

McDonald's Corp v Future Enterprises Pte Ltd
[2004] SGCA 50

Case Number : CA 32/2004
Decision Date : 03 November 2004
Tribunal/Court : Court of Appeal
Coram : Chao Hick Tin JA; Tan Lee Meng J; Yong Pung How CJ
Counsel Name(s) : Davinder Singh SC, Dedar Singh Gill and Penny Leng (Drew and Napier LLC) for appellant; Tan Tee Jim SC and Elaine Tan (Allen and Gledhill) for respondent
Parties : McDonald's Corp — Future Enterprises Pte Ltd

Trade Marks and Trade Names – Registration – Opposition to registration of trade marks – Whether registration of application marks likely to deceive or cause confusion to public – Whether visual or aural similarity between rival marks existing – Section 15 Trade Marks Act (Cap 332, 1992 Rev Ed)

Trade Marks and Trade Names – Registration – Opposition to registration of trade marks – Whether respondent's claim to proprietorship of application marks made in good faith – Whether respondent misappropriating common distinctive prefix of appellant's family of marks – Whether substantial identity between rival marks necessary for inference of bad faith or misappropriation – Section 12(1) Trade Marks Act (Cap 332, 1992 Rev Ed)

Trade Marks and Trade Names – Well-known trade mark – Respondent's use of essential feature in appellant's series of marks – Whether decisive factor in assessment of likelihood of deception or confusion

3 November 2004

Chao Hick Tin JA (delivering the judgment of the court):

1 This appeal related to the appellant's, McDonald's Corporation ("McDonald's"), opposition to the application for registration of three trade marks under class 30 by the respondent, Future Enterprises Pte Ltd ("FE"). The three application marks are set out in the annex to this judgment. The appellant's application failed before the Principal Assistant Registrar of Trade Marks ("the principal assistant registrar"), as well as before the High Court (see [2004] 2 SLR 652). The appellant pursued the matter before this court. We heard the appeal on 20 September 2004 and dismissed it as we were not satisfied that it had shown that the decision of the High Court to allow the registration of the application marks was erroneous. We now give our reasons.

The facts

2 The appellant, McDonald's, needs no introduction. It is a world-renowned fast-food chain. It has had a presence here since the mid-seventies. In 1999, in Singapore alone, there were 108 McDonald's restaurants. These restaurants were and are operated on a franchised basis. The appellant has advertised its products extensively in Singapore as well as in other parts of the world. The appellant has, *inter alia*, the following marks registered here:

- (a) BIG MAC – in class 29 and class 30
- (b) MAC FRIES – in class 29
- (c) SUPERMAC – in class 29

- (d) EGG McMuffin – in classes 29 and 30
- (e) McChicken – in class 30
- (f) McNuggets – in classes 29 and 30

including, of course, the main mark “McDonald’s”.

3 The respondent, FE, was incorporated in 1982. For its first ten years, FE was in the computer business. In 1994, FE switched its business to that of manufacturing “instant” beverages and noodles. The man behind FE was, and still is, its marketing director, Mr Tan Wang Cheow (“TWC”). He studied the market conditions and felt that he should target his products for consumers in emerging markets such as Russia and Vietnam, and that such products should project the image of a “sophisticated and western taste”. He adopted the prefix “Mac” from the well-known Macintosh computer produced by Apple Computers to identify his products, thinking that it would help FE’s products in attaining such a “sophisticated and western” image. He also chose a stylised American eagle to form the pictorial part of the application marks for much the same reason. FE sold its products to its previous computer vendors who were familiar with Macintosh computers and the prefix “Mac”.

4 The first beverage product which FE turned out was the instant coffee mix which it labelled “MacCoffee”. That was in June 1994. Demand for it from the overseas markets was good, thus confirming that the choice of the prefix “Mac” was correct. In October 1994, FE produced instant tea mix and labelled it “MacTea” together with the use of the eagle device. This was followed in quick succession by “MacChocolate”, an instant cocoa mix, as well as “MacNoodles”, a quick-cooking noodle. It was only in December 1994 that FE started to sell its products locally.

5 In 1995, FE applied to register the three application marks, “MacTea”, “MacChocolate” and “MacNoodles” in class 30 and, in each case, with the eagle device. These applications were opposed by the appellant, leading to the proceedings before the principle assistant registrar and the appeal to the High Court.

6 We should add that as FE’s applications for registration were effected in 1995, before the current Trade Marks Act (Cap 332, 1999 Rev Ed) came into effect in 1999, the provisions of the previous Trade Marks Act (Cap 332, 1992 Rev Ed) governed the present action. We will hereafter refer to the previous Act as “the Act”.

7 In the proceedings below, the appellant opposed the three trade mark applications on three grounds:

- (a) under s 12(1) of the Act – that the respondent’s claim to proprietorship of the three marks was not made in good faith as it had copied the common distinctive prefix of the appellant’s family of marks, namely, “Mc”;
- (b) under s 15 of the Act – that the registration of the three marks would likely deceive or cause confusion to the public; and
- (c) under s 23(1) of the Act – that the application marks were identical with or nearly resembled the trade marks belonging to the appellant.

8 In the High Court, while the trial judge accepted that FE had adopted the appellant’s naming

system of using "Mac" (or "Mc") as a prefix, followed by a fast food descriptive, she found that the application marks were not "substantially identical" with the family of marks of the appellant. She did not think that "MacTea", "MacNoodles" and "MacChocolate" were substantially the same as the appellant's marks such as "McChicken", "McNuggets" and "McMuffin". The differences were rendered all the more distinct by the presence of the eagle device in the application marks. The judge, therefore, held that there was no infringement of s 12.

