

Tomy Inc v Dentsply Sirona Inc  
[2020] SGHC 105

**Case Number** : Tribunal Appeal No 18 of 2019  
**Decision Date** : 20 May 2020  
**Tribunal/Court** : High Court  
**Coram** : Dedar Singh Gill JC  
**Counsel Name(s)** : Foo Maw Jiun, Desmond Chew and Lee Ai Ming (Dentons Rodyk & Davidson LLP) for the appellant; Suhaimi bin Lazim and Khoo Lih-Han (Mirandah Law LLP) for the respondent.  
**Parties** : Tomy Incorporated — Dentsply Sirona Inc.

*Trade Marks and Trade Names – Invalidity – Bad faith*

*Trade Marks and Trade Names – Ownership*

20 May 2020

Judgment reserved.

**Dedar Singh Gill JC:**

1 This is an appeal against the Adjudicator’s decision dated 2 September 2019 (the “Decision”) to invalidate the appellant’s three trade marks, namely “MICROARCH” (Trade Mark No. T1301268F), “SENTALLOY” (Trade Mark No. T1301266Z), and “BIOFORCE” (Trade Mark No. T1301267H), all in Class 10 (collectively, the “Subject Marks”). In the Decision, the Adjudicator held that the Subject Marks were invalid because the appellant had filed the applications for the Subject Marks in bad faith pursuant to s 23(1) read with s 7(6) of the Trade Marks Act (Cap 332, 2005 Rev Ed) (the “Act”).

**The parties**

2 The appellant, Tomy Incorporated (“Tomy”), is a prominent Japanese innovator and manufacturer of orthodontic devices. The Subject Marks are applied to orthodontic devices manufactured by the appellant. Founded in 1959 and incorporated in 1966, the appellant markets and collaborates with distributors to distribute products manufactured by it to dental professionals worldwide. [\[note: 1\]](#) The Subject Marks were registered in favour of the appellant on 22 January 2013 in Class 10 in respect of the following goods: [\[note: 2\]](#)

Orthodontic brackets, orthodontic bands, orthodontic tubes, orthodontic wires, orthodontic hooks, orthodontic stops, orthodontic lingual buttons, orthodontic elastics, orthodontic attachments, orthodontic appliances.

3 The respondent, Dentsply Sirona Inc. (“Dentsply Sirona”), is the result of a 2016 merger between two orthodontic manufacturers and suppliers, the US company Dentsply International Inc (originally founded 1899) and the German company Sirona Dental Systems, Inc (originally founded 1877). [\[note: 3\]](#) The respondent is the holding company of GAC International Inc. (now known as GAC International LLC) (“GAC”). [\[note: 4\]](#) GAC distributes the appellant’s orthodontic devices in Singapore. These devices bear the Subject Marks. [\[note: 5\]](#)

## Background to the dispute

4 This dispute arises from a longstanding relationship between Tomy and GAC spanning five decades. [\[note: 6\]](#) In 1967, Tomy appointed GAC to distribute orthodontic products manufactured by it. [\[note: 7\]](#) In the subsequent years, the relationship between Tomy and GAC has been governed by several successive agreements. Four of these agreements are relevant to the present dispute and illustrate the development of the parties' relationship over time. These four agreements (collectively, "the Agreements") were signed on 4 January 1986 (the "1986 Agreement"), 1 September 1998 (the "1998 Agreement"), 1 December 2004 (the "2004 Agreement") and 22 March 2012 (the "2012 Agreement") respectively. Each agreement superseded the former. For example, Art 27.1 of the 2012 Agreement states that upon its effective date, the prior 2004 Agreement would terminate. [\[note: 8\]](#)

5 The essential points to be gleaned from the 1986 Agreement are set out here:

(a) In terms of the distribution relationship, Art 1 specified that "GAC's Territory" covered countries in North America, South America, Europe and Africa, as well as Israel and Turkey, while "Tomy's Territory" covered countries in Asia and the Middle East, as well as New Zealand and Australia. [\[note: 9\]](#) Art 2 provided that GAC was the "exclusive sales representative and distributor of Tomy Products in GAC's Territory" and the non-exclusive distributor of the "Tomy Products" in "Tomy's Territory". [\[note: 10\]](#) Art 9 of the 1986 Agreement imposed on GAC certain minimum purchase targets of "Tomy Products". [\[note: 11\]](#)

(b) Where trade marks are concerned, Art 11 of the 1986 Agreement provided that "Tomy Products" purchased by GAC were to be sold under the "Tomy" and "Orth-Tomy" trade marks. [\[note: 12\]](#) GAC had the "right to use such names and trademark and, at its option, [could] register them as a trade name or trademark". GAC was also obligated under Art 11 to "use the name 'Tomy' or 'Orth-Tomy' in all advertisements and catalogs when referring to Tomy Products manufactured by Tomy". [\[note: 13\]](#) Other than "Tomy" and "Orth-Tomy", no other trade marks were mentioned in the 1986 Agreement.

6 The 1998 Agreement was signed against the backdrop of a restructuring arrangement in which GAC returned shares to the appellant and *vice versa*. The 1998 Agreement superseded the 1986 Agreement and marked the following changes:

(a) As regards the distribution relationship, GAC had, under Art 2.1, the exclusive right to sell and distribute the "Products" in the "Exclusive Territory" (covering all countries other than Japan and the "Non-Exclusive Territory") and the non-exclusive right to sell and distribute the "Products" in the "Non-Exclusive Territory" (defined as Korea, Taiwan, Thailand and the People's Republic of China). [\[note: 14\]](#) Singapore was therefore an "Exclusive Territory". Under Art 1.1, the term "Products" was defined as "orthodontic materials, equipment and products now or hereafter developed and/or manufactured by Tomy, its subsidiaries or affiliated companies". [\[note: 15\]](#)

(b) In relation to trade marks, the 1998 Agreement established for the first time two categories of trade marks, namely the "Existing Trademarks" (which consisted of the marks listed in Exhibit 4) and the "Tomy Trademarks" (which included the marks "Tomy" and the logo mark of "Orth-Tomy"). [\[note: 16\]](#) Exhibit 4 included the marks "MICROARCH", "SENTALLOY", and "BIOFORCE" (hereinafter referred to as the "Disputed Marks", used in the general sense and

distinct from the Singapore-registered Subject Marks). [\[note: 17\]](#) Under Art 14.1, GAC could sell the "Products" under its own trade marks. In addition, GAC had the right to use the "Tomy Trademarks" in connection with the "Products" manufactured by the appellant in all countries except Japan, but (unlike in the 1986 Agreement) could not register the "Tomy Trademarks" without obtaining the appellant's written consent. [\[note: 18\]](#) Art 14.4 provided that the "Existing Trademarks" would be maintained by GAC at its expense, and it further granted "a non-exclusive and royalty-free license to Tomy to use the Existing Trademarks in connection with and for the purpose of producing and selling the Products". [\[note: 19\]](#) However, Art 14.4 also stated (unlike the two subsequent agreements) that this non-exclusive license to use the "Existing Trademarks" for selling "Products" in the "Non-Exclusive Territory" would end by 1 January 2000. [\[note: 20\]](#) Art 14.6 provided that neither party would "do anything which is likely to impair the value or validity" of the other party's marks, including future marks. [\[note: 21\]](#)

7 The 2004 Agreement superseded the 1998 Agreement. [\[note: 22\]](#) The following features of the 2004 Agreement are relevant:

(a) With regard to the distribution relationship, parties relocated "Singapore" from the category of "Exclusive Territory" under the 1998 Agreement to a "Non-Exclusive Territory" under Art 1.3 of the 2004 Agreement. [\[note: 23\]](#) As such, both GAC and the appellant had non-exclusive rights to sell and distribute the "Products" in Singapore. But since Art 2.3 stipulated that the appellant "shall not directly or indirectly compete with GAC in the bidding for the National Dental Centre's contracts in Singapore", GAC still retained a degree of exclusivity. [\[note: 24\]](#)

(b) In relation to trade marks, the 2004 Agreement substantially mirrored the 1998 Agreement. However, Art 14.4 of the 2004 Agreement removed the final sentence of the equivalent provision in the 1998 Agreement, namely that "[n]otwithstanding anything herein to the contrary, Tomy shall not directly or indirectly use any of GAC's Existing Trademarks for the purpose of producing and selling the Products in the Non-Exclusive Territory as from January 1, 2000". [\[note: 25\]](#) The 2012 Agreement also does not contain this provision.

