

Application No. 16815/2002

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

AND

IN THE MATTER of an application by
Taiwan Fuji Latex Co., Ltd to register
the mark

富士

in Part A of the Register in Class 10

AND

IN THE MATTER of an opposition
thereto by Cheng Leung Bun trading as
Sum Fat Hong

**DECISION
OF**

Ms. Fanny Shuk Fan Pang acting for the Registrar of Trade Marks after a hearing on 31
October 2008.

Appearing : Mr Philips Wong instructed by China.HK Intellectual Property Services
Co., Ltd for the applicant.

Application for Registration

1. On 26 October 2002 (“the application date”), Taiwan Fuji Latex Co., Limited (“the applicant”) applied to register, pursuant to the provisions of the Trade Marks Ordinance Cap. 43 (“the Ordinance”), in Part A of the register in Class 10, the trade mark, a representation of which appears below :

富力士

(“the suit mark”).

2. The goods intended to be covered by the registration were “condoms; contraceptive devices; non-chemical contraceptives; pessaries; medical and surgical apparatus and instruments; orthopedic articles; suture materials; all included in Class 10” (“the specified goods”). The Registrar of Trade Marks (“the Registrar”) accepted the suit mark for registration in Part A of the register. The application was advertised in the Government of the Hong Kong Special Administrative Region Gazette on 13 June 2003.

Pleadings and evidence

3. On 3 October 2003, Cheng Leung Bun trading as Sum Fat Hong (“the opponent”) filed notice of opposition to the application. The grounds of opposition state that the opponent is a sole proprietor carrying on business in Hong Kong and is the proprietor of the trade mark “富力士” registered in Hong Kong with registration no. B1675 of 1981 in Class 5 for “prophylactics” (“the opponent’s registered mark”). It is the opponent’s case that since the early 1980s, it has used the mark “富力士” in Hong Kong, Macau and the People’s Republic of China on goods including “prophylactics” meaning “a contraceptive device especially a condom”. The opponent has extensively used the “富力士” mark and invested substantial amounts in the advertisement and promotion of goods associated with it. As a result, substantial goodwill has been established in the opponent’s “富力士” mark which became generally known to the public and the trade to have substantial connection with the “prophylactics” products of the opponent, but no others. The applicant is applying for registration of the suit mark which is identical to the opponent’s mark “富力士”. The specified goods are the same or of the same description as the opponent’s goods. Therefore, use of the suit mark is calculated to and/or will be likely to mislead the public into believing that those

products supplied or manufactured by the applicant are the products of or otherwise associated with the opponent or with the authority of the opponent. The grounds of opposition comprise sections 9, 12, 13 and 20 of the Ordinance.

4. In the applicant's counter-statement, the applicant's own application for registration of the suit mark and the earlier registration of the opponent's registered mark are admitted. However, the applicant alleges that the opponent's registered mark belongs to it, not the opponent.

5. The applicant avers that it is a Taiwan-based manufacturer of condoms established in 1974. It has been the genuine owner of the mark “富力士” since at least 1976. The opponent, and subsequently Sumore Corporation which was a company associated with the opponent, was a former sales distributor of the applicant's “FULEX 富力士” condoms in Hong Kong, Macau and Mainland China.

6. The applicant asserts that the opponent first approached it on 2 March 1978 to obtain product information. On 19 May 1978, the applicant and the opponent entered into an agreement whereby the opponent was appointed as the applicant's exclusive agent for selling two kinds of “FULEX” condoms in Hong Kong. On 10 July 1978, the opponent requested the applicant to re-design the brand “FULEX” by adding the Chinese characters “富力士”. The applicant accepted the request and added the Chinese characters “富力士” in a stylized way identical to the Chinese characters “夫力士” as appearing in Taiwan trade mark registration no. 89974 for the mark “FULEX 夫力士” in respect of condoms with a registration date of 1 June 1977 owned by the applicant.

7. The applicant and the opponent entered into another agreement on 27 December 1978 whereby the opponent was appointed as the applicant's exclusive agent for selling five kinds of “FULEX” condoms (two with the Chinese characters “富力士”) in Hong Kong and Macau. On 4 July 1979, by the third agreement made between the parties, the opponent was appointed as the applicant's exclusive agent for selling another brand of “FULEX” condoms in Hong Kong and Macau. By another agreement made on 30 March 1981, the opponent was appointed by the applicant to be a sales distributor of the applicant's “FULEX 富力士” condoms in Hong Kong and Macau with effect from 1 June 1980. The applicant alleges that in this agreement, it was agreed clearly that the opponent shall not secure any right, title or interest in or to the mark “富力士” used by the applicant on or in connection with condoms and any

trade mark registration for “富力士” in Hong Kong or Macau by the opponent shall belong to the applicant.

8. On 30 May 1988, the applicant entered into a distribution agreement with Sumore Corporation to continue the distributorship. It was maintained that Sumore Corporation shall not secure any right, title or interest in or to the mark “富力士” used by the applicant on or in connection with condoms and any trade mark registration for “富力士” in Hong Kong or Macau by Sumore Corporation shall belong to the applicant.

9. On 31 December 1993, the distributorship was renewed in that the distribution territory was expanded to cover Mainland China as well. In this agreement, it was again agreed between the parties that Sumore Corporation shall not secure any right, title or interest in or to the mark “富力士” used by the applicant on or in connection with condoms and any trade mark registration for “富力士” in Hong Kong, Macao or Mainland China by Sumore Corporation shall belong to the applicant.

