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Q245

Taking unfair advantage of trademarks: parasitism and free riding

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I. Current law and practice

1) Do the laws of your jurisdiction provide for protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or

yes

Please comment:

The Singapore Trade Marks Act ("TMA") protects a trade mark "**well known to the public at large in Singapore**" (hereafter referred to as a "famous mark") against the taking of unfair advantage of its distinctive character (see s55(3)(b)(ii), s8(4)(b)(ii)(B), and s23(3)(a)(iii) TMA).

In particular, if another mark seeks to "take unfair advantage of the distinctive character of" a famous mark in Singapore, the owner is entitled to:

- restrain use of the other mark (s55(3)(b)(ii) TMA)
- prevent registration of the other mark in relation to any goods or services (s8(4)(b)(ii)(B) TMA)

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

no

Please comment:

For the questions below, if b. applies either separately or in addition to a., please make that clear in any relevant answer.

2) What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.

See Q1. “Taking unfair advantage” is not defined in the TMA. However, the Court of Appeal has associated “unfair advantage” with “free-riding” (see *Novelty Pte Ltd v Amanresorts Ltd* [2009] 3 SLR(R) 216). Please note that in Singapore (unlike the US), protection of famous marks against the taking of “unfair advantage” is distinct from protection of famous marks against dilution (provided for under s8(4)(b)(ii)(A) and 55(3)(b)(i) TMA).

3) If such protection is available, what is the basis for the protection, e.g. trademark law (distinguishing between unregistered and registered trademarks where relevant), unfair competition, consumer protection law, common law? If multiple causes of action are available, is there an interaction between them, and if so, what?

The basis of protection is statutory in nature. A famous mark need not be registered in Singapore to enjoy such protection.

4) What are the elements of any available cause of action, e.g. the requirement for the trademark to be registered, reputation in the trademark, establishment of a link or association with the trademark, bad faith, change in the economic behaviour of consumers, actual advantage, potential future advantage? How are they proven?

The primary requirement is that the mark must be well known to the public at large in Singapore. Registration is not a pre-requisite.

In *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382, the Court of Appeal confirmed this important point. In determining whether a trade mark is “well-known to the public at large”, regard must certainly be had to section 2(7) of the Singapore Trade Marks Act which sets out the matters which are relevant for consideration in the determination of whether a mark is well-known.

However, a distinction must be made between marks that are “well-known in Singapore” in that they are “well-known to any relevant sector of the public in Singapore” and marks that are “well-known to the public at large”. The latter must “necessarily enjoy a much higher degree of recognition” and “must be recognised by most sectors of the public” even though the Court of Appeal “would not go so far as to say *all sectors* of the public”.

The other mark must be shown to be identical with or similar (but not necessarily confusingly similar to the public) to the famous mark. Protection may be extended to any goods or services.

A good indicator of that there has been “taking unfair advantage” is where there was an impact on the economic behavior of the consumer, but it is not always conclusive. See Ferrero SpA v Sarika Connoisseur Café Pte Ltd [2011] SGHC 176.

5) Further to question 4):

a) what degree of reputation, if any, in the trademark is required?

The mark must be “well known to the public at large in Singapore”.

b) who bears the burden of proof regarding the requirements?

The owner of the famous mark.

c) must the use at issue cause confusion?

no

Please comment:

There is no statutory definition of "taking unfair advantage" and the Singapore High Court in Ferrero SpA v Sarika Connoisseur Café Pte Ltd [2011] SGHC 176 has followed the definition given by the CJEU in L'Oreal SA v Bellure NV [2010] RPC 23 at [41], that is an attempt by a trader to increase his sales by "free riding" or like a parasite feeding on the reputation of the earlier trade mark. Confusion is not necessary (see *Novelty v Amanresorts*).

However, case law in Singapore suggests that the existence of a mental association between the two marks *per se* is not sufficient. It must also be shown that there is a serious and real risk that as a result of this mental association, there is taking of unfair advantage of the distinctive character of the earlier well known mark. See Ferrero SpA v Sarika Connoisseur Café Pte Ltd [2011] SGHC 176.

d) can the protection be invoked in case of both similar and dissimilar goods/services?

yes

Please comment:

The protection may be invoked in relation to "any goods or services".

e) are there any other factors, even if not a separate requirement, that may be relevant, and if so, what are they?

A relevant factor include whether the mark for which protection is sought is considered "well known" in Singapore. Whether a mark is "well known" depends on the following (s2(7) TMA):

- the degree to which the mark is known to or recognised by any relevant sector of the public in Singapore
- the duration, extent and geographical area of any use or promotion of the mark
- trade mark registration or application for the mark abroad
- successful enforcement of the mark abroad
- value associated with the mark

6) Are there any defences against and/or limitations to the protection?

yes

If so, what are they, and what are the elements of such defences/limitations?:

There are defences against and/or limitations to the protection. For example, the owner is not entitled to restrain another mark if the other mark:

- was in use earlier (s55(6) TMA)
- was used continuously for 5 years with the acquiescence of the owner of the famous (s55(7) TMA)
- is the name of the person himself or the name of his place of business (s55A(1)(a) TMA)
- was used in a descriptive sense (s55A(1)(b) TMA)
- was used to indicate the intended purpose of goods or services (s55A(1)(c) TMA)

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- was also a registered trade mark in Singapore (s55A(2) TMA)
- was used fairly (s55A(3) TMA)

7) Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of "unfairness". For example, is it a defence that the use is with "due cause" (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be "unfair"? Or is this just a matter of a shifted burden of proof?

