

Application No. 9245 of 1995

IN THE MATTER of the Trade Marks
Ordinance (Cap.43)

AND

IN THE MATTER of an application for
the registration of the trade mark

和泉奇應丸

in Part A of the Register in Class 5 by
LEE SOU FAI and LI YEUNG MUI
trading as PAUL LEE TRADING
COMPANY

AND

IN THE MATTER of an opposition by
HIYA SEIYAKU KABUSHIKI KAISHA

**DECISION
OF**

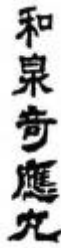
Mr. Kestutis Stasys Kripas acting for the Registrar of Trade Marks after a hearing on
13 June 2000.

Appearing : Messrs. L.H. Kwan & Co. on behalf of the Applicant, Lee Sou Fai and
Li Yeung Mui trading as Paul Lee Trading company

: Miss Margaret K. W. Yu, counsel instructed by Messrs. Vincent Luk &
Associates on behalf of the Opponent, Hiya Seiyaku Kabushiki Kaisha.

Application for the Registration of “和泉奇應丸”

1. On 28 July 1995, Lee Sou Fai and Li Yeung Mui trading as Paul Lee Trading Company (“the applicant”) applied to register, pursuant to the provisions of the Trade Marks Ordinance (“the Ordinance”), in Part A of the Register in Class 5, the trade mark, a representation of which appears below :



(“the suit mark”).

2. The goods intended to be covered by the registration were : “pharmaceutical preparations in the form of pills for the treatment of infantile malnutrition, ascarid, convulsion, cry at night, milk vomiting, subnormal appetite, subnormal gastrointestinal function, diarrhea and dyspepsia (the “specified goods”). The Registrar of Trade Marks (“the Registrar”) accepted the mark for registration subject to the following conditions : that the mark be associated with Trade Marks of pending application Nos. 6695 of 1995 and 9062 of 1995; that registration of the suit mark shall give no right to the exclusive use of the Chinese characters “奇應丸”; and that the Chinese characters were transliterated as “Wo Chuen Ki Ying Yuen” translated to “harmony spring wonderfully responsive pill” in English. The application was advertised in the Government of the Hong Kong Special Administration Region Gazette on 6 December 1996.

Notice of Opposition

3. On 5 February 1997, Hiya Seiyaku Kabushiki Kaisha (“the opponent”) filed Notice of Opposition to the application. The grounds of opposition stated, in essence, that the opponent is the proprietor, in common law, of the trade marks “HIYA KIOGAN” and “榑屋奇應丸”; the registered proprietor of the trade marks “HIYA KIOGAN 榑屋奇應丸” a label, and “榑屋奇應丸” a label, registered in HK under Registration Nos. 2839 of 1987 and 2840 of 1987 in Class 5; and that it has also filed an application for the registration of a mark “KIOGAN 奇應丸” under Application

No. 9701113 in Class 5, all registered trade marks being in respect of “medicinal pills”. The opponent claims a substantial local and international reputation in its trade marks which have become distinctive of and identified with the opponent and its goods. The opponent claims that it coined the term “奇應丸” (“wonderfully responsive pills”) about 150 years ago and has since then used the term as a trade mark, or as a component of a trade mark in conjunction with the characters “樋屋” (HIYA) the name of the opponent. The opponent alleges that the applicant, in selecting and using the characters “奇應丸” as part of its trade mark in respect of the same goods and/or goods of the same description as the opponent, is taking advantage of the opponent’s reputation and would unfairly prejudice the legitimate business interests of the opponent. Moreover, it is alleged that the use of the term “奇應丸” by the applicant is likely to deceive or cause confusion that the applicant’s goods are goods of or associated with the opponent; would constitute an infringement; and/or passing-off of the opponent’s trade marks.

Specifically:

1. Under Section 2

The suit mark is not a trade mark in that it is incapable of indicating a connection in the course of trade between the specified goods and the applicant.

2. Under Sections 9 and 10

The suit mark is not inherently adapted to, or capable of, distinguishing the specified goods of the applicant.

3. Under Section 12(1)

Deception and confusion will be caused by the use and/or registration of the suit mark in so far as it contains the characters “奇應丸”. Furthermore the suit mark would be disentitled to protection in a court of justice.

4. Under Section 13(1)

The applicant was not entitled to claim to be the proprietor of the suit mark.

5. Under Sections 20 and 21

Registration of the suit mark, in so far as it contains the characters “奇應丸”, will cause deception and confusion.

6. Under Section 13(2)

Registration of the suit mark should be refused in the Registrar’s discretion.

