

Rainforest Coffee Products Pte Ltd v Rainforest Cafe, Inc
[2000] SGCA 21

Case Number : CA 118/1999
Decision Date : 14 April 2000
Tribunal/Court : Court of Appeal
Coram : Chao Hick Tin JA; Lai Kew Chai J; L P Thean JA
Counsel Name(s) : Tan Hee Liang and Raymond Tan Chee Siang (Tan See Swan & Co) for the appellants; Sukumar Karuppiah and Vicky Heng Su Lin (Ella Cheong & G Mirandah) for the respondents
Parties : Rainforest Coffee Products Pte Ltd — Rainforest Cafe, Inc

Trade Marks and Trade Names – Defence – Bona fide choice of name – s 52(a) Trade Marks Act (Cap 332, 1992 Ed)

Trade Marks and Trade Names – Infringement – Appellants challenging registration of respondents' trademark – Respondents intending to use trademark through franchisee – Franchisee agreement not finalised at time of registration – Franchisee as registered user – Whether registered user provisions mandatory or permissive – Preparatory steps as evidence of user – ss 12(1), 12(8)(b), 30(1) Trade Marks Act (Cap 332, 1992 Ed)

Trade Marks and Trade Names – Rectification of register – Non using of trademark at time of application – Bona fide intention to use and bona fide use of trademark – Whether respondents can apply for registration of trademark – s 40(1) Trade Marks Act (Cap 332, 1992 Ed)

Trade Marks and Trade Names – Rectification of register – Whether trademark lacked distinctiveness – Whether trademark a word having direct reference to character or quality of respondents' services – Ambit of term 'services' – Trade Marks Act (Cap 332, 1992 Ed)

Trade Marks and Trade Names – Registration – Trafficking – Whether respondents guilty of trafficking in trademark – s 30(7) Trade Marks Act (Cap 332, 1992 Ed)

Trade Marks and Trade Names – Registration criteria – Appellants challenging registration of respondents' trademark – Bona fide intention to use – Inherent and de facto distinctiveness

Trade Marks and Trade Names – Registration criteria – Inherent adaptability to distinguish and distinctiveness in fact – "Rainforest" neither novel or invented – Whether "Rainforest" able to distinguish respondents' restaurant from others – Whether respondents' trademark lacking in distinctiveness – s 10(2) & 10(3) Trade Marks Act (Cap 332, 1992 Ed)

(delivering the judgment of the court): This appeal was brought against the decision of the learned judicial commissioner to allow the respondents' claim against the appellants for infringement of their registered trade mark and to dismiss the appellants' counterclaim for cancellation of the trade mark. The learned judicial commissioner also granted an injunction against the appellants and made certain ancillary orders. At the conclusion of the hearing we reserved judgment. Having carefully considered the appellants' contentions we are of the view that the appeal should be dismissed for the reasons which we now give. The background facts, which were largely undisputed, are set out briefly.

The facts

The respondents are a corporation registered in the State of Minnesota, the United States of America, and are in the business of developing and operating a chain of restaurants in and outside of the United States by the name of 'Rainforest Café'. These restaurants have a rainforest theme featuring elaborate jungle props, animation and sound effects which are supposed to provide an

element of entertainment to diners. The respondents also sell merchandise associated with the restaurants and their theme.

The concept for the respondents' theme restaurants was first conceived in 1989 by the respondents' Senior Vice-President, Steven Schussler. After some experimentation and development of the idea, the respondents opened the first Rainforest Café in October 1994 in Minneapolis, USA. This proved successful and the respondents went on to open new outlets elsewhere in the United States. By the end of 1997, they had opened a total of 16 restaurants, 13 in the United States and three abroad. The domestic outlets were operated by the respondents themselves whilst those overseas were operated by licensees through franchise agreements. In 1995, the respondents completed their initial public offer of shares and obtained a listing on the NASDAQ Board. Presently, the respondents operate 23 outlets in the United States and their licensees operate nine in Canada, Mexico, the United Kingdom and Hong Kong.

The respondents' position, which the appellants challenged, is that they had always intended to expand into Singapore. To that end, on 16 October 1995, they filed trade mark application No 9964/95 for the trade mark 'Rainforest Café' ('the trade mark') in Class 42 covering 'restaurant and nightclub services'. The application was successful, and the trade mark was advertised in the **Gazette** on 7 November 1997 and placed on the register on 30 April 1998. The registration of the trade mark was, predictably, subject to the disclaimer that it does not give the proprietor the exclusive right to use the word 'Café'. The respondents subsequently applied to register trade marks of various designs and logos of the words 'Rainforest Café' as well as their slogan 'A Wild Place to Shop and Eat'. These applications are still pending.

The respondents gave evidence of what they had done pursuant to their plans to open their first restaurant in Singapore. First, they appointed RFC Far East Ltd (previously known as Movie Dream Corporation), a company registered in the British Virgin Islands ('RFC Far East'), as master franchisee for Southeast Asia. The Master Franchising Agreement was signed on 4 August 1997. Second and in turn, a sub-franchisee, RFC Far East Café Pte Ltd ('RFC Far East Café') was identified. On 15 April 1999, RFC Far East Café entered into a tenancy agreement with Liang Court Pte Ltd for the tenancy of certain premises at Liang Court for the new restaurant. According to the respondents, the parties were in the process of preparing the sub-franchise agreement.

The appellants were incorporated on 5 November 1996 and first commenced operations in January 1997 in their registered place of business at 6 Fisher Street, Merchant Square. This is their only outlet and it sells a selection of salads, sandwiches, soups, and desserts together with a variety of speciality coffees and teas, along with soft drinks and beer. The respondents learnt of the appellants' outlet from an article in the July 1997 issue of the trade magazine 'Retail Asia', which was brought to their attention by their Hong Kong franchisees in August 1998. The respondents then instructed their then solicitors in Singapore, Messrs Donaldson & Burkinshaw, to look into the matter. In the course of their investigations, it was found that the appellants had used the word 'Rainforest' alone without the rest of their registered name, ie 'Coffee Products Pte Ltd', in their signboards, menus and on certain documents such as receipts. On 4 November 1998, Messrs Donaldson & Burkinshaw wrote to the appellants informing them of the registration of the trade mark and of the respondents' objection to the use of the word 'Rainforest' in the appellants' name and business. They demanded that the appellants cease their use of the word 'Rainforest' and effect a change of name. There followed an exchange of correspondence with the appellants' solicitors, Messrs Tan See Swan & Co, but no amicable settlement was reached. The respondents accordingly instituted the present proceedings against the appellants on 30 December 1998.

The respondents subsequently filed SIC 311/99 applying for final judgment against the appellants

pursuant to O 14 of the Rules of Court (1997 Ed). In the alternative, they prayed for an interim injunction. Prayers (a) and (b) of the summons-in-chambers read:

(a) An injunction to restrain the [appellants] whether acting by [themselves], [their] directors, officers, servants, agents, or any businesses/companies which they control, or otherwise howsoever from doing any of the following acts, that is to say infringing the [respondents`] trade mark no 9964/95 (`the [respondents`] registered trade mark);

(b) to remove the name `Rainforest` from the [appellants`] corporate name, products including signages, letterheads, invoices, receipts, menus, packagings, bags and all promotional materials related to the [appellants`] business which would otherwise infringe the [respondents`] registered trade mark.

At the hearing on a special date, Lai Siu Chiu J granted an interim injunction pending trial in the terms prayed for, restraining the appellants from using the word `Rainforest` standing alone and used apart from the appellants` full corporate name, in the following terms:

Until trial or further order, interim injunction is granted in terms of prayers (a) and (b) of summons-in-chambers provided this order will not stop the [appellants] from operating their café under their corporate name and that the [appellants`] full corporate name, Rainforest Coffee Products Pte Ltd need not be changed or removed. ...

