁶⁶

... unless it is shown that any person registered as a proprietor of the patent knew at the time of the grant or, as the case may be, of the transfer of the patent to him that he was not entitled to the patent.

19.70 NUH initiated the entitlement proceedings by a Reference made to the Registrar under s 47(1) three days before the expiry of the time

63 Patents Act (Cap 221, 2005 Rev Ed) s 47(1).

64 Patents Act (Cap 221, 2005 Rev Ed) s 47(8).

65 See ss 47(5)(b) and 47(9) of the Patents Act (Cap 221, 2005 Rev Ed) on the time restrictions in respect of entitlement proceedings initiated by a reference made to the Registrar of Patents and in respect of entitlement proceedings when the jurisdiction of the court is invoked respectively.

66 Patents Act (Cap 221, 2005 Rev Ed) ss 47(5)(b) and 47(9).

limit under s 47(5)(b), that is, the end of the period of two years beginning with the date of grant of the Patent. After about two and a half years later since the filing of the Reference, the Registrar declined to deal with the Reference on the grounds that the matter would more properly be determined by the court as it was relatively complex involving contractual issues between the parties, and a referral of the entitlement proceedings was made to the High Court.

19.71 The issues before the Court of Appeal were:

- (a) whether the time restriction in s 47(9) of the Patents Act applied to the High Court proceedings such that the court was not permitted to determine the question of entitlement to the Patent unless NUH was able to show that Cicada knew at the time of the grant of the Patent that it was not entitled to it; and
- (b) if the court is permitted to determine the question of entitlement to the Patent, having dealt with applicability of the time restriction in s 47, who are the inventors of the invention disclosed in the Patent and whether NUH or Cicada is entitled to sole proprietorship of the Patent.

19.72 The Court of Appeal held that the Registrar and the High Court have “concurrent jurisdiction” under s 47 of the Patents Act to determine questions of entitlement. An applicant to the entitlement proceedings has a choice to file a Reference to the Registrar or to apply to the High Court to determine the right to a patent after grant. The objective of allowing an applicant to file a Reference under s 47 was to create an efficient and cheaper route for applicants seeking resolution on entitlement issues and not to oust the jurisdiction of the court to do the same.

19.73 Whether the time limit under s 47(9) of the Patents Act applied to NUH’s entitlement proceedings in the High Court hinged upon the proper interpretation of “any such declaratory jurisdiction” and “the proceedings in which the jurisdiction is invoked” in the section. The Court of Appeal rejected a narrow interpretation of “any such declaratory jurisdiction” as submitted by NUH in that it referred only to an action for a declaration pursuant to the court’s jurisdiction outside of the reference procedure under s 47 of the Patents Act.⁶⁷ Such an interpretation would render the time limit under s 47(9) inapplicable to

67 See Tan Tee Jim, “Patent Ambiguities” [2018] SAL Prac 16 at paras 29–38 for an alternative view on the interpretation of “any such declaratory jurisdiction” and “the proceedings in which the jurisdiction is invoked” in s 47(9) of the Patents Act (Cap 221, 2005 Rev Ed).

the present case. Instead, the Court of Appeal held that “any such declaratory jurisdiction”, as its plain meaning suggests, refers to any situation where the court’s declaratory jurisdiction to determine patent entitlement is invoked. It may be done via an application to the court after the Registrar declines to deal with the matter or by a court action for a declaration without first filing a reference to the Registrar. The same two-year time limit is equally applicable to an applicant bring an entitlement proceeding directly to the court without first availing himself of the reference procedure in the Registry. The policy reason is to give the registered patent owner some degree of protection and this should not be forum dependent.

19.74 On the other hand, the Court of Appeal, disagreeing with the High Court, held that “the proceedings in which the jurisdiction is invoked” refers to the High Court proceedings and not the reference proceedings before the Registrar. The Court of Appeal found support for this interpretation in the plain meaning of the phrase as well as the choice of words in ss 47(5)(b) and 47(9). Throughout s 47, the words “refer” and “reference” are used in connection with the Registrar and not the court whilst “jurisdiction” is used in connection with the court.

19.75 As the objective of time limits in entitlement proceedings is to ensure that any issues pertaining to the proprietorship of the Patent be resolved within a definite period of time for reasons of certainty, the Court of Appeal’s judgment that the statutory time bar of the end of the period of two years beginning with the date of grant of the patent applies to both the reference procedure before the Registrar and the proceedings brought before the High Court (whether a prior reference was made or not) accords with consistency as a basis of sound policy.

19.76 In coming to such a conclusion, the Court of Appeal was mindful of the possibility of an unfair situation arising where an applicant may have brought a Reference to the Registrar well within the time limit only to find that he was time barred because the Registrar declines to deal with the Reference only after the two-year period has expired. The unfortunate applicant in this situation, through no fault of his, suffers the added burden of having to prove that the registered patent owner knew that he was not so entitled to the patent at the date of the grant. In this regard, the Court of Appeal gave practical advice to applicants of entitlement proceedings that should they decide to take advantage of the more cost-efficient means of making a Reference to the Registrar to resolve entitlement issues, the burden is on these applicants to monitor the progress of proceedings bearing in mind the time limit in the event the Registrar declines to hear the Reference. At some point and in particular when the time limit is rapidly approaching, the applicants may have to make the decision to withdraw the Reference and commence proceedings in the High Court to avoid being out of time

and be subjected to the additional legal requirement of proving the registered proprietor's knowledge. Future applicants in entitlement proceedings should take heed of the court's advice in this regard.

19.77 In the present case, it could not really be said that NUH fell within the possible unfair situation described by the court as the Reference to the Registrar to determine the right to the Patent after grant was filed only *three* days before the expiry of the two-year time bar under s 47 and, seen in this light, the Registrar's refusal to deal with the Reference had little to do with the expiry of the time limit.

Registered patent owner's knowledge

19.78 Having found that NUH was time barred under s 47(9) of the Patents Act, the Court of Appeal had to consider whether NUH was able to show that Cicada knew that it was not entitled to the Patent at the time it was granted.

19.79 Several important legal principles may be gleaned from the court's judgment. First, the requisite level knowledge of the registered patent owner that needed to be shown is actual knowledge and the inquiry is a subjective one. It is not sufficient to show that the registered proprietor ought to have known that he was not entitled to the Patent. However, the subjective knowledge may be proved on a balance of probabilities relying on inferences drawn on objective facts and circumstances of the case.

19.80 The Court of Appeal acknowledged that the knowledge inquiry poses greater difficulty in situations where the issue of ownership of a patent has to be resolved by identification of the inventors and the inventive concept of the patent as in the present case. For such cases, the court was of the view that the knowledge requirement may be satisfied by proving that the registered proprietor knew that it was not solely entitled to the patent.

19.81 In the present case, the court found the evidence showed that Cicada knew at the time of the grant that they were not solely entitled to the Patent. This was buttressed by the facts, which were not disputed, that the team from NUH and the team from Cicada worked closely together on the invention as disclosed in the Patent. The knowledge requirement under s 47(9) was satisfied and the Court of Appeal proceeded to consider the issue of patent entitlement which required the court to rule firstly on the inventive concept of the Patent and who contributed to the inventive concept as only the inventor or inventors are entitled to a grant of the Patent. Under s 2(1) of the Patents Act, an inventor of a patent is "the actual deviser of the invention" and

accordingly, an inventor is a person who has contributed to the formulation of the inventive concept which is the heart of the Patent.

Inventive concept(s) of the Patent

19.82 On the issue of the inventive concept of the Patent, the Court of Appeal provided clarifications on two important preliminary issues:

(a) It is possible to have more than one inventive concept in a patent. Although s 25(5)(d) of the Patents Act envisages that a patent should relate to only one invention or to a single inventive concept and accordingly, claims should be drafted in this way, in terms of the extent of an invention, s 113(2) of the Patents Act provides that “where more than one invention is specified in [a] claim, each invention may have a different priority date”. Therefore, the Court of Appeal was of the view that there could be more than one inventive concept in a patent and it may be a matter of degree whether the invention at hand is one big concept or whether it is made of several small but related concepts.⁶⁸

(b) It is legitimate to look at both the claims and specifications of a patent to determine the inventive concept. The claims, whilst not determinative, are useful starting points in the inventive concept inquiry especially in the case of granted patents and they ought to be considered together with the specifications when the court determines the inventive concept of a patent.

19.83 Agreeing with the High Court, the Court of Appeal found that there were two inventive concepts in the Patent:

(a) the automatic determination and relaying of specimen requirements to the specimen collection system by a specimen processing system that connects the specimen test ordering system to the specimen collection system (Concept A); and

(b) the automatic and centralised retrieval by the specimen processing system of all information required to be printed on a label for the use of both the specimen taker and the laboratory analyser and the relaying of such information by the specimen processing system to the specimen collection system for printing on a single label (Concept B).

68 *Cicada Cube Pte Ltd v National University Hospital (Singapore) Pte Ltd* [2018] 2 SLR 940 at [69].

Who is/are the inventor(s)?

19.84 In the determination of who the inventors of the invention as disclosed in the Patent are, the Court of Appeal was guided by a number of relevant principles which may be briefly summarised as follows:

- (a) Inventors are individuals who have contributed to the formulation of inventive concept(s) of a patent and this is a question of fact.
- (b) Where there is more than one contributor to the inventive concept(s) of a patent and where they are jointly responsible for devising the inventive concept, the law considers them to be joint inventors.
- (c) The burden is on the person who seeks to be added as a joint inventor to show that he has contributed to the formulation of the inventive concept(s). In situations where a person claims to be the sole inventor, he bears the burden of proving not only that he has contributed to the formulation of the inventive concept but also that the inventors named in the patent did not contribute to the inventive concept.

