

TRADE MARKS ORDINANCE (CAP. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 300437256

MARK: HABA 無添加主義

CLASS: 3

APPLICANT: KABUSHIKI KAISHA HABA KENKYUSHO (HABA LABORATORIES INC.)

OPPONENT: FANTASTIC NATURAL COSMETICS LIMITED

STATEMENT OF REASONS FOR DECISION

Background

1. On 10 June 2005 (“Application Date”), Kabushiki Kaisha Haba Kenkyusho (Haba Laboratories Inc.) (“Applicant”) filed an application under the Trade Marks Ordinance (Cap. 559) (“Ordinance”) for the registration of the following mark –

無添加主義

2. Registration is sought in respect of various goods in Class 3. The application was later amended and the representation of the mark as amended (“suit mark”) is as follows –

HABA 無添加主義

3. The amended specification of the application for registration of the suit mark is as follows –

“Cosmetic; soaps; dentifrices; perfumery and incense; bleaching preparations; fabric softeners; starch for laundry use; polishing preparations; all included in Class 3.”

The Applicant has not made any claim of priority in respect of the subject application.

4. Particulars of the subject application were published on 11 April 2008. On 8 July 2008, Fantastic Natural Cosmetics Limited (“Opponent”) filed a notice of opposition against the subject application together with a statement of the grounds of opposition (“Statement of Grounds”). In response to the notice of opposition filed, the Applicant filed a counter-statement on 12 August 2008.

5. As evidence in support of the opposition, the Opponent filed two statutory declarations made by Ma Mok Lan on 11 May 2009 and 21 March 2011 respectively (“First Ma Declaration” and “Second Ma Declaration” respectively). The evidence adduced by the Applicant is a statutory declaration made by Hiroyuki Hoshino (“Hoshino Declaration”).

6. The opposition was fixed to be heard on 10 April 2013. Mr. Philips Wong, counsel instructed by Messrs. Jones Day, appeared on behalf of the Opponent. Ms. Serena Lim of Messrs. So Keung Yip & Sin appeared on behalf of the Applicant.

Grounds of opposition

7. A number of grounds of opposition were pleaded in the Statement of Grounds. At the hearing, Mr. Wong confined the grounds to those in sections 11(5)(b), 12(3), 12(4) and 12(5)(a) of the Ordinance. According to the Statement of Grounds, the Opponent seeks to rely on its ownership in the following trade marks –

Mark A

無
添
加

Mark B

無
添
加。

8. In Hong Kong, Mark A and Mark B (collectively referred to as the “Opponent’s Marks”) are registered as a series in respect of goods and services of a number of classes. Details of these registered marks (“Registered Marks”) are set out in the Statement of Grounds, and reproduced in the table below.

Trade Mark No.	Class	Specification
300200122	3	skin care preparations, skin cleansing lotions, skin peeling creams, skin whitening masks, soft masks,

		freckles masks, eye essences, white radiance cream, deep cleansing gel, cleansing milks, cleansing powder, skin washing powder, skin lotions, cosmetics, lipsticks, make-up removing preparations, cosmetic preparations for use in bath, nail care preparations, slimming preparations (cosmetics), soaps, sterilizing soaps, bath lotions, bath and shower gel, toiletries, shampoos, hair conditioners, hair shampoos with hair conditioners, hair lotions, hair mousses, hair treatment cream, face and body cream, baby cream, deodorants for personal use; all included in Class 3.
300246221	5	collagens, sugar and fat absorbing preparations, calorie reduction preparations, herbal preparations, health nutritional supplements, vitamins and minerals; all included in Class 5.
300333279	16	paper, cardboard and goods made from these materials, not included in other classes; printed matter; printed forms and publications; books, periodicals, monthly letters, bulletins, pamphlets, manuals, guides, booklets, press releases and calendars, agendas, display signs, advertisements, wrapping paper and match books, all included in Class 16; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.
300406287	35, 41, 44	<u>Class 35</u> retailing services of skin care, body care, hair care, beauty care and make-up preparations, soaps, cosmetics, toiletries, food supplements, mineral and vitamin preparations, nutritional supplements, food and beverages, non-alcoholic drinks, accessories, cases and containers for all the aforesaid goods. <u>Class 41</u> provision of information, educational and training services relating to beauty care, hair care, health care,

		<p>fitness, diet and well-being.</p> <p><u>Class 44</u> provision of information relating to beauty care, hair care, health care, fitness, diet and well-being.</p>
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9. An application for registration of the Opponent's Marks is actually included in the Statement of Grounds, Trade Mark Application No. 301091925. The application relates to goods in Classes 29, 30 and 32. This application was opposed to by another party and was subsequently deemed withdrawn.

10. Although no mention was made in the Statement of Grounds or in the evidence filed by the Opponent as to the basis of the registration of Trade Marks Nos. 300200122, 300246221 and 300406287, it is clear from the record of the register that they were registered on the basis of acquired distinctiveness under section 11(2) of the Ordinance.¹ This means that, had it not been for the evidence of use filed, the Opponent's Marks would not have been accepted for registration by the Trade Marks Registry in respect of those goods and services in Classes 3, 5, 35, 41 and 44 in the respective specifications. It was considered that the relevant consumers had been educated of the function of the Opponent's Marks as an identifier of trade origin through the use that had been made of them. As for Trade Mark No. 300333279, the Opponent's Marks were accepted for registration on a *prima facie* basis; that is, evidence of use had not been submitted and the Opponent's Marks were considered, in relation to the goods in Class 16 covered by that registration, to have a distinctive character on their own.

