

STAYING WELL OUT OF CONFUSION

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

The registration of a trade mark gives the proprietor exclusive rights to use the trade mark in relation to all goods and services for which the trade mark is registered. In *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911, the Singapore Court of Appeal expounded on how courts should give expression to the full extent of these rights when assessing whether the use of a third party's similar or identical mark is likely to cause the public to be confused as to the source of goods. This case note considers the pros and cons of the Court of Appeal's strongly pro-mark approach.

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I. Introduction

1 A dispute between two international hoteliers presented the Court of Appeal with the opportunity to conduct a much-needed review of the law on relative grounds for refusal of trade mark registration under s 8 of the Trade Marks Act¹ (“the Act”). In a wide-ranging decision the court revisited some old favourites, as well as clarified the position on hitherto unexplored issues. Arguably the most significant aspect of the court's decision was its approach to assessing the likelihood that confusion would result from the similarity between the parties' respective marks and the similarity between products in relation to which the marks were used (“the confusion inquiry”). The court expounded on two concepts relating to the confusion inquiry – that of the “notional fair use” to which a registered trade mark can be put, and the curtailment of the types of considerations which can be admitted when assessing the likelihood of confusion. Taken together, these two pieces of guidance signal a more robust protection for proprietors of registered trade marks. This note discusses some of the upsides and downsides to this new, “pro-mark” approach.

2 But first, a brief summary of the facts.

1 Cap 332, 2005 Rev Ed.

II. The facts and decision in *Staywell*

3 The facts are simple. Staywell Hospitality Group Pty Ltd (“Staywell”), an Australian hotel operator, applied to register the series of two marks (“the Applicant Mark”) in Singapore under classes 35 (relating to advertising and business management services) and 43 (relating to hotel services) of the International Classification of Goods and Services (“ICGS”). The application was opposed by Sheraton International, Inc and Starwood Hotels & Resorts Worldwide, Inc (“the Opponents”). The Opponents are American hotel operators which own a number of registered trade marks in Singapore, including the word mark “ST. REGIS” in class 42 (equivalent to class 43 of the current edition of the ICGS). The Opponents initially grounded their opposition in ss 7(4)(b), 7(6), 8(2)(b), 8(4)(b)(i), 8(4)(b)(ii) and 8(7)(a) of the Act. By the time the case reached the High Court, only the oppositions under ss 8(2)(b), 8(4)(b)(i) and 8(7)(a) were in issue. The High Court found that the parties’ marks and the services in respect of which the marks were used were similar, but that there was no likelihood of confusion as required for a successful opposition under ss 8(2)(b) and 8(4)(b)(i) of the Act. It also found that there was no goodwill subsisting in the “ST. REGIS” mark as at the date of Staywell’s registration application and therefore no ground for opposition under s 8(7)(a) of the Act. The Opponents appealed against the High Court’s rejection of the Opposition on all three grounds, while Staywell appealed against the finding that the parties’ marks were similar.

4 The Court of Appeal allowed the Opponents’ appeal and upheld the opposition under ss 8(2)(b) and 8(4)(b)(i) of the Act. It, however, maintained the High Court’s finding of a lack of goodwill in the “ST. REGIS” mark as at the date of Staywell’s registration application, and therefore denied the opposition under s 8(7)(a) of the Act. *En route* to its conclusion the court clarified the position on the tests for assessing the similarity of marks, the likelihood of confusion, damage to well-known marks and the existence of goodwill. When it came to assessing the likelihood of confusion, the court articulated, first, an approach that considered not only whether confusion was likely to result from the *actual use* to which the competing marks had been put, but whether confusion was likely to result if marks were used in a *notional and fair way* across the entire scope of the specification of goods and services for which the mark was registered or sought to be registered. This was referred to as the “notional fair use approach”. In this connection the court for the first time distinguished between the way that the confusion inquiry ought to be conducted in opposition and infringement proceedings. In the former, the court would have regard to the full range of actual and notional uses to which both the competing marks could be put, whereas in the latter, the court would compare the full range of notional fair uses of the incumbent mark against the actual

