

Doctor's Associates Inc v Lim Eng Wah (trading as SUBWAY NICHE)  
[2012] SGHC 84

**Case Number** : Originating Summons No 462 of 2010  
**Decision Date** : 18 April 2012  
**Tribunal/Court** : High Court  
**Coram** : Judith Prakash J  
**Counsel Name(s)** : Max Ng and David Wu (Gateway Law Corporation) for the plaintiff; Engelin Teh SC and Thomas Sim (Engeline Teh Practice LLC) for the defendant.  
**Parties** : Doctor's Associates Inc — Lim Eng Wah (trading as SUBWAY NICHE)

*Trademarks – Infringement – Defence of prior use*

*Trademarks – Infringement – Well known marks*

*Tort – Passing Off – Goodwill*

18 April 2012

Judgment reserved.

**Judith Prakash J:**

**Introduction**

1 This action was commenced by Doctor's Associates Inc ("the plaintiff") against Lim Eng Wah ("the defendant") for trademark infringement under the Trade Marks Act (Cap 332, 2000 Rev Ed) (the "Act") and passing off of the former's registered "SUBWAY" trademarks through the latter's use of the "SUBWAY niche" sign.

**Parties to the dispute**

2 The plaintiff is an American corporation with its head office in Florida and owns and operates the franchise for the popular sandwich chain named "SUBWAY". Through a series of license agreements, the plaintiff licensed a Netherlands company named Subway International B.V. to act as the franchisor of SUBWAY in countries outside the United States. The plaintiff opened its first Italian sandwich or "submarine" sandwich store in 1965 in the United States under the name "Pete's Super Submarine" and in 1967 amended its name to "SUBWAY". The first franchised SUBWAY outlet opened in Connecticut in 1974. The first SUBWAY outlet in Singapore opened in 1996. At present, there are 34,891 stores in 98 countries which operate under the SUBWAY mark; in particular, there are 92 SUBWAY outlets in Singapore. Each SUBWAY outlet sells, *inter alia*, sandwiches under the trade name "SUBWAY"; the primary offerings are foot-long and 6-inch long sandwiches made on freshly baked bread rolls with a choice of fillings.

3 The plaintiff is the registered proprietor of the "SUBWAY" word mark ("the SUBWAY mark") in relation to the following classes in Singapore:

| Date registered | Class | TM Reg No | Specification |
|-----------------|-------|-----------|---------------|
|                 |       |           |               |

|             |    |           |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------|----|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25 May 1989 | 30 | T8903282C | Bread rolls and sandwiches                                                                                                                                                                                                                                                                                                                                                                                                       |
| 25 May 1989 | 32 | T8903283A | Non-alcoholic beverages                                                                                                                                                                                                                                                                                                                                                                                                          |
| 18 Sep 1995 | 42 | T9508869Z | Restaurant services                                                                                                                                                                                                                                                                                                                                                                                                              |
| 3 Sep 2004  | 29 | T0511828D | Garden salads, vegetable and meat salads; milk-based beverages consisting primarily of milk and fruit; potato chips; combination meals consisting primarily of vegetable and meat salads, a soft snack and a soft drink for consumption on and off the premises                                                                                                                                                                  |
| 3 Sept 2004 | 30 | T0511829B | Sandwiches and wrap sandwiches; baked foods for consumption on or off the premises; snacks namely pretzels, corn chips, tortilla chips, puffed corn curls, popped corn, cakes, pastries, cookies; dressings for salads, sandwiches and wraps, namely, salad dressing used on salads, sandwiches and wraps; combination meals consisting primarily of a sandwich, a snack and a soft drink for consumption on or off the premises |
| 3 Sept 2004 | 32 | T0511830F | Soft drinks, fruit-based, beverage consisting primarily of fruit and crushed ice and fruit juice drinks containing water all for consumption on or off the premises                                                                                                                                                                                                                                                              |
| 3 Sept 2004 | 43 | T0511831D | Restaurant services, sandwich shop services; catering services; take-out food services.                                                                                                                                                                                                                                                                                                                                          |

4 The infringement complained of is in relation to the SUBWAY marks registered under classes 30 (T8903282C) and 30 (T0511829B) viz the defendant's sale of sandwiches, and class 43 (T0511831D) viz the defendant's operation of a SUBWAY niche cafe. The mark commonly used by the plaintiff in trade is a stylised version of the SUBWAY word mark, reproduced below:



5 The defendant operates a chain of stalls in Singapore under the name "Subway niche" which sell nonya kueh, bubble tea and other local snacks. The defendant first applied the alleged offending "SUBWAY NICHE" sign in relation to the sale of local snacks in 1987 at an outlet in Wisma Atria. The first Subway niche outlet opened in Singapore two years before the defendant registered its first two SUBWAY marks and nine years before the first SUBWAY outlet opened in Singapore. As at 15 December 2009, there were eight Subway niche outlets in Singapore – one of which was a restaurant-style cafe with seating facilities.

### **Background to the dispute**

6 The defendant applied two versions of the Subway niche sign to the sale of its goods: first, the word mark "SUBWAY NICHE" (in various stylised forms) and second, a circular mark featuring the phrase "Subway niche". The offending marks are reproduced below for convenience:



7 On 29 October 2007, the plaintiff sent the defendant a “cease and desist” letter which alleged that the defendant’s use of the offending mark constituted infringement of the plaintiff’s rights. In response, the defendant rejected the plaintiff’s demands and denied having infringed the plaintiff’s trade mark rights. The plaintiff began legal proceedings on 17 October 2008 but this action was struck off on 14 September 2009 due to the plaintiff’s failure to comply with an unless order to furnish S\$19,000 as security for the defendant’s costs.

8 The present action was started on 12 May 2010. By the originating summons filed herein, the plaintiff asked for the following reliefs:

- (a) a declaration that the SUBWAY mark is well known in Singapore (in line with the Act);
- (b) a declaration that the continuing use of the offending mark amounts to an infringement of the SUBWAY mark in Singapore;
- (c) further or in the alternative,
- (d) a declaration that the plaintiff is entitled to restrain by injunction the use of the offending mark in Singapore (in the course of trade and without the plaintiff’s consent) in relation to any goods or services;
- (e) a declaration that the plaintiff is entitled to restrain by injunction the use of the offending mark in Singapore (in the course of trade and without the plaintiff’s consent) in relation to an identical or similar goods or services as those described in the classes under which the SUBWAY mark is registered;
- (f) a declaration that the plaintiff is entitled to restrain by injunction the use in Singapore, in the course of trade and without the plaintiff’s consent, the mark “SUBWAY NICHE” which incorporates or employs the SUBWAY mark;
- (g) an injunction to restrain the defendant, whether by himself, his officers, servants agents, or any of them from continuing to use the offending mark in trade, whether as a business identifier or a trade sign, and thereby infringing the SUBWAY mark;
- (h) further or in the alternative;
- (i) an injunction to restrain the defendant whether by himself, his officers, servants agents, or

any of them from using and / or extending the use of the offending mark to goods or services for which the plaintiffs are well known, in particular to "sandwiches, wrap sandwiches, bread rolls, salads and salad dressing for salads, sandwiches and wraps" and;

(j) an order that the defendant whether by himself, his officers, servants agents, or any of them be restrained from passing off by advertising, marketing, selling or otherwise distributing goods and services by reference to the use of the word "SUBWAY" when such goods or services of the defendant are not actually associated or connected to the plaintiff;

(k) delivery up of all infringing material;

(l) damages.

