

TRADE MARKS ORDINANCE (CAP. 559)

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK
REGISTRATION NO. 300501678**

MARK :



CLASS : 25

APPLICANT : AVEX ENTERTAINMENT INC.
(AVEX ENTERTAINMENT KABUSHIKI KAISHA)

REGISTERED OWNER : 泉州市三興體育用品有限公司

STATEMENT OF REASONS FOR DECISION

Background

1. On 15 May 2008, Avex Entertainment Inc. (Avex Entertainment Kabushiki Kaisha) (“Applicant”) filed an application under section 53 of the Trade Marks Ordinance (Cap. 559) (“Ordinance”) for a declaration of invalidity of the registration of Trade Mark No. 300501678 (“suit mark”). A representation of the suit mark is set out below :



2. Registration of the suit mark was granted on an application for registration filed on 27 September 2005 (“Filing Date”). The suit mark was registered in the name of 泉州市三興體育用品有限公司 (“Registered Owner”) in respect of “clothing, footwear, headgear” in Class 25.

3. The Registered Owner did not file any counter-statement and the application for declaration of invalidity was therefore treated as unopposed.

4. The Applicant filed a statutory declaration of Hajime Taniguchi made on 29 January 2010 (“HT Declaration”) as evidence in support of the application pursuant to rules 42 and 47 of the Trade Marks Rules (Cap.559A) (“Rules”).

5. The hearing was scheduled to take place before me on 11 September 2012. The Applicant informed the Registrar by its letter dated 18 July 2012 that it does not intend to appear at the hearing, but written submissions and copies of authorities were filed on its behalf on 5 September 2012. I now proceed to decide the matter without a hearing under rule 75 of the Rules.

Grounds of the Application

6. The Applicant relies on the grounds under the following sections of the Ordinance for the application for a declaration of invalidity of the registration of the suit mark:

- (i) sections 12(3) and 53(5)(a);
- (ii) sections 12(4) and 53(5)(b);
- (iii) sections 11(5)(b) and 53(3);
- (iv) sections 12(5)(a), 12(5)(b) and 53(5)(b); and
- (ii) sections 11(4) and 53(3).

Each of the above grounds for invalidation is separate and distinct. The application for invalidation will succeed if any one of the above grounds can be established.

The Applicant’s evidence

7. According to the HT Declaration, the Applicant is one of the wholly owned subsidiaries of Avex Group Holdings Inc. and is a music visual content production company and talent agency. Headed by Avex Group Holdings Inc., Avex Group is one of the largest independent music record labels in East Asia.

8. As stated in paragraphs 7 to 9 of the HT Declaration, the Applicant has signed Ms. Ayumi Hamasaki (濱崎步) (“Ayumi”) as its singer since 1998. To signify

Ayumi and to promote the albums as well as the Applicant's products for Ayumi, the Applicant has commissioned a design company, namely Rice Co., Limited, to create the following graphic work ("the Artistic Design") in around 1999:



The Artistic Design was designed to feature a capital letter A, which is the first alphabet of the first name of Ayumi. Pursuant to a business entrustment agreement made between the Applicant and Rice Co., Limited, all rights (including copyright and all other intellectual property rights) of and in the Artistic Design have been assigned from Rice Co., Limited to the Applicant absolutely. Hence, the Applicant was and is the sole legal and beneficial owner of the Artistic Design. A copy of the said business entrustment agreement together with an English translated version of its major provisions was provided in Exhibit HT-1, Section Three.

9. It was deposed in paragraph 10 of the HT Declaration that the Artistic Design has been used and published by the Applicant since 1999. A sample of first use of the Artistic Design by the Applicant can be found in Exhibit HT-1, Section Four, in which the Artistic Design was seen to be printed on the packaging of an Ayumi's album entitled "appears". From the figures given in paragraph 18 of the HT Declaration, I note that more than 2,700 copies of the said album had been sold in Hong Kong alone, for a total sales turnover exceeding HK\$130,000, since its launch in 1999.

10. The Applicant also provided other samples showing use of the Artistic Design in Exhibit HT-1, Section Five, the majority of which shows that the Artistic Design was applied in the packages of various Ayumi's albums and CDs, such as "A clips" (issued in 2000), "A BEST" (2001), "A BALLADS" (2003) and "Ayumi Hamasaki Arena Tour 2003~2004" (2004). According to the sales figures set out in paragraph 18 of the HT Declaration, the number of sales of and the sales turnover generated by the Ayumi's albums in Hong Kong were substantial. For instance, more than 38,000 copies of the album entitled "A BEST" have been sold in Hong Kong since its release in 2001, generating a sales turnover of over HK\$4,000,000. In addition to its use on the CD packaging, the Artistic Design is also found to be used in respect of printed promotional materials of Ayumi's albums.

