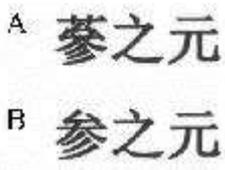


TRADE MARKS ORDINANCE (Cap. 559)

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK
REGISTRATION NO. 302504411**

MARK:



The image shows two versions of a Chinese trade mark. Version A consists of the characters '蔘之元' (Shen zhi yuan) in a stylized font. Version B consists of the characters '参之元' (Shen zhi yuan) in a simpler font. Both are preceded by a small letter 'A' or 'B' respectively.

CLASSES: 5 and 30

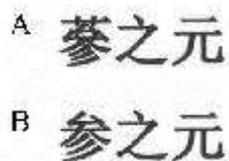
APPLICANT: NAM PEI HONG SUM YUNG DRUGS COMPANY
LIMITED

REGISTERED OWNER: LEEM/JAEHWA

STATEMENT OF REASONS FOR DECISION

Background

1. On 22 October 2015, Nam Pei Hong Sum Yung Drugs Company Limited (“the Applicant”) filed an application (“the subject application”) under the Trade Marks Ordinance (Cap. 559) (“the Ordinance”) for a declaration of invalidity of the registration of Trade Mark No. 302504411 (“the subject marks”). A representation of the subject marks is set out below:-



The image shows two versions of a Chinese trade mark. Version A consists of the characters '蔘之元' (Shen zhi yuan) in a stylized font. Version B consists of the characters '参之元' (Shen zhi yuan) in a simpler font. Both are preceded by a small letter 'A' or 'B' respectively.

2. Registration of the subject marks was granted on an application for registration filed by LEEM/JAEHWA (“Registered Owner”) on 23 January 2013 in respect of the following goods (“subject goods”):-

Class 5

Ginseng for medical use, ginseng powder for medical use, ginseng extract for

medical use, ginseng capsules, ginseng tablets, medicine for digestive system, medicine for nervous system, medicine for circulatory organ, medicine for genital organ, medicine for hypoglycemic agent, medicine for swelling and pain, medicine for excretory organ, nutritional supplements for medical use, medicine for respiratory organ, kidney tonic, blood tonic, ginseng powders, red ginseng powders, ginseng extracts, red ginseng extracts. Medicated drinks and confectionery; herbs and herbal substances; dietetic substances and tonic preparations; all included in Class 5.

Class 30

Coffee, tea, green tea, black tea, ginseng tea, red ginseng tea, taekuk ginseng tea, honeyed ginseng confectionery, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice, seasonings, non-medicated confectionery.

3. The Registered Owner did not file a counter-statement. The subject application is therefore treated as unopposed pursuant to rules 41(3) and 47 of the Trade Mark Rules (Cap.559, sub. leg.) (“the Rules”).
4. Pursuant to section 80 of the Ordinance, the registration of a person as owner of a trade mark shall be prima facie evidence of its validity. Therefore, I still have to consider the merits of the subject application although it is treated as unopposed.
5. The Applicant filed under rules 42 and 47 of the Rules on 19 May 2016 a statutory declaration made by Leung Mee Ying, together with exhibits (“the Applicant’s SD”) as evidence in support of the subject application.
6. The hearing of the subject application took place before me on 28 June 2017, at which Ms. Leung Mee Ying of the Applicant appeared.

Grounds for invalidation

7. It is pleaded in the statement of grounds that the Applicant holds the right since

2009 to use the mark of Samjiwon Brand (蔘之元) owned by BaekjeGesmsan Ginseng Cooperative Association and the application for registration of the subject marks was made in bad faith.

8. In the premises, I take that the Applicant seeks to rely on sections 53(3) and 11(5)(b) of the Ordinance as the basis of the subject application.

Relevant date

9. The relevant date for considering the subject application is 23 January 2013, that is the filing date of the application for registration of the subject marks.

The Applicant's evidence

10. It is deposed in the Applicant's SD that the mark “蔘之元” is owned by Geumsan Insam Cooperative Association and the Applicant holds the right to use that mark and has been selling products under that mark since 2009 in Hong Kong. Amongst the various exhibits to the Applicant's SD, I find the following items are relevant to the subject application: -

Exhibit NPH-01 includes, inter alia, a copy of a certificate of trademark registration issued by the Commissioner of Korean Intellectual Property Office



together with its English translation, in respect of the mark “” and goods in class 30 which include “dried confectionary (containing ginseng ingredients only)”, with filing and registration date of 26 May 2006 and 29 June 2007 respectively, and the mark owner is Geumsan Insam Agricultural Federation.

Exhibits NPH-05 to NPH-09 consist of sample invoices, stock receipts, purchase orders and packing lists etc. dated from November 2008 to November 2015 in

relation to Geumsan ginseng products purchased by the Applicant through a Korean agent Tricos Co. Ltd. I see the mark “蔘之元” on a few documents titled “Stock Receipt” and “Purchase Order” dated May 2010, April 2012, October 2015 and November 2015.