11. One further thing to note is that the dates of filing of the applications for registration of the Registered Marks are 20 April 2004 (Trade Mark No. 300200122), 8 July 2004 (Trade Mark No. 300246221), 7 December 2004 (Trade Mark No. 300333279) and 20 April 2005 (Trade Mark No. 300406287) respectively and their registrations took effect as from those dates. Their actual dates of registration are however 14 November 2006, 4 December 2006, 24 October 2006 and 5 March 2007 respectively. This means that as at the Application Date, none of the Registered Marks had become registered yet.

¹ Copy certificates of registration relating to the Registered Marks or records of their registrations have not been produced by the Opponent. So technically the Opponent has not proved its ownership in the Registered Marks. Such records were submitted by Ms. Lim when she sent her skeleton arguments to the registry for the hearing. Mr. Wong did not object to the production of these records by Ms. Lim.

First Ma Declaration

12. Ma Mok Lan is the Executive Director of the Applicant. In the First Ma Declaration, she refers to the appointment of the Applicant as the sales agent of FANCL Corporation, a Japanese company, in 1996. In Exhibit “MML-1” are copy photographs of the welcoming gift to commemorate the opening of FANCL HOUSE, the name of the retail shop, in Hong Kong in October 1996. She then refers to the fast growing sales and public recognition, which leads to the opening of more shops. When the First Ma Declaration was made, there were 32 shops and Exhibit “MML-2” has a few copy photographs with dates showing the shop fronts. The exact number of shops the Opponent had as at the Application Date cannot however be discerned from the materials filed.² The mark “FANCL” or “FANCL HOUSE” appears as the name of the shops, as well as on many of the display shelves.

13. One thing notable from one of the photographs in Exhibit “MML-2” is a panel with information about the characteristics of the cosmetics products of the Opponent set out in Chinese on the left side and in English on the right side.³ The heading on the left side is “FANCL 無添加產品特點” and the characteristics of the products are listed out in Chinese underneath the heading. The English version is on the right side and the heading there is “CHARACTERISTICS OF FANCL “ADDITIVE-FREE” PRODUCTS”. Descriptions of the various characteristics (such as no preservatives and no artificial additives) in English are listed underneath this heading and side by side with the corresponding descriptions in Chinese. This shows the intention of the Opponent to have the Opponent’s Marks convey a message about the products being free from additives. That is, their mission is that of a designation of the characteristic of the products, rather than that of an identifier of trade source.

14. As for the goods and services that the Opponent’s Marks have been applied to, the way the information is set out in the evidence of the Opponent is not very indicative of the exact range. In paragraph 6 of the First Ma Declaration, the Opponent claims to have used, since October 1996, the Opponent’s Marks on goods that are the same or similar to the wide range of goods and services in Class 3 in respect of which the application for registration of the suit mark has been filed. It then, in paragraph 7 of the First Ma Declaration, says that apart from the goods

² At the hearing, Mr. Wong drew my attention to some dated promotional materials which have set out a list of the Opponent’s shops. The one closest in time to the Application Date (October 2001) gives the addresses of 22 shops in total.

³ The date of the photo is 6 March 1998.

already mentioned, the Opponent's Marks have also been used, since October 1996, in relation to a wide range of goods and services covering many classes. There is no elaboration as to what these other goods and services are. Nevertheless, the term "Opponent's Goods" is then adopted by the deponent to refer to all the goods and services, including the goods applied for under the application for registration now being opposed, that the Opponent claims to have used the Opponent's Marks on. That being the state of affairs, it is anybody's guess as to the actual range of goods and services that the Opponent's Marks have been used on.

15. The Opponent has put in Exhibit "MML-4" various materials to show use of the Opponent's Marks on the packaging of the goods it provided. The products include cosmetics and skin care products in Class 3, dietary and health supplements in Class 5 and food and drink products in Classes 29 and 30. The "FANCL" mark is also used on such packaging. Most of the materials are undated or posterior to the Application Date.

16. An even greater bundle of copies of labels of the Opponent's products can be seen in Exhibit "MML-5", and the bulk of them relate to dietary supplements, food and drink items, rather than cosmetics. The word mark "FANCL" invariably appears on all the labels, and the Opponents' Marks are usually printed on the top right hand corner of the labels. All the labels have descriptions about the functions and ingredients of the products in small prints. In many cases, the Opponent's Marks can be seen appearing among the small prints, incorporated in phrases like "無添加、無防腐劑、無香料、無礦物油、完全密封".⁴ Use in such manner again educates consumers of the descriptive, rather than the origin-identifying, function of the Opponent's Marks.