9 As for the objection under s 15, the trial judge did not think that the subject marks were confusingly similar, either visually or orally, with the appellant's marks. Moreover, the goods covered by the application marks were different from those to which the appellant's family of marks applied.

10 Before us, the appellant abandoned their third ground of objection. With regard to the other two grounds, it placed particular emphasis on the s 15 ground of deception and confusion.

Section 15: deception and confusion

11 We will first examine the objection under s 15 of the Act, which provides:

It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

12 While s 15 covers a number of things, for the purposes of the present action, the appellant raised only that aspect of s 15 relating to "being likely to deceive or cause confusion".

Arguments of appellant

13 The crux of the appellant's case was that, in all their marks, the common distinctive syllable was the prefix "Mc" which was the essential feature which links all their marks. Because of that, the adoption by the respondent of the prefix "Mac" in the application marks could give the impression that the respondent's products came from the same source as that of the appellant's. This would lead to confusion: see *Ravenhead Brick Co, Ltd v Ruabon Brick & Terra Cotta Co, Ltd* (1937) 54 RPC 341 and *In the matter of John Fitton & Company Limited's Application* (1949) 66 RPC 110.

14 In this regard, the appellant relied, in particular, upon two passages from *Kerly's Law of Trade Marks and Trade Names* (12th Ed, 1986) ("Kerly's") at paras 17113 and 17114:

Importance of first syllable

It has been accepted in several reported cases that the first syllable of a word mark is generally the most important. It has been observed in many cases that there is a "tendency of persons using the English language to slur the terminations of words."

Series of marks

Where there are a "series" of marks, registered or unregistered, but in use, having a common feature or a common syllable and where all the marks in such a series belong to an opponent, *these are generally circumstances* adverse to an applicant for a mark containing the common feature, since the public might think that such a mark indicated goods coming from the same source; the strength of this "series" objection depending on how distinctive the common feature

is. [emphasis added].

15 Moreover, what the respondent had added to each of the application marks was the non-distinctive element, a descriptive of the product. The fact that the appellant's marks such as "McChicken" and "McNuggets" appeared only in the menu of the appellant's restaurants should be immaterial. Otherwise, it would mean that a third party who used the mark "McNuggets" on frozen chicken nuggets without the golden arches would be in order. Moreover, evidence was adduced to show that business enterprises like the appellant also sell their products in supermarkets, eg, Häagen-Dazs ice-cream, Mövenpick ice-cream and Starbucks coffee.

16 An example of a series of marks having a common feature cited by the appellant was *UNIMAX Trade Mark* [1979] RPC 469 where the opponent had used and registered a series of marks containing the prefix "UNI" on their marks, eg, "UNISERVO", "UNISCOPE" and "UNISET". There, the registrar, in construing the English equivalent of our s 15, held at 477:

Having regard to the evidence that the opponents are the only persons having a reputation in a series of UNI marks in the computer field, and looking at the marks UNIVAC and UNIMAX as wholes while bearing the foregoing in mind, I am of the opinion that ... there is a likelihood [of] confusion or deception ...

We would, however, point out that in *UNIMAX* the marks of the parties were to be used on very similar goods, namely electrical apparatus and electronic goods. There was also evidence from independent witnesses that people would think that "UNIMAX" was related to the opponent.

17 Another case quoted is *SEMIGRES Trade Mark* [1979] RPC 330 where an application to register the word mark "SEMIGRES" was successfully opposed by the opponent who had registered a series of marks in relation to tiles with the prefix "Sem". The applicant also intended to use the proposed mark in relation to tiles. Thus, in applying this case it must be borne in mind that the proposed mark was to be used for similar goods.

18. The appellant submitted that the trial judge was in error in her treatment of a case involving a "series" of marks when she said (see [1] *supra* at [46]):

I agree with Mr Tan's [counsel for FE] analysis that the existence of a "series" of marks and the degree of recognition evoked therefrom is but one factor, which along with others, the court would have to take into account in the overall assessment of the likelihood of confusion or deception for the average consumer of the goods ... in question.

19 The appellant said that unlike the position under s 23, where the objection was under s 15, the application mark was not to be compared individually with each of the opponent's prior marks to see where the visual and aural similarities or differences were. The correct approach would first be to determine whether the appellant had a reputation in the field of fast food by the use of the prefix "Mac" or "Mc", followed by a fast-food descriptive. On this, the principal assistant registrar had already answered the point in the positive when she said:

The extent of use of the opponents' marks McChicken, McNuggets and McMuffin does establish that they have a reputation in marks with the prefix Mc plus a descriptive word in relation to food ...

20 The appellant said that the court should thereafter proceed to the second question which was to determine whether the respondent had, in its application marks, used the prefix "Mac" or "Mc"

followed by a food descriptive referring to fast food or convenience products. Here, the answer to this question was again in the positive.

21 Then, the third question to consider was whether the respondent's application marks and the manner in which the prefix "Mac" was used in those marks would cause confusion. The appellant again argued that the answer was a clear "yes" because the public would think that the products originated from the appellant.

22 As TWC admitted to using the same naming system as McDonald's, the appellant averred that the court should readily infer that FE had succeeded in its intention to confuse or deceive.

23 Another alleged error of the trial judge highlighted by the appellant was in her holding that the feature which the public would associate most with the marks of the appellant is not "Mc" but the golden arches. She said at [71]:

In my judgment, it is not so much the word "Mc" or "Mac" in the opponent's "series" of marks but the golden arches forming the letter "M" on a red background logo that the public in Singapore are likely to associate such marks with McDonald's.