The opponent seeks that the application be refused or that the characters “奇應丸” be deleted from the suit mark with costs against the applicant.

The Counter Statement

4. The applicant filed a Counter-Statement on 7 March 1997. The applicant refers to the Certificates of Registration Nos. 2839 and 2840 of 1987 and points out that the opponent’s trade marks were accepted for registration subject to a disclaimer of the word “KIOGAN” and the Japanese characters “奇應丸”. The applicant asserts that no party has an exclusive right to use the term “奇應丸”.

The Opponent’s Evidence

5. The opponent’s evidence comprises a statutory declaration of Harukazu Sakanoue, the president of the opponent. Mr. Sakanoue states that he has been associated with the opponent for 17 years and has occupied his present position since 1980. He says that the opponent and its predecessor in business has, since 1622, carried on the business of manufacturing and marketing traditional Japanese and Chinese medicinal products under and by reference to the trade marks “HIYA KIOGAN” and “榑屋奇應丸”. The opponent has, for approximately 38 years, been manufacturing and marketing a type of pill known as yellow, brown, white and gold colours (“the opponent’s products”). Annexed to the declaration are packaging boxes of the opponent’s products bearing the marks “HIYA KIOGAN” and “榑屋奇應丸”.

6. The declaration continues by stating that the opponent’s products have been sold in many countries, including Japan, Hong Kong, Macau, PRC and Taiwan.

In particular, the opponent's products have been sold in HK for more than 50 years. The annual sales of the opponent's products in Japan was approximately US\$32,000,000 in each of the 6 years preceding the date of the declaration and the annual turnover of the opponent's products in other countries, including Hong Kong, for the same period was approximately US\$13,000,000. Annexed to the declaration are copies of shipping documents pertaining to the export to Hong Kong of the opponent's products, bearing the opponent's trade marks.

7. Mr. Sakanoue states that the opponent's marks have been advertised in local newspapers and magazines; through the media of T.V. and radio broadcasting; and by the distribution of promotional materials to the public. The amount spent upon such advertising in Hong Kong for the years 1992 through to 1997 are listed, and in the year prior to the application being made, the relevant sum was HK\$2.5 million. Samples copies of the relevant printed advertisements and copies of the advertising agent's invoices for advertising charges are exhibited.

8. Mr. Sakanoue believes that the names "KIOGAN" or "奇應丸" are not generic terms but a brand name created by the opponent or its predecessor in business many years ago for the purpose of distinguishing its medicinal pills from those of others. Despite the fact that the said terms were made the subject of disclaimers in the opponent's trade mark Nos. 2839 and 2840 of 1987, the opponent is entitled to enjoy common law rights in these terms.

9. Mr. Sakanoue claims that by virtue of the opponent's long and extensive use and publicity of its products, "KIOGAN" or "奇應丸" have become distinctive of the opponent. Consumers and the trade would associate the names with medicinal pills produced and supplied by the opponent and emanating from Japan. Mr. Sakanoue further states that the opponent has developed considerable local and international goodwill and a reputation in its marks as a result of which, the trade and the public would associate "奇應丸" or "Kiogan" exclusively with the opponent.

10. Mr. Sakanoue concludes with the opinion that the applicant's use of the suit mark "和泉奇應丸" would seriously affect the legitimate business interest of the opponent.

The Applicant's evidence

11. The applicant chose not to file evidence pursuant to Rule 26 of the Trade Marks Rules.

Fixing of a Date for the Hearing of Argument

12. The opposition proceeding came before me for hearing on 13 June 2000.

Decision

1. Under Section 2

13. To qualify as a trade mark relating to goods, the suit mark must fall within the definition of a “mark” and be used or proposed to be used for the purpose of indicating a connection in the course of trade between the goods and the applicant. The suit mark comprises five Chinese characters arranged vertically. There can be no doubt that it is a “sign that is visually perceptible and capable of being represented graphically”. It is accordingly a “mark”, and the applicant, by applying to register it, implies that it intends to use it, on the specified goods, as a trade mark or badge of origin. Certainly there is no suggestion from the opponent to the contrary.

14. The opponent's objection under section 2 of the Ordinance is that the suit mark is not capable of indicating a connection in the course of trade between the applicant's goods and the applicant. What the opponent must mean is that, despite the suit mark's five characters, stylised calligraphy and vertical arrangement, the incorporation of the three final characters “奇應丸” in the suit mark would conjure up, in the minds of ordinary purchasers of infantile medicines in Hong Kong, an association with the goods of the opponent rather than the goods of the applicant. Ms. Yu for the opponent did not advance any argument directed to the opposition based upon this section, nor did she specifically abandon the ground. I must therefore deal with it as best as I can on the evidence filed. I shall deal firstly with the opponent's registered marks, which are reproduced below.