17. The Opponent takes the view that the only significance of the term "無添加" is a trade mark and the juxtaposition of the Chinese characters does not result in a term with any recognized dictionary meaning, and is therefore in no way descriptive. In support, copy of a letter from a Professor Fu Jie of the Department of Chinese Language and Literature of Fudan University dated October 2005 is produced in Exhibit "MML-6" and copy documents relating to his credentials in Exhibits "MML-7" and "MML-8". The opinion of Professor Fu relates to the literal interpretation of the Chinese term "無添加" and to him, it means "without adding".⁵

⁴ For example, on the label of a product called "FDR Facial Washing Liquid", which is described as suitable for someone with some particular skin problems.

⁵ Professor Fu opines that "無" and "添加" separately means "no" or "without" and "adding" respectively.

He has also suggested that if the term is not followed by a subject matter, the meaning is incomplete as it is not clear what is not being added. In his view, the term by itself is neither laudatory nor derogatory.

18. Next comes the part about the sales figures and advertising expenditure. Although the figures are moderate at the start, they have become fairly impressive in subsequent years. Taking the data for the 5 years prior to the Application Date, on average the Opponent has made over HK\$450 million in sales and expended HK\$65 million for promotion each year. Copies of sample invoices are produced in Exhibit “MML-9” in support. However, since the figures provided relate to all the Opponent’s Goods, as the term is defined in the First Ma Declaration,⁶ without any breakdown as to the amount attributable to different categories of goods, it is not possible to ascertain the extent of use of the Opponent’s Marks in respect of the different goods and services covered by the registration of the Registered Marks, or the other goods and services on which the Opponent’s Marks have been used, whatever such goods and services may be.

19. This is not the only problem with the figures provided. Apart from the Opponent’s Marks, the marks “FANCL” and “FANCL HOUSE” are also used by the Opponent in its shops and on the products it sells. There is nothing in the First Ma Declaration which says that the sales figures and advertising expenditure averred to relate to the use of the Opponent’s Marks alone, nor is there any breakdown as to the portion of the figures that should be attributed to the use of the Opponent’s Marks. In view of the highly distinctive character that the word “FANCL” has in respect of the goods sold by the Opponent, there is no basis to infer that the use of the Opponent’s Marks accounts for a significant proportion of those amounts.

20. One thing that can be noted from the sample promotional materials in Exhibit “MML-10” and the extracts from the magazines published by the Opponent in Exhibit “MML-11” is that the Opponent’s Marks are not found on the actual goods shown, whereas the “FANCL” mark always appears. Among the materials in these exhibits, descriptive use of the Opponent’s Marks can also be found, informing consumers that the products of the Opponent have no preservatives or other additives. Below are some of the examples:

- Quite a number of the advertisements have the phrase “拒絕防腐劑污染 選用 FANCL 無添加^o”, “無添加●絕不含防腐劑” or “無添加●絕不含防腐劑·無香

⁶ See discussions in paragraph 14 above.

料・無礦物油・完全密封”。⁷

- In one of the advertisements, a fairly detailed explanation of the term “無添加” is given, to indicate that the products have no preservatives, no chemical additives, no flavourings, no colourings and no mineral oils.⁸
- In another advertisement, two photos of the same artiste are placed side by side. On one side the face of the artiste has some pollutants on it and the message printed on this photo is “肌膚污染之源，正是護膚品中的防腐劑。”，meaning that the preservatives in skin care products are the source of contamination of your skin. On the other side is a photo of the same artiste without any pollutants on her face and the words “肌膚完美再現，全因 FANCL 無添加。”，informing readers that perfection of the skin is restored because FANCL has no additives.⁹
- In one other advertisement, the 20th birthday of FANCL HOUSE is referred to and the cosmetics company is said to have successfully developed “不含防腐劑的無添加產品” since its birth in 1980.¹⁰

21. In addition, promotion has also been carried out through a membership programme launched by the Opponent in October 1996 and its official website.¹¹ However, most of the related materials in Exhibits “MML-13” and “MML-14” are undated or posterior to the Application Date. There is also no information about the number of members that have joined the programme of the Opponent.

Hoshino Declaration

22. Hiroyuki Hoshino is the Director of the Applicant, who has been associated with the Applicant for over 6 years. According to him, the Applicant first used the suit mark in Hong Kong in or about June 2002. The Applicant claims to have used the suit mark on “make-up preparations; skin care preparations; hair care preparations;

⁷ There are many examples of these, including an advertisement of “CLEARTUNE” washing powder, skin care lotion and moisture gel dated 2000, an advertisement of Moist Charge Pack dated December 2002 and an advertisement of “Evante” Vital Concentrate dated December 2004.

⁸ The item is in Chinese and dated September 1997. Against a rather prominent representation of one of the Opponent’s Marks, a passage about the disadvantages of using cosmetics with additives is seen. In particular, it warns about the harmful additives and preservatives in many cosmetic products that can lead to the accumulation of such harmful substances on the skin, as if an invisible mask is added (the Chinese term used is “添加”), causing damage to the health of the skin and the structure of the body.

⁹ The item is in Chinese and dated October 2001.

¹⁰ The item is in Chinese and dated December 2000.