The claim

The respondents` claim against the appellants was for infringement of their registered trade mark. They sought an injunction to restrain the appellants from infringing their trade mark and certain ancillary orders, as follows: (a) that the word `Rainforest` be removed from the appellants` corporate name and products including signboards, menus, receipts, invoices, letterheads and all promotional materials relating to the appellants` business; and (b) that the appellants deliver up to the respondents all goods in their custody, possession or power, the keeping or disposal of which would be in breach of the above-mentioned injunction. The respondents also sought an inquiry as to damages, or alternatively an account of profits. There was an additional claim in passing off but this was abandoned at the beginning of the trial.

The defence

The appellants denied infringing the respondents` trade mark. They raised several defences, including one under s 52(a) of the Trade Marks Act (Cap 332, 1992 Ed), ie that their use of the word `Rainforest` was a bona fide use of their name. The appellants also counterclaimed, inter alia, for:

(a) an order that the register of trade marks be rectified by the cancellation therefrom of the entry relating to registered trade mark No 9964/95; or

(b) an order that the register of trade marks be rectified by the variation of the entry relating to

registered trade mark No 9964/95 in such manner and upon such terms as the court thinks fit and just; or

(c) an order that registered trade mark No 9964/95 was descriptive and/or non-distinctive, thus rendering the registration thereof bad and invalid.

The decision below

The appellants admitted operating a café using the name `Rainforest`, but they did not admit that the respondents were about to establish any outlets in Singapore through a franchisee. They denied liability on the following grounds:

(a) the respondents did not use the trade mark in Singapore nor did they have any intention to use it when they applied for registration;

(b) the transaction between the respondents and their master and sub-franchisee amounts to trafficking in the trade mark;

(c) the nature of the services provided by the appellants do not fall within the classification in which the respondents' trade mark is registered;

(d) the word `Rainforest` is not registrable; and

(e) the appellants' use of the word `Rainforest` was a bona fide use of their own name in connection with their business and did not constitute an infringement of the respondents' trade mark by virtue of s 52 of the Trade Marks Act (Cap 332, 1992 Ed) or s 28 of the Trade Marks Act (Cap 332, 1999 Ed).

The learned judicial commissioner first considered the applicable law. The Trade Marks Act (Cap 332, 1999 Ed) (hereinafter `the Act`) came into operation on 15 January 1999 (`the commencement date`) pursuant to the Trade Marks (Commencement) Notification 1998, which was published in Gazette No S634 dated 29 December 1998. Section 109 of the Act repealed the Trade Marks Act (Cap 332, 1992 Ed) (`the repealed Act`). The respondents' trade mark was registered under the provisions of the repealed Act and the writ in this action was issued on 30 December 1998, about two weeks before the commencement date, though the infringement complained of if made out would be continuing and would straddle both the repealed Act and the Act. Section 109 of the Act states that the provisions of the Third Schedule shall have effect with respect to transitional matters. Paragraph 2 of the Third Schedule provides that a trade mark registered under the repealed Act immediately before the commencement date is a registered trade mark for the purposes of the Act. Therefore the respondents' trade mark is a registered trade mark under the Act. Paragraph 3(3) of the Third Schedule provides that a disclaimer in a trade mark registered under the repealed Act shall be deemed to be transferred to the new register. Accordingly the disclaimer on the non-exclusivity of the word `Café` would be so transferred. Paragraph 4(2) of the Third Schedule provides that the repealed Act, or any other enactment or rule of law applying to trade marks registered under the repealed Act immediately before the commencement date, shall continue to apply in relation to infringements committed before that date. In respect of infringements committed after the commencement date, however, para 4(1) of the Third Schedule provides that ss 26 to 29 and s 31 apply. As the respondents had abandoned their claim in passing off and did not seek damages in the infringement action, the learned judicial commissioner only considered the continuing infringement in respect of which the provisions of the Act were relevant. The remaining question of the validity of the registration of the respondents' trade mark would, however, be governed by the repealed Act.

Use of the trade mark in Singapore

The respondents agreed that they do not intend to operate the proposed Rainforest Café® in Singapore directly, but in line with their corporate strategy, the outlet will be operated by a franchisee. The appellants challenged the validity of the registration on two bases: (a) that the respondents have no intention to license a franchisee in Singapore at all; alternatively (b) that they had no intention to use the trade mark at the time of the application for registration.

With regard to the first point, that the respondents have no intention to license a franchisee, the appellants pointed out that Singapore was not mentioned in any of the respondents' annual reports as a future location. Further, it seemed to take a much longer time to get the Singapore outlet operational compared to the other outlets: those in Canada, Mexico, the UK and Hong Kong took between 6 and 15 months to establish, whereas in Singapore the Master Franchise Agreement was signed in August 1997 and yet there was no outlet to date. The appellants also pointed to a number of other 'false starts'. They then drew attention to some unusual features in the tenancy agreement and various other oddities in the arrangement between the respondents, the master franchisee (RFC Far East) and the sub-franchisee (RFC Far East Café®). Counsel went into great detail in his submissions on how each of these points would show that the respondents had no intention of setting up an outlet in Singapore, but the learned judicial commissioner did not address them in the same detail even though it was possible to do so. The respondents' witnesses had explained most of them to some extent or other, and the learned judicial commissioner only found it necessary to say (at [para] 8 of his grounds of decision) that:

in a new start-up such as this, a party sometimes encounters delays and it is not unusual to make provisions in contracts to cover all sorts of eventualities. The real question is, why would the [respondents] go to the expense of applying to register their trade mark and a number of other trade marks in Singapore, and the expense and trouble of taking up this action when they discovered the [appellants'] infringement, and sign up with a master franchisee and undertake all the publicity, if they did not intend to establish an outlet in Singapore [?]

The appellants were unable to furnish a satisfactory answer, nor could the learned judicial commissioner see any. He therefore found that the respondents had, and continue to have, an intention to establish an outlet in Singapore to be operated by their sub-franchisee as they claimed.

As for the second point, s 12(1) of the repealed Act provides as follows:

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.

It was common ground that this subsection required that at the time of filing the application the applicant must either have used the trade mark or have the intention to use it in the jurisdiction. As the respondents had not used the trade mark in Singapore at the time, the sole question was whether they fell within the second limb, ie that they proposed to use it. The appellants submitted that the registration is invalid because the respondents' intention was not to use the trade mark directly, but only indirectly through a franchisee. They emphasised that since there was no registered user in respect of the trade mark, it must follow that the respondents had no intention to use the trade mark

in Singapore at the time of registration.

The learned judicial commissioner did not agree. The essential facts were that the respondents were already using the trade mark in the United States and had licensed their franchisees to use it in various countries outside the United States. The respondents' Senior Vice-President, Stephen Cohen ('Cohen'), gave evidence that it was their usual practice to first apply for registration of their trade marks in the countries they intended to move into, and then to screen potential partners and select the most suitable one. Cohen could not say whether the respondents' intention at the time of the application for registration was to use a franchisee in Singapore as he was not in their employment at the time, but he agreed that it would be correct to say that the respondents' intention was to use their best endeavours to find a franchisee. In the case of Singapore, the application was filed on 16 October 1995 and the Master Franchise Agreement was signed on 4 August 1997. However, the economic upheaval in the region in 1997 caused the respondents to delay their plans and on 1 January 1999, an amendment agreement to the Master Franchise Agreement was signed. By the time of the trial, the respondents had signed the Master Franchise Agreement and the master franchisee, RFC Far East, was on the brink of signing a sub-franchise agreement with the sub-franchisee, RFC Far East Café. In the circumstances, the learned judicial commissioner could not say that the respondents had no firm intention to open a Rainforest Café outlet in Singapore through a franchisee.

