

Use of unauthorized beverage bases infringes KICKAPOO marksConfusion
Passing off**Singapore - One Legal LLC**

April 16 2009

In *The Monarch Beverage Company (Europe) Ltd v Kickapoo (Malaysia) Sdn Bhd* ([2009] SGHC 55, March 6 2009), the High Court of Singapore has held that Kickapoo (Malaysia) Sdn Bhd had infringed the KICKAPOO marks by selling Kickapoo product made from unauthorized beverage bases.

The Monarch Beverage Company (Europe) Limited is the registered proprietor of the trademarks KICKAPOO and KICKAPOO JOY JUICE in Singapore for goods in Class 32 of the **Nice Classification**. The first defendant, Kickapoo (Malaysia) Sdn Bhd, held an exclusive licence granted by Monarch's predecessor in title. The second defendant, Kickapoo Beverage Pte Ltd, is Kickapoo Malaysia's Singapore subsidiary.

The relations between Monarch and Kickapoo Malaysia soured over time. Between December 2001 and June 2005, Monarch served six termination notices on Kickapoo Malaysia, all of which were rejected.

As part of the terms of the licensing agreement, Kickapoo Malaysia was obliged to purchase beverage bases for the Kickapoo product from approved sources. In October 2002 Monarch implemented a substantial price increase of about 1000% in respect of the Kickapoo beverage bases. When Kickapoo Malaysia found out about this increase in September 2002, it ordered 1,000 gallons of the beverage bases at the old price.

Monarch failed to supply the full quantity of beverage bases ordered by Kickapoo Malaysia. Kickapoo Malaysia obtained the bases from unauthorized sources and used these in the manufacture of the Kickapoo product. Monarch terminated the licensing agreement with Kickapoo Malaysia and brought action against Kickapoo Malaysia and Kickapoo Beverage for infringement under Section 27(1) of the **Trademarks Act** and passing off.

Section 27(1) provides that:

"a person infringes a registered trademark if, without the consent of the proprietor of the trademark, he uses in the course of trade a sign which is identical to the trademark in relation to goods or services which are identical to those for which it is registered."

The court held that because Kickapoo Malaysia used unauthorized beverage bases in the production of the Kickapoo product, the allegation of infringement was made out.

Kickapoo Malaysia had admitted to the use of the unauthorized beverage bases, but asserted that its actions were due to the mitigation of its losses caused by Monarch's failure to supply it
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that its actions were due to the mitigation of its losses caused by Monarch's failure to supply it with the beverage bases ordered. The court was of the view that "the duty to mitigate does not arise if the innocent party decides to affirm the contract". Moreover, the court held that "the duty to act reasonably arises only when the innocent party decides to treat the breach as repudiation and also annuls the contract". In this case, Kickapoo Malaysia had affirmed the licensing agreement despite Monarch's termination letters. Therefore, the court held that the infringement of the KICKAPOO marks by Kickapoo Malaysia could not be excused on the basis of mitigation of loss.

The court also found in favour of Monarch on the passing off claim. The court held that because the Kickapoo beverage sold by Kickapoo Malaysia was made from unauthorized beverage bases, the threshold of "probability of damage" to Monarch was crossed.

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