¹¹ The date of launch of this website cannot be ascertained but from other materials that refer to the website, it is clear that it had been launched prior to the Application Date.

body care preparations and other cosmetics; cosmetics; toiletries; soaps; shampoos and hair rinses” (“Applicant’s Goods”). The Applicant has obtained trade mark registration for “HABA” in Hong Kong and in various other jurisdictions. As for the term “無添加主義”, it is registered in respect of goods and services in Classes 3, 5, 29, 30, 32 and 35 in Japan and in Class 3 in Taiwan. Copy sample registration certificates are shown in “Exhibit F”.

23. In paragraph 6 of the Hoshino Declaration, the sales figures of the Applicant’s Goods in Hong Kong from 2002 to 2009 are set out. The yearly average for the period from June 2002 to May 2005 is about HK\$12 million. In support, Hoshino has produced copies of random sales invoices, packing lists and bills of lading in “Exhibit A”. The name of the Applicant is printed on the invoices but the suit mark has not been used on any of the invoices.

24. Materials showing the efforts expended by the Applicant for the promotion of its products in Hong Kong can be found in “Exhibit B” and “Exhibit C”. Since a lot of the materials in these exhibits are either undated or posterior to the Application Date, they provide little assistance for assessing the extent of use of the suit mark as at that date. Furthermore, I note that the marks as used by the Applicant are actually different from the suit mark. The more common forms of the marks used by the Applicant are the following:

Mark 1

無 添 加 主 義
HABA
HEALTH AID BEAUTY AID

Mark 2

HABA 北海道無添加主義
HEALTH AID BEAUTY AID

25. Mark 1 appears quite frequently in the leaflets shown in the exhibits, but I cannot find one that pre-dates the Application Date. As for Mark 2, with the words “北海道” added between “HABA” and “無添加主義” and the phrase “HEALTH AND BEAUTY AID” in smaller print below the word “HABA”, the impression it conveys is rather different from that of the suit mark. I therefore do not consider use of it can be regarded as use of the suit mark. I should also point out that the earliest

material in which the term “無添加” was used by the Applicant is a catalogue dated June 2003. The phrase “北海道 HABA 純淨無添加” appears right in the centre of the cover, whereas the phrase “無添加主義” appears on the top right hand corner of the same cover.

26. One other thing that should be pointed out here is the explanation for the origin of the suit mark that can be found in an advertisement in the 1 October 2004 issue of the “Sisters” magazine.¹² According to that advertisement, HABA is the acronym of “Health Aid Beauty Aid” which represents the attaining of health and beauty via natural means. The Applicant is described as being set up in 1984 by its founder who is considered as a master of “無添加主義” and one who has persevered in abiding with the “無添加” standards in the manufacturing process. The belief of this founder that additives in cosmetics are actually harmful is cited as the reason why he insists on manufacturing his products without using any preservatives or other ingredients that may cause allergies to the skin. It is therefore clear that the Applicant regards the term “無添加” as descriptive of the products in question.

27. “Exhibit D” is a list of the shops selling the Applicant’s Goods in Hong Kong. Again, there is no indication that the information provided is as at the Application Date. It can be gleaned from the 2003 catalogue in “Exhibit B” that by June 2003, there were 6 sales outlets of the Applicant’s Goods in Hong Kong.¹³ Mark 1 is also shown to be pervasively used in the copy photographs of the points of sale of the Applicant’s Goods in “Exhibit E”, but since they bear no dates, they cannot be taken into consideration.

28. In paragraph 18 of the Hoshino Declaration, Hoshino avers to his understanding that the Chinese characters “無添加” and “主義” mean “no, additives” and “doctrine” respectively, and that the phrase “無添加” or “無添加主義”, when used in relation to the goods of the Applicant and of the Opponent, indicate that the goods do not contain any additives and therefore the phrases are obviously descriptive and devoid of distinctive character.

Second Ma Declaration

29. The Second Ma Declaration was filed in reply to the Hoshino Declaration. It is stated in the Second Ma Declaration that the mark “無添加” was created by the

¹² Page 22 of “Exhibit B” of the Hoshino Declaration.

¹³ Page 12 of “Exhibit B” of the Hoshino Declaration.

Opponent and that it has never been used by any third parties either as a trade mark or descriptively before its creation by the Opponent in 1996. The Opponent has not explained how this came about, whether the term “無添加” was coined by an employee of the Opponent or designed by a contractor on behalf of the Opponent. The Opponent has not produced any materials in support of its claim about the creation of the mark. Further, given that the Opponent is only a sales agent of the Japanese company FANCL Corporation and all the labels of the products show that the term “無添加” has been used on them by the Japanese supplier, this claim is actually at odds with the other parts of the evidence of the Opponent.

30. Apart from the above, the Second Ma Declaration contains mainly arguments in support of the Opponent’s case. In particular, the deponent has placed great emphasis on the substantial revenue recorded from the sales of the Opponent’s Goods and the great amounts of advertising expenditure incurred for their promotion. In her view, the significant figures mean that the Opponent’s Marks have become well-known and it is obvious that the Applicant is attempting to ride on the goodwill and fame of the Opponent’s Marks.

Section 12(3)

31. Section 12(3) of the Ordinance provides that –

“A trade mark shall not be registered if –

(a) the trade mark is similar to an earlier trade mark;

(b) the goods or services for which the application for registration is made are identical or similar to those for which the earlier trade mark is protected;
and

(c) the use of the trade mark in relation to those goods or services is likely to cause confusion on the part of the public.”