10. The applicant further avers that the application for registration of the opponent’s mark “富力士” was filed after the effective date of the first distribution agreement entered into between the parties. As agreed, the opponent’s registered mark with trade mark registration no. B1675 of 1981 shall belong to the applicant. Subsequently, the applicant terminated the distribution agreement with the opponent and/or Sumore Corporation on 28 May 2002. Upon termination of the agreement, the opponent’s registered mark should be assigned back to the applicant by the opponent without any condition.

11. It is the applicant’s case that each and every use of the mark “富力士” by the opponent in Hong Kong as claimed in the grounds of opposition should have accrued wholly to the benefit of the applicant. The opponent should acquire no proprietary rights, goodwill or reputation in the mark which remain vested in the applicant. For over 20 years, the applicant’s “FULEX 富力士” condoms have been sold in Hong Kong. As a result, the applicant has acquired substantial goodwill and reputation in Hong Kong. The consuming public and the trade in Hong Kong know that the “FULEX 富力士” condoms are of the applicant’s manufacture, and no others.

12. Trade Marks Rules, Cap. 43 Sub. Leg. (“Rule/s”) 25 evidence consists of a statutory declaration from Cheng Leung Cheong, the brother of Cheng Leung Bun,

together with exhibits, which was declared on 2 August 2004 (“Cheng’s first statutory declaration”). Under rule 26, the applicant filed a statutory declaration of Yu Chi Chen, the chairman of the applicant, together with exhibits, which was declared on 26 January 2005 (“Yu’s statutory declaration”). Pursuant to rule 27, the same Mr Cheng of the opponent filed a statutory declaration, together with exhibits, which was declared on 29 July 2005 (“Cheng’s second statutory declaration”). Leave was granted to the opponent to file further evidence under rule 28 which consists of two statutory declarations from Mr Cheng, together with exhibits, which were declared respectively on 21 February 2006 (“Cheng’s third statutory declaration”) and on 14 September 2006 (“Cheng’s fourth statutory declaration”).

Decision

13. Though, by 31 October 2008, the date the matter was heard, the Trade Marks Ordinance Cap. 559 had come into operation, by virtue of section 10(1) and (2) of Schedule 5, an application for registration still pending as of 4 April 2003 and an opposition to the application are to be determined under the provisions of the repealed ordinance, Cap 43.

14. At the hearing, Mr Philips Wong of counsel appeared on behalf of the applicant. The opponent did not give notice of its intention to appear at the hearing by filing TM-No. 8 under rule 30(2). It is therefore treated as not desiring to be heard.

Under section 13(1)

15. The opponent claims itself to be the proprietor of the mark “富士”. In other words, the opponent argues that the applicant is not entitled to claim to be the proprietor of the suit mark.

16. Mr Wong on behalf of the applicant drew my attention to an unreported judgment of the High Court in *Guangzhou Green-Enhance Bio-engineering Co. Ltd. & another v. Green Power Health Products International Co. Ltd. & others* in HCA 4651 of 2002, HCA 2802 of 2003 and HCMP 74 of 2004 dated 8 April 2005.

17. As I see it, one of the causes of action in this case is passing off. The main dispute in passing off is who is the owner of the goodwill in Hong Kong attached to certain trade marks. It was held by Lam J. in this case that in respect of dispute as

to ownership of local goodwill between a foreign manufacturer and local distributor, the first question to ask is what was the contractual arrangement between the parties (paragraphs 52 to 58 of the judgment). In the absence of any agreement between the parties governing the ownership of the goodwill, the matter has to be resolved by way of a factual inquiry and there are no hard and fast legal rules in binding precedents or in factual or legal presumptions. Although quite a number of authorities had been cited by counsel in that case, Lam J. observed that they serve no more than as illustrations of how the court might conduct the factual inquiry on the facts of a particular case. The counsel in that case approached the matter by reference to two tests : the public perception test and the control test. The former examines the public perception regarding who was responsible for the products whilst the latter focuses on asking who was in fact responsible for the character, quality control and production of the products. Lam J. said that whilst these two tests could be adopted as useful starting points for the factual inquiry, they should not be regarded as the exclusive tests to be applied. The court should examine all the relevant circumstances in the case (paragraphs 82, 84 and 85 of the judgment). Given Lam J.'s conclusion in that case that the ownership of the goodwill was vested in the plaintiffs, the court ordered to rectify the first defendant's registration of ENHANVOL as a trade mark in the registry to reflect the fact that the plaintiffs are the owner of the mark.

18. I think reference can also be made to another unreported judgment of the High Court in *Ancor Ltd and another v. California Ltd and another* in HCA 2544/2005 dated 23 June 2006, whereby the Deputy High Court Judge Muttrie observed at paragraphs 29 and 30 of the judgment as follows :

“29. The law is, I think, not in dispute. If there is a dispute between a foreign manufacturer and a local distributor over the ownership of the local goodwill, the court will first look to see if there is any agreement as to its ownership; *Guangzhou Green-Enhan Bio-Engineering v Green Power Health Products International Co. Ltd.* HCA 4651 of 2002. Here there is no agreement. It is then necessary to look at the facts; *Medgen Inc v Passion for Life Products Ltd* [2001] FSR 496; *Scandecor Development AB v Scandecor Marketing AB* [1999] FRS 26.

