

## **Bills Committee on Trade Marks Bill**

### **Clause 27(4) - Assignee's Right to Claim Damages**

#### **Introduction**

Under Clause 27(4) of the Bill, if an assignee under an assignment of a registered trade mark, or a licensee under a licence, does not apply for registration of the assignment or licence within the time limit set out in that Clause, he is not entitled to damages or an account of profits in respect of any infringement of the registered trade mark between the date of such assignment or licence to the date of registration of particulars of the transaction.

2. At the meeting on 21 February 2000, the Bills Committee requested the Administration to review, amongst other things, the propriety of depriving the right of an assignee in seeking damages from the assignor for infringement of the trade mark occurring during the interim period (the “interim period”) after the date of transaction and before the registration of the transaction with the Registrar of Trade Marks.

#### **Assignee suing assignor for infringement**

3. We have not found any case where an assignee sues an assignor for infringing acts occurring during such interim period. Until an assignee lodges an application to be registered as owner of a trade mark, he cannot sue his assignor in infringement because the assignor is still the “official” owner on the register.

4. After an assignee lodges an application to be registered as owner, he can sue his assignor only in respect of infringements occurring after the date of his application to be registered as owner. It is conceptually difficult in finding that the registered owner of a mark during the interim

period can be sued for infringement of the mark. The assignee's remedy in these circumstances should be on the basis of his contract with the assignor.

5. The only case we have found of some assistance is an Australian case, *Colbeam Palmer Limited & Another v Stock Affiliates Pty. Limited* [1972] RPC 303. The first plaintiff assigned his registered trade mark to an assignee after it commenced infringement proceedings against the defendant. The assignment was made in January 1966, and was registered in October 1966. The assignee joined as co-plaintiff in the course of the trial in July 1968. It was held that the defendant was accountable to (a) the assignor for profits up to October 1966, the date when the assignment was registered; and (b) the assignee for profits since October 1966. The judge observed that whether or not the assignor holds the profits so awarded to it or any part thereof in trust for the assignee was not something he had to determine. This seems to suggest that the assignee's recourse against the assignor would be by virtue of the contractual obligations of the parties under the assignment.

### **Provisions in other jurisdictions**

6. We have also looked at provisions in trade mark laws of other jurisdictions to see if there is provision allowing an assignee to claim damages from the assignor for trade mark infringement occurring during the interim period. There are none. We observe that -

(a) the provision in UK (Section 25(4), Trade Marks Act 1994) and that in Ireland (Section 29(4), Trade Marks Act 1996) are the same as Clause 27(4) in the Bill on this point;

(b) under Section 39(4) of the Singapore Trade Marks Act 1998 -

“A person who becomes the proprietor or a licensee of a registered trade mark by virtue of a registrable transaction is not entitled to damages or account of profits in respect of any infringement of the registered trade mark occurring after the date of the transaction and before the date of application for

registration of the prescribed particulars of the transaction.”;

- (c) under Section 110(2) of the Australia Trade Marks Act 1995 -

“The particulars [of an assignment] are taken to have been entered in the Register on the day on which the application was filed, and the registration of the beneficiary as the owner of the trade mark is taken to have had effect from and including that day.”

Section 20(2) provides that “The **registered owner** of a trade mark has ... the right to obtain relief under this Act if the trade mark has been infringed.”; and

- (d) under Section 45 (Registration of assignments and transmissions) of the India Trade Marks Act 1999, except for some limited purposes, “a document or instrument in respect of which no entry has been made in the register in accordance with [that section] shall not be admitted in evidence by the Registrar or the Appellate Board or any court in proof of title to the trade mark by assignment or transmission unless the Registrar or the Appellate Board or the court, as the case may be, otherwise directs.”

## Conclusion

7. Clause 27(4) of the Trade Marks Bill should not be regarded as depriving the assignee of the right to seek damages for infringement by the assignor during the interim period, since the assignee's recourse in these circumstances should be in contract, not by way of infringement action. There is also no provision in other jurisdictions referred to in the foregoing paragraphs that allow the assignee to seek such damages for infringement during the interim period from the assignor. We therefore consider that the present wording of Clause 27(4) is appropriate.

Trade and Industry Bureau  
April 2000

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