Challenger Technologies Limited *v* Courts (Singapore) Pte Ltd [2015] SGHC 218

Case Number	: Suit No 455 of 2015 (Summons No 2421 of 2015)
Decision Date	: 21 August 2015
Tribunal/Court	: High Court
Coram	: George Wei J
Counsel Name(s)	: Raymund A. Anthony and Mitchel Chua (Gateway Law Corporation) for the plaintiff; Melvin Pang (Amica Law LLC) for the defendant.
Parties	: Challenger Technologies Limited — Courts (Singapore) Pte Ltd

Civil Procedure – injunctions

21 August 2015

George Wei J:

Introduction

1 This was the plaintiff's application for an injunction to restrain the defendant from:

(a) Infringing the plaintiff's trademarks and/or using the plaintiff's trade name, in the form of advertisements whether by publication, exhibition or issuing to the public copies of advertisements or materials bearing the plaintiff's trademarks and/or trade name, whether online or otherwise, without the licence or permission of the plaintiff; and

(b) Otherwise falsely representing, whether online or otherwise, to any person that the defendant's "3SIXT" electronic products and/or other related products are "Guaranteed 10% Cheaper Than Any CHALLENGER" and that the defendant's "3SIXT" electronic products and/or other related products are "Guaranteed At Least 10% Cheaper Than Any CHALLENGER". [note: 1]

2 I dismissed the plaintiff's application and awarded costs of $4,000 (all-in) to the defendant. The plaintiff has appealed and I now give my grounds of decision.

Background

3 Both parties are retailers in Singapore. The plaintiff is an IT retailer that operates stores in Singapore and Malaysia. The defendant is an electrical, IT and furniture retailer in Southeast Asia. The dispute arose out of a marketing campaign launched by the defendant to drive awareness of a new mobile accessories brand, "3SIXT".

4 On 2 May 2015, the defendant caused to be published in The Straits Times a ¾ page advertisement containing the words "Guaranteed At least 10% Cheaper Than Any CHALLENGER". [note: 2]

5 Subsequently, on 9 May 2015, a similar advertisement was run in the Straits Times. The second advertisement also bore the words "Guaranteed At least 10% Cheaper Than Any CHALLENGER". [note:

[3] On the same day, the plaintiff discovered that advertisements on the defendant's website bore the words "Guaranteed 10% cheaper than any CHALLENGER". The words "At least" had been omitted from the online advertisements. [note: 4]

6 On 17 May 2015, the plaintiff's employees discovered that a poster of the defendant's advertisement had been pasted at the entrance of the defendant's store at Causeway Point. [note: 5]

7 On 28 May 2015, the Plaintiff's Team found that the advertisement containing the words "Guaranteed At least 10% Cheaper Than Any CHALLENGER" was displayed on the website www.singpromos.com. On the same day, the defendant's Facebook page was also found to be displaying pictures of the advertisements.

8 On 2 June 2015, the plaintiff's General Manager of Operations received a copy of the defendant's catalogue which contained an advertisement (similar to those published in The Straits Times) bearing the words "Guaranteed At least 10% Cheaper Than Any Challenger". The copy had been delivered to his home.

9 By a writ dated 8 May 2015, the plaintiff commenced this suit. The plaintiff alleged (1) trade mark infringement, (2) defamation and (3) malicious falsehood.

10 On 5 June 2015, the defendant approached the administrators of www.singpromos.com to request the link that the plaintiff complained of be taken down. The request was complied with on the same day. The Facebook photos were also removed on the same day. The defendant also averred that the catalogue that the plaintiff complained of appeared to have come from the batch which was lodged with SingPost on 19 May 2015 and there were no other batches sent out.

The plaintiff's marks

11 It was undisputed that the plaintiff was the registered proprietor of several trademarks registered in Singapore. It would suffice for our purpose to set out the word marks that the plaintiff is relying on in the present dispute:

(a) T9607360B in Class 9

CHALLENGER

(b) T8906987E in Class 16

CHALLENGER

(c) T9909861D in Class 35

CHALLENGER

12 As is clear from above, the registered marks are word marks, with the word "CHALLENGER" in upper-case alphabets ("the Word Marks"). Significantly, T9607360B is registered in Class 9, which covers, *inter alia*, IT products, electronic products and/or electronic related products; T9909861D is registered in Class 35, which covers *inter alia* retail store and online web store services.

