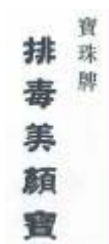


TRADE MARKS ORDINANCE (Cap. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 300051650



MARK :

CLASS : 5

APPLICANT : LAU CHOR MO TRADING AS HUNG WIN TRADING COMPANY

OPPONENT : LONG FAR HERBAL MEDICINE MFG. (HK) LTD.

STATEMENT OF REASONS FOR DECISION

Background

1. On 23 July 2003, Lau Chor Mo Trading as Hung Win Trading Company (the “applicant”) filed an application under the Trade Marks Ordinance, Cap 559 (the “Ordinance”) for registration of the mark, which is represented above (the “suit mark”), in Class 5, in respect of “pharmaceutical preparation”.
2. Particulars of the subject application were published on 14 November 2003. The Opponent filed a notice of opposition which includes a statement of opposition on 13 January 2004.
3. The opposition hearing took place before me on 2 September 2008. At the hearing, Ms. Yvonne Y.H. Chiu, counsel, instructed by Tang and So, Solicitors, appeared for the Opponent. The Applicant did not appear at the hearing.

Grounds of opposition

4. The original statement of opposition filed with the notice of opposition has

since been amended. The Amended Statement of Grounds of Opposition, filed on 24 January 2005, states that the opponent opposes registration of the suit mark under sections 3(1), 11(1)(b), 11(4)(b), 11(5)(b), 12(3) and 12(5) of the Ordinance. At the hearing, Ms. Chiu, counsel for the opponent, sensibly in my view did not advance any argument in respect of section 3(1), I presume that that ground of objection is no longer pursued.

5. The opponent states at paragraph 2 of the Amended Statement of Grounds of Opposition that it is the proprietor of the following trade mark, which has been registered with the Hong Kong Trade Marks Registry under registration no. 200213816, in Class 5 for “pharmaceutical preparation”:

龍發排毒美顏寶

6. The opponent further states that the opponent’s mark has been used continuously and extensively by the opponent on or in relation to pharmaceutical preparation in Hong Kong since 1998.

7. The opponent also pleads that in marketing and advertising its products in Hong Kong since 1998, extra emphasis had been placed on the five Chinese characters “排毒美顏寶” which were aligned vertically and displayed prominently on the boxes in which the products were sold. These characters have accordingly become a distinctive feature of the opponent’s products and the opponent has built up a substantial reputation and goodwill in them in Hong Kong prior to the application for registration of the suit mark.

Counter-statement

8. The applicant filed a counter-statement on 13 April 2004. The applicant had tried to file an amended counter-statement in response to the Amended Statement of Grounds of Opposition. But since the filing of the amended counter statement was done out of time and the applicant had not applied for extension of time to do it, the Registrar had informed the parties by his letter dated 21 March 2005 that the amended counter-statement would not be considered. I therefore only have the counter-statement to consider.

9. In the counter-statement, the applicant avers that he has since or about early October 1998 been marketing and selling Chinese medicine product known as “排毒美顏寶” under brand names “濟眾”, “濟眾堂”, “寶珠牌” and others, and had notice of the opponent’s sale of products bearing the description “排毒美顏寶” for the first

time in or about early 1999.

10. The applicant denies all the grounds of objection, and further avers that he is entitled to register the suit mark on “honest concurrent use” under section 13 of the Ordinance.

The opponent and its evidence

11. The opponent’s evidence comprises a statutory declaration of Mr. Han Ping made on 14 January 2005 (“Han’s first statutory declaration”) as evidence in support of opposition under Rule 18 of the Trade Marks Rules, Cap 559A (the “Rules”), and a second statutory declaration of Mr. Han Ping made on 27 December 2006 (“Han’s second statutory declaration”) and one statutory declaration of Mr. Han Shuo Humphrey made on 27 December 2006 as evidence in reply under Rule 20 of the Rules.

12. Mr. Han Ping is the vice president of Long Far Pharmaceutical Holdings Limited (“Long Far Holdings”), a company listed on the main board of the Stock Exchange of Hong Kong Limited in 2002. The opponent is a major operating subsidiary of Long Far Holdings and was incorporated on 13 November 1998 to carry on the sole business in the manufacture, sale and marketing of Chinese medicinal product called “排毒美顏寶”, otherwise known as “Beauty and Healthy” under the brand name of “龍發製藥” or “Long Far” in Hong Kong (the “Opponent’s Product”).

13. Mr. Han Ping states that the Opponent’s Product was first offered for sale in December 1998 and a spectacular and impressive sales figure was achieved by the opponent in a very short period of time.

14. I shall discuss in more details the above evidence, and refer to the other parts of Han’s first statutory declaration, as well as to Han’s second statutory declaration which consists largely of comments on the applicant’s evidence, where they are relevant to the issues under discussion, in the latter part of this decision.

15. As to Mr. Han Shuo Humphrey’s statutory declaration made on 27 December 2006, its purpose is to inform what persons were involved in and the theory behind the development of the Opponent’s Product and its packaging design. I shall discuss these as and when appropriate in the latter part of this decision.

