

TRADE MARKS ORDINANCE (CAP. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 300394975

MARK : 達發新

CLASS : 5

APPLICANT : BRIGHT FUTURE PHARMACEUTICAL LABORATORIES LIMITED

OPPONENT : TARCHOMIŃSKIE ZAKŁADY FARMACEUTYCZNE
“POLFA” Spółka Akcyjna

STATEMENT OF REASONS FOR DECISION

Background

1. On 31 March 2005 (“Application Date”), BRIGHT FUTURE PHARMACEUTICAL LABORATORIES LIMITED (“Applicant”) filed an application (“subject application”) under the Trade Marks Ordinance (Cap.559) (“Ordinance”) for registration of the following mark (“subject mark”):

達發新

Registration is sought in respect of the following goods in Class 5 (“subject goods”):

“pharmaceutical preparations; western medicines; traditional Chinese medicine; health food supplements”.

2. Particulars of the subject application were published on 29 April 2005. TARCHOMIŃSKIE ZAKŁADY FARMACEUTYCZNE “POLFA” Spółka Akcyjna (“Opponent”) filed a notice of opposition to the subject application on 27 July 2005 (“Notice of Opposition”) with a statement of the grounds of

opposition (“Grounds of Opposition”).

3. The Applicant filed a counter-statement on 26 October 2005 (“Counter-Statement”) in response to the Notice of Opposition.
4. The Opponent filed evidence by way of a statutory declaration of Dariusz Sobczak and Marian Anysz declared on 18 April 2006 (“Statutory Declaration”). The Applicant did not file any evidence.
5. The opposition hearing in respect of the subject application took place before me on 13 August 2009. Ms Doreen Yau of NTD Patent & Trade Mark Agency Limited attended the hearing on behalf of the Opponent. The Applicant did not attend the hearing.

Grounds of opposition

6. Although a number of grounds were pleaded, at the hearing, the Opponent only relied on the grounds of opposition under sections 11(4)(b), 11(5)(a), 11(5)(b), 12(4) and 12(5) of the Ordinance.

The Opponent

7. The Opponent is a company organized and existing under the laws of Poland, and is a producer of antibiotics and products of chemical-pharmaceutical compositions.¹
8. According to paragraph 6 of the Statutory Declaration, the Opponent created and first adopted the trade name and trade mark “Davercin” in 1978 for its product of Erythromycin Cyclocarbonate, which is a kind of antibiotics. The mark “Davercin” has been registered in Poland in the name of the Opponent since 1978. In 1979, the Opponent first obtained permit from the Ministry of Health and Social Welfare in Poland for production of the finished medicine “DAVERCIN”, and subsequently also for distribution of the same in Poland.

¹ Statutory Declaration, paras. 3-4.

9. The Opponent later created and adopted “达发新”, the Chinese transliteration of “Davercin”, as the Chinese trade name and trade mark for its product of Erythromycin Cyclocarbonate.²
10. In October 2000, the Opponent received approval from the State Drug Administration, the People’s Republic of China³ for conducting clinical trial of the drug “达发新 Davercin”, and in April 2003, the Import Drug Licence for the same⁴.
11. According to the Statutory Declaration, the Opponent first used the mark “达发新” in Hong Kong in June 2003.⁵ The packing list dated “2003-06-09” and addressed to World Pioneer Limited (“World Pioneer”) at Exhibit “DS,MA-11” to the Statutory Declaration is stated to be in relation to such first use of the mark “达发新” in Hong Kong in June 2003. A copy of the packaging for the relevant goods appears at Exhibit “DS,MA-12” to the Statutory Declaration, and is reproduced at the Annex hereto. Although the packing list and related shipping documents at Exhibit “DS,MA-11” to the Statutory Declaration only refer to the mark “Davercin”, the packaging at the Annex hereto shows that both the mark “Davercin” and the mark “达发新” appear prominently on the packaging. The Opponent’s Erythromycin Cyclocarbonate products with the marks “Davercin” and “达发新” are referred to below as the “Opponent’s Davercin products”. Set out in paragraph 19 of the Statutory Declaration are sales figures of the Opponent’s Davercin products in Hong Kong from 2003 to 2004.

The Applicant and its relationship with the Opponent

12. The Applicant has filed no evidence and has not provided any background about its business.
13. According to paragraph 33 of the Statutory Declaration, the Applicant was the former packaging agent for the Opponent.

² Statutory Declaration, para. 10.

³ Now the State Food and Drug Administration, the People’s Republic of China.

⁴ Statutory Declaration, paras. 12-13.

⁵ Statutory Declaration, para. 18.