(No. 2839 of 1987)



(No. 2840 of 1987)

15. Mark No. 2839 of 1987 can be conveniently described as being composed of five parts : the solid background with four stripes acting as a border to the written material contained within; the prominent English word “HIYA”; the subservient English word “KIOGAN”; the prominent Chinese characters “樋屋”; and the subservient Chinese characters “奇應丸”. Mark No. 2840 of 1987 can be conveniently broken down into four elements: the logo or device; the prominent characters “樋屋”; the subservient characters “奇應丸”; and the border and broad solid band with one stripe which takes up the lower quarter of the mark.

16. The first impression left upon seeing the marks is that “HIYA” and its Chinese equivalent “樋屋” presents as the house mark or brand name, whilst “Kiohan” and its Chinese equivalent “奇應丸” appears as the product name in

English, or as a descriptor in Chinese. There is no evidence as to whether there are any other products sold under the brand name HIYA other than the Kiogan pills or if there are any differences between the “gold”, “silver” or other coloured pills that would require the product to be specified by that descriptor as well. In the absence of evidence to the contrary, it is my view that it would be unlikely that one would ask for the product under any name other than the full name of HIYA Kiogan or “樋屋奇應丸”, and probably with the additional specification of colour.

17. This impression is not dispelled by looking at the marks in actual use, as may be seen from Exhibit “A” to the Statutory Declaration of Harukazu Sakanoue. In the advertisement exhibited as “C” to the said Statutory Declaration, the emphasis placed on the “house mark” in comparison to the de-emphasis of the subservient component of the overall mark is even more pronounced.

18. In his Statutory Declaration, Mr. Sakanoue asserts that : “when seeing these names (“Kiogan” and “奇應丸”) the customers would associate with an idea that the medicinal pills are produced and applied by the opponent and emanated from Japan”; and later : “As a result of the extensive use of its marks, the trade and public have come to associate “奇應丸” or “Kiogan” exclusively with the opponent.”

19. It may be that a substantial portion of the population of Hong Kong know the opponent’s pills only by the name “奇應丸” and may even ask for them by that name, but if this is the case, beyond the (albeit unchallenged) assertions referred to above, there is absolutely no independent evidence before me of this. It would have been a simple matter to adduce evidence of such cognizance, but the opponent has not done so.

20. I should also say that the opponent’s opposition based upon its common law rights to the phrase “奇應丸”, if any, in the absence of the evidence referred to in paragraph 19 hereof, does not improve its case under this section or under any other section.

21. It follows that in the absence of independent evidence that there is a cognizance among the purchasers of infantile medicine in Hong Kong that the characters “奇應丸” alone are associated with the opponent and no other, there is no reason why the suit mark, which comprises not just these three characters but also the two leading characters “和泉”, could not operate as a badge of origin or trade mark in respect of the applicant’s goods, and accordingly the opposition under section 2 is

defeated.

2. Under Sections 9 and 10

22. The opponent's pleaded objection under these sections is that the suit mark is not inherently adapted to, nor capable of, distinguishing the specified goods of the applicant. In her written submission, Ms. Yu clarifies that the reason it is alleged that the suit mark is not inherently adapted to, nor capable of, distinguishing as aforesaid, is because of the confusing and deceptive nature of that part of the suit mark comprising the three characters “奇應丸”. There is no doubt that in determining whether the suit mark has the requisite degree of distinctiveness, the tribunal should have regard to the other marks on the Register and in use in the trade. However, as the only evidence of use of the three characters, registered or unregistered, is the use made of them by the applicant and the opponent herein, deceptiveness is a matter best left for consideration under sections 12(1) and 20 hereof. I should perhaps add that Ms. Yu made no submissions at the hearing in support of the opposition under sections 9 and 10.

23. The applicant, upon whom rests the onus of satisfying the tribunal that the suit mark is registrable, contents itself with the proposition that the Registrar is the guardian of sections 9 and 10 of the Ordinance and if the applicant's mark was not registrable by virtue of section 9(1), the Registrar would not hesitate to say so. I accordingly shall briefly state my reasons for finding that the opposition under these sections also fails.

24. Section 9 is a restrictive provision. To be registrable in Part A of the Register, a trade mark must not only contain or consist of at least one of the essential particulars contained in paragraphs (a), (b), (c) or (d) of section 9(1), but it must also be distinctive. If it does not fulfil these requirements, it cannot be registered. I have no discretion. The particular type of “distinctiveness” addressed by the section is the ability to distinguish the proprietor's goods from the same or similar goods marketed by someone else. Though distinctiveness is always required, in a case which is shown to fall squarely within paragraphs (a), (b), (c) or (d) of section 9(1), the requirement of distinctiveness will, at any rate in the normal case, be satisfied without the need to show more – see *Elvis Presley Trade Marks (CA)* [1999] R.P.C. 567.