9 The defendant resisted the proceedings and several affidavits were filed by both sides. Thereafter, an application was made by the plaintiff to cross-examine the defendant and his employees, Mdm Chen Kim Eng ("Mdm Chen") and Mdm Ong Fei Yan ("Mdm Ong") on issues of fact that were raised in the defendant's fifth affidavit and Mdms Ong and Chen's respective affidavits. This application was granted by the Assistant Registrar. Although there was some very minor dispute about the scope of the cross-examination, essentially, it centred on one issue of fact: when the defendant began selling sandwiches under the SUBWAY NICHE mark. It is the plaintiff's case that the defendant only started selling sandwiches in 2001 (*ie* after the plaintiff registered its SUBWAY marks). However, the defendant and his two witnesses disputed this in their affidavits and subsequently when cross-examined - they maintained that the defendant has been continuously selling sandwiches since 1987.

10 The plaintiff founds its claim for trademark infringement under s 27(2)(b) and s 27(3) of the Act. It also avers that the defendant is liable under the tort of passing off. The defendant's position is that the requirements mandated by ss 27(2)(b) and 27(3) have not been made out. Further, he asserts that he has a complete defence under s 28(2) of the Act. As for the tort of passing off, the defendant avers that this has not been made out and in any case he has a positive defence of antecedent/concurrent user. The defendant also contends that the plaintiff is estopped from receiving the relief sought or any relief at all by reason of either the doctrine of laches or estoppel by acquiescence.

### **Issues before this Court**

11 There are three issues that fall for consideration:

- (a) Was there infringement under s 27(2)(b) of the Act?
- (b) Was there infringement under s 27(3) of the Act (read with s 55)?
- (c) Is the defendant liable under the tort of passing off?

### **Analysis**

#### ***Issue 1: Infringement under s 27(2)(b) of the Act***

##### *The applicable law*

12 Section s 27(2)(b) of the Act provides:

## Acts amounting to infringement of registered trade mark

27. —(1)

...

(2) 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 where because —

...

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public.

13 Following *The Polo/Lauren Co. LP v Shop in Department Store Pte Ltd* [2006] ("Polo") 2 SLR at [7]-[8] per Chao JA, the three-step approach enunciated by the House of Lords in *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 ("*British Sugar*") is to be used to determine whether the requirements of s 27 (2)(b) have been met. In short, infringement will be found if the following are present (*Polo* at [8] per Chao Hick Tin JA):

First, the alleged offending sign must be shown to be similar to the registered mark. Second, both the sign and the mark must be used in relation to similar goods or services. Third, on account of the presence of the first two conditions, there exists a likelihood of confusion on the part of the public.

14 These requirements are distinct and each requires a separate inquiry (*Polo* at [8]; *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 ("*City Chain*") at [44]). However, the precise relationship between the three requirements is unclear. While it can be safely said that if neither of the first two conditions is present, one can conclude that there is no infringement (*ibid*), it is unclear whether the requirements are cumulative or merely interdependent. The European Court of Justice (ECJ) in *Canon Kabushiki Kaisha Case C-39/97* [1999] 1 CMLR 77 at 95 stated that they were interdependent, such that difficulty in proving one of the requirements can be offset by the way another requirement is met; however, in other cases, the ECJ adopted a cumulative approach, holding that there could be no confusion (thus infringement) because the mark and the sign were so dissimilar, despite the goods being identical and the mark highly distinctive. Somewhat of a compromise was made in *Esure Insurance Ltd v Direct Line Insurance PLC* [2007] EWHC 1557 (Ch) at [46], where the ECJ held that the interdependence of the factors need only be assessed once a 'minimum level of similarity' of marks or a 'slight' similarity of goods/services has been reached.

### Similarity of marks

15 Similarity of marks is the first element to be considered under s 27(2)(b). This is an objective inquiry to be determined by the court (*Polo* at [8]); witness testimony or evidence adduced may be helpful but it should not be treated as conclusive.

16 Recently, the High Court in *Ozone Community Corp v Advance Magazine Publishers Inc* [2010] 2 SLR 459 ("*Ozone Community*") adopted a two-step approach in analysing the similarity of marks, namely:

(a) Whether there is visual, aural and conceptual similarity between the allegedly infringing

sign and the registered trade mark; and

(b) Whether the registered trade mark is distinctive.

17 Since *Ozone Community* centred on the determination of similarity for the purpose of registrability of trademarks pursuant to s 8 of the Act, its application to the instant case may at first glance appear limited. However, the *Ozone Community* test ultimately has its roots in the question of infringement as the High Court cited the *Polo* judgment (the context of which was infringement under s 27(2) of the Act) as the basis for the inclusion of step (b) above. Further, the content of the *Ozone Community* test is not novel – it is simply a restatement of the first step of the *Polo* test albeit directly acknowledging the inclusion of distinctiveness, in contrast to earlier approaches where distinctiveness was treated as simply a factor *affecting* similarity. Accordingly, it appears to me that the *Ozone Community* test may be adopted as a useful truncation of the various steps to be taken *viz* assessing whether the requirement of identity or similarity of goods is established.

18 Returning to the question of similarity, it is important to note that the three similarities are interdependent. Accordingly, a “trade-off” of sorts between similarities can occur, *e.g.* visual and conceptual differences may offset aural similarities (Bently & Sherman, *Intellectual Property Law*, 3<sup>rd</sup> Edition at p 864). It is the overall impression created by the marks (and not their individual details) perceived by the average consumer that matters – the distinctive and dominant components of the marks must be scrutinized in particular (Bently & Sherman at p 864). Further, the courts have used the notion of the average consumer’s “imperfect recollection” of the mark to extend the ambit of protection afforded (see below at [19(d)]).

19 Much has been said about how this inquiry should be conducted. The following guidelines may be gleaned from the cases:

(a) The court may find that the marks are similar notwithstanding that not all three similarities are made out. Similarly, the fact that one similarity is made out does not necessarily mean that the marks are similar. The relative importance of each type of similarity depends on the circumstances at hand, important variables being the goods and the type of marks concerned.

(b) The court is to consider the two signs/marks “as a whole” (*Polo* at [8]; *City Chain* at [47], [50]). However, the court shall not take into account “any external added matter or circumstances” because the comparison is “mark for mark” (*RecordTV Pte Ltd v MediaCorp TV Singapore Pte Ltd and others* [2011] 1 SLR 830 (“*Mediacorp*”) at [33]).

(c) The marks are to be considered from the viewpoint of the average consumer who is not an unthinking person in a hurry, but rather a person who would exercise some care and good sense in making his purchases (*Polo* at [34]).

(d) With regard to visual similarity, one must bear in mind the “imperfect recollection” of the customer (*MediaCorp* at [33], citing *Nautical Concept Pte Ltd v Jeffery Mark Richard* [2007] 1 SLR(R) 1071 at [30]) who “makes comparison from memory removed in time and space from the marks” (*MediaCorp* at [33]). Accordingly, the marks should not be compared side-by-side with meticulous scrutiny and minor differences pounced upon. The effect of “imperfect recollection” means that while at first glance two marks may appear to be dissimilar, when the possibility of imperfect recollection has been considered, the marks may in fact be similar and vice versa.