30. Criteria for the resolution of this dispute were put forward in Wadlow, *The Law of Passing Off*, 3rd Edition, Para 3-108. These were applied in Hong Kong in *Guangdong Foodstuffs Import and Export (Group) Corp. v Tung Fook Chinese Wine (1982) Co. Ltd*, [1999] 3 HKLRD 545 and also referred to in *Guangzhou Green-Enhan*

I reproduce here a passage from the judgment in Guangdong Foodstuffs at 586-587:

“...Goodwill is created by trading activities, but it often happens that more than one business is involved in the sequence which results in goods or services being made available to the consuming public. If so, then the question arises of which of those businesses is the owner of goodwill which the law recognises as damaged when a third party passes off his goods or business as those with which the public is acquainted. The problem arises in two main contexts. One is where two or more businesses which have previously worked together fall out...

There are two distinct, and not necessarily consistent, standards in this passage. One is to ask who is in fact most responsible for the character or quality of the goods; the other is to ask who is perceived by the public as being responsible. The latter is the more important, but it does not provide a complete answer to the problem because in many cases the public is not concerned with identifying or distinguishing between the various parties who may be associated with the goods. If so, actual control provides a less conclusive test, but one which does yield a definite answer.

To expand, the following questions are relevant as to who owns the goodwill in respect of a particular line of goods, or, *mutatis mutandis*, a business for the provision of services :

(1) Are the goods bought on the strength of the reputation of an identifiable trader?

(2) Who does the public perceive as responsible for the character or quality of the goods? Who would be blamed if they were bad?

(3) Who is most responsible in fact for the character or quality of the goods?

(4) What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill? For example, goodwill is more likely to belong to the manufacturer if the goods are distributed through more than one dealer, either at once or in succession. If more than one manufacturer supplies goods to a dealer and they are indistinguishable, the dealer is more likely to own the goodwill.

If none of these gives a result, the goodwill may generally be assumed to belong to the actual manufacturer of the goods.”

19. Applying the legal principles promulgated in the cited cases, the first question before me is to determine if there is any agreement as to the ownership of the suit mark made between the applicant as the foreign manufacturer on the one hand and the opponent as the local distributor on the other hand.

20. I find the following facts established by the evidence filed in these proceedings.

21. The applicant is a Taiwan-based manufacturer of condoms established in 1974 (paragraph 1 of Yu’s statutory declaration). The opponent, and subsequently Sumore Corporation who was somehow related to the opponent, was a former sales distributor of the applicant’s “FULEX 富力士” condoms in Hong Kong, Macau and Mainland China (paragraph 3 of Yu’s statutory declaration).

22. Turning to the history of the relationship between the parties, the opponent first approached the applicant in March 1978 to obtain product information of condoms manufactured by the applicant. After some initial discussions on the estimated sales quantity, price and terms and the placing of trial order by the opponent, on 19 May 1978, the applicant and opponent finally came to terms and entered into an agreement whereby the opponent was appointed as the applicant’s exclusive agent for selling “FULEX NEW MARONY” and “FULEX MARONY RUBBER” condoms within the territory of Hong Kong under the terms and conditions as set out in the agreement (paragraph 5 of Yu’s statutory declaration and “YCC-4”).

23. By a letter of 10 July 1978 from the opponent to the applicant (“YCC-4” to Yu’s statutory declaration), the opponent requested the applicant to re-design the brand “FULEX” by adding the Chinese characters “富力士”. The relevant paragraph in the letter is reproduced below :

“Referring to our negotiation about our intention of acting you as the sole agent for a further brand – Fulex Marony Wrinkle, we have some comment to add here for your kind reference. After our actual market contact, we find out that some retailers have been selling the goods of Fulex Marony Wrinkle. As we do not quite know the

stock and selling situation of Fulex Marony Wrinkle, it is dangerous for us to place an order to compete with the existing importers. We are afraid that if two or more than two importers selling the same brand of product, a cut-throat competition might occur and eventually, it will endanger the future selling prospect of that particular product. To tell you the actual fact, the previous importers of Fulex Marony and Fulex New Marony have placed some kind of difficulty for our salesmen in selling. Anyway, with our present sales effort, we strongly believe that we are able to achieve our sales target. For your better information, our present sales result of Fulex Marony and Fulex New Marony is quite satisfactory. We do hope that our present sales result will apply to all of other brand and products that your factory will supply us. **An other point that we like to bring out for your attention and discussion is that if possible in the future, we shall sell all of your goods bearing with the brand Fulex (富士) with no same brand import by our competitor** (emphasis added). We bring this out because we find out that if too many importers selling too many brand under Fulex brand, it will not result in good selling volume but only result in competition and confusion to the retailers [sic].”

24. In reply, the applicant wrote to the opponent on 19 July 1978 (“YCC-4” to Yu’s statutory declaration) as follows :

“Since your stay in Taipei was so short and hasty, we deeply regret for not being able to entertain you utmostly. Due to the same reason, we were not allowed to give you detailed information concerning the market situation of FULEX RONY WRINKLE, which you mistook as FULEX MARONY WRINKLE in your letter of July 10, 1978. Actually, as we look into files more closely, the volume we have shipped to H.K. in 1977 and 1978 was only 300 gross, which happened in Sept. 1977. We believe, therefore, the stock pressure from other importers would be too limited to cause any further trouble for you. As we both have experienced that we confidently believe the future collaboration would be very prosperous and pleasant. Please do not hesitate to move further on FULEX RONY, for we definitely would protect you.