19.85 Given that the formulation of the inventive concepts as disclosed in the Patent involved inputs from both the healthcare sector (NUH) and the software sector (Cicada), the Court of Appeal found that it was difficult to attribute inventorship to only one of the parties to the exclusion of the other and concluded that Dr Sethi (NUH) and Dr Ratty and Dr Poo (Cicada) were joint inventors. Accordingly, NUH and Cicada were joint owners of the Patent.

19.86 To avoid a dispute on entitlement, it is important for business organisations to take heed of the advice from the judgment in *Cicada Cube*, that is, to have clearly drafted contractual provisions to determine entitlement and ownership rights. This has become more critical going forward as the majority of inventions are more likely to be devised as a result of collaborative efforts soliciting inputs from multi-disciplinary and cross-disciplinary knowledge domains.

Millennium Pharmaceuticals, Inc v Drug Houses of Australia Pte Ltd – Civil procedure, injunctions, striking out

19.87 In *Millennium Pharmaceuticals, Inc v Drug Houses of Australia Pte Ltd*,⁶⁹ the plaintiff (Millennium Pharmaceuticals, Inc) was the registered proprietor of two process patents in Singapore which relate to

69 [2018] SGHC 149.

the manufacture of the active ingredient Bortezomib, an anti-cancer drug. The protected inventions in the plaintiff's patents pertained to an improvement over other processes which manufactured the said drug and were not in respect of the drug itself. In fact, it was not disputed between the parties that besides the processes protected in the plaintiff's patents, there exist other processes for the manufacture of Bortezomib which may not be protected by a patent or for which the patent has expired. The defendant (Drug Houses of Australia Pte Ltd) does not manufacture Bortezomib, nor does it use the processes protected in the plaintiff's patents to make its therapeutic product described as "Bortezomib-Actavis Poser for Solution for Injection 3.5mg/vial".

19.88 The dispute between the parties arose in the context of a registration of the defendant's therapeutic product. Therapeutic products are one of the categories of health products regulated under the Health Products Act.⁷⁰ Essentially, successful registration of a therapeutic product with the Health Sciences Authority ("HSA") means that the product has been evaluated for compliance with statutory requirements in relation to the quality, safety and efficacy of the product and the presentation of the product in light of its formulation, composition or design specification and intended purpose.

19.89 The plaintiff alleged that the defendant had omitted to declare the plaintiff's patents, when applying for and obtaining registration of its therapeutic product under the Health Products (Therapeutic Products) Regulations 2016⁷¹ ("TPR"), and consequently made a declaration to the HSA that contained a material falsehood. The plaintiff further alleged that the defendant's performance of the acts for which registration of a defendant's product has been obtained would infringe the plaintiff's patents and sought a declaration of patent infringement. Finally, the plaintiff also sought an injunction to restrain the defendant from infringing the plaintiff's patents.

19.90 In response, the defendant cross-applied to strike out the plaintiff's statement of claim on the ground that it disclosed no reasonable cause of action. In particular, the defendant submitted that the actual patent infringement claims as well as the following claims by the plaintiff disclosed no reasonable cause of action:

- (a) that the defendant had omitted to declare the plaintiff's patents, when applying for and obtaining registration of its therapeutic product under the TPR, and consequently made a

70 Cap 122D, 2008 Rev Ed.

71 S 329/2016.

declaration to the HSA that contained a material falsehood (“the Material Falsehood Declaration Claim”);

(b) that the defendant’s performance of the acts for which registration of a defendant’s product had been obtained would infringe the plaintiff’s patents (“the Prospective Infringement Declaration Claim”);

(c) that the defendant be restrained from infringing the plaintiff’s patents by an injunction (“the Injunction Claim”).

19.91 The High Court dismissed the plaintiff’s application for interlocutory injunction and allowed the defendant’s striking-out application in part.

The striking-out application

19.92 The High Court first dealt with the defendant’s striking-out application and the standard to be attained for striking-out was that the claim “must be obviously unsustainable, the pleadings arguably bad and it must be impossible, not just improbable, for the claim to succeed”⁷² and an application to strike out under this head of O 18 r 19(1) of the Rules of Court⁷³ (“RoC”) involved solely issues of law. Mavis Chionh Sze Chyi JC accepted the plaintiff’s submissions that reg 24(1)(a)(ii) read with reg 23(2) of the TPR required an applicant to make a truthful and accurate declaration as to the existence and validity of any patent in respect of its therapeutic product. The objective behind the rules was to allow an affected patent holder to have a cause of action to seek declaratory relief under reg 24(1)(a)(ii) in the event this was not complied with by the applicant. In the present case, the High Court found that the defendant had failed to comply with the requirements under the TPR in making a truthful and accurate declaration on the existence and validity of any patent in respect of its therapeutic product. Accordingly, the Material Falsehood Declaration Claim was held to disclose a reasonable cause of action and the defendant’s application for striking-out based on this claim failed.

19.93 However, the High Court allowed the defendant’s striking-out application based on the prospective infringement declaration claim and the injunction claim as well as the actual infringement declaration claim, on the grounds that they all disclosed no reasonable cause of action.

72 *Millennium Pharmaceuticals, Inc v Drug Houses of Australia Pte Ltd* [2018] SGHC 149 at [27].

73 Cap 322, R 5, 2014 Rev Ed.

19.94 An important point to remember in this particular case is that the defendant's registration of its therapeutic product under the TPR did not constitute an infringement of the plaintiff's process patents under the Patents Act and the defendant had not committed any patent infringing acts to date. It is also not disputed between the parties that to constitute patent infringement under ss 66 and 67 of the Patents Act, a patent owner must show particulars of *past* infringing acts on the part of the defendant. As such, the plaintiff's prospective infringement declaration claim was not based on the provisions in the Patents Act but that under reg 24(1)(a)(i) of the TPR and, alternatively, on the inherent jurisdiction of the court; they provided the basis for a separate and independent cause of action.

19.95 The High Court rejected the plaintiff's arguments. On reg 24(1)(a)(i) of the TPR, Chionh JC distinguished the assistant registrar's decision in *AstraZeneca AB (SE) v Sanofi-Aventis Singapore Pte Ltd*⁷⁴ ("*AstraZeneca*"), which was a decision on the provisions in the Medicines Act.⁷⁵ Although the provisions in the Medicines Act corresponded closely to the TPR, the significant difference between the two statutory framework is the provision of a trigger mechanism under reg 23(5) of the TPR for the patentee to be notified of and to challenge the registration application, which is not found in the Medicines Act. The court held that the TPR clearly contemplated the situation in which reliance on reg 24(1)(a)(i) required proof of particulars of *actual* infringement constituting infringement action under the Patents Act and not prospective acts of infringement. In coming to this conclusion, the High Court paid particular attention to the differences in the language used in regs 23(8) ("will infringe") and 24(1)(a)(i) ("infringes") of the TPR and the legislative intent that they each give rise to separate and distinct causes of action.

19.96 On the plaintiff's argument that the court's inherent jurisdiction provides an alternative cause of action, the High Court found that any exercise of the court's inherent jurisdiction must be borne out of "need" and be supported by sufficient facts to justify the basis for its exercise. Unfortunately, both of these important conditions had not been satisfied in the present case.

74 [2012] SGHC 16.

75 Cap 176, 1985 Rev Ed. Prior to the enactment of the Health Products (Therapeutic Products) Regulations 2016 (S 329/2016), the statutory provisions governing the registration of drugs and other "medicinal products" came under the purview of the Medicines Act (Cap 176, 1985 Rev Ed) In *AstraZeneca AB (SE) v Sanofi-Aventis Singapore Pte Ltd* [2012] SGHC 16, the assistant registrar of the High Court was dealing with the interpretation of s 12A of the Medicines Act.

19.97 Since there was no *actual* infringement of the plaintiff's patents, it followed that the injunction claim and the actual infringement claim also did not disclose a reasonable cause of action and had to be struck out of the plaintiff's statement of claim.

The interlocutory injunction application

19.98 It is clear law that for the plaintiff to succeed in an application for interlocutory injunction, he had to show that (a) there was "a serious question to be tried"; and (b) "the balance of convenience [lay] in favour of granting" the interlocutory injunction.⁷⁶

19.99 In respect of the first limb of "a serious question to be tried" in the *American Cyanamid* test, the plaintiff argued that this could be satisfied so long as a valid cause of action could be found in respect of *any* right asserted in the statement of claim, regardless of what that right might be. The High Court rightly pointed out that this argument was incorrect as a matter of principle as the objective of an interlocutory injunction is to prevent a plaintiff from injury by stopping the doing of certain acts on the part of a defendant and, as such, it is pertinent for the court to know what these specific rights of the plaintiff's are before an injunction can be granted against the defendant. In the present case, there had been no actual infringement of the plaintiff's patents and the court also found that there was no reasonable cause of action in the plaintiff's prospective infringement claim. Therefore, the first limb in the *American Cyanamid* test was not satisfied.

19.100 There was technically no necessity for the High Court to go on to consider the second limb of the *American Cyanamid* test of "the balance of convenience" but for the purposes of completeness, and just in case the court was wrong in its judgment of the first limb of the test, Chionh JC proceeded to consider whether the plaintiff was able to show that "the balance of convenience" lay in favour of the court granting the interlocutory injunction.