(e) With regard to aural similarity, “imperfect recollection” and “careless pronunciation and speech” on the part of consumers should similarly be considered (*Future Enterprises Pte Ltd v*

*McDonald's Corp* [2006] 4 SLR(R) 629 at [12]); one cannot expect the marks to be pronounced carefully by someone such as a "teacher of elocution" (*ibid*).

(f) With regard to conceptual similarity, it is necessary to consider the ideas that lie behind or inform the earlier mark (*Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 ("*Festina*") at [38]).

20 Apart from the above, step (b) of the *Ozone Community* approach incorporates *distinctiveness* of the earlier trade mark into the question of similarity. The actual relationship between distinctiveness and similarity is uncertain and disputed. However, it is safe to say that the more distinctive the earlier trade mark, the more visual or aural or conceptual alteration necessary to ensure that the later mark is not similar.

21 The factors to be considered in determining the distinctiveness of a mark were laid down by the ECJ in *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel*(C-342/97, [1999] 2 CMLR 1343, [24]:

the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and how long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

22 Accordingly, the following factors, *inter alia*, are to be considered in determining the mark's distinctiveness: the market share held by the SUBWAY mark, the nature of its use (intensive, widespread, long-standing), the amount invested in promoting the mark, proportion of the relevant class of individuals who identify goods sold under the mark as from a particular source and statements from trade associations and chambers.

#### Similarity of Goods

23 The court is to consider the following factors when assessing whether the goods are similar (per Jacob J in *British Sugar* at 296-297, approved by the Court of Appeal in *MediaCorp* at [41]):

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, whether in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in the trade classify goods, for instance whether market research companies, who of course act for the industry, put the goods or services in the same or different sectors.

24 The above requirements are merely guidelines, however, (*British Sugar* at 297 per Jacob J) and certainly “must not be regarded as requirements that must all be satisfied before the goods can be treated as similar” (*Johnson & Johnson v Uni-Charm Kabushiki Kaisha* [2007] 1 SLR(R) 1082 at [18]). The High Court in *Polo* (at [33]) and *Ferrero* (at [88]) was of the opinion that if the marks fell within the same class of products, the requirement of similarity of goods would be *prima facie* established and it would be unnecessary for the court to engage in the *British Sugar* test.

#### Likelihood of confusion

25 The third step of the *Polo* test requires that the plaintiff show that a substantial portion of the relevant public will be confused by the similarity of the marks; the relevant time for assessing the existence of confusion is the point of commencement of the alleged infringing use of the sign (*City Chain* at [51]).

26 As to what kind of confusion is required, “mere association” without any possibility of being mistaken as to the source or origin of the goods or services is insufficient (*City Chain* at [58]). Consumers must be confused as to the source of the goods and the degree of confusion must be above a “*de minimis*” level and cannot be merely hypothetical or speculative (*City Chain* at [53]). Notwithstanding this requirement of confusion as to “source” or “origin”, the court has steadily expanded the protection afforded to trade mark proprietors by recognizing a broader type of confusion where the consumer mistakenly assumes some kind of economic link or connection between the users of the marks. It should be emphasized that this recognition of an economic connection being sufficient does not negate the aforementioned requirement of there being more than “mere association”; consumers must still be *mistaken* as to the source of the goods. Accordingly, an example of an appropriate mistake in these “economic connection” cases is that the goods originated from a subsidiary or licensee of the trade mark proprietor (per Bently & Sherman at p 872).

27 As to what the “relevant public” entails, this refers to average consumers of the relevant goods and services. The consumers are taken to be reasonably well-informed, observant and circumspect, who will exercise ordinary care and intelligence; additionally, the average consumer is literate, educated, “constantly exposed to the world, either through travel or media” and is unlikely to be “easily deceived or hoodwinked” (*McDonald’s Corp v Future Enterprises Pte Ltd* [2005] 1 SLR(R) 177 at [64]).

28 As to what a “substantial portion” of the relevant public means, it is insufficient that only a “single member of the public” or “a very small unobservant section of society” would be confused (*Mobil Petroleum Co Inc v Hyundai Mobis* [2010] 1 SLR 512 (“*Mobil*”) at [79]. While the portion need not be a majority of the relevant public, it must not be an insubstantial number (*Mobil* at [77]-[78]).

29 In ascertaining if there is a likelihood of confusion, the court is entitled to consider all circumstances including (but not limited to) the closeness of the goods, the impression given by the marks, the possibility of imperfect recollection, steps taken to differentiate goods from those of the registered proprietor and the risk that the public might believe that the goods come from the same source or economically-linked sources (*City Chain* at [52]).

#### *Application to the facts*

##### Visual Similarity

30 The marks share a common denominator, specifically the word “SUBWAY”.

31 The defendant argues that the addition of "Niche" sufficiently distinguishes the offending mark from the plaintiff's SUBWAY mark. The defendant relies on *Ozone Community* and *Polo*, which he alleges are analogous to the instant case. In *Ozone Community*, the High Court found that "HYSTERIC GLAMOUR" and "GLAMOUR" were not visually similar. The inclusion of "HYSTERIC" was a "visual difference" significant enough to offset the visual similarity (even considering the consumer's imperfect recollection) between the marks. Similarly, in *Polo*, the Court of Appeal held that "POLO PACIFIC", with "its special font and design" was dissimilar to "POLO" – the only similarity was in the "broadest of sense that one word is common".

32 In any case, *Ozone Community* and *Polo* may be distinguished on the facts since the common denominators in both these cases did not possess any acquired distinctiveness. In contrast, the distinctiveness of the SUBWAY mark complicates matters in the instant case. As the SUBWAY mark bears no inherent or intrinsic distinctiveness (as it is not an inventive word), its distinctiveness (if any) must be acquired through use. I consider that the SUBWAY mark is fairly distinctive as the use of the mark is very widespread (with 92 SUBWAY outlets in Singapore) and long-standing (since in 1996 in Singapore) and the plaintiff has without a doubt invested significant sums annually in promoting the mark leading to a large proportion of the Singapore public being capable of identifying SUBWAY sandwiches as part of or emanating from the SUBWAY brand.

33 Further, there are cases of marks sharing prominent words or features where courts concluded that there was infringement. Such a case was *R Johnston & Co v Archibald Orr Ewing & Co* (1880) 13 Ch, as referenced in *Trade Mark, Trade Name and Passing Off Cases*, by P. Narayanan (2<sup>nd</sup> Edition), where infringement was found because the marks shared prominent features. However *Johnston* can be easily distinguished on its facts: the mark and the sign were almost entirely identical in *Johnston* save for the addition of the words "red No. 40" and an inverted colour scheme, completely unlike the instant case.

34 Nevertheless, the SUBWAY mark and the SUBWAY NICHE mark are visually similar because they share a common denominator in the form of the word "Subway". The addition of "niche" to the SUBWAY NICHE mark does not offset this similarity because of the distinctiveness of the SUBWAY mark. Similarly, the font and stylistic differences between the marks do not offset this similarity. The procedure and format of registration under the Act only allows one to register a block letter mark without accounting for any additional distinctiveness by virtue of stylisation by way of font type or graphical device. Consequently, trade mark protection may not be circumscribed simply by tweaking the font or style of the lettering of the word mark, particularly where one had deliberately registered the word mark in block letters to represent that the distinctiveness of the mark lies in the word itself (at [58] of *Ferrero SPA v Sarika Connoisseur Cafe Pte Ltd* [2011] SGHC 176 ("*Ferrero*").