32. This ground of opposition is based on the existence of an “earlier trade mark”, a term defined in section 5 of the Ordinance. Extracts of the relevant parts of section 5 read as follows –

“(1) In this Ordinance, “earlier trade mark”, in relation to another trade mark, means –

(a) a registered trade mark which has a date of application for registration earlier than that of the other trade mark, taking into account the

priorities claimed in respect of each trade mark, if any; or
...”

33. At the hearing, Mr. Wong indicated that the Opponent would only seek to rely on Trade Mark No. 300200122 for the purpose of the opposition under section 12(3) of the Ordinance. Any references to the Opponent’s Marks in the discussions below in relation to the opposition under section 12(3) are therefore restricted to the position vis-à-vis Trade Mark No. 300200122. The date of registration of Trade Mark No. 300200122 pre-dates the Application Date. It therefore qualifies as an earlier trade mark within the meaning of section 5 of the Ordinance.

34. Section 12(3) of the Ordinance is modeled on section 5(2) of the UK Trade Marks Act 1994,¹⁴ which in turn implements Article 4(1)(b) of the European Trade Marks Directive.¹⁵ That being the case, the principles stated by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG and Adidas Benelux BV* [2000] E.T.M.R. 723 on the application of Article 4(1)(b) of its Directive are relevant on the construction of section 12(3). These principles have been adopted in the main in the Hong Kong case of *Guccio Gucci SPA v Cosimo Gucci* [2009] HKLRD 28,¹⁶ and they are:

- (a) The likelihood of confusion must be appreciated globally, taking into account of all relevant factors;

¹⁴ Section 5(2) of the UK Trade Marks Act 1994 provides as follows –

“(2) A trade mark shall not be registered if because –

- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

¹⁵ Article 4(1)(b) of the European Trade Marks Directive 89/104/EEC of 21 December 1988 provides –

“(1) A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

.....

- (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

¹⁶ This is an infringement case on the interpretation of, inter alia, section 18(3) of the Ordinance. The act of infringement is constituted by elements similar to those provided under section 12(3) of the Ordinance.

- (b) The matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably observant and circumspect;
- (c) In order to assess the degree of similarity between the marks concerned the court must determine the degree of visual, aural or conceptual similarity between them and, where appropriate, evaluate the importance to be attached to those different elements taking into account the nature of the goods or services in question and the circumstances in which they are marketed;
- (d) The visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impression created by the marks bearing in mind their distinctive and dominant components. The perception of the marks in the mind of the average consumer plays a decisive role in the overall appreciation of the likelihood of confusion;
- (e) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (f) There is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character either *per se* or because of the use that has been made of it;
- (g) The average consumer rarely has the chance to make direct comparison between different marks and instead rely upon the imperfect picture of them he has kept in his mind;
- (h) A lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods or services, and vice versa;
- (i) Mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purpose of the assessment. But the risk that the public might believe that the respective goods or services come from the same or economically linked undertakings does constitute a likelihood of confusion within the meaning of the section.

35. To determine whether registration of the suit mark is prohibited under section 12(3) of the Ordinance, I have to consider whether the suit mark would likely

cause confusion on the part of the relevant consumers as a result of it being similar to the Opponent's Marks and because it is to be registered in respect of goods that are the same as or similar to the goods in respect of which the Opponent's Marks are registered. In doing so, I must consider the similarities between the suit mark and the Opponent's Marks and the similarities in the goods. In assessing the likelihood of confusion, I have to bear in mind the provisions of section 7(1) of the Ordinance as well, which states as follows:-

“For greater certainty, in determining for the purposes of this Ordinance whether the use of a trade mark is likely to cause confusion on the part of the public, the Registrar or the court may take into account all factors relevant in the circumstances, including whether the use is likely to be associated with an earlier trade mark.”

Thus, I have to take into account all factors that are relevant in the circumstances.

36. The Applicant does not dispute that the goods applied for overlap with the goods registered under Trade Mark No. 300200122 (“Registered Goods”). That may be the case with the cosmetics and personal care products in the specification of the subject application, but apart from these goods, the items “bleaching preparations; fabric softeners; starch for laundry use; polishing preparations” applied for are not identical to the Registered Goods. Nevertheless, for the reasons stated below, I do not have to decide whether these other goods are similar to the Registered Goods. For the time being, I shall proceed with the analysis of the opposition under section 12(3) of the Ordinance as if the goods applied for were restricted to cosmetics and personal care products only.

Comparison of marks

37. Cosmetics and personal care products are used by members of the general public all the time. They are therefore the relevant consumers of the goods in question. They can be expected to exercise an average level of care and attention in their selection of such goods but they do not pay attention to every detail.