19.101 One important consideration in the "balance of convenience" test is whether damages would be an adequate remedy for the plaintiff (in the event that he were to succeed at the trial in establishing his right to a permanent injunction) for the loss which he would have sustained as a result of the defendant being allowed to continue to do what was sought to be enjoined between the time of the application for interlocutory injunction and the time of the trial. To this end, the plaintiff argued that damages would not be an adequate remedy. First, the defendant's purported entry into the Singapore market would result

76 *American Cyanamid Co v Ethicon Ltd* [1975] AC 396.

in a “devastating decimation of the plaintiff’s (or its exclusive licensee’s) market share for Bortezomib” because the defendant would be able to supply its product (a generic substitute of the plaintiff’s own product) at a significantly lower price as the defendant did not have to recoup the extensive research and development expenditure expended by the plaintiff or its exclusive licensee. Second, the plaintiff contended that if the court were to decline the grant of an interlocutory injunction against the defendant, other generic drug companies in Singapore or elsewhere would follow suit by obtaining registrations of therapeutic products without declaring the plaintiff’s patents and notifying the plaintiff. This would in turn result in “incalculable” losses on a “global” scale for the plaintiff. The High Court was not persuaded by the plaintiff’s submissions.

19.102 Importantly, the High Court found that there is no general proposition of law that in every instance of a purported entry into the market by a generic drug company which is not stopped by an interlocutory injunction, the patent owner would *inevitably and automatically* suffer “incalculable” losses as a consequence. In every such case, the impact of the generic drug company’s entry into the market must be examined and assessed on the evidence to be adduced before the court.

19.103 In the present case, it was undisputed that the plaintiff neither sells nor manufactures the drug Bortezomib in Singapore, and these are important factors to note in the final assessment of the impact of an entry of a generic drug company into the local market. As such, the court agreed with the defendant that any loss suffered by the plaintiff as a result of an entry of the local market by a generic drug company must at best be limited to a cut of revenue or royalty payments from its exclusive licensee and no more. This was a quantifiable loss and if the plaintiff were to be denied an interlocutory injunction but subsequently, it were to succeed in a permanent injunction at trial, damages would be a sufficient remedy.

19.104 On this ground, the plaintiff was unable to satisfy the second limb of the *American Cyanamid* test and the application for an interlocutory injunction had to be denied. The plaintiff has since obtained leave to appeal against the High Court’s decision.

Element Six Technologies Ltd v Iia Technologies Pte Ltd – Civil procedure and discovery of documents

19.105 In *Element Six Technologies Ltd v Iia Technologies Pte Ltd*,⁷⁷ the plaintiff (Element Six Technologies Ltd) was the proprietor of two Singapore patents in respect of an optical quality synthetic single crystal chemical vapour deposition (“CVD”) diamond material and its method of production. The plaintiff brought the present proceedings against the defendant (Iia Technologies Pte Ltd) for allegedly infringing its patents. Its claim was based upon four trap purchased CVD diamonds (“the Samples”), each of which was allegedly grown by the defendant and trap purchased from the defendant itself and three others.

19.106 The defendant filed his defence asserting that (a) he had no knowledge of the Samples; (b) he had no knowledge of whether the conditions or characteristics of the Samples had been changed after they left the defendant’s possession and custody; and (c) the Samples did not infringe the plaintiff’s patents. The defendant also counterclaimed for the revocation of the plaintiff’s patents.

19.107 The plaintiff sought to establish certain facts by experimental proof and in so doing, proceeded under O 87A r 6 of the RoC with a filing of its notice of experiments stating 22 facts which the plaintiff intended to prove by way of experimental evidence. The defendant responded to the plaintiff’s notice stating that it did not admit to any of the 22 facts. Pursuant to O 24 rr 1 and 5 of the RoC, the plaintiff applied for specific discovery of 13 classes of documents. Subsequently, the defendant also applied for specific discovery of 12 classes of documents.

19.108 The assistant registrar of the High Court, Justin Yeo AR, gave his judgment in this case on the matter of discovery of documents relating to experiments and experimental material in the context of patent litigation. At the same time, the learned assistant registrar also dealt with the issue of legal professional privilege as the documents to be discovered were often privileged from disclosure. As there is a dearth of cases in this area of the law in Singapore, the judgment and observations made in the present case are important and very helpful in patent infringement proceedings.

The law on discovery of experimental material

19.109 On the substantive law on discovery of experimental material in a patent litigation, there being no local case law on point, the parties in the present case relied heavily on three decisions of the UK Patents

77 [2018] SGHCR 13.

Court, *Electrolux Northern Ltd v Black & Decker*,⁷⁸ *Mayne Pharma Pty Ltd v Debiopharm SA*⁷⁹ and *Magnesium Elektron Ltd v Neo Chemicals and Oxides (Europe) Ltd*⁸⁰ (“*Magnesium Elektron*”).

19.110 As the parties took very different positions on the scope of these three decisions and the legal principles enunciated therein, the High Court first embarked on a detailed consideration of them before propounding the applicable law in Singapore.

19.111 The grant of an application for discovery of experimental material in a patent infringement proceeding must be grounded in a judicious balance between ensuring that “a party has a fair opportunity to understand, consider and question the experiments conducted by his opponent” on the one hand and, at the same time, ensuring “that his opponent is not put through an unnecessary, disproportionate and oppressive discovery process, or unfairly deprived of the protection accorded by the law of privilege”.⁸¹ Very often, this is not an easy balance to achieve given the conflicting objectives of a discovery and the legal professional privilege.

19.112 For discovery in the context of “work-up” or preliminary experiments leading up to the experiment forming the subject matter of a notice of experiments, the High Court was of the view that discovery ought to be granted in two particular types of cases, namely the “inevitable result” and the “completeness of data” cases as explained in *Magnesium Elektron*. The “inevitable result” cases refer to cases in which the selection and completion of certain types of experiments would inevitably result in certain results. For such cases, information regarding the selection as well as the manner in which the experiments were conducted ought to be disclosed. For the “completeness of data” cases, it was necessary in these cases to determine whether the experiment was repeatable or whether it presented significant variation in result. Disclosure of the full set of data was pertinent as reliance of partial data sets would yield a distorted conclusion leading to unfairness. Beyond these two groups of cases, the High Court was of the view that it should not be assumed that an application for discovery should be granted as a matter of course in every request made in the context of work-up experiments. In general, the court ought to adopt a “more cautious and focused approach” carefully guarding against making an order which

78 [1996] FSR 595.

79 [2006] FSR 37.

80 [2017] EWHC 2957 (Pat).

81 *Element Six Technologies Ltd v Ila Technologies Pte Ltd* [2018] SGHCR 13 at [30].

may tip the balance resulting in over-disclosure or an unjustifiable encroachment on the protection afforded by the law of privilege.⁸²

19.113 In relation to “abandoned experiments”, the balance is better achieved by bearing in mind the well-established discovery principles of relevance and necessity. More often than not, experiments are abandoned for a variety of possible reasons and the documents relating to the abandoned experiments may be irrelevant for the purposes of discovery as they may have nothing to do with adversely affecting a party’s own case or supporting another party’s case. Given the nature of “abandoned experiments”, the High Court was of the view that in the interests of administration of justice, parties ought not be compelled to disclose information or documents in unfruitful or abandoned experiments. The court’s conclusion was further buttressed when the dimension of legal professional privilege was considered in the context of “abandoned experiments”. Here, unlike work-up experiments in which the request for disclosure relates directly to information or documents that have been referred to in experiments which are the subject of the notice of experiments, the request for disclosure of information or documents in abandoned experiments may have no direct relation to the subject of the notice. As such, a more restrictive approach ought to be adopted in respect of a waiver of privilege in the context of abandoned experiments.

19.114 Applying these legal principles which he had propounded, the assistant registrar of the High Court granted discovery in two of the five requests in part and dismissed the rest of the requests in entirety. In general, counsel should take heed of the assistant registrar’s directive that in an application for discovery of experiments and experimental material in patent litigation, parties ought to seek “issue-specific information” and avoid being engaged in interlocutory proceedings seeking the specific discovery of broad classes of information.⁸³ It is by doing so that a judicious balance could be achieved between the objectives of discovery on the one hand and legal professional privilege on the other.

82 *Element Six Technologies Ltd v Ila Technologies Pte Ltd* [2018] SGHCR 13 at [32].

83 *Element Six Technologies Ltd v Ila Technologies Pte Ltd* [2018] SGHCR 13 at [63].

Trade marks

Courts (Singapore) Pte Ltd v Big Box Corp Pte Ltd – *Invalidity, descriptiveness of goods and services, distinctiveness*

19.115 *Courts (Singapore) Pte Ltd v Big Box Corp Pte Ltd*⁸⁴ (“*Courts v Big Box*”) is a case on invalidity based on the ground that the registered trade mark “BIG BOX” was granted registration in breach of ss 7(1)(b), 7(1)(c) and 7(1)(d) of the Trade Marks Act.⁸⁵

19.116 Pursuant to a warehouse retail scheme⁸⁶ launched and promoted by the Economic Development Board (“EDB”) sometime in 2004, several retailers including Big Box Corporation Pte Ltd, the proprietor of the mark BIG BOX (“the Proprietor”), and Courts (Singapore) Pte Ltd (“The Applicant”), who sought to invalidate the said mark, participated in this scheme.

19.117 The Proprietor applied for and was subsequently granted registration of the mark “BIG BOX” in Class 35 on 26 January 2005. The services claimed by the Proprietor in the specification filed under Class 35 could be categorised as follows:

(a) The bringing together of a variety of goods so as to enable customers to conveniently view and purchase those goods in retail shops, supermarkets, hypermarkets, convenience stores, wholesale outlets, factory outlets, warehouse retail outlets, retail outlets and big departmental stores: The services rendered in this category may be understood as being associated with convenient shopping in physical locations.

(b) The bringing together of a variety of goods so as to enable customers to conveniently view and purchase those goods from a general merchandise internet website or by means of telecommunication: The services rendered in this category may be understood as being associated with convenient online shopping through websites on the Internet.