Exhibit NPH-12 contains a document with subject “Samjiwon (蔘之元) Brand in Hong Kong” dated 11 April 2016 issued by Baekjegeumsan Ginseng Cooperative Association to the Applicant to certify that the Applicant has the right to use Samjiwon brand and logo in Hong Kong and Macau since 2009.

Exhibit NPH-13 includes some photographs said to be depicting a promotion booth set up by the Applicant in the Hong Kong Brands and Products Expo in 2010 to 2015, and products bearing the mark “蔘之元” were shown on some of the photographs.

Exhibit NPH-14 contains copies of print advertisements dated 2010 to 2015 showing the Applicant’s participation in the Hong Kong Brands and Products Expo and other promotion events at shopping malls in Hong Kong. I note that the mark “蔘之元” was mentioned and products bearing the mark “蔘之元” were shown on some of the advertisements.

11. The other exhibits to the Applicant’s SD are considered irrelevant as they either post-dated the relevant date or do not contain the mark “蔘之元”.

Declaration of Invalidity under sections 53(3) and 11(5)(b) of the Ordinance

12. Section 53(3) of the Ordinance provides that:

“(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).”

And 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.”

13. The term “bad faith” is not defined in the Ordinance. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 at 379, Lindsay J. said 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.”

14. In *Harrison v Teton Valley Trading Co (CHINAWHITE)* [2005] F.S.R. 10, the English Court of Appeal said (at paragraph 26):

“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.”

15. Further, in *Ajit Weekly Trade Mark* [2006] R.P.C. 25, the Appointed Person stated as follows:

“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.”

16. The above legal principles have been applied in *深圳市德力康電子科技有限公司 v LG Corporation & Anor* HCMP 881/2013, 26 March 2014.
17. It is the Applicant’s case that the application for registration of the subject marks is made in bad faith as the subject marks are copied from the identical mark “蔘之元” owned by BaekjeGesmsan Ginseng Cooperative Association. On the other hand, I note that the mark owner as shown on the Applicant’s SD and the English translation of Exhibit NPH-01 is Geumsan Insam Cooperative Association and Geumsan Insam Agricultural Federation respectively.
18. In spite of the discrepancies in the name of the mark owner, which I think may be due to translation reason, it is apparent that the phrase “蔘之元” has been



adopted and incorporated in the “” mark (“the Korean trade mark”) which has been filed for registration in Korea in 2006 by someone other than the Registered Owner.

19. Moreover, I note that the Applicant has been selling goods bearing the mark “蔘之元” in Hong Kong since 2009, as evidenced by the photographs of the promotion booth and the print advertisements (Exhibits NPH-13 and NPH-14), the stock receipts and purchase orders (Exhibits NPH-05 to NPH-09) and the document issued by Baekjegeumsan Ginseng Cooperative Association certifying the Applicant’s right to use the mark in Hong Kong and Macau (Exhibit NPH-12).
20. Given the use and promotion of the “蔘之元” mark by the Applicant in Hong Kong since 2009, I consider that the Registered Owner, being a trader in the relevant industry in Hong Kong, should have knowledge of the “蔘之元” mark used by the Applicant in Hong Kong before making the application for registration of the subject marks.

21. The subject marks consist of a series of two marks, namely “蔘之元” and its form in simplified Chinese characters “参之元”. While the word “蔘” or “参” may refer to ginseng, each of the subject marks as a whole is not descriptive of the subject goods or commonly used in the relevant industry. Apparently, each of the subject marks is identical to the mark “蔘之元” as shown on the ginseng products sold by the Applicant in Hong Kong since 2009 and also identical to the phrase “蔘之元” incorporated in the Korean trade mark registered in 2007. I do not consider it could be a mere coincidence that the Registered Owner has adopted the subject marks without knowing the Applicant’s “蔘之元” mark or the Korean trade mark.
22. It is pleaded in the statement of grounds that the subject marks are identical to the “蔘之元” mark owned by BaekjeGesmsan Ginseng Cooperative Association and it is the Applicant who holds the right to use the mark in Hong Kong. The Applicant has explicitly accused bad faith on the part of the Registered Owner in registering the subject marks in Hong Kong. In face of the serious allegations of bad faith and the evidence filed by the Applicant, the Registered Owner did not file any evidence or offer any explanation as to how it devised the subject marks. And the Registered Owner did not deny knowing the Applicant’s “蔘之元” mark or the Korean trade mark before it filed the application for registration of the subject marks. In fact, the Registered Owner did not even file a counter-statement and the subject application is treated as unopposed.
23. Taking into account all the relevant circumstances, I find that the subject marks are copied from the Applicant’s “蔘之元” mark or the Korean trade mark with an intention to deceive or mislead the public that the goods under the subject marks belong to or are associated with the Applicant or the owner of the Korean trade mark, and the Registered Owner’s decision to apply for registration of the subject marks in respect of the subject goods would be regarded as in bad faith by persons adopting proper standards. The ground for invalidation under section 11(5)(b) of the Ordinance has been made out.

Costs

24. As the subject application has succeeded, I award the Applicant costs. 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, unless otherwise agreed between the parties.

(Connie Law)
for Registrar of Trade Marks

17 October 2017