The applicant and its evidence

16. The applicant's evidence comprises a statutory declaration of Mr. Cheung Tung Little-John ("Mr. Cheung's statutory declaration") made on 15 September 2005. Mr. Cheung is the Sales Manager of the applicant trading in the name of Hung Win Trading Company ("the Applicant's Company").

17. According to Mr. Cheung, the applicant commenced his business in the field of pharmaceutical products in as early as the 1980's by operating several pharmacies in Hong Kong, and founded the Applicant's Company as a sole proprietorship in or about 1993 to commence the business of manufacturing and wholesaling Chinese and western pharmaceutical products.

18. In or about mid-1998, the applicant developed his own Chinese medicine products for the purposes of expelling impurities and toxic materials from human body with beautifying effect. Mr. Cheung states that the applicant started selling the products in early October 1998 before the applicant had noticed of products bearing the mark "龍發排毒美顏寶" in early 1999.

19. It is alleged that in naming his products, the applicant aimed to come up with a name which would help the retailer to sell the product; which is easy for the potential customer to remember and such name, while not being inherently descriptive, would give an idea to the potential customer what is to be expected from the products. The term "排毒美顏寶" is alleged to have originated from the applicant and his staff, and as the applicant intended to market his products under two brand names, "寶珠牌" and "濟眾堂" were therefore added in front of "排毒美顏寶", forming respectively the two trade marks now the subject marks in the present proceedings and that of a related proceedings. Mr. Cheung exhibits as "CTLJ-6" to his statutory declaration copies of various invoices in relation to the sale of the applicant's products by the applicant since October 1998.

20. I shall go into the details of the claims made in Mr. Cheung's statutory declaration in the latter part of this decision.

Appraisal of the opponent's evidence of use

21. As the opponent is relying on the grounds of opposition under sections 12(3) and 12(5)(a) of the Ordinance where the opponent's use of its mark(s) or sign(s) must be assessed for the purposes of enhanced distinctive character as well as reputation and goodwill, it would be convenient here to have an appraisal of the opponent's

evidence of use of its mark(s) or sign(s).

22. Mr. Han Ping in his first statutory declaration set out the sales and advertising figures for the period from December 1998 to 15 May 1999 in respect of the “Opponent’s Product”, defined by him to be the Chinese medicinal product called “排毒美顏寶”, otherwise known as “Beauty and Healthy” under the brand name of “龍發製藥” or “Long Far”. Exhibit “HPJ-16” to Han’s first statutory declaration contains copies of purchase orders and delivery notes in respect of the Opponent’s Product with dates scattered throughout the period from 1998 to 2005. I note that “排毒美顏寶” rather than “龍發排毒美顏寶” was used to refer to the product. The earliest two invoices, one dated 29 December 1998 and the other dated 31 December 1998, were issued by the opponent to two pharmacies located in different areas of Hong Kong. There are also a number of invoices, delivery notes, purchase orders bearing dates in 1999 and showing transactions with popular retail stores in Hong Kong such as Watson’s, Mannings etc.

23. The figures given by Mr. Han show that advertising expenditure, with a mediocre start of HK\$1,000 in December 1998, sharply jumped to HK\$303,989 in January 1999 and continued all the way up in the ensuing months, reaching HK\$671,921 in March before falling back a bit in April 1999. The corresponding sales figures, starting from HK\$16,716 in December 1998, jumped sharply to HK\$366,290 in January 1999, and continued to rise in the following two months, reaching HK\$4,156,793 in April 1999.

24. Turnover figures of HK\$93.5 million, HK\$59.9 million and HK\$81.5 million are also given for the three consecutive years ended on 31 March 2002, said to be attributable to the sale of the Opponent’s Product through mainly (i) large-scale chain stores, health supplement stores, supermarkets, department stores and cosmetic outlets in Hong Kong, and (ii) export sales to South East Asia and other Asian regions. It is said that the sales to Hong Kong market accounted for approximately 98.0%, 76.2% and 73.7% of the total sales respectively. Amounts spent on advertisement during the same period give figures of HK\$17.9 million, HK\$11.6 million and HK\$15.3 million respectively.

25. The above figures also appear in the prospectus of Long Far Holdings dated 27 August 2002 exhibited at “HPJ-11” to Han’s first statutory declaration. There is no reason to query the authenticity and accuracy of them.

26. From the above, Mr. Han claims that, fairly in my view, the Opponent’s Product, first introduced for sale in December 1998, was an instant success and spectacular and impressive sales figures were achieved by the opponent in a very short period of time. This suggests quick and successful recognition by the

consuming public of the Opponent's Product. However, what I must further investigate is the mark or sign by which the public came to recognise the Opponent's Product, through advertisements and the packaging in which the product was sold (by which I mean to include the bottle containing the product itself, the outer box holding the bottle, and any leaflet inside the package).