Visual and aural similarities

24 Accordingly, the arguments of the appellant could be summarised under the following heads. First, the appellant had established a reputation and goodwill in the prefix "Mc", it being the essential feature of the appellant's family of marks. Second, anyone who uses the prefix "Mc" or the synonymous "Mac" as his mark on any product of a food or beverage nature, whether in an immediately consumable state or otherwise, would be likely to cause confusion in the minds of the public that the latter product came from the same source as that of the appellant's. Third, while the appellant's products were sold in its own restaurants, in view of the practice of international food brands such as Häagen-Dazs, Mövenpick and Starbucks retailing their products in supermarkets, the public, upon seeing "MacTea" or "MacChocolate" on sale in the supermarkets, could be misled into thinking that the products came from the appellant or were associated with the appellant.

25 We will, at this juncture, examine the similarities and differences between the application marks and the appellant's family of marks.

26 As can be seen from the annex, the application marks consist of an integrated design comprising an eagle device and a smaller word component. As for the appellant's marks, eg, "McDonald's", "McNuggets", "McChicken", while we recognise that the McDonald's logo, the golden arches, does not form a part of the appellant's marks, more often than not, the marks are displayed together with the golden arches. In any case, its restaurants are always identified by the golden arches. The appellant's products are also sold in packaging that bears the golden arches, sometimes with its main mark "McDonald's" printed over it.

27 Even if we just compare the word component of the application marks with that of the appellant's marks, they are different in terms of colours, font and typeface.

28 It is true, as contended by the appellant, that the eagle device is a common feature in the business of coffee, tea and noodles and this could be seen from the fact that at an earlier opposition hearing in relation to the present application marks, FE was required to disclaim the eagle device before its marks could be registered. However, being required to so disclaim does not mean that the eagle device can play no part in the consideration to determine whether the application marks are

deceptively similar to another mark: see *Re Application by Hardings Manufactures Pty Ltd* ("*Hardings Manufactures*") (1987) 8 IPR 147. A mark may very well consist of some common word(s) or device but it does not necessarily follow that it is thereby incapable of being distinctive or will be confused with an existing mark with the same word or words. One must look at the mark as a whole.

29 While recognising that there are differences between the marks of the parties, we also note that the appellant emphasised the following points:

(a) The golden arches do not form a part of the marks of the appellant.

(b) In a composite word and device mark, more attention will be paid by the purchaser to the word portion and confusion could arise due to similarities between the word portions of the two marks notwithstanding the dissimilarity of the accompanying devices: see D R Shanahan, *Australian Law of Trade Marks and Passing Off* (2nd Ed, 1990) at p 178.

(c) Where two marks to be compared contain a common denominator commonly found in other marks in use in the same market, more attention will be paid to the elements in the marks which are not common: see *In the Matter of an Application by Harrods Ltd* (1935) 52 RPC 65. Reliance was also placed on the following statement made by the chief assistant registrar in *Hardings Manufactures* at 154:

It is natural for the word component of a composite device work mark to be used by customers when ordering the product. The simple and obvious name by which goods on which these marks appear would be known would, in my opinion, be the word "golden", rather than, for example, "the chef/crumpet device mark".

Test to determine confusion

30 We will now consider how deception or confusion under s 15 should be determined. The test enunciated by Evershed J in *In the Matter of an Application by Smith Hayden & Coy, Ltd* (1946) 63 RPC 97 at 101, is as follows:

Having regard to the reputation acquired by the name 'Hovis', is the Court satisfied that the mark applied for, if used in a normal and fair manner in connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons.

31 In the later case of "*Bali*" Trade Mark [1969] RPC 472 at 496–497, Lord Upjohn suggested that the question to be considered was whether "a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source". However, he also pointed out that the court had "to be satisfied not merely that there is a possibility of confusion; it must be satisfied that there is a real tangible danger of confusion" if the mark in question was registered.

32 These propositions were considered by this court in *Kellogg Co v Pacific Food Products Sdn Bhd* [1999] 2 SLR 651 where it explained (at [30]) how s 15 should be approached, in these terms:

On a plain construction of s 15, we are of the view that the likelihood of confusion and deception is to be determined with reference to the fair and normal user of the marks in question. This is not to say, however, that the reputation of the earlier mark is irrelevant. Far from it. In determining the impact which a proposed mark is to have on an audience, regard must naturally

be had to the reputation of an earlier mark, in so far as it has arisen in the course of use. What we must guard against is transforming s 15 into a section that protects the reputation simpliciter of the earlier mark. Reputation is just one of the factors to take into account, together with the similarity of the marks, the goods to which they are applied, and their packaging.

Series of marks

33 The trial judge clearly appreciated that it was the prefix “Mac” in the application marks which the appellant found to be objectionable. After noting the visual and aural differences between the two sets of marks, the judge said at [44]:

Is there a conceptual link between the two in that the common use of the first syllable “Mac” or “Mc” means that both are likely to be taken as indicative of a common identity? The use of the first syllable “Mac” in the [respondent’s] range of products is not unlike the case of the [appellant] in that TWC has admitted to the use of the same naming system as McDonald’s. But it does not, in my view, override the other differences mentioned earlier and, when viewed as a whole, I do not believe there will be confusion between the rival marks. Having found the dissimilarity in the marks, visually and aurally, the common idea conveyed by competing marks is not overriding or determinative.