8 The 2012 Agreement was the subsisting agreement at the time when the appellant registered the Subject Marks in Singapore on 22 January 2013. It is titled "Non-Exclusive Supply and Distributorship Agreement". [\[note: 26\]](#) At the time that the respondent filed its submissions on 20 December 2019, GAC was still the appellant's distributor. [\[note: 27\]](#) The following observations may be made from the 2012 Agreement:

(a) As regards the distribution arrangement, the 2012 Agreement abolishes the distinction between "Exclusive" and "Non-Exclusive" territories. For example, GAC can now sell and distribute the "Products" in Japan. In addition, GAC now only has a non-exclusive right to sell and distribute "Products" under Art 2. "Products" are defined under Art 1.1 as "such orthodontic materials, equipment and products manufactured by Tomy or its Affiliates (defined below) as are set forth on Exhibit 4 hereto and such other orthodontic materials ... as may be subsequently agreed by the parties in writing". [\[note: 28\]](#)

(b) In relation to trade marks, Arts 13.1 and 13.4 of the 2012 Agreement mirror Arts 14.1 and 14.4 of the 2004 Agreement. Art 13.1 of the 2012 Agreement specifies that GAC may sell the "Products" under its own brands or tradenames and states that "GAC shall own all rights to its brand, tradename, trademarks and trade dress owned by it and Tomy shall claim no rights or

interest therein". [\[note: 29\]](#) Likewise, the appellant owns all rights to the Tomy Trademarks (including "Tomy" and "Orth-Tomy"). Art 13.4 establishes that all "trademark registrations owned or licensed by GAC or any of its Affiliates" include those in Exhibit 3, which lists the Disputed Marks. [\[note: 30\]](#) Additionally, Art 13.6 states that neither party may "directly or indirectly do anything which is likely to impair the value or validity of any of the other party's trademarks, trade names, brand names ... which the other party now owns or possesses or will hereafter own or possess". [\[note: 31\]](#) Finally, Art 13.7 of the 2012 Agreement (which mirrors Art 14.7 of the 2004 Agreement) provides that GAC's use of the Tomy Trademarks (but *not* GAC's use of "Existing Trademarks") discontinues upon the expiration of the 2012 Agreement. [\[note: 32\]](#)

9 Arts 1.1, 2 and 13 as well as Exhibit 3 of the 2012 Agreement are reproduced below for ease of reference: [\[note: 33\]](#)

#### Article 1. Definitions

1.1 "Products" shall mean such orthodontic materials, equipment and products manufactured by Tomy or its Affiliates (defined below) as are set forth on Exhibit 4 hereto and such other orthodontic materials, equipment, and products as may be subsequently agreed by the parties in writing from time to time.

...

#### Article 2. Non-Exclusive Distributorship

Subject to the terms and conditions herein set forth, GAC shall have the non-exclusive right to sell and distribute the Products.

...

#### Article 13. Trademarks

13.1 It is understood that GAC may sell the Products under its own brands or tradenames. GAC shall own all rights to its brand, tradename, trademarks and trade dress owned by it and Tomy shall claim no rights or interest therein. Tomy shall own all rights to trademarks of Tomy, including the mark "TOMY" and the logo mark of "Orth-Tomy" (hereinafter referred to as the "Tomy Trademarks") and GAC shall claim no rights or interest therein unless otherwise explicitly provided for herein. Subject to Tomy's prior approval, GAC shall have a right to use Tomy Trademarks with respect to the sale and distribution of the Products during the Term.

13.2 Unless otherwise explicitly provided for herein, GAC shall not acquire by virtue of the execution and performance of this Agreement (including the execution and performance of any of the prior agreements between Tomy and GAC), through the use of said Tomy Trademarks, or through advertising and sale of the Products or otherwise, any right, title or interest of any nature whatsoever in or any of Tomy Trademarks, and every use of Tomy Trademarks by GAC shall be for the sole benefit of Tomy.

13.3 During the Term and thereafter, GAC shall not apply for or acquire the registration of Tomy Trademarks or any mark confusingly similar thereto without obtaining Tomy's prior written approval.

13.4 The parties hereby agree that any and all trademark registrations owned or licensed by GAC or any of its Affiliates as of the Effective Date (including trademark applications of GAC or its Affiliates pending as of the Effective Date) regarding the Products (hereinafter referred to as the "Existing Trademarks"), including, but not limited to, those which are identified on Exhibit 3 attached hereto, will be the property and responsibility of GAC or its Affiliates. GAC and its Affiliates hereby grant a non-exclusive and royalty-free license to Tomy to use the Existing Trademarks in connection with and for the sole purpose of producing and selling the Products to GAC. This license shall terminate at the time that this Agreement terminates.

13.5 Upon Tomy's reasonable request GAC shall provide, and shall have its Affiliates provide, Tomy with information regarding the Existing Trademarks.

13.6 Neither Tomy nor GAC shall directly or indirectly do anything which is likely to impair the value or validity of any of the other party's trademarks, trade names, brand names or any other similar industrial or other intangible property or rights which the other party now owns or possesses or will hereafter own or possess.

13.7 Unless otherwise explicitly provided for herein, GAC shall discontinue and cause to be discontinued the use of Tomy Trademarks upon expiration or termination of this Agreement, provided, however, that the foregoing shall not prevent GAC from selling the Products which GAC has received or is to receive pursuant to the Purchase Contract effected hereunder prior to such expiration or termination.

...

### Exhibit 3

#### Existing Trademarks of GAC/DENTSPLY

REGISTERED TRADEMARKS	COVERED TERRITORIES
...	
BIOFORCE	U.S.
...	
MICROARCH	U.S., BENELUX, CANADA, FRANCE, ITALY
...	
SENTALLOY	U.S., BENELUX, CANADA, FRANCE, GERMANY, ITALY, MEXICO, U.K.
...	

10 Art 12 of the 2012 Agreement specifically refers to patent rights. [\[note: 34\]](#) As I explain later, the respondent relies on these provisions to shed light on the nature of the parties' relationship. The relevant provisions are reproduced here: [\[note: 35\]](#)

#### Article 12. Intellectual Property Rights Embodied in Products

12.1 Tomy and GAC hereby agree that any and all patents owned or licensed by GAC as of the

Effective Date (as defined in Paragraph 27.1, below) (including patent applications of GAC pending as of the Effective Date) in the orthodontic and related fields (hereinafter referred to as the "Existing Patents") will be maintained by GAC at GAC's expense. GAC hereby grants a license to Tomy to use the Existing Patents in connection with and for the sole purpose of producing Products for sale to GAC under this Agreement. This license shall terminate at the time that this Agreement terminates. Notwithstanding the above provisions of this paragraph, with respect to the patents and patent applications which are included in the Existing Patents and cover such inventions originally made by Tomy's technical personnel, all of which are identified on Exhibit 2 attached hereto, GAC hereby grants to Tomy a non-exclusive, perpetual, and royalty-free license to use such patents on a worldwide basis for any purpose whatsoever.

...

12.3 With respect to information or inventions made jointly by employees or representatives of Tomy and GAC after the Effective Date, ownership of such inventions, and patents upon such inventions, shall be joint, except that neither party shall disclose such inventions or grant any licenses under such inventions or patents resulting therefrom (other than to their Affiliates) without the prior written consent of the other, which consent shall not be unreasonably withheld.

12.3.1 Tomy and GAC, through their respective liaison representatives, shall determine which of the parties shall prosecute patent applications upon such joint inventions, and in what countries patents upon such joint inventions shall be sought.

12.3.2 Tomy and GAC shall share equally the costs in prosecuting patent applications on jointly-owned inventions in all countries selected by Tomy and GAC. If one of the parties chooses to not prosecute a patent application related to a jointly-owned invention in a particular country, and the other party chooses to do so, that other party may file such patent application by itself and shall own any patent that issues from such application. A party choosing to file such a patent application on any such jointly-owned invention must first consult with the other party and must provide a copy to that other party of all proposed patent applications that party will be filing in, or otherwise affecting, that particular country no less than thirty (30) days prior to filing such patent application, in order that other party may decide whether to join in that patent application, and, if the other party then decides to join in that patent application it must share equally in the costs associated therewith as provided above in this paragraph.

12.3.3 If a party assigned to prosecute a patent application pursuant to Paragraph 12.3 upon a jointly owned invention shall decide to abandon such prosecution once commenced, or shall decide not to file for patents in any country in which the liaison representatives have agreed to seek such protection, or shall decide not to bear the patent costs pursuant to Paragraph 12.3, then such party shall timely advise that other party and, upon the other party's request and expense, assign such inventions to that other party to enable it to seek ownership and protection at its expense.

12.4 Tomy grants GAC and its Affiliates that purchase Products from GAC during the Term, an immunity from suit by Tomy under any intellectual property which is now or hereafter owned by Tomy with respect to the Products, except to the extent that any infringement is attributable to any substitution, modification or alteration made to the Products by GAC or its Affiliate.