use to which the allegedly infringing mark had been put.² Second, the court considered whether factors other than the similarity of marks and products themselves (“extraneous factors”) could properly be considered by the court in assessing the likelihood of confusion arising from the similarity of the marks and products. In a carefully considered retraction from the previous approach³ of admitting essentially all and any extraneous factors that would operate to dispel confusion, *Staywell* took the position that superficial steps taken by the trader to differentiate his goods should not be considered in the confusion inquiry.⁴ Instead, only factors that are intrinsic to the goods themselves, and which impact the consumer’s motivation and ability to exercise care in his purchase of the particular type of products, are to be considered. The door through which extraneous factors could be considered in the confusion inquiry was therefore the impact of marks- and product-similarity on the perception of the consumer. The court then applied these principles to the facts of the case. First, since a notional fair use of both marks within the specification of “hotel services” would encompass hotels bearing different star-ratings, *Staywell* could not succeed in its argument that its *actual* use of its mark in relation to its four-starred Park Regis Singapore hotel did not create confusion with the Opponents’ six-starred St Regis Singapore hotel.⁵ Further, the restriction of the types of extraneous factors which could be considered when assessing for confusion, meant that differentiating factors such as the way in which the hotels were marketed were excluded from the confusion inquiry.⁶ In the result, the court found that there was a likelihood that the hotel-purchasing public would be confused by the similarity of the Applicant Mark to the “ST. REGIS” mark into believing that the parties’ hotels were at least economically linked.⁷ The Opposition under ss 8(2)(b) and 8(4)(b)(i) of the Act succeeded and the Applicant Mark was not allowed to proceed for registration. The result was a ringing endorsement of the exclusive rights which come with trade mark registration.

2 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [60]–[62].

3 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816 (HC) at [21] and [37]; *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2006] 2 SLR(R) 690 (CA) at [28]; *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 at [59]–[60]; *Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA* [2013] 1 SLR 531 at [66].

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

5 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [98].

6 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [102].

7 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [102]–[103].

III. Comment: A clearly more “pro-mark” stance

5 The decision in *Staywell* followed the trajectory of an earlier decision in *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd*⁸ (“*Hai Tong*”). There, the Court of Appeal developed a framework for conducting the confusion analysis within the structure of s 27(2) of the Act. Under this framework, the likelihood of confusion was described as the interplay between (a) the degree of similarity between the competing signs; (b) the degree of similarity between the products in relation to which the marks were used; and (c) the effect of these similarities on the relevant public.⁹ The decision in *Staywell* was an application and elaboration of this approach.¹⁰ In relation to the admissibility of extraneous factors, the court in *Hai Tong* stated that on a proper construction of s 27(2) of the Act:¹¹

... while it is permissible to have regard to ‘extraneous factors’, this should not be taken as a reference to such factors ‘at large’ and still less to those that are inconsistent with the legislative framework because they impermissibly curtail the rights granted to the registered proprietor of a trade mark.

The court accordingly culled one particular extraneous factor from the confusion inquiry – the packaging of goods. The reason given foreshadowed the decision in *Staywell* – namely, that taking account of the packaging of a product when assessing for confusion, would “curtail the right of the proprietor of the registered mark to use his mark with packaging of that colour”.¹² It should be no real surprise that in *Staywell*, the court widened the rule against packaging into a more general principle – that any factor which was “susceptible to change by a trader from time to time” would not be admissible in the confusion inquiry.¹³ The notional fair use approach, which recognises the proprietor’s right to apply his mark to a “penumbra of notional fair uses”,¹⁴ can also be seen to flow from the same intent to give the registered proprietor the full lay of the land within the registered specification, rather than confine him to operating in a particular slice of that specification.

8 [2013] 2 SLR 941.

9 *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd* [2013] 2 SLR 941 at [87].

10 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [29]–[83].

11 *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd* [2013] 2 SLR 941 at [87].

12 *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd* [2013] 2 SLR 941 at [85(c)(iv)].

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

14 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [59].