27. Advertisements were said to be placed through all sorts of media including magazines and television. Sample copies of the same advertisement which was placed in a number of local entertainment magazines dated April or May 1999 were shown in exhibit "HPJ-3" to Han's first statutory declaration. In the advertisement, the term composed of the five Chinese characters "排毒美顏寶" is prominently displayed, both in the textual part of the advertisement and also conspicuously on the pictures of the box and the bottle container of the product. By way of illustration I extract the relevant part of the advertisement and re-produce it below:-

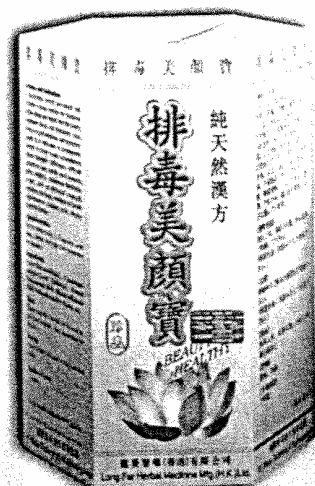
說明毒素正在威脅你的健康！
請馬上服用 排毒美顏寶！

排毒美顏寶 (珍)

服用後大便酸臭，這是「排毒」反應。

排清毒素身體好，
家庭必備當係寶！

香港零售價：\$280



(盒上有鐳射標貼方為正貨)



(每瓶60粒裝)

為防止假冒，本品每粒膠囊均印有“LF”
及「排毒美顏」字樣方為真品。

28. At the bottom of the advertisement, there are listed a number of names and logos of some popular chain retail stores in Hong Kong such as Watson's, Mannings etc. It is claimed that the product is available for sale in all major pharmacies and beauty salons throughout Hong Kong. Exhibit "HPJ-16" to Han's first statutory declaration as discussed above (at paragraph 22) could support such a claim.

29. Although the opponent's name, in English and in Chinese 龍發製藥(香港)有限公司, was displayed at the bottom part of the advertisement (underneath the above extract), it is the unregistered sign of the phrase "排毒美顏寶", rather than the opponent's registered mark "龍發排毒美顏寶" referred to in paragraph 5 above, that had been used in the advertisement to draw readers' attention.

30. Exhibit "HPJ-2" to Han's first statutory declaration contains photographs of the various items of the packaging of the Opponent's Product, taken at different angles. By way of illustration I attach some of the photographs as **Appendix** to this decision. Although on some of the sides of the hexagonal-shape box, the Chinese characters "龍發", elliptically encircled and align vertically, can be seen on the top right corner of the phrase "排毒美顏寶" which also align vertically, the phrase "排毒美顏寶" is in such prominent size and position that the characters "龍發" are reduced to relative insignificance. The bottle container as appearing in the photographs does not seem to differ from that shown in the advertisement – it is only the phrase "排毒美顏寶" appearing on the label.

31. Exhibit "HPJ-4" to Han's first statutory declaration contains copy of a booklet entitled "排毒美顏寶 真的幫到我!" issued by the opponent in November 2001. The booklet is said to be mainly a collection of appraisal letters from 100 consumers who had used the Opponent's Product and wanted to share their positive views about the product. Throughout the booklet, only the term "排毒美顏寶" was used by the said consumers to refer to the product of the opponent that they have used.

32. Mr. Han Ping also highlights the awards presented to the Opponent's Product, including the "Hong Kong Top Ten Products Awards 1999" presented by Apple Daily, "2000 Hong Kong Top Ten Brandnames Awards" presented by The Chinese Manufacturers' Association of Hong Kong, "2000 & 2001 The Best Selling Detoxification Product Awards" presented by A.S. Watson Group (H.K.) Limited and "2001 The Best of The Best Awards – Health Category" presented by A.S. Watson Group (H.K.) Limited. Copies of certificates for those awards are shown in exhibit "HPJ-12" to Han's first statutory declaration. From the documents relating to these awards or certificates alone, I cannot draw an inference as to specifically what sign or mark through which the public came to know and familiarize themselves with the Opponent's Product, however, all the issuing authorities used "排毒美顏寶" rather than "龍發排毒美顏寶" to refer to the award-winning product.

33. Exhibit “HPJ-17” to Han’s first statutory declaration contains photographs said to be showing advertisements, extracts from magazines, catalogs and posters promoting the Opponent’s Product. However, other than a calendar showing the year 2001, the other items do not bear a date and I am not sure whether they came into being before or after the Relevant Date, I am not going to count on them. The 2001 calendar displays in prominent size the characters “排毒美顏寶” at its top. The other photographs show “排毒美顏寶” being used on the photographed items that do, or do not, contain, separately and independently, another mark that could be called “龍發製藥 & logo device”.

34. Taking all the above evidence as a whole, I find that as early as in the very early months of 1999, the Opponent’s Product had achieved a good success in sale and recognition among the purchasing public in Hong Kong, and from the analysis of the evidence I have undertaken above, it is the unregistered sign “排毒美顏寶”, rather than the registered mark “龍發排毒美顏寶”, that the public came to recognise and used it to identify the Opponent’s Products.

Decision

35. The opponent opposes registration of the suit mark under sections 3(1), 11(1)(b), 11(4)(b), 11(5)(b), 12(3) and 12(5) of the Ordinance. At the hearing, Ms. Yvonne Y.H. Chiu, counsel for the opponent, did not seem to pursue the grounds based on sections 3(1) and 11(4)(b) of the Ordinance. This is understandable in my view as I could not see there is any viable basis to put forward a case under the two sections.

