

**IN THE APPELLATE DIVISION OF  
THE HIGH COURT OF THE REPUBLIC OF SINGAPORE**

**[2024] SGHC(A) 18**

Appellate Division / Civil Appeal No 53 of 2022

Between

- (1) Nalli Pte Ltd
- (2) Dasarathan Madhavan
- (3) Alluri Mahalakshmi Madhavan

*... Appellants*

And

- (1) Nalli Kuppuswami Chetti and  
Nalli Ramanathan (trading as  
Nalli Chinnasami Chetty)
- (2) Nalli Chinnasami Chetty Pte  
Ltd

*... Respondents*

In the matter of Suit No 286 of 2020

Between

- (1) Nalli Kuppuswami Chetti and  
Nalli Ramanathan (trading as  
Nalli Chinnasami Chetty)
- (2) Nalli Chinnasami Chetty Pte  
Ltd

*... Plaintiffs*

And

- (1) Nalli Pte Ltd
- (2) Dasarathan Madhavan
- (3) Alluri Mahalakshmi Madhavan

*... Defendants*

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## JUDGMENT

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[Contract — Contractual terms — Express terms — Interpretation of deeds of settlement]

[Intellectual Property — Trade marks and trade names — Infringement]

[Intellectual Property — Trade marks and trade names — Passing off — Misrepresentation]

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**This judgment is subject to final editorial corrections approved by the court and/or redaction pursuant to the publisher’s duty in compliance with the law, for publication in LawNet and/or the Singapore Law Reports.**

**Nalli Pte Ltd and others**

**v**

**Nalli Kuppuswami Chetti and Nalli Ramanathan (trading as  
Nalli Chinnasami Chetty) and another**

**[2024] SGHC(A) 18**

Appellate Division of the High Court — Civil Appeal No 53 of 2022  
Belinda Ang Saw Ean JCA, Kannan Ramesh JAD and Aedit Abdullah J  
6 March, 14 August 2023

27 May 2024

Judgment reserved.

**Aedit Abdullah J (delivering the judgment of the court):**

### **Introduction**

1 These proceedings are but the latest episode in the decades-long series of disputes between these parties. The present case directly arises out of deeds of settlement entered into in the late 1990s, but also encompasses other issues flowing from the business activities of the parties in the years since.

### **Facts**

#### ***Parties to the dispute***

2 This appeal involves two sides of the family of Mr Nalli Chinnasami Chetty (“Mr Nalli”).

3 On one side sit the second and third appellants – Mr Dasarathan Madhavan (“Mr Madhavan”) and Mrs Alluri Mahalakshmi Madhavan (“Mrs Madhavan”). Mrs Madhavan is Mr Nalli’s granddaughter through his second wife. Her father, Mr Nalli Duraiswami Chetty (“Mr NDC”), is Mr Nalli’s son. Mr and Mrs Madhavan are the directors and shareholders of the first appellant, Nalli Pte Ltd (“NPL”), a Singapore-incorporated company.

4 On the other side are Mr Nalli Kuppuswami Chetti (“Mr NKC”) and Mr Nalli Ramanathan (“Mr NR”). Mr NKC is Mr Nalli’s grandson through his first wife; Mr NR is Mr NKC’s son. The two men are partners in the first respondent, an Indian partnership called “Nalli Chinnasami Chetty” (“NCC”). They are also the directors and shareholders of the second respondent, Nalli Chinnasami Chetty Pte Ltd (“NCCPL”), which is a Singapore-incorporated company.<sup>1</sup>

### ***Background to the dispute***

#### *The two businesses*

5 Mr Nalli founded the business of selling, *inter alia*, silk sarees in 1928 in Chennai.<sup>2</sup> From 1935 to the present, this business, which operates under the name “Nalli Chinnasami Chetty”, has sold sarees from the same shop at “Panagal Park” in Chennai (which was formerly known as Madras). There are now a number of companies related to “Nalli Chinnasami Chetty” around the world that sell sarees, one of which is NCCPL. In 1948, Mr Nalli gave the business to Mr Narayanaswami (“Mr Nara”), Mr NKC’s father. After Mr Nara

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<sup>1</sup> Record of Appeal (“ROA”) Vol V(B) 200–201.

<sup>2</sup> ROA Vol III(A) 243 (Mr Nalli Ramanathan’s affidavit of evidence-in-chief dated 20 September 2021 (“NR’s AEIC”) at para 9).

passed away in 1953, the business was managed by Mr NKC’s uncle, then Mr NKC, and subsequently Mr NKC’s sons, Mr NR and Mr Nalli K. Viswanath (“Mr NKV”). The business was formally registered as a partnership in the form of NCC in 1961. In the 1990s, the NCC partnership had three partners – Mr NKC, Mr NR and Mr NKV.<sup>3</sup> Mr NKV ceased being a partner of NCC in 2001.<sup>4</sup>

6 In 1957, Mrs Madhavan’s father, Mr NDC, started a separate business selling sarees. His shop was called “Nalli Weaving Centre” and it was in New Delhi. The New Delhi shop closed in or around 1960.<sup>5</sup> Mr NDC then set up another shop called “Nalli Weaving Centre”, this time in Kanchipuram, Tamil Nadu. The Kanchipuram shop is still in operation and is managed by Mrs Madhavan’s brother.<sup>6</sup> Over the years, Mr NDC set up other businesses around the world selling sarees. These businesses are not, however, in any way affiliated with NCC or its related companies.

7 Mr NDC incorporated NPL in 1990 and opened a shop at Ladies Center, Chander Road under the name “Nalli’s Pte Ltd”. In 1991, the name was changed to the current “Nalli Pte Ltd”.<sup>7</sup> In 1992, NCC started business in Singapore when it incorporated NCCPL and opened a shop at 50 Buffalo Road under the name

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<sup>3</sup> ROA Vol III(B) 8–9.

<sup>4</sup> ROA Vol III(A) 248–249 (NR’s AEIC at paras 20–24).

<sup>5</sup> ROA Vol III(A) 27 (Mrs Alluri Mahalakshmi Madhavan’s affidavit of evidence-in-chief dated 20 September 2021 (“ADM’s AEIC”) at para 21).

<sup>6</sup> ROA Vol III(A) 28 (ADM’s AEIC at para 23).

<sup>7</sup> ROA Vol III(A) 22 (ADM’s AEIC at paras 9–11).



“Nalli Chinnasami Chetty Pte Ltd”.<sup>8</sup> The present dispute arises from NPL’s and NCCPL’s competing use of the name “Nalli” in their respective businesses.

*Suit 1580*

8 As can be seen from the above, NPL began operations in Singapore around two years before NCCPL did. In around May 1992, Mr NDC and Mrs Madhavan discovered that Mr NKC and Mr NR planned to incorporate NCCPL in Singapore.<sup>9</sup> On 5 June 1992, NPL applied to register the mark “NALLI” in trade mark application no. 4224/92 (“Application 4224”).<sup>10</sup> On 21 July 1992, NCCPL was incorporated.<sup>11</sup> NPL was then notified by the Registrar of Trade Marks & Patents (the “Registrar”) that NCC had objected to Application 4224 through an Indian company bearing the same name as NCCPL.<sup>12</sup> NCC then applied to register a stylised “Nalli” mark, *Nalli*, in trade mark application no. 5721/1992 (“Application 5721”) on 30 July 1992.<sup>13</sup> The Registrar objected to Application 5721 in light of NPL’s Application 4224.<sup>14</sup> On 7 August 1992, NPL commenced Suit No 1580 of 1992 against NCCPL in the High Court (“Suit 1580”) and applied for an *ex parte* interim injunction to restrain NCCPL from operating a business under the name “Nalli” or “Nalli Chinnasami”. The interim injunction was granted on the same day. After parties were heard on 2 October 1992, the injunction was varied such that it would

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<sup>8</sup> ROA Vol III(A) 250 (NR’s AEIC at paras 28–29).

<sup>9</sup> ROA Vol III(A) 35 (ADM’s AEIC at para 33).

<sup>10</sup> ROA Vol V(C) 95 (Application 4224).

<sup>11</sup> ROA Vol V(B) 198 (ACRA search on NCCPL).

<sup>12</sup> ROA Vol V(C) 98 (Letter from Registrar of Trade Marks & Patents).

<sup>13</sup> ROA Vol V(B) 76 (Application 5721).

<sup>14</sup> ROA Vol III(A) 47 (ADM’s AEIC at para 52).

continue to be in place until the conclusion of the trial of Suit 1580 subject to NCCPL being permitted to (a) start its business without using the word “Nalli”; and (b) do business only as sole distributor or agent in Singapore of Nalli Chinnasami Chetty of Panagal Park, Madras, and to inform the public of the same (the “Injunction”).<sup>15</sup> Pursuant to the Injunction, NCCPL changed its name to “Chinnasami Chetty Pte Ltd”.

9 By 1997, the trial of Suit 1580 had not taken place. The Injunction had been in place for more than four years, with NCCPL operating under the name “Chinnasami Chetty Pte Ltd” and NPL operating under the name “Nalli Pte Ltd”. NCCPL and NPL were then able to reach a settlement in respect of Suit 1580. This settlement took the form of two deeds of settlement, both dated 28 February 1997: one was between NCC and NPL (“DS1”) and the other between NCCPL and NPL (“DS2”) (collectively, the “Deeds of Settlement”).<sup>16</sup> Broadly, the Deeds of Settlement provided a way for NCCPL (and indeed NCC) and NPL to co-exist in Singapore by allowing both entities to use the name “Nalli” in their respective businesses, and for NCC and NPL to register their respective trade marks.

10 The material terms of DS1, which as stated above was between NPL and NCC, provided that:

- (a) NCC would register and use the mark “Nalli” only in the following stylised form: *Nalli* .

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<sup>15</sup> ROA Vol V(B) 15–17 (the Injunction).

<sup>16</sup> ROA Vol V(B) 62–73 (the Deeds of Settlement).

- (b) NPL would register and use the mark “Nalli” on its products and packaging (including carrier bags) only in the form of the following composite mark bearing a woman’s face (the “WFM”):



- (c) Both NCC and NPL were to consent to the other’s trade mark application.

11 The material terms of DS2, which was between NPL and NCCPL, were as follows:

- (a) Both NPL and NCCPL were “entitled to use the name “Nalli” as their trade mark and trade/business name in Singapore.”

(b) NCCPL was to be allowed to change its name back to “Nalli Chinnasami Chetty Pte Ltd”. However, NCCPL was to advertise itself only as “Nalli Chinnasami Chetty” and not merely as “Nalli” in Singapore.

(c) NCCPL was not to represent itself as the sole and only “Nalli” in Singapore. However, it was entitled to represent itself as the only branch in Singapore of Nalli Chinnasami Chetty of Panagal Park, Madras (see [5] above).

- (d) NCCPL was to use the mark “Nalli” in Singapore in the stylised form of *Nalli* only.
- (e) NPL was to use the mark “Nalli” on its products and packaging (including carrier bags) in Singapore only in the form of the WFM.
- (f) NPL was to discontinue Suit 1580.

*1998 to the present*

12 Following the Deeds of Settlement, in 1998, the *Nalli* mark and the WFM were registered by NCC and NPL respectively. NCCPL also changed its name back to “Nalli Chinnasami Chetty Pte Ltd”.<sup>17</sup> In the same year, NCCPL moved its shop to 32 Buffalo Road. At that time, NPL’s shop was at 27 Campbell Lane. The two shops were around 200 metres apart and, significantly, on opposite sides of Serangoon Road.