25. The suit mark does not fall within paragraphs (a), (b) or (c) of section

9(1). Is it a word or words having no direct reference to the character or quality of the goods? In my judgment it is. A trade mark, as I have said above, must contain or consist of some registrable particular, but there is no reason why it should not also include other material of a non-distinctive nature. The first two characters of the suit mark have been translated as “harmony spring”. The remaining three characters, translated as “wonderously responsive pill” are totally descriptive and, for the purposes of this exercise, can be disregarded. “Harmony spring” has no direct reference to the character or quality of infantile medicine in the form of pills. The suit mark has a branding function and nothing else. In my judgment, the suit mark has been properly accepted in Part A (with the appropriate limitation to the exclusive use of the last three characters) as a mark which has been inherently adapted to distinguish the goods of the applicant from similar goods of other traders.

26. Having found that the suit mark qualifies for registration in Part A of the Register, there is no need for me to go on to consider section 10.

27. It follows from the above finding that the applicant has defeated the opposition under sections 9 and 10 of the Ordinance.

3. Under Section 12(1)

28. Section 12(1) provides :

“It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law or morality, or any scandalous design.”

29. Before an opponent can mount an opposition under this section, it must first overcome the burden of establishing that its mark or marks are known to a substantial number of persons in Hong Kong – see *Re Arthur Fairest Ltd.’s Application* (1951) 68 R.P.C. 197. The reason for this requirement is simply that, if the mark is comparatively unknown in Hong Kong, deception or confusion is unlikely to arise. If the opponent discharges this burden, the onus shifts to the applicant to satisfy the tribunal that there is no reasonable likelihood of deception arising among a substantial number of persons if the mark proceeds to registration – *Eno v Dunn* (1890) 15 App Cas 252 at 261.

30. Has the opponent established such a reputation? There is unchallenged evidence that the opponent's medicinal pills have been on sale in Hong Kong for 50 years, and, from the invoices exhibited as Exhibit "B" to the declaration of Mr. Sakanoue, are sold in Hong Kong in significant quantities. I find that the opponent has discharged its onus and may mount an opposition under section 12(1).

31. The opponent's first objection under section 12(1) is that, to the extent that the suit mark contains the characters "奇應丸", deception and confusion will be caused by the use and/or registration of the suit mark. The applicant counters that the only point of similarity between the suit mark and the opponent's registered marks are the three characters "奇應丸". In both of the opponent's marks however a limitation has been imposed, namely, that registration shall give no right to the exclusive use of the three characters. As the opponent has no monopoly in the three characters the opposition is ill-founded. Attractive though the applicant's argument is, it does not correctly reflect the law.

32. In *FOUNTAIN Trade Mark* [1999] R.P.C. 490, Geoffrey Hobbs Q.C., after confirming that similarities attributable to nothing more than the presence of a disclaimed feature could not support an action for infringement, went on to consider the effect that a disclaimed element had on the ability to oppose registration.

"It would be easy to suppose that the same consideration should apply for the purpose of determining whether registration is prevented by section 12(1) on the ground that a mark so nearly resembles a previously registered mark as to be likely to deceive or cause confusion. However, the prohibition in section 12(1) has been carried forward (with modifications) from section 6 of the Trade Mark Registration Act 1875 and it has long been recognised that it renders marks ineligible for registration on a somewhat broader basis than that upon which their use would be regarded as actionable in proceedings for infringement. This has led to the prevailing view that objections under section 12(1) are not, in point of law, restricted to the residue that is left after disclaimers (applicable either to the mark offered for registration or the mark previously registered) have been taken into account. According to the prevailing view a disclaimed element must neither be ignored nor given less significance than it deserves when due allowance has been made for the degree to which it is non-distinctive of the relevant goods or services. On this approach to the matter, similarities attributable to nothing more than the presence of a disclaimed feature may be sufficient to sustain an objection to

registration under section 12(1): *GRANADA Trade Mark* [1979] R.P.C. 303.”

33. The case was decided under section 12(1) of the United Kingdom Act which is the equivalent of our section 20, however, the reasoning applies equally, if not more cogently, to an opposition based on section 12(1) of the Ordinance. Geoffrey Hobbs Q.C. cited as his authority for the above quoted statement of law, the decision in *GRANADA* (supra). That decision was also approved in *PATON CALVERT CORDON BLEU Trade Mark* [1996] R.P.C. 94. The three cases I have cited in my view put the matter beyond dispute.