36. I have already undertaken the task of assessing the opponent’s use of its sign and mark (see paragraphs 21 to 34 above). Due to my finding that the consuming public in Hong Kong has come to identify the Opponent’s Product by the unregistered sign “排毒美顏寶” rather than the opponent’s mark, I would like to consider whether the opponent is entitled to succeed under section 12(5)(a) – whether by virtue of the law of passing off protecting an unregistered trade mark or sign used in the course of trade or business, the suit mark shall not be registered – before ascertaining the need to consider the objections under sections 11(5)(b) and 12(3). Nonetheless, for reasons that should become apparent below, I would like to first dispose of section 11(1)(b).

Section 11(1)(b)

37. Section 11(1)(b) of the Ordinance excludes from registration signs which are devoid of any distinctive character. In gist, the opponent's case is that through the perception of an average Hong Kong consumer as at the date of the application, since the name “排毒美顏寶” had already been coined, marketed, advertised and used extensively by the opponent by that date, the public had been educated and associated it with the opponent's products and hence the suit mark as a whole is one which the average consumer would not identify with the applicant's undertaking, particularly when taking into account the nature of the applicant's applied for goods and the level of awareness of the average consumer of products for detoxification and beautification.

38. There is a fundamental fault in the above argument. The question whether a mark is devoid of any distinctive character must be posed in relation to the whole of the mark and not just part of it. By singling out “排毒美顏寶” as originating from the opponent and is non-distinctive of the applicant's goods, Ms. Chiu was in effect urging me to ignore the other part of the suit mark, namely, “寶珠牌”, which in my view does not call for any doubt about its distinctiveness in relation to the applied for goods. Ms Chiu had tried to argue that the applicant just banked on “排毒美顏寶” to convey message of the mark to consumers, and that “寶珠牌” did not stand out to add any distinctiveness to the whole of the mark. With respect, I do not find such argument convincing, bearing in mind that the distinctiveness of the subject mark must be assessed on the basis of the representation as filed. From the representation, “寶珠牌” can be clearly seen and forms part of the suit mark and it cannot simply be ignored.

39. The opponent's case under section 11(1)(b) of the Ordinance must necessarily fail.

40. Further, I just wish to add that section 11 of the Ordinance sets out absolute grounds for refusal of registration of marks, and is to be contrasted with section 12 of the Ordinance which deals with the “relative” rights of an applicant and other parties. The basis of an objection under section 11(1)(b) is that the subject mark is *by its nature incapable of distinguishing* the goods or services of one undertaking from those of other undertakings. Hence the argument that “排毒美顏寶” is perceived by the public as associating with the opponent's products rather than the applicant's is not befitting the assessment under the section.

Section 12(5)(a)

41. Section 12(5) of the Ordinance provides as follows :

“... a trade mark shall not be registered if, or to the extent that, its use in Hong Kong is liable to be prevented –

(a) by virtue of any rule of law protecting an unregistered trade mark or other sign used in the course of trade or business (in particular, by virtue of the law of passing off);
or

(b) ...

and a person thus entitled to prevent the use of a trade mark is referred to in this Ordinance as the owner of an “earlier right” in relation to the trade mark.”

42. The pleadings and evidence of the opponent, and also the case as presented by Ms Chiu at the hearing, only support a cause of action based on paragraph (a) but not the other paragraph of the subsection. I shall therefore only consider section 12(5)(a).

43. Section 12(5)(a) concerns the protection of “an unregistered trade mark or other sign used in the course of trade or business” by virtue of the law of passing off vis-à-vis the mark in suit.

44. A helpful summary of the elements of an action for passing off can be found in *Halsbury’s Laws of Hong Kong Vol 15(2)* at paragraph 225.001. The guidance takes account of speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C. 341 and *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] A.C. 731, and is as follows :

“The House of Lords has restated the necessary elements which a plaintiff has to establish in an action for passing off:

- (1) the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) the plaintiff has suffered or is likely to suffer damage by reason of the erroneous

belief engendered by the defendant's misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House of Lords. However, like the previous statement of the House of Lords, this latest statement should not be treated as akin to a statutory definition or as if the words used by the House of Lords constitute an exhaustive, literal definition of 'passing off', and in particular should not be used to exclude from the ambit of the tort recognized forms of the action for passing off which were not under consideration on the facts before the House of Lords."

45. Normally, the question I have to ask is whether normal and fair use of the designation “寶珠牌排毒美顏寶” (i.e., the suit mark) in Hong Kong for the purpose of distinguishing the goods of interest to the applicant from those of other undertakings was liable to be prevented at the date of application for registration by an action for passing off protecting the opponent's unregistered mark or sign “排毒美顏寶” (see the decision of Geoffrey Hobbs QC, sitting as the Appointed Person, in the case of *WILD CHILD Trade Mark* [1998] R.P.C. 455).