6 Taken together therefore, the notional fair use approach and the tightening of the range of admissible extraneous factors at the confusion-inquiry stage in *Staywell* represent a definite shift in judicial philosophy towards more robust protection of registered trade marks. By widening the comparator against which junior marks (whether marks seeking registration or allegedly infringing marks) are assessed to the whole spectrum of notional fair uses to which the *senior* mark can be put, the potential for overlap is vastly increased. Further, in opposition cases consideration of the particular circumstances of actual use to which *both* the junior and senior marks have been put is completely jettisoned,¹⁵ leaving the battle to be fought largely on the ground of the objective similarity of the marks themselves, and the court's understanding of scope of the specification and consumer patterns within that specification. This pro-mark approach is open to criticism.

A. Criticism of the pro-mark approach

(1) Too abstract

7 The first obvious criticism is that this removes trade mark law too far from the realms of commercial reality and represents an unwarranted expansion of the registered proprietor's rights with no corresponding reduction of confusion to society. Such a view was alluded to in *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd*¹⁶ ("*Polo (HC)*") and more recently in *Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA*¹⁷ ("*Sarika*"). In *Polo (HC)*, the question was whether the defendant's use of the sign "POLO PACIFIC" on its t-shirts, infringed the plaintiff's "POLO" word mark which was registered in relation to t-shirts (amongst other products under class 25 of the ICGS). In the course of expounding on the correct test to be applied in conducting the confusion inquiry, the High Court opined that extraneous factors ought to be considered. Key amongst the court's reasons for the inclusion of extraneous factors was that:¹⁸

The protection that the law offers to a registered proprietor of a trade mark is wide but it is not infinite. The ambit of that protection should be guided by *the underlying aim of a trade marks regime, which is to ensure that consumers do not confuse the trade source of one product with another*. For instance, where the consideration of other matters can assist the court in drawing the line at cases where the likelihood of

15 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [84].

16 [2005] 4 SLR(R) 816.

17 [2013] 1 SLR 531 at [61].

18 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816 at [19].

confusion is merely imaginary, there is no reason not to do so. Otherwise, the law will end up extending protection where none is needed. [emphasis added]

Applying this guiding principle, the court explained that the significance of extraneous factors in the confusion inquiry would be to guide the court's assessment as to whether any likelihood of confusion arising from the similarity of the competing marks and goods was "a real one or whether it [was] merely speculative or hypothetical". In the court's view, "where the infringer has taken sufficient steps to distinguish his goods from the plaintiff's such that the likelihood of confusion becomes a mere possibility, there is no infringement".¹⁹ The High Court and later the Court of Appeal therefore took into account the disparate pricing and packaging of the parties' respective t-shirts in concluding that a consumer would not likely be confused. It can be said that the *Polo (HC)* approach to the confusion inquiry was much more rooted in the reality of whether consumers, considering all the information available to them at the point of purchase, would likely be confused.

8 Conversely, the Court of Appeal in *Staywell* chose to disregard differences between products which were created by a trader's "superficial marketing choices"²⁰ in assessing whether confusion was likely. This approach tends to abstract the confusion inquiry from factors which, although not inherent to the nature of the product in question, nonetheless shape the consumer's understanding of the product in question. The result is that the category of marks which are denied registration might turn out to be over-inclusive, if the primary aim of the trade mark registration regime is to prevent the incidence of confusion.

(2) *Creates uncertainty in litigation*

9 Another criticism is uncertainty. This pertains especially to the line drawn between admissible and inadmissible extraneous factors. At a time when all manner of factors were accepted as relevant considerations going to the likelihood of confusion, there was clarity in the sense that no abstract lines were drawn based on the categorisation of the extraneous factors. In other words, as long as a trader could point to something which would inform the purchasing process, it was relevant. With the Court of Appeal's new guidelines, it seems inevitable that litigation will spring up around whether a factor should be classified as one which is "inherent in the goods" and therefore

19 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816 at [22].