The applicable law

13 The ground is well travelled in this area of the law. The principles governing whether an interim injunction should be granted were laid down by the House of Lords in the leading case of *American Cyanamid Company v Ethicon Limited* [1975] AC 396 ("*American Cyanamid*"). The requirements, in brief, are two-fold:

(a) That there is a serious question to be tried; and

(b) That the balance of convenience lies in favour of granting an injunction.

14 I shall now turn to examine whether the requirements have been satisfied in the instant case.

Serious question to be tried

15 The test laid down in *American Cyanamid* was whether the claimant had a "real prospect of succeeding in his claim for a permanent injunction at the trial" (at p 408). In other words, the claimant has to show that there is a serious issue to be tried. Lord Diplock relevantly said at p 407:

> The use of such expressions as "a probability," "a prima facie case," or "a strong prima facie case" in the context of the exercise of a discretionary power to grant an interlocutory injunction leads to confusion as to the object sought to be achieved by this form of temporary relief. *The court no doubt must be satisfied that the claim is not frivolous or vexatious, in other words, that there is a serious issue to be tried*.
>
> [emphasis added]

16 This limb was expounded upon by A P Rajah J in *Hong Kong Vegetable Oil Co Ltd v Wicker and others* [1977–1978] SLR(R) 65 at [15]:

> Principle 1 "provided that the court is satisfied that there is a serious question to be tried, there is no rule that the party seeking an interlocutory injunction must show a prima facie case". I interpreted this principle to mean that once the court is satisfied that there is a serious question to be tried then the court is not to follow the previous practice of requiring a plaintiff to show a *prima facie* case before granting him an interim injunction. Therefore, in the instant case I was of the view that I had first to decide whether there is in fact and in law a serious question to be tried and again in my view implicit in "a serious question to be tried" is the question whether the action is properly conceived and whether all the proper, necessary and/or interested parties are before the court so that any order made by the court can properly and effectively be implemented. In my judgment, if these elements or any of them are not present then, because of non-compliance with this principle alone, the motion should stand dismissed.

17 The prospects of the plaintiff's success are to be investigated only to a limited extent: *Singapore Civil Procedure 2015* vol I (G P Selvam gen ed) (Sweet and Maxwell, 2015) ("*Singapore Civil Procedure 2015*") at para 29/1/12. As is clear from the preceding passages, this is a low threshold and all that has to be seen is whether the plaintiff has prospects of success, which, in substance and

reality, exist.

The plaintiff's case

18 The plaintiff submitted that there was a serious issue to be tried as there was a *prima facie* case of trade mark infringement under s 27(1) of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("TMA"). Under s 27(1) of the TMA, a person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical to the trade mark in relation to goods or services which are identical with those for which it is registered.

19 The plaintiff argued that the defendant has infringed the plaintiff's trademarks in the course of the "3SIXT" advertising campaign for goods/services that are identical to those protected by the plaintiff's Word Marks in Class 9 and Class 35. The word "CHALLENGER" appeared in the defendant's advertisements in upper-case alphabets, similar to how it appears in the Word Marks.

20 Furthermore, the plaintiff argued that the defendant may not avail itself of the exception contained in s 28(4)(*a*) of the TMA because the defendant's use of the Word Marks was *dishonest*. Section 28(4) of the TMA reads:

> (4) Notwithstanding section 27, a person who uses a registered trade mark does not infringe the trade mark if such use —
>
> (*a*) constitutes fair use in comparative commercial advertising or promotion …

21 The plaintiff's argument was premised on the English High Court's decision in *Barclays Bank Plc v RBS Advanta* [1997] ETMR 199 ("*Barclays Bank*") which concerned the comparative advertising provision contained in s 10(6) of the UK's Trade Marks Act 1994 ("UK TMA"). Section 10(6) of the UK TMA reads:

> Nothing in the preceding provisions of this section shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying the goods or services as those of the proprietor or a licensee.
>
> But any such use otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

22 In *Barclays Bank*, it was held that the primary object of s 10(6) of the UK TMA "was to allow comparative advertising, but with the proviso that use of a competitor's mark be 'honest' (p 200). The test of honesty is an objective one, and the court stated (at p 208):

> … If, on the other hand, a reasonable reader is likely to say, on being given the full facts, that the advertisement is not honest, for example because it is significantly misleading, then the protection from trade mark infringement is removed.