34. This does not of course mean that the opponent has any exclusive rights in the three characters, but simply that, for the purposes of opposition on the grounds of deceptive similarity, the characters cannot be ignored.

35. The applicant argues further that the characters “奇應” meaning “wonderfully responsive” are commonly found in reference books and in religious texts. Every purveyor of medicine would wish to describe his preparations as “wonderfully responsive”. The term should be in the public domain and available to everyone. Mr. L.H. Kwan relies on the *Cordon Bleu* case (supra) as authority for the proposition that phrases which are commonly found in dictionaries are to be regarded as being in the common domain.

36. Clearly, if the phrase “奇應丸” is in common use, particularly on medicinal products, its capacity to cause confusion or deception is significantly reduced. An analogy might be drawn with the breakfast cereal “conflakes”. Any number of proprietary brands may incorporate the word cornflakes in their name viz: Kellogg’s Cornflakes; Skippy Cornflakes; Nabisco Cornflakes without any likelihood of confusion arising. Is the phrase “奇應丸” such a phrase? I have concluded that it is not.

37. Neither party has filed evidence of the use of the term in any reference book or religious text. Mr. Kwan provided an extract from a publication *2000-01 Drugs in Japan 12 ed.* with his list of authorities, but did not refer to it in his submissions. Section 83 of the Ordinance provides that in any proceeding under the Ordinance before the Registrar, the evidence shall be given by statutory declaration. I am unable to admit evidence in the informal manner adopted by Mr. Kwan. No hardship arises however, for the evidence would have little if any bearing on the issue. How a phrase is used in Japan does not assist me in determining how it is used in

Hong Kong.

38. In his oral submissions Mr. Kwan explained that the phrase “奇應” is a rare and clever contraction of a four character phrase “神奇效應” (“Sun Ki how ying”) meaning “miraculous, efficiency or response”. If that is correct, to my mind, this would suggest that the phrase is unlikely to be in common usage in Hong Kong, despite its aptness as a laudatory phrase applied to medicinal products. To satisfy myself, I have had to research various dictionaries, being works that have been judicially approved as tools which may be referred to, to assist a tribunal. I have been unable to find a single reference to “奇應丸” in Japanese-English dictionaries or in the dictionaries of Chinese Medicine. There is one entry for a pill which starts with “奇應”, namely “奇應輕腳丸” for the treatment of rheumatism. As an adjective, there are references in Chinese dictionaries to “奇妙” – “wonderful”, and “奇效” - wonderful efficacy or effect. I have found at least 20 references in the dictionaries of Chinese Medicine to medical preparations commencing with the characters “奇妙” or “奇效”. I list two of each type by way of illustration : 49335 “奇妙丸”; 49346 “奇妙子散”; 49336 “奇效丸”; and 49338 “奇效湯”, drawn from the work “中 方劑大辭典”. I have found no reference to the phrase “奇應” or “奇應丸” in the dictionary of Chinese Language and Phraseology. I have reached the conclusion that the phrase “奇應丸” is not in the public domain and that the characters “奇應” are not in common use in Chinese medicine; are not generic; and appear not to be required by other traders. I must accordingly give them equal value in determining deceptive similarity.

39. I turn to my consideration of the substantive opposition under section 12(1). It is well established that the test to be used in applying section 12(1) is that stated by Evershed J. in *Smith Haydens & Co.’s Application* (1946) 63 R.P.C. 97 at 101, modified by Lord Upjohn in *Bali’s Trade Mark* [1969] R.P.C. 472 at p. 496. The test under section 12(1), adapted to this application, is as follows :

“Having regard to the user of “HIYA KOIGAN 樋屋奇應丸” and “樋屋奇應丸” is the Registrar satisfied that “和泉奇應丸”, if used in a normal and fair manner in connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?”

40. The reference to “the user” of the opponent’s marks and “use in a normal and fair manner” of the suit mark in the above tests mandates that what is to

be compared is the suit mark, as represented in the application, notionally applied to the specified goods, against the use actually made of the opponent's marks.

41. As can be seen from Exhibit 'A' to the Statutory Declaration of Mr. Sakanoue, in use the characters “奇應丸” have assumed slightly more prominence than as they appear on the Register. In addition, in the use made of trade mark No. 2839 of 1987, the three characters “奇應丸” no longer appear alongside, but below the characters “榑屋”. I do not consider that such use goes beyond fair use of the registered marks and the protection afforded by registration has not accordingly been squandered. The packaging used by the opponent is in fact quite practical. The English language half of trade mark No. 2839 of 1987 is represented on one face of the package, whilst the Chinese character part of the mark appears on the other face. Should the cartons be arranged on a shelf so that the Chinese face is to the front, all that customers would see would be the opponent's trade mark in Chinese characters. Despite the other elements of the trade marks described in paragraph 15 hereof, the opponent's trade marks can be considered on the basis of being word marks.