13 Since 1998, both NCCPL and NPL have moved their shops. Despite the position taken by both sides in this appeal that they do not wish to be confused with the other, their shops have in fact been moving closer to each other. In 1999, NPL opened a second shop at 10 Buffalo Road (“No 10”). It closed its shop at 27 Campbell Lane in 2014. In 2020, it opened another shop at 2C Buffalo Road (“No 2C”). Thus, NPL currently has two shops: one at No 10 and one at No 2C.<sup>18</sup> As for NCCPL, its shop remained at 32 Buffalo Road until 2018, when the shop moved to 16 Buffalo Road (“No 16”).<sup>19</sup>

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<sup>17</sup> ROA Vol III(A) 257 (NR’s AEIC at para 49).

<sup>18</sup> ROA Vol III(A) 167–169 (ADM’s AEIC at paras 58–59).

<sup>19</sup> ROA Vol III(A) 258–259 (NR’s AEIC at paras 53–55).

14 The catalyst for the suit below was the opening of No 2C. According to Mr NR, there had always been confusion amongst customers as to whether it was NCCPL or NPL that was affiliated with NCC.<sup>20</sup> This confusion was said to have increased over the years as NPL’s shops moved closer to NCCPL’s. The suit below was commenced on 30 March 2020 by the respondents against NPL for breach of the Deeds of Settlement, the tort of malicious or injurious falsehood, the tort of passing off and trade mark infringement.<sup>21</sup> These claims were specifically in response to the following conduct of NPL:

- (a) On its signage for No 2C (the “2C Signage”), NPL gave prominence to the word “Nalli” as compared to the words “Pte Ltd”.
- (b) On its carrier bags and boxes, NPL used the words “Nalli” and “Nalli Singapore” in forms other than the WFM and without the words “Pte Ltd”.
- (c) On a display case at the entrance of No 2C, NPL used the words “Original Nalli Products” with the word “Nalli” given prominence.
- (d) On its price cards, NPL used the following phrases, “Nalli Products Original”, “Buy ORIGINAL NALLI Products at 2C & 10 Buffalo Road” and “FAMOUS STORE IN SINGAPORE FOR INDIAN SILK SAREES”.

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<sup>20</sup> ROA Vol III(A) 257 (NR’s AEIC at para 50).

<sup>21</sup> ROA Vol II 12 and 16–17 (Statement of Claim (Amendment No 3) (“SOC”) at paras 11 and 23).

### **The parties' cases below**

15 The respondents alleged that NPL had breached the Deeds of Settlement by virtue of the conduct described at [14] above.<sup>22</sup> In DS1, NPL agreed that it would use the mark “Nalli” on its products and packaging (including carrier bags) only in the form of the WFM. In DS2, NPL was entitled to use “Nalli” as part of its business or trade name, and once again agreed to use only the WFM as its trade mark on its products and packaging (including carrier bags). NPL was not permitted to identify itself as just “Nalli” or use the word “Nalli” as a trade mark. Thus, NPL breached the Deeds of Settlement by identifying itself as “Nalli”, in order to give the public the false impression that NPL’s stores were NCC’s stores, and NCCPL’s store was not.<sup>23</sup>

16 Further, the statements on NPL’s price cards and its display case at No 2C which referred to “original” Nalli products constituted malicious or injurious falsehood. The statements suggested that the goods sold by NCCPL were not genuine in that they were not products of NCC. This was false and disparaged the respondents. The statements were made with the dominant purpose of injuring the respondents by reducing the sales at NCCPL’s store.<sup>24</sup>

17 The respondents also brought a claim in passing off. They argued that the respondents had acquired valuable goodwill in Singapore. NPL, by its conduct described at [14] above, misrepresented that it was the Singapore branch of NCC, or was otherwise affiliated with NCC or NCCPL.<sup>25</sup>

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<sup>22</sup> ROA Vol II 16–17 (SOC at para 23).

<sup>23</sup> ROA Vol II 17 (SOC at para 24).

<sup>24</sup> ROA Vol II 18–19 (SOC at para 26).

<sup>25</sup> ROA Vol II 21–22 (SOC at paras 28–30).

18 Finally, the respondents alleged that NPL was liable for trade mark infringement. The essential element of NCC’s *Nalli* trade marks was the word “Nalli”. By using the word “Nalli” instead of the words “Nalli Pte Ltd” in the instances described at [14] above, NPL had used a sign that was identical, or at least similar to, NCC’s marks. This amounted to trade mark infringement under s 27 of the Trade Marks Act (Cap 332, 2005 Rev Ed) (the “TMA”).<sup>26</sup>

19 The respondents submitted that because Mr and Mrs Madhavan, as directors of NPL, procured, authorised, directed, caused or assisted NPL to commit the wrongs of malicious falsehood, passing off and trade mark infringement, they were jointly liable with NPL for those wrongs.<sup>27</sup>

20 The respondents sought, *inter alia*, the following relief:

- (a) an injunction to restrain NPL from breaching the Deeds of Settlement by using the 2C Signage and by identifying itself using the word “Nalli” alone;
- (b) injunctions to restrain NPL and Mr and Mrs Madhavan from making false statements such as “Nalli Products Original”, “Buy ORIGINAL NALLI Products at 2C & 10 Buffalo Road” and “Original Nalli Products”;
- (c) injunctions to restrain NPL and Mr and Mrs Madhavan from misrepresenting that NPL is the Singapore business of or connected to NCC and/or NCCPL;

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<sup>26</sup> ROA Vol II 25–28 (SOC at para 38).

<sup>27</sup> ROA Vol II 20, 24 and 29 (SOC at paras 27, 35 and 40).

- (d) injunctions to restrain NPL and Mr and Mrs Madhavan from infringing NCC’s registered trade marks;
- (e) destruction of all materials of NPL which bear the word “Nalli” without the words “Pte Ltd”, or bear all three words but with “Nalli” given prominence; and
- (f) an inquiry as to damages and/or account of profits.

21 The appellants’ case was that the Deeds of Settlement never prohibited NPL from using the word “Nalli” *simpliciter* as a trade mark or from advertising itself as “Nalli”.<sup>28</sup> NPL was entitled to use variations of its WFM, which would include words or phrases containing the word “Nalli”. NPL’s name was “Nalli Pte Ltd”, which was effectively “Nalli” because “Pte Ltd” was *de minimis*. On the 2C Signage, carrier bags and boxes, the word “Nalli” was displayed in the same typeface as that in the WFM (**Nalli**). NPL was entitled to use the word “Nalli” in this manner. In response to the respondents’ claim for breach of the Deeds of Settlement, the appellants also raised the defences of acquiescence, laches, limitation and abuse of process.<sup>29</sup>

22 In response to the malicious falsehood claim, the appellants argued that the statements complained of were honest and factually accurate. The word “original” was used in the statements simply to mean that the products were manufactured by NPL, and the statements would have been understood by a reasonable member of the public as such. There was no reference to NCC or

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<sup>28</sup> ROA Vol II 49 (Defence and Counterclaim (Amendment No 1) (“Defence”) at para 16).

<sup>29</sup> ROA Vol II 53–58 (Defence at para 22).



NCCPL in any of the statements, and the statements were not made with any malice. Abuse of process was raised as a defence again.<sup>30</sup>

23 As for passing off, the appellants argued that they had not made any misrepresentations. They had come to be known to their customers as “Nalli” and had been using that word as an identifier for a number of years. In any case, NPL’s use of the word “Nalli” was in the same typeface as that used on the WFM, **Nalli**, which was different from the respondents’ *Nalli*. There was therefore no likelihood that customers would be deceived. In any case, by the Deeds of Settlement, the respondents had consented to NPL’s use of the word “Nalli” in whatever form and of any phrases incorporating the word “Nalli”. The defences of acquiescence, laches, limitation and abuse of process were relied on.<sup>31</sup>

24 The appellants submitted that there was no trade mark infringement because NPL had only used the word “Nalli” in the form **Nalli**. It did not use “Nalli” as a service mark in the course of trade for advertising. Further, all the instances in which NPL used the word “Nalli” were not identical to and were sufficiently distinguishable from NCC’s *Nalli*. There was therefore no likelihood of confusion on the part of the public. In any case, by the Deeds of Settlement, the respondents had consented to NPL using the word “Nalli” in those forms. In addition to the defences of acquiescence, laches, limitation and abuse of process, the appellants raised the own name defence under s 28(1) of the TMA and the prior use defence under s 28(2) of the TMA.<sup>32</sup>

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<sup>30</sup> ROA Vol II 59–61 (Defence at para 25).

<sup>31</sup> ROA Vol II 63–67 (Defence at para 29).

<sup>32</sup> ROA Vol II 69–77 (Defence at paras 35–37).

25 The appellants also brought various counterclaims against the respondents. First, they sought various declarations on NPL’s entitlement to use the word “Nalli” by itself and in a phrase.<sup>33</sup> Second, they claimed that NCCPL had breached DS2 by sending them threatening letters prior to commencing the suit below.<sup>34</sup> They also claimed that these letters were groundless threats within the meaning of s 35 of the TMA.<sup>35</sup> Third, they alleged that NCCPL had, on one occasion, breached DS2 by representing itself as the sole and only “Nalli” in Singapore and such a breach was induced or caused by NCC.<sup>36</sup> Fourth, they contended that NCCPL had breached DS2 by failing to identify itself only as “Nalli Chinnasami Chetty” in Singapore.<sup>37</sup> NCCPL had done so in false representations to customers and on a product brochure with the name “Nalli Next”. Fifth, NCCPL had maliciously made false statements about NPL to its customers and potential customers.<sup>38</sup> The first such statement was made on the same occasion where NCCPL allegedly represented that it was the only “Nalli” in Singapore. The second such statement was made through the signage on NCCPL’s shop at No 16, which stated that it was the “Original Chennai *Nalli* Chinnasami Chetty” (the “16 Signage”). This amounted to either malicious falsehood or defamation, which the appellants claimed were induced or caused by NCC.

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<sup>33</sup> ROA Vol II 81 (Defence at paras 43–44).

<sup>34</sup> ROA Vol II 82 (Defence at para 47).

<sup>35</sup> ROA Vol II 90–91 (Defence at paras 64–70).

<sup>36</sup> ROA Vol II 82–83 (Defence at para 49).

<sup>37</sup> ROA Vol II 83 (Defence at para 51).

<sup>38</sup> ROA Vol II 84–90 (Defence at paras 55–62).

26 In respect of the counterclaims, the appellants sought injunctions to restrain the respondents from committing such further acts, as well as an inquiry as to damages arising from the breaches of DS2, the malicious falsehood or defamation and the groundless threats.

### **Decision below**

27 The trial judge (the “Judge”) allowed all the respondents’ claims and dismissed all the appellants’ counterclaims. His reasons are set out in a written judgment, *Nalli Kuppuswami Chetti and Nalli Ramanathan (trading as Nalli Chinnasami Chetty) and another v Nalli Pte Ltd and others* [2022] SGHC 109 (the “Judgment”) dated 17 May 2022, and an oral judgment (the “OJ”) delivered on 2 July 2022.<sup>39</sup>

### ***The Deeds of Settlement***

28 The Judge found that pursuant to the Deeds of Settlement (the Judgment at [36]):

- (a) Neither NCC nor NPL could register and use “NALLI” as a mark (as NPL had sought to do in Application 4224).
- (b) NPL was to apply to register the WFM instead. NCC could not register the WFM.
- (c) NCC was to register only the *Nalli* mark (as it had sought to do in Application 5721), and only use “Nalli” as a mark in that form. NPL could not register the *Nalli* mark.

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<sup>39</sup> ROA Vol I 6.