38. The three Chinese characters “無添加” are the common element in the suit mark and the Opponent's Marks. In the opinion of Mr. Wong, while there is no dispute that the term “主義” is devoid of distinctive character, the term “無添加” should not be regarded as having low distinctiveness. That there has been no

challenge on the validity of the registration of Trade Mark No. 300200122 provides, in his view, support to his submission. He also pointed to the application for registration of the term “無添加主義” by the Applicant in Taiwan and Japan which, in his opinion, is an admission on the part of the Applicant that the sign “無添加” is not descriptive and is capable of serving as a trade mark. Based on this view of his, Mr. Wong went on to suggest that the Chinese component “無添加” in the suit mark is as dominant and prominent as the English component “HABA”, and thus with the incorporation of the identical term “無添加”, there is visual similarity, especially with regard to those members of the public who do not understand English.

39. On the comparison of marks involving a composite mark that has a more dominant element and other less dominant element or elements, Mr. Wong referred to the case of *BIMBO SA v OHIM* [2013] ETMR 7, which shows that it is only when all the other components of a mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element. In that case, the court rejected the argument that the word “doughnuts” was descriptive of bakery products and found that that word should not be regarded as negligible in the overall impression of the mark “BIMBO DOUGHNUTS”.

40. On the part of the Applicant, Ms. Lim stressed that the word “HABA” in the suit mark is itself distinctive. As for the Chinese characters, to her, “無添加” and “主義” mean “no, additive” and “doctrine” respectively; and since the term “無添加” qualifies “主義”, the subject matter of the combination of the Chinese characters in the suit mark is “主義”. Hence, in her view, the emphasis is firstly on the distinctive word “HABA”, secondly the Chinese characters “主義” and finally the descriptor “無添加”. Ms. Lim also reminded me that the marks should be considered as a whole and not broken into parts.

41. Ms. Lim put it to me that while the two terms “無添加” and “主義” may each on its own be devoid of distinctive character, that does not mean that, when combined, the phrase “無添加主義” is also devoid of distinctive character. That is why, she submitted, the Applicant sought to register the phrase “無添加主義” in the first place. Instead of asking the Registrar to disregard the Chinese characters, what Ms. Lim was suggesting is that more emphasis would be placed on the element “HABA” in the suit mark.

42. In response to Mr. Wong’s assertion that the sign “無添加” is not descriptive, Ms. Lim vehemently stressed that the impression created by the term,

when used on goods in Class 3, is that the goods are in their purest or original form and they do not contain any other ingredients which are not part of the raw materials used for manufacturing the products. To her, the fact that the Opponent's Marks were registered by virtue of acquired distinctiveness in respect of Class 3 products is clear indication that the term is *prima facie* descriptive.

43. Ms. Lim considered the judgment of **BIMBO** to be distinguishable from the present case. She drew my attention to the fact that the relevant consumers in the **BIMBO** case were non-English-speaking Spanish consumers who would not consider the word "DOUGHNUTS", the common element in the conflicting marks, to be descriptive of the goods applied for. Since the common element in the present case is a descriptive term, and the meaning of the Chinese characters "無添加" will be obvious to the general public in Hong Kong, Ms. Lim did not consider the **BIMBO** case to be directly relevant.

44. I do not agree that the applications for registration of the term "無添加主義" by the Applicant in Taiwan and Japan amount to an admission on the part of the Applicant that the sign "無添加" is not descriptive and can inherently distinguish the goods of one trader from those of another. A condition that the registration of the trade mark does not give rise to any exclusive rights in the term "無添加" is noted on the registration certificate of the term "無添加主義" issued by the trade marks registry of Taiwan.¹⁷ A similar disclaimer is not found in respect of the registration of the same term in Japan. Nevertheless, in the absence of any evidence on the point, it is not for me to speculate that the Chinese phrase "無添加主義" will be understood by the average Japanese consumer of the goods covered by that registration in the same way as the consumers in Hong Kong. Furthermore, applications for the registration of descriptive signs are filed all the time, and parties seeking registration of descriptive signs may be able to overcome an objection of lack of distinctive character by various means.¹⁸ A finding that the act of filing for an application for registration of a *prima facie* indistinctive sign is an admission that the sign is not inherently indistinctive will therefore not stand.

45. As for the relevance of the **BIMBO** case, the perception of the relevant consumers should always be borne in mind. Given the finding in that case that the relevant consumers are non-English-speaking Spanish people who do not understand

¹⁷ Page 20 of "Exhibit F" of the Hoshino Declaration.

¹⁸ In respect of Trade Marks Nos. 300200122, 300246221 and 300406287, the Opponent has itself applied for the registration of the term "無添加" and conceded to the descriptiveness of the term by securing registration on the basis of acquired distinctiveness.

the word “DOUGHNUTS”, it is natural for the court to hold that the word should not be regarded as negligible. Neither the Chinese phrase “無添加” nor “無添加主義” in this case is on par with the word “DOUGHNUTS” in the *BIMBO* case.

46. In respect of the opinion of Professor Fu Jie about the meaning of “無添加”, I note that the professor was proffering his opinion on the dictionary meaning of the term in abstract, and not on how it would be understood when used on the goods in question. The opinion of Professor Fu is therefore of very limited application and cannot be an authoritative statement about the perception of consumers of the goods applied for when they see the term being used on such goods.