The judge again referred to the point about the appellant’s family of marks and their distinctive common feature when she said at [45]:

The matter, however, does not end there. ... [The appellant’s] objection to registration is founded on their rights in a series of marks. The term “Mc” or “Mac” is the essential feature in the appellant’s family of marks consisting of the prefix “Mc” plus a fast food descriptive. Mr Davinder Singh submits that the [respondent’s] use of a mark having the common feature of the [appellant’s] series of marks would likely lead to confusion amongst consumers. Consumers are likely to be misled into thinking that each of the application marks is a new mark in the series of the [appellant’s] “Mc” marks.

34 On this issue, we think it ultimately boils down to determining whether the trial judge was correct when she said (at [46]) that the existence of a “series” of marks and the degree of recognition evoked therefrom is “but one factor which, along with others, the court would have to take into account in the overall assessment of the likelihood of confusion or deception for the average consumer of the goods or services in question”. In our opinion, this proposition is obviously correct in the light of the approach enunciated by this court in *Kellogg* ([32] *supra*). Whether confusion could arise must be looked at against the entire factual situation. Thus, we agree with the judge that the fact that the prefix is common cannot be decisive.

35 The trial judge then, quite rightly, took into account the following considerations in reaching the conclusion that deception or confusion would be unlikely:

(a) The products of the respondent are not the same as those of the appellant’s. While the appellant does sell tea and chocolate drinks in their restaurant, these drinks are not of its own house brands. The tea served is the common “Lipton” tea.

(b) The appellant had at the material time, in 1995, established itself as a chain of restaurants selling fast food; that is the position even now.

(c) The appellant had not, and still has not, sold any of its food products or beverages

through supermarkets; nor was it involved in the sale of any unprepared food and beverages.

(d) The customers of the appellant's restaurants are different from those of the respondent. A customer looking for the appellant's products will head straight to an establishment bearing the golden arches logo. They will not go to a supermarket. The appellant's products are ready for immediate consumption. On the other hand, the respondent's products will have to be brought home or elsewhere to be prepared. Thus, the parties' products target different market segments.

36 The judge also noted that no evidence of confusion or deception was placed before the principal assistant registrar or the court; nor was any survey carried out. By so noting, we do not think the judge was suggesting that a market survey is absolutely essential in every case. It would be of some assistance, depending on how the survey was carried out, including the nature of the questions posed.

37 It is quite apparent that over the years, the appellant has taken proceedings in various jurisdictions to oppose third parties' applications to register marks involving the prefix "Mc" or "Mac". In some it succeeded and in others it failed. Invariably, in each case the trade mark officer or the court would go into a careful examination of the facts and circumstances surrounding the proposed use of the applicant's mark and how the various McDonald's marks were being used and the likelihood of the new proposed mark being mistaken as that of McDonald's.

38 For example in those cases involving the marks "McBagel", "McPretzel" and "McSalad", the appellant succeeded in its opposition.

39 In *McDonald's Corporation v McBagel's Inc* (85 Civ 7868, 10 Dec 1986), a case from the United States ("US"), the applicant's business was a bagel bakery and restaurant in New York bearing the name "McBagel". The outlet sold bagels, salads, sandwiches, soft drinks, breakfast items and others. The appellant in the *McBagel* case objected to the use of the name "McBagel" because it would create confusion as to whether McDonald's was somehow associated with it. However, the appellant stated that it would have no complaint with the applicant's use of the "Mc" prefix in conjunction with a word unrelated to food products. A survey was conducted on McDonald's behalf which showed that a number of people believed that McDonald's sponsored or promoted McBagel's and the reason given was the use of the prefix "Mc". We should add that a significant aspect relating to the *McBagel* case was that it was the mark of a restaurant, as is McDonald's.

40 Similarly, in *J&J Snack Foods Corporation v McDonald's Corporation* (United States Court of Appeals, Fed Cit, 17 May 1991), the defendant marketed cold soft pretzels in bulk at the wholesale level under the "McPretzel" mark. The US court, while noting that McDonald's did not register "Mc" in itself as a mark, rejected the argument that "Mc" must be so registered in order to establish rights to a family of marks based on that prefix. The court held that there was likelihood of confusion because the wholesale buyers of the "McPretzel" would be retailing them to the public and the public might buy the pretzel thinking it had something to do with McDonald's.

41 In *In the Matter of an Application to Register the Mark McIndians* (UK Patent Office, 16 August 1996), an application to register the mark "McIndians" in Leicester, England, in respect of "[r]estaurant, cafe and cafeteria services; preparing food and drink for consumption" in class 42, was refused.

42 In the meantime, in two 1997 Australian Trade Mark Office cases, *Opposition by McDonald's Corporation to the Registration of the Trade Mark McMint* (Australian Trade Mark Office, 7 November

1997) ("*McMint*") and *Opposition by McDonald's Corporation to the Registration of the Trade Mark McVeg* (Australian Trade Mark Office, 10 November 1997) ("*McVeg*"), where McDonald's was the opponent, the opposition failed. More will be said of these two cases in a moment. However, the appellant submitted that the later Australian case of *McDonald's Corporation v Macri Fruit Distributors Pty Ltd* [2000] ATMO 37 was more sensible and should be preferred. There, the applicant sought to register "McSalad" and "McFresh". The hearing officer upheld the opposition and reasoned as follows:

Taken together, I believe that [McDonald's] family of 17 marks above, with one important proviso, supplies a sufficient expectation that any trade mark prefixed by Mc - which is conjoined to a word, which describes either the goods or services themselves or a quality or characteristic of the goods, would form part of the opponent's family of marks.

