



## **IMPLEMENTATION OF GOODS AND SERVICES TAX (“GST”) AND CLARIFICATIONS ON AN AWARD OF COSTS BY THE INTELLECTUAL PROPERTY OFFICE OF SINGAPORE**

### **1. Implementation of GST by the Intellectual Property Office of Singapore**

The Intellectual Property Office of Singapore (the “IPOS”) has recently announced that it will be introducing fee revisions, amongst other matters.<sup>1,2,3</sup>

In the same Circular (i.e. Circular No. 1/2017, of 3 February 2017), the IPOS also announced that with effect from 1 April 2017 it will be GST-registered, in accordance with Singapore’s *Goods & Services Tax Act* (Cap. 117A).

In Singapore, GST (similar to Value Added Tax in other jurisdictions) is a broad-based consumption tax levied on the supply of goods and/or the provision of services. A business is liable for GST registration when its taxable turnover exceeds (or is expected to exceed) SGD\$1 million in a 12 month period.<sup>4</sup> GST was introduced in Singapore on 1 April 2004 at a rate of 3%. GST is now currently fixed at a rate of 7%, after it was raised on 1 July 2007.<sup>5</sup>

All invoices issued by the IPOS on or after 1 April 2017 will therefore now be subjected to GST, where applicable. However, it should be noted that all of IPOS’ published fees (official fees as of or after 1 April 2017) are already inclusive of GST, and the amounts stated will therefore not be further subjected to GST.

### **2. Award of Costs for Contentious Intellectual Property (“IP”) Disputes in the IPOS**

On 31 March 2017, the IPOS also issued Hearings and Mediation Department (“HMD”) Circular No. 3/2017<sup>6</sup>, which is meant to provide practitioners and applicants alike further clarification when an award of costs may be granted by the Registrar, and who (i.e. the claimant or the respondent) would be liable to pay such costs during contentious trade mark disputes heard in the IPOS.<sup>7</sup>

<sup>1</sup> Please refer to Circular No. 1/2017, dated 3 February 2017, including the enclosed Annex A therein.

<sup>2</sup> Please do also refer to our previous write up on the IPOS’ Fee Adjustments at the following URL: <http://www.gateway-law.com/newsletter/21022017.pdf>

<sup>3</sup> For the full list of fee reductions by the IPOS, you may refer to the following URL: <https://ipos.gov.sg/Portals/0/about%20IP/Patents/Circular%20No%201%20%282017%29%20-%20Fee%20Revision%20and%20GST%20%28Patents%20and%20Designs%29.pdf?ver=2017-02-03-145913-883>

<sup>4</sup> For more information, please refer to the following URL: <https://www.iras.gov.sg/IRASHome/GST/Non-GST-registered-businesses/Registering-for-GST/Do-I-Need-to-Register-for-GST/>

<sup>5</sup> Please also refer to the following URL: <https://www.iras.gov.sg/iras/home/GST/GST-registered-businesses/Learning-the-basics/How-to-implement-GST/Current-GST-Rates/>

<sup>6</sup> Please refer to the following URL: <https://www.ipos.gov.sg/Portals/0/HMG/Practice%20Circulars/HMD%20Circular%20No%203%20of%202017.pdf?ver=2017-03-30-154128-280>

<sup>7</sup> Please note that Circular No. 3/2017 supersedes Circular Nos. 3/2011 (Part A) and 1/2015, and consolidates the contents of both such superseded circulars with further clarifications.

### Overview of an Award of Costs

Typically, a successful party in contested proceedings (whether for an interlocutory application and/or for a substantive hearing) would be entitled to an award of costs.

