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IP Update



The Good, the Bad[Faith], and the Bubbly

October 2020

The French Champagne Association successfully opposed the "ChamPengWine" trade mark before the Singapore Registry. The Hearing Officer found that "ChamPengWine" did not contain or consist of the "champagne" geographical indication and was neither deceptive nor misleading, but was applied for in bad faith. This article examines the decision in the broader context of the bad faith ground generally.

In *Comité Interprofessionnel du Vin de Champagne and Institut National de l'Origine et de la Qualité v Keep Waddling International Pte. Ltd.* [2020] SGIPOS 10, the French Champagne Association opposed Keep Waddling's application to register the trade mark:

CHAMPENGWINE
UNIQUE, BOUTIQUE, SPARKLING WINES OF CHILE

for Chilean sparkling wine. The Opponent alleged that the Application Mark was deceptive¹; that its use was prohibited under the applicable law² protecting geographical

indications; that its use was liable to be prevented under the law of passing off; and that the trade mark application was made in bad faith.

The Hearing Officer elegantly distilled and summarised the Singapore jurisprudence regarding public deception under section 7(4)(b)³. Ultimately, however, assessing the Application Mark as a whole, the Hearing Officer held that there did not exist a real and tangible danger of the relevant public (consumers who drink and purchase wines or sparkling wines) being deceived as to the Applicant's wine originating from Champagne in France, given the difference between "champagne" and "ChamPengWine"; in any event the phrase "Unique, boutique, sparkling

¹ Section 7(4)(b) of the Trade Marks Act. This provision concerns a deception inherent in the mark itself which impacts the public, and not a "deception" caused by the similarity of the mark to another.

² The Opponent relied on section 3(2)(a) of the then-applicable Geographical Indications Act (Cap. 117B). The prohibition on the use of the Application Mark under this law would constitute a ground of opposition under section 7(5) of the Trade Marks Act. Between the filing of the Application Mark and the Hearing Officer's decision, our Geographical Indications Act (Cap. 117B) was repealed and replaced by the Geographical Indications Act 2014 (No. 19 of 2014), which among other things, introduces a registration system in Singapore for geographical indications.

However the provisions relied upon by the Opponent have been re-enacted and are preserved in our current GI Act.

³ See paragraph 18 of the Hearing Officer's decision, as well as his brief examination (at paragraphs 19-21) of the application of these principles in the two earlier Singapore decisions (there are few decisions on this ground of opposition) of *Scotch Whisky Association v Isetan Mitsukoshi Ltd* [2020] 3 SLR 725 and *Starbucks Corporation v Morinaga Nyugyo Kabushiki Kaisha* [2017] SGIPOS 18.

wines of Chile" embodied in the mark itself would dispel any such deception.

The Hearing Office then deftly navigated the applicable provisions protecting geographical indications, elucidating the elements to be established⁴; comparing the ground relied on against other relevant provisions⁵ which were not; and providing a principle-grounded interpretation⁶ of the phrase "*contains or consists of the geographical indication in question*". Ultimately, however, the opposition based on the law protecting geographical indications failed because, drawing from his conclusion on the absence of public deception under section 7(4)(b), the Hearing Officer concluded that the public would not be misled⁷ into thinking that the Applicant's wines originate from Champagne in France. In any event, since the relevant component, "CHAMPENG", was not identical⁸ to the geographical indication "champagne", it followed that the Application Mark did not "contain or consist of the geographical indication".

The passing off ground was given short shrift in light of the Hearing Officer's conclusion on the absence of public deception, which meant that the use of the Application Mark would not

⁴ See paragraphs 35 to 41 of the Hearing Officer's decision. The ground relied on by the Opponent required two elements to be established: (a) that the Application Mark contains or consists of the geographical indication, "champagne"; and (b) that the use of the Application Mark would mislead the public as to the geographical origin of the Applicant's wines.

⁵ Both section 3(2)(c) of the then-applicable Geographical Indications Act (Cap. 117B) and section 7(7) of the Trade Marks Act, specifically address the scenario involving *wines*. Had the Opponent proceeded on these provisions instead of Section 7(5) of the Trade Marks Act read with section 3(2)(a) of the Geographical Indications Act (Cap. 117B) (and its related sections), *they would not have needed to establish the element of the public being misled* (they would only have been required to establish that the Application Mark contains or consists of the geographical indication, "champagne"). The Hearing Officer found it 'surprising' and 'inexplicable' that the Opponent had not relied on those grounds.

⁶ To "*contain or consist of the geographical indication*", the relevant component of the Application Mark must: (a) reproduce, without any modification or addition, all the elements constituting the geographical indication; or (b) viewed as a whole, contain differences so insignificant that they may go unnoticed by an average consumer.

⁷ The Hearing Officer opined that it was arguable that the threshold for *misleading* the public could be lower than that of *deception*. However, the issue was not addressed and it was not necessary for him to decide on the applicable threshold; *even if* a lower threshold sufficed, the Hearing Officer was satisfied that the public would not be misled.