#### Aural Similarity

35 The plaintiff submitted that as the first word of the SUBWAY NICHE mark is identical to the alleged infringing mark, the marks are aurally similar. Further, as the first syllable of the word is typically accepted to be the most important, the fact that the marks share the first word indicates the requisite similarity required under s 27(2). The basis of the "first syllable" principle is that English speakers tend to slur subsequent syllables. However, the applicability of the "first syllable" principle to the instant case is doubtful given that it seems reserved for cases where the marks comprise only one word. In any case, it is clear that the "first syllable principle" should not be applied in a "blanket fashion" (*Valentino Globe BV v Pacific Rim Industries Inc* [2009] 4 SLR(R) 577 at [34], citing *London Lubricants (1920) Ltd's Application* (1925) 42 RPC 264 at 279).

36 The defendant averred that the marks are dissimilar because the SUBWAY mark consists of two

syllables while the offending mark comprises three syllables. While it is true that courts typically undertake a quantitative assessment of the marks, such that a slight variation in pronunciation or length can render marks different (as observed by Tan Lee Meng J in *Tung Chay Seng v Tung Yang Wee* [2010] SGHC 228 at [35]), in this case, the common feature of the word "SUBWAY" in both marks renders the marks aurally similar. In any case, even on a quantitative assessment, the marks share two common syllables (out of three) and these, being the first two syllables in the one case and the whole of the word in the other, emphasises the aural similarity. The inclusion of "niche" in the alleged offending mark does not offset the obvious aural similarity between the marks.

#### Conceptual Similarity

37 The defendant stated that he chose the name "Subway Niche" because his first shop was to be located near the tunnel of the Orchard MRT station. The SUBWAY NICHE mark reflected his desire to attract MRT commuters in the following manner: first, the reference to "Subway"; second, the depiction of MRT tracks and tunnel in his outlet. He claimed he wished to attract customers through selling "delicious local food in a small store/outlet in a cosy and warm environment" – this idea was to be conveyed through the inclusion of "niche" in the offending mark. In response, the plaintiff submitted that the marks are conceptually similar as they both convey ideas of "speed, efficiency, reliability and accessibility". Further, the plaintiff maintained that the SUBWAY stores in the US are decorated with maps of the New York City subway system – however, no evidence was provided as to whether the stores in Singapore were similarly decorated.

38 At this juncture, it may be helpful to examine a few cases to better understand the Court's approach to conceptual similarity. A particularly obvious example of conceptual *dissimilarity* was evinced in *Phillips – Van Heusen*, T- 292/01 [2003] ECR II – 4335 where "BASS" was found to be conceptually dissimilar from "PASH" as the former was understood as a musical reference whereas the latter either had no meaning or referred to German dice.

39 More relevant to the instant case, *Itochu Corporation v Worldwide Brands, Inc* [2007] SGIPOS 9 ("*Itochu*") and *Ozone Community* provide contrasting examples of the difference that the addition of a single word may (or may not) make. In *Itochu*, the PAR (and subsequently the High Court) held that the marks "CAMEL" and "SWEETCAMEL" were conceptually dissimilar: the "CAMEL" mark evoked a sense of "ruggedness, adventure and masculinity" whereas the applicant's mark "SWEETCAMEL" which was preceded by the adjective "SWEET" projected a totally opposite impression. In contrast, in *Ozone Community*, the High Court found that "GLAMOUR" and "HYSTERIC GLAMOUR" were in some way conceptually similar as both marks used the "glamour" concept, despite one appealing to the orthodox meaning while the other gave the concept a spin without completely altering its texture.

40 The word "SUBWAY" conjures up an image of trains and rail transportation. The SUBWAY NICHE mark and the SUBWAY mark both use the subway/train/rail concept. Although the addition of "niche" conveys a 'narrowing' effect, suggesting an offshoot or upgrade, it does not significantly alter the texture of or impression evoked by the subway/train/rail concept. Accordingly, I find that the marks are conceptually similar.

#### Overall similarity of the marks

41 As determined above, the marks do have aural, conceptual and visual similarities. It thus follows that looking at the mark and the offending mark as a whole, they are similar.

#### Identity or similarity of goods

42 In order for the requirement of identity or similarity of goods to be fulfilled, the plaintiff must show that the offending mark is used in relation to goods that are identical or similar to those for which the SUBWAY mark is registered (see s 27(2)(b) of the Act). In this case, the plaintiff must show that the offending mark is used in relation to goods which are identical or similar to cakes, sandwiches and restaurant services. The plaintiff relied on the High Court's rulings in *Polo* at [33] and *Ferrero* (at [87]) for the proposition that similarity of goods is *prima facie* established if the specifications of the goods are identical.

43 Most of the goods sold by the defendant would qualify to be registered under class 30, in particular, the sandwiches, cakes pastries and baked goods. Accordingly, using the test employed by *Ferrero* ie whether the products would be registered in the same class, the products would definitely be deemed similar as the SUBWAY mark is registered under classes 30 or 43 and the defendant's products which are being complained of (essentially sandwiches, restaurant services, sandwich shop services and take-out services) would qualify to be registered in the same class.

44 Even on the *British Sugar* test, one comes to the same conclusion although it takes longer to get there. This is because the defendant's sandwiches are packaged very differently from the plaintiff's – they are primarily white bread sandwiches, sold in cling wrap, whereas the plaintiff's sandwiches are best described as large submarine sandwiches made from bread rolls. Further, the defendant markets nonya kueh, bubble tea and other local foods under the allegedly infringing mark, in addition to sandwiches, pastries and baked goods. On the whole, the defendant's trade focuses on *local* fare whereas SUBWAY sells primarily sandwiches, soups, salads and cookies (food associated with western fast food chains). These differences are not material, however, as they merely demonstrate that the goods are not *identical*. The fact that both SUBWAY and Subway niche market sandwiches comprising variants of white bread with fillings fulfils the *British Sugar* test of similarity.

#### Likelihood of Confusion

45 To succeed in its claim, the plaintiff needs to demonstrate that the defendant's and plaintiff's goods emanate from the same source ie that consumers who purchase the defendant's goods believe that said goods originate from or are associated with SUBWAY. The consumers in question are not "a very small, unobservant section of society"; while consideration is given to consumers' imperfect recollection, they are imbued with "ordinary care and intelligence". Two factors should be kept in mind in determining the likelihood of confusion:

- (a) First, the steps taken by the defendant to distinguish his goods from the plaintiff's; and
- (b) Second, the level of similarity between the marks and the distinctiveness of both marks.

46 The plaintiff submitted that the distinctiveness of the SUBWAY mark means that the impression given by the marks would lead consumers to believe that there is an economic link between the defendant and the plaintiff and/or the defendant's and the plaintiff's respective goods.

47 The defendant argued that its goods are targeted at a different set of consumers: the plaintiff's target consumers are likely to be younger, English-educated, western-influenced and widely exposed to American culture; in contrast, the defendant caters for those with a lower "level of awareness and sophistication", who are more interested in local and traditional fare. The plaintiff disputed this and argued that both parties target the same category of consumers ie the general public. In support, the plaintiff relies on its advertising campaigns and promotional material which were targeted at different demographics (including professionals, executives, businessmen, teenage students and others).