12.5 Tomy and GAC may choose to cooperate, if they mutually agree, in exchanging technical information in the orthodontic and other related field directed toward improvement of the Products.

11 Art 12.1 states that the “Existing Patents” are those listed in Exhibit 2. Exhibit 2 does not list any Singapore patent. [\[note: 36\]](#) There is also no evidence that these patents were ever registered in Singapore.

12 Finally, for completeness, it should be observed that the relevant products in Singapore bearing the Subject Marks also contain both the appellant’s “Orth-Tomy” and the respondent’s “Dentsply GAC” and “GAC” house marks. The packaging of two of the products as advertised and sold in Singapore is depicted here: [\[note: 37\]](#)



### Events leading up to the present appeal

13 On 22 January 2013, the appellant applied to register the Subject Marks in Singapore. [\[note: 38\]](#) The registration procedure concluded on 7 June 2013. [\[note: 39\]](#) The 2012 Agreement subsisted throughout this period.

14 On 7 September 2017, the respondent filed an application to invalidate the Subject Marks on the four grounds set out in the table below: [\[note: 40\]](#)

Relevant sections of the Act	Ground of Invalidation
s 7(6) read with s 23(1) of the Act	The trade mark application was made in bad faith.
s 8(7)(a) read with s 23(3)(b) of the Act	The trade mark’s use in Singapore is liable to be prevented by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark.
s 8(2)(b) read with s 23(3)(a)(i) of the Act	The trade mark is similar to an earlier trade mark and is registered for goods identical with or similar to those for which the earlier trade mark is protected.
s 8(4)(b)(i) read with s 23(3)(a)(iii) of the Act	Use of the later trade mark in relation to the goods for which the later trade mark is sought to be registered would indicate a connection between those goods and the proprietor of the earlier trade mark, and is likely to damage the interests of the proprietor of the earlier trade mark.

15 The Adjudicator heard the parties' oral submissions on 25 June 2019 and issued the grounds of decision on 2 September 2019. [\[note: 41\]](#)

### **The decision below**

16 In the Decision, the Adjudicator held that Tomy had applied for the Subject Marks in bad faith and thus declared the registrations to be invalid pursuant to s 23(1) read with s 7(6) of the Act. [\[note: 42\]](#) As a preliminary matter, there was no need to differentiate between the intellectual property rights of GAC and those of Dentsply Sirona because it was not disputed that the latter is the holding company of the former. [\[note: 43\]](#)

17 The Adjudicator also held that Tomy and GAC had intended to divide ownership of trade marks between the parties in the context of their pre-existing commercial relationship and the successive agreements between them. [\[note: 44\]](#) Over time, two sets of trade marks emerged from the 1998 Agreement, the 2004 Agreement and the 2012 Agreement, namely the "Tomy Trademarks" and the "Existing Trademarks". [\[note: 45\]](#) This was apparent in Arts 13.1 and 13.4 of the 2012 Agreement, which collectively indicated that ownership of the "Tomy Trademarks" would vest in Tomy while ownership of the "Existing Trademarks" would vest in GAC and/or its Affiliates (including the appellant). [\[note: 46\]](#)

18 Additionally, the Adjudicator observed that GAC's "Existing Trademarks" included trade marks listed in Exhibit 3 of the 2012 Agreement. [\[note: 47\]](#) She observed that the "[Disputed] Marks are listed as 'registered trademarks' in Exhibit 3": see [40(c)] of the Decision. [\[note: 48\]](#) Although "the registration of the Subject Marks in Singapore is not specifically listed in Exhibit 3, ... when Article 13.4 is read with Article 13.1, it is clear that the ownership rights of the Existing Trademarks including the [Disputed] Marks vest in GAC and its Affiliates": see [41] of the Decision. [\[note: 49\]](#)

19 Against this backdrop, the Adjudicator concluded that Tomy registered the Subject Marks despite knowing of its obligations under the 2012 Agreement. [\[note: 50\]](#) In doing so, Tomy had effectively hijacked the Subject Marks and engaged in conduct falling outside the scope of acceptable commercial behaviour. [\[note: 51\]](#) Since the Subject Marks were invalid on the basis of bad faith, the Adjudicator considered it unnecessary to determine whether the registrations were invalid on the remaining three grounds. [\[note: 52\]](#)

20 On 30 September 2019, Tomy filed an appeal against the Adjudicator's decision. On 8 October 2019, Dentsply Sirona filed its cross-appeal on the basis that the Adjudicator had erred in failing to decide the remaining grounds of invalidity.

### **The parties' cases**

21 The parties' arguments focused on the ground of bad faith under s 7(6) read with s 23(1) of the Act. At the outset, the appellant seeks to dismantle Dentsply Sirona's claim to proprietorship of the Disputed Marks on the basis that the respondent is not a party to the 2012 Agreement. According to the appellant, this is fatal to Dentsply Sirona's case because the latter's claim of ownership is entirely predicated on the 2012 Agreement, yet that contract was concluded between Tomy and GAC. Stressing that a subsidiary and a parent are separate legal entities, the appellant argues that there is no reason to equate GAC's ownership interest with Dentsply Sirona's entitlements. In the appellant's view, this is correct because GAC is best-placed to provide evidence regarding the physical conduct

and mental element of bad faith. Otherwise permitting any person to bring such a claim would have no limiting principle.

22 On the construction of the 2012 Agreement, the appellant asserts that the Adjudicator effectively rewrote the 2012 Agreement in favour of the respondent. In particular, the appellant argues that the Disputed Marks do not fall within the meaning of "Existing Trademarks" under Art 13.4 for the following reasons:

(a) First, the expression "Existing Trademarks" refers only to those marks that "GAC or its Affiliates" had already registered or applied to register "as of the Effective Date (including trademark applications of GAC or its Affiliates pending as of the Effective Date)" on 1 September 2012. This cannot include the Subject Marks, which were only registered on 22 January 2013 and were registered by Tomy and not GAC.

(b) Second, the phrase "Existing Trademarks" cannot include the Disputed Marks in Singapore because the list of "COVERED TERRITORIES" in respect of "REGISTERED MARKS" under Exhibit 3 does not include Singapore. If the respondent was the proper owner of the Disputed Marks, it would not have agreed to limit its ownership of the Disputed Marks to a few countries.

(c) Third, even assuming for the sake of argument that the Disputed Marks fall within the ambit of "Existing Trademarks", Art 13.4 does not vest ownership of trade marks in "GAC or its Affiliates", but rather imposes an obligation on the respondent to maintain "any and all trademark registrations" at its own expense. On this view, the phrase "will be the property and responsibility of GAC or its Affiliates" refers to an administrative duty to renew trade mark *registrations* rather than an exclusive right of ownership in the trade marks *per se*.

23 Additionally, the appellant argues that the Disputed Marks fall within the scope of "Tomy Trademarks" under Art 13.1 of the 2012 Agreement. Reliance is placed on the word "including" in Art 13.1, which denotes that the "Tomy" and "Orth-Tomy" marks are not an exhaustive list of the appellant's ownership rights. [\[note: 53\]](#)

24 On the other hand, the respondent argues that the Disputed Marks fall into the category of "Existing Trademarks" under Art 13.4 because it refers to trade marks owned by "GAC or its Affiliates" ("Affiliates" include Dentsply Sirona). Moreover, Art 13.4 makes clear that "Existing Trademarks" are those "including, but [are] not limited to, those which are identified on [*sic*] Exhibit 3 attached hereto". [\[note: 54\]](#) Exhibit 3 is titled "Existing Trademarks of GAC/DENTSPLY" and provides that the respondent's "REGISTERED TRADEMARKS" include the registrations of the Disputed Marks in "COVERED TERRITORIES" such as the US, Benelux, Canada, France, Italy, Mexico and the UK. [\[note: 55\]](#) Although the list of "COVERED TERRITORIES" in respect of the Disputed Marks omits Singapore, the respondent relies on the words "but not limited to" to argue that Singapore falls within the ambit of "Existing Trademarks" under Art 13.4. [\[note: 56\]](#)

25 The parties also disagree on the nature of their pre-existing relationship. Here, the appellant argues that the Disputed Marks rightfully belong to it because the parties are engaged in a straightforward manufacturer and distributor relationship wherein the appellant manufactures the products and the respondent distributes them regionally. This is evident from the fact that the respondent only has the "right to distribute and sell" the "Products" under Art 2 of the 2012 Agreement.

26 In response, the respondent argues that the 2012 Agreement is not a typical distributorship

agreement but rather a complex cross-licensing agreement involving different sets of intellectual property rights. Specifically, the respondent draws attention to Art 12.1 of the 2012 Agreement under which it licenses "Existing Patents" to the appellant for the manufacture of the "Products". [\[note: 57\]](#) Art 12.1 refers to Exhibit 2, and the respondent notes that the patents listed therein cover all orthodontic products to which the Disputed Marks are applied. Since the respondent owns the patents, the appellant merely manufactures orthodontic products in accordance with the patent specifications. Against this backdrop, the parties' relationship is akin to a contract manufacturing relationship.