14. On 22 November 1999, the Opponent entered into an agreement (“Agreement”)⁶ with World Pioneer under which World Pioneer was appointed exclusive distributor of the Opponent’s Davercin products in the People’s Republic of China including Hong Kong.⁷ Article 3.01 of the Agreement provided that the Opponent’s Davercin products were to be registered in the name of the Opponent and marketed under the Opponent’s trade mark, and that the Opponent would be the exclusive owner of such trade mark forever.

15. In a fax from World Pioneer to the Opponent on 3 April 2002, World Pioneer indicated that in order to facilitate the early launch of the Opponent’s Davercin products in Mainland China and to allow flexibility in meeting market demand for different pack sizes, World Pioneer proposed that the Opponent were to supply Davercin tablets in bulk to World Pioneer, and that World Pioneer would do the necessary packaging in Hong Kong before importing the final finished packs into Mainland China.⁸ In an email of 9 April 2002, the Opponent asked World Pioneer which company would pack the tablets in Hong Kong. In its reply of 17 April 2002, World Pioneer stated that they had not yet made a final decision, although the packaging company would likely be one of the two companies named in that reply. One of those companies was the Applicant. Eventually, the Applicant was chosen by World Pioneer as the packaging agent. In its fax to the Opponent on 22 August 2002, World Pioneer stated that the Opponent’s name would be the only company name appearing on the outer cartons for the Opponent’s Davercin products, and that the name of the packaging company would not be shown on the printed packing materials.

16. In April 2003, World Pioneer placed an order with the Opponent to purchase and import the Opponent’s Davercin products into Hong Kong, and World Pioneer entrusted the Applicant to pack the products into retailing packages under the Opponent’s “Davercin” and “达发新” marks in Hong Kong.⁹ The relevant purchase order issued by World Pioneer appearing at Exhibit “DS,MA-21” shows that the relevant products were “Davercin 250mg tablets”. The Opponent was named as the manufacturer, and Bright Future Pharmaceuticals Factory (“Applicant’s Factory”) of the same address as the

⁶ Exhibit “DS,MA-18” to the Statutory Declaration.

⁷ Article 4.02 of the Agreement.

⁸ Exhibit “DS,MA-19” to the Statutory Declaration.

⁹ Statutory Declaration, para. 42.

Applicant was named as the consignee.

17. In its Notice of Opposition, the Opponent averred that the Applicant had provided services for the Opponent for packaging the Opponent's products into retailing packages under the Opponent's "Davercin" and "达发新" marks in Hong Kong, and that the Applicant was and ought to be well aware of the business of the Opponent and the ownership of the "Davercin" and "达发新" marks by the Opponent¹⁰. The Opponent says that the subject mark is identical to "达发新" and confusingly similar to "Davercin".¹¹
18. In its Counter-Statement, the Applicant claimed that the subject mark was originally created by the Applicant, and that the Applicant had registered the mark "达发新" in China. Attached to the Counter-statement is a copy of a registration certificate for the mark "达发新" registered in 2004 in China in the name of the Applicant's Factory in relation to certain goods in Class 5. The Applicant further stated that the subject mark should be registered on a "first come first serve" basis, and that the Applicant was the first to apply for the subject mark. The Applicant denied that the subject mark and the mark "达发新" were created by the Opponent, and claimed that the Opponent used the Applicant's "达发新" / "達發新" marks in China with the consent of the Applicant. The Applicant has filed no evidence in support of these claims.
19. In the Statutory Declaration, the Opponent stated that the Opponent had filed cancellation proceedings against, *inter alia*, the Applicant's registration of the mark "达发新" in China.¹²

Opposition under section 11(5)(b) of the Ordinance

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."

¹⁰ Grounds of Opposition, para. 12.

¹¹ Grounds of Opposition, para. 11.

¹² Statutory Declaration, para. 32.

21. Bad faith is an absolute, hence free-standing, ground for refusal of registration. The focus of attention is the propriety of the applicant's conduct – not generally, but specifically in relation to his request for protection of a trade mark for the goods or services in question in the particular circumstances of the disputed application for registration. The expression “bad faith” has moral overtones which appear to make it possible for an application to be rendered unacceptable by behaviour otherwise involving no breach of any duty, obligation, prohibition or requirement that is legally binding on the applicant. (*Melly's Trade Mark Application* [2008] E.T.M.R. 41).

22. In *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* (Case C-529/07) [2009] E.T.M.R. 56, the European Court of Justice considered that in order to determine whether there was bad faith, consideration must be given to the applicant's intention at the time when he files the application for registration. The applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

23. 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.”