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

admissible, or a “superficial marketing choice” and therefore inadmissible.²¹ One can imagine the questions that will be asked: is the tendency for insurance products under class 36 to be sold with much personal advice from the insurance agent a factor “inherent” in the product of insurance service or a “superficial marketing choice”? Can the vastly different pricing of different types of, say, watches falling under class 14, ever be regarded as a factor “inherent” to that type or range of watch, or merely a “superficial marketing choice”? The permutations are infinite. A related observation is that the Court of Appeal’s reinvigorated focus on the “consumer perception” element of the confusion inquiry may lead to a proliferation of expert evidence or survey evidence on consumer psychology and purchasing patterns relating to particular types of goods and services. While such evidence may increase the court’s understanding of the marketplace and ultimately improve the accuracy of the court’s finding on confusion, the countervailing consideration is increased litigation costs.²² It will be necessary for the court to take a vigilant approach toward admission of such evidence and to “ensure that unnecessary, irrelevant and potentially distracting expert and survey evidence is not allowed to extend and complicate court proceedings”.²³

(3) *Goes further than the UK and EU*

10 It may also be noted that the position reached in *Staywell* on notional fair use and the admission of extraneous factors is more expressly pro-mark than the approach taken in the UK and the European Union (“EU”) currently.

11 With regards to extraneous factors, the recent decisions of the UK courts and European Court of Justice (“ECJ”) in the *Specsavers International Healthcare Ltd v Asda Stores Ltd*²⁴ (“*Specsavers*”) litigation may be taken as an example. The decision of the English Court of Appeal was in fact cited in *Staywell* in support of an approach which did not completely shut out extraneous factors from the confusion inquiry.²⁵ Delivering the Court of Appeal’s decision, Kitchin LJ said that in assessing confusion the court must:²⁶

21 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816 at [22].

22 For this, see David Llewelyn, “The Use of Experts in Legal Proceedings in Singapore Involving Intellectual Property Rights” (2013) 25 SAclJ 480.

23 See *Masterpiece Inc v Alavida Lifestyles Inc* [2011] 2 SCR 387 at [76].

24 [2012] FSR 19.

25 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [74].

26 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] FSR 19 at [87].

... consider the matter from the perspective of the average consumer of the goods or services in question and must take into account all the circumstances of that use that are likely to operate in that average consumer's mind in considering the sign and the impression it is likely to make on him.

To that end he *admitted* considerations such as the defendant's use of a strapline alongside its allegedly infringing sign in its advertising campaign, as well as the "posters and other materials on which [the signs] were used".²⁷ In the result, no confusion was found. The court then sought a preliminary ruling from the ECJ on the question of whether, if a mark had not been registered in colour but the proprietor had used it extensively in a particular colour, this factor could be taken into account when assessing whether the defendant's use of its impugned sign in the same colour would cause confusion. The ECJ ruled that the use of the particular colour *could* be taken into consideration because the use of colour:²⁸

... affects how the average consumer of the goods at issue perceives that trade mark, and [is], therefore, liable to increase the likelihood of confusion or association between the earlier trade mark and the sign alleged to infringe it.

Under the new approach in *Staywell*, it is doubtful that a factor such as the extensive use of a certain colour alongside a mark (which had not been registered in colour) would be an admissible consideration, given that it is precisely the type of trait which is susceptible to change by the proprietor from time to time.²⁹ It is almost certain that factors like straplines/disclaimers and collateral marketing material would not be considered.

12 In another recent infringement case, *Stichting BDO v BDO Unibank Inc*³⁰ ("*Stichting*"), the English High Court again considered the "context of the use of the [defendants'] sign" in the confusion inquiry. The defendants offered remittance services mainly to foreign workers in the UK, under a sign which the court found very similar to the plaintiff's registered trade mark. The plaintiff's mark was registered in classes 35 (accountancy services), 36 (fiscal assessments and related services) and 42 (arbitration and mediation). Arnold J found that there was a low degree of similarity between the defendants' services and the plaintiff's registered services. In determining whether there was a likelihood of confusion, he took into account the fact that the

27 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] FSR 19 at [88].

28 *Specsavers International Healthcare Ltd v Asda Stores Ltd* C-252/12 (18 July 2013) at [37]–[38] and [41].