48 Oddly, very little evidence of a likelihood of confusion was submitted. Evidence produced in relation to this inquiry typically takes the form of surveys tendered as expert evidence, interviews, newspaper articles and similar material – unfortunately, none of these were produced by the plaintiff. The plaintiff identified some isolated instances of actual confusion by members of the public, though some of these instances constituted hearsay and consequently must be disregarded. In particular, the following instances were described by employees of the plaintiff: Raphael Chan stated that sometime in November 2009, a property agent from OrangeTee.com Pte Ltd mistook him to be an employee of the defendant; Michael Wong stated that on 16 April 2009 at Novena Square he was approached by two females who had ordered kueh lapis from the defendant, who mistook the plaintiff's outlet for the defendant's; Chris Suresh Kumar Nair stated that various personal friends informed him that they were confused between the plaintiff and defendant and their respective marks. Raphael Chan also stated that if one entered "subway" into a popular online restaurant guide named [www.hungrygowhere.com](http://www.hungrygowhere.com), both parties' restaurants would appear in the search results.

49 Anecdotal evidence was also provided by the plaintiff. Valerie Pochron affirmed that it is established practice for food businesses to offer cheap alternatives to food provided by parent companies (like Delifrance and Delifrance Express). In particular, she claimed that the addition of "niche" accentuated this confusion and would induce consumers into thinking that the defendant was a subsidiary of the plaintiff. She also stated that the plaintiff had set up a subsidiary business named "SUBWAY CAFE" in the United States which would fuel this confusion.

50 In reply, the defendant contended that this claim does not indicate that the relevant section of consumers (which the defendant argued are "literate, educated, exposed to the world and unlikely to be easily hoodwinked") would be confused. Further, the defendant submitted that the affidavit evidence (referred to as "random affidavits with no specifics or precision") was insufficient to constitute evidence of confusion. Counsel averred that the proper way to demonstrate confusion was through a market survey. This is incorrect. The issue of likelihood of confusion may be determined without the assistance of direct survey evidence (as was the case in *City Chain* at [57]). In fact, surveys come with their own problems: most recently, Chan Seng Onn J in *Ferrero* expressed doubt as to the "probative value" of market surveys and implied that the accuracy of the surveys *viz* evidence of confusion would depend on the design (sample size, phrasing) of said surveys. In any case, neither survey evidence nor affidavit evidence is conclusive on its own.

51 On the whole, on the evidence submitted, it has not been established that even a *de minimis* section of the public would be confused by the marks. The pains taken by the defendant to distinguish his goods from the plaintiff's weigh in strongly against the likelihood of any confusion. In particular, the sale, display and handing over of the sandwiches to customers differed: the defendant sells pre-packaged sandwiches made from sliced bread and simple ingredients (like egg, tuna, ham etc) whereas the plaintiff's sandwiches are modelled after the classic Italian "submarine" sandwiches and are prepared on the spot from individual bread rolls and a variety of different ingredients (from simple ingredients like egg and tuna to more exotic quasi-gourmet varieties such as teriyaki chicken, meatballs and cheese steaks). In fact, the plaintiff has taken great pains to first, emphasize the Italian nature of the sandwiches and second, distinguish them from normal sandwiches by strategically choosing to call its offerings "subs" instead of "an Italian sandwich". Similarly, the prices of the sandwiches sold by the two parties differ significantly. Finally, the defendant's sandwiches are sold in the defendant's outlets which employ a very different interior design scheme from that shared by the plaintiff's SUBWAY outlets.

52 The evidence relied on by the plaintiff was deficient. The testimony given was vague and did not demonstrate that "not an insubstantial number" of the public would be confused. The evidence described isolated incidents of individuals who were misled – no elaboration on the cause of the

confusion or the extent of it or whether the individuals fit the archetypical "moron in a hurry" mould was provided.

53 At best, the level of similarity between the marks may lead the court to infer that that a customer of the plaintiff who purchases the defendant's sandwiches may mistakenly think that the defendant was licensed by the plaintiff to use the SUBWAY mark or that the defendant's outlets belong to are a subsidiary of SUBWAY.

54 The defendant pre-empted this issue and averred that the differing decors employed by SUBWAY and Subway niche make customer confusion unlikely. In reply, the plaintiff pointed out that it had established a subsidiary business under the mark "SUBWAY CAFE" (another mark registered with the US Patent and Trademark Office on 1 August 1995) in the US which has since expanded to 15 outlets (including one in Canada) which employs a different decor from the original SUBWAY outlets. The plaintiff averred that the existence of SUBWAY CAFE with its concomitant differing decor undermines the defendant's argument.

55 On one hand, given that there are no SUBWAY CAFE outlets in Singapore, it is possible that customers may mistakenly assume that Subway niche is a "niche" subsidiary of the plaintiff's (in the plaintiff's words) or a local version of SUBWAY CAFE. On the other hand, the existence of SUBWAY CAFE might actually *reduce* the possibility of customers mistakenly thinking that the defendant's stores are a subsidiary of SUBWAY. In fact, this is fortified by the plaintiff's case: the plaintiff strongly maintained (albeit elsewhere in relation to the issue of existence of goodwill) that SUBWAY is well known *globally* because of effective worldwide advertising and publicity – this means that the plaintiff's customers, exposed to advertisements and publicity relating to SUBWAY CAFE, are likely to know of the existence of SUBWAY CAFE and accordingly will be able to distinguish Subway niche as a separate enterprise unrelated to SUBWAY.

56 Given the lack of any real evidence (apart from bare assertions, evidence from the bar and haphazard recollections of isolated incidents) of a likelihood of confusion, I have to conclude that realistically the likelihood of confusion is hypothetical or speculative.

Defence of prior use under s 28(2)

57 Having already concluded that the requirements for infringement under s 27(2)(b) have not been met, it is not strictly necessary to consider the defence of prior use. I will, however, do so for completeness.

58 Section 28(2) is as follows:

(2) Notwithstanding section 27, a person does not infringe a registered trade mark by using an unregistered trade mark that is identical with or similar to the registered trade mark in relation to goods or services identical with or similar to those for which the trade mark is registered if he, or he and his predecessor in title, have continuously used in the course of trade the unregistered trade mark in relation to those goods or services from a time before —

(a) the date of registration of the registered trade mark; or

(b) the date the proprietor of the registered trade mark, or a predecessor in title, or a person who was a registered user of the trade mark under the repealed Act, first used the trade mark,

whichever is the earlier.

59 Following s 27(8)(a), the date of registration of the SUBWAY mark in Singapore was 25 May 1989. With regard to s 27(8)(b), some consider it unclear if “the date the proprietor ... first used the trade mark” refers to (a) first use of the trade mark *in Singapore* or (b) first use of the trade mark *generally*. As the purpose of the Act is to provide trade mark protection in Singapore for marks which are registered under the Act, it appears to me to be clear that s 27(8)(b) contemplates *local* use of the trade mark. Accordingly, the date referred to must be first use of the trade mark in Singapore. In this case, the relevant date for s 27(8)(b) is some time in 1996 (the precise date when the first SUBWAY outlet opened in Singapore was not provided by the plaintiff). The relevant date for the purpose of s 27(8) is the earlier of the two *ie* 25 May 1989. Thus, to establish this defence, the defendant needs to prove that he had begun using the alleged offending mark on goods sold by him before 25 May 1989 and continues to market said goods under the alleged offending mark.