24. In *Harrison's Trade Mark Application (CHINAWHITE)* [2005] F.S.R. 10, the Court of Appeal in the United Kingdom 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.”

25. In paragraph 12 of its Grounds of Opposition, the Opponent stated that:

“12. The Applicant formerly had business cooperation with the Opponent and provided services for the Opponent for packaging the Opponent’s products into retailing packages under the Opponent’s Marks¹³ in Hong Kong. The Applicant was and ought to be well aware of the business of the Opponent and the ownership of the Opponent’s Marks by the Opponent. The use and adoption of “達發新” as the trade mark of the Applicant clearly and unfairly usurp the rights and interests of the Opponent in the Opponent’s Marks. The Applicant is acting in bad faith by reason of the above.”

26. In paragraph (B) of its Counter-Statement, the Applicant stated that:

“(B) None of the facts alleged in the notice of opposition would be admitted. The Applicant specially denies Paragraphs 3, 8, 9, 11, 13 and 14 of the Grounds of Opposition.”

It is noted that the Applicant did not specifically deny paragraph 12 of the Grounds of Opposition (set out in paragraph 25 above).

27. In the Statutory Declaration, the Opponent claimed, *inter alia*, that:

“46. As the packaging agent for the Opponent, the Applicant was fully aware of the Opponent’s prior rights, namely the trademark rights in the marks “Davercin” and “达发新” and that the Opponent is the rightful proprietor and creator of the marks “Davercin” and “达发新”.

47. By providing packaging services to the Opponent to pack the Opponent’s products into retailing packages under the Opponent’s name and the Opponent’s Marks in Hong Kong, the Applicant was fully aware that the Opponent had an intention to use the mark “Davercin” and “达发新” in Hong Kong and in Chinese market to distinguish its products from the other undertaking [*sic*].

¹³ The “Opponent’s Marks” are defined in para. 3 of the Grounds of Opposition as the trade marks “Davercin” and “达发新”.

...

49. The Applicant was dishonest when it copied the whole of the Opponent's mark “达发新” and worse applied to register it in Hong Kong. The Applicant's Mark “達發新”, being the traditional Chinese version for “达发新”, is identical to the Opponent's mark “达发新”. ...
51. The Applicant's application for the Applicant's Mark in Hong Kong was a pre-emptive measure in an attempt to use the Opponent's mark of “达发新”; thereby depriving the Opponent of the right to register its mark “达发新” and spoiling the Opponent's plan to use its mark to distinguish its goods from those of other undertakings.”
28. The Applicant has not specifically denied that it has acted as packaging agent in respect of the Opponent's Davercin products.
29. I refer to the packaging for the Opponent's Davercin products reproduced at the Annex. Both of the Opponent's “Davercin” and “达发新” marks appear prominently on the packaging. The name of the Opponent is the only company name appearing on the packaging. Although the Applicant claimed that it originally created the subject mark, it has filed no evidence as to how and when it created the same. The registration of the mark “达发新” in China which the Applicant relied on¹⁴ dated back to 2004. This was after the Opponent received approval from the State Drug Administration, the People's Republic of China for conducting clinical trial of the drug “达发新 Davercin” in October 2000 and the Import Drug Licence for the same in April 2003 (paragraph 10 above), and after the Applicant was entrusted by World Pioneer in 2003 to pack the Opponent's Davercin products into retailing packages (paragraph 16 above) which bear the mark “达发新”. In the circumstances, I regard it as too much of a coincidence for the Applicant to have “created” the subject mark “達發新”, which is the same as the Opponent's “达发新” mark, save that the latter is in simplified Chinese characters whilst the subject mark is in traditional Chinese characters.
30. I find it an irresistible inference from the evidence in this case that the Applicant had simply taken the Opponent's “达发新” mark and applied for

¹⁴ The relevant registration certificate was merely attached to the Counter-Statement, and was not filed as evidence in accordance with Rule 79 of the Trade Marks Rules.

registration of the traditional Chinese characters version of the same in respect of goods in Class 5 which are the same as or similar to the Opponent's Davercin products. I do not accept the Applicant's claim that the subject mark was originally created by the Applicant. In the light of its knowledge and its relationship with the Opponent, the Applicant's conduct of applying to register the subject mark in Hong Kong would be regarded as in bad faith by persons adopting proper standards.

Conclusion

31. For the reasons stated above, I find that the ground of opposition under section 11(5)(b) of the Ordinance is made out. The subject application is therefore refused.
32. As the Opponent has succeeded in its opposition under section 11(5)(b) of the Ordinance, it is not necessary for me to consider the other grounds of opposition.
33. 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 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.

(Finnie Quek)
for Registrar of Trade Marks
11 November 2009