42. The established test for the comparison of word marks is that promulgated by Parker J. in *Pianotist Co. Ltd.'s Application* (1906) 23 R.P.C. 774 at 777.

“You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who must be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those marks is used in a normal way as a trade mark for the goods of the respective owners of the marks”.

43. Each of the respective marks contain a total of five characters of which, the last three are common to both marks. Visually, if placed side by side, they could not be confused. I have already referred to the alignment of the opponent's marks, the three characters “奇應丸” being below the characters “榑屋” and smaller in size. The suit mark comprises characters of equal size arranged vertically. There are calligraphic differences, which though not quite as pronounced on the label based on the No. 2840 of 1987 mark, are immediately apparent on the label based on the No. 2839 of 1987 mark. However, trade marks are not generally seen side by side. For this reason I must place far greater emphasis on the imperfect recollection test, best

summarised in the following passage from *Sandow Ltd.'s Appln.* (1914) 31 R.P.C. 196 at 205.

“The question is not whether if a person is looking at two trade marks side by side there would be a possibility of confusion; the question is whether the person who sees the proposed trade mark in the absence of the other mark, and in view only of his general recollection of what the nature of the other mark was, would be liable to be deceived and to think that the trade mark before him is the same as the other, of which he has a general recollection.”

44. There is no evidence before me of how members of the public in Hong Kong would react to seeing the suit mark in the circumstances described above. In the absence of such evidence, I must decide this “jury question” on the basis of whether I would be likely to be deceived or confused – see Lord Diplock in *GE Trade Mark* [1973] R.P.C. 297 at pages 321-322.

45. The first two characters of the opponent’s marks are quite unusual in the Chinese language. This would make an impression, for even if they cannot be recalled from memory, the fact that they are rare or unusual characters would be remembered. The first two characters of the suit mark on the other hand are far more common. I would accordingly not be “taken-in” upon seeing the suit mark for the first time with only a general recollection of the opponent’s marks, for I would immediately recall that the earlier mark was unusual. I conclude, and find as a fact that upon the look of the respective marks, confusion or deception are not reasonably likely.

46. I turn to the sound of the respective marks and the test laid down in the case of *Aristoc Ltd. v Rysta Ltd.* [1945] 62 R.P.C. 65.

“The answer to the question whether the sound of one word resembles too nearly the sound of another so as to bring the former within the limits of section 12 (our section 20) of the Trade Marks Act 1938, must nearly always depend on first impression, for obviously a person who is familiar with both words will neither be deceived or confused. It is the person who only knows the one word, and perhaps has an imperfect recollection of it, who is likely to be deceived or confused. Little assistance, therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of

elocution.

The court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop assistant ministering to that person's wants."

Applying this test I am unable to find aural similarity between the respective marks despite the commonality of the final three characters. "Wo Chuen Ki Ying Yuen" could not be confused with "Tung Uk Ki Ying Yuen". In normal speech there is a tendency to tail off or slur the termination of a word or phrase but to be emphatic of the first syllable or words of a phrase.

47. I turn to the special rules that have evolved in dealing with marks which have a common part. *Coca-Cola of Canada v Pepsi-Cola of Canada* (1942) 59 R.P.C. 127, though an infringement case decided under the provisions of the Unfair Competition Act of Canada, is nevertheless a decision of the Privy Council and is highly persuasive. The principle propounded therein is, that where both marks have a common element, it is the different element that would remain in the average memory. In *Broadhead's Application* (1950) 67 R.P.C. 209, the Court of Appeal approved the principle and applied it to section 12 (our section 20) considerations in the following terms:-

"..where you get a common denominator, you must, in looking at the competing formulae, pay much more regard to the parts of the formulae that are not common—although it does not flow from that ...that you must treat the words as though the common part was not there at all."

48. I take the last sentence as confirming the general principle set out in *Bailey's Trade Mark ("Erectiko")* (1935) 52 R.P.C. 136 that the mark must be taken as a whole and not be divided up so as to seek to distinguish a portion of it from a portion of the other word. Applying these rules provides further support for my findings outlined above.

