

## Newsletter

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## *Combe International Ltd v Dr. August Wolff GmbH & Co. KG Arzneimittel* [2020] SGIPOS 3

### Background

In this case, Combe International Ltd ("**Combe**") succeeded in invalidating Dr. August Wolff GmbH & Co. KG Arzneimittel's ("**Dr. August Wolff**") registered trade mark "**Vagisan**" (the "**Vagisan Mark**").

The Vagisan Mark was registered broadly for cosmetic products and pharmaceutical products.

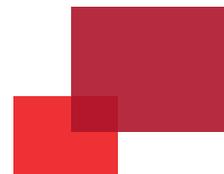
Combe invoked its "Vagisil" trade marks (the "**Vagisil Marks**"), which were registered for virtually identical goods.

Combe's invalidation action was premised on 3 main grounds:

- (1) Section 8(2)(b) of the Trade Marks Act ("**TMA**") - that the marks are similar; the goods are identical / similar; and a likelihood of confusion exists;
- (2) Section 8(4)(b)(i) of the TMA - that the Vagisil Marks are well known to the relevant sector; the marks are similar; a confusing connection exists between Dr. August Wolff's goods and Combe; and Combe's interests are likely to be damaged consequently; and
- (3) Section 8(7)(a) of the TMA - essentially, Combe had to prove the three trite elements in passing off i.e. goodwill exists in the Vagisil Marks; that the use of the Vagisan Mark is likely to amount to a confusing misrepresentation; and there is a likelihood of damage to Combe.

### Decision

Combe succeeded on Sections 8(2)(b) and 8(7)(a) of the TMA, but failed in respect of Section 8(4)(b)(i) of the TMA.



### ***Section 8(2)(b) of the TMA***

In relation to Section 8(2)(b) of the TMA, the Principal Assistant Registrar found that the degree of visual similarity of marks is above average. She considered that the distinctiveness of the Vagisil Mark lies in the way the prefix "VAGI" is conjoined with a 3-letter suffix starting with the letter "S". This distinctiveness is reproduced in the Vagisan Mark. Additionally, the relevant marks coincide in the majority of the letters, as well as in their structure and number of letters.

On aural similarity, she considered the overall phonetic impression produced by the marks, which is influenced by the number and sequence of its syllables, and the rhythm and intonation of the marks. She concluded that the degree of aural similarity is above average.

As for conceptual similarity, given that the competing marks are invented words, she found them to be conceptually neutral.

In respect of identity / similarity of goods, the Principal Assistant Registrar held that there was identity in some goods given the clear overlap in specifications.

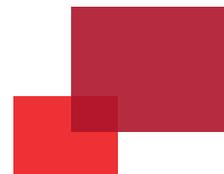
Finally, she found that a likelihood of confusion exists. Factors which pointed to such a likelihood included the above average degree of visual and aural similarity between the marks, the identity of the goods, the impression given by the marks and the possibility of imperfect recollection of the mark. She pointed out that the goods in question may be bought from brick-and-mortar shops or on the Internet. When the goods are purchased from a brick-and-mortar shop, whilst oral communication in respect of the product and the trade mark is not excluded, the choice of the item to buy is generally made visually. If bought from the Internet, consumers would only perceive the trade marks visually.

### ***Section 8(7)(a) of the TMA***

In relation to Section 8(7)(a) of the TMA, the Principal Assistant Registrar accepted that Combe has goodwill in the Vagisil Marks.

She then examined how Combe has used the Vagisil Marks in its advertising and promotional materials, and pointed out that the marks are sometimes used in conjunction with a "V" device. Nonetheless, she decided that such use does not detract from the distinctiveness of the "Vagisil" word, and that consumers would still distinguish Combe's goods by the "Vagisil" word, with or without the "V" device. Given that she found that a likelihood of confusion exists under Section 8(2)(b) of the TMA, she similarly found that there was a confusing misrepresentation under Section 8(7)(a) of the TMA.

She concluded that since parties were competing in the same line of products, there is a real likelihood of damage to Combe's goodwill as custom will likely be diverted.