(c) The bringing together of a variety of goods so as to enable customers to conveniently view and purchase those goods from a general merchandise catalogue by mail order or by means of telecommunication: The services rendered in this

84 [2018] 5 SLR 312.

85 Cap 332, 2005 Rev Ed.

86 The objective of the warehouse retail scheme was to encourage the setting up of large, out-of-town retail warehouses by allowing retail activities within areas designated for warehouse or industrial use, which was previously disallowed.

category may be understood as being associated with mail ordering or telemarketing and includes advertising, promotion and numerous other services.

19.118 The Proprietor's warehouse retail mall was located in the Jurong Gateway area and was opened for business in December 2014. The Proprietor's "BIG BOX" mark was applied in point of sale and other promotional materials in the physical local as well as on social media and was consistently featured in the form of a device comprising the word "big" on top of the word "box", in a square box with a green background.

19.119 Some two years prior to the opening of the Proprietor's mall in Jurong, the Applicant had opened a retail warehouse store in Tampines under EDB's warehouse retail scheme. In December 2014, the Applicant placed advertisements for its retail warehouse store in the local newspapers under the description "Courts Big Box Megastore". In early 2015, the Applicant received a cease and desist letter from the Proprietor alleging trade mark infringement for the use of the mark "BIG BOX" in the Applicant's advertisement. The Applicant commenced proceedings to invalidate the Proprietor's registered mark "BIG BOX".

19.120 The Intellectual Property ("IP") adjudicator at the Trade Mark Registry refused the Applicant's application for a declaration of invalidity and the Applicant appealed to the High Court. George Wei J in the High Court upheld the decision of the IP adjudicator and dismissed the Applicant's appeal.

19.121 A number of important points may be gleaned from the High Court's judgment which are useful for us to take note in an application for a declaration of invalidity of a registered trade mark:

(a) The burden of proof in an application for invalidity of a trade mark is on the Applicant to prove the grounds of invalidity on the balance of probabilities. If the Applicant successfully discharges that burden, the Proprietor, in order to avoid a declaration of invalidity, bears the burden under s 23(2) of the Trade Marks Act to show that the registered trade mark "BIG BOX" has in fact acquired distinctiveness as a result of use by the Proprietor since its registration.⁸⁷

(b) The High Court has directed that although s 23(9) of the Trade Marks Act gives the power to the registrar or the court to grant a declaration of partial invalidity, the Applicant should make clear in his prayer whether he is also requesting for

87 *Courts (Singapore) Pte Ltd v Big Box Corp Pte Ltd* [2018] 5 SLR 312 at [17].

a declaration of partial invalidity. He should avoid simply putting forth an application for invalidity in respect of all the goods and services claimed in the trade mark specification, leaving the registrar or the court to decide whether the declaration of invalidity should be granted for all or only some of the goods or services in the specification.⁸⁸

(c) An application for a declaration of invalidity based on the ground that the trade mark was registered in breach of s 7, such as devoid of distinctive character, descriptive or generic, is different from an application to revoke the registration of the mark on grounds of non-use or because the mark has become the common name in the trade for the services in question. The effect of a declaration of invalidity, if granted, renders the registration of the trade mark null and void *ab initio* under s 23(10) of the Trade Marks Act. Therefore, when assessing whether the Applicant should succeed in declaring the registered trade mark “BIG BOX” invalid on grounds that it was devoid of distinctive character, descriptive or generic, the court must assess evidence in the factual context as at the time of the application of the registered trade mark, that is, the state of affairs in 2005. As invalidity proceedings may be brought any time after registration and at times, several decades post-registration, the burden on the Applicant is a heavy one as evidence relevant to the state of affairs as it existed on the date of application of the registered trade mark may be hard to adduce given the passing of time. The same may be said about the burden on the Proprietor to prove that the registered trade mark, even though it were found to be devoid of distinctive character, descriptive or generic, has acquired distinctiveness as a result of the use of the mark by the Proprietor at the time of the application.⁸⁹

(d) On the requirement of distinctiveness, the High Court directed that the requirement ought to be assessed in its own right without considerations of the possible defences to infringement. The distinctiveness inquiry involves answering the question: whether the mark enables the public to distinguish the goods or services of the trade mark proprietor from those of the other traders and this is to be addressed from the perspective of the average, reasonably well-informed consumer.⁹⁰

88 *Courts (Singapore) Pte Ltd v Big Box Corp Pte Ltd* [2018] 5 SLR 312 at [30].

89 *Courts (Singapore) Pte Ltd v Big Box Corp Pte Ltd* [2018] 5 SLR 312 at [31]–[35].

90 *Courts (Singapore) Pte Ltd v Big Box Corp Pte Ltd* [2018] 5 SLR 312 at [45].

Was the trade mark “BIG BOX” registered in breach of s 7(1)(c)?

19.122 The Applicant asserted that “BIG BOX” was essentially descriptive of the range of services claimed in the trade mark specification. Specifically, the Applicant cited the Oxford online dictionary and the Merriam-Webster online dictionary. In both dictionaries, “big box” refers to a very large store, often of a boxlike structure, that sells goods at discounted prices. It was observed that in the Oxford online dictionary, the definition of “big box” was described as “North American informal”. Besides dictionary definitions, the Applicant also relied on several other pieces of evidence such as official press releases, news articles and other publications.

19.123 In terms of the weight of the dictionary definitions, the High Court agreed with the IP adjudicator and rejected the Applicant’s submissions. The critical point for assessment of whether the mark “BIG BOX” was distinctive or lacked distinctiveness was at the date of application on 26 January 2005.

19.124 The High Court made the observation that the services claimed in the specification were broadly drafted but also noted that general descriptions of retail and wholesale services are acceptable to the Registry. Although, the Proprietor’s “BIG BOX” is essentially a “service mark”, it did not mean that the assessment of distinctiveness should be confined to the perspective of businesses such as wholesalers and retailers. The perspective of the end consumer or retail consumer remains important bearing in mind that nature of the services claimed in the specification is “B2C”, that is, business-to-consumer.

19.125 Whilst the court accepted that *some* traders or consumers in Singapore may through their travelling experience have been exposed to the “big box” retail concept, this was not considered sufficient to support the argument that the general Singapore public understood the term “big box” descriptively as this group of well-travelled individuals did not represent a “significant proportion” of the average Singapore public. There was *no* evidence to support the conclusion that the average, discerning, reasonably well-informed and reasonably observant consumer in Singapore understood the descriptive meaning of the term “big box”. Indeed, the High Court was not convinced that in 2005, the definition of “big box” was generally understood by the average Singapore consumer to mean the concept of aggregating together in a physical space a large number of retailers, dealers, suppliers of goods or retail to customers.

19.126 One cannot make the assumption that the English language is common to Singapore and the US; it necessarily follows that the average Singapore consumer will not be familiar with the particular usage and

meaning of a word or expression that has developed colloquially in the US vernacular. In other words, from the perspective of the average Singapore consumer, the term “big box” was not descriptive of any characteristic but was inherently distinctive in respect of the Proprietor’s services claimed in the specification at the time of the application of the mark.

19.127 In a multiracial, multi-language society such as Singapore, where English (although it is the working language) is not the native language of the majority, the burden of proving that a particular usage or term (especially one which has been developed in English-speaking communities outside of Singapore) has entered the vernacular of the Singapore society is indeed a very heavy one.

19.128 As the High Court has found that “BIG BOX” was inherently distinctive at the time of the application in 2005, the Applicant’s submissions on invalidity based on ss 7(1)(b) (devoid of distinctive character) and 7(1)(d) (customary or generic signs) also failed. Specifically, with respect to s 7(1)(d), the Applicant argued that the term “big box” was understood by the body of traders at the application date as a generic description of large retail or warehouse establishments. Once again, the High Court emphasised the importance of ascertaining who constituted the relevant public in Singapore at the relevant point in time. The relevant public in Singapore did not merely comprise the large multinationals but also included retailers, warehouse businesses and the general consumers.

19.129 Although the High Court did not have to consider the question of acquired distinctiveness of “BIG BOX” since the mark was found to be inherently distinctive at the time of application, Wei J went on to agree with the comments made by the IP adjudicator in respect of the survey evidence adduced by the Proprietor. In general, survey evidence should be treated with great care and circumspection. Due regard ought to be made with regard to the objective(s) of the survey. The selection of the participants of the survey ought to be from a relevant cross-section of the Singapore public that is statistically significant numerically. In the present case, the survey evidence adduced by the Proprietor comprised a total of 367 survey responses conducted at 15 locations across the island. Only Singapore citizens and permanent residents were included in the survey. On this particular aspect, the High Court observed that the distinctiveness inquiry concerns the understanding or perception of the relevant public in the relevant market in Singapore and ostensibly, this includes the proportion of the Singapore population which consists of residents who work, study and live in Singapore without permanent residence or were simply passing through the country. Having examined the weight of the survey evidence which pointed to a mere 25.1% of the those interviewed recognising that “big box” was linked to the

Proprietor's mall, the High Court, agreeing with the IP adjudicator, was of the view that it was insufficient to show that the mark "BIG BOX" had acquired a distinctive character in respect of the services which it was registered for.

Monster Energy Company v Glamco Co Ltd – Opposition, application of Staywell, well-known marks, passing off

19.130 *Monster Energy Co v Glamco Co Ltd*⁹¹ ("*Monster v Glamco*") is a case on the registration criteria of a trade mark and whether the registration of the applicant mark "SWEET MONSTER" could be successfully opposed on the relative grounds for refusal in ss 8(2)(b), 8(4)(b)(i), 8(4)(b)(ii)(A), 8(4)(b)(ii)(B) and 8(7)(a) of the Trade Marks Act.