Thus, the Deeds of Settlement allowed the parties to co-exist in Singapore and prescribed how they could each use “Nalli” in their respective trade marks. As such, as long as parties abided by the terms of the Deeds of Settlement, they would not be liable for trade mark infringement or passing off, even if the marks used were confusingly similar. However, if either party breached the Deeds of Settlement, they would have no protection against such liability (the Judgment at [38]). The Deeds of Settlement were not to be interpreted as allowing the parties to use identical trade names or trade marks. Thus, leaving aside the WFM, NPL could not use a “Nalli” mark that was identical to, or confusingly similar to, the *Nalli* mark (the Judgment at [40]).

29 Further, pursuant to the Deeds of Settlement, NPL could not simply call itself “Nalli”. Clause 2 of DS2 stipulated that NCCPL was not to identify itself as “Nalli”, but only as “Nalli Chinnasami Chetty”. Clause 3 of DS2 stipulated that NCCPL was not to represent itself as the only “Nalli” in Singapore. There were no equivalent clauses in relation to NPL (the Judgment at [46]–[47]). However, because the Deeds of Settlement provided for the respondents to use the *Nalli* mark, it would not have made sense for the parties to agree that NPL could identify itself as merely “Nalli”. Also, this would run counter to NPL’s obligation to give up its pending application for “NALLI” as a mark and to limit its “Nalli” trade mark to the WFM (the Judgment at [48]). Therefore, DS2 provided for NPL to continue using “Nalli Pte Ltd”, as opposed to “Nalli” alone. It would be a breach of the Deeds of Settlement if NPL represented itself as merely “Nalli”, or as the only “Nalli” in Singapore (the Judgment at [50]).

30 Thus, the following constituted breaches of the Deeds of Settlement by NPL:

(a) *The 2C Signage* – what one saw when looking at the signage would essentially be “Nalli”. While the words on the signage were “Nalli Pte Ltd”, the word “Nalli” was much larger and in white, whereas the words “Pte Ltd” were smaller and in red (against a red background). The 2C Signage therefore constituted a representation by NPL of itself as “Nalli”, which was a breach of the Deeds of Settlement (the Judgment at [53]–[55]).

(b) *NPL’s carrier bags* – some of NPL’s carrier bags bore only the WFM and “Nalli Pte Ltd”; the Judge found those to be unobjectionable (the Judgment at [65]). For some of the other bags, however, the WFM was fringed by the words “Nalli” and “Nalli Singapore”. This was a breach of the Deeds of Settlement, which provided that NPL was to confine itself to using “Nalli Pte Ltd” or the WFM. In both cases, “Nalli” was written in the typeface of the WFM: **Nalli**.

(c) *NPL’s boxes* – like some of the carrier bags, these boxes bore the WFM fringed by **Nalli**. There were also Tamil words on the side of the boxes which meant “Nalli Singapore”. For the same reasons as the carrier bags, this was a breach of the Deeds of Settlement (the Judgment at [67]–[70]).

(d) *NPL’s price cards* – one price card bore the phrases “ORIGINAL NALLI products” and “Buy ORIGINAL NALLI Products at 2C and 10 Buffalo Road”. Another bore only the latter. These price cards were a breach of the Deeds of Settlement because of those phrases (the Judgment at [71]–[75]).

(e) *NPL's display case* – the display case contained the phrase “Original Nalli Products”, and this, like the price cards, was a breach of the Deeds of Settlement (the Judgment at [76]–[77]).

### ***Trade mark infringement***

31 NPL had, without the consent of NCC, used in the course of trade a sign which was identical to NCC's trade marks in relation to goods or services which were identical with those for which NCC's trade marks were registered, namely **Nalli**. This was an infringement under s 27(1) of the TMA. Moreover, even if **Nalli** was not identical to NCC's *Nalli*, it was at least similar (the OJ at [6]–[7]).

32 The differences between NPL's use of “Nalli” in the instances described at [30] above and *Nalli* were so insignificant that they might go unnoticed by the average consumer. Despite the difference in font, and NPL's use of a candle motif for the letter “I” in **Nalli**, the two marks were identical, or at least similar (the OJ at [9]–[10]). The relevant goods and services were similar, if not identical (the OJ at [11]), and the marks were used by NPL in the course of trade (the OJ at [12]). There was also a likelihood of confusion due to the similarities of marks and goods and services in relation to which they were used (the OJ at [13]).

33 NPL's own name defence failed because its conduct was not in accordance with honest practices, as per the non-exhaustive factors in *The Audience Motivation Company Asia Pte Ltd v AMC Live Group China (S) Pte Ltd* [2016] 3 SLR 517 (“*Audience Motivation Company*”) at [58], read with [65]–[66]. NPL's prior use defence failed because there was no evidence that

its objectionable uses of “Nalli” began prior to NCC’s registration of its mark in 1998 (the OJ at [15]–[17]).

***Passing off***

34 Both the respondents had established goodwill in Singapore. NCCPL had been carrying on business for more than 20 years following the execution of the Deeds of Settlement. In those 20-odd years, it used the name “Nalli Chinnasami Chetty” and the *Nalli* mark. Since 2013, its annual revenue averaged above \$1m. NCC had established similar goodwill through the sale of its goods through NCCPL (the OJ at [19]–[20]).

35 NCC’s and NCCPL’s names, as well as the *Nalli* mark, were distinctive of them. By virtue of the conduct at [30] above, NPL had misrepresented that it was a Singapore shop or branch of NCC, or that it was otherwise economically associated or connected with NCC or NCCPL (the OJ at [22]–[23]). There were further instances of such misrepresentations (the OJ at [24]–[27]).

36 There was likelihood of damage, as evinced by the respondents’ evidence of customers’ confusion about which shop was associated with NCC. Likelihood of damage was also established by virtue of the fact that the parties were in direct competition (the OJ at [28]–[33]).

***Malicious falsehood***

37 NPL was also liable for malicious falsehood. When NPL dropped “Pte Ltd” from its name and used “Nalli” only, it created confusion between itself on the one hand and the respondents on the other. Its statements that it sold “Nalli [p]roducts” which were “[o]riginal” therefore implied that the respondents did

not, in the sense that they sold products that were not genuine but fake (the OJ at [40]–[41]). This implication was false and was directed at the respondents (the OJ at [45]).

***Mr and Mrs Madhavan’s liability***

38 Mr and Mrs Madhavan were jointly liable with NPL for trade mark infringement, passing off and malicious falsehood. They were unable to rely on the rule from *PT Sandipala Arthaputra and others v STMicroelectronics Asia Pacific Pte Ltd and others* [2018] 1 SLR 818 that exempted directors from personal liability for a company’s tortious liability because they did not act in the best interests of NPL (the OJ at [49]–[51]).

***NPL’s general defences***

39 The Judge found that the defences of limitation, laches, acquiescence and abuse of process were not established (the Judgment at [78]–[96]). In this appeal, the appellants do not challenge those findings.<sup>40</sup>

***The appellants’ counterclaims***

40 Because of the Judge’s finding that NPL had breached the Deeds of Settlement, there was no basis to grant the declarations the appellants sought (the OJ at [54]). NCC’s threatening letters also could not amount to groundless threats under s 35(3) of the TMA because the Judge had found NPL liable for trade mark infringement (the OJ at [56]). There was no breach of the Deeds of Settlement in respect of the “Nalli Next” mark because the Deeds of Settlement expressly allowed NCCPL to use the *Nalli* mark (the OJ at [63]).

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<sup>40</sup> Appellants’ Case (“AC”) at para 4.



41 Also, NCCPL’s alleged malicious falsehood was not false. NCCPL was “original” in the sense of being the first “Nalli” shop selling sarees and Indian clothing in Singapore, and also in the sense of being genuine. NPL was called a “duplicate” because it came later than NCC, was also using the “Nalli” name, was also selling sarees and Indian clothing, but was not associated with NCC. There was no suggestion that NPL was fake (the OJ at [67] and [70]). When NCCPL represented on the 16 Signage that it was the “Original Chennai Nalli Chinnasami Chetty”, it was simply referring to NCC and its Chennai origins. NCCPL did not call itself the only “Nalli” in Singapore. There was no malicious falsehood and no breach of the Deeds of Settlement (the OJ at [74]).

## **Parties’ cases**

### *Appellants’ case*

42 In this appeal, the appellants raise the following eight issues.

43 First, the appellants argue that, in interpreting the Deeds of Settlement, the Judge erred in failing to fully appreciate the relevant background context as well as the subsequent conduct of the parties following the Deeds of Settlement. When the Deeds of Settlement were negotiated, NPL was in a stronger bargaining position. It had been using “Nalli”, “Nalli Pte Ltd” and **Nalli** for about seven years. There was no counterclaim against it in Suit 1580. On the other hand, the respondents were at that time not able to use “Nalli” and could only use “Chinnasami Chetty”.<sup>41</sup> In Suit 1580, NPL sought to restrain NCCPL from using “Nalli”. The Deeds of Settlement were a compromise on the part of

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<sup>41</sup> AC at para 56.

NPL in this regard.<sup>42</sup> This is why DS2 did not place any restrictions on NPL, unlike NCCPL which was expressly prohibited from advertising itself as the only “Nalli” in Singapore, or even as “Nalli” alone.<sup>43</sup> Following the Deeds of Settlement, NPL used the 2C Signage and **Nalli**, and the respondents have been aware of this for a number of years.<sup>44</sup> Thus, the Judge’s interpretation of the Deeds of Settlement was erroneous.

44 Second, even on the Judge’s interpretation of the Deeds of Settlement, he erred in concluding that there was a breach by NPL. Contrary to the Judge’s findings, the words “Pte Ltd” on the 2C Signage were visible.<sup>45</sup> When NPL used **Nalli** on the 2C Signage, it did so in conjunction with the WFM and “Nalli Pte Ltd”, which were given prominence. This was done to avoid confusion amongst customers between NCCPL and NPL.<sup>46</sup>

45 Third, the Judge erred in concluding that there was trade mark infringement by NPL. There was no trade mark infringement because **Nalli** and *Nalli* were not identical or similar.<sup>47</sup> In any case, **Nalli** was not used by NPL as a trade mark – it was purely decorative.<sup>48</sup>

46 Fourth, the Judge erred in rejecting the own name defence under s 28(1) of the TMA and the prior use defence under s 28(2) of the TMA. NPL was

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<sup>42</sup> AC at para 71.

<sup>43</sup> AC at paras 79 and 81.

<sup>44</sup> AC at paras 90–98.

<sup>45</sup> AC at para 111.

<sup>46</sup> AC at para 121.

<sup>47</sup> AC at paras 134–139.

<sup>48</sup> AC at paras 131–133.

justified in adopting the name “Nalli” when it opened in Singapore. There was no other entity by that name in Singapore at that time, and “Nalli” was Mrs Madhavan’s family name.<sup>49</sup> NPL has been operating under variations of “Nalli Pte Ltd” in accordance with honest practices since 1991, predating NCC’s rights under the TMA.<sup>50</sup>

47 Fifth, the Judge erred in concluding that there was passing off by NPL. Contrary to the Judge’s view, NPL has in fact always tried to distance itself from the respondents.<sup>51</sup> Further, the instances of misrepresentation relied on by the Judge were not pleaded or supported by proper evidence.<sup>52</sup>

48 Sixth, the Judge erred in concluding that NPL and Mr and Mrs Madhavan were liable for malicious falsehood. There was no malicious falsehood because NPL was at all times honestly trying to distance itself from the respondents. In its price cards and display case, it was reacting to the respondents’ use of the 16 Signage which contained the word “Original”. NPL simply sought to ensure that customers did not think that its products were fake.<sup>53</sup> Accordingly, Mr and Mrs Madhavan should not be liable because they were acting in what they honestly believed to be the best interests of NPL.<sup>54</sup>

49 Seventh, the Judge was wrong to conclude that NCCPL did not breach DS2 and that NCC did not induce that breach. In breach of cl 2 of DS2, NCCPL

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<sup>49</sup> AC at para 147.

