

Bird & Bird ATMD

IP Case Update



The Phenomenon of "Legal Fakes": A Supreme Contradiction?

In December 2018, Samsung Electronics held a product launch conference in China, where it announced a collaboration with the popular street wear brand "Supreme". The announcement made headlines across the world, but not quite for the right reasons.

Business Insider reported: "Samsung announced a collaboration with Supreme, but they've actually partnered with a counterfeit of the cult brand".¹ Meanwhile, South China Morning Post reported: "Samsung makes Supreme error, announces collaboration with street wear counterfeiter in Beijing."²

In fact, Samsung's collaboration was not with the American street wear company (**Supreme New York**) behind the well-known "Supreme" brand, but apparently with an unrelated company which had adopted the brand name "**Supreme Italia**".

	
<p>Supreme New York's Trade Mark</p> <p>Source: Supreme New York's website</p>	<p>Supreme Italia's Trade Mark</p> <p>Source: Samsung's Weibo</p>

Background

By way of a brief background, Supreme New York began in downtown Manhattan in 1994 and is considered by many to be a cult streetwear label, prized for its exclusivity. To maintain this exclusivity, and despite being one of the world's biggest streetwear brands (some estimates put Supreme New York's market value at \$1 billion USD), at the date of writing, Supreme New York has only a total of 11 stores worldwide; four in the US, five in Japan, and one in Paris and London each.

Supreme Italia, on the other hand, is completely unrelated to Supreme New York. Since around 2015, International Brand Firm, the parent company of Supreme Italia has been applying for, and obtaining registrations for the "Supreme"

¹ <https://www.businessinsider.com/samsung-announced-partnership-with-counterfeit-supreme-2018-12/?IR=T>

² <https://www.scmp.com/lifestyle/fashion-beauty/article/2177460/samsung-makes-supreme-error-announces-collaboration-street>

trade mark in a number of countries around the world where Supreme New York did not have prior registrations for the trade mark.

While some reports indicate that the two entities had co-existed for a short time, Supreme New York has also, in recent years, taken Supreme Italia to court in a number of jurisdictions over their use of "Supreme". There are now ongoing proceedings around the world over the right to use the name "Supreme" and obtain registrations for the same.

Perhaps unsurprisingly then, Supreme New York swiftly clarified in an official statement that "Supreme is not working with Samsung, opening a flagship location in Beijing or participating in a Mercedes-Benz runway show. These claims are blatantly false and propagated by a counterfeit organization".

In the wake of the event, many fans of Supreme New York and commentators around the world expressed their surprise and unhappiness that a reputable company such as Samsung had entered into collaboration with a "legal fake" – a term that many news outlets adopted to describe Supreme Italia.

The uproar and comments appear to have had an effect, resulting in Samsung releasing the following statement shortly after they had announced the collaboration, "Recently, Samsung Electronics announced we will collaborate with Supreme Italia in China at the launch event of Galaxy A8s. We are currently re-evaluating this cooperation, and we deeply regret the inconvenience caused." More recently, in a statement issued in early February 2019, Samsung Electronics announced that they had decided to terminate the collaboration with Supreme Italia.

The term "legal fake" seems inherently contradictory – after all, how can a brand be both "legal" and "fake"?

One of the more common ways in which a brand might be regarded as a "legal fake" is when the "fake" brand obtains a trade mark registration in a market where the original has yet to expand into, or obtain trade mark registrations in. Intellectual property rights are territorial in nature, and registering a trademark in a country typically does not automatically grant one a global monopoly to use that trademark – the protection does not extend beyond the border of the country where it was granted.

Many jurisdictions, including Singapore, adopt the first-to-file system, instead of the first-to-use system. This means that, generally speaking, an applicant who registers the trademark first would obtain an earlier, and therefore better, right on the trade mark register.

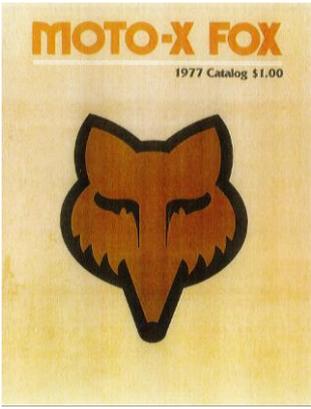
This can then pose an obstacle to any later attempt by the "original" brand to register or use, in the same jurisdiction, a same or similar mark. In jurisdictions like Singapore where registration is a defence to trade mark infringement, obtaining a registration could also successfully insulate the "fake" from such claims by the "original", thus validating and legitimising its position as a "legal fake".