As to our Brand name, FULEX, we shall redesign it as required by you and shall not apply it to other customers, of course (emphasis added). Before we actually reprint it, we shall sent [sic] you a copy of draft for confirmation.”

25. It appears that the parties cooperated well. To further expand their business relationship, by another agreement made between the applicant and the

opponent on 27 December 1978 (“YCC-4” to Yu’s statutory declaration), the opponent was appointed as the applicant’s exclusive agent for selling five kinds of “FULEX” condoms in Hong Kong and Macau from 27 December 1978 to 31 May 1980, subject to renewal as follows :-

- “1. 3 pcs. packing FULEX NEW MARONY.
2. 3 pcs. packing FULEX MARONY.
3. Dozen packing FULEX NEW MARONY with Chinese characters “富力士”.
4. Dozen packing FULEX MARONY with Chinese characters “富力士”.
5. 3 pcs. packing FULEX RONY WRINKLE.”

26. The five types of condoms were referred to as “merchandise” in the agreement. Three of the material terms in the agreement are as follows :-

- “3. PRINCIPAL (the applicant) shall not offer, sell or export any of the above merchandise, no matter directly or indirectly, to other customers in HONG KONG and MACAU than AGENT (the opponent) during the period hereof, unless otherwise agreed upon by both parties.
4. AGENT shall resell merchandise within the territory of HONG KONG and MACAU, shall not resell any products similar to MERCHANDISE not supplied or manufactured by PRINCIPAL, or reexport MERCHANDISE to other countries or areas outside HONG KONG and MACAU without PRINCIPAL’s beforehand consent in writing.
6. AGENT shall be responsible for sales promotional activities for MERCHANDISE and the relative expenses thereby incurred, unless otherwise agreed upon by both parties.”

27. By an agreement made by the parties on 4 July 1979 (“YCC-4” to Yu’s statutory declaration), the opponent was appointed to sell another kind of “FULEX” condoms in Hong Kong and Macau from 4 July 1979 to 3 July 1980, subject to renewal. This agreement contains the same three material terms as set out in paragraph 26 above.

28. In a letter dated 29 March 1979 from the opponent to the applicant (“YCC-5” to Yu’s statutory declaration), the opponent stated as follows :-

“關於 FULEX 富士保險袋之商標，敝公司已在香港政府註冊代理權利，希望貴廠能與敝公司衷心合作和大力協助 (emphasis added)。現經考慮後，敝公司有意代理以上 GRAINLET 及 New Rony Wrinkle 二款，希即報來價格及樣辦。另一方面，希先生把以前香港誰人向貴廠訂購此二款貨之詳細情形與至目前此二款流向香港之數量若干一起告悉。因此資料對敝公司日後推銷此二款貨的幫助很大也，此點希先生切注意。

又上次貴司寄來之“FULEX 富士”之招貼金紙，現已用完，希先生再付來多些以供應用。”

29. In the letter dated 23 July 1980 from the applicant to the opponent (“YCC-5” to Yu’s statutory declaration), the applicant stated as follows :

“再者關於你來函提及有些香港公司打算由日本訂購 FULEX 之事。這是個不予置信的謠言本日本公司斷不可能做“富士”的產品，我們可對此做絕對保證，不過為確保您本有的利益，建議將“富士”牌在香港註冊，如此立場較易於把握 (emphasis added)...”

It is noted that before the aforesaid letter dated 23 July 1980, the opponent on 16 July 1980 filed in Hong Kong a trade mark application for the mark “富士” in Class 5 in respect of “prophylactics” which matured into registration on 10 September 1981. On 26 July 1980, the opponent filed in Hong Kong another trade mark application for the mark “FULEX” also in class 5 for “prophylactics” which was actually registered on 19 August 1981.

30. On 30 March 1981, with a view to further expanding the scope of the distributorship, the parties entered into another agreement with an effective date of 1 June 1980 (“YCC-5” to Yu’s statutory declaration). This agreement contains fuller terms and conditions and for the first time incorporates a clause on trademarks. In the recital of this agreement, it states :-

‘WHEREAS, FUJI (the applicant) does now and has for many years manufactured and developed certain products known under and identified by the trademarks set forth in Schedule A attached hereto (such products herein referred to as “the Trademarks of FUJI”) and desires to increase the sales of the Products in the territory hereunder set forth and

WHEREAS, SUM FAT HONG (the opponent) desires to enter the condoms business and desires to secure an exclusive sales right to selected products listed in Schedule A and which from time to time may be added to their list, to be sold in Hong Kong and Macau, hereinafter known as “the Territory”.

31. The material terms of the agreement are as follows :-

‘1. Appointment of Importer

FUJI hereby grants the exclusive right to market and promote selected products, as per Schedule A, through the “Territory” subject to the terms of this Agreement.

... ..

2. Acceptance by Importer

SUM FAT HONG hereby accepts the above sales right to market the Products in said Territory to the satisfaction of FUJI, and agrees to make all sales hereunder in accordance with this agreement. SUM FAT HONG further shall not purchase any condoms from any other manufacturer during the term of this Agreement.

... ..

7. Trademarks

The Parties acknowledge that they shall not secure under this Agreement, any right, title or interest in or to any of the Trademarks, whether or not registered, used by either party or any of its affiliated companies on or in connection with the Products.