The important proviso here is that the goods or services referred to, in the part word conjoined to the prefix Mc- in the trade mark, would also need to be seen to form a normal or usual part of the opponent's [*ie* McDonald's] business. ... Thus, I find that these two trade marks, McSALAD and McFRESH, are deceptively similar, in a contextual sense, to each of the 17 trade marks listed above, owned by [McDonald's].

43 On the other hand, in *McMint* and *McVeg* the results were different. These two Australian cases related to s 28 of the Australian Trade Marks Act 1955, which was in *pari materia* to our s 15. In both cases, the hearing officer decided that there would be no confusion or deception. The appellant here sought to distinguish these two cases from our present case on the ground that in those two cases, there was an Australian practice direction concerning construction and application of s 28, as set out in the Official Journal of 12 September 1991, in these terms:

Opposition proceedings

In order to succeed, an opponent will be required to show not only that the use of the applicant's mark would be likely to cause confusion or deception but that that likelihood has been brought about by conduct on the part of the applicant which is somehow wrongful. Although the Court left the question of what constitutes blameworthy conduct unclear it seems that by a bare majority the Court would have favoured the view that blameworthy conduct could be equated with conduct which would render a mark disentitled to protection in a court of justice.

44 The appellant highlighted the fact that there was and still is no such practice direction in Singapore. We do not think the presence of such a direction in Australia means that the two decisions are of no relevance at all. First, a practice direction cannot change the law as set out in the Australian s 28. Second, it should be noted that what the practice direction sought to do was to interpret two decisions of the Australian courts and set out guidelines for future cases that should come before the Australian Trade Marks Office. Third, if what was set out in the practice direction was wrong in law, and a decision was arrived at by the hearing officer in accordance therewith, surely there would be nothing to preclude an opponent like the appellant from challenging the decision of the hearing officer before the courts. If the appellant had thought that the hearing officer in *McMint* and *McVeg* (the same officer in both cases) was wrong in following the approach laid down in the practice direction, we would have expected McDonald's to pursue the matter and seek the court's order to strike down the practice direction. Thus, we do not think the attempted distinction has any merit.

45 In *McVeg*, the mark sought to be registered was in relation to vegetable hamburgers. It was recognised that the opponent's reputation, as a restaurant chain, was immense and had the habit of coining new marks with the use of the prefix "Mc", *eg*, McNuggets, McRib, *etc*. Even though the applicant did not explain how the mark was adopted, the hearing officer held that "the practical risk

of deception or confusion is completely negligible". He went on to say that nobody except the most "abnormally naïve" people would be likely to be confused on that account.

46 In *McMint*, the applicant sought to register the mark in relation to confectionery. There, it was also accepted that the public was familiar with McDonald's practice of coining "Mc" trade marks. The contention was made that the applicant was trying to ride on the reputation of "McDonald's" and its other related marks. While the hearing officer held that "it is possible, but not necessarily probable, that the applicant acted, at least in part, to parody the opponent's mark", he did not think that there would be any real risk of confusion except for "the most extremely ill-informed of consumers". He expressed the view that:

It seems to me that very few people would expect McMINT confectionery to originate from the opponent unless it was sold at the opponent's restaurants. In the ordinary run of sweet shops, theatre snack bars, service stations and grocers, it is vastly unlikely that anybody who was very exceptionally naïve would believe the opponent had gone into the wholesale confectionery trade. The whole thrust of the opponent's business is otherwise and there is no shred of evidence to suggest that anyone would expect it to diversify into the wholesale confectionery line.

47 Perhaps one could distinguish *McMint* from *McBagel* and *McPretzel* on the ground that in these two latter cases, bagels and pretzels were somewhat similar to the burgers and cookies which McDonald's sells in its restaurant. There is some difficulty with regard to *McVeg*, as that was intended to be used on vegetable hamburgers, which one could say are the same sort of things sold in a McDonald's restaurant.

48. Finally, we will refer to *Yuen Yu Kwan Frank v McDonald's Corporation* (2001) WL 1422899 ("*Yuen*") where the court disregarded the objection of McDonald's and allowed the registration of the mark "McChina". The appellant sought to distinguish it on the basis that it was an English case and that in Scotland, a territory which is just adjacent to England, surnames that begin with "Mc" or "Mac" are commonplace, and that this seemed to have influenced the judge, who said at [37]:

[A]ny tribunal must obviously be careful before reaching a conclusion which involves giving an effective monopoly to a common prefix to a surname, in the context of a common type of business.

Moreover, the applicant there agreed to restrict the specification of goods and services to Chinese restaurants and Chinese food.

49 In this connection, we note that the judge in *Yuen* remarked at [67] that the opponent in the case, *ie*, McDonald's, was "virtually seeking to monopolise all names and words with prefix Mc or Mac, at least in relation to food or restaurant services".

50 What is pertinent to observe about *Yuen* is the fact that in coming to his conclusion, Neuberger J took into account all the circumstances (as did the trial judge in our present case) including:

- (a) the lack of similarity between the applicant's marks and the opponent's marks;
- (b) the acceptance of the restriction mentioned above;
- (c) the fact that the opponent's marks were not associated with oriental food and oriental food services; and

(d) the fact that though McChina had been trading for ten years, there was no evidence of confusion.

5 1 *McIndians* is probably distinguishable from *Yuen* because McIndians not only sold Indian food, but also Southern fried chicken, cheeseburgers, French fries and shakes.