### **Section 8(4)(b)(i) of the TMA**

In relation to Section 8(4)(b)(i) of the TMA, the Principal Assistant Registrar held that Combe has not discharged its burden of proving that the Vagisil Marks are well known to the relevant sector, because:

- (1) Most of the evidence tendered post-dated the relevant date of assessment (being the date of registration of the Vagisan Mark);
- (2) Combe's sale of 154,123 units of products and gross sales of USD 440,761 in 2011 were considered as insufficient to prove that the Vagisil Marks are well known to the relevant sector. Further, no context was provided as to the size of the market in Singapore for the goods and the market share held by Combe;
- (3) Whilst the Applicant spent a reasonable amount on advertising and promotion of the Vagisil Marks in Singapore (USD 144,540 in 2011), the expenditure before 2011 was not provided and she was not able to form a complete picture as to how much the public was exposed to the Vagisil Marks before that;
- (4) It was not clear from the advertisements and promotional materials to what extent the relevant public in Singapore was exposed to them and what effect, if any, they have on them; and
- (5) The overseas registrations and enforcement actions in respect of various "Vagisil" foreign marks had limited relevance since Combe did not show how they have led to the Vagisil Marks being well known in Singapore.

### **Comments**

This case reinforces the importance of similarity of marks, which cuts across almost all grounds of opposition and invalidation, both as an element to these grounds and also as an important factor in determining the likelihood of confusion.

It also illustrates the point that successfully proving goodwill for passing off, may not automatically mean that the mark is well known to the relevant sector. Ultimately, the threshold for the latter is higher, and turns on the evidence. Such evidence should ideally pre-date the relevant date of assessment and span across a few years. Also, it should not be adduced in a vacuum.

For example, sales and advertising figures should be provided with context to the size of the market in Singapore; advertisements should be supplemented with evidence of the extent to which the relevant public in Singapore was exposed to them; and overseas registrations and enforcement actions should show how they led to the mark being well known in Singapore.



## Singapore Signs On to the Locarno Agreement

Singapore has become the first country in ASEAN to join the Locarno Agreement, which will enter into force on 19 March 2020.

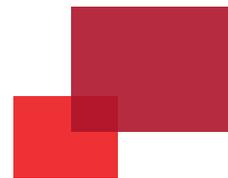
The Locarno Agreement is an international standardised classification system for industrial designs. Also known as the Locarno Classification, it is administered by the World Intellectual Property Organisation ("**WIPO**").

It simplifies the search process across different industrial designs databases and helps applicants identify the specific class their work belongs to when they file for industrial designs protection.

With the accession to the Locarno Agreement, Singapore joins other industrial designs powerhouses such as Japan, Germany and Italy as a contracting party to the WIPO administered treaty.

### Comments

This development is welcome in light of an increase in designs applications in Singapore. In 2019, Singapore saw a 16% year-on-year increase. Design applicants in Singapore can now enjoy better conformity with their international designs portfolios, and simplify their classification processes.



## IPOS & SGX Launch Pilot Programme on Intangible Assets Evaluation & Audit

The Intellectual Property Office of Singapore ("**IPOS**") and Singapore Exchange ("**SGX**") have partnered to launch the Intangible Disclosure Evaluation and Audit Scheme ("**IDEAS**") programme exclusively for SGX-listed companies and companies preparing for a listing.

The IDEAS programme provides companies with government support to undergo an intangible assets ("**IA**") evaluation and audit process. The process will enable companies to identify important IA information that are key drivers to their businesses, and make recommendations on disclosing such important information to communicate business value to the market. The increased transparency and clarity in IA disclosures will aid companies in building investor trust and enhance Singapore's capital market into one where IA-rich businesses can effectively raise capital.

IDEAS will run as a pilot programme until the end of 2020. During this period, companies will be nominated by IPOS and SGX to participate in the programme and will receive IPOS' support to undergo such evaluation to identify key IA information that could be better disclosed to their stakeholders.

### Comments

This programme reinforces Singapore's drive to become an Intellectual Property Hub.

In a knowledge-driven economy, IA increasingly form the bedrock of businesses. IA comprise more than 80% of the market value within the S&P 500. Global IA values have tripled in the last decade, amounting to USD 57 trillion. Firms in Singapore have similarly experienced a 150% growth in IA values between 2010 and 2016.

Rigorous audits will help companies discover the treasure trove of intellectual property they possess, plug gaps, unlock value and possibly avail themselves to tax incentives.

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