11. According to paragraphs 14 to 17 of the HT Declaration, the Applicant has expended substantial effort in promoting Ayumi (including *inter alia* the use of the Artistic Design) and it has produced and released more than 100 albums, CDs and video-related goods in Hong Kong since 1999 and the mainland China since 2000. By virtue of such extensive promotion, Ayumi has become one of the most well-known Japanese singers in Hong Kong and the mainland China. As revealed from the large volume of randomly selected copies of newspapers articles attached in Exhibit HT-1, Sections Six and Seven, the news for Ayumi have been widely reported in Hong Kong and the mainland China, which in a way reflects the degree of popularity of Ayumi.

12. It was averred in paragraphs 21 to 23 of the HT Declaration that by virtue of the consistent and substantial use of the Artistic Design in relation to CDs, DVDs and all other products relating to Ayumi by the Applicant, the public should associate the Artistic Design with the Applicant and the Applicant's products for Ayumi. Apart from the use of the Artistic Design on the packages of albums, the news clips produced in Exhibit HT-1, Section Nine also illustrate that the Artistic Design has been used on accessory items such as key rings and phone straps.

13. As stated in paragraphs 27 to 29 of the HT Declaration, the original applicant for registration of the suit mark is a person named Chen Hui (陳輝) ("Original Registrant"). According to the passages posted by the Original Registrant in different websites as attached in Exhibit HT-1, Section Twelve, it is clear that the Original Registrant has knowledge on Ayumi and the Artistic Design, and intends to sell or license the right to use the Artistic Design to third parties. In one of those passages posted by the Original Registrant on 佛山知識產權網, the Original Registrant offered to sell an Ayumi device (濱崎步圖形) in the capacity as the vendor. He stated:

“世界品牌 - “濱崎步” 服飾和專有圖形/25 類 2 萬一年低價許可使用，36 萬轉讓整體。

現有 1-45 個類別商標全面已獲註冊，世界各地商標註冊費用達到 120 萬元以上；現集團所有國際（含中國）註冊商標整體無形品牌價值上漲幅為 1 億元以上。〔香港國際商標註冊第：300275193 號等〕……這個國際註冊商標可提高貴企業的核心競爭力，在世界各地具有很高的知名度，為相關公眾所熟知的著名服飾品牌，現爭創中國馳名商標。著名日本偶像“（濱崎步）”，在中國有一定的號召力，擁戴力，任意性，蘊藏着巨大的價值和無限商機；受到中國法律嚴格保護，

全國授權許可使用此國際商標~/按每月 1980---198000 元，或者以此商標/作為無形資產投資參股均可/有意敬請來電商議！.....”

(“International brand – “Ayumi Hamasaki” and exclusive sign/Class 25: one year licence fee for \$10,000; whole assignment for \$360,000.

We now have registration covering Classes 1-45. The registration fees for trade marks worldwide have exceeded 1.2 million dollars. The intangible value of all international trade mark registrations (including China) has now been increased to over 100 million dollars. [For example, Hong Kong [international] trade mark registration no.300275193 etc]... This international registered trade mark can enhance the core competitiveness of your business, [as] it has a high popularity in various places around the world, a clothing brand that is familiar by the relevant public, and is now heading as a Chinese well-known mark. Famous artist “Ayumi Hamasaki” has a certain degree of appeal, power of attraction, great intrinsic value and unlimited opportunities in China. This international trade mark is strictly protected by the laws of China, the nationwide licence fee for usage ~ \$1,980 – 198,000 per month. Alternatively, if you are interested to use this trade mark as an intangible property or for investment, please feel free to call me!...”)

14. In another passage contained in Exhibit HT-1, Section Twelve which was posted on 衣聯網, the Original Registrant stated:

“[公告] 世界品牌 – “濱崎步” 和 A 字圖形已獲中華人民共和國國家工商行政管理總局商標局安青虎局長認定 25 類[服裝鞋帽]，32 類[飲料]，9 類[電器，手提電話，電腦]為 “中國註冊商標”

.....

