

Singapore: Court of Appeal Issues Landmark Likelihood of Confusion Decision

Staywell Hospitality

Group Pty Ltd v. Starwood Hotels & Resorts Worldwide, Inc. ([2013] SGCA 65)

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The case involved the ST. [More](#)

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On November 29, 2013, the Court of Appeal of the Republic of Singapore, the nation's highest court, issued a highly anticipated likelihood of confusion ruling.



The case involved the ST. REGIS mark, for which a Starwood affiliate ("Starwood") owned a registration in Singapore covering hotel and hospitality services since 1995. Staywell Hospitality Group Pty Ltd ("Staywell") is an Australian hotel operator of the Park Regis and Leisure Inn hotels, with properties located mainly in Australia and New Zealand. In 2008, Staywell filed an application with the Singapore trademark office to register the mark for marketing services in Class 35 and hotel/hospitality services in Class 43. Starwood successfully opposed this application at the trademark office level, as the registrar found the parties' respective marks and services similar, and that such similarity creates a likelihood of confusion. The registrar also concluded, however, that the opposers had failed to show that goodwill had attached to their ST. REGIS brand in Singapore as of the date of Staywell's application.

Staywell appealed the similarity and likelihood of confusion aspects of the registrar's decision, while Starwood cross-appealed on the goodwill aspect. In April 2012, the High Court in Singapore confirmed that the parties' PARK REGIS and ST. REGIS marks are aurally and conceptually similar, but overturned the registrar's likelihood of confusion ruling, citing the steps taken by Staywell to differentiate its services from those of the opposers. One important factor in the High Court's analysis was that PARK REGIS brand properties are four-star, whereas ST. REGIS properties are six-star, meaning that the parties cater to different clientele. The High Court also found the opposers' pre-opening activities in Singapore (promoting the opening of the ST. REGIS Singapore via print advertisements, securing restaurant tenants, holding a job fair to hire hotel staff) and the worldwide reputation of the ST. REGIS brand insufficient to establish that goodwill had attached to the ST. REGIS brand in Singapore as of Staywell's filing date. Accordingly, the PARK REGIS mark was allowed to proceed to registration.

Starwood appealed the High Court decision to the Court of Appeal, and Staywell similarly appealed the finding of aural and conceptual similarity. The crux of Staywell's argument was that the High Court judge dissected the parties' respective marks, wrongly focusing on the REGIS element, rather than analyzing the marks as a whole in the likelihood of confusion analysis. On this point, the Court of Appeal confirmed that an assessment of visual, aural and conceptual similarity must be based on an overall impression, and that particularly distinctive or dominant elements should be borne in mind. Thus, the High Court did not err by noting the shared REGIS element of the marks as dominant and distinctive, even though neither party uses REGIS alone; the High Court still analyzed the similarity of the marks as a whole, so its analysis was proper. Accordingly, the Court of Appeal found that the parties' PARK REGIS and ST. REGIS marks share a high degree of aural similarity.

The Court of Appeal disagreed, however, with the High Court's characterization of REGIS as the dominant component of the marks from a conceptual standpoint, noting that greater care is needed in considering what the conceptually dominant element of a mark is, because the meaning of a term could vary when considered together with the mark in its entirety. The High Court had held that the marks share a connotation of royalty given the shared REGIS element. The Court of Appeal, however, found that PARK REGIS conveys a geographical location whereas ST. REGIS conveys a saintly quality. Still, the Court of Appeal found an average degree of conceptual similarity, because PARK and ST. are often used as place names in Singapore, meaning that both of the parties' marks could evoke the idea of a place or location.

Having decided that the marks are similar, the Court of Appeal also held that the parties' services are similar as well, even though the parties had not appealed the High Court decision on that point. The Court of Appeal addressed the issue to clarify that although the parties' hotel services are branded for different market segments, the services are still similar for purposes of a likelihood of confusion analysis because registration for the same specification of services within a class establishes a prima facie case for similarity, and even identity. Specifically, the Court of Appeal stated, "Hotel services are hotel services, whether these concern a luxury hotel or a more modest one." Thus, the parties' services are identical with respect to Class 43, and since there is a close relationship between Staywell's Class 35 and Class 43 services, it follows that Staywell's Class 35 services are similar to the opposers' services in Class 43.

Moving on to the larger likelihood of confusion analysis, the Court of Appeal noted that under local precedents, the approach to determining likelihood of confusion in opposition proceedings and infringement proceedings is identical. Here, however, the Court of Appeal held that different analyses should be applied, because in the opposition context, an opposer enjoys monopoly rights over its mark, while an applicant is seeking to obtain its own penumbra of monopoly rights. The Court of Appeal thus concluded that likelihood of confusion in opposition proceedings must take into account the full range of rights enjoyed by the opposer (whether actually exercised or not) and compare it to the full range of rights sought by the applicant (whether actually intended to be exercised or not). In contrast, the only question in an infringement action is whether the defendant's actual use of its mark encroaches upon the plaintiff's monopoly rights. The Court of Appeal noted that a likelihood of confusion analysis in an opposition can include extraneous factors, such as the parties' different branding efforts and trade channels, providing a non-exhaustive list of factors to be considered, e.g.:

- Factors relating to the impact of the similarity of the marks on consumer perception:
 - the degree of similarity
 - the reputation of the marks
 - the impression given by the marks
 - the possibility of imperfect recollection
- Factors relating to the impact of the similarity of the goods/services on consumer perception:

- the normal way in which consumers purchase goods/services of that type
 - whether the goods/services are expensive or inexpensive, as this influences the degree of care consumers will utilize when making a purchase
 - whether the nature of the goods/services tends to command a greater degree of attention
 - the sophistication of the relevant consumers

Based on this analysis, the Court of Appeal rejected the High Court's focus on the different service levels of the parties' hotels (four-star and six-star). Specifically, the Court of Appeal held that because this is an opposition proceeding, the full range of possible uses of each mark should have been considered and the High Court's emphasis on the way in which the applied-for mark is used was misplaced.