23 The court went on to hold that a defendant would not be able to avail itself of the exception where the use would "give some advantage to the defendant or inflict some harm on the character or repute of the registered trade mark which is above the level of *de minimis*" (at p 209).

24 On the authority of *Barclays Bank*, the plaintiff asked that an element of honesty be read into s 28(4)(*a*) of the TMA. The plaintiff took the position that the defendant's use of the Word Marks was

"not honest and [was] misleading" [note: 6] because the defendant's products were not at least 10% cheaper than comparable products sold by the plaintiff. In addition, the plaintiff submitted that the defendant used the marks to gain an advantage via association to the plaintiff's goodwill and reputation in its registered marks and trade name. Finally, the plaintiff submitted that the defendant had disparaged the plaintiff's registered trade marks and trade name by creating the perception that the plaintiff's business "is not competitive and that the plaintiff's IT, electronic and other electronic related products are expensive". [note: 7]

The defendant's case

25 The defendant submitted that the plaintiff had a negligible prospect of succeeding at trial *vis-à-vis* its claim for trade mark infringement. The defendant rested its argument on two main planks: (a) that its use of the word "CHALLENGER" was honest descriptive use and (b) in the alternative, that the use constituted fair comparative advertising.

Honest descriptive use

26 For the following reasons, the defendant submitted that the word "CHALLENGER" was used descriptively:

(a) First, that interpretation was consistent with the grammatical structure of the sentence "Guaranteed 10% Cheaper Than Any CHALLENGER". If the defendant intended to refer to the plaintiff specifically, it would have been more natural to omit the word "any".

(b) Second, the defendant's refund policy under its "Lowest Price" policy was applicable to products obtained from any of its competitors, not just the plaintiff.

(c) Third, the advertisement intended to refer to other competitors which potentially carried those (*ie*, the defendant's) products. This is because the plaintiff did not carry products that were similar or comparable to some displayed in the defendant's advertisements.

27 Furthermore, the defendant argued that the advertisements did not contain false claims because the plaintiff's exercise in comparing its products with the defendant's products was inaccurate as the exercise did not involve a comparison between identical products.

Fair comparative advertising

28 The defendant argued that it was entitled to engage in comparative advertising. It cited in argument examples of comparative advertising in Singapore in the airline industry.

Decision

29 Bearing in mind that the operative threshold is one of a serious issue to be tried in relation to a permanent injunction at trial, I now proceed to examine whether the plaintiff has satisfied this requirement.

30 I am of the view that the plaintiff's case had crossed the threshold of a serious issue to be tried. The plaintiff had made out a serious issue on trade mark infringement even though its claim faced several defences as pleaded and submitted upon. That said, whilst the defendant asserted that the word "CHALLENGER" was used descriptively, and that it was entitled to avail itself of the exception contained in s 28(4)(*a*) of the TMA, these issues did not render the plaintiff's claim clearly

unsustainable.

Adequacy of damages

31 In brief, the plaintiff contended that the damage to its goodwill would be "unquantifiable such that damages would not be an adequate remedy". The plaintiff relied on *Singsung Pte Ltd and another v LG 26 Electronics Pte Ltd (Trading as LS Electrical Trading) and another* [2015] SGHC 148 (at [110]) for the proposition that "it is usually quite easy to establish that the brand name is an indicator of origin and hence generates goodwill". The plaintiff also relied on the case of *Gatekeeper, Inc v Wang Wensheng (trading as Hawkeye Technologies)* [2011] SGHC 239 ("*Gatekeeper*") for the proposition that the loss of goodwill is hard to compensate and most difficult to quantify (at [6]).

32 Whilst I had no doubt that the plaintiff's marks enjoy substantial goodwill, one is really looking at the issues of whether there has been damage (actual or potential) to such goodwill, and if so, whether such damage would be irreparable.

33 In my judgment, the evidence before me on damage, actual or potential, to the goodwill in its marks is thin. At the hearing, counsel for the plaintiff suggested that the damage to the plaintiff's reputation would be irreparable. According to him, the plaintiff is publicly listed and investor confidence would be undermined by the allegedly disparaging remarks contained in the defendant's advertisements. I noted that this was a bare assertion that was unsupported by the material placed before the court.