<sup>50</sup> AC at paras 150–152.

<sup>51</sup> AC at para 154.

<sup>52</sup> AC at paras 159–167.

<sup>53</sup> AC at para 173.

<sup>54</sup> AC at paras 174–179.

represented that it was the only “Nalli” in Singapore when at least one of its employees stated that NPL was a “duplicate Nalli” and that NCCPL was “original” and “[j]ust this one shop”.<sup>55</sup> The 16 Signage stating that NCCPL was “Original Nalli Chinnasami Chetty” was also a breach of this clause.<sup>56</sup> Moreover, NCCPL used the “Nalli Next” mark in breach of its obligation to only use “Nalli Chinnasami Chetty” and *Nalli* under cll 3 and 6 of DS2.<sup>57</sup>

50 Eighth, the Judge erred in concluding that there was no malicious falsehood by the respondents. The 16 Signage was intended to mislead customers that NCCPL was the only “Nalli” in Singapore and that NPL was fake. This was false and malicious.<sup>58</sup> The same applied to NCCPL’s employees’ statements to its customers.

### ***Respondents’ case***

51 The respondents submit that the Judge was correct in his interpretation of the Deeds of Settlement.<sup>59</sup> If NPL identified and advertised itself merely as “Nalli”, that would be a breach of the Deeds of Settlement, and the Deeds of Settlement would afford no protection against claims for passing off and trade mark infringement in such a case.<sup>60</sup> NPL advertised itself as merely “Nalli” on the 2C Signage, carrier bags, saree boxes, price cards and display case. It also

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<sup>55</sup> AC at paras 181–188.

<sup>56</sup> AC at para 189.

<sup>57</sup> AC at para 190.

<sup>58</sup> AC at paras 191–194.

<sup>59</sup> Respondents’ Case (“RC”) at para 39.

<sup>60</sup> RC at para 47.

used **Nalli** instead of the WFM. These were breaches of the Deeds of Settlement.<sup>61</sup>

52 On the appellants’ counterclaim for breach of DS2, the respondents submit that a distinction must be made between using *Nalli* as a trade name and using *Nalli* as a trade mark. When NCCPL used “*Nalli* Next”, it was using *Nalli* as a trade mark. This was not a breach of cl 2 of DS2.<sup>62</sup>

53 The respondents submit that the Judge’s finding on their malicious falsehood claim should stand because NPL has admitted that it used the word “original” to mean authentic or genuine. Using “original” in this sense in the phrase “Buy ORIGINAL NALLI Products Only at 10 Buffalo Road” implied that the respondents were not selling genuine products.<sup>63</sup> On the other hand, when the respondents used the word “original” in the phrase “Original Chennai Nalli Chinnasami Chetty”, they were using it to convey that they were connected to NCC which is the original “Nalli Chinnasami Chetty” from Chennai. NCCPL’s employees were only explaining to their customers that NPL was not associated with NCC, even though they were using the name “Nalli”. There was no implication that NPL’s goods were fake. The Judge was therefore correct to dismiss the appellants’ counterclaim on malicious falsehood.<sup>64</sup>

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<sup>61</sup> RC at para 79.

<sup>62</sup> RC at paras 88–89.

<sup>63</sup> RC at paras 95–96.

<sup>64</sup> RC at para 101.

54 The respondents argue that the Judge’s finding of passing off should be upheld. The respondents have acquired goodwill in the *Nalli* mark over the years.<sup>65</sup> The *Nalli* mark is inherently distinctive, and therefore NPL’s acts of identifying itself as merely “Nalli” or using **Nalli** amounted to misrepresentations.<sup>66</sup> The Judge was also correct in his finding of trade mark infringement. *Nalli* and **Nalli** were visually, aurally and conceptually identical, or at least similar. The defences raised by the appellants are not made out because NPL was not acting in accordance with honest practices when it used **Nalli**, knowing that NCCPL was using *Nalli*.<sup>67</sup> NPL has also not provided evidence of prior use of **Nalli**.

55 Finally, the Judge was correct to find that Mr and Mrs Madhavan were personally liable for passing off, trade mark infringement and malicious falsehood. Mr and Mrs Madhavan authorised, directed or procured NPL’s commission of the torts and therefore should be liable as joint tortfeasors. There is no exception to liability for directors who are actively involved in the company’s torts.<sup>68</sup>

### **Issues to be determined**

56 The following issues arise for determination in this appeal:

- (a) did any party breach the Deeds of Settlement;

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<sup>65</sup> RC at para 119.

<sup>66</sup> RC at paras 122–125.

<sup>67</sup> RC at para 166.

<sup>68</sup> RC at para 172.

- (b) was there trade mark infringement by NPL;
- (c) was there passing off by NPL;
- (d) was NPL liable for malicious falsehood;
- (e) were the respondents liable for malicious falsehood; and
- (f) were Mr and Mrs Madhavan personally liable for any of NPL’s torts?

**Did any party breach the Deeds of Settlement?**

57 The first issue is whether the Deeds of Settlement were breached by either NPL or the respondents. To recap, DS1 was entered into between NPL and NCC and was concerned with the registration and use of the trade marks; DS2 was between NPL and NCCPL, governing the use of the name “Nalli” as a trade mark and trade or business name in Singapore.

***Interpretation of the Deeds of Settlement***

58 The Judge found that under the Deeds of Settlement, the use of “Nalli” in their respective marks was regulated and that, importantly, NPL could not refer to itself simply as “Nalli” (the Judgment at [50]). The Judge thus found that NPL had breached the Deeds of Settlement in various ways (the Judgment at [85]).

59 The appellants argue that the context of the Deeds of Settlement should be taken into account, which would lead to the conclusion that NPL was free to use “Nalli” without restriction, while NCCPL was limited to using “Nalli Chinnasami Chetty” as its business name. In particular, NPL had been using “Nalli”, “Nalli Pte Ltd” and **Nalli** for several years leading up to the

dispute.<sup>69</sup> DS2 did not prohibit NPL from using “Nalli”, as Suit 1580 was to restrain only NCCPL from using “Nalli”.

60 The respondents argue that the use of “Nalli” by NPL as a trade/business name would be a breach of the Deeds of Settlement.<sup>70</sup> Clause 1 of DS2 should not be read as allowing NPL to describe itself as “Nalli”, as that should also allow the same of NCCPL. This would then be inconsistent with (a) cl 2 which prevents NCCPL from representing itself as the sole and only “Nalli”; (b) cl 3 which states that NCCPL should identify itself as “Nalli Chinnasami Chetty”; (c) cl 6 which states that NCCPL should only use the *Nalli* mark; and (d) cl 7 which specifies the use of “Nalli” in the manner specified in the appended schedule, *ie, Nalli*.

*The proper interpretation*

61 The law on the interpretation of contractual terms is stated in the Court of Appeal’s decision in *Lim Sze Eng v Lin Choo Mee* [2019] 1 SLR 414 (“*Lim Sze Eng*”):

60 ... In *CIFG Special Assets Capital I Ltd v Ong Puay Koon* [2018] 1 SLR 170, this court pithily summarised the general principles in relation to contractual interpretation in the following manner (at [19], approved more recently in *PT Bayan Resources TBK v BCBC Singapore Pte Ltd* [2019] 1 SLR 30 at [120]):

- (a) The starting point is that one looks to the text that the parties have used (see *Lucky Realty Co Pte Ltd v HSBC Trustee (Singapore) Ltd* [2016] 1 SLR 1069 at [2]).
- (b) At the same time, it is permissible to have regard to the relevant context as long as the relevant contextual

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<sup>69</sup> AC at para 95.

<sup>70</sup> RC at para 49.



points are clear, obvious and known to both parties (see *Zurich Insurance (Singapore) Pte Ltd v B-Gold Interior Design & Construction Pte Ltd* [2008] 3 SLR(R) 1029 at [125], [128] and [129]).

(c) The reason that the court has regard to the relevant context is that it places the court in the ‘best possible position to ascertain the parties’ objective intentions by interpreting the expressions used by [them] in their proper context’ (see *Sembcorp Marine Ltd v PPL Holdings Pte Ltd* [2013] 4 SLR 193 at [72]).

(d) In general, the meaning ascribed to the terms of the contract must be one which the expressions used by the parties can reasonably bear (see, *eg*, *Yap Son On v Ding Pei Zhen* [2017] 1 SLR 219 at [31]).

62 The text and context are considered in order to objectively ascertain the expressed intentions of the parties, as stated in *Y.E.S. F&B Group Pte Ltd v Soup Restaurant Singapore Pte Ltd* [2015] 5 SLR 1187 at [30], and in *Lim Sze Eng* itself. It is the interplay between the two that the court has to consider: the text and what influences the textual meaning from the objectively ascertained intentions of the parties from the context. It is not a determination of the subjective intentions of one side or the other. The evidence or arguments to be presented to the court on the context must be such as to lead to the conclusion as to what the expressed intentions of the parties were.

63 Here, the text and context together point, with respect, against the conclusions reached by the Judge and also the arguments put forward on appeal by the respondents.

64 The Deeds of Settlement laid out the obligations of the parties *inter se*. DS1 captured the obligations between NPL and NCC on the registration of their respective trade marks as well as certain restrictions with respect to the use of the parties’ trade marks. DS2, on the other hand, governs *both* the use of “Nalli”

as a trade/business name *and* the use of the parties' trade marks (which mirror the restrictions set out in DS1). It is therefore DS2 upon which this issue turns.

Clause 1 reads:

Both [NPL] and [NCCPL] shall be entitled to use the name "Nalli"  
as their trade mark and trade/business name in Singapore.

This clause stipulates that NCCPL and NPL are free to use "Nalli" *both* (a) as their trade name to do business *and* (b) to indicate the origin of their goods in the form of a trade mark. It captures a compromise between the parties, in that neither would have exclusive use of the word "Nalli" either as a trade mark or trade name. Additionally, there was neither any restriction expressed in this clause on how the word "Nalli" was to be expressed or displayed nor any stipulation as to the typeface or style that was to be used. On this construction, in this clause, the parties started off by giving each other the ability to use "Nalli". An illustration of this latitude is NPL's consent to NCCPL's change of its corporate name back to "Nalli Chinnasami Chetty Pte Ltd" (see [11(b)] above). It bears repeating that, on account of Suit 1580 and the Injunction, NCCPL operated for more than four years under the name of "Chinnasami Chetty Pte Ltd". But the breadth of this latitude in cl 1 is then limited by the other clauses which follow.

65      Clauses 2 to 5 of DS2 govern the use of "Nalli" *as a trade name* by the NCCPL. Clause 2 specifies that:

[NCCPL] shall not represent themselves [*sic*] as the sole and  
only "Nalli" in Singapore.

This circumscribes the use of "Nalli" as a trade name by NCCPL and recognises the concurrent claim of NPL to the use of "Nalli" as a trade name (as set out in

cl 1). This ensures that there is no disparagement of NPL’s right to such use and its claim to that name.

66 Clause 3 then specifies how NCCPL was to be known in Singapore:

[NCCPL] shall identify and advertise themselves [*sic*] as “Nalli Chinnasami Chetty” and not merely as “Nalli” in Singapore.

This restricts the breadth of what was conferred by cl 1, and is clearly an outcome negotiated by NCCPL and NPL in the context of their dispute at that time. Clauses 4 to 5 provide two further concessions to NCCPL. Clause 4 provides that:

[NCCPL], subject to the approval of the Singapore Registrar of Companies, are allowed to change their business name back to Nalli Chinnasami Chetty Pte Ltd which was their original name at incorporation and the commencement of proceedings.

And cl 5 provides:

[NCCPL] are entitled to represent themselves [*sic*] as the only branch/office presence in Singapore of Nalli Chinnasami Chetty of Panagal Park, Madras.