⁸ "Identity" is used in the sense referred to at footnote 6 above.

result in the required misrepresentation for a passing off claim.

Bad faith

Before the Applicant could break out the bubbly, however, the Hearing Officer turned to the Opponent's last ground, and it was here that he found bad faith on the Applicant's part.

Considering the totality of the evidence, it seemed to weigh on the Hearing Officer's mind that the Applicant's actions suggested a deliberate intention to adopt "CHAMPENG" due to its similarity to "champagne". In fact the Hearing Officer had "*no doubt that the word "CHAMPENG" in the Application Mark was copied from the "champagne" geographical indication*". The Hearing Officer was also unimpressed by the Applicant's explanation as regards the derivation of the term "CHAMPENG" ("CHAM-" as a reference to the "*methode champenoise*" production of sparkling wines). This explanation was not borne out by the evidence; it did not gel with the Applicant's long-standing naming convention for its PENGWINE-branded wines; and in any event, "*method champenoise*" alluded to champagne. The Hearing Officer also held that from an objective standpoint, reasonable and experienced men in the wine trade "*would take umbrage with the Appellant's dealings*".

How close, then, can an applicant sail to the wind, as it were, before his actions constitute bad faith?

In an earlier decision of the Registry in *Guccio Gucci S.p.A. v Guccitech Industries (Private Ltd)* [2018] SGIPOS 1, Guccitech Industries sought to register the trade mark:

GUCCITECH
INNOVATION SAVES SPACE

for cooking appliances in Class 11.

The IP Adjudicator refused the application on other grounds⁹, but found nothing amounting

⁹ The Opposition succeeded on various grounds under the Trade Marks Act including the marks-similarity provisions, and passing off. Notably, the IP Adjudicator held that the mark was very similar visually, aurally and conceptually to the renowned Italian brand "GUCCI", and given the complementary nature of cooking appliances in Class 11 and houseware articles protected by the "GUCCI" mark in Class 21, there was a sufficient goods-similarity such that overall there existed a likelihood of confusion.

to bad faith. He accepted that Guccitech Industries at no point denied knowledge of the Opponent's "GUCCI" trade mark (indeed in the author's view it might have been disingenuous to attempt to explain away the use of the "GUCCI" component). The IP Adjudicator said of the applicant that *"it seems to have taken the view that its use of the "GUCCI" word was neither unfair nor behaviour with which the Opponent would be concerned"*¹⁰.

It is arguable that Guccitech Industries, like the Applicant Keep Waddling, selected the "GUCCI" component in "GUCCITECH" because of its similarity to "GUCCI"; or even that the "GUCCI" component was copied from the renowned Italian brand. But the IP Adjudicator in *Guccitech* did not characterise the applicant's behaviour as bad faith conduct. Rather, it was described as a willingness *"to push the envelope to see how far it would stretch without breaking"*¹¹. Misguided it certainly was, but Guccitech Industries had merely *"gambled on how the law and facts would be interpreted, as does any business that uses in whole or in part another's trade mark (particularly when it is one that is well known): although it has now lost, it was not so unreasonable a gamble as to justify a finding of bad faith"*¹². The *Guccitech* case was not referred to in the Hearing Officer's decision.

Perhaps the Applicant's attempt to explain its use of "CHAM" as an abridgment of *"methode champenoise"* cast greater suspicion on its motives than if it had simply openly acknowledged that "CHAMPENG" was a playful allusion to "champagne" but not something which it believed in good faith to be manifestly unfair nor behaviour with which the Champagne Association would be concerned. After all, the Hearing Officer did find that there was no public deception, no misrepresentation, and no incorporation of the "champagne" geographical indication. There is a strong hint of this in the Hearing Officer's observation¹³:

[I]t is illuminating that the Applicant's case theory is not that "CHAMPENG" in the Application Mark was inspired by

¹⁰ At paragraph 92 of the decision.

¹¹ At paragraph 93 of the decision.

¹² *Ibid.* footnote 11 above.

¹³ At paragraph 84 of the decision.

"champagne" and is just a playful allusion with no intention to deceive or confuse consumers. Instead, its position (which I am unable to accept) is that "CHAMPENGWINE" in the Application Mark was derived by combining the method of production of the wines in question (i.e. "CHAM", which is allegedly an abridgment of "methode champenoise") and the Applicant's housemark "PENGWINE". The Applicant's representatives are themselves commercial men. If they thought it was acceptable to copy the "champagne" geographical indication, why was there a need to attempt to deny this by asserting a derivation of the mark that is not supported by the evidence?

It could be that the IP Adjudicator was more forgiving because Guccitech Industries' conduct was assessed in relation to Class 11 goods (cooking appliances and the like), whereas the Hearing Officer had reason to be more critical given that the Applicant chose to adopt "ChamPeng" for goods *identical* to "champagne" (i.e. sparkling wine), and had further asserted a derivation which seemed contrived.