Did it mean, as the appellants claimed, that because the respondents only intended to use the trade mark indirectly through a franchisee and there was no registered user as yet, they did not have the intention to use the mark at the time of registration? In the opinion of the learned judicial commissioner, the matter must be approached from the viewpoint of commercial practicality; the law must be interpreted to conform with reality and that includes commercial reality. And commercial reality is that it is not always possible to undertake those processes and actions simultaneously. As Cohen testified, this was the situation the respondents found themselves in. The proprietor of the trade mark may have to identify the franchisee and enter into the franchise agreement, and until this is done, the application for the franchisee to be registered as a registered user cannot be made. Section 12(8)(b) of the repealed Act provided for the situation where the proposed registered user was identified at the time of application for registration of the trade mark, but where the franchisee had not yet been identified, it did not mean that the proprietor of a trade mark registered abroad would not be entitled to register it in Singapore if he had the intention to use it through a registered user. Further, as s 30(3) of the repealed Act provided that use of the mark by a registered user would be deemed to be use by the proprietor, it follows that there would exist an intention by the applicant to use the mark if he had intended to license another party to use it as a registered user.

Trafficking in the trade mark

Section 30(1) of the repealed Act provides that a person other than the proprietor of a trade mark may be registered as a registered user. However, s 30(7) states:

The Registrar may refuse an application under this section if it appears to him that the grant thereof would tend to facilitate trafficking in a trade mark.

The appellants alleged that the respondents intended to traffick in their trade mark and therefore the registration is invalid.

The learned judicial commissioner noted that the term 'trafficking' is not defined in the Act, but accepted the definition enunciated by Lord Brightman in **Hollie Hobbie TM; Re American Greetings**

Corp`s Application [1984] RPC 329 at 356:

To my mind, trafficking in a trade mark context conveys the notion of dealing in a trade mark primarily as a commodity in its own right and not primarily for the purpose of identifying or promoting merchandise in which the proprietor of the mark is interested. If there is no real trade connection between the proprietor of the mark and the licensee or his goods, there is room for the conclusion that the grant of the licence is a trafficking in the mark. It is a question of fact and degree in every case whether a sufficient trade connection exists.

The case before the learned judicial commissioner was clearly different. The respondents` trade mark relates to a single service, ie that of a restaurant or nightclub, one which they themselves operate in the United States and which they intend to establish worldwide through franchise agreements. The trade mark is not dealt with primarily as a commodity in its own right but rather to identify and promote a chain of restaurants associated with a certain type of dining experience all over the world. If this amounts to trafficking, then some very well known names which operate through franchise agreements in Singapore would lose their right to their trade marks.

Nature of appellants` services

The appellants pleaded in their amended defence that the services they provide are different from those in the class under which the respondents` trade mark is registered. The learned judicial commissioner found little merit in this argument. The appellants` services clearly fell within the description of `restaurant` whether called a cafÃ© or a snack bar. The appellants also said that the respondents provide entertainment, which the appellants do not as an element of their services, but again, the learned judicial commissioner found little substance in this argument. Both parties offer services associated with the consumption of food and drink in their respective premises, whether with or without entertainment. The use by the appellants of the respondents` trade mark would result in confusion amongst the public, which is exactly what the Act sets out to prevent.

`Rainforest` not registrable as a trade mark

The appellants contended that the word `Rainforest` is devoid of distinctiveness, a requirement under s 10 of the repealed Act. Section 10(1)(d) and (e), and (2) provide:

(1) A trade mark ... registrable in Part A of the register shall contain or consist of at least one of the following essential particulars:

...

(d) a word or words having no direct reference to the character or quality of the goods or services, and not being according to its ordinary signification a geographical name or surname;

(e) any other distinctive mark; provided that a name, signature, or word or words, other than such as fall within the descriptions in paragraphs (a), (b), (c) and (d) shall not be registrable under this paragraph except upon evidence of its distinctiveness.

(2) For the purposes of this section, a trade mark is distinctive of the goods or services of a person if it is adapted to distinguish goods or services with which that person is or may be connected in the course of trade from goods or services in respect of which no such connection subsists, either generally or, where the trade mark is sought to be registered or is registered subject to conditions or limitations, in relation to use subject to those conditions or limitations.

The learned judicial commissioner took the view that the word 'Rainforest' has no distinctiveness as would come under s 10(1)(e), but that it falls within s 10(1)(d), ie it is a word having no direct reference to the character or quality of the goods or services, because the word 'Rainforest' has no association with the services provided in a café or restaurant or nightclub, or food and entertainment services generally. The word is therefore registrable in Part A of the register pursuant to s 10(1)(d).

Bona fide use by the appellants

The appellants claimed that their use of the word 'Rainforest' was and has been a bona fide use of their own name, whereas the respondents claimed that such use was not bona fide and prayed for an order that the appellants remove the word from their name. On the evidence, the learned judicial commissioner found that the respondents had not proved that the appellants' choice of name was not bona fide, and declined to make the order prayed for accordingly. He therefore specified in the injunction granted that it shall not be a breach thereof for the appellants to use the word 'Rainforest' in conjunction with their full name, ie 'Rainforest Coffee Products Pte Ltd' or 'Rainforest Coffee Products', in accordance with s 28(1)(a)(i) of the Act. We agree with the learned judicial commissioner.

The learned judicial commissioner therefore gave judgment in favour of the respondents and made, inter alia, the following orders: (a) the granting of a certificate of validity under s 102(1) of the Act; and (b) the granting of an injunction against the appellants prohibiting them from using the word 'Rainforest' in association with their business unless it is used as part of their full name, ie 'Rainforest Coffee Products Pte Ltd' or 'Rainforest Coffee Products', equal prominence to be given to all the words therein.

The appellants' contentions

As stated in their appellants' case, the appellants raise four main contentions, which are essentially a repetition of those raised before the learned judicial commissioner. They are as follows. First, the respondents cannot maintain their action for trade mark infringement when they have failed to produce any cogent evidence showing a present and settled intention to use the trade mark either by themselves or through a registered user. Second, the appellants are in any event entitled to rely on s 52(a) of the repealed Act, ie bona fide use, as a defence to the respondents' action. Third, the respondents' trade mark may be rectified for non-use under s 40(1)(a) of the repealed Act. And fourth, the trade mark may be cancelled for lack of distinctiveness.

The appeal

The appellants did not appeal against the finding of the learned judicial commissioner that they had infringed the respondents' trade mark. As the learned judicial commissioner noted at [para] 5 of his grounds of decision, counsel for the appellants admitted that if the respondents' trade mark was valid, the appellants would have infringed it. In their appellants' case, however, the appellants, without expressly appealing against the finding on infringement, sought to explain their admission away by stating that it arose from a question by the court if it would make any difference whether the appellants used their full corporate name or just the word 'Rainforest', and the appellants' response that it would not. Quite apart from the fact that this could in one sense be read as an admission that, regardless of whether the appellants' full name or only the word 'Rainforest' was used, the respondents' trade mark had been infringed, there was the following statement made by counsel for the appellants in the course of his closing submissions:

*If the trade mark is found to be valid, then the [appellants] would have infringed the trade mark, **even in the use of the full name**. [Emphasis added.]*

The penultimate phrase (which we have placed in italics) appears, as the respondents observed, to be a typographical error; the statement should read: 'unless the full name was used', in place of 'even in the use of the full name', consistent with the finding of the learned judicial commissioner (as to which, see [para] 23, supra). In our view, it is inconceivable how this clear and unequivocal statement could be read as anything other than an admission that a finding of infringement would follow one of validity. The appellants were bound by this concession, and it is not now open to them to re-open an issue which has already been decided upon by a competent forum. Since the issue of infringement did not arise on appeal, it was not necessary to examine the provisions of the Third Schedule of the Act in order to determine whether the Act or the repealed Act applies in respect of infringement (see s 109 of the Act); though there seems to be little doubt that, as the infringement complained of is a continuing one, the repealed Act applies in relation to infringements committed before the commencement date (para 4(2) of the Third Schedule) and the Act applies in relation to infringements committed after that date (para 4(1)), subject to the rider in para 4(3).