27 The parties' final bone of contention in respect of bad faith hinges on the prior use and registration of the Disputed Marks. In this regard, the appellant asserts that it should be recognised as the common law proprietor of the Disputed Marks owing to its prior use and registration in Singapore and other countries:

(a) Section 101(c)(i) of the Act makes clear that "registration of a person as proprietor of a registered trade mark shall be prima facie evidence of – (i) the validity of the original registration". Thus, a presumption arises in favour of the appellant's ownership of the Subject Marks, which the respondent has not rebutted.

(b) Further, the appellant relies on the common law "proposition that the first user of the mark in Singapore is the true owner of the mark": see *Weir Warman Ltd v Research & Development Pty Ltd* [2007] 2 SLR(R) 1073 ("*Weir Warman*") at [76], citing *Sifco Industries Inc v Dalia SA* [1997] 3 SLR(R) 930 at [12]. To this end, the appellant provides sales figures in support of its submission that it was the first to use and register the Disputed Marks, both in Singapore and other countries.

(c) Even if GAC or the respondent had used the Disputed Marks in Singapore prior to the appellant, such use was carried out in its capacity as appointed distributor and cannot operate to restrict or deny the appellant's right to register the Disputed Marks in Singapore.

28 The respondent makes the following arguments in response:

(a) It is GAC which first coined the marks in 1986 and in 1991.

(b) The court should disregard the appellant's evidence of use prior to the 1998 Agreement because the appellant cannot show consistent use after 1998. After the signing of the 1998 Agreement, all the evidence points towards the respondent as being the sole user of the Disputed Marks in Singapore from 2005 to 2013. The appellant's non-use of the Disputed Marks after 1998 supports the interpretation of the 2012 Agreement that the Disputed Marks are "Existing Trademarks" vesting in GAC or Dentsply Sirona.

(c) The respondent was the first entity to register the Disputed Marks for orthodontic products in Class 10 under the name of Dentsply Sirona or GAC in numerous countries, including Australia, Benelux, Canada, the EU, France, Germany, Iceland, Israel, Italy, Malaysia, Mexico, New Zealand, the Philippines, Puerto Rico, South Africa, Taiwan, Thailand, Turkey, the UK and the US.

**Whether the Adjudicator erred in holding that the appellant registered the Subject Marks in bad faith under s 7(6) read with s 23(1) of the Act**

29 In my view, the key issue to be determined in this appeal is whether the Adjudicator erred in

holding that the appellant registered the Subject Marks in bad faith pursuant to s 7(6) read with s 23(1) of the Act. The main thrust of the respondent's argument is that the Disputed Marks belong to GAC and/or Dentsply by virtue of the Agreements and that the appellant had registered the Subject Marks despite knowing of the respondent's contractual rights. On the other hand, the appellant argues that it was entitled to register the Subject Marks because ownership vests in Tomy based on a proper construction of the 2012 Agreement and the surrounding circumstances.

30 The issue of bad faith is closely interrelated with the issue of trade mark ownership. It has been said that bad faith is "the only ground of [invalidation] under which issues of proprietorship can be raised": see David Keeling et al, *Kerly's Law of Trade Marks and Trade Names* (Sweet & Maxwell, 16th Ed, 2017) at para 8-242. Elaborating on the relationship between the issues of ownership and bad faith, the High Court in *Weir Warman* ([27(b)] *supra*) remarked at [49]:

49 In the present case, it is common ground that the key issue in the determination of bad faith pivots around the fulcrum of proprietorship of the "Warman" mark in Singapore. It appears to me to be an incontrovertible proposition that if a registrant of a trade mark has proprietorship of that trade mark, or at the very least, the *right to register* that trade mark, then such registration of the trade mark should fall well within the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular trade. Conversely, where it can be shown that the appellant knew of an *exclusive* proprietary right of *another* in relation to the trade mark it seeks to furtively register, then any such registration would, almost invariably, quite clearly fall short of the relevant standards. As such, it is important to first examine and determine the issue of proprietorship.

[emphasis in original]

31 In *Weir Warman*, the High Court observed at [77] that "the common law position on the proprietorship of a trade mark is merely the default position that applies in the absence of any contractual agreements between parties assigning or stipulating for the right to register a trade mark." Thus, the court has to ascertain proprietorship by reference to a contract (or contracts) which specifically provide(s) for the ownership of the mark or marks in question. In the absence of such a contract, the default common law position that "the first user of the mark in Singapore is the true owner of the mark" will apply: *Weir Warman* at [76].

32 The general principles governing the law of bad faith are not in dispute. Relevant to the present appeal are the following:

(a) Bad faith constitutes one exception to the "first-to-file system": *Hotel Cipriani Srl and others v Cipriani (Grosvenor Street) Ltd and others* [2008] EWHC 3032 (Ch) ("*Cipriani*") at 185, which was upheld on appeal in *Hotel Cipriani Srl and others v Cipriani (Grosvenor Street) Ltd and others* [2010] EWCA Civ 110. Based on the "first-to-file system", the first person to file a trade mark application is usually "entitled to register it in preference to a later applicant": *Cipriani* at 178.

(b) Bad faith "is to be determined as at the date of application and matters which occurred after the date of application which may assist in determining the applicant's state of mind as at the date of application can be taken into consideration": *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 ("*Festina Lotus*") at [100]; see also *Cipriani* at 166 to 167.

(c) Bad faith "includes dishonesty and ... includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in

the particular area being examined”: *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 (“*Gromax*”) at 379, affirmed in *Valentino Globe BV v Pacific Rim Industries Inc* [2010] 2 SLR 1203 (“*Valentino*”) at [25]. The test is a “combined” one and “contains both a subjective element (*viz*, what the particular applicant knows) and an objective element (*viz*, what ordinary persons adopting proper standards would think)”: *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd* [2009] 2 SLR(R) 814 (“*Wing Joo Loong*”) at [105]; affirmed in *Valentino* at [29]; see also *Cipriani* at 166 to 167.

(d) Bad faith requires a holistic assessment. As summarised in Lionel Bently et al, *Intellectual Property Law* (Oxford University Press, 5th Ed, 2018) at 1019, the court ought to take the following into account:

(i) whether the applicant *knows or must know* that a third party is using an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought; (ii) the applicant’s *intention* to prevent that third party from continuing to use such a sign; and (iii) the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.

[emphasis in original]

This was in reference to *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 [2009] ETMR 56 at [37] – [38], which has been affirmed in *Philip Morris Products S A v PT Perusahaan Dagang Dan Industri Tresno* [2010] SGIPOS 8 at [219].

(e) Bad faith has “moral overtones which appear to make it possible for an application for registration to be rendered invalid ... by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant”: *Demon Ale Trade Mark* [2000] RPC 345 at 356; affirmed in *Valentino* at [26].

(f) The “legal burden of proof needed to substantiate an action for revocation and/or invalidation of the registration of a trade mark lies throughout on the plaintiff”: *Wing Joo Loong* at [33]; see also *Cipriani* at 177. Where allegations of bad faith are concerned, the “standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation”: *Cipriani* at 177; see also *Valentino* at [30]. Nevertheless, a conclusion of bad faith is “largely, if not invariably, based on circumstantial evidence”: see *Festina Lotus* at [115]; see also “*Brutt*” *Trade Marks* [2007] RPC 19 at [29] – [30] and Ng-Loy Wee Loon, *Law of Intellectual Property of Singapore* (Sweet & Maxwell, 2nd Ed, 2014) at para 21.4.1.

(g) The bad-faith inquiry is a fact-sensitive one that demands careful examination of all the relevant circumstances. As stated in *Gromax* at 379 and affirmed in *Valentino* at [25]:

Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts ... but by reference to the words of the Act and upon a regard to all material surrounding circumstances.

In this regard, the nature of parties’ pre-existing *relationship* is a factor relevant to the determination of bad faith: see *Nautical Concept Pte Ltd v Jeffery Mark Richard* [2007] 1 SLR(R) 1071 at [24] – [27]. Examples include “an applicant attempting to register the trade mark of a competitor, an ex-employer, a supplier, a licensor or any party with whom the applicant has or had a contractual or pre-contractual relationship”: see Tan Tee Jim, *Law of Trade Marks and*

*Passing Off in Singapore* (Sweet & Maxwell, 3rd Ed, 2014) at para 7.178.