現我在世界各地註冊 “濱崎步” 商標費用達到 120 萬元以上；現所有國際（含中國）註冊商標整體無形品牌價值上漲幅到 1 億元以上。[香港特別行政區國際商標知識產權署 – “濱崎步” 及 A 字註冊圖形註冊商標第：300275193 號已被特步鞋業[中國]有限公司於本人手中高價購去]”

(“[Notice] International brand – “Ayumi Hamasaki and A device” has been approved by Mr. An Qinghu, Director General of the Trade Mark Office under the State Administration for Industry and Commerce of PRC in respect of Class 25 (clothing, footwear, headgear), Class 32 (beverages), Class 9 (electrical appliance, mobile phone,

computer) as “registered marks of China”.

...

I have spent over 1.2 million dollars in registering “Ayumi Hamasaki” trade marks worldwide. The intangible value of all international trade mark registrations (including China) has been increased to over 100 million dollars. [I have already sold the “Ayumi Hamasaki and A device” trade mark under Hong Kong registration no.300275193 to 特步鞋業[中國]有限公司 at a premium]”)

15. In paragraph 30 of the HT Declaration, it was averred that the Original Registrant has obtained registrations in the mainland China for marks bearing the Artistic Design and the name of Ayumi as well as the names of different artists in particular Japanese artists. Two summary lists showing the aforesaid registrations were provided in Exhibit HT-1, Sections Thirteen and Fourteen. I note, however, that those lists were not official records but mere computer printouts.

16. According to paragraph 32 of the HT Declaration, the Hong Kong registration of Trade Mark No.300275193 as referred to in the above passage (“Device mark”) was assigned by the Original Registrant to 頂好國際有限公司 (“First Assignee”) on 7 April 2006. The Device mark was further transferred by the First Assignee to the Registered Owner on 28 August 2007. The above transactions were evidenced by the online register of the Device mark exhibited in Exhibit HT-1, Section Fifteen. The Device mark consists of a sign which is essentially the same as the Artistic Design.

17. In paragraphs 33 to 38 of the HT Declaration, the Applicant provided further information (Exhibit HT-1, Sections Sixteen, Seventeen and Eighteen) to prove that the First Assignee, the Registered Owner and 特步國際控股有限公司 were associated companies or companies within the same group, and deduced that the Registered Owner was the buyer (特步鞋業[中國]有限公司) referred to by the Original Registrant in the passage quoted in paragraph 14 above.

18. Turning to the history of the suit mark, the Applicant stated in paragraphs 41 to 42 of the HT Declaration that the suit mark was assigned on 7 April 2006 by the Original Registrant to Great Excel International Limited, which is the English name of the First Assignee. The suit mark was further assigned by the First Assignee to the Registered Owner on 28 August 2007. Drawing a parallel with the background of the Device mark, the Applicant averred that the suit mark was applied in bad faith with an

intention to take unfair advantage of the repute of the Artistic Design.

The material date

19. The material date at which validity of the registration of the suit mark is to be determined is the date of the filing of the application for its registration, that is, the Filing Date.

Section 11(5)(b)

20. Section 11(5)(b) of the Ordinance provides that :

“(5) A trade mark shall not be registered if, or to the extent that –

...

(b) the application for registration of the trade mark is made in bad faith.”

21. Section 53(3) of the Ordinance provides as follows:

“(3) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in contravention of section 11 (absolute grounds for refusal of registration).”

22. In ***Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*** [1999] R.P.C. 367 at 379, Lindsay J. stated the following in relation to section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of the Ordinance):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context: how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

23. In ***Harrison’s Trade Mark Application*** [2005] F.S.R. 10, the English Court of Appeal held (at paragraph 26) that:

“The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

24. Further, in *Ajit Weekly Trade Mark* [2006] R.P.C. 25, the Appointed Person said:

“The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant’s conduct is dishonest judged by ordinary standards of honest people, the defendant’s own standards of honesty being irrelevant to the determination of the objective element.”

25. In light of the above principles, when determining whether an application is made in bad faith, I must first ascertain what the applicant knew about. As the application for registration of the suit mark was filed by the Original Registrant (as opposed to the Registered Owner), I should assess whether and to what extent he knew about the Artistic Design.¹