47. In this day and age when health consciousness is always at the forefront of the minds of people, the absence of any extraneous and possibly harmful ingredients in or purity of the products will no doubt be regarded as a positive attribute by the purchasing public. This is definitely the case with the cosmetics and personal care products that are of interest to the parties. When the term “無添加” is used on such goods, the instantaneous impression that the relevant consumers will have is that the goods contain no additives, such as preservatives, artificial colourings or the like, which are quite often found in products of such nature. Given that the message is one about the characteristic of the goods applied for, the term “無添加” is *prima facie* devoid of distinctiveness.

48. As for the term “主義”, on its own, I do not consider it to be entirely indistinctive in respect of the goods applied for since there is no correlation with the goods. The distinctive character it has on its own is however substantially diluted by the qualifying term “無添加” because, when conjoined, the phrase “無添加主義” as a whole informs the consumers that the goods abide by the principle of having no additives. This means that the entire phrase “無添加主義” merely carries a message about the absence of additives.

49. The suit mark is composed of the English word “HABA” and the Chinese phrase “無添加主義”. As explained in the above, the Chinese characters in the suit mark are merely descriptive of the goods applied for. The effect they have on the overall impression of the suit mark is therefore negligible. As regards the English word “HABA”, having no reference to any characteristic of the goods applied for nor any perceivable meaning, and occupying the frontal position, I consider it to be the dominant element in the suit mark.

50. In light of the above, although the Chinese phrase is of a relatively considerable size, it does not contribute to the overall distinctiveness of the suit mark. Hence, when considered as a whole, the relevant consumers will remember the suit mark by the word “HABA”. Even if they manage to retain an impression of the entire mark, the inclusion of the Opponent’s Marks as a part of the Chinese phrase is not sufficient to displace the overbearing effect that the word “HABA” has in the overall picture of the suit mark. When the overall impression of each of the marks as a whole is compared, despite the presence of the identical term “無添加” in the suit mark and in the Opponent’s Marks, they cannot be regarded as similar visually.

51. Mr. Wong put it to me that the suit mark would be pronounced by people who speak English as well as Chinese as “HABA 無添加主義” or, with “主義” being indistinctive, simply as “HABA 無添加”. For those members of the public who do not speak English, especially the elderly people, he suggested that the two marks would be pronounced virtually identically as “無添加”.

52. Ms. Lim challenged the suggestions of Mr. Wong as to how the suit mark will be pronounced by members of the public. In her view, “HABA” is not an English word that is difficult to pronounce since it goes by the pinyin system; and so there is no basis to suggest that the word “HABA” will be dropped when the suit mark is pronounced.

53. I do not see any force in Mr. Wong’s argument that consumers will drop the Chinese characters “主義” when they pronounce the suit mark just because they are indistinctive. If his line of thought were to be followed, consumers would drop the Chinese characters “無添加” as well since, in respect of the goods applied for, the term “無添加” is also indistinctive.

54. As regards the pronunciation of the Chinese components versus the English component, it is important not to lose sight of the fact that Hong Kong is a bilingual city. People here come across the use of English day in and day out. There is no evidence before me to suggest that when confronted with a mark that is composed of Chinese and English components, consumers who are not well-versed in English will just disregard the English components or act as if those components are non-existent. I also see good sense in the submission of Ms. Lim that “HABA” is not an English word that non-English-speaking people will find it difficult to pronounce. The suit mark will therefore be pronounced as “HABA 無添加主義” or, to people who prefer

abbreviations, it will simply be pronounced as “HABA” instead of “HABA 無添加” or “無添加”.

55. In light of the dominance of the word “HABA”, its highly distinctive character, its frontal position and the lack of distinctive character of the Chinese phrase, consumers will place emphasis on the word “HABA” in their phonetic perception of the suit mark. There is thus no similarity between the suit mark and the Opponent’s Marks phonetically.

56. Since the word “HABA” does not have any meaning, it is Mr. Wong’s submission that, insofar as the Applicant alleges that the Chinese characters “無添加” bear some meaning, the conceptual perception of the suit mark and the Opponent’s Marks is the same. As for Ms. Lim, in her view, consumers will think of a doctrine promoted by HABA when they see the suit mark.

57. Contrary to what Mr. Wong suggested, the fact that “HABA” does not convey any particular idea sets the suit mark apart from the Opponent’s Marks. With the Chinese phrase “無添加主義” that is added to the end of the suit mark being devoid of inherent distinctiveness, consumers will have to be educated of its intended function as an identifier of trade source before they will attach significance to its contribution to the overall impression of the suit mark. The dominance of the word “HABA” means that the suit mark will be recalled by reference to a meaningless English word. There is therefore no conceptual similarity between the suit mark and the Opponent’s Marks.

58. Since similarity of marks has to be assessed by comparison of the overall impressions of the marks in question, the mere presence of a common element in the marks in conflict does not necessarily render them similar.¹⁹ Despite the incorporation of the term “無添加” into the suit mark, when the overall impressions conveyed by the suit mark and the Opponent’s Marks are compared, taking into account their visual, aural and conceptual perceptions, I do not consider them to be similar. The opposition under section 12(3) of the Ordinance therefore fails in respect of the cosmetics and personal care products applied for. As for “bleaching preparations; fabric softeners; starch for laundry use; and polishing preparations”, since they are not identical, but at most similar, to the Registered Goods, *a fortiori*, the case in respect of these goods also fails.