Our analysis

52 We do not think it is possible to reconcile all the cases. We accept that the appellant has, through extensive use and advertisement in Singapore of its various marks, acquired substantial reputation and goodwill in the mark "McDonald's" and in those other marks as menu items. It is also clear that the common feature that links its family of marks is the prefix "Mc". It is not disputed that "Mac" is synonymous with "Mc".

53 We also note that in its design of the word portion of the application marks, FE had followed the same style which the appellant had adopted, namely, the prefix "Mc" or "Mac", followed by a descriptive, with no spacing between the prefix and the descriptive, and the first alphabet of the descriptive being capitalised.

54 Although the appellant recognised that third parties have been using the prefix "Mac" or "Mc", but not in relation to the fast-food or the restaurant business, it wanted in the present proceeding to monopolise the prefix "Mc" as far as food and beverages were concerned, irrespective of the state in which the relevant items were being sold and the manner in which they were sold. This was the difficulty. In fact, the appellant has registered "Mc" as a mark only in class 42 in respect of "restaurant and catering services". As so pithily put by Millett LJ in *Harrods Limited v Harrodian School Limited* [1996] RPC 697 ("*Harrodian School*") at 712, "to be known to everyone is not to be known for everything".

55 Here we would refer to two Canadian cases. First is *McDonald's Corp v Silcorp Ltd* (1989) 24 CPR (3d) 207 where Strayer J ruled that McDonald's could not claim a monopoly over the use of "Mc" or "Mac" syllables either alone or in combination with other words. Second is *McDonald's Corp v Coffee Hut Stores Ltd* (1994) 55 CPR (3d) 463 where the Federal Court of Canada, in an application to register the mark "McBeans" in respect of gourmet coffee, while noting that McDonald's had established a reputation in the business of fast-food restaurants, said that there was nothing inherently distinctive about the McDonald's marks once one looked outside that area of business.

56 As mentioned before, no evidence was tendered as to any actual confusion or deception. Neither was a survey carried out to gauge the impression of the public. The question was left entirely to the personal perception and judgment of the principal assistant registrar and, eventually, the trial judge.

57 The trial judge, in coming to her decision that there was no likelihood of confusion was, in part, persuaded by the fact that the products of the appellant and the respondent were not the same and were sold in different outlets. She said at [60]:

In my view, "MacTea", "MacChocolate" and "MacNoodles" used in a normal and fair way ... would not evoke thoughts of the opponent in the mind of a substantial number of the average consumer. This case is not concerned with selling the same kind of goods in the same type of outlets.

58 Counsel submitted that the fact that FE's products were not sold in the same outlets, but

in supermarkets, was irrelevant. The important question to ask and answer was whether a potential buyer, upon seeing "MacChocolate" or "MacNoodles" would think that they were related to McDonald's.

59 In this case, the critical date for determining whether there would be deception or confusion was the date of application for the three marks and that was 8 July 1995. At the time, and even today, nine years later, the appellant has not ventured into convenience food or retailing such products in supermarkets. Indeed, it has not been shown that the appellant has done that in any part of the world either. Its products are, even now, always sold within its restaurants all in a state immediately consumable by the purchaser. It is pure speculation to say that the appellant may one day have its products retailed in supermarkets. Thus, we do not think the judge was wrong to pay no regard to this highly speculative eventuality.

60 Furthermore, we are unable to accept the appellant's submission that the fact that the respondent's products were and are sold in supermarkets is irrelevant. We note that Mövenpick ice-cream and Häagen-Dazs ice-cream are sold in their own outlets as well as in supermarkets. The same goes for some brands of coffee, such as Starbucks and Spinelli's. While it is true that the McDonald's logo of a pair of golden arches does not form a part of the marks of the appellant, it is unquestionably the very sign that identifies the appellant and which also draws consumers to its restaurants. A consumer who goes into a supermarket and picks up a packet of "MacTea" with the eagle device and imagines, just because of the prefix "Mac", that that product has some connection with McDonald's, must be asinine. The law assumes that every consumer will use ordinary care and intelligence.

61 It is necessary for us at this juncture to refer to *Tiffany & Co v Fabriques de Tabac Reunies SA* [1999] 3 SLR 147 ("*Tiffany*"). Tiffany is the world-renowned jeweller which opposed the registration of the mark "Tiffany" by a tobacco company in respect of cigarettes. While at the time Tiffany did not deal in cigarettes, this court was able to hold that the public was likely to be confused as to the source of the respondent's cigarettes in view of the common market practice of manufacturers of luxury brand goods licensing their trade marks for use on cigarettes. This court reasoned (at [46]) as follows:

Manufacturers of luxury brand goods have been known to licence their trade marks for use on cigarettes even while they might not themselves produce or be particularly well-known for smokers' articles. If the appellants established that they had a reputation in the 'Tiffany' mark for luxury jewellery and other high-class household products in Singapore in November 1989, there was most certainly a likelihood that the Singapore public would be confused as to the source of the respondents' cigarettes. The cigarettes sold under the 'Tiffany' mark would be viewed in the wider context by the general public. ... Therefore, the fact that the Singapore public did not associate the appellants [ie Tiffany & Co] with tobacco products in November 1989 does not mean that there would [be] no likelihood of confusion or deception.