As such, if the original brand owner has not registered its trade mark in a foreign jurisdiction, another party may race to the trademark office to obtain a monopoly in that country first. If the "fake" is successful, this can then result in the scenario of two separate companies in two countries operating under the same brand.

A tale of two Foxes in Singapore

Having an unrelated company operating in parallel under one's own brand presents unique challenges for brand owners. Last year, our Singapore office had a first-hand experience with such a case, when our Singapore office handled a trade mark opposition case for our client, the popular US motocross and mountain biking gear and apparel brand, Fox Head, Inc.

Back in 2005 when Fox Head, Inc. tried to register its distinctive "Fox Head" device in Singapore, it found that its proprietary mark had already been registered on the Singapore trade marks register back in 1981 by one Fox Street Wear, Ltd a Singapore company selling low-mid priced casual apparel under the mark.

	
<p>Our client, Fox Head, Inc.'s catalogue dated 1977 featuring its "Fox Head" device</p>	<p>Fox Street Wear's Singapore trade mark registered in Singapore in 1981</p>

At that time, the client decided to focus on registering its mark, and successfully obtained registration on the basis of honest concurrent use. However, Fox Street Wear continued to register further marks incorporating the client's "Fox Head" device.

The subject of the Singapore trade mark opposition case *Fox Head, Inc. v Fox Street Wear Pte Ltd* [2018] SGIPOS 8



which was heard earlier this year was the application mark, '  '. Senior Associate **Tan Lijun** assisted by Associate **Mok Ho Fai** (trainee at the time) successfully argued and prevented Fox Street Wear from obtaining registration of the mark. This was possible, in part, because Fox Head, Inc. was able to rely on one prior mark on the register.

The case demonstrates that there are various ways to manouver around scenarios when a mark similar or identical to one's own has already been registered and/or used in a foreign jurisdiction – but depending on the specific facts of the case they may not always be available for brand owners.

- 1 For example, even without a registered trade mark, brand owners can also rely on their common law rights under the tort of passing off. However, under Singapore law it is necessary to prove that there is goodwill within the jurisdiction, and this may not always be easy where the brand owner has not expanded its business into a particular jurisdiction.
- 2 In the same vein, even though Singapore trade mark law recognizes the right of proprietors of "well-known" trade marks, the recent judicial trend has shown that the Singapore Courts and Trade Marks Registry apply reasonably strict criteria before a trade mark can be considered "well known". The criteria is stricter for a trade mark to be considered "well known to the public at large"; the evidential threshold to meet is high, one that even Apple's "iPad" failed to meet.³
- 3 Finally, it is also possible to argue that the registration was obtained in bad faith, but yet again, (and as we have recently written about in <https://www.brandwrites.law/bad-faith-is-a-lot-like-love/>), it is not always easy to prove that a registration was made in bad faith.

Lessons from the "Supreme" Case

Given the challenges that brand owners may face in dealing with "legal fakes", brand owners will be well advised to stay vigilant to avoid these situations from arising in the first place. As the old adage goes, prevention is better than cure.

First, it is important for brand owners to formulate a proper brand prosecution strategy. This strategy should address questions like what marks and specifications to file for; which countries to file in; and when to file for these marks.

³ Apple Inc. v Xiaomi Singapore Pte Ltd [2017] SGIPOS 10 at [142]-[143]

There are various considerations which should go into such a brand prosecution strategy: On the one hand, brand owners should consider registering and maintaining a trade marks portfolio in jurisdictions that your brand has plans to launch in the near future, so as to prevent an applicant from swooping in and registering your marks. On the other hand, registering a trade mark too early when your brand has no plans to enter into a market anytime soon could render your mark vulnerable to non-use challenges.

Against the backdrop of these two competing considerations, it is also necessary to find the right balance between your business objectives and the budgetary and costs constraints. The prosecution strategy must be reviewed pro-actively and periodically to ensure it is always alive; always relevant to, and aligned with, the business footprint of the brand.

Second, and in the same vein, it is also important to remain vigilant in monitoring for and opposing trade marks in jurisdictions where your brand already has presence. This can be done by establishing watch notices for trade marks in these jurisdictions as an early warning system of sorts. Depending on how the watch parameters are set up, a watch service can also provide other helpful functions for the brand, such as keeping tabs on new brands or new territories that a competitor is engaging.

Third, brand owners should be careful about the kinds of companies that they associate their brands with. As this incident demonstrates, working with a "legal fake" may bring significant repercussions such as adverse PR, even if such companies may not necessarily be operating in breach of local trade mark laws.

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