

## **Case Summary: HMV Brand Pte. Ltd. v Yongfeng Trade Co., Limited [2023] SGIPOS 7**

### **The Fight for Nipper**

The Intellectual Property Office of Singapore (“IPOS”) has invalidated a trade mark registered by Yongfeng Trade Co. Ltd. (“YFT”), in *HMV Brand Pte. Ltd. v Yongfeng Trade Co., Limited [2023] SGIPOS 7*.

HMV Brand Pte. Ltd. (“**HMV Brand**”) had sought to invalidate the following mark registered by YFT in Singapore (“**YFT Mark**”):



The YFT Mark in Classes 09 and 25

TM No. 40201916470P

Date of Completion of Registration Procedure: 13 August 2020

### **Background behind the dispute**

On 30 September 2015, the final HMV store in Singapore shut its doors for good.

This closure signified the end of an era where youths hung out at sprawling music stores and browsed its racks for the latest compact discs of their favourite music artists. However, even with the departure of its brick and mortar stores in Singapore, HMV’s trade marks remained in Singapore’s national trade mark register. Of these marks, one of the most iconic to the brand was the image of a dog, also known as “Nipper”, sitting patiently and expectantly, next to a gramophone.

The story behind HMV’s iconic mark comes from a painting entitled “*His Master’s Voice*”, and which depicts the same Jack Russell Terrier listening to a cylinder phonograph (one of the earliest record players). This painting was later modified, and the painter replaced the cylinder phonograph with a gramophone instead, in keeping with the advancement of music technology at the time.

According to various sources, the painter, Francis Barraud, had inherited custody of Nipper from his deceased brother. Nipper was said to miss his deceased master dearly and spent the rest of its days listening to the recording of the voice of his deceased master emanating from the gramophone, yearning for his master’s return.

This is depicted in the painting by Barraud, as seen below:



*His Master's Voice (1898) by Francis Barraud*

The “dog and gramophone” image has been an integral part of HMV’s brand since the 1920s, when the image together with the term “His Master’s Voice”, and its abbreviation “HMV”, became The Gramophone Co. Ltd.’s commercial label for music and entertainment.

After its exit from Singapore, HMV incorporated a subsidiary called HMV (IP) Limited that was intended to hold its Intellectual Property (“IP”) portfolio (the “**HMV Marks**”) in Singapore. The HMV Marks exchanged hands several times over the years, as they were first purchased by a company called Palm Green Capital Limited, and then by one Mermaid (Brands) Limited, and finally HMV Brand.

Later, on 29 July 2019 (approximately 4 years after HMV closed its last store in Singapore), YFT sought to register the YFT Mark. At the time of registration, the trade marks examiner of IPOS initially refused to allow it to proceed to registration, citing the prior registration of the HMV Marks. However, because Mermaid (Brands) Limited was facing financial difficulty at the time, they were unable to defend the marks when YFT applied to revoke the HMV Marks on the ground of non-use. As such, YFT’s non-use revocation actions against the HMV Marks succeeded and this led to YFT registered the YFT Mark in Singapore.



*The YFT Mark in classes 9 and 25*

For clarity, YFT managed to revoke the HMV Marks in classes 9 and 25. However, the HMV Marks remained valid and subsisting in the other classes, i.e. classes 11, 16, 28, 35, 36, 38, 41, 42, 43 and 45. As such, HMV Brand sought to now invalidate the YFT Mark instead, as part of its plan to revitalise the brand in Singapore.




## IPOS decision

While HMV Brand brought arguments in four other grounds as well, the key argument of HMV Brand’s case was that it was the rightful legal owner of the rights in Singapore connected to the ‘dog and gramophone’ mark. The registration of the YFT Mark was therefore done in bad faith as YFT had wrongfully seized the ‘dog and gramophone’ image as its own.

In contrast, YFT countered that since HMV had been out of business and its HMV Marks removed through the filing of non-use revocation actions, it had not acted in bad faith in registering its YFT Mark.

The Principal Assistant Registrar (“**PAR**”), however, found that YFT’s actions were clear incidences of bad faith due to four reasons.

First, the Subject Mark was an almost-perfect reproduction of the HMV Marks, as well as the “His Master’s Voice” painting, which the HMV Marks were derived from. In coming to this conclusion, the PAR included a side-by-side comparison of the three (3) images in the decision and let them “*speak for themselves*”:

YFT’s Mark	T9603043A (One of HMV’s Marks)	“His Master’s Voice” painting
		

The PAR also held that the “dog and gramophone” image is an image widely recognised internationally as denoting HMV’s goods and services, firmly establishing a nexus between the parties.

Second, YFT had never used or carried on business in connection with its YFT Mark in Singapore, indicating that it did not have any legitimate commercial interest in the YFT Mark. While this was not rebutted by YFT, they argued that they were not vulnerable to revocation due to non-use, which would require proving that they had continuously not used their mark over a period of 5 years. In other words, the YFT marks could only be revoked for non-use after 13 August 2025. Although the PAR accepted this rebuttal, the non-use of the mark allowed him to at least find that YFT did not have an existing ongoing business or other legitimate commercial interest in connection with the disputed YFT Mark.