It will be seen that the appellants' contentions, save for the defence under s 52(a) of the repealed Act, are directed towards challenging the validity of the respondents' trade mark. The provisions of the repealed Act would thus be applicable. At the outset, however, it must be pointed out that there is some overlap between the appellants' four issues, in particular between the first issue (what the appellants have termed the respondents' 'capacity to sue') and the third issue (rectification for non-use). Moreover, the appellants appear to have taken quotes from the authorities out of context and used them arbitrarily without setting out the proper application of the relevant principles in the light of the present facts. We therefore propose to simplify matters by merely responding to such of the appellants' points as require a rebuttal as and when they arise, and by clarifying those points where the appellants appear to have either misdirected themselves on the law or misinterpreted the reasoning of the learned judicial commissioner.

Intention to use the trade mark

The appellants have, somewhat inappropriately, classified this issue as the respondents' 'capacity to sue'. As we will show, this was not only incorrect but also misleading. The appellants' arguments on this point were basically a reformulation, but in extended form, of those made before the learned judicial commissioner. For convenience, they are summarised as follows. The key contention here was that the concept of registered user is an integral part of the definition of a trade mark (because, it is said, s 30(3) of the repealed Act deems use of the mark by a registered user to be use by the

proprietor); and that as there was no registered user application even though the Master Franchise Agreement signed between the respondents and RFC Far East stipulated that there should be one, it could not be said that the trade mark was `proposed to be used` by the respondents within the meaning of s 12(1). Indeed, although it was the respondents` position that their Singapore outlet would be operated by the sub-franchisee, RFC Far East CafÃ©, there was no evidence of any franchise agreement entered into between the respondents and the alleged sub-franchisee at any time up to the trial of the action. In any event, there has always been a difference between a registered user and a franchisee, and the nature of the former is quite different from that of the latter. Further, the arrangement between the respondents and the sub-franchisee could be said to amount to trafficking when (a) the former never intended to exercise any control over the activities of the latter; and (b) the mark is to be allowed to be used for nightclub services when the respondents themselves have never operated a nightclub before.

To begin with, the short answer to the appellants` misleading categorisation of this issue as one of capacity was that the respondents are entitled to sue for trade mark infringement by virtue of their being the lawful proprietors of the trade mark: see s 45(1) of the repealed Act. Moreover, by s 47 of the same Act, the fact that a person is registered as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof.

Turning to the substance of the main argument, this was that the trade mark was not `proposed to be used` by the respondents as they did not file an application for their sub-franchisee, RFC Far East CafÃ©, to be the registered users thereof: see s 30 of the repealed Act. We have already set out the provisions of s 12(1) of the repealed Act earlier (see [para] 14, supra). Section 12(8) stated:

An application for the registration of a trade mark in respect of any goods or services shall not be refused, nor shall permission for such registration be withheld, on the ground only that it appears that the applicant does not use or propose to use the mark -

(a) if the Registrar is satisfied that a body corporate is about to be constituted and that the applicant intends to assign the trade mark to the corporation with a view to the use thereof in relation to those goods or services by the corporation; or

(b) (if the application is accompanied by an application for the registration of a person as a registered user of the trade mark, and the Registrar is satisfied that the proprietor intends it to be used by that person in relation to those goods or services and the Registrar is also satisfied that that person will be registered as a registered user thereof immediately after registration of the trade mark.

It was not in dispute, as the learned judicial commissioner noted, that at the time of filing the application the applicant must either have used the trade mark in question or propose to use it as required by s 12(1). As the respondents had not at any time used the trade mark in Singapore, the question before the learned judicial commissioner was whether they proposed to do so. The next question, in turn, was whether an affirmative answer to the foregoing necessarily required the making of a registered user application; in other words, whether the registered user provisions are mandatory or permissive. This was substantially the issue which the appellants canvassed before us. We have to

say that, in the first place, the reliance on s 30(3) of the repealed Act was difficult to follow. That subsection deemed use of a trade mark by a registered user to be use by the proprietor for the purposes of, inter alia, s 40 (which dealt with the expunging from the register of a registered trade mark for non-use), but to say that the filing of a registered user application was **thereby** essential under s 12(1) is a quantum leap in reasoning: the argument is a non sequitur. On the other hand, a proposal by the proprietor that a registered user shall use the mark does not by itself satisfy the requirement (in s 12(1)) that the proprietor proposes that the mark be used by him. Rather, it is the interplay between s 12(1) which is set out in [para] 14 supra and s 12(8)(b) of the repealed Act which is relevant, and to this question we now turn.

The words 'proposed to be used' were included in the definition of a 'trade mark' contained in s 3 of the UK Trade Marks Act 1905, as well as in the definition in the 1938 Act and that of a 'service mark' derived from the 1984 Act. As the learned authors of **Kerly's Law of Trade Marks and Trade Names** (1986, 12th Ed) explain at pp 7-9 [para] 2-04, the words present some difficulty. When they were introduced in 1905, there was at the same time a section on non-user of marks (s 26 of the 1938 Act, which is in pari materia with s 40 of the repealed Act), and which made it a ground of removal of a mark for particular goods that it was registered without any bona fide intention to use it for those goods and that it had never been so used. The learned authors remark that it might be thought obvious that the intention here was that lack of bona fide intention to use at the time of registration should not by itself be a ground for removal. So long as nobody was aggrieved enough by the registration to seek its removal, the defect could be cured by use in due course. Accordingly, 'proposed to be used' should, it might be supposed, be read more widely, as covering the registration of marks 'which might one day be useful' but for which there was no immediate use in contemplation. However, the Court of Appeal decision in **Imperial Group Ltd v Philip Morris & Co Ltd [1982] FSR 72** (see below) would seem to take a different view, treating the formulation 'proposed to be used' as involving an 'intention' to use, thereby making the 'definite and present intention to use' part of the definition of a trade mark. Further, the authors add that the court in **Imperial Group** would appear to have held that the 'use' which is intended must be use which not only indicates the requisite connection in the course of trade but has as its 'primary intention' (per Shaw LJ at p 83 of the report; see also Lawton LJ at p 77 and Brightman LJ at p 88) the establishment of goodwill in the mark so as to make trading under that mark profitable in itself. In the opinion of the authors, it is hard to imagine that Parliament intended anything of the sort.

In **Imperial Group v Philip Morris**, the plaintiff cigarette manufacturers chose the name 'Merit' for a projected brand of cigarettes. After this project was halted, the name 'Merit' was considered worthy of retention for some other project, and it was so retained. Subsequently, the plaintiffs were advised that the mark 'Merit' was unregistrable as a trade mark, so the ghost mark (a registrable word as similar as possible to the unregistrable word) 'Nerit' was registered instead. 'Nerit' was registered in Part B of the register. The defendants then launched a new brand of cigarettes in the United States under the name 'Merit', in consequence of which the plaintiffs made a limited introduction in the UK (they had never intended to do more) of cigarettes under the 'Nerit' mark. This introduction was intended to protect the 'Nerit' mark from the risk of being removed from the register on the ground of non-use under s 26 (s 40). A subsequent introduction on an increased scale was undertaken and resulted in the sale of about one million cigarettes. Apart from these two introductions intended to protect the mark, there were no commercial sales of 'Nerit' cigarettes. The plaintiffs brought an action for trade mark infringement against the defendants, who by counterclaim sought to have the mark 'Nerit' expunged from the register. The plaintiffs' token use was held not to be bona fide use within the meaning of s 26, so that the mark could be struck off under that section; but the Court of Appeal went further and held 'Nerit' not to be a trade mark within the meaning of s 68 (the definition section) at all. The learned authors of **Kerly's** comment (at p 8 [para] 2-04):

That the mark was rightly struck off seems clear. The proposition that the token use was not trade mark use is harder to accept; and that the token use was not trade at all, both because it was ephemeral and because it was not in itself meant to be profitable, is very hard to accept indeed.