62 In our opinion, *Tiffany* is clearly distinguishable. First, there, the entire word mark of the opponent was being copied. Second, the applicant sought to use the mark in relation to cigarettes, and having regard to the practice which this court there referred to, it was reasonable to think that confusion was likely to arise. An ordinary sensible person, upon seeing a "Tiffany" brand of cigarettes, would quite naturally have thought that it was a product of Tiffany or franchised by Tiffany even though up to that point Tiffany had not yet itself been involved in the marketing of cigarettes. There would be no reason for him to think otherwise. However, as far as the present case is concerned, the products of the appellant are only sold in its own restaurants identified by its omnipresent logo and its main mark "McDonald's". As the judge pertinently pointed out, the other marks such as "McNuggets", "McMuffin" and "McChicken" are all menu items found in a McDonald's restaurant. In our present case,

the setting is completely different. Even *Kerly's* ([14] *supra* at para 17–14) recognises that “the strength of this “series” objection depend[s] on how distinctive the common feature is”.

63 Thus the common prefix should not be viewed in isolation but in the light of all the surrounding circumstances. To say that a person with ordinary common sense would, upon seeing a packet of “MacNoodles” in a supermarket, with the eagle device and without the logo or “McDonald’s” mark, think that the “MacNoodles” is associated with the appellant is really quite far-fetched.

64 With widespread education and a public which is constantly exposed to the world, either through travel or the media, one should be slow to think that the average individual is easily deceived or hoodwinked. In fact, the very success of the appellant, which is inseparable from its logo, is also the very reason why confusion is unlikely. We would stress that the things that lead a consumer to a restaurant of the appellant’s and its products are its unique logo and its main mark “McDonald’s”. Here, we would like to reiterate what this court said in *Super Coffeemix Manufacturing Ltd v Unico Trading Pte Ltd* [2000] 3 SLR 145 at [46] as to the sense of an ordinary purchaser:

In the case of an educated consumer he would be able, without difficulty, to differentiate one from the other. In the case of an illiterate consumer ... who goes by what he sees on the packaging, then as the graphic designs of the two packaging are quite distinct, it is doubtful that he is likely to be misled. We would further say that the fact that a consumer is Chinese educated does not mean that he does not possess the usual faculties to differentiate.

65 While we recognise that in oral communications the public will refer to FE’s products as “MacTea” rather than the “tea with the eagle device”, we think whatever impression that may arise will evaporate immediately upon seeing the product in a supermarket. That is the critical moment. This is because a person with “MacTea” in mind will be seeing the actual product at the time of purchase and at that point he would not have failed to see the entire trade mark. If at all he had any thought that “MacTea” might be related to “McDonald’s”, that impression would have been dispelled by then.

66 Ultimately, the question whether a proposed mark will likely give rise to confusion on account of some similarity with an existing mark is a question of fact depending on all the circumstances of the case. Besides comparing the marks, also germane are the extent of the reputation of the existing mark, how the proposed mark is to be used, the nature of the goods to which the mark will be put, how the goods are to be sold and who the target customers are: see *In the Matter of an Application by the Pianotist Company Ltd* (1906) 23 RPC 774 at 777. Obviously, these considerations are not exhaustive. The whole question must be looked at sensibly. Possible isolated instances of confusion arising may not be a good enough ground to refuse registration. Can anyone confidently say that should a mark “McTravel” be adopted, no one would ever ask the question whether it was related to “McDonald’s”? We do not think such an assertion can be made, but asking a question does not mean that the person is likely to be confused or deceived. On the contrary, it probably indicates a discerning mind.

67 In the present case, the trial judge held that no confusion was likely to arise. We could find no good reasons to disagree with that determination. We appreciate that the question may well be asked: could FE then also seek to register “MacChicken” since on the above reasoning it could be said that the purchaser could not be confused? The first thing that will be noted is that “MacChicken” and “McChicken” of the appellant are not only identical, they also relate to the same product. The respondent would also have to overcome s 23(1) as well as s 12(1). We do not wish to say more as “MacChicken” is not the mark in issue here.

Section 12(1)

68 We now turn to the second ground upon which the appellant sought to oppose the application marks. Section 12(1) of the Act provides:

Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it shall apply in writing to the Registrar in the prescribed manner for registration in Part A or Part B of the register.

69 This section is *in pari materia* with s 17(1) of the English Trade Marks Act 1938. How s 17(1) of the English Act should be approached is summarised in this passage in *Kerly's* at para 4-03:

Provided, however, that the claim of proprietorship is made in good faith, and is not rebuttable on the ground that in fact someone else was the proprietor, it is difficult to see how it can be objected to, notwithstanding that the application (or a registration based on it) may later be held open to some objection.

70 A good example of lack of good faith or misappropriation would be the case of an employee registering a mark in his own name when it was meant for his employer: *In the Matter of Casson's Trade Mark* (1910) 27 RPC 65.

71 The key ingredient in a successful opposition under s 12 of the Act is a misappropriation of the mark by the applicant: see *Tiffany* at [27]. What then is "misappropriation"? In *Harroddian School* ([54] *supra*) [1996] RPC 697, Sir Michael Kerr in the English Court of Appeal posed and answered the question as follows (at 722):

The issue is then whether this was a misappropriation. The answer is "yes" if it caused, or was liable to cause, confusion in the minds of members of the public, the general body of persons who are the repository of the plaintiff's reputation ...

72 From this, it will be seen that there is some overlap between the relevant considerations for s 12(1) and those for s 15. If, as we have found above, the registration of the application marks would not give rise to deception or confusion with the appellant's main mark "McDonald's" as well as those in that family, that in itself is a strong indication that the objection of the appellant under s 12(1) should surely also fail. The test to determine whether or not the marks are substantially identical for the purpose of s 12 involves a comparison of the marks side by side.