19.131 The appellant, a US-incorporated company, was the registered proprietor of several trade marks incorporating the term "monster" for several classes of goods in Classes 5, 9, 16, 18, 25, 30, 32, 35 and 41. The respondent, a Korean-incorporated company, was the creator of "popcorn soft-serve ice cream" and had applied to register the word mark "SWEET MONSTER" in Class 30 in Singapore. The respondent's trade mark application of "SWEET MONSTER" was opposed by the appellant on the following grounds in the Trade Marks Act:

- (a) s 8(2)(b);
- (b) s 8(4)(b)(i);
- (c) ss 8(4)(b)(ii)(A) and 8(4)(b)(ii)(B); and
- (d) s 8(7)(a).

19.132 The principal assistant registrar at the Trade Mark Registry dismissed the appellant's opposition proceedings on all grounds and the appellant appealed to the High Court. Primarily, the principal assistant registrar found that the respondent's "SWEET MONSTER" and the appellant's earlier "MONSTER" marks were more dissimilar than similar; that the appellant's earlier "MONSTER" mark was neither "well-known in Singapore" nor "well-known to the public at large"; and that there was no likelihood of misrepresentation under the law of passing off that the appellant and the respondent were one the same or that they are economically linked given that the respondent's "SWEET MONSTER" and the appellant's earlier "MONSTER" marks were more dissimilar than similar. The High Court upheld the principal assistant

91 [2018] SGHC 238.

registrar's decision and allowed the respondent's "SWEET MONSTER" mark to proceed to registration.

Relative grounds for refusal – Section 8(2)(b) of the Trade Marks Act and applying Staywell

19.133 The "step-by-step" approach articulated in *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide*⁹² ("Staywell") governs an evaluation of an opposition under s 8(2) of the Trade Marks Act. The first and foremost assessment involves the similarity of marks inquiry. If and only if the respondent's "SWEET MONSTER" mark and the appellant's earlier "MONSTER" mark are found to be similar would the court be obliged to consider the next question of similarity of the goods or services for which the marks are registered. Finally, if and only if the conditions of similarity of marks and similarity of goods or services are satisfied would the court move to assess whether, as a result of these similarities, there is a likelihood of confusion on the part of the public.

The marks similarity inquiry

19.134 On the issue of similarity of marks, one important factor is the "technical distinctiveness" of the appellant's earlier "MONSTER" mark because a mark which has greater "technical distinctiveness" enjoys a higher threshold before a competing or conflicting sign would be considered dissimilar to it.⁹³ A mark is considered to possess "technical distinctiveness" if it has the capacity to operate as a badge of origin as opposed to merely being a description of the goods or services. Some marks such as invented words that are meaningless *vis-à-vis* the goods or services are considered to possess *inherent* technical distinctiveness whilst other word marks which have a meaning and are suggestive of certain attributes of the underlying goods or services may nevertheless be considered to have *acquired* technical distinctiveness through long and widespread use. The choice of the mark in relation to the underlying goods or services is thus an important consideration in the assessment of technical distinctiveness.

19.135 In the present case, the appellant's earlier "MONSTER" mark is not an invented word. Instead, the appellant has chosen a word mark "MONSTER" with allusive and laudatory qualities when it is considered in relation to the underlying goods or services. The term "monster" used in relation to energy drinks and caffeinated beverages suggests to a

92 [2014] 1 SLR 911 at [15].

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

consumer the effectiveness of the beverages as energy boosters much like attaining the strength and ferociousness of a monster. As such, the High Court concluded that the appellant's earlier "MONSTER" mark fell within the lower spectrum of "technical distinctiveness" and unless the appellant could show acquired distinctiveness, the earlier "MONSTER" mark enjoyed a lower threshold before a competing sign, such as the respondent's "SWEET MONSTER", would be considered dissimilar to it.

19.136 In a marks similarity inquiry, the court is required to consider visual, aural and conceptual similarities of the competing marks. To assess visual similarities between the competing marks, the court would consider the visual appearance of the marks. In the case of word marks, physical attributes and features such as the length of marks, the structure of the marks and the letters used in the marks are important considerations. Comparing the respondent's "SWEET MONSTER" and the appellant's earlier "MONSTER" marks, the High Court was of the view that they were visually dissimilar as the word "sweet" in the respondent's mark was a sufficient and substantial differentiating element. It should therefore be remembered that there is a direct co-relation between the technical distinctiveness of a mark and the threshold of sufficient and substantial differentiation required of a competing sign to find dissimilarity. In the case of an earlier mark with weak technical distinctiveness, it probably does not take very much for a competing mark to differentiate itself from it such that it is considered more dissimilar than similar to the earlier mark.

19.137 It was also important that both the words "sweet" and "monster" in the respondent's mark were equally prominent in that both were of the same font without any stylisation and they were of fairly similar length in terms of the number of letters. These findings allowed the court to conclude that a consumer looking at the respondent's "SWEET MONSTER" mark would more likely consider the mark as a unitary whole instead of focusing on a particular part of it such as the word "monster".

19.138 On the question of whether the competing marks are aurally similar, the Court of Appeal in *Staywell* has directed that this be approached either by comparing the aural similarity of only the dominant component of the competing marks or by undertaking a quantitative assessment of whether the competing marks have more syllabus in common than not. Applying the latter approach of quantitative assessment, the High Court agreed with the principal assistant registrar and found that the marks are aurally more similar than dissimilar: they have more syllables in common than not since two out of the three syllables in the respondent's "SWEET MONSTER" mark are identical to that the appellant's earlier "MONSTER" mark.

19.139 Finally, with regard to assessing the conceptual similarity of the competing marks, the court is required to make a comparison of the ideas that lie behind and inform the understanding of the mark as a whole. The High Court found that the respondent's "SWEET MONSTER" and the appellant's earlier "MONSTER" marks are conceptually dissimilar. One important reason is the use of the word "sweet" together with the word "monster" in the respondent's mark which has the effect of changing the impression conveyed to the consumer from an image of a "large, ugly and frightening imaginary creature" (that is imbued with great strength and ferociousness in the appellant's earlier "MONSTER" mark) to a "delightful" and "endearing" imaginary creature associated with the respondent's "SWEET MONSTER" mark.

The goods similarity inquiry

19.140 The goods similarity inquiry requires the court to compare the underlying goods or services of the competing marks and assess whether they are similar. The starting point of this assessment is the specifications of the goods or services for which the earlier mark is registered and that which the competing mark is seeking registration in. In the present case, the appellant has registered its earlier "MONSTER" mark as well as other earlier marks incorporating "MONSTER" as prefix and suffix as well as composite marks incorporating "MONSTER" and the claw device in respect of many classes of goods or services. The High Court rightly pointed out that since the appellant has relied solely on the its earlier "MONSTER" marks for the purposes of the present opposition, in particular, in the marks similarity inquiry, it would not be appropriate for the appellant to rely on the goods registered under its earlier marks incorporating "monster" as a suffix. Instead, the comparison of the goods must be limited to the specifications of the goods registered under the appellant's earlier "MONSTER" mark and those which the respondent sought to register under its "SWEET MONSTER" mark. Examining the specifications of these two groups of goods, the High Court concluded that the only possibility of similarities in goods was between "beverages" claimed in the specifications of the appellant's registered "MONSTER" mark and "tea"; "coffee" and "non-medicated tea-based beverages" which the respondent sought to register its "SWEET MONSTER" mark for.

19.141 At this point, the level of generalisation or abstraction of the attributes of these goods for the purposes of comparison becomes critically important. Taking too high a level of generality in the attributes of the goods, as suggested by the appellant (that both groups of goods are used for the purpose of satiating thirst and that they are all in liquid form), would quite easily render the goods similar whilst too narrow a level of abstraction of the attributes of the goods would

necessarily return a finding that the goods are dissimilar. The High Court rejected the level of generality put forth by the appellant in respect of the physical attributes of the goods as it was too high and did not yield any meaningful result. Instead, the High Court, applying the list of factors relevant for the assessment of goods similarity inquiry set out in *British Sugar plc v James Robertson & Sons Ltd*⁹⁴ (cited with approval in *Johnson & Johnson v Uni-Charm Kabushiki Kaisha (Uni-Charm Corp)*),⁹⁵ paid particular attention to the purpose behind the goods; the markets of the goods; and the trade channels through which the goods reach the market; and concluded that they are all different. The appellant's goods, which were predominantly energy beverages, were consumed for quick boost of energy in sports or combat fatigue whilst the respondent's goods or "coffee" and "tea" were more frequently associated with social and cultural lifestyle choices. The High Court also found that as the appellant's and the respondent's goods basically reached different market segments, they were not substitutable and this further supported the conclusion that they are dissimilar. Finally, the appellant's goods were sold mainly in supermarkets, convenience stores and petrol kiosks, and included online retailers but the respondent's goods were sold at its own "SWEET MONSTER" kiosks and designated café outlets.

19.142 As the court has found the competing marks are *more dissimilar than similar* and that the underlying goods or services of the competing marks are also dissimilar, there was technically no necessity for the court to embark on the likelihood of confusion inquiry. However, the court's observations on the issue of the "family of marks" and its relationship with the likelihood of confusion were insightful and worthy to be mentioned.