33 Having read the parties' submissions and heard the oral arguments, I agree with the Adjudicator that the appellant registered the Subject Marks in bad faith under s 7(6) read with s 23(1) of the Act. I set out my reasons below.

34 For a start, the appellant's argument that the respondent is not a party to the 2012 Agreement does not take its case anywhere. It is clear that the Act itself permits the respondent to seek a declaration of invalidity *vis-à-vis* the Disputed Marks despite the fact that Dentsply Sirona is not a party to the 2012 Agreement. Section 23(5) of the Act states that "[a]n application for a declaration of invalidity may be made by any person". A plain reading of the words "any person" in s 23(5) of the Act forecloses any suggestion that the party commencing invalidation proceedings must be the proprietor of the trade mark. The appellant has conceded as much.

35 Similarly, the Registry has held that "any person" may bring opposition proceedings under s 13(2) of the Act: see *Converse Inc v Southern Rubber Works Sdn Bhd* [2015] SGIPOS 11 at [18]; see also *Itochu Corporation v Worldwide Brands, Inc.* [2007] SGIPOS 9 at [9]. By parity of reasoning, no *locus standi* requirement prevents the respondent from commencing the present invalidation proceedings under s 23(5) of the Act.

36 By way of observation, I note that the parties also intended not to differentiate the interests of GAC and the respondent. For example, Exhibit 4 of the 1998 Agreement is titled "Existing Trademarks of GAC", [\[note: 58\]](#) while the equivalent Exhibit 3 of the 2012 Agreement refers to the "Existing Trademarks of GAC/DENTSPLY". [\[note: 59\]](#) The parties contemplated that the interests of GAC and Dentsply Sirona converged in relation to trade marks.

37 I turn now to the proper construction of the 2012 Agreement. As a preliminary matter, I note that both parties proposed constructions of the 2012 Agreement without pleading elements of Japanese law which, strictly speaking, governs the 2012 Agreement owing to Art 25 (which states that the "Agreement shall be governed by and shall be construed in accordance with the laws of Japan"). [\[note: 60\]](#) In these circumstances, the presumption that foreign law is the same as the *lex fori* in the absence of pleading or proof prevails: see *OMG Holdings Pte Ltd v Pos Ad Sdn Bhd* [2012] 4 SLR 201 at [38].

38 The following terms may be distilled from Art 13 of the 2012 Agreement: [\[note: 61\]](#)

- (a) first, GAC may sell the "Products" under its own brands or tradenames (Art 13.1);
- (b) second, GAC shall own all rights to its brand, trade names, trade marks and trade dress owned by it and Tomy shall claim no rights or interest therein (Art 13.1);
- (c) third, Tomy shall own all rights to trade marks of Tomy, including the "Tomy" and "Orth-Tomy" marks (referred to as the "Tomy Trademarks") and GAC shall claim no rights in these trade marks unless the agreement provides otherwise (Art 13.1);
- (d) fourth, subject to Tomy's prior approval, GAC shall have a right to use the "Tomy Trademarks" with respect to the sale and distribution of the "Products" during the subsistence of the agreement (Art 13.1);
- (e) fifth, GAC shall not acquire, through the use of the trade marks, any right, title or interest

in the "Tomy Trademarks" (Art 13.2);

(f) sixth, GAC cannot apply to register the "Tomy Trademarks" or any confusingly similar mark without Tomy's prior approval (Art 13.3); and

(g) seventh, neither Tomy nor GAC shall do anything which will impair the value or validity of either party's trade marks (Art 13.7).

39 Central to the parties' dispute is the interpretation of Art 13.4 of the 2012 Agreement, which states: [\[note: 62\]](#)

13.4 The parties hereby agree that any and all trademark registrations owned or licensed by GAC or any of its Affiliates as of the Effective Date (including trademark applications of GAC or its Affiliates pending as of the Effective Date) regarding the Products (hereinafter referred to as the "Existing Trademarks"), including but not limited to, those which are identified on Exhibit 3 attached hereto, will be the property and responsibility of GAC or its Affiliates. GAC and its Affiliates hereby grant a non-exclusive and royalty-free license to Tomy to use the Existing Trademarks in connection with and for the sole purpose of producing and selling the Products to GAC. This license shall terminate at the time that this Agreement terminates.

40 It bears highlighting that Art 13.4 of the 2012 Agreement features three key changes *vis-à-vis* the prior agreements:

(a) First, GAC's grant of a "non-exclusive and royalty-free license to Tomy to use the Existing Trademarks" is for the "sole purpose of producing and selling the Products to GAC" [emphasis added]. [\[note: 63\]](#) The identification of "GAC" and the insertion of the word "sole" are not found in the equivalent Art 14.4 of the 2004 and 1998 agreements.

(b) Second, Art 13.4 of the 2012 Agreement is the first provision that explicitly refers to the trade marks as "property". [\[note: 64\]](#)

(c) Third, Art 13.4 of the 2012 Agreement for the first time provides that the "Existing Trademarks" "includ[e] but [are] not limited to, those which are identified in Exhibit 3". [\[note: 65\]](#) In contrast, Arts 14.4 of the 2004 Agreement and the 1998 Agreement provide that Exhibit 4 is exhaustive, utilising the language "all of which are identified on Exhibit 4". [\[note: 66\]](#)

41 Art 13.4 also refers to "Existing Trademarks" listed in Exhibit 3, which includes the Disputed Marks: [\[note: 67\]](#)

**Exhibit 3**

Existing Trademarks of GAC/DENTSPLY

REGISTERED TRADEMARKS

COVERED TERRITORIES

...

BIOFORCE

U.S.

...

MICROARCH

U.S., BENELUX, CANADA, FRANCE, ITALY

...

SENTALLOY

U.S., BENELUX, CANADA, FRANCE, GERMANY,  
ITALY, MEXICO, U.K.

...

42 There can be no dispute that the Disputed Marks are the property of GAC or the respondent in the countries listed in Exhibit 3 above and no question of the appellant applying to register the marks in the listed countries can arise. The question is whether GAC's ownership of the Disputed Marks extends beyond the listed countries based on a proper construction of Art 13 of the 2012 Agreement. Central to this question is the meaning of the words "Existing Trademarks" in Art 13.4 of the 2012 Agreement. On one view (which the appellant advances), Art 13.4 refers strictly to those trade marks that GAC or the respondent has registered or has applied to register in the listed countries. On the other view, the whole agreement and Art 13.4 in particular cover the Disputed Marks which are not registered. In my judgment, Art 13.4 covers the Disputed Marks which are not registered, for two reasons.

43 First, Art 13.4 of the 2012 Agreement must be understood in light of Art 14.4 of the 1998 Agreement. A reading of Art 14.4 indicates that it was intended to achieve at least two objectives. One was to impose an obligation on GAC to maintain the marks (whether registered or pending registration) at its own expense. Only registered marks and pending marks which mature to registration can be renewed. Seen in this light, the reference in the definition of "Existing Marks" to "trademark registrations" and "trademark applications" makes sense. Two, was to grant Tomy a non-exclusive license to use the "Existing Trademarks" for the purpose of producing and selling the "Products". In this connection, it has to be borne in mind that the 1998 Agreement demarcated the parties' zones of control throughout the world such that GAC could distribute the "Products" exclusively in the "Exclusive Territory" (all countries other than Japan and the Non-Exclusive Territory) and non-exclusively in the "Non-Exclusive Territory" (Korea, Taiwan, Thailand and the Republic of China (including Hong Kong)). [\[note: 68\]](#) More importantly, the final sentence of Art 14.4 provided that Tomy was not to "directly or indirectly use any of GAC's Existing Trademarks for the purpose of producing and selling the Products in the Non-Exclusive Territory as from January 1, 2000". [\[note: 69\]](#) Registered trade mark rights are territorial in nature. A registration in one country does not, by itself, provide any rights in another country. "Existing Trademarks" could not have referred only to those marks listed in Exhibit 4 of the 1998 Agreement if the final sentence of Art 14.4 was to have any meaning. If "Existing Trademarks" referred only to those trade marks registered in the US, Benelux, Canada, France, Germany, Italy, Mexico and the UK (as provided in Exhibit 4, which is identical, in so far as the Disputed Marks are concerned, to Exhibit 3 of the 2012 Agreement reproduced at [41] above), then there would have been no need to insert this final sentence into Art 14.4 because the aforementioned countries did not constitute "Non-Exclusive Territory" (defined as "Korea, Taiwan, Thailand and the People's Republic of China (including Hong Kong))" under Art 1.3 of the 1998 Agreement. [\[note: 70\]](#) To restrict "Existing Trademarks" to the registered and pending marks in the countries listed would make a nonsense of the last sentence as, contrary to the express prohibition, Tomy would have been at liberty to sell the "Products" using all the trade marks listed in Exhibit 4 (including the Disputed Marks) in the "Non-Exclusive Territory". The parties could not have intended such an absurd result. Due regard must be given to the context surrounding Art 14.4 of the 1998 Agreement for the purposes of understanding the corresponding Art 13.4 of the 2012 Agreement.