60 The plaintiff appeared to accept that the defendant had established this defence in relation to the use of the mark on nonya kueh. Thus, the dispute between the parties centred on whether the defendant had established this defence in regard to sandwiches, bread rolls and restaurant services.

61 The plaintiff posited that the defendant first used the infringing mark on sandwiches sometime in 2001, after the first SUBWAY mark was registered in Singapore and after the plaintiff began selling sandwiches under the SUBWAY mark. The defendant flatly denied the allegation that he only began selling sandwiches under the alleged infringing mark after 1989.

62 In reply, the defendant stated his use of the infringing mark was “in accordance with honest practices in industrial or commercial matters” (which was previously brought up in *Bee Cheng Hiang Hup Chong Foodstuff Pte Ltd v Fragrance Foodstuff Pte Ltd* [2002] 1 SLR(R) 305 (“*Bee Cheng Hiang*”)). He pointed out that when he began trading in 1987, he had absolutely no knowledge of the plaintiff or its business and only became aware of the plaintiff’s existence sometime in the 1990s.

63 It should be pointed out that this reference to “honest practices in industrial or commercial matters” was lifted from s 28(1)(c) of the Act:

**28.** —(1) Notwithstanding section 27, a person does not infringe a registered trade mark when —

... (c) he uses the trade mark to indicate the intended purpose of goods (in particular as accessories or spare parts) or services, and such use is in accordance with honest practices in industrial or commercial matters.

It is also worth noting that *Bee Cheng Hiang* actually involved an earlier version of s 28(1)(c) of the Act. Section 27(6) (which has since been repealed) provided:

Nothing in subsections (1) to (5) shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying 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 trade mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

In any case, it is clear that s 28(1)(c) of the Act is not applicable (which is probably why the defendant neglected to explicitly include it as a defence) since the defendant’s use of the SUBWAY NICHE mark was certainly not to indicate intended purpose of his goods. Similarly, as use in accordance with “honest practices in industrial or commercial matters” is not a defence independent of s 28(1)(c), the defendant’s lack of awareness or knowledge of the plaintiff prior to the 1990s does

not mitigate or negate his use of the SUBWAY NICHE mark with regard to restaurant services.

64 With regard to the plaintiff's reference to bread rolls, this is a particularly curiously placed red herring since there is no evidence that the defendant sold or sells bread rolls.

65 With regard to the sale of sandwiches, for reasons that will be discussed below, I accept the defendant's evidence regarding his use of the alleged offending mark on sandwiches. Consequently, as the defendant began selling sandwiches and nonya kueh prior to 25 May 1989 and continues to market these goods, the defence of prior use under s 27(8) is made out with reference to sandwiches and nonya kueh. However, the defendant does *not* have a defence to its use of the SUBWAY NICHE mark in relation to restaurant services, since the Subway niche cafe was opened after 25 May 1989.

### ***Issue 2: Infringement under s 27(3) of the Act?***

66 Section 27(3) confers additional protection on marks that are well known. For convenience, s 27(3) is reproduced below:

#### **Acts amounting to infringement of registered trade mark**

27. —(1)

...

(3) A person infringes a registered trade mark which is well known in Singapore if —

(a) without the consent of the proprietor of the trade mark, he uses in the course of trade a sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered;

(b) the use of the trade mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor;

(c) there exists a likelihood of confusion on the part of the public because of such use; and

(d) the interests of the proprietor are likely to be damaged by such use.

67 The factors relevant to this inquiry are set out in ss 2(7), 2(8) and 2(9) of the Act which provide:

(7) Subject to subsection (8), in deciding, for the purposes of this Act, whether a trade mark is well known in Singapore, it shall be relevant to take into account any matter from which it may be inferred that the trade mark is well known, including such of the following matters as may be relevant:

(a) the degree to which the trade mark is known to or recognised by any relevant sector of the public in Singapore;

(b) the duration, extent and geographical area of —

(i) any use of the trade mark; or

(ii) any promotion of the trade mark, including any advertising of, any publicity given to, or

any presentation at any fair or exhibition of, the goods or services to which the trade mark is applied;

(c) any registration or application for the registration of the trade mark in any country or territory in which the trade mark is used or recognised, and the duration of such registration or application;

(d) any successful enforcement of any right in the trade mark in any country or territory, and the extent to which the trade mark was recognised as well known by the competent authorities of that country or territory;

(e) any value associated with the trade mark.

(8) Where it is determined that a trade mark is well known to any relevant sector of the public in Singapore, the trade mark shall be deemed to be well known in Singapore.

68 The requirements in s 27(3)(a) are obviously fulfilled (*ie* the marks are similar and used in relation to goods/services that are not similar). More discussion is necessary to determine if first, the SUBWAY mark is well known in Singapore and second, if the requirements in s 27(3)(b), (c) and (d) are also present.

*Is the SUBWAY mark well known in Singapore?*

69 The plaintiff produced evidence of its advertising efforts. In particular, it exhibited advertisements (in newspapers, MRT cabins and platform screen doors, buses, bus shelters on television) and materials regarding promotional campaigns and its collaborations with the Singapore Health Promotion Board. Evidently, the plaintiff has devoted a large amount of time and money on attempting to publicize the SUBWAY mark. The plaintiff also made various sweeping but unsubstantiated assertions that the SUBWAY brand had achieved “global popularity”.

70 I find that the presence of 92 stores in Singapore and the evidence of extensive marketing have established that the SUBWAY mark is well known in Singapore.

*Does the defendant’s use of the SUBWAY NICHE mark indicate a connection between the defendant’s goods and the plaintiff?*

71 The plaintiff averred that the instances of confusion described above at [\[48\]](#) demonstrated that the similarity of the marks indicates a business connection between the parties. The plaintiff submitted that this economic connection would allow the defendant to gain an unfair advantage by free-riding on the plaintiff’s goodwill. In reply, the defendant averred that the plaintiff has not demonstrated the existence of any requisite connection. He contended that the “obvious dissimilarities” between the marks and the goods marketed under the respective marks, the differing decors of the parties’ stores and the fact that the parties’ respective goods are aimed at different categories of consumers indicated that the ordinary, sensible consumer would not even “associate” the plaintiff with the defendant.

72 For the reasons given above at [\[51\]](#)-[\[55\]](#), I find that the defendant’s use of the SUBWAY NICHE mark does not indicate a connection between the defendant’s goods and the plaintiff’s goods.

*Existence of a likelihood of confusion*

73 For the reasons given at [48]-[55] above, I find that the defendant's use of the SUBWAY NICHE mark is not likely to cause confusion between the defendant's goods and the plaintiff's goods.

#### *Damage to interests of the plaintiff*

74 The plaintiff made claims under various heads of damages (some of which were not legitimate heads of damage and others which were miscategorised).

75 First, the plaintiff claimed that the defendant enjoys an unfair advantage from the plaintiff's advertising and promotional efforts – essentially, it is referring to the "free-riding" type of damage recently acknowledged in ECJ jurisprudence (such as *L'Oreal SA v Bellure NV* [2010] EWCA). The defendant (incorrectly) categorized this as "blurring of goodwill" and pointed out that no evidence of actual damage (eg diversion of sales) has been provided by the plaintiff. Nevertheless, the defendant argued that the goods sold by the parties are so different that each party has its own separate and distinct goodwill which would necessarily attract *different* customers and therefore there would be no actual diversion of sales. I agree with the defendant that this allegation is unfounded.