The next case, which is frequently cited for the proposition that the registered user provisions are mandatory, is **Pussy Galore TM [1967] RPC 265**. In that case, a company associated with the author of popular works of fiction (the late Ian Fleming) and his widow sought to register as trade marks in respect of a wide variety of goods, the names (including the words 'Pussy Galore') of various of his fictional characters derived from his novels, intending to licence them by registered user agreements with the producers of such goods. At the time of the applications they had made no application to register any third party as a registered user and thus s 29(1)(b) (the equivalent of our s 12(8)(b)) did not apply. The Registrar refused the applications on the ground that the applicants did not possess the necessary qualifications of the registered proprietors of a trade mark since, at the time of application, they had neither an intention to use the marks themselves nor had they applied under s 29(1)(b) to make another party, by whom they intended the mark to be used, a registered user. The appeal to the Board of Trade was dismissed on the same ground, ie that there was no sufficient intention to use. It will suffice to quote the relevant portion of the judgment of the Registrar, with whom the Board agreed. At p 267 of the report:

That section [a reference to s 29(1)(b)] seems to me to be intended to exempt the proprietor who does not himself propose to use the mark only where he has at the time of application secured another person who has an intention at that time to use the mark and who is prepared to be registered as a user of the mark. If the legislature had intended to go beyond this and to allow application to be made by a person who merely proposed after application to seek possible registrable users of the mark but had no intention at that time of using it himself, I cannot think the words 'by him' would have been used in s 17(1) [s 12(1)] or that the specific exemption of s 29(1)(b) would have been necessary. The Act in my view requires that to qualify as an applicant, the proprietor of the mark must either possess the intention to use the mark himself at the time of application or have applied under the conditions of s 29(1)(a) or (b).

Clearly if ... an applicant does not satisfy the conditions of s 17(1) by possessing at the time of application an intention to seek registered users but no intention to use the mark himself, even less does he satisfy these conditions if his intention is to seek licensees, even though such licensees would be subject to such control by the proprietor as would be suitable to registered users....

And later, further down on the same page:

*There is a further point. 'Proposed' in the context of s 17(1) must mean that the applicant has a firm intention to use ... [citing **Batt v Dunnett [1899] 16 RPC 411** and **Ducker's Trade Mark [1928] 45 RPC 397** in support]. The applicants ... admit that at the time of making the application in suit, they intended to use their best endeavours to find others who would use the mark, under suitable control, eventually as registered users. There was therefore no intention to use the mark, but only the intention to seek out others who would be prepared to do so and this speculative element in my view deprives the applicant's intentions of that firmness which is necessary to satisfy s 17(1).*

On the view that a registered user registration is merely permissive, registration conveys certain advantages to the parties but does not establish the validity of the licence, nor does its absence necessarily impair the validity of the registered trade mark. As long as it can be shown that a trade mark licence arrangement is not deceptive, it will not be invalidated simply because the licensee has not been registered as a registered user. The case which is always cited in this regard is the decision of the High Court in **Bostitch TM** [1963] RPC 183. The facts were that the foreign proprietor of several registered trade marks had permitted its UK distributor to manufacture and sell certain goods under the trade marks, when war-time conditions had made import impractical. The distributor-licensee was not registered as a registered user of the trade marks. The distributor-licensee continued to manufacture and sell under the trade marks for a period of nearly 15 years, after which the parties had a falling out. The proprietor withdrew his consent to the distributor-licensee making any further use of the trade mark unlawful and, in the ensuing dispute, the latter sought to expunge the registrations of the trade marks on the ground that the absence of any registered user registration had rendered the trade mark registrations invalid. The court rejected the licensee's argument. Lloyd-Jacob J said at p 195 of the report:

*Both parties appear to have misconceived the provisions of s 28 [the registered user provisions], for this is not a mandatory but a permissive section and cannot fairly be construed to provide a protective cover for any trade mark use which would otherwise be deceptive or confusing. It creates what is termed 'permitted use' available only in circumstances approved by the Registrar as not contrary to the public interest (and in consequence not prima facie contrary to the provisions of s 11), and is of value to the registered proprietor as supplementing his own use of the trade mark, if any, and thus protecting him against removal of the mark from the register under s 26, and to the registered user, provided the conditions and restrictions contained in the agreement are observed, as a protection against allegations of infringement, and additionally as a means of attacking infringements by third parties. **There is nothing anywhere in this section to justify the view that an arrangement between a registered proprietor of a trade mark and a party concerned to use such mark requires to be registered, still less that in the absence of registration, its effect upon the validity of the mark, if called in question, will be in any way different.** [Emphasis added.]*

Thus, the test for the validity of a trade mark licence was not whether or not there was a registered user registration, but whether the licence arrangement was deceptive. The key to the validity of a trade mark licence was whether or not the licence arrangement had destroyed the trade connection between the proprietor of the trade mark and the goods: at p 197 of the report.

The principle enunciated by Lloyd-Jacob J in the **Bostitch** decision was reaffirmed in connection with the trade mark dispute between the British company, General Electric Co Ltd (GEC) and the US concern, General Electric Company (GE): **GE TM** [1973] RPC 297, HL, reversing [1970] RPC 339, CA. There was a motion by GEC to expunge the registration of the trade mark 'GE' by the US company, in the context of the use of the trade marks 'Mono-GE-Gram' and 'Simplex GE' in the UK by certain affiliates of the US company. It was there accepted without challenge that the **Bostitch** decision established that the registered user provisions are merely permissive, and that if adequate quality control could be shown, the failure to register the licence did not destroy the validity of the trade mark: per Lord Cross at p 395 of the report; see also per Lord Salmon at p 372 and per Graham J at p 457.

The judicial dicta in **Bostitch**, supra were referred to in argument but were not mentioned in the

Board's decision in **Pussy Galore**, supra. In the view of the authors of **Kerly's**, the latter case appears to be irreconcilable with the line of cases beginning with **Bostitch**, and so to be wrongly decided if **Bostitch** is sound. Even if **Bostitch** is not sound, the **Pussy Galore** decision is open to question. There is some force in the contention that there may be a 'definite and present intention' of use by a registered user (and so by the proprietor) even though no registered user agreement is immediately available for presentation to the registrar. Indeed, the Indian Supreme Court has so held in **Dristan TM** [1986] RPC 161, on an Act not complicated by an equivalent of s 29(1)(b).

Therefore the crux of the matter in the instant case is whether the words 'proposed to be used' in s 12(1) of the repealed Act necessarily import a reference to s 12(8)(b), thus requiring a registered user application to be made. This is a question of construction which neither party addressed. Bare assertions that there was such a requirement or there was no such requirement did not advance the matter at all. The learned judicial commissioner took the position that the fact that the respondents intended to use the trade mark indirectly through a franchisee, and that the Sub-Franchise Agreement with the sub-franchisee had yet to be concluded, did not mean that the respondents did not have the intention to use the mark at the time of registration. In our opinion, this view accords with common sense and is the correct one. There is a gap in the legislation in that s 12(8)(b) does not provide for the situation where the registered user has not been identified yet, but this surely should not disentitle the proprietor of a trade mark from registering himself as such if he has a bona fide intention to use it. If this is the true reading of the phrase in s 12(1), the respondents as the party claiming to be the proprietors of the trade mark should be held to be entitled to apply for registration thereof, as the evidence is quite clear as to the preparatory steps taken by them evidencing their intention to use the trade mark in Singapore.

With regard to the argument that a registered user is different in nature from a franchisee, we found it difficult to perceive the point sought to be made in the context of the present case. It is true that the two are different, the latter being broader in nature than the former: while the franchisee's licensed use of the trade mark is an essential element of a franchise arrangement, it is not the sole factor which defines the franchise; the transfer of know-how and the provision of commercial or technical assistance are not unimportant elements. In addition, other intellectual property rights may also be licensed to the franchisee. In summary, a franchise agreement will include a trade mark licence as a component part, but not every trade mark licence amounts to a franchise agreement: see NJ Wilkof, **Trade Mark Licensing** [1995] at p 254 [para] 13-26. Be that as it may, this was irrelevant in the light of our holding that the registered user provisions are permissive, not mandatory, and that the absence of a registered user registration does not invalidate a registered trade mark.