The sole owner of Fulex Trademark registered in Hong Kong and Macau by SUM FAT HONG is Fuji Latex.

... ..

9. Effective Date and Duration of Agreement

This Agreement is valid for a period of Five years from the effective date and will automatically be renewed thereafter for periods of five years unless six months advance notice of intention to terminate the Agreement is made by registered mail by either party.

... ..

14. This Agreement replaces all other verbal or written Agreements between the parties in this matter up to the date of this Agreement.

SCHEDULE A

C&F HONG KONG

FULEX GRAINLET (3 pcs)	US\$7.40 per gross
FULEX ZERO-0 (3 pcs)	US\$6.00 per gross
FULEX ZERO-0 (12 pcs)	US\$5.90 per gross
FULEX RONY (3 pcs)	US\$6.00 per gross
FULEX NEW MARONY (3 pcs)	US\$5.50 per gross
FULEX NEW MARONY (12 pcs)	US\$5.40 per gross
FULEX MARONY (12 pcs)	US\$5.40 per gross

- * Packing :
- 1) 3-pc packet : 3 pcs. packed in a consumer packet, 48 packets in a gross box, 25 gross in an inner carton, two inner cartons in a standard export carton.
 - 2) dozen packs : 12 pcs. in a gift box, 12 gift boxes in a gross box, 25 gross in an inner carton, two inner cartons in a standard export carton.

* The appearance of pack will be printed with Chinese character [sic] “富力士”.

32. The applicant and one Sumore Corporation which is, undisputed by the applicant and the opponent, associated with the opponent, entered into an agreement on 30 May 1988 with an effective date of January 1988. The recital of this agreement sets out the following :

“WHEREAS, FUJI does now and has for many years manufactured and developed certain products known under and identified by the trademarks set forth in Schedule A attached hereto (such products herein referred to as “the Products”) and desires to increase the sales of the Products in the territory hereunder set forth and

WHEREAS, SUMORE desires to continue the condoms business and desires to secure an exclusive sales right to selected products listed in Schedule A and which from time to time may be added to their list, to be sold in Hong Kong and Macau, hereinafter known as “the Territory”.

33. The material terms of this agreement are reproduced below :-

‘1. Appointment of Importer

FUJI hereby grants the exclusive right to market and promote selected products, as per Schedule A, through the “Territory” subject to the terms of this Agreement.
... ..

2. Acceptance by Importer

SUMORE hereby accepts the above sales right to market the Products in said Territory to the satisfaction of FUJI, and agrees to make all sales hereunder in accordance with this agreement. SUMORE further shall not purchase any condoms from any other manufacturer during the term of this Agreement.
... ..

7. Trademarks

The Parties acknowledge that they shall not secure under this Agreement, any right, title or interest in or to any of the Trademarks, whether or not registered, used by either party or any of its affiliated companies on or in connection with the Products.

The sole owner of fulex Trademark registered in Hong Kong and Macau by SUMORE is Fuji Latex.
... ..

9. Effective Date and Duration of Agreement

This Agreement is valid for a period of three years from the effective date and will automatically be renewed thereafter for periods of three years unless six months advance notice of intention to terminate the Agreement is made by registered mail by either party.
... ..

14. This Agreement replaces all other verbal or written Agreements between the parties in this matter up to the date of this Agreement.

SCHEDULE A

CIF HONG KONG

FULEX MARONY (12's) SM-1D	US\$6.74 per gross
FULEX NEW MARONY (12's) SM-2D	US\$6.74 per gross
FULEX NEW MARONY (3's) SM-2T	US\$6.95 per gross
FULEX ZERO-0 (12's) SM-3D	US\$7.24 per gross
FULEX ZERO-0 (3's) SM-3T	US\$7.62 per gross
FULEX ZERO-0 (3's 盒) SM-3-3B	US\$9.38 per gross
FULEX CLIMAX (12's) SM-4D	US\$8.50 per gross
FULEX GRAINLET (12's) SM-5D	US\$8.54 per gross
FULEX GRAINLET (3's) SM-5T	US\$8.28 per gross
FULEX GRAINLET (3's 盒) SM-5-3B	US\$10.05 per gross
FULEX RONY (12's) SM-6D	US\$6.74 per gross
FULEX 002 (12's) SM-7D 武士	US\$8.06 per gross
FULEX 002 (12's) SM-8D 海邊	US\$8.06 per gross
FULEX 002 (12's) SM-9D 和服	US\$8.06 per gross
FULEX 002 (3's) SM-9-3B	US\$10.05 per gross
FULEX SUPREME (12's) SM-10D	US\$8.54 per gross

PACKING :

3's : 3 pcs. packed in a consumer packet, 48 packets in a gross box, 25 gross in an inner carton, 2 inner cartons in an export carton.

3's 盒 : 3 pcs. packed in a box, 48 boxes in a gross box, 25 gross in an inner carton, 2 inner cartons in an export carton.

12's : 12 pcs. in a doz. box, 12 doz. in a gross box, 25 gross in an inner carton, 2 inner cartons in an export carton.

* The appearance of pack will be printed with Chinese character [sic] “富力士”

34. It is important to note that the recital and the material terms of this 1988 agreement are more or less the same as those in the aforesaid 1981 agreement.