The Court of Appeal further stated that a likelihood of confusion analysis should contemplate the risk of association between the parties. Noting a frequent hotel industry practice to operate differently branded hotels under different logos, but with a common denominator in their names (e.g., Hyatt Regency, Grand Hyatt and Park Hyatt), the Court of Appeal found that use of the common denominator REGIS in both marks creates ample ground for finding that consumers are likely to believe there is an economic link between the two brands.[1]

In conclusion, given the similarity of the parties' marks and services and a finding that there was sufficient likelihood of confusion based on these similarities, the Court of Appeal held that Staywell's PARK REGIS mark should not have been registered. The Court of Appeal also held that the opposition should have been allowed by the High Court under a different section of the trademark law, which requires that: (i) the marks be identical or similar; (ii) the earlier mark be well-known in Singapore; (iii) the use of the applied-for mark indicate a connection between the applicant's services and those of the opponent; and (iv) the connection is likely to damage the opposer's interests. Having already decided questions (i) and (iii) in Starwood's favor, and since Staywell did not challenge the High Court's finding that the ST. REGIS mark is well known, the Court of Appeal turned to the damage issue, accepting the opposers' theory that they would be damaged by the allowance and potential use of the PARK REGIS mark for four-star hotels, as this would restrict the opposers' ability to enjoy a natural expansion of their business, that is, exploiting the ST. REGIS brand in a lower market segment.

Finally, the court addressed the High Court's finding that no goodwill existed in the ST. REGIS mark as of Staywell's filing date. Starwood had submitted that goodwill subsisted in the mark as a result of their extensive pre-opening activities in Singapore as well as the presence of Singaporean customers in overseas ST. REGIS hotels, coupled with the reputation of the ST. REGIS brand in Singapore. Traditionally, courts in Singapore had held that a foreign trader which does not conduct any business in Singapore cannot succeed in an action for passing-off. However, pre-trading activities were later recognized as capable of generating goodwill, even if they do not generate income, whereas mere preparations for trading were not deemed capable of generating goodwill. In this case, Starwood argued that the activities carried out prior to the official opening of their ST. REGIS hotel in April 2008 constituted pre-trading activities, while Staywell contended that they were mere preparations for trading. The Court of Appeal rejected such a distinction, since non-publicity activities can sometimes generate goodwill; rather, the sufficiency of pre-trading activities depends on their nature and intensity. From this perspective, the court held that pre-trading activities need not be revenue-generating, as the focus should be on consumer response, though such activities must unequivocally demonstrate the trader's intention to enter the local market. In this case, the court found the opposers' securing of restaurant tenants and hiring of hotel employees prior to the opening of the ST. REGIS hotel in Singapore insufficient to generate goodwill among average consumers. Moreover, the opposers' pre-opening print advertisements spanned only one month, and only three such ads appeared in a Singapore-based publication. The Court of Appeal dismissed the fact that the opposers spent over US \$300 million in 2008 to advertise the ST. REGIS brand in Singapore, noting that it was unclear how much of that money was directed at the promotion of the ST. REGIS Singapore hotel in particular. Given the limited nature of the Singapore-specific promotional efforts, the court held these pre-trading activities insufficient to warrant a finding of goodwill for purposes of establishing a passing-off claim.

Starwood had also argued in the alternative that they had generated goodwill in the ST. REGIS mark in Singapore by virtue of the international reputation of the ST. REGIS brand, coupled with the presence of Singaporean customers who had stayed in ST. REGIS hotels abroad. While noting that goodwill could potentially be found when Singaporean consumers consciously seek out and make use of a party's services abroad, the Court of Appeal held that the standard for adopting this approach should be left for another case where the issue would be dispositive. Here, there was no evidence that Singaporean residents travelled abroad for the purpose of seeking out, and staying at, ST. REGIS

hotels, and the very question of whether this activity would support a finding of goodwill did not need to be decided given the other findings in the case. In conclusion, the Court of Appeal allowed Starwood's appeal on the likelihood of confusion ground, but dismissed their appeal on the issue of goodwill/passing-off. Staywell's appeal was dismissed in its entirety. This decision has been characterized as the most important intellectual property decision in Singapore in 2013, establishing a useful roadmap for future likelihood of confusion cases.

[1] Starwood also alleged that initial interest confusion can constitute confusion for opposition purposes, but the Court of Appeal held that initial interest confusion should not be part of Singapore law because it is inconsistent with the main goal of protecting a trademark *as an indication of origin*.

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