It is apparent that from NCCPL’s perspective, it was this link to the lineage of NCC and its store in Panagal Park which was the key differentiator between itself and NPL with respect to trade names. Given the absence of similar restrictions in DS2 on NPL regarding the use of trade names, there was clearly a broad acceptance by NCCPL that the customer base would be able to distinguish between NCCPL and NPL based on the former’s link to NCC and its store in Panagal Park. This was the position set out in DS2 with regard to trade names.

67 The upshot of all these clauses is that cl 1 of DS2 specified, *inter alia*, that NCCPL and NPL could use “Nalli” in their trade and business names. Clause 3, however, limited NCCPL to referring to itself as “Nalli Chinnasamy Chetty”. NCCPL could not describe itself merely as “Nalli”, but significantly, as noted above at [64]–[66], there was no such restriction placed on NPL.

68 The Judge came to the conclusion that NPL could not use “Nalli” *simpliciter* as its trade or business name as this would not have made sense, given that in cl 1, NPL and NCCPL could both use “Nalli” as a trade or business name, and the *Nalli* trade mark would be used by NCCPL. This would also run counter to NPL’s obligation to limit its use of the “Nalli” trade mark to the WFM. However, this conclusion is not warranted. With respect, the Judge appears to have conflated the use of “Nalli” as a trade or business name with the use of “Nalli” as a trade mark. The plain language of DS2 is clear. What was seemingly given in cl 1 was circumscribed in respect of NCCPL in cll 2 and 3 in terms of use as a trade or business name. This is not elegant but does not render cl 1 absurd or nugatory. Nor is it commercially insensible or absurd as the Judge found; the parties to DS2 could have come to a compromise between themselves to allow one side fuller use of the name “Nalli” rather than the other. It is also irrelevant that NCC’s mark, *Nalli*, comprises the word “Nalli”; just because that mark may be used by the respondents does not mean that the business or trade name is controlled or impacted in any way. It is all subject to the objectively ascertained bargain between the parties to DS2.

69 The Judge further considered it relevant to his conclusion that DS2 only restricted the use of the name “Nalli” on the part of NCCPL because there was a change in the name of NCCPL from “Chinnasami Chetty Pte Ltd” to “Nalli Chinnasami Chetty Pte Ltd”. In contrast, there was no such change or issue

about NPL’s name as it had already been using “Nalli Pte Ltd” (the Judgment at [49]). With respect, the fact that there was such a change in name on the part of NCCPL has no obvious bearing on whether NPL was prohibited from using “Nalli”.

70 Indeed, if NPL was prohibited from referring to itself as “Nalli” or **Nalli** as a trade or business name, there ought to have been an express provision in DS2 to this effect. There is, however, none. In contrast, there is an express restriction on NCCPL.

71 The natural reading of the DS2 is that each side was limited to using the trade and business names as expressly provided for therein and not otherwise.

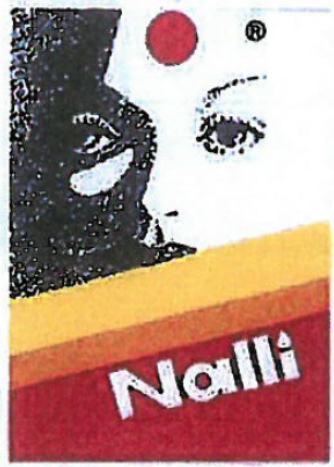
*Nalli with the Candle Motif*

72 In addition to regulating the use of trade names, the Deeds of Settlement separately specified the *marks* which were to be used by NCCPL and NPL. In particular, cll 6 and 7 in DS2 governed the use of “Nalli” *as a trade mark* by the parties to the deed:

6. [NCCPL] shall use in Singapore the word mark NALLI in the stylised form only which shall be the form as shown in Schedule A of this Deed, the said trade mark being proposed to be registered in Singapore by [NCC].

7. [NPL] shall use the mark “NALLI” on their products and packaging (including carrier bags) in Singapore only in the form shown in Schedule B.

The two marks were found in the schedules – namely *Nalli* and the WFM *only*. The WFM was exhibited in Schedule B:



As such, the question before us is not only whether use of **Nalli** as a *trade name* is in breach of DS2, but also whether use of **Nalli** as a *mark* breaches cl 7 of DS2.

**Whether there was any breach of the Deeds of Settlement on their proper interpretation**

73 We therefore turn to consider whether there was a breach of the Deeds of Settlement. The respondents argue that these relate to the:

- (a) 2C Signage; and
- (b) carrier bags, boxes, price cards and display case.

74 As a preliminary point, we observe that the restriction in cl 7 of DS2 mirrors NPL's obligation in cl 2 of DS1. For simplicity, we will refer only to cl 7 of DS2 for the purpose of our analysis, with the understanding that a breach of cl 7 of DS2 will constitute a concurrent breach of cl 2 of DS1, albeit as regards the parties to the respective instruments.

**2C Signage**

75 The signage at 2C Buffalo Road is represented in the photographs below.



76 NPL’s signage had **Nalli** prominently displayed, with “Pte Ltd” given much less prominence. The decision below turned on this imbalance. But this conclusion was premised on NPL not being able to refer to itself as “Nalli” alone. On the proper interpretation of DS2, as noted above at [67], there was no restriction against this. Thus, even if the presence of the words “Pte Ltd” were to be disregarded, there was no breach by NPL in using “Nalli” as its trade name in the form of **Nalli**. This was permitted by cl 1. As noted above at [67], there was no restriction in cl 1 of DS2 on the manner in which “Nalli” was represented (including font and typeface) as a trade name, save that in view of the other provisions of the deed, *Nalli* could not be used.

77 The use of **Nalli** on the 2C Signage as a mark is also not a breach of cl 7 of DS2. Clause 7 stipulates that use by NPL of “NALLI” as a trade mark can only be in the form of the WFM and in relation to its “products and packaging (including carrier bags)”. The use of **Nalli** on the 2C Signage was not in relation to such products or packaging. In other words, DS2 poses no limitation on the use of **Nalli** as a mark on the 2C Signage and, accordingly, there can be no breach.

78 There is another signage at No 10 with a similar use of the candle motif and the **Nalli** sign. However, as noted by the Judge, the respondents’ claim was in relation to the 2C Signage only. We therefore do not consider this.

### ***Bags, boxes, price cards and display case***

79 The respondents pleaded that the use of the words “Nalli” and “Nalli Singapore” both as a trade mark and a business name on NPL’s marketing collaterals, including its carrier bag, saree box and price card, was contrary to



the agreement to use only “Nalli Pte Ltd” as a trade name and the WFM as a trade mark.<sup>71</sup>

*Bags and boxes*

80 The complained-of carrier bags took the following form:



81 The boxes were in the following form:

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<sup>71</sup> ROA Vol II 16–17 (SOC at paras 23(ii) and 23(iii) (RBP at pp 12–13)). See also ROA Vol III(F) 60–71 (Plaintiffs’ Closing Submissions dated 14 February 2022 at paras 139–179).



82 The boxes had the candle motif on the box, both in the centre as part of the WFM and along the edges as part of **Nalli**. There was also Tamil writing on the side of the boxes, stating “Nalli Singapore”.

83 The Judge found that NPL’s use of **Nalli** on two bags (of an almost identical design)<sup>72</sup> was in breach of DS2. In particular, the Judge found that having the carrier bag fringed on the vertical sides with **Nalli** and Nalli




Singapore, , appearing twice above the WFM was a breach of cl 7 of DS2. For the same reasons, the use of these signs on the boxes was in breach of DS2 (the Judgment at [70]).

84 Following our interpretation of DS2 (at [67] above), it was not a breach for NPL to use the word “Nalli”, or the phrase “Nalli Singapore” as a part of

<sup>72</sup> Mr Madhavan’s AEIC at para 67.20 (BAEIC at pp 274–277); ROA Vol V(E) 133 and 142 (Agreed Bundle of Documents Vol III dated 2 September 2021 at pp 131 and 141).



their trade names. If, however, **Nalli** and  were used as *marks* on NPL's products and packaging, this would be prohibited by cl 7 of DS2. In our view, the use of these signs on NPL's bags and boxes falls within the category of "products and packaging" stated in cl 7.

85 On the facts, however, we are satisfied that there was no breach of cl 7. As we elaborate below at [128], NPL's use of **Nalli** on the boxes and bags was decorative in nature and was not intended to indicate origin as a *mark*. It was instead the WFM, which appeared prominently alongside **Nalli**, which served the latter purpose. Given that these signs were not used as a *mark*, in that they were not intended to bring consumers home to the source of the boxes and bags, the restriction in cl 7 of DS2 was not engaged.

#### Price cards

86 The price cards were in the following forms:

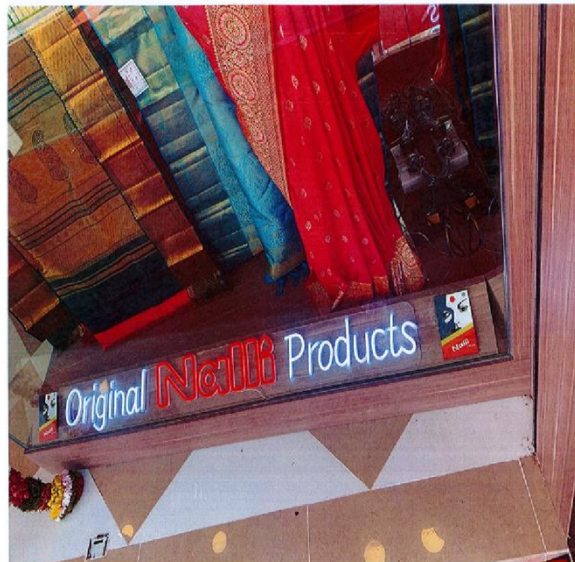


87 The price cards contained the words “Nalli Pte Ltd” using the sign **Nalli** alongside the WFM mark. This use of “Nalli Pte Ltd” as NPL’s trade name does not raise any issue. The statement “Buy Original Nalli products only” only served to emphasise the parties’ respective legitimacy in the use of “Nalli” by each of them as envisaged by DS2 (see [144] below).

88 As for the use of **Nalli** as a mark, the price cards also do not fall within the category of “products and packaging” in cl 7 of DS2. There is thus no breach of DS2.

*Display case*

89 The display case was as follows:



90 The use of **Nalli** in the display case does not breach DS2 as the display case does not fall within the phrase “products and packaging” used in

cl 7 of DS2. Again, the statement, “Original Nalli Products”, does not offend the clauses in DS2 (see [144] below).

### ***Summary***

91 In summary, there was no breach of DS2 or, for that matter, DS1 through NPL’s use of **Nalli**.

92 As noted by the Judge, no question of limitation arises and laches cannot be raised. The appellants point in a number of instances to long usage in respect of signs and packaging. It was not clear what the jurisprudential basis for such long usage excusing breach was. Waiver and estoppel would not have been made out on what was raised, assuming they were available, as there was little evidence that the respondents were aware of such usage.

### ***Counterclaim on breach***

93 NPL counterclaimed for breaches of DS2 in respect of:

- (a) statements by employees and agents of NCCPL made to their customers that NCCPL is the one and only “Nalli” in Singapore;
- (b) NCCPL’s use of marketing collaterals from its associate companies in Singapore which referred to foreign addresses;<sup>73</sup>
- (c) NCCPL referring to itself as the “original” Nalli Chinnasami Chetty, implying that it is the only “Nalli” in Singapore; and
- (d) the use of “Nalli Next” by NCCPL instead of *Nalli* Chinnasami Chetty.

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<sup>73</sup> ROA Vol III(F) 242–243.