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

30 [2013] EWHC 418.

defendants' sign was often used on posters and flyers which contained Filipino and English text and on materials that made express reference to the defendants.³¹ He also had regard to the disparity between the environments in which the parties' services were offered – the defendants' services were offered out of small, high street counters, whereas the plaintiff's involved personalised consultation usually conducted in offices.³² These considerations, together with his findings of the low degree of services-similarity and a relatively high degree of consumer attention that would be paid in respect of financial services, led him to find that there was no likelihood of confusion. Arnold J's approach can hardly be said to be an unrestrained admission of extraneous factors at large; his contextual assessment was clearly aimed at accounting for the various factors which would determine the effect of the relative mark and product-similarities on the consumer. It is also not easy to say whether the disparate "environments" in which the parties' services were offered were factors inherent to the respective services (and therefore admissible under the *Staywell* approach) or were a product of marketing choice and susceptible to change from time to time (not admissible under the *Staywell* approach). In any case, *Stichting* appears to present a slightly more liberal approach to the admission of extraneous factors in the confusion inquiry than what is suggested in *Staywell*.

13 It may be argued that the more liberal admission of extraneous factors exemplified in the *Specsavers* cases and in *Stichting*, as opposed to the more restrictive approach in *Staywell*, results from the application of the global appreciation approach to the confusion inquiry in the former cases as opposed to the so-called step-by-step approach in the latter. The global appreciation approach was formulated in the seminal ECJ decision in *Sabel BV v Puma AG, Rudolf Dassler Sport*³³ ("*Sabel*"), and is based on the tenth recital to the European First Council Directive 89/104³⁴ which states that the likelihood of confusion "depends on numerous elements".³⁵ Accordingly the court is invited to take into account "all the factors relevant to the circumstances of the case"³⁶ when answering the "single composite question" of whether the similarities between the marks and products in question would combine to create a likelihood of confusion.³⁷ This global assessment of "all the

31 *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 at [162].

32 *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 at [158], [159] and [162].

33 *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 199 at 223–224.

34 First Council Directive 89/104/EEC (21 December 1988) (to approximate the laws of the Member States relating to trade marks).

35 See also *Claude Ruiz-Picasso v Office for Harmonisation* Case C-361/04 [2006] ECR I-643 at [18].

36 *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 199 at 223–224.

37 BALMORAL Trade Mark [1999] RPC 297 at 301; *James' Trade Mark Application* [2005] ETMR 93 at 1102–1103; *Claude Ruiz-Picasso v Office for Harmonisation* (cont'd on the next page)

circumstances” contributing to consumer perception has been applied widely in European³⁸ and English³⁹ jurisprudence, without the courts expressly circumscribing the types of factors or circumstances which can be considered. The global appreciation approach is often contrasted with the step-by-step approach which is applied in Singapore. Under the step-by-step approach, the conditions of marks-similarity, products-similarity and the likelihood of confusion are set out as three discrete questions which the court must determine systematically. Only where the first two conditions are established may the court proceed to ask whether the presence of those two conditions leads to a likelihood of confusion.⁴⁰ In this way, the step-by-step approach is more structured than the global appreciation approach. So, was a strict application of the step-by-step approach as opposed to the global appreciation approach the reason behind the restrictive treatment of extraneous factors in *Staywell*? This writer suggests not. The circumscription of admissible extraneous factors is not an unavoidable result of choosing to apply the step-by-step approach instead of the global appreciation approach. *Both* approaches require the similarity of marks and the similarity of products to be established as essential elements of any ensuing confusion.⁴¹ The “ultimate question” under both approaches is whether such similarity *gives rise to* a likelihood of confusion. In answering this question, the court applying either approach may opt to admit or reject extraneous factors which inform the circumstances in which a consumer perceives the similar marks and similar products. This being the case, it would have been just as much open to the court in *Staywell*, applying the step-by-step approach, to admit all extraneous factors without restriction when it reached the final “step” of assessing whether the similarity of marks and products did, in all the circumstances, give rise to a likelihood of confusion. Indeed this was precisely what the

Case C-361/04 [2006] ECR I-643 at [25]. See also Lionel Bently & Brad Sherman, *Intellectual Property Law* (Oxford University Press, 3rd Ed, 2009) at p 854.

38 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507 at [16]–[17]; *Lloyd Schuhfabrik Meyer v Klijsen Handel BV* Case C-342/97 [1999] 2 CMLR 1343 at 1352; *Marca Mode CV v Adidas AG* [2000] ECR I-4861 at [40].

39 *Reed Executive plc v Reed Business Information Ltd* [2004] EWCA Civ 159 at [82]; *Julius Sämaan Ltd v Tetrosyl Ltd* [2006] EWHC 529 at [51]; *Interflora Inc v Marks & Spencer plc* [2013] EWHC 1291 at [183]–[184].