Finally, as for the contention that the respondents were guilty of trafficking in the trade mark, it was plainly without merit. All the appellants could say in support was first, that the respondents never intended to exercise any control over the activities of the sub-franchisee, RFC Far East Café; and second, that the respondents permitted the use of the trade mark for nightclub services when they themselves had never operated a nightclub. With regard to the first point, it was a mere assertion unsubstantiated by any hard evidence; in any event, the presence or otherwise of provisions for quality control is inconclusive, the crucial question being whether the proprietor of the mark has any trade connection with the goods or services in question (see the judgment of Buckley LJ in the **Hollie Hobbie** litigation: [1983] FSR 581 at p 591, CA). With regard to the second point, it appears to be premised on a statement in **Kerly's** (at p 10 [para] 2-05) to the effect that the fact that the proprietor's business had never extended to the particular goods (or services), may be a circumstance from which an absence of intention to use may be inferred. The appellants' arguments were misconceived: not only is intention to use a question of fact to be decided on the merits of each individual case, the appellants had also conveniently ignored the fact that the trade mark is registered in respect of restaurant in addition to nightclub services. The definition of the term

`trafficking` as explained by Lord Brightman in the locus classicus, the **Hollie Hobbie** case, supra, which was set out earlier (see [para] 18, supra) - dealing in a mark as a commodity in its own right and not primarily for the purpose of identifying or promoting merchandise in which the proprietor of the mark is interested - cannot by any stretch of the imagination be applicable to the instant case. As the learned judicial commissioner observed, the trade mark is not being dealt with primarily as a commodity in its own right, but is being used to identify and promote a chain of restaurants associated with a distinct type of dining experience. In the premises, the contention was a non-starter, and we affirmed the finding of the learned judicial commissioner on this point accordingly.

Rectification on the ground of non-use

This was the appellants` third contention, but it will be convenient to deal with it here as it is closely related to the previous issue of intention to use. The appellants submitted that the trade mark was registered without any bona fide intention on the part of the respondents that it should be used, and that there has in fact been no bona fide use of the trade mark up to the date one month before the date of the application (s 40(1)(a)); and that, therefore, the court should have exercised its discretion to remove the trade mark from the register. It will be noticed that the criteria are cumulative, so that there must be both absence of bona fide intention to use as well as bona fide use. In the light of our earlier finding that there was a bona fide intention to use, however, the appellants` argument must fail.

Nor, we hasten to add, can they bring themselves within s 40(1)(b) (that up to the date one month before the date of the application a continuous period of five years or longer had elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof), because in the scenario envisaged in that subsection time only begins running from the date the trade mark is registered. The proprietor of a trade mark has five years in which to demonstrate bona fide use, the five-year period to commence from the date the trade mark is registered (which, by s 21(1) of the repealed Act, is the date of the application for registration). In the present case, the application for registration was filed on 16 October 1995, so the respondents have until 16 October 2000 to show bona fide use (the date given by the respondents in their respondents` case, 30 April 2003, corresponding to 30 April 1998, the date the trade mark landed on the register, is incorrect). To state the matter another way, there must have been no bona fide use for five years prior to the application for removal; assuming that the application in the present case was made in 1999, the requirement for the five-year period is not satisfied because the trade mark was only registered in October 1995. We therefore deny the request for removal from the register of the trade mark.

Lack of distinctiveness of the trade mark

The appellants challenged the finding of the learned judicial commissioner that the word `Rainforest` has no direct reference to the character or quality of the restaurant services provided by the respondents. They submitted that `Rainforest` and `CafÃ©` are ordinary dictionary words, and the phrase `Rainforest CafÃ©` is neither novel nor fanciful. It is an ordinary collocation of words, descriptive in nature, conveying the meaning of a food establishment where a rainforest setting or theme is created, and the public would so understand it. They further attempted to draw support by referring to the respondents` own admissions and publicity brochures. As the specification of services claimed by the respondents covers meals provided in a restaurant establishment with a rainforest theme, the trade mark has a direct reference to the character or quality of the services claimed, and so would fail to qualify under s 10(1)(d) of the repealed Act. Further, the appellants contended that the evidence suggested that the words `Rainforest CafÃ©` are commonly used by traders in the provision of restaurant services whenever there is a rainforest setting in the dining area, thus the

words are a direct description of the character or quality of the restaurant services which the respondents would be providing in Singapore. Finally, in terms of distinctiveness, they argued that it is a relevant consideration that other traders would desire to use the mark in question in connection with their own goods; in this respect, it was common for traders who wanted to create a rainforest setting to use the word 'Rainforest', and this was not unique to the restaurant business.

The respondents, on the other hand, submitted that the trade mark bears no direct reference to the character or quality of their 'restaurant and nightclub services'. The test of whether a word contains a direct reference to the character or quality of the goods or services for which registration is sought is whether there is anything in the word which directly and immediately indicates to an ordinary, reasonable person the nature of the goods or services provided. This is to be distinguished from a 'skilful and covert allusion' to the character or quality of the goods or services which does not disqualify a mark from registrability: **Mark Foy's Ltd v Davies Coop and Co Ltd & Anor** [1956] 95 CLR 190 at p 201. The ordinary meaning of the word 'Rainforest' does not remotely suggest that it is a restaurant or a nightclub. In order for the trade mark to be descriptive or non-distinctive, the appellants must show that the word 'Rainforest' describes 'restaurant and nightclub services'. In this respect, the theme of the restaurant does not and should not factor in the assessment of the mark's distinctiveness. If it were otherwise, marks like 'Hard Rock Café' and 'Planet Hollywood' could not have been registered. Finally, in support of their contention that the word 'Rainforest' is distinctive and thus registrable, the respondents pointed to the registrations of the mark obtained in other countries.

It will be immediately apparent that the main bone of contention between the parties was the ambit of the term 'services' in s 10(1)(d) of the repealed Act. Should it be read more widely, as the appellants contended, to include in the present case restaurant services provided with a rainforest theme; or should it be read more narrowly, as the respondents contended, to mean merely restaurant (or nightclub) services simpliciter, eschewing any reference to a rainforest theme or setting? If the appellants are correct, then arguably the word 'Rainforest' has a direct reference to the character or quality of the restaurant services provided by the respondents, within the meaning of s 10(1)(d). If, however, the respondents are correct, the word 'Rainforest' in itself cannot possibly import a direct reference to the respondents' restaurant services. In addition, there was the question of distinctiveness which is an essential requirement for a mark sought to be registered under s 10(1)(d) (or for that matter under s 10(1)(a)-(c)): **Re Fanfold's Application** [1928] 45 RPC 325, cited in **Kerly's** at p 74 [para] 8-06; this is also clear from the terms of s 10(1)(e) - 'any **other** distinctive mark' - the word in italics would be redundant if distinctiveness were not a requirement in the preceding paragraphs of s 10(1): see also **Kerly's** at p 74 [para] 8-05.

According to the learned authors of **Kerly's** (at pp 88-89 [para] 8-29), the equivalent section in the 1938 Act (s 9(1)(d)) defines what is and for many years has been commercially by far the most important category of trade mark, yet decisions by the courts on these words have not been very numerous. Of those that exist few are of any value as laying down any definite principle; nor would they seem to imply any very consistent practice. The authors postulate that one reason may lie in the fact that almost every immediately attractive trade mark is in some sense descriptive or laudatory of the goods or services in question, and so in some degree has reference to their character or quality. The difficulty, they then say, is to decide whether that reference is a **direct** reference: one that seriously affects the word's capacity for distinguishing goods or services from a particular source, as distinct from the sort of reference that can be found only as an academic exercise, citing **Tastee Freez International's Application** [1960] RPC 255 at p 258 in support. In their opinion, this is at best a somewhat metaphorical question and one depending ultimately upon the reaction of the public to the chosen word. Certain points, however, are clear. A mark which in adjectival form would be directly descriptive is little or nonetheless so because it is a noun or a verb, nor does a mark cease

to be directly descriptive by being misspelt. A word having no apparent descriptive character could be shown by evidence to be in fact in use as a descriptive term; and the mere collocation of descriptive elements, with no new idea or image from the combination, will not render them registrable. So, for example, an application to register 'Motor Lodge' for food was rejected as directly descriptive, on the ground that it was directly descriptive of a type of establishment where food is served. The Board of Trade upheld the rejection, referring to newspaper publicity showing that the applicants' business was in fact the establishment of motorists' lodging houses: **Motor Lodge TM [1965] RPC 35**.