The defendant generally bears the burden of proof in relation to any defences and/or limitations identified in Q6.

8) If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?

If one of the defences (stated in the answer to Q6) is available, then the free rider would be allowed to use his mark without the owner’s consent (assuming other trade mark rights are not enjoyed by the owner, eg, registration rights).

Whether the free rider may obtain trade mark registration depends separately on whether the conditions set out for registration are met (ie, absolute grounds and relative grounds for refusal).

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

Protection can be invoked to

- restrain by injunction the use of the other mark in civil proceedings (s55(3)(b)(ii) TMA)
- block registration of a mark as a relative ground for refusal (s8(4)(b)(ii)(B) TMA) in opposition proceedings

b) court in other proceedings;

no

Please comment:

c) opposition proceedings;

yes

Please comment:

d) any other?

no

Please comment:

10) If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.

The requirements for the proceedings identified in Q9 are the same in that the other mark must "take unfair advantage of the distinctive character" of the famous mark.

II Policy considerations and proposals for improvements of the current law

11) Should there be protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

Why?:

There should be protection against the taking of unfair advantage of trade marks as defined in these Working Guidelines. Free-riders should not be allowed to unfairly benefit from reputation and distinctive character of famous mark.

The objective of this law is to accord protection to famous marks that goes beyond consumer confusion. The difficulty is in identifying the boundaries of liabilities.

b) use that is similar but outside the scope of the definition in these Working Guidelines?

no

Why not?:

12) Is the basis for protection or the cause of action relevant?

yes

Why?:

The writer assumes the question is asking whether protection should be accorded under trade mark laws as opposed to other laws (eg, unfair competition). The answer is "yes" because a famous mark is essentially a trade mark.

However, it should be borne in mind that the basic function of a trade mark is to serve as a badge of origin or quality and such function may suffer if traders are able to use a mark to cause market confusion about the origin or quality. It is arguable that putting aside the need for confusion of the public in Singapore to restrain the taking unfair advantage of famous marks is straining this function. For example, some countries have addressed such protection under a different body of law (eg, unfair competition law in China, Japan and Korea).

13) Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above?

no

Why not?:

In particular, given that protection may arise even in the absence of confusion, it is arguably inappropriate to lower the higher bar of criminal liability to extend protection to criminal enforcement proceedings.

14) How can your current law as it applies to the taking of unfair advantage of trademarks and/or the interpretation thereof (in particular, in case law) be improved?

The current state of law in Singapore in this regard appears to strike a fair balance between the interests of a famous mark owner and public interest. No improvements are proposed.

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

If yes, please respond to the following questions without regard to your national or regional laws. Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

16) If your answer to question 11) is no in respect of a. and/or b., is it your view that no such protection should be available anywhere?

Not applicable.

17) Should there be harmonisation of the definition of:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

If so, please provide any definition you consider to be appropriate.:

Rather than specify a definition, it is suggested that the definition should address at least the following issues:

- whether a likelihood of confusion of the public is required to successfully restrain use/registration by a free rider, and if not, what minimum level of similarity is required
- whether protection should be extended to marks enjoying niche fame as opposed to general fame
- what constitutes “unfair”
- what level of evidence is required to distinguish a mark enjoying niche fame from one enjoying general fame

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

no

Please comment:

18) What should the basis for protection/cause(s) of action be?

A plausible basis for protection is the function of a trade mark.

In Singapore, the function of a trade mark is generally taken to be as indicators of trade origin. Elsewhere, courts have also recognised trade marks as guarantees of quality and as tools for advertising and building brand equity.

19) What should the requirements for protection be? In your answer, please address at least the following, in addition to any other relevant factors: what level of reputation, if any, in the trademark should be required, and who should bear the burden of proof?

In our opinion, the requirements for protection should be set sufficiently high compared to normal trade marks. The following may be relevant:

- the scope of reputation (eg, whether the reputation does not go beyond a niche sector of the public)
- a requirement that the plaintiff should bear the main burden of proof
- the level of similarity short of confusing similarity

20) What defences against and/or limitations to the protection should be available? Please state the proposed requirements for any defence/limitation, and the effect of any defence/limitation.

We repeat our answers to Q6 and Q8

21) Who should bear the burden of proof in respect of any defences and/or limitations?

See our answer to Q19.

22) In what type(s) of proceedings should it be possible to invoke the protection?

See our answer to Q9 and Q13.

Summary

Please comment on any additional issues concerning the taking advantage of trademarks in the sense of parasitism and free riding you consider relevant to this Working Question.

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