26. In paragraphs 7 to 12 above, I have summarized the relevant content of the HT Declaration concerning the creation and use of the Artistic Design. As shown in the samples of use provided in Exhibit HT-1, Sections Four and Five, the Applicant has consistently used the Artistic Design on Ayumi’s albums in Hong Kong since 1999, which is much earlier than the Filing Date. From the figures listed in paragraph 18 of the HT Declaration, Ayumi’s albums bearing the Artistic Design have enjoyed substantial sales in Hong Kong. Although the Applicant did not provide the corresponding sale figures for the market in mainland China, it did mention that more than 100 albums, CDs and video-related goods had been released in Hong Kong since 1999 and in the PRC since 2000. As illustrated by the vast quantity of articles relating to Ayumi which were published in various PRC newspapers and produced in Exhibit HT-1, Section Seven, Ayumi has attained a high level of fame and popularity in the mainland China, which would undoubtedly enhance the exposure of the Artistic Design. Taking account of all these factors, I consider that substantial reputation has been built

¹ In *FSS Trade Mark* [2001] RPC 40, the Appointed Person said in paragraph 69 of the judgment that “It is the knowledge and intention of the original applicant which matters for the purposes of this objection [based on bad faith].”

in the Artistic Design before the Filing Date so that the general public in Hong Kong and the mainland China would recognize the Artistic Design as an icon for Ayumi and the Applicant's products for Ayumi. I have reason to believe that the Original Registrant must have seen or been aware of the Artistic Design prior to the Filing Date.

27. More importantly, various passages under Exhibit HT-1, Section Twelve have clearly demonstrated that the Original Registrant did possess actual knowledge of Ayumi and the Artistic Design, and that he intended to sell and license others to use marks incorporating the Artistic Design and/or the name of Ayumi for profits. Indeed, the Original Registrant had admitted in the passage quoted in paragraph 14 above that he had made considerable profit by selling the "Ayumi Hamasaki and A device" trade mark under Hong Kong registration no.300275193 to 特步鞋業[中國]有限公司. Hong Kong trade mark registration no.300275193, i.e. the Device mark, comprises a graphical representation which is identical to the Artistic Design. Reference to "A device" in the passage also corresponds with the Applicant's account on the origin of the Artistic Design. Although the Device mark was assigned to the Registered Owner as opposed to 特步鞋業[中國]有限公司, the Applicant has offered an explanation that the Registered Owner, the First Assignee and 特步國際控股有限公司 were in fact associated or affiliated companies.² The above evidence has never been challenged by the Registered Owner. With all these points in mind, I think an irresistible inference can be drawn that the Original Registrant knew about the Artistic Design and its relationship with the Applicant.

28. In the premises, I still have to consider whether, if judged by persons adopting proper standards, the filing of the application would be regarded as in bad faith. The suit mark consists of (i) a device which is virtually identical to the Artistic Design, (ii) the Chinese characters "特步" and (iii) two short dashes appearing at the same level as the Chinese characters "特步". Bearing in mind the relative size and position of the three elements, the device is obviously the most dominant and eye-catching component of the suit mark. The Applicant submitted that the suit mark and the Artistic Design are highly similar in overall terms. I agree. With respect to the goods applied for in Class 25, the Artistic Design does not evoke any descriptive meaning and is therefore highly distinctive. Neither the Registered Owner nor the Original Registrant has explained how the suit mark was devised. Clearly, the similarity of the suit mark and the Artistic Design is not a pure coincidence. The adoption of the suit mark is a

² Strictly speaking, 特步鞋業[中國]有限公司 is not identical to 特步國際控股有限公司, and the Applicant has not shown that they are associated. But no matter the Registered Owner was the buyer referred to in the passages or not, my finding on the knowledge of the Original Registrant remains unaffected.

deliberate attempt by the Original Registrant to ride on and take advantage of the goodwill of the Artistic Design established by the Applicant.

29. Further, the Original Registrant has the prior record of obtaining and disposing of the Device mark for huge profits, and he has not concealed in the passages quoted in paragraphs 13 and 14 above his intention to make a profit out of the well-known status of Ayumi and the Artistic Design. The disposal of the suit mark by the Original Registrant shortly after its registration is a clear indication that the Original Registrant has never intended to put the suit mark into use. If judged by persons adopting proper standards of acceptable commercial behaviour, the application for registration of the suit mark will no doubt be regarded as having been filed in bad faith.

Conclusion

30. For the reasons stated above, I find that the ground for invalidation under section 11(5)(b) of Ordinance has been made out, and accordingly the registration of the suit mark is declared invalid under sections 53(3) and 11(5)(b) of the Ordinance. There is thus no further need for me to consider the other grounds relied upon by the Applicant.

Costs

31. As the application for invalidation is successful, I award the Applicant costs. Subject to any representations, as to the amount of costs or calling for special treatment, which either party may make 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, unless otherwise agreed.

(Ryan Ng)
for Registrar of Trade Marks
9 October 2012