49. In addition to a comparison of the mark, *per se*, I must also consider the trade channels and the persons who will encounter the goods. For the reasons set out in paragraph 59 hereof, the goods will clearly be sold side by side in precisely the same trade channels. I find this to be a neutral consideration. If the competing

products are side by side, the imperfect recollection test is negated. However, the risk of casually selecting the wrong product might increase. On this latter point, I am persuaded by Mr. K.L. Kwan when he argues that, as these are infantile medicines, the persons who would be buying them are the primary care-givers. Such person would take inordinant care in selecting precisely the medicine they intend to purchase for their distressed child. Deception and confusion in such circumstances is unlikely, certainly I cannot say there would be any “tangible risk of confusion”.

50. Applying all of these principles to the facts of the case, I find that there is no reasonable likelihood of confusion arising if the suit mark is registered and used normally and fairly in respect of any of the specified goods.

51. That does not dispose of the opposition under section 12(1), for I must also determine whether the suit mark would be disentitled to protection in a court of justice, a ground which, since the decision of Hunter J. in *Hong Kong Caterers Ltd. v Maxim's Ltd.* [1983] HKLR 287, is considered to be a separate ground of objection in Hong Kong. The opponent has not argued that it has copyright in the characters “奇應丸”, nor design rights in respect of its packaging. The only matter which could disentitle the applicant from protection would be if the application of the suit mark to the specified goods, might amount to passing-off.

52. In *Gay Giano Trade Mark* [1996] 2 HKC 646 and in *Re Omega* [1995] 2 HKC 473 the Court of Appeal found that the use of a mark in circumstances which would amount to passing-off of goods bearing another's mark would disentitle the user to protection of the mark in a court of justice. In *Re Omega* the goods involved were watches against pens, whilst in *Gay Giano* the goods involved were watches against clothing. In both, it was the whole of the mark that had been taken. The point did not arise in *Gay Giano*, but in *Re Omega*, the court had also found that deceptive resemblance had been established. There would be an absence of logic if I found that the probability of passing-off had been established when I have already found that no confusion would arise in the market place between the competing products. I have no evidence of the “get-up” of the applicant's goods and no evidence that the opponent has suffered damage. On the evidence before me there is simply no material upon which I could make a finding of passing-off.

53. The applicant has accordingly defeated the opposition under section 12(1).

4. Under Section 13(1)

54. Section 13(1) provides :

“Any person claiming to be entitled to be registered as the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Registrar in the prescribed manner for registration either in Part A or Part B of the register.”

55. The opponent challenges the applicant’s claim to be so entitled basing its opposition on its alleged proprietorship of the term “奇應丸”. It is important to keep firmly in mind that the trade mark that the applicant is seeking to register is “和泉奇應丸”. An opponent, to successfully mount an opposition under Section 13(1), must establish that it, rather than the applicant, is the proprietor of that trade mark, or a mark virtually identical to it, in respect of identical goods. This principle was clearly established in *Re Wowi & Device Trade Mark* [1998] 3 HKC 221, wherein Recorder Robert Kotewall S.C. reviewed a number of Australian authorities (the point not having been decided in Hong Kong or in the United Kingdom) and came to the conclusion :

“But ultimately, in my judgment, the applicant [for removal] fails on the issue of proprietorship since the Australian authorities to which I have referred establish the necessity of an applicant for rectification showing virtually identical marks in respect of identical goods before such an application can succeed. Despite Mr. Garland’s cogent submission that I should consider simply the device alone, I have not felt able to do so in the face of the Australian authorities which seem to me to make commercial sense and to be consonant with the general tenor and principles of trade mark law.” (page 236G)

The fact that the case involved an application for the removal of a registered mark is not a point of distinction as the removal application was based upon a prior claim to proprietorship, but of a dissimilar mark. The assertion that the opponent coined the term and is the proprietor of “奇應丸” accordingly does not avail the opponent.

56. I find that the opponent’s marks, registered or otherwise, are not virtually identical marks to the suit mark. It follows that the opposition under section 13(1) is defeated.

5. Under Sections 20 and 21

57. Section 20, in so far as it related to goods, provides :

“Prohibition or registration of identical and resembling trade marks

(1) Except as provided by section 22, no trade mark relating to goods shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a trade mark belonging to a different proprietor and already on the register in respect of –

- (a) the same goods
- (b) the same description of goods; or
- (c) services or a description of services which are associated with those goods or goods of that description.

Section 2(4) of the Ordinance, which is relevant to the definition of “nearly resembles”, provides that a near resemblance of marks is a resemblance “so near as to be likely to deceive or cause confusion.”

58. The applicant has not pleaded section 22 in aid. The two issues for determination are, whether the goods for which the suit mark is sought to be registered, the same goods or goods of the same description as those of the opponent’s registrations; and if so, is the suit mark identical to, or does it so nearly resemble the opponent’s mark/s as to be likely to deceive or cause confusion?