76 Second, the plaintiff claimed it would suffer financial, legal damage on the defendant's behalf. This was a curious allegation. In effect, the plaintiff's worry was that it would be dragged to litigation by claimants who were actually seeking to sue the defendant. This "mistaken identity" fear is wholly speculative and a prime example of what the Court of Appeal in *Amanresorts* described as a mere allegation "that evil days may befall the defendant" (*Amanresorts* at [105]).

77 Third, the plaintiff claimed it would suffer loss of licensing opportunity or income, and misappropriation of the plaintiff's goodwill and reputation. Misappropriation of the plaintiff's goodwill and reputation associated with the plaintiff's mark is not an acceptable head of damage – it is a description of an action in passing off. In any case, the plaintiff's marks and goods are sufficiently dissimilar to offset any danger of unintentional misappropriation of the plaintiff's goodwill by the defendant. Similarly, this loss of licensing opportunities was speculative and substantiated by any evidence.

78 Fourth, the plaintiff claimed that the association with the SUBWAY NICHE mark would result in loss of exclusivity and erosion of distinctiveness of the SUBWAY brand, including dilution of goodwill and tarnishment. This allegation of tarnishment is premised on the assumption that the goods sold by Subway niche are inferior which the defendant appeared to concede as it described its sandwiches as "budget" and "bear[ing] no resemblance to the fancy and gourmet sandwiches sold by the plaintiff". However, no evidence of any reduction in the opinion of the public's view of the plaintiff's goods was adduced. In any case, I have found that there is no danger of confusion between the plaintiff's goods and the defendant's goods. This necessarily indicates that the plaintiff's goods cannot be tarnished in the manner suggested.

79 Fifth, the plaintiff said that the defendant's use of the alleged infringing mark restricts or will restrict its planned expansion of its menu to other foodstuffs including "local cakes and pastries". The plaintiff is required to demonstrate a "genuine intention" to expand in the above manner. No evidence of such intention was provided and the plaintiff failed to even specify the type of cakes and pastries that it was looking to expand into.

80 On the whole, there was insufficient evidence of damage to the plaintiff's interests. The damages identified were merely hypothetical.

#### ***Issue 3: Passing off***

## Applicable law

81 In contrast to trade mark protection under the Act which stems from registration, passing off rights are based on use. The classic "trinity" formulation of passing off was enunciated in *Reckitt & Colman Products Ltd v Borden Inc (No.3)* [1990] 1 WLR 491 at 499 by Lord Oliver of Aylmerton:

First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" ...under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff ...

Thirdly, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

## Goodwill

82 Goodwill can exist in relation to one's get-up/package or advertising style or even in descriptive words. Obvious examples of goodwill are logos such as the "Nike tick" and the Chanel "double C" logo. Courts are typically reluctant to rule that one enjoys a distinctive reputation with the public or goodwill where the mark comprises descriptive words or phrases (as opposed to invented or inventive words or phrases) without any inherent distinctiveness. Accordingly, in the instant case, the plaintiff will have to show that he has built up some form of intangible property right in the SUBWAY mark, such that the mark has become "distinctive in fact" or taken on a "secondary meaning" (*Reddaway v Banham* [1896] AC 199).

83 Proving goodwill is a question of fact; the court considers, *inter alia*, the following factors: advertising, trading, volume of sales and whether the mark was registered. Only events and evidence that occurred *before* the commencement of the conduct complained of may be considered. Similarly, the court should not consider the goodwill of the plaintiff *generally*, but rather the goodwill enjoyed by the plaintiff *specifically* in relation to the SUBWAY mark.

## Misrepresentation calculated to deceive

84 The relevant misrepresentation can be in the form of words (*Taittinger SA v Allbev* [1993] FSR 641 as referenced in Bentley & Sherman at p 747) or an action (*British Telecommunications v One in a Million* [1998] 4 ALL ER 476). It must relate to the plaintiff's goodwill and is only actionable if it gives rise to confusion. The confusion can be about either the quality of the goods (*Kimberley Clark v Fort Sterling* [1997] FSR 877) or the trade source. There need not be actual confusion for the court can infer a likelihood of confusion from the surrounding facts (*Amanresorts* [2009] 3 SLR 216). Unlike the "average consumer" test adopted in cases of trade mark infringement, the test here necessarily involves a statistical assessment. As to who must be deceived, it is the substantial part of the public - which has been taken to mean "more than *de minimus*" and "above a trivial level" (*Neutrogena Corporation v Golden* [1996] RPC 473). Who the

“public” is will depend on the facts. For example, in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 at 716, the public was described as “affluent members of the middle-class who live in London, shop at Harrods and wish to send their children to fee-paying schools”.

85 On the facts here, the “public” would be a very wide section of the resident population and visitors as it would encompass customers who enjoy or need to consume fast-food or take-away fare such as sandwiches.

#### Damage to goodwill

86 With regard to damage, the starting point in assessing damages payable is the general principle stated by Lord Wilberforce in *General Tire and Rubber Co Ltd v Firestone Tyre and Rubber Co Ltd* [1976] RPC 197 at 212:

As in the case of any other tort...the object of damages is to compensate for loss or injury.

...

There are two essential principles in valuing that claim: first, that the plaintiff have the burden of proving their loss; second, that the defendant being wrongdoers, damages should be liberally assessed but the object is to compensate the plaintiffs and not punish the defendants (*Pneumatic Tyre Co Ltd v Puncture Proof Pneumatic Tyre Co Ltd* (1899) 16 RPC 209 at 215).

87 It is important to note that the plaintiff does not need to prove *actual* damage or confusion (although this would considerably strengthen its case). The court is entitled to consider whether the average reasonable person imbued with characteristics of the relevant section of the public (identified under the examination of goodwill) is *likely* to be confused by the defendant’s misrepresentation *City Chain* at [79] and *Amanresorts*[80]). Dilution to goodwill was recognized as a form of damage by the Court of Appeal in *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 2 SLR 550 at [83]-[84].

#### Application to the facts

88 To show that the defendant has committed the tort of passing off in respect of the SUBWAY mark, the plaintiff needs to demonstrate the following:

- (a) There was goodwill or “the attractive force which brings in custom” (*IRC v Muller & Co’s Margarine Ltd* [1901] AC 217 at 223-223, *Amanresorts* at [39]) in the SUBWAY mark;
- (b) The defendant made a misrepresentation in the course of trade that is likely to deceive the public;
- (c) The aforementioned misrepresentation damaged or is likely to damage the plaintiff’s goodwill.

#### Goodwill

Preliminary issue of fact: When did the defendant began selling sandwiches under the alleged infringing mark?

89 There was some dispute between the parties as to which was the relevant period that the court had to have regard to when assessing whether the plaintiff had accumulated the requisite

goodwill in the SUBWAY mark. They agreed that the relevant date is the date on which the conduct complained of commenced (per *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] SGCA 23 at [34]-[36], also *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 at [63]) ie when the defendant apparently first began selling sandwiches. However, the plaintiff averred that this was in 2001, whereas the defendant maintained that it was in 1987.

90 The resolution of this particular issue turns primarily on the cogency (or otherwise) of the affidavit evidence adduced and the testimony of the defendant and his witnesses. In this regard, counsel for the plaintiff argued that the defendant bears the burden of proof and must demonstrate that it had begun selling sandwiches *prior to 1989*.