34 The plaintiff's reliance on *Gatekeeper* was misplaced. Whilst it is true that loss of goodwill may be hard to compensate and difficult to quantify, the factual matrix in *Gatekeeper* is clearly distinct from our present case. In that case, there was evidence that defendant's failure to hand over intellectual property prevented the plaintiff from meeting its contractual obligations with its existing customers and to obtain new customers for its business (at [6]). It was on this basis that the court concluded that there would at least be a loss of commercial goodwill and reputation for the plaintiff. In the present case, there was no evidence of such damage to goodwill, whether actual or potential; there is only an assertion that investor confidence in the plaintiff company would be undermined.

35 As a final note, I should add that there was also no reason to doubt the defendant's ability to meet any award in the event that the interim injunction is not granted and my decision turns out to be wrong at trial.

Balance of convenience

36 Where the court is unable to form an assessment of the adequacy of damages (either way), it turns to a general examination of the balance of convenience. The court has a wide discretion at this stage to consider any factor which may have a bearing on the issue of whether the injunction ought to be granted: *Singapore Civil Procedure 2015* at para 29/1/15. The fundamental principle is that the court should take whichever course appears to carry the lower risk of injustice if it should turn out to be wrong at trial in the sense of granting relief to a party who fails to establish his rights at the trial, or of failing to grant relief to a party who succeeds at trial.

37 The plaintiff submitted that the injunction would cause little or no damage to the defendant since the advertisements were predominantly located online, and the digital alteration of the defendant's advertisements would be at little or no cost to the defendant.

38 The defendant on the other hand submitted that the grant of an interim injunction would

effectively dispose of the proceedings. The 3SIXT campaign was only intended to run for a limited period between 2 May 2015 and 31 July 2015 and there would be no reason for the defendant to carry on running the campaign after the trial.

39 Looking at the matter in the round, I do not think an interim injunction is necessary or appropriate.

40 First, I note that this was not a case where the strength of the plaintiff's case is disproportionately stronger than the defendant's case such that the merits of the case tipped the balance in favour of the grant of an injunction. That said, this should not be construed or taken to be a pre-determination of the merits of the case.

41 Second, the interim injunction (if granted) would have the effect of a permanent injunction. This, in my view, militated against the grant of the injunction. I found guidance in the following passage in the Court of Appeal decision of *Da Vinci Collection Pte Ltd v Richemont International SA* [2006] 3 SLR(R) 560:

> 23 … There is another crucial factor in weighing the balance. If the interim injunction is not lifted and the season for the screening of the movie "The Da Vinci Code" ends before the trial of the action, the respondent would have obtained a permanent injunction during this period without the merits of its claim being tried. We do not, of course, know when the movie would be withdrawn from the cinemas in Singapore, but in our view, unless this substantive action is heard on an expedited basis, the likelihood of the injunction becoming a permanent injunction is more likely to occur than that of the reputation of the respondent in its name mark being "overwhelmed" as a result of the appellant's advertising campaign.

42 Finally, even assuming the factors are evenly balanced, I agreed that it would be a counsel of prudence to maintain the status quo. The question that naturally arose was what the status quo should be. The plaintiff submitted that the status quo refers to the situation where a business does not name its competitor directly in its own advertisements, whether by use of the competitor's registered trademarks and/or trade name. The defendant submitted that to maintain the status quo would be to allow the defendant's advertisements to run to their natural conclusion.

43 The plaintiff's argument was plainly misconceived. The status quo has been defined as the state of affairs immediately before the issue of the writ: see *Garden Cottage Foods Ltd v Milk Marketing Board* [1984] AC 130. In the present case, the status quo prior to the writ or the interim injunction application was that the defendant had been engaging in its 3SIXT advertising campaign. Thus, preservation of the status quo would certainly mean that the defendant was entitled to continue its advertising campaign. I took the view that there was no compelling reason to disturb this status quo until the action is litigated and a decision made thereon.

44 For the foregoing reasons, I dismissed the plaintiff's application for an interim injunction.

[note: 1] Plaintiff's submissions at [1].

[note: 2] Affidavit of Yong Kim Hon dated 18 May 2015, [14].

[note: 3] Affidavit of Yong Kim Hon dated 18 May 2015, [23].

[note: 4] Affidavit of Yong Kim Hon dated 18 May 2015, [30].

[note: 5] Affidavit of Yong Kim Hon dated 18 May 2015, [43].

[note: 6] Plaintiff's Written Submissions, [22].

[note: 7] Plaintiff's Written Submissions, [23].