Possible strategic advantages of a bad faith claim?

- i. Bad faith is separate from any issue of public deception, misrepresentation, or likelihood of confusion relative to the opponent's own rights. If or once bad faith is established, the application for registration of a mark must be refused even in the absence of deception, misrepresentation or a likelihood of confusion. A bad faith claim obviates the need to delve into those issues.
- ii. Bad faith looks at the overall factors which may inform as to the subjective intention of the Applicant as well as the objective standpoint of what ordinary reasonable persons in the trade adopting proper standards would think. The Opponent is freed from the mire of what are "permissible" or "impermissible" factors in the likelihood of confusion analysis.
- iii. Further, when assessing bad faith, one can take into account the manner in which the applicant actually uses the

mark (for example the extent to which it might differ from the mark as depicted in the application for registration), as well as matters occurring after the date of filing of the application for registration, as such matters may assist in determining the applicant's state of mind at the time of filing. These matters were indeed considered by the Hearing Officer in the *ChamPengWine* case¹⁴.

- iv. Evidence of similarity between competing marks may be relevant towards an inference of bad faith even if it falls short of the requisite marks-similarity within the likelihood of confusion framework. This was in fact pertinently observed by the court in *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 (at [115]):

[T]here may be cases where although there is *some* similarity of marks or of the goods or services, it falls short of confusing similarity (*ie*, no likelihood of confusion) within the meaning of s 8(2)(b) [of the Act]. Nevertheless, the evidence of this similarity may be taken into account and considered against the background facts from which bad faith may be inferred.

A high threshold for proving bad faith?

The downside to a bad faith claim, however, is the high threshold required. It has been, and continues to be, emphasised that bad faith is a serious allegation. It is in effect a plea of fraud and should not lightly be made unless it can be fully and properly pleaded; and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference¹⁵. Yet in the same breath, it has been pointed out by judges and academics alike that

¹⁴ The Hearing Officer noted that although the Application Mark was filed with the phrase "UNIQUE, BOUTIQUE, SPARKLING WINES OF CHILE", this phrase did not appear when the Applicant actually used the "ChamPengWine" mark on its sparkling wine. Some instances of such use occurred after the filing date of the Application Mark, but could assist in determining the Applicant's state of mind when filing the Application. It is possible that the omission of the reference to "Chilean" wine might have suggested to the Hearing Officer that the Applicant intended to deliberately downplay the geographical origin of its wine and perhaps encourage speculation as to whether it bore French origins.

¹⁵ *Royal Enfield Trade Marks* [2002] RPC 24; *Valentino Globe BV v Pacific Rim Industries Inc* [2010] 2 SLR 1203.

evidence of bad faith is in fact largely, if not invariably, circumstantial and indirect¹⁶, which necessarily means that inferences have to be drawn¹⁷.

In practice, once the opponent makes out a *prima facie* case (which can be inferred from circumstantial evidence), the applicant assumes the burden of *disproving* bad faith – his entire commercial behaviour potentially comes under scrutiny, with a considerable degree of unpredictability as to how it might be characterised – when is it a 'reasonable gamble' on the law, and when is it deplored as bad faith conduct?

It should be remembered that the applicant should not have to demonstrate the highest degree of moral uprightness. Indeed, businesses do often gamble on how the law and facts would be interpreted as they find inspiration from the marketplace. As the IP Adjudicator in *Guccitech* noted, losing a gamble does not imply bad faith. Moreover, it is apposite to note that there should be *no burden on the applicant to even have to explain itself, unless the opponent has first established a prima facie case*.

Conclusion

Perhaps in the *ChamPengWine* case, the Hearing Officer strived for a good outcome which would serve to call out the Applicant's colourable motives in circumstances where it might have been a stretch to establish public deception or to say that "CHAMPENG" was close enough to "champagne" such that the former could be said to "contain or consist of the "champagne" geographical indication". This decision resonates with the court's observations in the *Festina* case that "*the concept of bad faith is extremely wide in the sense that the courts can infer instances of bad faith and decide according to the justice of individual cases*"¹⁸.

At the same time, however, the *Festina* case itself warned that "*the court should also be cautious in not over-extending this concept*

¹⁶ *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552.

¹⁷ Professor Ng-Loy Wee Loon, *Law of Intellectual Property of Singapore*, Sweet & Maxwell, 2nd Edition, 2014 at [21.4.1], footnote 109.

¹⁸ *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 at [114].

lest it become a weapon of terror against competitors of trade mark proprietors"¹⁹.

May this decision uncork more spirited occasions for the development of the law in this area.

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¹⁹ *Festina Lotus SA v Romanson Co Ltd* [2010] 4 SLR 552 at [114]. The Hearing Officer did indeed refer in his decision to these observations by the court in the *Festina* case.