19.143 It should be noted that the appellant contended that it possessed a "MONSTER" family of marks and a preliminary issue was whether the assessment of a "family of marks" ought to be undertaken at the marks similarity inquiry or the likelihood of confusion inquiry stage of the analysis. The High Court directed that the "family of marks" assessment featured only at the final stage of the "step-by-step" approach, that is, in the likelihood of confusion analysis. Therefore, a party who successfully establishes that it has a "family of marks" would have an advantage in establishing a likelihood of confusion since the courts have accepted that being part of a larger "family of marks" will be an additional factor that can contribute to the finding that there will be a likelihood of confusion. To safeguard the doctrine of "family of marks" from possible abuse, the High Court directed that sufficient evidence must first be adduced by

94 [1996] RPC 281.

95 [2007] 1 SLR(R) 1082 at [14].

the party contending that it possesses a “family of marks” to show the use of a sufficient number of “members” of this “family of marks”. The evidence adduced before the court showed only a smaller number of the appellant’s marks were actually used out of the eight marks which purportedly formed the MONSTER “family of marks”, namely, the earlier “MONSTER” mark, the claw device marks and the earlier “MONSTER ENERGY” marks. This was not sufficient to persuade the court in returning a finding that the appellant possessed a “family of marks”.

Relative grounds for refusal – Section 8(4)(b)(i) of the Trade Marks Act

19.144 To succeed in an opposition under s 8(4)(b)(i) of the Trade Marks Act, the following elements must be shown:

- (a) The marks are identical or similar.
- (b) The earlier mark is well known in Singapore.
- (c) The use of the application mark would indicate a connection between the applicant’s goods or services and the incumbent proprietor.
- (d) The connection is likely to damage the interests of the proprietor.

19.145 The High Court, having concluded that the competing marks in the present case were more dissimilar than similar, held that the first element was not made out. Furthermore, the High Court found that the appellant had not adduced evidence to establish a *prima facie* case that its earlier “MONSTER” marks, that is, the “MONSTER” word mark *simpliciter* is used or has exposure in Singapore. Given this finding, the second element which required the appellant to surmount a higher threshold to show that its earlier “MONSTER” mark is well known in Singapore could not possibly be satisfied. Accordingly, the opposition on this ground failed.

Relative grounds for refusal – Sections 8(4)(b)(ii)(A) and 8(4)(b)(ii)(B) of the Trade Marks Act

19.146 To succeed in an opposition proceeding under this ground, the following elements must be shown:

- (a) The whole or an essential part of the respondent’s “SWEET MONSTER” mark is similar to the appellant’s earlier “MONSTER” mark.
- (b) The appellant’s earlier “MONSTER” mark is well known to the public at large in Singapore.

(c) The use of the respondent's "SWEET MONSTER" mark in relation to the goods for which it is sought to be registered would:

- (i) cause dilution in an unfair manner of the distinctive character of the appellant's earlier "MONSTER" mark; or
- (ii) take unfair advantage of the distinctive character of the appellant's earlier "MONSTER" mark.

19.147 The High Court, having concluded that the competing marks in the present case were more dissimilar than similar, held that the first element in this ground of opposition was not made out. As for the second element, the High Court observed that the requirement for the mark to be "well known to the public at large in Singapore" entailed a higher threshold than that for "well known in Singapore". As the evidence before the court was not sufficient to demonstrate that the appellant's earlier MONSTER mark was "well known in Singapore", it necessarily followed that the higher standard of being "well known to the public at large in Singapore" could not be satisfied. Accordingly, the opposition on this ground also failed.

Relative grounds for refusal – Section 8(7)(a) of the Trade Marks Act

19.148 To succeed in this ground of opposition, the following elements, which correspond to the elements that must be established in an action for passing off, must be shown: goodwill, misrepresentation, and damage or a likelihood of damage.

19.149 Having reviewed the evidence before it, the High Court concluded that the use of the respondent's "SWEET MONSTER" mark was unlikely to give rise to any confusion that would link the respondent's goods to the appellant, which in turn constitutes an actionable misrepresentation under the tort of passing off. The High Court arrived at this conclusion based on the findings that (a) the competing marks were visually more dissimilar than similar; (b) the competing marks were conceptually dissimilar, in that the appellant's earlier "MONSTER" mark used in connection with the claw device conjured the image of "a large, ugly and frightening imaginary creature" that corresponded to a ferocious and monstrous level of energy and power whilst the respondent's "SWEET MONSTER" mark evoked a "delightful" and "endearing" imaginary creature; and (c) the competing marks and their underlying goods or services operated in different market segments, in that the appellant's main business was the manufacture and sale of energy drinks whilst the respondent was the business of manufacturing and selling desserts. That being the case, the High Court held that the ground of opposition under s 8(7)(b) failed.

Dr Babor GmbH & Co KG v Sante De Beaute Pte Ltd – *Groundless threats*

19.150 *Dr Babor GmbH & Co KG v Sante De Beaute Pte Ltd*⁹⁶ was a case on the elements of groundless threats of trade mark infringement proceedings under s 35 of the Trade Marks Act. Dr Babor GmbH & Co (“Dr Babor”), a company incorporated in Germany, is in the business of manufacturing and selling skin and beauty care products with a global presence. It is also the registered proprietor of the trade mark “BABOR” in Class 3. Dr Babor was the first plaintiff in this case. His Bounty Associates Pte Ltd (“His Bounty”), a Singapore-incorporated company, is the sole distributor of Babor products in Singapore. His Bounty was the second plaintiff in relation to the claim and the defendant in the counterclaim.

19.151 Sante De Beaute Pte Ltd (“Sante”), a Singapore-incorporated company, was the defendant in relation to the claim and the plaintiff in the counterclaim. Sante is in the business of operating beauty salons offering nails, hair and other beauty treatments and has five locations for the operation of its beauty salons in Singapore.

19.152 His Bounty and Sante were engaged in a negotiation for a long-term business relationship that would culminate in the signing of standard form Business Purchase Agreements (“BPAs”) in respect of the use of BABOR products in Sante’s beauty salons. The BPAs were to be contracted on an individual outlet basis. As a precursor to this long-term business relationship, Sante placed orders of BABOR products which amounted to \$26,187.23. Unfortunately, negotiations between His Bounty and Sante hit a snag, which in turn affected the sale and purchase of the BABOR products, and relationships between the parties quickly took a nose dive. In 2016, whilst the dispute over the purchase of the BABOR products were ongoing, His Bounty found out that Sante was using Dr Babor’s intellectual property in its marketing and promotion collaterals. Based on an investigation report submitted by a private investigator commissioned by His Bounty, Dr Babor and His Bounty issued a letter of demand to Sante alleging trade mark infringement and passing off in relation to the use of Dr Babor’s intellectual property in Sante’s marketing and promotion collaterals. Sante filed its defence and counterclaimed for groundless threat against His Bounty. An interesting point to note was that subsequently, in March 2017, Dr Babor and His Bounty withdrew the trade mark infringement and passing off claim. Consequently, Dr Babor, who was the first plaintiff, ceased to be party to the suit. Sante, however, refused

96 [2018] 5 SLR 928.

to withdraw the counterclaim and the present proceedings continued only on the basis of resolving the counterclaim in groundless threat.

The elements of groundless threat of trade mark infringement proceedings

19.153 Under s 35 of the Trade Marks Act, the plaintiff of a groundless claim must prove the following:

- (a) The defendant made a threat to sue for trade mark infringement.
- (b) The threat did not relate to acts of infringement that fall within ss 35(1)(a)–35(1)(c) of the Trade Marks Act.
- (c) The plaintiff must be an aggrieved person within meaning of s 35(1) of the Trade Marks Act.

19.154 It should be noted that once the plaintiff succeeds in proving the above-mentioned elements, he is entitled to apply for relief unless the defendant is able to demonstrate that the acts in respect of which the proceedings were threatened constitute or if done would constitute an infringement of the registered trade mark concerned. However, the relief to be granted to the plaintiff under groundless threat of infringement proceedings is discretionary and the court may refuse the grant of relief if the plaintiff is not “aggrieved” in that he has not suffered any loss as a result of the defendant’s threats or that under the circumstances it is not appropriate for the court to intervene by granting a declaration to the effect that the threats are unjustified or an injunction to restrain the defendant from continuing the threats.

19.155 The first issue which the High Court had to decide was whether His Bounty (“the Defendant” in the present proceeding for groundless threats of infringement) had threatened to sue Sante (“the Plaintiff” in the present proceeding for groundless threats of infringement) for trade mark infringement and the precise scope of the threat. The allegedly threatening correspondence comprised the letter of demand and the enclosed investigation report which were sent to Sante by the solicitors of His Bounty. There was no dispute that a reasonable person would understand that His Bounty had threatened Sante with infringement proceedings by virtue of the letter of demand; the issue was what the precise scope of the threat was. Sante contended that the letter of demand should be considered together with the investigation report and, if so, the threat was not only limited to His Bounty asserting trade mark rights in the “BABOR” word mark but also included the use of the other unregistered marks or signs such as the “BABOR” logo, the landscape pictures of Caucasian ladies and a 1956 sign.

19.156 The High Court was of the view that a reasonable person in the shoes of the recipient would understand that the letter of demand and the investigation report were written by different authors with different objectives. The former was drafted by His Bounty's solicitors and would be understood as a document which contained threats of legal proceedings whilst the latter was prepared by private investigators who were tasked to collate factual evidence. Given the clear wordings in the letter of demand, the court held that the threat was limited to the use of the "BABOR" word mark on allegedly infringing articles at Sante's Clementi and Holland Drive outlets.