35. The applicant has produced in the exhibit “YCC-5” to Yu’s statutory declaration another agreement made between Sumore Corporation and it on 31 December 1993 with virtually the same recital and material terms as those of the previous 1981 and 1988 agreements. The only difference that is worth mentioning is that this 1993 agreement was to expand the territory in which the condoms were sold to Mainland China in addition to Hong Kong and Macau. Clause 7 regarding the

ownership of trademarks and the way by which the mark “富力士” was set out in Schedule A were modelled on those of the 1981 and 1988 agreements. In the opponent’s rules 27 and 28 evidence, Mr Cheng Leung Cheong expressly disputes the authenticity of the 1993 agreement saying that the signature appearing at page 6 of the 1993 agreement purportedly signed by him on behalf of Sumore Corporation was not his signature since the applicant and Sumore Corporation were not able to agree on the terms of the agreement. In Cheng’s third statutory declaration, a copy examination report prepared by a “forensic handwriting and document examiner”, Mr Cheng Yau Sang, Patrick giving an opinion that the questioned signature of Mr Cheng in the 1993 agreement is a forgery was exhibited. The fall back position of the opponent is that in any event, even if the 1993 agreement was duly signed between the parties, it would not change the position at all because there was no substantial change to the wordings used in Clause 7 of the agreement regarding trademarks. I would like to point out that the applicant has not filed any evidence in reply to the authenticity point.

36. The applicant notified Sumore Corporation in writing on 15 July 2002 purportedly to terminate the 1993 agreement alleging that Sumore Corporation had failed to achieve the sales target as agreed and had done some pirating acts in applying in Mainland China for registration of ten trade marks containing “FULEX”, “富力士” and “夫力士” in various forms and/or combinations without consent of the applicant (see paragraph 8 of Yu’s statutory declaration). There were then exchanges of correspondences between the parties or their legal representatives in the dispute as to who owns the trademarks “FULEX” and “富力士”.

37. There were also correspondences exchanged between the parties or their legal representatives in 2003 and 2004 regarding different versions of a “settlement agreement” in respect of the assignment of the opponent’s Hong Kong trade mark registration nos. 1516 of 1981 and B1675 of 1981 for the marks “FULEX” and “富力士” respectively to the applicant. As the present opposition proceedings in relation to the registration of the suit mark by the applicant have nothing to do with those registered marks, I am not going to make any finding in relation to the alleged settlement agreement. The issue before me under section 13 is whether the applicant is entitled to claim to be the proprietor of the suit mark at the application date, i.e., 26 October 2002, not the validity of the earlier registrations for the marks “FULEX” and “富力士” owned by the opponent dating back to 1980.

38. In my judgment, when determining whether there was any agreement

between the applicant and the opponent or Sumore Corporation governing the ownership of the goodwill in Hong Kong attached to the mark “富士”, one should look at the provisions of the 1988 or 1993 agreement. I do not think that there is any material difference so far as the ownership of the trade mark “富士” is concerned in the two agreements.

39. Both the opponent and applicant have made some assertions on ownership of the mark “富士” seizing on one or two vague statements in the parties’ correspondences in 1979 and 1980. For example, the opponent relied on the Chinese letter dated 23 July 1980 (paragraph 29 above) as evidence of the applicant’s acknowledgment of the opponent’s ownership to the mark “富士” on the argument that the applicant wrote to the opponent inviting him to register the mark “富士” in order to protect the opponent’s interest. The applicant referred to the letter of 29 March 1979 (paragraph 28 above) and contended that the opponent had told the applicant it had registered as an agent for using the trade marks “Fulex” and “富士” in Hong Kong.

40. However, in my opinion, both the 1988 and 1993 agreements provide that the agreements replace all other verbal or written agreements between the parties in the matter up to the date of the agreements (clause 14). Therefore, putting the question of the “vagueness” of the statements in the correspondence aside, it is pointless to judge the ownership of trade marks by reference to the previous correspondences between the parties at the early stage before the signing of the agreements.

41. It is clearly provided in clause 7 of both the 1988 and 1993 agreements that the parties acknowledge they shall not secure any right, title or interest in or to any of the trade marks, whether or not registered, used by either party or any of its affiliated companies on or in connection with the condoms save and except that the sole owner of the “FULEX” trade mark registered in Hong Kong is the applicant. I therefore find that there was no agreement between the applicant and the opponent or Sumore Corporation regarding the ownership of the suit mark “富士”.

42. According to the legal authorities, the matter then has to be resolved by way of a factual inquiry of all the relevant circumstances in the present case. There are no hard and fast legal rules in binding precedents or in factual or legal presumptions.

43. In my view, it is beyond dispute that the applicant was most responsible for the character and quality of the “富力士” condoms as a matter of fact. The condoms were manufactured by the applicant who was responsible for the quality of the products. The opponent had nothing to do with the quality of the products.

44. Turning to public perception, I find that the “富力士” condoms were bought on the strength of reputation of the applicant. The promotional materials used in Hong Kong always emphasized on the quality of the products in question, that is, condoms. In the advertising materials produced in “YCC-8” to Yu’s statutory declaration, on many occasions, the applicant was identified as the manufacturer of the condoms such as :

“Fulex Condoms – Fuji Latex Co. Ltd. 劃時代榮譽出品! 富力士保險袋 – 最完美的避孕袋!”