59. The opponent’s two registered marks (2839 of 1987 and 2840 of 1997) are both in respect of “medicinal pills”, which, for the purposes of the section 20 test is an unhelpfully broad specification. Exhibit “A” to the statutory declaration of Harukazu Sakanoue comprises the packaging used for the HIYA KIOGAN Silver, and Gold pills. Under “Effectiveness” on the side label are listed “Night crying, nervousness, peevishness, diarrhea, vomiting milk, indigestion, loss of appetite, gastrointestinal invalidism”. The dosages suggested range from three pills (three times a day) for babies under the age of one; to 20 pills for someone under the age of 15 years. It is quite clear from this that the goods for which the applicant seeks registration are the same goods as those for which the opponent is the registered proprietor. The first leg of the test is accordingly satisfied.

60. Does the suit mark so nearly resemble the opponent's mark or marks as to be likely to deceive or cause confusion? In my judgement the answer is no.

61. I have no evidence of how the applicant uses the suit mark or whether, for that matter, it has used it at all. This is not fatal, for in comparing marks under section 20, they are to be considered as in notional fair use upon the respective goods concerned. I must suppose that the marks are used precisely as registered or, in the case of the suit mark, precisely as it is proposed to be registered - see *Kerly* (Kerly's Law of Trade Marks and Trade Names 12th Ed) paragraph 10-04. Applying that test, I find no similarity between the suit mark and the opponent's marks for the reasons set out in paragraphs 43 to 49 hereof.

62. Section 21 confers no further jurisdiction upon the Registrar, it merely provides a power to stay approval of either of two competing marks pending a determination of the respective parties' rights by a court or by agreement between the parties. As the applicant's suit mark had been accepted for registration before the opponent filed its application for registration of pending mark No. 97/01113, the dispute must be determined by normal opposition proceedings. Section 21 has no application in these proceedings.

63. It follows that the opposition under sections 20 and 21 is defeated.

6. Under Section 13(2)

64. The exercise of discretion pursuant to section 13(2) arises when opposition under sections 12(1) and 20 fail and the mark is acceptable for registration under either section 9 or 10. I remind myself that the Register has been created by the Ordinance for the purpose of enabling marks to be entered therein. If no proper reason can be advanced as to why registration should be refused for a qualifying mark, the exercise of discretion should not be adverse to the applicant.

65. The applicant has not denied that it knew of the opponent's marks. It has never offered an explanation which might credibly explain how it chose the characters “奇應丸” as part of its trade mark. For the reasons stated in paragraph 38 hereof, it would have been an unlikely coincidence that the applicant arrived at these characters by independent means. In the absence of an explanation, I am entitled to draw the inference that the applicant has copied the phrase from the opponent. I do not imply by this that the applicant deliberately set out to deceive the public. I

believe it genuinely considered, erroneously in law, that the characters “奇應丸”, being disclaimed in the opponent’s registrations, were freely available for its own use. Registration of the suit mark will have the effect of diluting the opponent’s mark as the characters “奇應丸”, though disclaimed in both, will become regarded by the trade as generic. There would be no reason why another trader would be refused registration if he submitted a mark comprising two distinct characters preceding the characters “奇應丸”. Though unfortunate for the opponent, it took a huge commercial risk in developing, as part of its trade name and identity, a phrase which is so descriptive of, and laudatory of the goods, that monopolistic rights could never be allowed. I refer to the decisions in *Joseph Crosfield & Sons Ltd.’s Application* (1910) 26 R.P.C. 837 (“Perfection”) on the laudatory point, and *Leopold Cassella & Co.’s Appln. (1910)* 27 R.P.C. 453 (“Diamine”) for the descriptive point. I find therefore that the applicant has taken nothing in which the opponent had rights, and although there remains a slight sense of distaste, this is not a proper reason to exercise my discretion against the applicant – see *Rawhide* [1962] R.P.C. 133 at 142. I accordingly order that the registration of the applicant’s suit mark may proceed.

Costs

66. The applicant has sought costs and there is nothing in the circumstances or conduct of this case which would warrant a departure from the general rule that the successful party is entitled to his costs. I accordingly order that the opponent pays the costs of these proceedings.

67. Subject to any representations as to the amount of costs or calling for special treatment, which either party makes within one month from the date of this decision, costs will be calculated with reference to the usual scale in Part 1 of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4) as applied to trade mark matters, unless otherwise agreed between the parties.

(K.S. Kripas)
p. Registrar of Trade Marks
14 July 2000