19.157 Next, the High Court had to consider whether the threat was an actionable threat. A threat is an actionable threat if it did not relate to acts of infringement that fall within ss 35(1)(a)–35(1)(c) of the Trade Marks Act. Specifically, His Bounty argued that the use of the "BABOR" word mark on Sante's promotion and marketing collaterals fell within s 35(1)(c) of the Trade Marks Act, that is, supply of services under the mark. The High Court, agreeing with the submissions of Sante, held that the use of the "BABOR" word mark was for the purpose of advertising services, specifically to indicate that Dr Babor's product was used in the provision of Sante's salon services. This was to be contrasted with the situation (which did not take place in the present case) where services were supplied under a mark such that the "BABOR" word mark had replaced the Sante logo or had been placed in a manner which would have given the impression that services were being offered under Dr Babor's brand. Therefore, Sante succeeded in proving that the threat from His Bounty was an actionable threat.

19.158 As the first two elements in a groundless threat of infringement proceedings under s 35 were established, Sante would be entitled to relief unless His Bounty could show that the acts in respect of which proceedings were threatened constitute (or if done would constitute) an infringement of the registered trade mark concerned under s 35(3).

19.159 On this issue, Sante argued that the actionable threat from His Bounty could not be justified because:

(a) s 35(3) was not applicable as Dr Babor and His Bounty had withdrawn the trade mark infringement proceedings and to dismiss the groundless threat of proceedings claim without an actual infringement suit commenced by the trade mark proprietor would open the flood gates to threats by parties who did not have standing to bring infringement suits; and

(b) His Bounty was a non-exclusive licensee which did not have *locus standi* to bring infringement proceedings for the "BABOR" word mark without joining the registered trade mark proprietor.

19.160 The High Court held that a defendant in a groundless threat of infringement proceedings claim could invoke s 35(3) of the Trade Marks Act and prove that the actionable threat was justified by demonstrating that the elements for trade mark infringement stipulated in s 27 of the Trade Marks Act were satisfied. There was no additional requirement that an actual claim of trade mark infringement be brought before the court.

19.161 Having examined the circumstances of the present case and the evidence adduced by the parties, the High Court concluded that there was no express or implied consent granted to Sante. In this regard, it was important to note that the right to grant consent for the use of the “BABOR” word mark in the context of a trade mark infringement under s 27 of the Trade Marks Act was based on Dr Babor’s rights as a registered trade mark proprietor and the authority delegated to His Bounty as a non-exclusive licensee. The fact that there was an absence of agreement between Sante and His Bounty on the precise terms which governed the use of the “BABOR” word mark did not mean that His Bounty could not subsequently withhold consent to use the “BABOR” word mark.

19.162 It was clear to the High Court that the evidence showed that His Bounty was withholding consent for the use of the “BABOR” word mark other than in relation to the Dawson outlet as His Bounty had only provided promotional materials for use at this particular outlet and not others. As there was no express or implied consent to use the “BABOR” word mark on Sante’s promotional and marketing materials in respect of the Holland or Clementi outlet, the threat of trade mark infringement by His Bounty was justified.

19.163 In a final attempt to assert that His Bounty’s threat was not justified, Sante argued that the defence of international exhaustion of rights under s 29(1) of the Trade Marks Act applied in the present case on the grounds that Sante had used the “BABOR” word mark in advertising services in respect of genuine Dr Babor products that were put on the mark with the consent of Dr Babor.

19.164 The High Court emphasised that the legislative intent of s 29(1) was primarily to deal with the issue of parallel imports, which did not apply in the present case as the “BABOR” word mark was used to indicate that Dr Babor’s products would be used in the provision of Sante’s services instead of the situation where the “BABOR” word mark was used to advertise that Sante was offering Dr Babor’s products for sale. Ostensibly, Sante could have argued that the “BABOR” word mark was used in accordance with honest practices in industrial or commercial matters to indicate the intended purpose that genuine Dr Babor’s products would be used in Sante’s facial services and, as such,

it did not constitute an act of infringement under s 28(1)(c) of the Trade Marks Act. Unfortunately, this point was not pleaded by either party.

19.165 Accordingly, s 29(1) did not apply and His Bounty's threat relating to the use of the "BABOR" word mark was justified. The claim for groundless threat of trade mark infringement proceedings under s 35 of the Trade Marks Act was dismissed.

Breach of confidence

Adinop Co Ltd v Rovithai Ltd – Confidentiality of customers list information

19.166 In *Adinop Co Ltd v Rovithai Ltd*⁹⁷ ("Adinop"), it was a case where the parties enjoyed a long commercial relationship, during which they shared the common interest and goal of supplying ingredients provided by the second defendant in the Thai food, beverage and nutritional ("FB&N") product market. The court found that while the customer information in dispute may have been confidential, there was no misuse that would qualify as a breach of confidence.

19.167 The plaintiff ("Adinop") is a company incorporated in Thailand. It is in the business of importing, distributing and manufacturing food, cosmetic and pharmaceutical ingredients. It brought an action for breach of confidence by the defendants, Rovithai Limited ("Rovithai") (the first defendant) and DSM Singapore Industrial Pte Ltd ("DSM Singapore") (the second defendant). Rovithai is also a company incorporated in Thailand, and is in the business of importing and selling ingredients for food products, cosmetics and the manufacturing of animal feed ingredients. DSM Singapore is a company incorporated in Singapore and is in the business of, *inter alia*, wholesale supply of chemical products, savoury ingredients and polyethylene materials.

19.168 For more than 20 years, Adinop was the distributor of ingredient products manufactured by Rovithai. During this time, the parties exchanged a substantial amount of information regarding customers who purchased the defendants' ingredient products through Adinop. Following the termination of the distributorship arrangement in 2014, Rovithai issued a notice to key customers to inform them of the change in distributorship, setting out its own contact details as well as those of its new distributor. Adinop essentially contended that the post-termination conduct of the defendants amounted to a misuse of

97 [2018] SGHC 129.

confidential information that Adinop had given to them during the course of their business relationship.

19.169 George Wei J found that the Adinop and the two defendants had a joint interest to facilitate the penetration of the Thai market by DSM ingredients. The plaintiff, as a Thai company, was directly concerned with finding, maintaining and developing relationships with Thai FB&N customers. The defendants were also concerned and interested in the development of the Adinop's customer base for DSM ingredients. Both Rovithai and DSM Singapore participated at FB&N ingredient exhibitions in Thailand together with Adinop as part of efforts to attract customers for DSM ingredients. On 22 October 2013, more than a decade after the commencement of the business relationship, the parties entered into a confidentiality agreement. However, barely a year later, on 10 June 2014, the first defendant notified the plaintiff of its intention to terminate the distribution arrangement. Thereafter, the two defendants made alternative arrangements to supply DSM ingredients to Thai FB&N manufacturers.

19.170 The information alleged to be confidential and to have been misused by the defendants included (a) the list of Adinop's key Thai FB&N customers for DSM ingredients ("the Key Customers List") that was provided to the Rovithai on 9 May 2014, shortly before the termination of the distributorship arrangement; and (b) a list of ongoing projects for the defendants, which was provided to Rovithai on 4 April 2014 ("the Ongoing Projects List") ("Customer Information"). Adinop essentially alleged that the defendants used the customer information to contact Thai FB&N customers to purchase DSM FB&N ingredients, thereby causing it to suffer financial loss.

19.171 On the first issue of whether the Customer Information qualified as confidential information by reference to the confidentiality agreement and/or common law and equity, and the purpose for which it was supplied to the first defendant, Wei J held that "the Key Customers List as a whole contains confidential information", and that "the confidentiality resides in the collation of information as a whole: the names of the key customers, the types of products, and the DSM ingredients (and quantity) ordered".⁹⁸ His Honour also found that "[t]he rest of the Customer Information was generally accumulated over the years in a piecemeal fashion and was not collated in the same way as the Key Customers List was" and did not appear to determinatively possess a requisite quality of confidence.⁹⁹ Wei J added that his analysis of whether the defendants made unauthorised use of any confidential

98 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [87].

99 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [88].

information will therefore only focus on the defendants' use of the Key Customers List.

19.172 In reaching this finding, Wei J surveyed the basic principles of the law on confidence as set out in the seminal English cases of *Saltman Engineering Co v Campbell Engineering Co*¹⁰⁰ and *Coco v AN Clark (Engineers) Ltd*¹⁰¹ (“*Coco v Clark*”), which have been followed and applied in numerous Singapore cases. The three basic elements to be satisfied are as follows: (a) the information must possess the necessary quality of confidentiality; (b) the information must have been imparted or received in circumstances such as to give rise to an obligation of confidentiality; and (c) there must have been unauthorised use and detriment.

19.173 Wei J affirmed that:¹⁰²

... the obligation of confidentiality, whilst often arising as a term of a contract (express or implied), can also arise in circumstances where there is no contractual relationship between the parties.

His Honour cautioned that while it is common for disputes over confidential information to be brought in both contract and equity, “there can be no double recovery by the Plaintiff” although “the fact that the breach of duty is founded in both contract and equity can be significant for determining the available or appropriate remedies.”¹⁰³

19.174 On the facts, Wei J intimated that it was clear that even if there was no express confidentiality agreement between the parties prior to the confidentiality agreement, confidential information imparted to the first defendant during meetings and discussions with Adinop might be covered by implied contractual obligations or equitable obligations under the well-established principles elucidated in *Coco v Clark*.¹⁰⁴

19.175 Citing the legal principles relating to the quality of confidentiality with regard to commercial and industrial information as summarised in *Invenpro (M) Sdn Bhd v JCS Automation Pte Ltd*,¹⁰⁵ Wei J found there was little doubt that the information disclosed on the formulation of standard as well as bespoke premixes can easily be found

100 (1948) 65 RPC 203.

101 [1969] RPC 41.

102 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [55].

103 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [55].

104 *Coco v AN Clark (Engineers) Ltd* [1969] RPC 41.