“MFD BY TAIWAN FUJI LATEX CO. LTD. WITH TECHNICAL COOPERATION OF FUJI LATEX CO., LTD. TOKYO JAPAN”

世界性的製造規格

“本公司 (the applicant) 按 CNS、日本 JIS、英國 BS、世界 ISO 標準製造並榮獲為美國 FDA、法國 NF 等檢驗合格的生產工廠，行銷遍及全球。”

45. In the packaging of the condoms produced in “YCC-8”, again, the applicant was identified as the manufacturer with technical cooperation of Fuji Latex Co., Ltd. Tokyo Japan. Similar packaging was also found in page 3 of the exhibit marked “CLC-8” to Cheng’s second statutory declaration as part of the opponent’s evidence. On that packaging, it was also marked “manufactured by Taiwan Fuji Latex Co. Ltd. with technical cooperation of Fuji Latex Co. Ltd. Japan”.

46. Furthermore, in all the aforesaid advertising materials and packagings of the products, Sumore Corporation was characterized as the “sole distributor” or “sole agent”. Therefore, the public should have perceived the applicant as being responsible for the character or quality of the condoms. The condoms were not advertised as being goods for which a Hong Kong company was responsible.

47. It is the opponent’s case that it paid for advertising expenses in Hong Kong. As rightly submitted by Mr Wong for the applicant, this is of little significance

insofar as the ownership of the mark is concerned, because the opponent or Sumore Corporation was under a duty to bear such promotional expenses under the various agreements signed between the parties. It is a price that the opponent or Sumore Corporation agreed to pay in order to get the distributorship (see paragraph 113 of the unreported judgment of *Guangzhou Green-Enhan Bio-Engineering* case, supra).

48. Regarding the opponent's allegation that the mark “富力士” was invented by it, Mr Wong submitted that the mark “富力士” was obviously derived from the applicant's marks “FULEX” and “夫力士”. Even assuming that the mark “富力士” was suggested by the opponent, that does not mean that the opponent is entitled to the ownership of the mark. In the *Guangzhou Green-Enhan Bio-Engineering* case, supra, Lam J. observed that even assuming that the trade marks concerned in that case were coined by the defendants, this is but one factor to be taken into account in deciding ownership of the goodwill attached to the marks. Taking other factors into account, Lam J. was able to conclude that the plaintiffs are the owners even if the marks were coined by the defendants (see paragraph 126 of the unreported judgment). Similarly, to my mind, I do not think too much weight could be attached to the fact that the mark “富力士” was suggested by the opponent in the present case, in particular I accept Mr Wong's submission that apparently, “富力士” was somehow derived from the applicant's original marks “FULEX” and “夫力士”.

49. Having conducted a factual inquiry of all the relevant circumstances in the present case, I have come to the conclusion that the applicant was entitled to claim to be the proprietor of the suit mark under section 13(1) of the Ordinance as the owner of the goodwill attached to the mark at the application date. It follows that the opposition under section 13(1) of the Ordinance is defeated.

Under section 20(1)

50. At the application date, section 20(1) of the Ordinance insofar as it relates to goods provided :

“20. Prohibition of 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) ”

51. The following registered mark is relied on by the opponent in mounting the opposition under section 20(1) :

Trade Mark	Registration No.	Class	Part	Goods
富士	1981/B1675	5	B	prophylactics

52. At the pleadings and evidence stage of the present opposition proceedings, it was the applicant’s case that the opponent’s registered mark shall belong to the applicant instead of the opponent (paragraph 3 of the counter-statement). Evidence has also been filed in the proceedings in relation to this matter. Before the present hearing, the Registrar wrote to the parties pointing out to them that according to section 2(1) of Schedule 5 to the Trade Marks Ordinance Cap. 559 (“the new Ordinance”), existing registered marks shall be deemed to be transferred on the commencement date to the new register and shall be deemed to be registered under the new Ordinance. Under section 80 of the new Ordinance, in any proceedings relating to a registered trade mark, the registration of a person as owner of a trade mark shall be *prima facie* evidence of the validity of the original registration which provision is more or less in the same terms as section 29 of the Cap. 43 Ordinance. Proceedings in respect of the validity of a registered trade mark can be commenced under the new Ordinance such as revocation and invalidation under sections 52 and 53. My view as set out in the letter is that there are no proceedings regarding the validity of the registration of the opponent’s registered mark before me. It is clear that the issue cannot be dealt with in the context of the present opposition to the registration of the applied for mark “富士” by the applicant.

53. It seems that Mr Wong is in agreement with me. Instead of challenging the validity of the opponent’s registered mark, at the hearing, Mr Wong in fact on

behalf of the applicant conceded that the respective marks in question are identical and the goods in question are goods of the same description.

54. I therefore find that the suit mark is prohibited from registration under section 20(1) of the Ordinance, unless the application can be brought within the provisions of section 22.

Under section 22

55. Section 20(1) of the Ordinance makes express reference to the exception provided by section 22. Mr Wong submitted that under section 22 of the Ordinance, the Registrar may permit registration by more than one proprietor, in respect of the same description of goods, of trade marks that are identical in case of honest concurrent use or other special circumstances.