46. However, in the present case, due to my analysis and findings in respect of the opponent's evidence (see paragraphs 21 to 34) above, and there is evidence of use of the applicant's suit mark on the packaging of the applicant's products, I have to consider whether I were to ignore the actual use of the suit mark and evaluate in abstract how the opponent's unregistered sign “排毒美顏寶” compare with the applicant's suit mark, or compare them by reference to their respective actual uses. Geoffrey Hobbs Q.C., acting as the Appointed Person in the case *Croom's Trade Mark Application* [2005] R.P.C. 2, pointed out the following:-

“When assessing the objections to registration in the present case, it is necessary to assume normal and fair use of the marks for which registered trade mark protection has been claimed. The context and manner in which the marks have actually been used by the applicant and the opponent in relation to goods of the kind specified may be treated as illustrative (not definitive) of the normal and fair use that must be taken into account. However, the protection claimed by the opponent independently of registration (i.e. under s.5(4)(a) of the Act¹) must relate to the actual and anticipated use of the rival marks.” (*at paragraph 31*)

47. The protection claimed by the opponent is for the unregistered sign “排毒美顏寶”, I shall accordingly deal with it by reference to the actual and anticipated use of the rival marks.

¹ Equivalent to section 12(5)(a) of the Ordinance.

48. The opponent's field of activity, by reference to the Opponent's Product, is the same as the applicant's field of activity, by reference to the applied for goods. The applicant's evidence has been summarized at paragraphs 16 to 19 above. The applicant alleges that he started selling his products in early October 1998 before he had notice of the Opponent's Product in early 1999. Exhibit "CTLJ-6" to Mr. Cheung's statutory declaration is said to contain copies of various invoices in relation to the sale of the applicant's products since October 1998. As I have found that the Opponent's Product had achieved a good success in sale and recognition among the purchasing public in Hong Kong in as early as the very early months of 1999, there may be an issue of antecedent rights to resolve first.

49. It is well established that the relevant date for determining the criteria of section 12(5)(a) of the Ordinance is the date of the application for the mark in suit or the date of the commencement of the conduct complained of: *Cadbury-Schweppes Pty Ltd v The Pub Squash Co Ltd* [1981] R.P.C. 429 and *WILD CHILD Trade Mark* [1998] R.P.C. 455. But if by the relevant date, the applicant had established its own actionable goodwill or reputation or if the applicant's use was itself protected in Hong Kong from an earlier date, it is clear that an opponent could have had no such right. As Oliver L.J. in *Habib Bank Ltd. v Habib Bank A.G. Zurich* [1982] R.P.C. 1 said:

"where you find that two traders have been concurrently using in the United Kingdom the same or similar names for their goods or businesses, you may well find a factual situation in which neither of them can be said to be guilty of any misrepresentation. Each represents nothing but the truth, that a particular name or mark is associated with his goods or business."

50. In the instant case, the applicant claims that he started selling his products in early October 1998, which is two months earlier than the Opponent's Product being first offered for sale in December 1998 (paragraphs 22 and 23 of Mr. Cheung's statutory declaration). There are rival claims of earlier user of the designation "排毒美顏寶" between the opponent and the applicant.

51. Rival claims fall to be determined on the basis set out by Geoffrey Hobbs QC, sitting as the Appointed Person, in *Croom's Trade Mark Application* [2005] RPC 2:

"45 I understand the correct approach to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

- (a) the senior user prevails over the junior user;

- (b) the junior user cannot deny the senior user's rights;
- (c) the senior user can challenge the junior user unless and until [*it is*] inequitable for him to do so.

46 The statutory provisions carried forward in ss. 7, 11 and 12 of the Trade Marks Act 1938² reflected these principles: see *CLUB EUROPE Trade Mark* [2000] R.P.C. 329 at pp. 342 to 344. The principles themselves are, in my view, deducible from:

- (a) the right to protection conferred upon senior users at common law (see *Sprints Ltd v Comptroller of Customs (Mauritius) (CHIPIE Trade Mark)* [2000] F.S.R. 814 (PC) at pp. 818, 819 per Lord Clyde and *AL BASSAM Trade Mark* [1995] R.P.C. 511 (CA) at p. 522 per Morritt L.J.);
- (b) the common law rule that the legitimacy of the junior user's use of the mark in issue must normally be determined as of the date of its inception (see *J. C. Penny Co Inc v Penneys Ltd* [1975] F.S.R. 367 (CA) at p. 381 per Buckley L.J., *Cadbury Schweppes Pty Ltd v The Pub Squash Co Ltd* [1981] R.P.C. 429 (PC) at p. 494 per Lord Scarman; *Anheuser-Busch Inc v Budejovicky Budvar NP* [1984] F.S.R. 413 (CA) at p. 462 per Oliver L.J., p. 471 per O'Connor L.J. and p. 473 per Dillon L.J.); and
- (c) the potential for co-existence to be permitted in accordance with equitable principles (see *GE Trade Mark* [1973] R.P.C. 297 (HL) at pp. 325 et seq per Lord Diplock and *Anheuser-Busch Inc v Budejovicky Budvar NP* [2000] I.P. & T. 617 at pp. 629 and 630 per Peter Gibson L.J., pp. 632 and 633 per Judge L.J. and p. 637 per Ferris J.)”