Third, the PAR was not convinced by YFT’s arguments that a business should not be allowed to monopolise a mark to the exclusion of other legitimate users. While the argument may have worked for English words in common use, the PAR thought that without any form of relationship or connection to HMV, there was no legitimate reason for YFT to be entitled to register the iconic “dog and gramophone” device.

Fourth, the PAR opined that reasonable and experienced traders would consider YFT's actions as objectively falling far below the standards of acceptable commercial behaviour observed by the industry.

The PAR also sought to clarify his own findings, and explained that he did not think that an applicant can never register a trade mark of an image of a dog listening to a gramophone. However, the crucial element in his decision laid in the goodwill that HMV retained among the public in Singapore and in connection with the "dog and gramophone" image. This is highly significant, as it signals to businesses that even when they no longer have any stores and/or business in Singapore, the goodwill that they have created may still survive, and will only extinguish after enough time has passed. The PAR did not opine on how long this period was, but application on these specific facts indicate that goodwill had not extinguished when YFT applied for the YFT Mark, even 4 years after HMV departed from Singapore.

With that, the decision was made to invalidate the YFT Mark without further discussion on the other grounds of invalidation brought by HMV Brand.

### **No Oral Hearing or Submissions**

Interestingly, YFT did not attend the hearing or submit their Written Submission and Bundle of Authorities. Because of this, the case was decided on the papers (without an oral hearing). This raises the question of whether this is part of a worrying trend, as this also occurred in another recent case of *Xiamen Vetements Brand Management Co Ltd v Vetements Group AG [2023] SGIPOS 6*, where the famous Swiss luxury fashion house and design collective Vetements Group AG sought to invalidate on a trade mark registration by a Chinese company known as Xiamen VETEMENTS Brand Management ("**Xiamen Vetements**").

In that case, after Vetements Group AG applied for a declaration of invalidity, Xiamen Vetements only filed its counter-statement. Thereafter, Xiamen Vetements did not file its evidence, and its agents did not receive any further instructions from it. Similar to our current case, Xiamen Vetements also did not attend the hearing or submit any submissions, leading to the decision being based on the papers as well. Ultimately, the PAR there also found that Xiamen Vetements' mark was registered in bad faith as well and invalidated the mark.

These occurrences raise the question of whether such companies are registering well-known marks in Singapore as part of an attempt to "*trade mark squat*", which occurs when someone else registers a trade mark of a well-known brand with the motive to sell it for a later profit or to ride on the brand's success. The occurrence of "*trade mark squatting*" is especially prevalent when companies file for a trade mark in their home country, but not in other countries where they might expand their business to subsequently. The fact that no effort is made to defend such marks give a strong indication that these companies are in fact "*trade mark squatters*", who are seeking to minimise costs when contested as they do not have any intention whatsoever to actually use these marks in their business.

## Takeaways

This worrying trend raises the issue that legitimate trade mark owners must incur substantial costs to secure the use of their marks by having solicitors draft and file legal submissions or attend hearings, whereas the trade mark squatters save costs by choosing not to make submissions or attend such hearings.

For the most part, the IPOS registrars have sought to circumvent this issue by exercising their discretion to provide the option of having a “paper” hearing, and seek to conclude matters as cost-effectively and expeditiously as possible without requiring actual attendance of the parties and/or their solicitors at a physical hearing. However, the fact is that because these “*trade mark squatters*” have already succeeded in getting their marks registered, the onus remains on legitimate trade mark owners to have their solicitors prepare submissions so as to invalidate the marks that have been registered by the squatters.

As such, brand owners should keep in mind that a proactive approach in protecting one’s marks is a preferred approach to take as compared to a reactive one. Using the HMV case as an example, it was fortunate that its other HMV marks continued to remain registered and subsist on IPOS’s trade marks register, emphasising the importance of having and maintaining one’s registered trade mark portfolio.

Further, in the event that a company withdraws from a market or country, it is advisable for them to still maintain some sort of business presence such that there would still be evidence of use of their marks locally. For example, legitimate trade mark owners can attempt to at least market or ply their goods and/or services locally (whether directly or through local licensees). Legitimate trade mark owners should also, where possible apportion a small budget to defend against revocation actions and attend to trade mark renewals in that jurisdiction. This would be considered the “bare minimum” and would ensure that their marks remain valid and subsisting in the registry. As such if there are bad faith registrations, the registered marks can form the first line of defence and reduce the need to incur substantial resources for invalidation and subsequently re-registration, at a later date.

*Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.*



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*This article is intended to offer an overview of the case of HMV Brand Pte. Ltd. v Yongfeng Trade Co., Limited [2023] SGIPOS 7. It is not intended to be comprehensive, nor should it be construed as legal advice.*

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