It must be borne in mind that the reference must be a direct one in order to debar the word in question from registration. As a practical matter every attractive trade mark would be in some sense descriptive or laudatory of the goods or services in question, and in the final analysis whether or not the mark is directly descriptive must always be a question of fact and degree. In the instant context, the resolution of the question depends upon the level of generality (or specificity) to be attached to the term 'services': is it to be restaurant services generally, or restaurant services with a certain theme? In our opinion the former construction is preferable, not least because it would be overly unrealistic and unduly technical to descend into different categories of definitions of 'restaurant services' - where should the line be drawn? Taken at face value, as the respondents submitted, the word 'Rainforest' is hardly descriptive of the 'character of quality' of restaurant services which would immediately come to mind, from the perspective of a reasonable member of the public. If one had not visited one of the respondents' restaurants, or were not acquainted with their get-up, one would at most develop 'a vague impression of what a restaurant with a name "Rainforest" might be like, but nothing more'. The word clearly does not express anything which would describe the type of services provided. Vague impressions do not translate to a 'direct reference to the character or quality' of the restaurant services; the requisite nexus between the word and the type of service is absent. Indeed, the word itself at the most conjures up images of trees and greenery; it is novel and generates anticipation as to the kind of services which would be provided. We have come to the conclusion that, on balance, this is the correct view. 'Rainforest' is clearly unlike 'Motor Lodge' which is clearly descriptive of the type of services provided by the applicants in that case - the provision of food and lodging for motorists. In the premises, we find that the word 'Rainforest' has no 'direct reference' to the character or quality of the restaurant services provided by the respondents.

As for 'distinctiveness', it is defined in s 10(2) and (3) in the following terms:

(2) For the purposes of this section, a trade mark is distinctive of the goods or services of a person if it is adapted to distinguish goods or services with which that person is or may be connected in the course of trade from goods or services in respect of which no such connection subsists, either generally or, where the trade mark is sought to be registered or is registered subject to conditions or limitations, in relation to use subject to those conditions or limitations.

(3) In determining whether a trade mark is adapted to distinguish as aforesaid, the Registrar or the court may have regard to the extent to which -

(a) the trade mark is inherently adapted to distinguish as aforesaid; and

(b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact adapted to distinguish as aforesaid.

The effect of s 10(3), say the learned authors of *Kerly's* (at p 99 [para] 8-41) is that the Registrar, in considering an application to register a mark, must (the word 'may' is read to mean 'must': per Salmon LJ in *Tarzan TM* [1970] RPC 450 at p 455) consider both its inherent adaptation (ie aptitude) to distinguish and also the extent to which it is shown by evidence (if there is such evidence) to be distinctive: so that if the mark is inherently ill-adapted to distinguish the goods of any one trader, he must balance the one against the other. In extreme cases, the inherent unsuitability is so strong that no degree of distinctiveness in fact can counterbalance it, so that some words are totally unregistrable (see, eg *Re Yorkshire Copper Works' Application* [1954] 71 RPC 150 where counsel offered to establish 100% distinctiveness in fact, but registration was refused). The court should in any event scrutinise with care applications to register inherently non-distinctive marks upon a claim that they are distinctive in fact. The court should be careful 'not to interfere with other persons' rights further than is necessary for the protection of the claimant, and not to allow any claimant to obtain a monopoly further than is consistent with reason and fair dealing': per Lord Cohen in *Yorkshire*, supra at p 157 of the report, quoting from *Re Joseph Crosfield & Sons, Ltd* [1910] 1 Ch 130 (Cozens-Hardy MR and Farwell LJ).

It follows from the requirement that both inherent and de facto distinctiveness must be considered, that in any case where a mark sought to be registered is considered to lack enough inherent distinctiveness to justify registration by itself, evidence of distinctiveness in fact needs to be provided. Traditionally, this has been done by evidence from those in the trade concerned (covering at least a substantial area of the country), and preferably supported by a trade association. Turning to the criterion of inherent distinctiveness, to be inherently adapted to distinguish, a word must be one which, as a word, is adapted to distinguish the goods or services, and not a word which may by user acquire the capacity of distinguishing the goods. As Harman LJ said in *Weldmesh TM* [1966] RPC 220 at p 228, 'By "inherently adapted" I take the Act to mean adapted of itself, standing on its own feet.' The House of Lords, however, has adopted a somewhat different approach, which seems more appropriate to the evaluation of the factor of inherent distinctiveness in cases of marks shown to be distinctive in fact. Lord Diplock said in *Smith, Kline & French Laboratories Ltd v Sterling-Winthrop Group Ltd* [1976] RPC 511 at p 538:

*However, long before the reference to inherent adaptability had been incorporated in the current statutes dealing with trade marks, it had been held upon grounds of public policy that a trade ought not to be allowed to obtain by registration under the Trade Marks Act a monopoly in what other traders may legitimately desire to use. The classic statement of this doctrine is to be found in the speech of Lord Parker in the **W & G** case (1913) 430 RPC 660 at p 672 where he said that the right to registration should largely depend on whether other traders are likely, in the ordinary course of their business and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods. The reference to 'inherently adapted' in s 9(3) of the Consolidation Act of 1938 [s 10(3) of the repealed Act], which was first enacted in 1937, has always been treated as giving statutory expression to the doctrine as previously stated by Lord Parker.*

Thus the mere proof or admission that a mark does in fact distinguish does not ipso facto compel the judge to deem that mark to be distinctive. It must further be 'adapted to distinguish', which brings within the purview of his discretion the wider field of the interests of strangers and of the public: *Re RJ Lea, Limited's Application* [1913] 1 Ch 446 at p 463 per Hamilton LJ. (See generally *Kerly's* at pp 100-101 [para] 8-42 to 8-43.)

Taking the requirement of inherent adaptability to distinguish first, it was arguably present on the

facts. A word 'inherently adapted to distinguish' must be one 'adapted of itself, standing on its own feet'; 'a word which from something in the word itself - something found in the word itself as distinguished from the way in which it is used - is such as to answer the description of being adapted to distinguish the goods (or services)'. The word 'Rainforest' is neither novel nor invented, but is particularly apt to distinguish the respondents' restaurants from those of other operators. Analysing the matter from another perspective, the **Smith, Kline & French** ('SKF') case, supra is instructive. SKF were manufacturers of medicinal drugs. In order to distinguish their 'sustained-release' drugs from those of other manufacturers, SKF applied a coating of colour to one half of the capsule, leaving the other half transparent so that the pellets remained visible. SKF made the pellets in a number of different and distinctive colours and also applied a different combination of colours on the capsules containing them. They then applied to register ten of the different colour combinations used on their capsules and the pellets contained therein. Registration was opposed by the respondents who were a rival drug company; the main ground relied on was that what SKF claimed to be their trade mark was the mere external appearance of the goods in respect of which registration was sought, and that this was incapable of being a 'mark' registrable as a 'trade mark'. It was not disputed that the SKF colour combinations were in fact adapted to distinguish the SKF capsules from those of other manufacturers; there was overwhelming evidence that the market unhesitatingly recognised the colour combinations and pellets used by SKF - ie, SKF enjoyed tremendous goodwill in their colour combinations. However, it was also held that the colour combinations were inherently adapted to distinguish; and this result is explicable on the ground of the rationale behind the criterion (of inherent adaptability to distinguish) as first enunciated by Lord Parker in the **W & G** case Re W & G Du Cros Ltd's Application (1913) 30 RPC 660, namely, the public policy that a trader ought not to be allowed to obtain by registration under the trade marks legislation a monopoly over what other traders may **legitimately** desire to use. This meant that the other traders must not have any improper motive; so once it was conceded that the use of marks so nearly resembling the SKF marks as to be deceptive would amount to passing off at common law which could be restrained by injunction, it could not plausibly be argued that any trader had a legitimate reason for using them which could be justified on the ground of public policy. Thus to the question what is 'inherent adaptability', the answer is, it must be shown that there has been use of another mark (or marks) so nearly resembling the mark in question as to cause deception such that an action for passing off at common law would be available.