44 Second, consistent with the parties' intention for "Existing Trademarks" under Art 14.4 of the 1998 Agreement to encompass the listed marks that are not registered, the parties emphasised this aspect of the "Existing Trademarks" in Art 13.4 of the 2012 Agreement. As noted at [40(c)] above, Art 13.4 of the 2012 Agreement for the first time provides that the "Existing Trademarks" "includ[e] but [are] not limited to, those which are identified in Exhibit 3". [\[note: 71\]](#) This represents a departure from the language of Arts 14.4 of the 2004 Agreement and the 1998 Agreement, which provided that the corresponding Exhibit 4 was an exhaustive list of "Existing Trademarks". [\[note: 72\]](#) In doing so, the parties made all the more explicit the intention for "Existing Trademarks" to cover the listed trade marks (which include the Disputed Marks) that are not registered. This accompanied another amendment to Art 13.4 of the 2012 Agreement (as noted at [40(a)] above) providing that GAC's grant of a "non-exclusive and royalty-free license to Tomy to use the Existing Trademarks" would be for the "sole purpose of producing and selling the Products to GAC" [emphasis added]. Seen from this perspective, the parties clearly contemplated that "Existing Trademarks" in Art 13.4 of the 2012 Agreement extended to the listed trade marks (including the Disputed Marks) which are not registered.

45 My conclusion is consistent with the nature of the parties' pre-existing relationship (see [32(g)] *supra*), which takes into account the fact that the patents in respect of the Products bearing the Disputed Marks belong to the respondent. In this regard, the patent licensing clauses provide a useful point of reference against which the trade mark licensing provisions should be understood. Specifically, Art 12.1 of the 2012 Agreement states that "GAC hereby grants to Tomy a non-exclusive, perpetual and royalty-free license to use [the Existing Patents] on a worldwide basis for any purpose whatsoever." [\[note: 73\]](#) In contrast, Art 13.4 of the 2012 Agreement states that "GAC and its Affiliates hereby grant a non-exclusive and royalty-free license to Tomy to use the Existing Trademarks in connection with and for the sole purpose of producing and selling the Products to GAC". [\[note: 74\]](#) A comparison of these two provisions reveals that while both parties are entitled to employ the patented technology "for any purpose whatsoever", Tomy may only utilise the patented technology together with the respondent's trade marks for the sole purpose of selling the products to GAC (*ie*, "for the sole purpose of producing and selling the Products to GAC"). [\[note: 75\]](#) This provides a more accurate context for understanding the relationship between the parties.

46 The "Existing Patents" that are the subject of a license granted by the respondent to the appellant were actually invented, at least in part, by Tomy's personnel. Art 12.1 of the 2012 Agreement states that the "Existing Patents" are those listed in Exhibit 2 and include "such inventions originally made by Tomy's technical personnel". [\[note: 76\]](#) Furthermore, Art 12.3 of the 2012 Agreement addresses the ownership of inventions made by both parties' employees after the effective date of the agreement and establishes that the patents would be jointly owned. [\[note: 77\]](#) The clause also stipulates that in respect of these subsequent patents, "neither [party] shall disclose or grant licenses or patents resulting therefrom without prior written consent of other". [\[note: 78\]](#) Accordingly, the parties' relationship is clearly not one of a straightforward manufacturer and distributor. Whatever the state of their relationship now, the parties at the time of the contract intended to collaborate on the invention of patents. Similarly, Arts 12.3.1 and 12.3.2 provide that Tomy and GAC will liaise in dealing with matters of patent prosecution, which is unusual for a typical manufacturer and distributor relationship. [\[note: 79\]](#)

47 Another peculiarity of the 2012 Agreement resides in Art 4.2, which states that "if the Products ordered by GAC require any changes in Tomy's own product specifications, GAC shall explicitly indicate such requirement in each Purchase Order so that Tomy may inform GAC of an appropriate delivery

date thereof". [\[note: 80\]](#) GAC's ability to require alterations in Tomy's product specifications is not something that a distributor can under normal circumstances request from the manufacturer.

48 The foregoing stands in contrast with the provisions by which the parties cross-licensed trade marks. Neither the "Tomy Trademarks" nor the "Existing Trademarks" are tied to the definition of "Products" under Art 1.1, which implies that both parties are entitled to sell the "Products" under their own trade marks. However, while GAC is entitled to use "Tomy Trademarks" with respect to the "sale and distribution of the Products" under Art 13.1 of the 2012 Agreement, Tomy may only apply the "Existing Trademarks" under Art 13.4 for the "sole purpose of producing and selling the Products to GAC". [\[note: 81\]](#) Indeed, the parties specifically inserted the word "sole" before the word "purpose" in Art 13.4 of the 2012 Agreement and clarified that GAC *alone* would be the recipient of the "Products" (bearing the Disputed Marks) sold and produced by Tomy. [\[note: 82\]](#) The subtle change from the language of Art 14.4 of the 2004 Agreement emphasises this aspect of the relationship and removes any ambiguity suggesting otherwise. Given this, the patent and trade mark licensing clauses collectively indicate that the nature of the parties' relationship is akin to one where an original equipment manufacturer (*ie*, the appellant) makes products on the instructions of a third party (*ie*, the respondent).

49 The appellant cannot simply rely on the fact that the respondent is a non-exclusive distributor under the 2012 Agreement. Identifying GAC as a non-exclusive distributor simply means that the appellant can sell orthodontic products in Singapore in competition with the respondent. But that does not entitle the appellant to attach the Disputed Marks to the "Products" and sell them in Tomy's own capacity. That is the respondent's entitlement. In other words, the appellant is permitted to utilise the patented technology for products that it sells in its own capacity, but it is not allowed to use the Disputed Marks in its own capacity. As alluded to at [48] above, Art 13 (concerning trade marks) is clearly distinct from Art 12 (concerning patents), and effect must be given to the differences in language of these provisions.

50 There is no merit to the appellant's assertion that the Disputed Marks come within the meaning of "Tomy's Trademarks" in the 2012 Agreement. Although the appellant asserts that the word "including" has sufficient latitude to accommodate the Disputed Marks, it does not explain why the Disputed Marks *should* fall within the ambit of "Tomy Trademarks" as a matter of contractual construction. This applies with greater force given that the only two examples of marks falling within the category of "Tomy Trademarks" are confined to trade marks with the "Tomy" element (*ie*, "Tomy" and "Orth-Tomy"). While it is sensible to categorise "Tomy" and "Orth-Tomy" within the eponymous category of "Tomy Trademarks", classifying the Disputed Marks as "Tomy Trademarks" requires greater explanation. But the appellant has not provided any cogent explanation to this end. Indeed, the 2012 Agreement shows that the parties could readily – and actually did – restrict GAC's rights. For example, Art 13.2 states that "GAC shall not acquire by virtue of ... this Agreement ... through the use of said Tomy Trademarks ... any right, title or interest of any nature whatsoever in or to any of Tomy Trademarks". [\[note: 83\]](#) Similarly, Art 13.3 states that "GAC shall not apply for or acquire the registration of Tomy Trademarks or any mark confusingly similar thereto without obtaining Tomy's prior written approval". [\[note: 84\]](#) If the parties had intended for Tomy to own all the other trade marks apart from "Tomy" and "Orth-Tomy", they would have readily stated so in the provision itself or inserted into the agreement an exhibit similar to Exhibit 3. Yet the parties chose not to limit GAC's ownership rights and instead expanded the scope of "Existing Trademarks" by expressly specifying that Exhibit 3 is not an exhaustive list of GAC's trade marks (see [44] above). [\[note: 85\]](#) In making this bare assertion that "Tomy Trademarks" cover the Disputed Marks, the appellant ignores the fact that the parties expressly chose to bifurcate the categories of "Tomy Trademarks" and "Existing

Trademarks” in the 1998 Agreement. [\[note: 86\]](#) Taking the appellant’s reasoning to its logical conclusion, nothing would prevent one from concluding that all the marks listed in Exhibit 3 of the 2012 Agreement constitute “Tomy Trademarks”. That would be absurd given that Tomy had opted not to insert an exhibit specifying its ownership rights.

51 The evolution of the Agreements supports my conclusion. To reiterate, the 1998 Agreement first established two categories of trade marks, namely the “Tomy Trademarks” and the “Existing Trademarks”. [\[note: 87\]](#) The parties intended for Tomy to own the “Tomy Trademarks” and for GAC to own the “Existing Trademarks”. Exhibit 4 specified the “Existing Trademarks”, which included the Disputed Marks. [\[note: 88\]](#) This bifurcation between “Existing Trademarks” and “Tomy Trademarks” ought to be given effect. To otherwise accept that the Disputed Marks are “Tomy Trademarks” would render these categories otiose, and the court should prefer a construction of the 2012 Agreement that avoids such an outcome.