91 The plaintiff averred the following in support of its case:

- (a) that the coloured copy of the carrier bags and containers displaying the defendant's logo (which the defendant alleged was the packaging used by the defendant since he commenced his business) described the defendant's products as "Nonya Melaka Kueh Specialities";
- (b) that the defendant had described the nature of its business as "the trading of pastries" during the period from 1991 to 2000 but changed the description to "confectionery and bakery products" in 2005 and then in 2010 changed it again to "cafes, coffee houses and snack bars";
- (c) the advertisements and write-ups of the defendant's business emphasized the defendant's expertise in "nonya kueh" and other local cakes and pastries, with no mention of sandwiches; and
- (d) a customer's letter mentioned "snacks" and referred to SUBWAY niche as a "pastry/cake shop".

92 Factors (a)-(d) merely demonstrate that Subway niche was known for selling nonya kueh and do not constitute positive proof that the defendant did not sell sandwiches. Accordingly, the plaintiff is essentially asking the court to infer from (a)-(d) that Subway niche did not sell sandwiches. There is no basis on which such an inference can be made. The lack of any mention of sandwiches on advertising material is consistent with the fact that Subway niche is known for local cakes and pastries. This does not mean that Subway niche *only* sold such items. One does not need to advertise everything one sells. Similarly, a customer referring to Subway niche as a pastry/cake shop would be consistent with the fact that Subway niche specialized in local cakes and pastries – such reference simply indicates that customers typically associated Subway niche with cakes and pastries. In a similar vein, SUBWAY sells soft drinks, cookies and potato chips but its customers certainly would not call it a cookie or drinks or pastry shop; they would associate it with sandwiches and refer to it as a sandwich shop. As for factor (b) ie the change of the description that occurred in 2000, this was equivocal. Whilst the plaintiff chose to see it as indicating the sale of sandwiches for the first time, it could equally be explained by the defendant, having sold sandwiches prior to 2005 under an inaccurate description, had belatedly decided to correct the description of his business.

93 Meanwhile, the defendant's evidence consisted entirely of testimony from the defendant and two employees. Both Mdm Ong and Mdm Chen confirmed that three types of sandwiches were sold at Subway niche during the period of their employment: tuna, ham and cheese and egg. Mdm Chen confirmed that SUBWAY niche sold sandwiches when she began working at the Wisma Atria outlet on 7 July 1990. Similarly, Mdm Ong, who began working at the Wisma Atria outlet in 1994, confirmed that the SUBWAY niche outlet at Wisma Atria had been selling sandwiches since 1994. Both ladies were consistent in their evidence. It was not shaken in anyway and there is no indication that they were being dishonest. I have no hesitation in accepting their evidence as reflecting the actual position.

Whilst Mdm Chen's evidence took the sale of sandwiches back to July 1990, the defendant's own testimony was that sandwiches were sold from the beginning *ie* 1987. I accept this evidence as well. The defendant was a straightforward witness.

94 At the time the conduct complained of commenced, the defendant had not begun trading in Singapore and none of its goods were sold in Singapore. The plaintiff avers that goodwill was extended to Singapore *even before* the registration of the first SUBWAY mark in 1989 and before the first SUBWAY outlet opened in 1996. However, it is unclear whether one can have goodwill without having *any business presence or actual customers* locally – this has been referred to as the "foreign business problem".

#### *The foreign business problem*

95 It used to be a requirement of passing off that the plaintiff had to establish that he had a business presence and a reputation in the country which he brought the action (Jenkins LJ in *Oertli AG v Bowman (London) Ltd* [1957] RPC 388 at 397). This was dubbed the "hard-line" stance. In contrast, the softer approach is that a party can simply rely on its reputation in the jurisdiction concerned without having any trading or business presence there.

96 The clash between the two approaches was discussed by the Court of Appeal (albeit obiter) in *Amanresorts* at [67]-[68]; of note is the observation that the "hard-line" approach is that which prevails in Singapore:

There is considerable academic debate in both the UK and Singapore over what is sometimes called the "foreign business problem" in the law of passing off. In a nutshell, this issue concerns the circumstances under which foreign businesses can bring a claim for passing off. The nub of the problem lies in whether a foreign entity must actually do business in a particular jurisdiction before it can bring an action for passing off in that jurisdiction, or whether it can simply rely on its reputation in the jurisdiction concerned without doing any business there. **The former position was dubbed "the hard line" in *Mechanical Handling Engineering (S) Pte Ltd v Material Handling Engineering Pte Ltd* [1992] 3 SLR(R) 365 at [22] , and some suggest that it is the position which prevails in the UK and Singapore.** The latter is the less traditional approach exemplified by cases like *Conagra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 (a decision of the Federal Court of Australia) and *Orkin Exterminating Co Inc v Pestco Co of Canada Ltd* (1985) 19 DLR (4th) 90 (a decision of the Ontario Court of Appeal).

(emphasis added.)

97 That said, however, the "hard-line" approach was later whittled down in the UK such that the presence of customers in the country was deemed to suffice, rendering a physical or even business presence of the plaintiff in the country unnecessary (*Athletes Foot Marketing Associates v Cobra Sports Ltd* [1980] RPC 343, *Anheuser-Busch Inc v Budejovicky Budvar Narodni Podnik* [1984] FSR 413). Thus, at present, the approach in the UK is that the law protects a foreign trader with local customers on the basis that the trader's goodwill is situated locally.

98 As for the position in Singapore, the Court of Appeal in *Amanresorts* declined to "wade into this controversy" as the respondents (the Amanresorts Group) were not a foreign business. However they stated at [68] that:

whether or not Singapore adopts the hard-line approach to the "foreign business problem" may not be of much significance, considering that foreign entities which have no goodwill and/or do

not carry on any business in Singapore may still get protection for the names which they use to market their goods, services or business if those names are "well known trade marks" for the purposes of s 55 of the current TMA.

99 This implication (*ie* that any gap in protection in passing off that may result from adoption of the hard-line approach would be mitigated by s 55 of the Act) is interesting. The Court of Appeal appears to have first, played down the (perceived) harshness of the "hard-line approach" and second, conflated passing off rights and trade mark protection under the Act. Although the Court of Appeal was fairly equivocal, describing the choice between the hard-line approach and a softer approach as "not ... of much significance", this suggests *against* an increase of protection for trade mark proprietors and *against* whittling down the hard-line approach.

100 On the facts of the present case, even if I were to adopt the softer approach, this would not assist the plaintiff. Unfortunately, the plaintiff was content to rely on formulaic arguments resting essentially on the point of globalization. It provided no real evidence of any goodwill, reputation or base of customers (potential or acquired) in Singapore in or before 1987.

101 I therefore find that at the time the offending conduct commenced the plaintiff had not acquired the necessary goodwill in the SUBWAY mark in relation to sandwiches. On this basis, there is no need for me to go on to consider whether there was any actionable misrepresentation or damage to goodwill.

### ***Miscellaneous issues***

102 The defendant also submitted that the defence of antecedent use or concurrent use applied to absolve him of liability for passing off. And similarly that any equitable relief (under the Act or passing off) should not be granted as the plaintiff was guilty of the doctrine of laches because it had not objected to the defendant's twenty-year use of the alleged infringing mark.

103 In light of the conclusions reached above, it is unnecessary to deal with these defences to the plaintiff's claim.

### **Conclusion**

104 The plaintiff's claims in relation to trade mark infringement and passing off are dismissed with costs.

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