94 None of these assertions are made out.

95 First, the alleged statements made by NCCPL or its employees, which suggested that NCCPL was the only “Nalli” in Singapore, did not amount to a breach of DS2. As we explain later at [147], these statements, seen in their proper context, merely indicated that NCCPL was the only branch in Singapore of Nalli *from Chennai* associated with NCC.

96 Second, “Nalli Next” and the marketing collaterals each had references to other shops outside Singapore. Neither contained a reference to NCCPL or the Singapore shop. These materials may suggest a connection to the shops in India, but that is not in itself a breach of DS2. Moreover, the use of “Nalli Next” was in a limited context with limited effect. On the evidence, this combination was a branding effort launched in India, and, although brochures were distributed in Singapore, this effort does not seem to have been transposed in a substantial way into Singapore.<sup>74</sup> In short, this was not material intended for the Singapore market, which was what DS2 sought to regulate. There was accordingly no breach of DS2.

### **Was there trade mark infringement by NPL?**

97 Having addressed the question of breach of DS2 on the use of trade names and trade marks, we now address the issue of trade mark infringement on a standalone basis, *ie*, regardless of the terms of DS2.

98 NCC’s *Nalli* mark forms the subject of three trade mark registrations in Singapore:

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<sup>74</sup> ROA Vol III(A) 292 (NR’s AEIC at para 180).

- (a) TM69A, which was registered for retail services relating to sarees and clothing (Class 35) in 2011;<sup>75</sup>
- (b) TM55Z, which was registered in relation to sarees, dhoties, lungies and other apparel-related items (Class 24) in 1998; and
- (c) TM56H, which was registered in relation to articles of clothing for men and women (Class 25) in 1998.

TM55Z and TM56H were registered after the Deeds of Settlement had been entered into.<sup>76</sup>

99 NCC claimed that NPL had infringed its trade marks by using the sign, **Nalli**, in the following ways as NPL’s business name (and therefore as a service mark):<sup>77</sup>

- (a) on NPL’s 2C Signage;
- (b) on NPL’s carrier bags and saree boxes;
- (c) on NPL’s price cards; and
- (d) on NPL’s display cases.

The sign displays the word “Nalli” in the same typeface used in the WFM, with a candle motif instead of the letter “I”.

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<sup>75</sup> ROA Vol V(B) 96–110 (Registration application for TM69A).

<sup>76</sup> ROA Vol V(B) 86–88 (Registration application for TM55Z and TM56H).

<sup>77</sup> ROA Vol II 25–26 (SOC at para 38).

100 The Judge found that NPL had infringed NCC's trade marks under s 27(1) of the TMA (the OJ at [6]) as NPL had used a sign which was identical to the marks registered by NCC. Section 27(1) provides that:

**27.—(1)** A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, the person uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

In the alternative, the Judge found that NPL had infringed NCC's registered trade marks under s 27(2)(b) of the TMA as the signs used by NPL were at least similar to NCC's registered marks and were used in relation to goods or services which were identical with or similar to those for which the trade marks were registered (the OJ at [7]). Section 27(2) provides:

(2) A person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, the person uses in the course of trade a sign where because —

- (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered; or
- (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,

there exists a likelihood of confusion on the part of the public.

### ***Infringement under s 27(1) TMA***

101 Pursuant to s 27(1) of the TMA, a registered trade mark is infringed if, without the consent of the trade mark proprietor, a person, in the course of trade, uses a sign which is identical to the registered trade mark in relation to goods or services which are identical with those for which the trade mark is registered.

The Judge found that **Nalli** was indeed identical to *Nalli*. He stated that the



visual differences were so insignificant that they would go unnoticed by the average consumer (the OJ at [9]). The candle motif for the “I”, the Judge found, was insignificant, as was the difference in the font and the slant or angle of the letters.

102 The question as to whether a sign is identical to a registered trade mark must be considered from the perspective of the average consumer. A sign will be found to be identical with the registered trade mark where it reproduces, without any modification or addition, all the elements constituting the mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by the average consumer. “Identity” may only be found if there is both aural and visual identity: James Mellor *et al*, *Kerly’s Law of Trade Marks and Trade Names* (Sweet & Maxwell, 16th Ed, 2018) (“*Kerly’s*”) at paras 16-073–16-074.

103 With respect, the conclusion reached by the Judge – that the marks were identical – goes against the differences between the marks, which exist even though they both contain the word “Nalli”. Whilst the two marks may be said to bear aural identity, there are nonetheless visual and conceptual differences. Visually, there is a clear distinction in their forms. *Nalli* is in a thin and cursive font. The word is positioned at an angle and is black in colour. **Nalli** is in block face and in a thick bold font, horizontally placed and red, with the letter “I” taking the form of a candle and its flame. Conceptually, the candle motif in **Nalli** introduces a separate concept as compared to *Nalli*. These differences cannot be said to go unnoticed by an average consumer. On this basis, the two marks in question cannot be considered to be *identical*. We therefore disagree with the Judge. NCC’s claim for trade mark infringement under s 27(1) must fail accordingly.

***Infringement under s 27(2) TMA***

104 We turn then to NCC’s claim for trade mark infringement under s 27(2) of the TMA. For the claim to succeed, the claimant must prove the following elements (see *Dr Who Waterworks Pte Ltd and others v Dr Who (M) Sdn Bhd and others* [2023] SGHC 156 at [60]):

- (a) use by the defendant(s) of the sign within Singapore (or, in cases where the allegedly infringing signs are found on websites, that consumers within Singapore have been “targeted” by those websites);
- (b) in the course of trade;
- (c) in a trade mark sense;
- (d) without the consent of the plaintiff(s);
- (e) a sign which is identical or similar to the registered mark;
- (f) in relation to goods or services identical or similar to those for which the mark is registered; and
- (g) a likelihood of confusion on the part of the public.

105 In the light of our conclusion that the sign **Nalli** is not *identical* to *Nalli*, the question then is whether, pursuant to s 27(2)(b) of the TMA, the sign is *similar* to the registered trade marks and is used in relation to goods or services identical with or similar to goods or services for which the marks are registered, which gives rise to a likelihood of confusion.

*Identity/similarity of the sign used and the registered marks*

106 We first consider whether the allegedly infringing sign is similar to the registered trade marks. In this respect, a mark for competing sign comparison is required, as stipulated by the Court of Appeal in *Sarika Connoisseur Cafe Pte Ltd v Ferrero SpA* [2013] 1 SLR 531 at [17]. To this end, three aspects of similarity are relevant: aural, visual and conceptual similarity. This exercise will be undertaken from the viewpoint of the average consumer who will exercise some care and a measure of good sense in making his or her purchases, and not that of an unthinking person in a hurry: *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd and another and another appeal* [2013] 2 SLR 941 (“*Hai Tong*”) at [40(c)]. Visual similarity must normally be assessed by reference to the overall impressions created by the marks or signs, bearing in mind their distinctive and dominant components: *Hai Tong* at [62(b)]. In terms of conceptual similarity, the court will look at the “ideas that lie behind or inform the marks or signs in question”: *Hai Tong* at [70]. Finally, the court will also consider the distinctiveness of the trade marks in question in evaluating the similarity between the alleged infringing signs and the marks. The distinctiveness of the marks is not a separate aspect of similarity but is relevant to the analysis in so far as a mark which bears greater distinctiveness will enjoy a high threshold before a competing sign will be considered dissimilar to it: *Staywell Hospitality Group Pty Ltd v Starwood Hotels & Resorts Worldwide, Inc and another and another appeal* [2014] 1 SLR 911 (“*Staywell*”) at [25].

107 The Judge found that the marks were, if not identical, at least similar (the OJ at [10]–[11]). He did not, however, elaborate further on this point. We have concluded that the marks are not identical and therefore respectfully disagree with the Judge.

108 We also disagree with the Judge’s conclusion that the marks are similar. We begin by assessing the distinctiveness of the registered trade mark. This pertains to the ability of the trade mark to distinguish the *origin* of the goods or services in question. We accept the view that the registered mark, *Nalli*, is distinctive. As observed above, the word “Nalli” was derived from the name of Mr Nalli. By itself, the word has no inherent meaning and is not descriptive of the goods or services which NPL provides. It therefore possesses inherent distinctiveness in distinguishing the origin of the goods and services in question. It follows that the threshold to find that the allegedly infringing sign, **Nalli**, is dissimilar to the registered trade mark is high.

109 There is aural similarity between the sign and the registered trade mark. The aural characteristics of both marks are identical as they involve the same two-syllable word – “Nalli”. They would thus be pronounced in the same manner.

110 However, the overall visual impressions of the two marks are different. Although the registered marks and the sign both comprise the word “Nalli”, the different manner in which the word “Nalli” is rendered in each instance does give rise to material distinctiveness. The allegedly infringing sign bears the lighted candle motif, with the letter “I” taking the form of a candle with its flame. This, together with the different typeface and colour, gives a distinctive overall impression to the average consumer (as observed at [103] above). Considering the impression created by the two marks on the whole, it may be said that they have low visual similarity.

111 With respect to conceptual similarity, the use of the candle motif in **Nalli** is in our view significant. It conveys a different concept from *Nalli*

which is the word “Nalli” rendered in cursive font. The deliberate choice of identifying a candle motif to represent the letter “I”, in relation to a customer base comprising purchasers of sarees, is a point of significant conceptual distinction. It would seem quite evident that this choice was to associate **Nalli** with the candle, fire and light, all of which carry significance in Indian culture and the Indian community, which form the target demographic for NPL’s products. The expression of these ideas is accentuated by the fact that the word “Nalli” is displayed in bright red font. We therefore accept that the association with fire and light – which is absent in the *Nalli* mark – lies behind the **Nalli** sign as a whole. Any conceptual similarity arising by way of the marks’ common use of the word “Nalli” is best described as insubstantial.

112 In determining similarity, the court makes a broad assessment allowing for trade-offs and does not adopt a “checklist” approach: see *Staywell (CA)* at [18]:

In short, the criteria of visual, aural and conceptual similarities do not invite a formulaic consideration; rather, they are signposts towards answering the question of *whether the marks are similar*. Trade-offs can occur between the three aspects of similarity in the marks-similarity inquiry: *Ozone Community Corp v Advance Magazine Publishers Inc* [2010] 2 SLR 459 (“*Ozone Community*”), see also Bently and Sherman, *Intellectual Property Law* (Oxford University Press, 3rd Ed, 2009) (“*Bently & Sherman*”) at p 864.

113 Taking into account the three aspects of similarity in the light of the distinctiveness of the registered trade marks, we find that the allegedly infringing sign is distinctive from the marks. It follows then that there is no infringement of s 27(2)(b) of the TMA.

*Identity/similarity of goods and services*

114 Assuming for the sake of argument that the marks are similar, difficulties remain for NCC. We begin with the issue of whether the allegedly infringing sign was used on goods or services which are identical with or similar to those for which the trade mark was registered. As stated earlier at [97], TM69A was registered in relation to retail services relating to sarees and clothing in Class 35,<sup>78</sup> TM55Z was registered in relation to sarees, dhoties, lungies and other apparel-related items in Class 24<sup>79</sup> and TM56H was registered in relation to articles of clothing for men and women in Class 25.<sup>80</sup> In determining which goods and services a mark is used in relation to, the court will consider how an average consumer will perceive the mark as being applied: *Kerly's* at paras 16-038 and 16-040. Given the alleged uses of the infringing sign as stated above at [99], we are of the view that the average consumer would understand the sign **Nalli** to be used in a manner which denotes the origin of NPL's retail services as well as the sarees and other articles of clothing which it sells. Accordingly, the sign was used on goods and services identical with those for which the relevant marks were registered.