Therefore, the mere assertion by the appellants that other traders may desire to use the trade mark in connection with their own goods, whether this be the provision of restaurant services or other kinds of services, is neither here nor there. The point is whether these traders may **legitimately** do so, and they cannot if the respondents have acquired sufficient goodwill in their mark such as would sustain an action for passing off. In a sense, this is of course a hypothetical question since the respondents have abandoned their claim for passing-off. However, it would not be unreasonable to postulate that having established a number of outlets in the United States, Canada, Mexico and Hong Kong, the respondents might have no difficulty in establishing the existence of sufficient goodwill in their mark, despite the fact that they have not yet established a presence in Singapore. In any case, whether or not recourse is had to the **SKF** case, it is an exercise of judgment whether the word 'Rainforest' is distinctive in the sense explained above, and on balance we think that it is. Finally, any concerns that there may be of the respondents obtaining by registration an 'exorbitant monopoly' over the trade mark should be allayed, as the protection proffered by registration of the trade mark is only in respect of restaurant and nightclub services, and not a wider range of goods and services as the appellants claimed.

The appellants' challenge to the validity of the registration of the trade mark thus failed. It should be remembered that, at this stage, the respondents as the proprietors of a registered trade mark stand in a better position than an applicant for registration since the Registrar's discretion has already been exercised in their favour, and the onus of showing that the registration was made without sufficient

cause is cast upon the party applying to cancel it, ie the appellants: **Kerly`s** at pp 201-202 [para] 11-54. This they have not done and as a result, the registration must stand.

Bona fide use

The appellants further challenged the stipulation of the learned judicial commissioner that it would not be a breach of the injunction granted against them if they used the word `Rainforest` in conjunction with their full name, `Rainforest Coffee Products Pte Ltd` or `Rainforest Coffee Products`. The appellants submitted that there was no good reason on the facts why they should be compelled to use their full corporate name instead of just the word `Rainforest` in the course of their business, especially when they already had a business presence in Singapore and were known to the public at large by that name alone since January 1997. There could be no justification how the appellants` use of the word `Rainforest` alone could be construed as anything than a bona fide use of their business name.

The defence of bona fide use is provided for in s 52 of the repealed Act which, so far as relevant, reads:

No registration of a trade mark shall interfere with -

(a) any bona fide use by a person of his own name or of the name of his place of business, or of the name or of the name of the place of business, of any of his predecessors in business; ...

Section 52 is in pari materia with s 8 of the UK Act of 1938. `Bona fide use` in that section, say the learned authors of **Kerly`s** (at pp 306-307 [para ] 15-33), means `the honest use by the person of his own name without any intention to deceive anybody or without any intention to make use of the goodwill which has been acquired by another trader`: per Danckwerts J in **Baume & Co v AH Moore [1957] RPC 459** at p 463, approved by CA [1958] RPC 226 at p 235; and applied in **Parker-Knoll v Knoll International Britain (Furniture and Textiles) [1961] RPC 346** at p 363. This is a question which `has to be considered in relation to the state of the market for the particular product and the condition of the trade mark register`: per Wilberforce J in **Parker-Knoll [1962] RPC 243** at p 248. And as Romer LJ said in the **Baume** case at p 235 of the report:

But the mere fact in itself that a trader is using his own name which too closely resembles a registered trade name of which he is aware does not prevent the use from being `bona fide`, provided that the trader honestly thought no confusion would arise, and if he had no intention of diverting business to himself by using the name. The truth is that a man is either honest or dishonest in his motives; there is no such thing, so far as we aware, as constructive dishonesty.

Further, s 8 (s 52) covers the bona fide use of a personal name whether on the goods or otherwise. There is no sufficient warrant for confining the operation of that section to the bona fide use by a trader of his own name as a business name (eg on his stationery, invoices, etc) as distinct from using it as a trade mark: per Romer LJ in the **Baume** case, supra. But a deliberate use of the name as a brand name, with knowledge of the plaintiffs` trade mark, in a form inevitably tending to identify the goods with the plaintiffs` mark, has been held not bona fide: **Ballantine v Ballantyne, Stewart**

[1959] RPC 47 at pp 49-50. Finally, s 8 extends to the use by a company of its registered name and the bona fides of the adoption of that name or incorporation of the company are not directly relevant: **Ballantine v Ballantyne**, supra.

It is clear that bona fides in s 52 (or s 8) is assessed subjectively, not objectively: **Mercury Communications Ltd v Mercury Interactive (UK) Ltd** [1995] FSR 850. In the present case, we had no doubt that the finding of the learned judicial commissioner that the appellants' choice of name 'Rainforest' was bona fide, was the correct one. This was a question of the evidence adduced before him; and as the respondents have not appealed against the decision refusing to order the removal of the word 'Rainforest' from the appellants' name, no issue arises on the question of the appellants' bona fides. The only remaining point is whether the appellants ought to be allowed to use the word 'Rainforest' alone, or whether they can do so only as part of their full corporate name. The short, and obvious, answer is that the former option should not be available to the appellants. The appellants sought to cloud the issue by casting doubt on the precise finding made by the learned judicial commissioner in relation to the defence of bona fide use under s 52(a) by, inter alia, arguing that their counsel had not made an admission as to infringement (see the discussion at [para] 25, supra); however, it must follow from the finding on infringement, that the appellants must use their full corporate name in order to avail themselves of the defence under s 52(a). Indeed, we are fortified in our conclusion by the following statement made at [para] 32 of the appellants' amended defence where, in denying that they had infringed the respondents' trade mark, the appellants averred:

The [appellants] used the word 'Rainforest' in conjunction with the words 'Coffee' and/or 'Coffee Products' and in such a way as to obviate any reasonable possibility of misunderstanding or deception.

This was sufficient to dispose of the issue, but we nonetheless propose to deal very briefly with the appellants' other arguments.

The appellants relied on **Baume v Moore**, supra, but it is difficult to see how that case assists them. On the contrary, it supports the respondents' position that the appellants must use their full name in order to avoid infringing the trade mark. In Baume, the court found that the defendants had incorporated the plaintiffs' mark, 'Baume', and added '& Mercier, Geneve'. It was held that the defendants would have infringed the plaintiffs' mark unless they could avail themselves of the defence under s 8 of the Act of 1938; and on the facts, the defendants could do so since they were using their own name, 'Baume & Mercier, Geneve'. Here, however, it was not in dispute that the appellants had used the word 'Rainforest' only, and not 'Rainforest Coffee Products Pte Ltd' or 'Rainforest Coffee Products'. Similarly, the reliance on the **Parker-Knoll** case, supra, was misplaced. There it was held, inter alia, that nothing short of using the full name would afford a defence under s 8 of the UK Act. As we have seen, such was not the case here. Finally, the assertion that the appellants were known to the public by the name 'Rainforest' alone was untenable. No evidence was adduced as to how the public perceived them. The argument was raised for the first time and appeared to have been a mere afterthought in relation to the question of infringement.

Conclusion

For the foregoing reasons, we accordingly dismiss the appeal with costs and affirm the decision and orders of the learned judicial commissioner. We order that the security for the costs of this appeal deposited by the appellants be paid to the respondents or their solicitors to account of their costs.

Outcome:

Appeal dismissed.

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