105 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [76], referring to *Invenpro (M) Sdn Bhd v JCS Automation Pte Ltd* [2014] 2 SLR 1045 at [133].

to possess the necessary quality of confidence by reference to these principles. His Honour commented that:¹⁰⁶

... there may well have been other items of information that had been disclosed between the parties on specific issues such as solutions to quality or manufacturing issues that possess the necessary quality of confidence. New marketing plans, details on emerging food fads or strategies for future business development might also qualify as confidential information in the appropriate circumstances.

But he thought it was unnecessary for the court to come to a firm conclusion on these points as the heart of the dispute concerned the salient features of the Customer Information such as the identities of Adinop's key customers that was supplied to the first defendant by way of the Key Customers List.

19.176 On the facts, given the long history of the commercial relationship between the parties, Wei J found it difficult to determine the provenance of all the information in the defendants' possession. However, Wei J, referring to a decision rendered by the English High Court, where the confidential information there was the *combination* of names of the first defendant's policyholder employees together with the premiums they paid, was satisfied that the Key Customers List was similar in this regard.¹⁰⁷

19.177 On the second issue, Wei J held that the defendants did not make unauthorised use of any confidential information as contained in the Key Customers List. First, the confidentiality agreement did not impose any restriction on the defendants, post-termination, to market DSM products in Thailand or to compete in the business of supplying ingredients for FB&N products in Thailand. Second, the value of the Key Customers List lies in the collection as a whole, including what ingredients were required by the customer. But the e-mail notice the plaintiff's customers received informing them of the change of distributorship and providing Rovithai's contact details was in general form and did not refer to the specific type of DSM products or the quantities ordered or required by any customer; it was simply addressed to "Dear Valued Customer".¹⁰⁸ Wei J found that "given the nature of the distributorship arrangement and the dealings between the parties", Adinop must have contemplated and understood that upon termination, Rovithai would have "a genuine need to inform Thai FB&N customers

106 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [77].

107 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [85], referring to *Personal Management Solutions Ltd v Brakes Bros Ltd* [2017] EWHC 383 (QB) at [25].

108 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [97].

of DSM ingredients of the change in distributorship by way of the Notice”¹⁰⁹.

Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd – Documents labelled “confidential” and knowing receipt

19.178 In *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd*¹¹⁰ (“*Nanofilm Technologies*”), the plaintiff Nanofilm Technologies (“Nanofilm”) brought actions in copyright infringement, breach of employment contract and breach of confidence against two former employees and the company Semivac International (“Semivac”) set up by the former employees. The dispute concerned Filtered Cathodic Vacuum Arc (“FCVA”) technology, a method of coating materials or products with a thin film of metallic, ceramic or composite substances. This was a straightforward decision on the application of the principles of the law of confidence in Singapore, but is significant on how a court may treat documents labelled “confidential” in a breach of confidence claim.

19.179 Nanofilm is in the business of manufacturing and providing FCVA technology products and services. The first defendant, Semivac, is a Singapore company, and is in the business of providing products and services in the vacuum industry. The second defendant, Xu Yibo, was employed by the plaintiff in April 2000 as an applications engineer and was eventually promoted to director in October 2008, a post he held till January 2016. His duties in the company included designing components using software. The third defendant, Hu Lang, was employed by the plaintiff from November 1999 to January 2008 as a senior process engineer. He left Nanofilm in 2008 to set up Semivac, and has been its managing director since. At the time of Hu’s departure, Hu and Xu had been colleagues for about eight years. While remaining a full-time employee of Nanofilm, Xu set up Semivac with Hu in 2008.

19.180 FCVA technology comprises hardware and software. The hardware is essentially a “machine” made from various components such as a power supply, circuit boards, various types of valves, vacuum pumps, filters amongst other things. The software used in the control panel is concerned with the carrying out of the various processes involved in FCVA coating.

109 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129 at [119].

110 [2018] 5 SLR 956.

19.181 Nanofilm alleged that, whilst in its employment, Xu created numerous technical drawings for Semivac using the laptop and software (computer-aided design (“CAD”) program) provided by Nanofilm, both during and outside office hours. Nanofilm argued that most of the Semivac drawings were either unauthorised copies or adaptations of technical drawings belonging to the plaintiff. In particular, the plaintiff claimed that Semivac infringed its copyrights in 14 technical drawings, diagrams and/or photographs by reproducing them in a set of presentation slides (“the Semivac Slides”), which contained certain technical drawings, diagrams, photographs, and graphs.

19.182 George Wei J was satisfied that Nanofilm had established copyright ownership over the works in dispute.¹¹¹ His Honour held that Semivac had infringed Nanofilm’s copyrights in the diagram, nine photographs and two graphs by reproducing them in the Semivac Slides (aside from the Semivac drawings named “Senser Clamp” and “Pulley 1”). He noted that Hu admitted under cross-examination that he created the Semivac Slides by copying from the plaintiff’s slides, which contained the diagram, nine photographs and two graphs,¹¹² and that Nanofilm’s works and the alleged infringing Semivac Slides were “nearly identical”.¹¹³

19.183 Nanofilm further alleged that Semivac and Xu breached their duty of confidence owed to the plaintiff. In particular, Xu owed Nanofilm a duty of confidence by virtue of cl 10 of the employment contract and had breached this duty of confidence by modifying the Nanofilm’s confidential drawings for the benefit of Semivac. Wei J held that Xu did breach his duty of confidence by handing over the four confidential technical drawings to Semivac and Hu, and the use of the technical drawings (for example, to create technical drawings for its customers) was a breach of Semivac’s obligation of confidence.¹¹⁴

19.184 Wei J referred to the established principles of the law on confidence as set out in numerous Singapore cases, including *PH Hydraulics & Engineering Pte Ltd v Intrepid Offshore Construction Pte Ltd*,¹¹⁵ *Invenpro (M) Sdn Bhd v JCS Automation Pte Ltd*,¹¹⁶ *Clearlab*

111 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [49]–[62].

112 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [63].

113 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [64]. The useful article defence did not succeed: see [143]–[144].

114 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [176].

115 [2012] 4 SLR 36.

116 [2014] 2 SLR 1045.

*SG Pte Ltd v Ting Chong Chai*¹¹⁷ and *Adinop Co Ltd v Rovithai Ltd*.¹¹⁸ There are three elements which have to be proven in an action for breach of confidence: (a) the information must possess the necessary quality of confidentiality; (b) the information must have been imparted or received in circumstances such as to give rise to an obligation of confidentiality; and (c) there must be unauthorised use and detriment to the plaintiff.

19.185 His Honour observed that information “can possess the quality of confidentiality even though some or many of the component parts are in the public domain” and the burden is on the plaintiff “to define or explain what he asserts is confidential with sufficient clarity and certainty, such that any reasonable person will understand what it is that protection is being claimed over”.¹¹⁹ Wei J also cautioned that “the fact that the documents are clearly marked ‘confidential’, whilst helpful, does not mean that the contents must be regarded as confidential” and even if there is an express term in an employment contract that certain information is to be treated as confidential and not free for the employee to use even post-termination, “it does not follow that the term will always be contractually valid or enforceable, such as where the provision operates in restraint of trade”.¹²⁰

19.186 On the facts of the case, it was held that the plaintiff’s technical drawings did possess the necessary quality of confidentiality. First, Nanofilm’s technical drawings were labelled as confidential, and employees were “constantly reminded of the confidentiality of these drawings”.¹²¹ Second, security measures, such as storage in an internal server, were put in place to prevent the dissemination of the technical drawings. Moreover, the evidence suggested that the defendants were aware that technical drawings of components would be confidential information, even if the actual fabricated components were accessible to third parties. The defendants Xu and Hu were colleagues at Nanofilm and Xu became involved with Semivac at an early stage. Semivac (a company which acted through its directors and officers) was therefore bound by an obligation of confidence as a “knowing” recipient of the confidential information in the form of the plaintiff’s technical drawings. The evidence suggested that the defendants were aware that

117 [2015] 1 SLR 163.

118 *Adinop Co Ltd v Rovithai Ltd* [2018] SGHC 129.

119 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [164].

120 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [165].

121 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [166].

technical drawings of components would be confidential information, even if the actual fabricated components were accessible to third parties.

19.187 In highlighting that the fundamental premise of copyright law is *not* to protect ideas, concepts or principles, Wei J commented: “Copyright does not protect concepts or methods as such. The law of confidence does, so long as the concept or principle is shown to be confidential.”¹²² While the Singapore Copyright Act does not contain a similar provision to § 102(b) of the US Copyright Act of 1976,¹²³ it appears that similar exclusions are likely to apply in Singapore law. In *Bikram’s Yoga College of India LP v Evolation Yoga LLC*,¹²⁴ the US Ninth Circuit Court of Appeals had ruled that the yoga sequence was an idea, method or system designed to yield physical benefits and a sense of well-being to which copyright protection shall not extend.

19.188 Wei J found that Xu had breached his duty of confidence, at the very least, by passing the four confidential technical drawings to Hu and Semivac. Semivac’s use of the technical drawings was also a breach of its obligation of confidence.

19.189 An injunction was granted against the continued use of Nanofilm’s pre-existing technical drawings. The defendants were ordered to deliver up and forfeit the items in issue (the plaintiff’s pre-existing technical drawings) or to file and serve an affidavit affirming the destruction and/or deletion of the items within 14 days from the date of the decision. Semivac was also ordered to pay a total of \$132,000 in damages to Nanofilm for copyright infringement and breach of confidence.

122 *Nanofilm Technologies International Pte Ltd v Semivac International Pte Ltd* [2018] 5 SLR 956 at [167].

123 17 USC §102(b). This provision expressly excludes protection for:
... any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

124 803 F3d 1032 (9th Cir, 2015).