52 In addition, Art 14.4 of the 1998 Agreement indicates that the respondent owned the entire trade mark portfolio set out in Exhibit 4. Art 14.4 alludes to a “Share Transfer Agreement” in which parties were to return shareholdings that each held in the other. [\[note: 89\]](#) As part of this arrangement, GAC transferred shares that it held in the appellant, while the appellant transferred to the respondent shares that it owned in GAC. This decoupling of entities accompanied an exercise under Art 14.4 of the 1998 Agreement requiring GAC and/or the respondent to transfer any trade marks within the category of “Existing Trademarks” containing the name of Tomy or the logo of “Orth-Tomy” to the appellant by way of the aforementioned Share Transfer Agreement. [\[note: 90\]](#) An examination of Exhibit 4 of the 1998 Agreement further confirms this view. The “Ortho Tomy” mark is listed as an “Existing Trademark of GAC” in Exhibit 4 of the 1998 Agreement. [\[note: 91\]](#) Yet this mark is noticeably absent from the corresponding Exhibit 3 of the 2012 Agreement. [\[note: 92\]](#) I do note that the “Ortho Tomy” mark in Exhibit 4 is slightly different from the “Orth-Tomy” mark mentioned in Art 14.4 of the 1998 Agreement. Regardless of whether this was a typographical error or otherwise, it does not change the analysis that the respondent owned the entire trade mark portfolio set out in Exhibit 4 of the 1998 Agreement. If ownership of a trade mark bearing the “Tomy” element (*ie*, “Orth-Tomy”) had originally belonged to GAC and not Tomy, then I cannot see how the Subject Marks – which do not contain the “Tomy” element and are listed in Exhibit 4 of the 1998 – belonged to Tomy.

53 It bears emphasising that the only transaction of trade marks under the Share Transfer Agreement alluded to in the 1998 Agreement was the transfer of “Tomy Trademarks” from the respondent to the appellant. However, Art 14.4 does not specify the transfer of the Disputed Marks. If the parties intended for the Disputed Marks to vest in the appellant (as the appellant so argues), then they would have made this clear in the 1998 Agreement or in any of the subsequent agreements. But this is simply not the case. As such, Tomy’s assertion that the Disputed Marks fall into the category of “Tomy Trademarks” is unsustainable.

54 Perhaps most importantly, Tomy’s license to use the Disputed Marks under the 1998 Agreement terminated on 1 January 2000. Under Art 14.4 of the 1998 Agreement, GAC granted “a non-exclusive and royalty-free license to Tomy to use the Existing Trademarks in connection with and for the purpose of producing and selling the Products”. [\[note: 93\]](#) It was agreed that this license would terminate at the time that the Agreement terminated, and likewise GAC was required to discontinue or cause to be discontinued the use of the “Tomy Trademarks” upon the expiration or termination of the Agreement. [\[note: 94\]](#) However, the parties agreed to an additional constraint on Tomy such that it was not to “directly or indirectly use any of the Existing Trademarks for the purpose of producing and

selling the Products in the Non-Exclusive Territory as from January 1, 2000". [\[note: 95\]](#) Therefore, from 1 January 2000 onwards, only GAC was entitled to use the Disputed Marks anywhere in the world. This is consistent with the Adjudicator's finding that there was no evidence of Tomy's use of the Disputed Marks in Singapore after 1998: see [48] – [50] of the Decision. [\[note: 96\]](#)

55 Venturing even further back in time, I find that the 1986 Agreement bolsters my conclusion. At the very outset, it was GAC and not Tomy that had the option of registering the "Tomy" and "Orth-Tomy" trade marks anywhere in the world. Clause 11 of the 1986 Agreement states:

1 1 . Trade Name. Tomy Products purchased by GAC hereunder shall be sold under the trademark of 'Tomy' or 'Orth-Tomy.' GAC shall have the right to use such names and trademark and, at its option, may register them as a trade name or trademark. GAC shall use the name 'Tomy' or 'Orth-Tomy' in all advertisements and catalogs when referring to Tomy Products manufactured by Tomy.

Given that ownership of trade marks bearing the "Tomy" element originally belonged to GAC and not Tomy, I find it difficult to accept that the Subject Marks – which do not contain the "Tomy" element – belonged to Tomy rather than GAC.

56 Even assuming for the sake of argument that Art 13.4 of the 2012 Agreement refers only to trade marks registered in the countries listed in Exhibit 3 (which I do not accept), I am of the view that this does not divest the respondent of ownership rights in respect of marks not registered because Art 13 must be read in its entirety. In particular, Art 13.1 of the 2012 Agreement clearly contemplates GAC's ownership of trade marks. The provision states that "GAC shall own all rights to its brand, tradename, trademarks and trade dress owned by it and Tomy shall claim no rights or interest therein". [\[note: 97\]](#) Viewed from this angle, Exhibit 3 does not simply address registered or pending trade marks, but has a wider import and purpose of reflecting GAC's ownership rights. Since the Disputed Marks are listed in Exhibit 3, they would, in any event, constitute "trademarks ... owned by "GAC" under Art 13.1 of the 2012 Agreement.

57 Finally, the Adjudicator was correct to accord minimal weight to evidence in relation to the first use and registration of the Disputed Marks, for two reasons.

58 First, the appellant's reliance on its prior registration of the Disputed Marks in Singapore is premised on circular reasoning and does nothing to advance its case. There is no doubt that a registered trade mark is personal property: see ss 4(1) and 36 of the Act. But where the court is tasked to ascertain the propriety of an act of registration pursuant to s 7(6) of the Act, it would be manifestly illogical to allow the appellant to prove that its registration of the Disputed Marks was in good faith on the basis of its prior registrations.

59 Second, the appellant wrongly assumes that the common law position in *Weir Warman* at [76] ([27(b)] *supra*) that the "first user of the mark in Singapore is the true owner of the mark" can assist the court's determination of the issue of *ownership* even given the existence of a contract. As the High Court observed in *Weir Warman* at [77], "the common law position on the proprietorship of a trade mark is merely the default position that applies in the absence of any contractual agreements between parties assigning or stipulating for the right to register a trade mark." Similarly, the authors of Neil J Wilkof & Daniel Burkitt, *Trade Mark Licensing* (Sweet & Maxwell, 2nd Ed, 2005) remark at para 7-50, "the question of proprietorship of a trademark as between the manufacturer and an exclusive distributor is first and foremost a matter of agreement between the parties." Since the 2012 Agreement clearly designates ownership of the Disputed Marks, it is clear that evidence of *first use* in

Singapore affords no utility in the determination of ownership and bad faith. This inquiry into prior use and registration merely distracts from the material contentions in this dispute.

60 For the foregoing reasons, I am of the view that ownership of the Disputed Marks vests in GAC and/or the respondent. Having dealt with ownership, I turn now to examine whether the appellant's registration of the Subject Marks notwithstanding the respondent's ownership of the trade marks was done in bad faith.

61 Applying the subjective component of the "combined" test articulated at [32(c)] above, I find that the appellant registered the Subject Marks on 22 January 2013 knowing that it was not entitled to do so without first consulting GAC or the respondent. In particular, Art 13.6 states that "[n]either Tomy nor GAC shall directly or indirectly do anything which is likely to impair the value or validity of any of the other party's trademarks". [\[note: 98\]](#) Art 13.1 also states that "GAC shall own all rights to its brand, tradename, trademarks and trade dress owned by it and Tomy shall claim no rights or interest therein". [\[note: 99\]](#) These provisions clearly illustrate that the parties *mutually understood* that GAC owned the rights to the Disputed Marks. By registering the trade marks, the appellant knew that it would breach Arts 13.1 and 13.6 of the 2012 Agreement.

62 The appellant's own prior conduct is entirely consistent with its knowledge of its obligations under the 2012 Agreement. In particular, the appellant did not register the Disputed Marks while the 1986 Agreement, the 1998 Agreement or the 2004 Agreement subsisted. Only several months after the signing of the 2012 Agreement did the respondent suddenly register the Disputed Marks in Singapore. Yet each agreement identified each party's trade marks with progressively greater specificity. Notably, Art 13.4 of the 2012 Agreement also introduced the concept of the trade marks being "property". [\[note: 100\]](#) As such, the concept of property ownership in the trade marks (including the Disputed Marks) was front and centre in the minds of the parties at the time they signed the 2012 Agreement. Given the parties' five-decade-long relationship, the respondent cannot now deny knowledge of its obligations under the Agreements and, in particular, the 2012 Agreement. In totality, the proper construction of the contract, the prior agreements, and the parties' pre-existing relationship all lead to the conclusion that the appellant knew that it was not entitled to register the Disputed Marks. As Prof Susanna Leong observes in Susanna Leong, *Intellectual Property Law of Singapore* (Review Publishing, 2013) ("*IP Law*") at para 28.264 that in cases "where ownership or proprietorship of the trade mark is an issue, the applicant is usually aware of the existence of a third party's rights as the rightful owner".