40 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816 at [11]; *Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA* [2013] 1 SLR 531 at [14]; *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [15].

41 For an explanation of how the global appreciation approach, like the step-by-step approach, requires that any confusion arise from established similarity between marks and similarity between products, see Ng-Loy Wee Loon, “The Polo Match in Singapore: England vs Europe? *The Polo/Lauren Co LP v Shop in Department Store Pte Ltd*” [2006] 28(4) EIPR 250. See also *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507 at [22].

court did in *Polo (HC)*,⁴² *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd (CA)*,⁴³ *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier*⁴⁴ and *Sarika*⁴⁵ when it applied the step-by-step approach and yet liberally admitted extraneous factors. It is submitted therefore that the limitation of admissible extraneous factors in *Staywell* was *not* the inevitable result of applying the step-by-step approach, but rather a specific policy decision taken to strengthen the protection given to registered trade marks.

14 That said, there is a common thread running through the *Specsavers* cases, *Stichting*, and *Staywell*, and that is the court's concern with apprising itself of the perception of the consumer in conducting the confusion inquiry. In all these cases extraneous factors (whether many or few) were admitted for the specific purpose of understanding the context in which the consumer perceived the relevant marks and products. This emphasis on viewing the marks and products from the consumer's point of view is entirely in line with what is required under Singapore,⁴⁶ English⁴⁷ and European⁴⁸ legislation. The relevant sections in each of these statutes invite the court to consider confusion arising from the *perception of the marks and products in the mind of the average consumer*.⁴⁹

15 Turning to the notional fair use approach, the court in *Staywell* stated that notional fair use of marks should be considered not only in opposition but also infringement proceedings. When assessing for confusion in infringement proceedings, the comparison is to be made between the *actual use* of the allegedly infringing mark has been put, and all the *possible uses* of the incumbent mark within its registered specification(s).⁵⁰ The court in *Staywell* was in fact endorsing the English court's approach in the infringement case of *Compass Publishing BV v*

42 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816 at [36]–[37].

43 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2006] 2 SLR(R) 690 at [28] and [34].

44 *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 at [59]–[60].

45 *Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA* [2013] 1 SLR 531 at [66].

46 Trade Marks Act (Cap 332, 2005 Rev Ed) ss 8(2) and 27(2).

47 Trade Marks Act 1994 (c 26) (UK) ss 5(2) and 10(2).

48 First Council Directive 89/104/EEC (21 December 1988) (to approximate the laws of the Member States relating to trade marks) Arts 4(1)(b) and 5(1)(b).

49 *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 199 at [23]; *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd* [2013] 2 SLR 941 at [87(c)]; *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [65].

50 *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [50] and [163(f)].

*Compass Logistics Ltd.*⁵¹ The rationale for considering all the possible fair uses of the registered mark in infringement proceedings is that once a mark is registered, the proprietor obtains the exclusive right to use the mark across the entire breadth of the specification, rather than only the limited segment of the specification in which he presently operates. While the approach makes eminent sense in theory, however, some English cases suggest that it can be counterintuitive in practice. In the recent infringement/revocation case of *Maier v Asos plc*⁵² (“*Maier*”), for example, the English High Court considered whether the defendant’s use of the sign “ASOS” in respect of a wide range of fashion clothing and accessories was likely to create confusion with the plaintiff’s mark, “ASSOS”, which was registered in respect of class 25 for specialist clothing for racing cyclists and casual wear including track-suits, t-shirts, polo shirts, caps and jackets. The court noted that the confusion inquiry was not limited to considering the average consumers of the products that the plaintiff actually sold, but rather the average consumer of all products fairly falling within the bounds of the registration.⁵³ In other words, it rightly considered all the notional fair uses to which the plaintiff’s registered mark could be put. However, the court then went on to consider that consumers of the plaintiff’s goods were likely to exercise care because most of the plaintiff’s goods were expensive, and that there was no indication that the plaintiff intended to expand into the market for cheaper products.⁵⁴ In so limiting its consideration, the court in *Maier* effectively based its assessment of confusion on only the present, actual use to which the plaintiff’s mark had been put (*ie*, on an expensive variety of a specification), rather than the whole spectrum of notional fair uses falling within the relevant specification. This approach appears attractive in that it captures what is really happening in the marketplace. Distinct pricing and targeting specific segments of consumers are factors that distinguish goods and services, and make confusion less likely. The case illustrates the practical difficulty of applying the notional fair use approach in fact situations which tempt the court to consider actual use rather than the somewhat abstract idea of notional fair use.