52. Mr. Cheung in his statutory declaration alleges that the applicant first sold his products in the market in October 1998, but the only evidence he can produce to support the claim is a few invoices exhibited as “CTLJ-6” to his statutory declaration. On inspection of the exhibit, however, there are only two copy invoices, the first was dated 4 February 1999 and the other dated 5 January 2002. The evidence was challenged by the opponent who had requested inspection of the originals of these invoices, but despite the Registrar's direction to that effect, the applicant had failed to tender the originals for inspection; eventually the Registrar by his letter dated 24 June 2006 indicated that the result of the applicant's failure to comply with the direction will be considered by the hearing officer as to what weight he should give to the evidence (see paragraphs 4 to 8 of Han's second statutory declaration). The applicant had since then taken no action to remedy the situation and took no part in the hearing. Given the dubious nature of this part of the applicant's evidence, I do

² c.f. sections 33(1), 12(1) and 20-22 of the repealed Trade Marks Ordinance (Cap. 43).

not find the applicant's assertion that it started selling the applicant's products in early October 1998 proved by the evidence adduced.

53. Mr. Cheung also alleges that the turnover of the applicant's group of companies for the years 2002, 2003 and 2004 were respectively about HK\$40,000,000. But no further details, and more fatally no evidence at all, are provided in support. I also do not find this assertion supported by any evidence.

54. On the other hand, in an attempt to show that the packaging of the applicant's products is confusingly or deceptively similar to that of the Opponent's Product, the opponent did exhibit in "HPJ-25" and "HPJ-26" to Han's first statutory declaration photographs of the packaging of the applicant's products. Although it was not mentioned when these photographs were taken, in the context it seemed they were made for the purposes of preparing Han's first statutory declaration which presumably took place in or before 2005. The packaging shown in these photographs is in fact the same as the packaging shown by the applicant himself in exhibit "CTLJ-4" to Mr. Cheung's statutory declaration, and the photographs exhibited in "CTLJ-4" bear the date 15 September 2005.

55. Having regard to all the foregoing, as I have already found that the opponent first used the unregistered mark or sign "排毒美顏寶" in relation to the Opponent's Product in December 1998, and despite that there is undisputed evidence that the applicant had actually used the suit mark sometime in or before 2005, I find the claim that the applicant has a prior right over the suit mark has not come up to proof by evidence.

56. In the circumstances, there is no doubt that by the date of the application for registration of the suit mark, the Opponent's Product has acquired a goodwill or reputation in the market and are known by the unregistered mark or sign "排毒美顏寶". The only problem is, as to be discussed below, that the mark or sign "排毒美顏寶" contain elements of descriptiveness in relation to the products concerned. I have to ascertain whether a descriptive mark or sign may be protected by a passing off action and to what extent.

Reputation and goodwill in the opponent's mark or sign

57. Since at least as early as *Reddaway v Banham* [1896] A.C. 199, the law has recognised that a word or phrase which is apparently descriptive may acquire what is called secondary meaning and become distinctive of the claimant's goods or business. (*Wadlow: The Law of Passing Off*, 3rd edn (2004) para 8-53). Recently in *Bignell v*

Just Employment Law Ltd [2008] F.S.R. 6, it is said at paragraph 55:-

“There is no doubt that even a descriptive name may be protected by a passing off action. On the other hand, the fact that a name is descriptive may make it harder for a trader to establish that the use of that name would be taken as a reference to his business alone. Furthermore, it is well established that if a trader adopts words in common use as a business name some confusion may be expected without thereby giving rise to a liability for passing off.”

58. Although the applicant did not appear and was not represented at the hearing, it is his case as alleged in Mr. Cheung’s statutory declaration that “排毒”, meaning “expelling impurities and toxic materials from the human body”, and “美顏”, meaning “with beautifying effect”, have been used by the applicant to develop his own Chinese medicine for the said purposes (paragraph 10 of Mr. Cheung’s statutory declaration). Mr. Cheung further alleged that for ages, the terms “排毒” or “驅毒” (expelling impurities and toxic materials), “降脂” or “清脂” (lowering and/or removing bodily fat), “養顏” or “美顏” (beautifying), had been used to label and describe Chinese medicines having those respective medical effects or usages. On the face of it, the literal meanings of these terms could carry the meanings Mr. Cheung has attributed to them, but regarding the claim that they have been used for ages to label and describe Chinese medicines, Mr. Cheung has simply made an assertion without producing any evidence of proof.

59. On the other hand, Mr. Han Shuo Humphrey, the Sales and Marketing Controller of the opponent, in his statutory declaration made on 27 December 2006, gave the following account:-

“The theory behind the usage of the Opponent’s Product is that in modern day life, we take in many pollutants through inhalation and ingestion of foods and drinks. These pollutants will over many years reside and accumulate in our bodies. Using a combination of a variety of Chinese herbs and processing them into capsules and taken regularly over a period of time will discharge such toxic wastes from the human body thereby creating better skin complexion and retards the ageing process.”