*Likelihood of confusion*

115 If the marks and sign were similar, it would have been necessary for us to find that there is a likelihood of confusion in order to determine that trade mark infringement is made out under s 27(2) of the TMA. The Judge found that there was a likelihood of confusion as to the origin of the goods or services in

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<sup>78</sup> Respondents' Core Bundle dated 14 October 2022 ("RCB") at p 25.

<sup>79</sup> RCB at p 27.

<sup>80</sup> RCB at p 29.

question by virtue of the similarity between NPL's sign and NCC's marks and the fact that they were used in relation to identical or similar goods or services (the OJ at [13]). There was, in the Judge's opinion, therefore a likelihood of confusion for the purposes of s 27(2) of the TMA. We respectfully disagree. There is, in our view, no likelihood of confusion.

116 The applicable approach was laid down in *Hai Tong* at [73]–[74] by the Court of Appeal:

73 In a claim for trade mark infringement, the plaintiff must show that there is a likelihood of confusion as to the *origin* of, respectively, his goods and the defendant's goods by virtue of the identity or similarity between his mark and the defendant's sign as well as the identity or similarity between the goods to which they are applied. *Confusion in this context extends to the situation where the consumer mistakenly assumes some kind of economic link or connection between goods bearing the registered mark and those bearing the allegedly infringing sign.*

74 Indeed, the authorities are clear that *there are at least two specific aspects to the element of confusion. The first is mistaking one mark for another, so that the perception of the relevant segment of the public is that the allegedly infringing mark is in fact the same as the registered mark. In short, in this context, the relevant segment of the public may not even perceive that there are two distinct marks. The second is where the relevant segment of the public may well perceive that the contesting marks are different, but may yet remain confused as to the origin which each mark signifies and may perceive that goods bearing the earlier registered mark and those bearing the later allegedly infringing mark emanate from the same source that has chosen to diversify its range of marks for any of a multitude of marketing or promotional reasons or that the two sets of goods emanate from sources that are economically linked or associated.*

[emphasis added]

117 The objective is thus to ascertain if there is a likelihood of confusion, *ie*, a misapprehension as to the *origin* of the goods and services. The inquiry in this respect is undertaken from the perspective of the average consumer. The Court

of Appeal proceeded to give further guidance in its analysis at [85] of *Hai Tong*. It identified the three elements which have to be considered in assessing the likelihood of confusion under s 27(2) of the TMA, namely (a) the similarity between the marks, (b) the similarity between the goods and services in relation to which the marks are used and (c) the relevant segment of the public in relation to whom the likelihood of confusion is to be assessed. The Court of Appeal in *Hai Tong* further noted (at [85(c)]):

As an illustrative proposition, the likelihood of confusion must be greater where, say, the contesting marks are similar to a high degree, the goods are identical in nature and the segment of the public in question is undistinguished in its attention than would be the case if the marks and the goods are somewhat similar but not exceedingly so, and the relevant segment of the public happens to be highly knowledgeable and very fastidious.

118 In *Staywell*, the Court of Appeal set out a non-exhaustive list of factors at [96] which may be taken into account in the court's assessment of the confusion inquiry:

- (a) factors relating to the impact of mark-similarity on consumer perception:
  - (i) degree of similarity of the marks themselves;
  - (ii) the reputation of the marks;
  - (iii) the impression given by the marks; and
  - (iv) the possibility of imperfect recollection of the marks;
- (b) factors relating to the impact of goods/services-similarity on consumer perception:



- (i) the normal way in or the circumstances under which consumers would purchase goods/services of that type;
- (ii) the price of the goods/services (as opposed to the price disparity between the competing goods);
- (iii) the nature of the goods/services and whether they would tend to command a greater or lesser degree of fastidiousness and attention on the part of prospective purchasers; and
- (iv) the likely characteristics of the relevant consumers and whether they would or would not tend to apply care or have specialist knowledge in making the purchase.

119 In addition, the likelihood of confusion must exist among a substantial portion of the relevant segment of the public, which will comprise the actual or potential purchasers of the goods in question: see Ng-Loy Wee Loon, *Law of Intellectual Property of Singapore* (Sweet & Maxwell, 3rd Ed, 2021) (“Ng-Loy”) at para 21.5.27. This segment must go beyond a *de minimis* level: *Hai Tong* at [78(e)].

120 We found above at [108]–[111] that the allegedly infringing sign is dissimilar to the registered trade marks. In any event, as the appellants have argued, any similarity between *Nalli* and **Nalli** is not likely to give rise to confusion on the part of the public because NCC, through NCCPL, has always used “*Nalli* Chinnasami Chetty” to identify itself, and never just as *Nalli* .

121 The reputation of the respective marks can have a potential effect on how consumers perceive the similarity of the marks: see *Staywell* at [96(a)]. We find that there is evidence that the reputation of NCC, in the form of the name

“ *Nalli* Chinnasami Chetty” or indeed *Nalli* alone among the relevant segment of the public, which comprises the potential and actual retail customers of sarees and other clothing items, is sufficient to prevent a likelihood of confusion from arising as to the origin of goods and services bearing the sign **Nalli**. The two parties and their products have co-existed in the market since at least the time that the Deeds of Settlement were executed. The inference is that over the 20-odd years since, the average consumer’s perception of the distinction between the two sources or origin signified by the goods bearing the different marks, would only have been reinforced. The use of the mark *Nalli* in the form of the name “*Nalli* Chinnasami Chetty”<sup>81</sup> also served to highlight the link between NCCPL and the store in Chennai. Furthermore, given that the **Nalli** sign was taken from the WFM, the overall association of the **Nalli** sign with the WFM would have resulted in further differentiation in the mind of the average consumer, even when accounting for the consumer’s imperfect recollection.

122 Against that backdrop, the evidence put forward at trial in support of the respondents’ claims for trade mark infringement and passing off, such as the videos documenting discussions between NCCPL’s staff and some of its customers suggesting that the customers were confused as to the source of the goods and services bearing each mark, does not assist the respondents in establishing that a likelihood of confusion has arisen. These videos captured five conversations which the staff of NCCPL had with customers who had visited their store at 16 Buffalo Road.<sup>82</sup> To begin with, these conversations, by themselves, are not determinative of whether a likelihood of confusion arises on

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<sup>81</sup> See, eg, ROA Vol V(B) 159.

<sup>82</sup> ROA Vol III(A) 292 (NR’s AEIC at para 111).

the part of the *average consumer*, who is deemed to be reasonably well-informed and reasonably circumspect and observant. This is especially since the responses of some of the customers in these videos indicated that they did not exercise such circumspection and care:

|                                       |   |
|---------------------------------------|---|
| Male customer<br>(28 August<br>2020): | Today what happened was that... when I was walking and <i>in a swift</i> , it was written as Nalli. I went in and was thinking... I thought never mind just go and see... <sup>83</sup> |
|---------------------------------------|---|

[emphasis added]

123 More importantly, the focus of the conversations does not appear to be primarily about the marks or their similarity, but more about the overall impression of the stores and their set-up, and the use of the “Nalli” name. Whilst the customers appeared initially to associate NCCPL with NPL because they both used the name “Nalli”, it was also apparent to at least some of these customers that the marks of each business differed and led to different impressions and consequently brand awareness:

|                                       |   |
|---------------------------------------|---|
| Male customer<br>(26 August<br>2020): | Only this Nalli logo is the original. <sup>84</sup> |
|---------------------------------------|---|

124 The videos do not therefore comprise sufficient evidence that a likelihood of confusion arises as a result of the similarity between NPL’s sign and NCC’s registered trade marks and the identity/similarity of the goods and

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<sup>83</sup> ROA Vol V(C) 19 (Agreed Bundle of Documents Vol II dated 2 September 2021 at p 17).

<sup>84</sup> ROA Vol V(C) 15 (Agreed Bundle of Documents Vol II dated 2 September 2021 at p 13).

services sold/provided by NPL in relation to those for which NCC's marks are registered.<sup>85</sup>

125 We are therefore satisfied that no likelihood of confusion arises in relation to the goods and services sold/provided by NCCPL and NPL.

126 Finally, we are inclined to the view that DS2 may also be relevant in considering whether a likelihood of confusion would arise: in our view, this is logical as the deed represented an understanding and acceptance between NCCPL and NPL that there was no confusion between their marks, names and businesses. This was after all their bargain as to how they would co-exist including on the question of the use of the "Nalli" name as a trade name and a trade mark. However, we decline to have reference to DS2 in view of the observations in *Staywell* at [95]–[96] to the effect that reference should not be had to impermissible extraneous factors in assessing whether a sufficient likelihood of confusion exists. If DS2 is taken on board, it would only serve to point us with even greater clarity to the conclusion which we have already reached above.

*Use in a trade mark sense*

127 The appellants further contend on appeal that NPL did not use **Nalli** as a trade mark.<sup>86</sup> The appellants suggest that NPL's use of **Nalli** was simply for design and decorative purposes, and that this is illustrated by the fact that it has used **Nalli** in various inconsistent forms. They rely on the finding in *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2010] 1 SLR 382 ("City

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<sup>85</sup> ROA Vol II 153.

<sup>86</sup> AC at para 132.

*Chain Stores*”) at [38] where it was stated that the alleged infringing use there was not trade mark use because the sign was “displayed in a randomly-repeated pattern on the inner and outer ... watch dial” and the sign was not uniformly represented. As the Court of Appeal in *City Chain Stores* explained at [36], a sign has to be used *as a trade mark* for there to be infringement under s 27 of the TMA. In other words, the sign has to serve as a badge of origin for the goods or services in question.

128 It is trite that the registration of a trade mark is not intended to accord a monopoly which extends to all uses of the mark. Descriptive or decorative use, which does not impinge on the origin function of the mark, does not constitute trade mark use: *Ng-Loy* at paras 23.3.3–23.3.5. In the present context, we accept that the use of **Nalli** by NPL was, in some contexts, namely its use on the fringes of the boxes and bags, predominantly decorative. This is because the allegedly infringing sign, **Nalli**, was simply replicated in a small font size to create a border for the WFM on the boxes and bags (see [80] and [81]). To this end, we are of the view that the use of a sign in the form of a word or multiple words does not necessarily mean that the origin function is engaged or that such use cannot be predominantly decorative in nature. In the present case, for example, the WFM was the mark which was given prominence on the boxes and bags. It was therefore this mark which NPL relied on to denote the origin of those goods; the use of **Nalli** only played a secondary decorative role. Accordingly, such use did not comprise trade mark use. It was also for this reason that we earlier found that cl 7 of DS2 was not engaged and therefore not breached by NPL (see [85] above).

129 In addition, we are unable to see how the use of **Nalli** as a sign on the 2C Signage, the price cards and the display case did not amount to use in a

trade mark sense. The use of the sign **Nalli** in these instances, even when placed alongside the WFM, clearly served as a badge of origin in relation to the goods and services provided at 2C. However, we stress that nothing turns on this finding given our conclusion above that the marks are not similar and there was in any case no likelihood of confusion.

### *Defences*

130 Given our conclusion that there was no infringement, the question of the applicability of the defences does not arise.

### *Summary*

131 For the reasons set out above, we find that the Judge had erred in finding that NPL was liable for trade mark infringement under ss 27(1) and 27(2) of the TMA. This is because the allegedly infringing sign was neither identical nor similar to NCC's registered trade marks and, in any event, no likelihood of confusion arises in relation to the goods and services sold/provided by NCCPL and NPL.

### **Was there passing off by NPL?**

132 There are three elements to the tort of passing off: (a) goodwill or reputation attached to the product or service; (b) misrepresentation by the defendant that its goods are the claimant's goods or originate from a source that is economically linked to the claimant; and (c) damage to the claimant's goodwill caused by the defendant's misrepresentation: *The Singapore Professional Golfers' Association v Chen Eng Waye and others* [2013] 2 SLR 495 ("*Chen Eng Waye*") at [20]. The Judge found that all three elements were made out.