51 [2004] RPC 41 at [22] and [26].

52 [2013] EWHC 2831.

53 *Maier v Asos plc* [2013] EWHC 2831 at [91].

54 *Maier v Asos plc* [2013] EWHC 2831 at [92].

B. Benefits of a pro-mark approach*(1) Robust protection for the registered proprietor*

16 On another view, however, the court's nailing of its colours to the pro-mark mast is a step in the right direction. One reason is that such an approach vindicates the full spectrum of rights which come with registration of a trade mark for a particular specification. The recognition of notional fair use of a mark as the basis for assessing confusion, and the exclusion of certain extraneous factors that may differentiate products, mean that the incumbent proprietor's right to expand the use of his mark into other goods and services in the future, as long as they remain within the specification of his registration, and to change his marketing practices with respect to those goods and services, is protected. At the same time, a successful applicant is assured of his freedom to now use his mark in respect of *all* products falling under the registered specification and to market his goods in *any way*, rather than being granted a "qualified" right – on the basis that he can only use his mark on that slice of services within the specification which he presently produces, and/or subject to his adopting a particular type of packaging or using a certain design for his website.

(2) Certainty on the trade marks register

17 Second, this approach creates greater certainty on the trade marks register. The specifications associated with a particular mark on the register will be fully reflective of all the goods and services to which that mark can be legitimately applied, without any qualifications. It has been pointed out that one of the key objectives of a registration regime is to facilitate easy determination of what trade marks are already protected and to what extent.⁵⁵ This certainty would be eroded if unregistered traders were in effect permitted to operate within the scope of what was stated on the register to be the registered proprietor's exclusive rights, and to deflect infringement liability by differentiating their products using transient marketing practices whose effectiveness and consistency could also change over time.

55 Ng-Loy Wee Loon, "Developments in Singapore Trade Mark Law 2006–2010: Confusion-based Protection and Beyond" in *SAL Conference 2011: Developments in Singapore Law between 2006 and 2010 – Trends and Perspectives* (Yeo Tiong Min, Hans Tjio & Tang Hang Wu gen eds) (Academy Publishing, 2011) at pp 349–373, para 18.

(3) *Registration offers greater protection than the common law*

18 Third, the approach gives the trade mark registration regime a definite edge over the protection offered under the tort of passing-off at common law. Under the law of passing-off, a senior user has to prove the “classic trinity”⁵⁶ of goodwill, misrepresentation and damage. The goodwill element is difficult to establish – the trader must prove that its indicia has become specifically and exclusively associated with its business in the minds of substantial numbers of the relevant public⁵⁷ and that the trader’s level of custom is causally linked to the public’s recognition of its indicia rather than a product of other circumstances.⁵⁸ A trader who has yet to commence business will find it impossible to establish goodwill save if it has carried out significant levels of pre-trade advertising, the requisite level of which can prove elusive.⁵⁹ As for the misrepresentation element of the tort, the assessment of whether the defendant has misrepresented his goods to be that of the plaintiff is not restricted to confusion created by the use of similar or identical marks, but takes into account all the circumstances which might lead a consumer to be confused. This is because the tort of passing-off does not directly protect marks *per se*, but only the right of property in the business or goodwill in connection with which the mark is used.⁶⁰ A junior trader using a mark similar to an earlier mark can therefore avoid passing-off liability by otherwise distinguishing his business using distinct advertising, packaging, disclaimers, or anything else which dispels consumer confusion.⁶¹ Therefore, a trader seeking direct protection of his mark might find the incidental protection of marks offered by the common law thin. In contrast, the trade mark registration regime protects the proprietary rights in the owner’s *trade mark* and nothing else.⁶² The trader who goes through the trouble of registering his mark rather than relying on common law protection will therefore have the expectation that the exclusivity of the registered mark will be protected from confusingly similar signs, regardless of whether the third party user of such a sign is able to use other distinguishing features external to the mark/sign to negate any misapprehension emanating from the similarity between the mark and sign, and between the parties’ products.