60. The theory behind the Opponent’s Product apparently matches the meanings of the terms “排毒” and “美顏” the applicant attributes to them. I agree that the phrase “排毒美顏寶” is in a sense descriptive in that it tells the consumer something about the product, namely, that it concerns expelling impurities and toxic materials from the human body with beautifying effect.

61. It does not, however, necessarily follow that “排毒美顏寶” as used by the opponent for the Opponent’s Product is prima facie descriptive such that goodwill

cannot normally attach to it. In *Phones 4u Ltd v Phone 4u.co.uk Internet Ltd* [2007] R.P.C. 5, the claimants owned and operated a nationwide chain of shops called Phones 4u, selling mobile phones, which had been well established on a wide scale for a considerable period before the defendants adopted the same name for a business selling mobile phones online. The Court of Appeal held that there was goodwill in the name as applied to the claimant's business, notwithstanding its descriptive quality. Jacob L.J. said at [34]:

“The judge also thought the “descriptiveness” of the name affected the question of whether it had a goodwill. But the name is not descriptive in the sense that anyone would describe a business or shop selling mobile phones as a “Phones 4u” business or shop. It is that sort of name which tells you what the business is, but is also obviously intended to be an invented name to denote a particular business. True it is that it is not particularly inventive—“4u” was a bit in vogue--the sort of thing others might well want to use. For that reason it would be unlikely to be accepted for registration as a trade mark without some proof of acquired distinctiveness. But distinctiveness for trade mark registration purposes is not the same concept as descriptiveness--it requires more. I think the judge was wrong to say, as he did:

“[127] The phrase ‘Phones 4u’ is not inherently distinctive. It is a descriptive phrase, although not wholly descriptive in that I accept that it is more likely to acquire distinctiveness through use than a wholly descriptive expression. Nevertheless, there is an onus on the Claimants to satisfy me that it had become distinctive through use.”

This is the language of distinctiveness for trade mark registration, not that for testing whether a goodwill has been established.”

62. In my view the same approach is applicable in this case. While “排毒美顏寶” tells you something about the medicinal product, the whole phrase is not one which would be used in ordinary speech to describe a product, rather it is adopted as a distinctive name for the product, used in a way which would readily lead to the product being associated in the public mind as the product of a particular manufacturer.

63. Further, as Mr. Cheung has so alleged, expelling impurities and toxic materials could be described by “排毒” or “驅毒”, and beautifying could be expressed by “養顏” or “美顏”. This implicitly implies that there are many ways to describe a medicinal product having the function of expelling impurities and toxic materials with beautifying effect, and the first one who comes up with the idea of combining the term “排毒” with the term “美顏” and adding the character “寶” at the end to form the phrase “排毒美顏寶” should be rewarded with the opportunity to build up a goodwill on it. It is therefore in my view a name which in this context is capable of

acquiring what is called secondary meaning and become distinctive of the Opponent's Product.

64. Exhibit "CTLJ-3" to Mr. Cheung's statutory declaration contains a letter issued by the Department of Health acknowledging receipt of the applicant's application for registration of a Chinese medicinal product. It is alleged that the Department of Health has recognised "排毒美顏寶" as a generic term. However, the fact that the letter states that the name of the product under application is "排毒美顏寶" does not mean the product name is, or have the effect of turning the product name into, a generic term. The same exhibit also contains a promulgation by the National Medical Products Supervisory Bureau (國家藥品監督管理局) about a product known as "排毒降脂膠囊", I do not understand for what purposes Mr. Cheung had intended it to come up to prove.

65. I should also mention that in Han's first statutory declaration, there are mentioned two High Court actions in which the opponent successfully obtained injunctive relief in the middle of 1999 against the defendants named in the actions (there is no suggestion to link them in any way with the applicant) restraining them from passing off goods of the opponent by the use of names "排毒美顏寶" and/or "排毒養顏寶". Whilst no doubt the results of these actions do not have a direct bearing on the present case, they reinforce my view that the phrase "排毒美顏寶" could be protected by a passing off action.

66. On the evidence before me, I am prepared to accept that at the date of the application for registration of the suit mark, the opponent was the proprietor of a substantial and valuable goodwill built-up and acquired in connection with the promotion and sale of the Opponent's Product by reference to the phrase "排毒美顏寶".

Misrepresentation

67. This leads to the second necessary ingredient of the tort of passing off, that the name, description or get-up complained of should amount to a misrepresentation, so as to give rise to the likelihood of confusion among members of the public.

68. Guidance on this is given in *Halsbury's Laws of Hong Kong Vol 15(2)* at paragraph 225.020:

"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual

elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as two successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action."

69. I have mentioned that in an attempt to show that the packaging of the applicant's products is confusingly or deceptively similar to that of the Opponent's Product, the opponent did exhibit in "HPJ-25" and "HPJ-26" to Han's first statutory declaration photographs of the packaging of the applicant's products. Mr. Han in his first statutory declaration alleged that by comparing the details of the packaging of the applicant's products on which the suit mark was used with the packaging of the Opponent's Product, it was obvious that the applicant had intentionally passed off the Opponent's Product. Details about the comparison were then given as items (a) to (l)

under paragraph 31 of Han's first statutory declaration. The allegation was simply denied in Mr. Cheung's statutory declaration filed later, without going into the same kind of details as Mr. Han did.