The Registrar, who presides over such applications and/or hearings, has the discretion to award costs against any party during and/or after the course of the proceedings<sup>8</sup>, and the parties will also be afforded the opportunity to be heard in relation to the award of costs (and the apportionment of the same). The unsuccessful party may at that juncture then forward arguments and/or explanations as to why *inter alia* costs should not follow the event.<sup>9</sup>

### Clarification: Seeking Costs before Final Determination

Further to the above, the IPOS also clarified that it would be possible for a party to seek an award of costs even before the final determination of the dispute. The example provided by the IPOS includes a situation where:

*“a trade mark applicant withdraws its application upon receipt of the notice of opposition, the opponent may seek, and the Registrar may allow, an award of costs against the applicant.”<sup>10</sup>*

In such a situation (as stated above), the Registrar will take into consideration whether such proceedings could have been avoided if reasonable notice had been given by the opponent to the (trade mark) applicant before the notice of opposition had been filed.

### Clarification: Costs for and/or Against Joint Parties

In the event that joint initiating parties are successful in its application or action, any costs awarded to them by the Registrar will be calculated as being for a single party only. It is therefore for the joint initiating parties to negotiate thereafter a fair and reasonable apportionment of any such costs amongst themselves.

If however the joint initiating parties are not successful, then they would be jointly and severally liable to pay costs to the successful party.

### Clarification: Order for Costs

In a full *inter partes* hearing, it is also usually the case that the Registrar would order that the successful party be allowed to claim “party and party” costs, which is to be taxed if not agreed.

Party and party costs are defined in HMD Circular No. 3/2017 as being:

*“costs as are necessary or proper for the attainment of justice or for enforcing or defending the rights of the party whose costs are being taxed. The party and party costs awarded under a taxation are all that are necessary or proper to enable the party to conduct the proceedings and no more.”<sup>11</sup>*

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<sup>8</sup> Pursuant to Section 69 of the *Trade Marks Act* (Cap. 332).

<sup>9</sup> For example, in *Ferrero S.P.A. v Dochirnie Pidpryemstvo “Kondyterska Korporatsiia “ROSHEN”* [2015] SGIPOS 14, no costs were awarded in favour of the successful party as its own conduct during the proceedings was found by the Registrar to have unnecessarily complicated the same.

<sup>10</sup> See page 1, paragraph 1.2 of HMD Circular No. 3/2017, dated 31 March 2017.

<sup>11</sup> See page 2, paragraph 6.1 of HMD Circular No. 3/2017, dated 31 March 2017.

In the same circular, the IPOS then goes on to clarify that “costs awarded in these proceedings are not intended to compensate the parties for the expense to which they may have been put”.<sup>12</sup> Successful parties, in short, should not therefore expect to be fully and/or completely compensated for all their costs, even if an award of costs is granted in their favour.

Clarification: Unrepresented Parties

The quantum of costs to be awarded by the Registrar to an unrepresented party shall be 50% of the amounts stated in the Fourth Schedule (scale of costs) of the Trade Mark Rules (Cap. 332, Section 108 Trade Mark Act), or the minimum amount for the relevant item, whichever being higher.

The above however would not apply when calculating the quantum to be awarded for disbursements. An unrepresented party is therefore able to claim for disbursement items in full, subject of course to the Registrar’s usual practices in relation to such items.

Clarification: Disbursements

Parties may agree on the quantum and/or calculation of a particular disbursement item. If so agreed, then the Registrar will not intervene in relation to that item, and will award the quantum of such disbursements as mutually agreed by the parties.

If no agreement can be reached on any or all disbursement items then the Registrar will determine the quantum of the same in accordance to the principles of reasonableness and proportionality.

The IPOS further clarified that generally common disbursements (such as but not limited to taxi fares and photocopying charges) may also be awarded.

*This article is intended to highlight the relevant clarifications and announcements published by the IPOS in its recent Circular Nos. 1/2017 and 3/2017. This article is therefore not intended to be comprehensive nor should it be construed as legal advice. This article is updated as of April 2017.*



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<sup>12</sup> See also **OOO “TVM-Trade” v Societe Des Produits Nestle SA** [2014] SGIPOS 12.