56. Mr Wong submitted that there are special circumstances in the present case which the Registrar shall take into consideration under section 22. Mr Wong contended that the opponent was merely the exclusive distributor of the applicant's products bearing the marks "FULEX" and "富士" in Hong Kong. It is immoral for the opponent now to claim ownership of the mark "富士" after the termination of the distributorship relationship. The agreements and overall circumstances of the case all clearly show that the applicant is and was the owner of such marks. Prior to the registration of the mark "富士" by the opponent on 16 July 1980, the applicant had already been using the mark through the use by the opponent as its agent in Hong Kong. Further, Mr. Wong submitted that the opponent's registered mark is liable to be revoked based on the aforesaid facts and arguments.

57. In *Shanahan, Australian Law of Trade Marks and Passing Off*, 2nd edition, p.207-208, the following succinct account of "special circumstances" is given by the learned author:-

‘..... Generally "special circumstances" have only been something to consider along with use when weighing the case for registration. However, in *Government of West Australia's Appn* there had been no use of the applicant's mark "Swandown", but the application was allowed to proceed in the face of conflicting "Swan" marks on the basis of two "special circumstances", one being the applicant's previous and well known use of a black swan device as the State emblem and the other

the fact that the respective goods were not identical.

.....

It would seem that a special circumstance might comprise any aspect of the applicant's use tending to minimise the risk of confusion or showing particular hardship. Thus the following have been recognized as "special circumstances" : the registered mark had been vulnerable to non-use proceedings during most of the period of the applicant's use; the earlier mark had been revived for the purpose of attacking the applicant's use rather than from any strictly commercial consideration; the word for which registration was sought was disclaimed in the prior mark; the mark was the name of the applicant; and the proprietor of the prior mark would be unable to prevent the applicant's use even if registration were refused. In *Maeder's Appn* the consent of the earlier party was considered "a circumstance that is deserving of very attentive consideration."

58. In *Holt & Co.'s Application [1957] RPC 289*, a "special circumstance" was referred to as "a fact peculiar to the applicant in relation to the subject matter of the application". It was held in that case the use of the applicant's mark prior to the use and registration of the cited mark was a "special circumstance" favouring registration, even though the use had not been continuous.

59. Ultimately, the question of whether "special circumstances" exist depends on all the relevant facts which arise in the individual case and the balanced exercise of the judge's discretion (*Budweiser Trade Marks [2000] RPC 906 at 920*, per Judge L.J.). In that case, Judge L.J. observed the following:-

"Given the nature of the prohibitions in section 11 and section 12(1) it seems to me that, normally at any rate, account should be taken of the nature and extent of the risk of confusion or deception, potentially damaging to the public generally, and where the mark has already been registered by another party, damaging to its business, and also whether the party seeking the exercise of the discretion, has, in the context of a serious competitive market, conducted its business on the issues in relation to which registration arises with reasonable integrity."

and at 921 :-

“In view of the way this commercial dispute has developed, and the history already outlined in so many judgments, and the absence of any evidence to justify the conclusion that BB acted dishonestly in respect of its use of Budweiser, or in procuring its customers to use the diminutive “Bud” when ordering its beer, and balancing both the public interest, and the proper preservation of the commercial interests of each of the protagonists, these registrations should be permitted.”

60. Turning back to the special circumstances of the present case, it is plain for me to find that the suit mark and the opponent’s registered mark are in fact of common origin. The applicant had been using the suit mark in Hong Kong as the manufacturer of the “富力士” condoms for many years prior to the application date. As found above, the goodwill attached to the mark “富力士” was vested in the applicant at the application date. I therefore do not think that deception would be caused to the public generally if the suit mark gets registered. On the other hand, particular hardship would be caused to the applicant if the present application for registration of the suit mark is refused. I therefore consider that the applicant has established “special circumstances” within the meaning of section 22 sufficient for me to form an opinion that it would be proper to allow onto the register the suit mark in the face of the opponent’s registered mark.

Under section 12(1)

61. The opponent has pleaded section 12(1) as one of the grounds of opposition. However, I do not think I need to consider the opposition under this section. Even if the registration of the suit mark offends against section 12(1) of the Ordinance, it is settled law that section 22 may be invoked to allow the registration of the mark.

Under section 9

62. The opponent pleads in paragraph 9 of its grounds of opposition that the suit mark is neither inherently adapted by the applicant to distinguish nor capable of distinguishing the applicant’s goods and is not by reason thereof a registrable trade mark within the meaning of section 9 of the Ordinance. Mr Wong submitted that it is not clear how the opponent can possibly rely on section 9 and argue that the suit mark is neither inherently adapted nor capable of distinguishing the applicant’s goods. The suit mark consists of invented words and the words have no direct reference to the

character or quality of the goods in respect of which the suit mark is sought to be registered. There is nothing to suggest that the suit mark cannot serve to indicate trade origin.

63. The opponent does not explain why the suit mark is not a registrable trade mark within the meaning of section 9 of the Ordinance either in the grounds of opposition or the evidence filed. In any event, I accept Mr Wong's submissions and find that the opposition under section 9 fails.

Under section 13(2)

64. Having exercised my discretion in the applicant's favour under section 22, it would be somewhat perverse to exercise it against the applicant under section 13(2). In any event, no fresh grounds have been advanced by the opponent in relation to my exercise of discretion under this section. I accordingly decline to exercise my discretion against the applicant.

Costs

65. 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 its costs. I accordingly order that the opponent pays the costs of these proceedings.

66. 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 I of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4A) as applied to trade mark matters, with one counsel certified unless otherwise agreed between the parties.

Original signed

(Ms Fanny Pang)
p. Registrar of Trade Marks
15 December 2008