70. Looking at the photographs in "HPJ-2" (showing photographs of the packaging of the Opponent's Product) and "HPJ-25" and "HPJ-26" (showing photographs of the packaging of the applicant's products), it does not occur to me that Mr. Han's comparisons are in any way factually faulted or compromised. Whilst certain features of the packaging can be said to be commonplace things that are not surprising to find similarities there – such as a round bottle container inside a polygonal-shape package, Chinese name of a medicinal product being printed vertically in the centre of the packaging, etc. – there are the substantially identical texts of description about the products, in Chinese, English and Japanese, appearing on the leaflets of the respective packaging, that cannot be explained as mere coincidences.

71. The similarities in the layout and design of the packaging suggest the applicant may have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action of passing off. Nonetheless, in the instant case, I do not need to resort to the similarities in the packaging to make out a case of misrepresentation, as I find the respective marks or signs used to identify the respective products being confusingly similar. Given the prominence of the reputation the opponent had in connection with the use of the phrase "排毒美顏寶" on medicinal products, the very fact that the suit mark, being used on the same kind of product as the opponent's, has the phrase "排毒美顏寶" in such prominent size, position and aligned vertically, with the characters "寶珠牌" in smaller size and placed at the top right hand corner of the phrase, is sufficient in my view to focus a customer's attention to "排毒美顏寶" and neglect the characters "寶珠牌", thus giving rise to a likelihood of confusion among members of the public.

72. Alternatively, even if customers were aware of the existence of the characters "寶珠牌", given the very prominent reputation the opponent had in connection with the use of the phrase "排毒美顏寶", they are likely to be misled into believing that the applicant's business is in some way connected with the opponent's business.

73. It matters not therefore in the instant case whether the applicant had been shown to have acted with a fraudulent intent, there is a misrepresentation by the applicant in the use of the suit mark on medicinal products leading or likely to lead the public to believe that goods offered by the applicant are goods of the opponent.

Damage

74. A misrepresentation that the defendant's goods or business are those of the claimant is intrinsically likely to damage the claimant if the fields of business of the claimant and the defendant are reasonably close (*The Law of Passing-Off*, Christopher Wadlow, 3rd edition, 4–13).

75. In view of the reputation and goodwill of the opponent, the fact that the opponent's and the applicant's fields of activity are basically the same and my finding that members of the public are likely to mistakenly infer from the applicant's use of the suit mark that the applicant's products are from the opponent or are connected with the opponent, damage to the opponent's goodwill is a reasonably foreseeable consequence of use of the suit mark.

76. I find that use of the suit mark in Hong Kong is liable to be prevented at the date of application for registration of the suit mark by an action for passing off. The ground of opposition under section 12(5)(a) of the Ordinance is made out.

77. As I have found in favour of the opponent on the ground of opposition under section 12(5)(a) of the Ordinance, it is not necessary for me to consider the other grounds of opposition. I should, however, touch on one further aspect of the case as pleaded by the applicant, namely, whether the applicant is entitled to register the suit mark under section 13 of the Ordinance under the ground of honest concurrent use.

Section 13

78. Section 13 of the Ordinance provides that nothing in section 12 (relative grounds for refusal of registration) prevents the registration of a trade mark where the Registrar or the court is satisfied that there has been an honest concurrent use of the trade mark and the earlier trade mark or other earlier right.

79. Matters to be taken into account when deciding whether registration should be allowed on honest concurrent use are stated by Lord Tomlin in *Pirie's Application* [1933] 50 R.P.C. 147 at 159 and are summarized below. These matters are not exhaustive and in exercising discretion, "any relevant circumstance ought to be considered" (*Electrix* [1957] RPC 369 at 379):

- (1) The honesty of the concurrent use;

- (2) The extent of use in time and quantity and the area of the trade;
- (3) The degree of confusion likely to ensue from the resemblance of the marks which is to a large extent indicative of the measure of public inconvenience;
- (4) Whether any instances of confusion have in fact been proved; and
- (5) The relative inconvenience which would be caused if the mark in suit were registered, subject if necessary to any conditions and limitations.

80. I do not propose to go into the details of the abovementioned matters, as I have already gone through the evidence of use of the opponent's mark and that of the applicant's use of the suit mark. In essence, there is no valid evidence to substantiate the claim of the extent of use, both in terms of the time and quantity, of the suit mark, and given the finding that use of the suit mark in Hong Kong is liable to be prevented at the date of application for registration of the suit mark by an action for passing off, I do not consider this is a case where the discretion conferred by section 13 ought to be exercised in favour of registration of the suit mark.

Conclusion

81. As the opposition has succeeded, I award the opponent costs. Subject to any representations, as to the amount of costs or calling for special treatment, which either the opponent or the applicant 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.

(Frederick Wong)
for Registrar of Trade Marks
23 February 2009

