56 *Consorzio de Prosciutto di Parma v Marks & Spencer plc* [1991] RPC 351 at 368; *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216 at [37].

57 *Reckitt & Colman Ltd v Borden Inc* [1990] RPC 341 at 406.

58 *HFC Bank v Midland Bank* [2000] FSR 176 at 183; *Super Coffeemix Manufacturing Ltd v Unico Trading Pte Ltd* [2000] 2 SLR(R) 214 at [58].

59 *Marcus Publishing plc v Hutton-Wild Communications Ltd* [1990] RPC 576 at 583; *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc* [2014] 1 SLR 911 at [147]–[148].

60 *Star Industrial Co Ltd v Yap Kwee Kor* [1976] FSR 256 at 269.

61 Contrast, for example, the reasoning behind the successful trade mark infringement claim under Art 5(1)(b) of the First Council Directive 89/104/EEC
(*cont’d on the next page*)

(4) *No monopoly in the underlying product*

19 A final point to note is that the societal cost of an overprotective trade mark regime is recognised to be less severe than an overprotective patent or copyright regime.⁶³ It has been pointed out that a trade mark “quite simply, is not a monopoly in the underlying good, and no product market has ever been defined as narrowly as a single brand”.⁶⁴ The refusal of registration or an injunction incident upon liability for trade mark infringement does not directly foreclose the trader’s ability to sell his products on the market – he just has to select a different mark. Society is therefore not deprived of enjoying the product, or the benefit of increased variety and competition. The cost of a protective regime is borne largely by the individual trader, who has to develop a new mark and cultivate market awareness. This is not to say that cost is therefore not an issue – the cost to the trader can be significant, particularly in situations where there has already been actual use of the impugned mark, and in some circumstances the cost of developing a new mark could possibly lead to the product not being offered at all. However, it would be a very rare case in which the inability to use a particular mark leads to the product being withdrawn entirely. Further, to the extent that concerns of an overprotective trade mark registration regime relate to the stifling of enterprise, it must be noted that the cost of being unable to ride on an established reputation and having to create and cultivate a new mark from scratch is by definition a cost most likely to hit established traders rather than start-up businesses seeking their first trade mark registration. The point at which the local start-up seeks to register its mark before commencement of trading is the point at which there is the highest degree of substitutability and hence a low cost of exchange,⁶⁵ assuming that the number of suitable alternative signs is infinite. And once the start-up has selected a suitable mark and successfully registered it, it will itself be able to enjoy the robust protection granted to all marks on the register.

(21 December 1988) (to approximate the laws of the Member States relating to trade marks) and the unsuccessful passing-off claim in *Julius Sämaan Ltd v Tetrosyl Ltd* [2006] EWHC 529 at [52] and [118] respectively.

62 *The Polo/Lauren Co, LP v Shop In Department Store Pte Ltd* [2005] 4 SLR(R) 816 at [15].

63 Lionel Bently & Brad Sherman, *Intellectual Property Law* (Oxford University Press, 3rd Ed, 2009) at pp 715–716.

64 Jerre Swann & Theodore Davis, “Dilution: An Idea Whose Time Has Gone: Brand Equity as Protectable Property, the New/Old Paradigm” (1994) 84 TM Rep 267 at 285.

65 William Landes & Richard Posner “The Economics of Trademark Law” (1988) 78 TM Rep 267 at 268–269.

IV. Conclusion

20 With *Hai Tong* and now *Staywell*, the court has embarked on a strong rights-based approach to trade mark law that is grounded in the exclusive, proprietary nature of the trade mark. The desire to shape the law in strict accordance with the framework and language of the Act is also very palpable in these decisions. The court's approach is of course open to criticism, but at the same time it furthers some important policy goals. It will be interesting to see whether *Staywell* can serve as a practicable guide across the whole range of fact patterns which will inevitably arise in this varied area of the law, or if further refinements need be made.