133 On appeal, the appellants only challenge the Judge’s finding on misrepresentation. They argue that he was wrong to be troubled by the following matters:

- (a) usage of the word “branch” on the sign outside No 10;
- (b) the write-up on NPL’s website; and
- (c) NPL’s use of the song from the Tamil film “Remo”.<sup>87</sup>

According to the appellants, these did not amount to any “misrepresentation” that could give rise to passing off.

134 We agree with the appellants.

135 A misrepresentation is actionable under the law of passing off only if it gives rise to actual confusion or a likelihood of confusion: *Chen Eng Waye* at [42]. This analysis is undertaken from the perspective of the relevant segment of the public as identified under the examination of goodwill: *Novelty Pte Ltd v Amanresorts Ltd and another* [2009] 3 SLR(R) 216 at [77] and [80]. Unlike the confusion inquiry in cases involving trade mark infringement, the court may take into account extraneous factors which shed further contextual light: *Han’s (F & B) Pte Ltd v Gusttimo World Pte Ltd* [2015] 2 SLR 825 at [199].

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<sup>87</sup> AC at paras 153–167.

136 In our view, the matters listed at [133] as well as NPL’s use of the sign **Nalli** do not give rise to actionable misrepresentations.

137 First, the use of the word “branch” on NPL’s signage at No 10 does not result in a likelihood of confusion. The appellants explain that at the time No 10 was opened in 1999, NPL had another shop at 27 Campbell Lane. However, NPL did not remove the word “branch” on its signage at No 10 even after that shop closed in 2004. While the use of the word “branch” does, by itself, suggest that there were other shops belonging to NPL, this must be considered in the context in which the word was used. Specifically, the word “branch” was placed alongside the sign **Nalli** as well as the WFM at the front of No 10.<sup>88</sup> Given the reputation of *Nalli* and **Nalli**, and the fact that they are distinctive of the two businesses, local customers of NCCPL are unlikely to be confused by any misrepresentation conveyed by the word “branch” alone. Moreover, actual and potential customers of sarees looking into No 10 would have realised that the set-up of No 10 is very different from that of NCCPL. This is evident from the comments made by the customers who entered NCCPL’s shop:

|                                       |   |
|---------------------------------------|---|
| Male customer<br>(28 August<br>2020): | When I saw [NPL’s] setup, I knew. It looks very different inside. <sup>89</sup> |
|---------------------------------------|---|

|   |   |
|---|---|
| Female<br>customer (6<br>September<br>2020) | Then I saw, this packing looks different. <sup>90</sup> |
|---|---|

This would have reduced any likelihood of confusion arising.

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<sup>88</sup> ROA Vol V(E) 121 (Agreed Bundle of Documents Vol III dated 2 September 2021 at p 119).

<sup>89</sup> ROA Vol V(C) 24 (Agreed Bundle of Documents Vol II at p 22).

<sup>90</sup> ROA Vol V(C) 37 (Agreed Bundle of Documents Vol II at p 35).



138 Second, the complained-of description on NPL’s website did not give rise to an actionable misrepresentation. This description read:

“Nalli Pte Ltd is incorporated in Singapore in the year 1990 with the blessings of Mr Nalli Duraisami Chettiar, Son of the original founder of the Nalli brandname, Mr. Nalli Chinnasami Chetti.”

Once again, the above description has to be considered in context. The above description was the penultimate paragraph in an “About Us” section comprising seven paragraphs. In those seven paragraphs, NPL not only stated very clearly that their outlet is at “No. 10 Buffalo Road”, but also the names of their directors, Mr and Mrs Madhavan. The webpage also included the WFM. It is clear to us that no likelihood of confusion would have arisen.

139 Third, the use of the song from the Tamil film “Remo” on NPL’s Instagram account did not result in a likelihood of confusion. This song contained a line which states: “I’ll take you shopping to the Nalli”. There is, however, no evidence to show that the actual or potential customers looking to purchase sarees would have associated the song with NCCPL or NCC.

140 Fourth, the use of the sign **Nalli** to identify NPL and its goods and services does not give rise to an actionable misrepresentation. It must be recognised that NPL’s uses of **Nalli** on its carrier bags, boxes, price cards, display case and even the 2C Signage were accompanied by the prominent use of the WFM (see the Judgment at [61], [66], [71], [73] and [76]). These were not isolated uses of **Nalli** as a mark or sign on goods and services. Therefore, we see the force in the appellants’ argument that these were, when viewed as a whole, not misrepresentations that NPL’s goods and services originated from or were associated with the respondents. An actual or potential consumer of the products offered by NPL looking at those uses of **Nalli** would certainly also

focus on the WFM, which would dispel any confusion that the goods and services were related to NCC and/or NCCPL rather than NPL. Our conclusion that there was no likelihood of confusion is buttressed by the existence of DS2, which (as we observed at [126] above) represented an understanding and acceptance between NCCPL and NPL that there was no confusion between their marks, names and businesses.

141 For these reasons, we are of the view that there were no actionable misrepresentations by the appellants. The Judge’s finding that there was passing off by the appellants was thus in error, and the appellants succeed on this point.

#### **Was NPL liable for malicious falsehood?**

142 The Judge found that NPL was liable for malicious falsehood in respect of various instances when it displayed the phrase “Original Nalli Products” on its price cards and display case. He found that the words implicitly referred to the respondents (the OJ at [38]), were false because they suggested that the goods sold by the respondents were not genuine (the OJ at [41]) and were made maliciously as they were calculated to cause damage to the respondents (the OJ at [45]).

143 On appeal, the appellants stress that the statements were defensive, and were only made in response to the sign put up by NCCPL which read “Original Chennai *Nalli* Chinnasami Chetty”. According to the appellants, NPL displayed these statements in an honest move to distance themselves from NCCPL and to prevent customers from thinking that NPL was fake.<sup>91</sup>

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<sup>91</sup> AC at para 173.

144 The use of the word “original” by both sides was, we find, aimed at emphasising their respective right to use “Nalli”. Given that DS2 contemplated the continued use of the word “Nalli” in the business names of both sides, each describing itself as “original” did not amount to an attack or disparagement of the other side, and there was no false assertion or malice.

145 We therefore allow the appeal against the Judge’s finding that NPL had acted maliciously and made false statements by implying that the goods sold by NCCPL were not genuine.

#### **Were the respondents liable for malicious falsehood?**

146 NPL argues that certain statements which were made by NCCPL’s employees to a customer (who had in fact been sent undercover by NPL) amounted to malicious falsehood. In particular, NPL highlights three statements. First, that NCCPL is “original” and that there is “just this one shop”. Second, that NPL is not their shop and is a “duplicate” “Nalli”. Third, that NCCPL is the only “Nalli”.<sup>92</sup> It is important to view these statements in the context of the two exchanges in which they were made:<sup>93</sup>

Customer: Is this original? Is it just this one shop?

[Employee 1]: ***This is original. Just this one shop.*** Before we registered, they registered it. They wrote Nalli Private Limited. This is Nalli Chennai Chinnasami Chetty. We have 32 shops in the whole thing.

Customer: So this is the original? Only one?

[Employee 1]: Many people don’t know this. That is why we have written and pasted it there “original Chennai Nalli”.

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<sup>92</sup> AC at paras 186–187.

<sup>93</sup> ROA Vol V(F) 92–98 (Transcript of conversation).

Customer: Oh Okay.

...

[Employee 2]: ***That one is not our shop. It is duplicate Nalli.*** Local person. They named it Nalli Private Limited before we opened our shop. The quality and price there will all be very different. Come to buy other sarees, there will be good variety and the price will be right also.

[emphasis added in bold italics]

And:<sup>94</sup>

[Employee]: Did you ask [NPL] if theirs is a branch of Chennai?

[Customer]: No, no. They did not say it was Chennai Nalli. I just asked whether this is Nalli. They said “Yes this is Nalli come inside” ...

[Employee]: ***This is the only Nalli.*** The Chennai branch is only this one. We don’t have any other branches.

[emphasis added in bold italics]

147 When the statements are read in context, it is clear that they were not false. Both exchanges were about whether NCCPL’s shop originated from Chennai and was associated with NCC. On this specific point, it is true that NCCPL’s shop is the only such shop in Singapore. We recognise that, in the second exchange, the employee did say, “This is the only Nalli”, which, if said in isolation, would have been false and a breach of cl 2 of DS2. However, what immediately followed this phrase was a clarification that this was the only branch in Singapore of Nalli *from Chennai*. This is what the employee intended to convey when he said, “This is the only Nalli”. This was not false.

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<sup>94</sup> ROA Vol V(C) 25 (Transcript of conversation).

148 We therefore find that the Judge was correct to dismiss the appellants' counterclaim for malicious falsehood.

**Were Mr and Mrs Madhavan personally liable for any of NPL's torts?**

149 As mentioned above, the Judge found that Mr and Mrs Madhavan were personally liable for NPL's torts. On appeal, the appellants challenge the Judge's finding that Mr and Mrs Madhavan were personally liable for NPL's malicious falsehood. Given our holding that there was no malicious falsehood, there is no personal liability to be attached to Mr and Mrs Madhavan.

**Conclusion**

150 We summarise our decision as follows:

- (a) NPL did not breach the Deeds of Settlement, in particular DS2. Clause 1 of DS2 allowed NPL to use "Nalli" as a trade name *and* as a trade mark. There were no further restrictions placed on NPL in relation to the use of "Nalli" as a trade name, and the specific restriction in cl 7 of DS2 on NPL in relation to the use of "Nalli" as a mark was not engaged on the facts. The complained-of use of **Nalli** by NPL was therefore permissible.
- (b) NCCPL also did not breach DS2 by way of statements made by NCCPL or its employees or the use of "Nalli Next" and other marketing collaterals.
- (c) NPL is not liable for trade mark infringement.

(i) Even in the instances where **Nalli** was used on NPL's packaging, *ie*, its boxes and bags, such use did not amount to use in a trade mark sense.

(ii) In any event, the mark *Nalli* and the sign **Nalli** are neither identical nor similar to each other, and no likelihood of confusion exists on the basis of the evidence before us in relation to all uses of **Nalli** by NPL.

(d) NPL is not liable for passing off as no actionable misrepresentations were made.

(e) Both parties' claims for malicious falsehood are not made out. As such, no personal liability is to be attached to Mr and Mrs Madhavan.

151 Accordingly, the appellants' appeal is largely allowed. We set aside the injunctions granted against the appellants on 26 May 2022 (and which took effect on 1 July 2022)<sup>95</sup> as well as the orders made below, including the costs order made at first instance. Considering the work done at trial, a figure of \$200,000 all-in to the appellants is fair and is so ordered. As for the appeal, we are of the view that the appropriate cost order for the appeal is \$40,000 all-in to the appellants. All the costs orders here reflect the outcome of this appeal as summarised in [150] above.

152 In the light of our determination of the claims that have been pursued in these proceedings, we urge both sets of parties to consider what compromise is appropriate for the future, so as to allow the other to pursue its respective business with as little friction as possible. Indeed, the relatively trivial nature of

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<sup>95</sup> ROA Vol I 73–75.

many of the parties' complaints suggests that much benefit would result from a recognition that such disputes are but mere storms in a teacup and a reorientation of their efforts toward co-existence.

Belinda Ang Saw Ean  
Justice of the Court of Appeal

Kannan Ramesh  
Judge of the Appellate Division

Aedit Abdullah  
Judge of the High Court

Kanthosamy Rajendran (RLC Law Corporation) for the appellants;  
G Radakrishnan (Grays LLC) for the respondents.

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