63 With regard to the objective component of the test for bad faith, I find that the appellant's registration of the Disputed Marks falls outside the scope of acceptable commercial behaviour observed by reasonable and experienced persons. In this respect, I agree with the Adjudicator that the appellant's conduct was akin to trade mark hijacking. Prof Leong remarks in *IP Law* at para 28.263:

28.263 A recognised instance of bad faith is where the applicant attempts by means of registration to seize the trade mark of a third party when the mark does not rightfully belong to the applicant.

For example, when the applicant tries to register a trade mark of a third party with whom he has or has had a contractual or pre-contractual relationship; or when the applicant attempts to register a trade mark of a competitor, a former employee, an agent or distributor, a licensee or a business partner.

64 Likewise, the appellant's actions fell outside the scope of acceptable commercial behaviour because it registered marks belonging to its business partner with whom it has a contractual relationship. This applies *a fortiori* in a situation such as the present one where the contract itself provides that ownership of the trade marks belongs to the respondent.

## **Conclusion**

65 For these reasons, I find that the Adjudicator did not err in holding that the appellant registered the Subject Marks in bad faith pursuant to s 7(6) read with s 23(1) of the Act. In light of my finding in respect of bad faith, I also find it unnecessary to decide the remaining grounds of invalidation raised by the respondent.

66 The appeal is dismissed. The respondent is entitled to its costs.

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[\[note: 1\]](#) Bundle of Documents, p 86.

[\[note: 2\]](#) Bundle of Documents, pp 7, 12, 17.

[\[note: 3\]](#) Bundle of Documents, pp 804-805

[\[note: 4\]](#) Bundle of Documents, p 805.

[\[note: 5\]](#) Bundle of Documents, p 805.

[\[note: 6\]](#) Bundle of Documents, p 76.

[\[note: 7\]](#) Bundle of Documents, p 808.

[\[note: 8\]](#) Bundle of Documents, pp 1335-1336.

[\[note: 9\]](#) Bundle of Documents, p 1254.

[\[note: 10\]](#) Bundle of Documents, p 1255.

[\[note: 11\]](#) Bundle of Documents, p 1258.

[\[note: 12\]](#) Bundle of Documents, p 1260.

[\[note: 13\]](#) Bundle of Documents, p 1260.

[\[note: 14\]](#) Bundle of Documents, p 1275.

[\[note: 15\]](#) Bundle of Documents, p 1275.

[\[note: 16\]](#) Bundle of Documents, p 1282-1283.

[\[note: 17\]](#) Bundle of Documents, p 1294.

[\[note: 18\]](#) Bundle of Documents, p 1282.

[\[note: 19\]](#) Bundle of Documents, p 1283.

[\[note: 20\]](#) Bundle of Documents, p 1283.

[\[note: 21\]](#) Bundle of Documents, p 1283.

[\[note: 22\]](#) Bundle of Documents, p 1311.

[\[note: 23\]](#) Bundle of Documents, p 1299.

[\[note: 24\]](#) Bundle of Documents, p 1300.

[\[note: 25\]](#) Bundle of Documents, p 1307.

[\[note: 26\]](#) Bundle of Documents, p 1321.

[\[note: 27\]](#) Respondent's submissions, p 11.

[\[note: 28\]](#) Bundle of Documents, p 1321.

[\[note: 29\]](#) Bundle of Documents, p 1329.

[\[note: 30\]](#) Bundle of Documents, p 1329.

[\[note: 31\]](#) Bundle of Documents, p 1330.

[\[note: 32\]](#) Bundle of Documents, p 1330.

[\[note: 33\]](#) Bundle of Documents, pp 1321-1341.

[\[note: 34\]](#) Bundle of Documents, p 1328.

[\[note: 35\]](#) Bundle of Documents, p 1328-1329

[\[note: 36\]](#) Bundle of Documents, p 1340.

[\[note: 37\]](#) Bundle of Documents, p 1165.

[\[note: 38\]](#) Bundle of Documents, pp 6, 11, 16.

[\[note: 39\]](#) Bundle of Documents, pp 6, 11, 16.

[\[note: 40\]](#) Bundle of Documents, pp 20-29.

[\[note: 41\]](#) Bundle of Documents, p 3135.

[\[note: 42\]](#) Bundle of Documents, p 3148.

[\[note: 43\]](#) Bundle of Documents, p 3136.

[\[note: 44\]](#) Bundle of Documents, p 3147.

[\[note: 45\]](#) Bundle of Documents, p 3139.

[\[note: 46\]](#) Bundle of Documents, p 3146.

[\[note: 47\]](#) Bundle of Documents, p 3144.

[\[note: 48\]](#) Bundle of Documents, p 3145.

[\[note: 49\]](#) Bundle of Documents, p 3145.

[\[note: 50\]](#) Bundle of Documents, p 3147.

[\[note: 51\]](#) Bundle of Documents, p 3147.

[\[note: 52\]](#) Bundle of Documents, p 3148.

[\[note: 53\]](#) Bundle of Documents, p 1329.

[\[note: 54\]](#) Bundle of Documents, p 1329.

[\[note: 55\]](#) Bundle of Documents, p 1341.

[\[note: 56\]](#) Bundle of Documents, p 1341.

[\[note: 57\]](#) Bundle of Documents, p 1328.

[\[note: 58\]](#) Bundle of Documents, p 1294

[\[note: 59\]](#) Bundle of Documents, p 1341.

[\[note: 60\]](#) Bundle of Documents, p 1335.

[\[note: 61\]](#) Bundle of Documents, pp 1329 – 1330.

[\[note: 62\]](#) Bundle of Documents, p 1329.

[\[note: 63\]](#) Bundle of Documents, p 1329.

[\[note: 64\]](#) Bundle of Documents, p 1329.

[\[note: 65\]](#) Bundle of Documents, p 1329.

[\[note: 66\]](#) Bundle of Documents, p 1283.

[\[note: 67\]](#) Bundle of Documents, p 1341.

[\[note: 68\]](#) Bundle of Documents, pp 1275-1276.

[\[note: 69\]](#) Bundle of Documents, p 1283.

[\[note: 70\]](#) Bundle of Documents, pp 1275-1276.

[\[note: 71\]](#) Bundle of Documents, p 1329.

[\[note: 72\]](#) Bundle of Documents, p 1283.

[\[note: 73\]](#) Bundle of Documents, p 1328.

[\[note: 74\]](#) Bundle of Documents, p 1329.

[\[note: 75\]](#) Bundle of Documents, p 1329.

[\[note: 76\]](#) Bundle of Documents, p 1328.

[\[note: 77\]](#) Bundle of Documents, p 1328.

[\[note: 78\]](#) Bundle of Documents, p 1328.

[\[note: 79\]](#) Bundle of Documents, p 1328.

[\[note: 80\]](#) Bundle of Documents, p 1322.

[\[note: 81\]](#) Bundle of Documents, p 1329.

[\[note: 82\]](#) Bundle of Documents, p 1329.

[\[note: 83\]](#) Bundle of Documents, p 1329.

[\[note: 84\]](#) Bundle of Documents, p 1329.

[\[note: 85\]](#) Bundle of Documents, p 1329.

[\[note: 86\]](#) Bundle of Documents, p 1282-1283.

[\[note: 87\]](#) Bundle of Documents, pp 1282-1283.

[\[note: 88\]](#) Bundle of Documents, p 1294.

[\[note: 89\]](#) Bundle of Documents, p 1283.

[\[note: 90\]](#) Bundle of Documents, p 1283.

[\[note: 91\]](#) Bundle of Documents, p 1294.

[\[note: 92\]](#) Bundle of Documents, p 1341.

[\[note: 93\]](#) Bundle of Documents, p 1283.

[\[note: 94\]](#) Bundle of Documents, p 1283.

[\[note: 95\]](#) Bundle of Documents, p 1283.

[\[note: 96\]](#) Bundle of Documents, p 3147.

[\[note: 97\]](#) Bundle of Documents, p 1329.

[\[note: 98\]](#) Bundle of Documents, p 1330.

[\[note: 99\]](#) Bundle of Documents, p 1329.

[\[note: 100\]](#) Bundle of Documents, p 1329.