73 However, the point taken by the appellant before us was a narrower one. It averred that even if the application marks and the appellant's marks were not substantially similar, the appellant was entitled to succeed so long as it was shown that there was bad faith or copying. It seems to us that this proposition is perhaps too wide. Otherwise, it would mean that even if it is just a small portion of an existing mark which an applicant has adopted and no confusion could arise, that would suffice to hold that there is copying and misappropriation by the applicant. We do not think so. As a rule, there must be substantial identity before bad faith or misappropriation could be inferred. Indeed s 23 of the Act provides that "no trade mark shall be registered in respect of any goods or description of goods that is *identical with or nearly resembles* a trade mark belonging to a different proprietor and already on the register". This section embodies the concept of substantial identity. What would constitute "substantial" is not a matter that can be defined objectively. Adopting a legal cliché, it will have to depend on the circumstances of each case. But it would be stretching reason to the extreme to assert that there is misappropriation even if what is copied is not substantial and where comparing the two marks, it is clear that no confusion is likely to arise.

74 In *In the Matter of Vitamins Ltd's Application* [1956] RPC 1 ("*Vitamins*") and in *Application by*

Brown Shoe Co Inc [1959] RPC 29 ("*Brown Shoe*"), the marks applied for were rejected because in each instance the person who claimed to be the proprietor of the mark had been shown to have copied the mark from someone else who had previously asserted proprietorship of it. In both cases, the copying was substantial. In *Vitamins* the applicant could not explain its choice of the unusual word "PABALATE" as its mark. In *Brown Shoe*, the applicant, an English company, sought to register the mark "NATURALIZET" in respect of footwear. An earlier application by an American company of the mark "NATURALIZER" for ladies shoes was disallowed for a different reason. The similarity between the two marks was obvious. The chairman of the English company withdrew a statutory declaration which he had made when the American company expressed a desire to cross-examine him on it. The judge drew an adverse inference against the applicant and found that there was substantial copying.

75 In contrast, in "*GENETTE*" Trade Mark [1968] RPC 148, one Mr Johnson in 1959 registered a mark comprising a girl skater, a legend, and the word "GINETTE". The registration was subject to a disclaimer for the word "GINETTE", it being thought to be a descriptive word. In 1960, two other persons, Gibbs and Connett, who were wine merchants, had a similar idea. They thought of a drink compounded of gin and perry to be called "GINETTE" or "GINETE" and sought to have them registered. They abandoned the pursuit upon being notified of the earlier registration in favour of Mr Johnson. Some three years later, Gibbs and Connett reapplied to register the same marks with a slight modification, the first syllable being altered from "Gin" to "Gen". It was allowed. Subsequently, Mr Johnson applied successfully to the registrar to have the register rectified. On appeal by Gibbs and Connett, Cross J restored the registration in favour of Gibbs and Connett and differentiated this case from *Vitamins* and *Brown Shoe* as follows (at 158):

In this case, on the other hand, though Messrs Gibbs and Connett knew when they made their application in 1963 to register GENETE and GENETTE that Mr Johnson had previously asserted a claim to the proprietorship of the mark GINETTE, on which the marks GENETE and GENETTE were based, they had not copied Mr Johnson's mark. They had themselves thought of the mark GINETTE. They had thought of it later than Mr Johnson had thought of it, but before they knew that he had thought of it or asserted proprietorship of it. One cannot fairly say that the modifications of the word GINETTE which they thought of in order to overcome the difficulties raised with regard to GINETTE by the Excise authorities and the Trade Marks Registry were modifications of Mr Johnson's idea and not of their own idea.

76 Finally, we will refer to what seemed to be at the heart of the appellant's assertion, *ie*, that there was bad faith in FE adopting the prefix "Mac" for the application marks. This was because there appeared to be conflicting explanations as to why FE adopted the prefix. In the present proceedings, TWC explained that FE adopted the "Mac" prefix because of its earlier association with Macintosh computers. However, in an earlier proceeding, *Future Enterprises Pte Ltd v Tong Seng Produce Pte Ltd* [1998] 1 SLR 1012, where FE was the opponent, TWC had explained that "Mac" was adopted because it was commonly used in English-speaking countries to address persons whose names were not known.

77 While on the face of it, the explanations are not the same, there seems to be a common thread running through both explanations: the desire to project a Western image. Although the principal assistant registrar was aware of the two explanations offered by TWC, she did not find that there was sufficient evidence to infer that FE had copied the application marks from the appellant's marks. The judge did not disagree with her either.

78 The judicious approach adopted by the principal assistant registrar is certainly in line with authorities. An allegation of bad faith is a serious matter and should not be lightly inferred. In "*Royal Enfield*" Trade Marks [2002] RPC 24 it was held (at [31]) that:

An allegation that a trade mark has been applied for in bad faith is a serious allegation. ... A plea of fraud should not lightly be made ... and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v Garrett* (1877-78) L.R. 7 Ch.D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of ... bad faith made under section 3(6). *It should not 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 inference.* [emphasis added]

79 It is true that the trial judge seemed to have thought that FE had adopted the appellant's naming system, the linking of a product descriptive to the prefix "Mc". However, she also noted that there could not be property rights in ideas *per se*. Having failed to show that the application marks are deceptive or confusing *vis-à-vis* the appellant's marks, we could not see how the appellant could, in the circumstances here, establish bad faith.

Conclusion

80 For the above reasons, we dismissed the appeal with the usual consequential orders.

□ TM No 6229/95 for instant noodles	□ TM 6231/95 for instant chocolate mix	□ TM 6230/95 for instant tea mix
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