¹⁹ For example, in the case *Gateway Inc v OHIM* [2009] ETMR 32, the mark “ACTIVY Media Gateway”, with the word “ACTIVY” regarded as the dominant element and the word “gateway” regarded as descriptive, was considered not similar to the earlier mark “GATEWAY”.

Likelihood of confusion

59. Having concluded that the suit mark is not similar to the Opponent's Marks, there is no further need for me to consider the likelihood of confusion since the existence of a similarity between the marks in conflict is a pre-condition for the application of section 12(3) of the Ordinance. Nevertheless, in deference to the arguments raised by the parties, I shall make a few remarks on the question of whether there is a likelihood of confusion if the suit mark is to be registered in respect of the goods applied for.

60. Mr. Wong suggested that the distinctiveness of the Opponent's Marks had been significantly enhanced through the use and promotion of them. He drew my attention to the user evidence deposed to in the First Ma Declaration, in particular the substantial sales figures and advertising expenditure, as well as the sample invoices and promotional materials. According to the cases referred to in the above, the more distinctive the earlier mark, the greater is the likelihood of confusion. Thus, Mr. Wong was of the view that a likelihood of confusion subsists.

61. In relation to the evidence adduced, Mr. Wong asked me to accept it as proof of what is averred to in the First Ma Declaration. Given that there had been no earlier challenge from the Applicant on the claim of use of the Opponent's Marks as a trade mark since 1996, that the Opponent has established goodwill or that the extent of use has been substantial, on the authority of the case of *Pan World Brands Ltd v Tripp Ltd* [2008] RPC 2, Mr. Wong contended that it would not be open to the Applicant to suggest that those statements are incorrect.

62. Mr. Wong also emphasized that to the consumers of such everyday items like the goods applied for, the Chinese characters “無添加主義” are the part in the suit mark that stands out, especially to the Chinese speaking members of the public in Hong Kong. In addition, Mr. Wong opined that the Registrar should easily find that there is a likelihood of confusion given that the Applicant did not provide any explanation for its adoption of the Chinese characters “無添加” and there is no evidence that the phrase is commonly used in the trade as a trade mark.

63. Apart from the *BIMBO* case, two other decisions of the Registrar were referred to by Mr. Wong in support – the decisions relating to the marks “*ARTIBO* 星輝百痛敵” (13 March 2011) and “*BOCHING Simple Me*” (12 October 2012).²⁰

²⁰ Available at www.ipd.gov.hk.

64. In the case of “**ARTIBO** 星輝百痛敵”, the opposition on the passing off ground under section 12(5)(a) of the Ordinance was upheld. The earlier mark relied on was “百痛敵 PAK TON DICK”, with the Chinese characters on top and the English words underneath, all enclosed in a rectangle. The Registrar concluded in that case that the Chinese characters “百痛敵” were the most distinctive element in that earlier mark, and that there was a degree of visual, aural and conceptual similarity between that earlier mark and the opposed mark.

65. As for the “**BOCHING Simple Me**” case, the opposed mark is “BOCHING Simple me”. The earlier mark is “SIMPLE” and it was also accepted for registration on the basis of distinctiveness acquired through use. The hearing officer in the case found that there had been extensive use of the earlier mark and hence its distinctiveness had been enhanced through use to a significant degree. The conflicting marks were also considered to be visually, aurally and conceptually similar to a moderate degree, but since the goods applied for are either identical or similar to the goods covered by the registration of the earlier mark “SIMPLE”, a likelihood of confusion was found to subsist. It should be noted that the word “Simple” was considered to be the dominant component of the opposed mark in the case because of the much smaller size of the word “BOCHING” and the positioning of the word “Simple” in the mark as a whole.

66. Ms. Lim referred me to one of the principles referred to in paragraph 34 above; that is, the more distinctive the mark, the greater the likelihood of confusion. She pointed out that in this case, given that the Opponent’s Marks have only very low distinctiveness, there is thus little likelihood of confusion. As for Mr. Wong’s reliance on the *Pan World* case, she reminded me that the *Pan World* case itself warned against assessing evidence uncritically.²¹

67. The fact that Trade Mark No. 300200122 was accepted for registration in respect of the goods in Class 3 on the basis of acquired distinctiveness means that the Trade Marks Registry was satisfied, on the evidence submitted by the Opponent during the examination stage of that application, that the relevant consumers had been educated of the function of the Opponent’s Marks as an indicator of trade origin in respect of those goods. For the purpose of determining whether the distinctiveness of the Opponent’s Marks has been enhanced through the use made of it, I also have to examine the user evidence filed by the Opponent. There is no mention in the First

²¹ At paragraph 37 of the judgment.

Ma Declaration or the Second Ma Declaration as to whether the user evidence submitted for the present opposition proceedings is the same as that submitted to establish the distinctiveness that had been acquired by the Opponent's Marks through the use made of them. In any event, although the validity of the registration of Trade Mark No. 300200122 is not challenged, my task is to independently review the evidence as filed for the specific purpose of ascertaining the extent, if any, that the distinctiveness of the Opponent's Marks has been enhanced.

68. As for the assessment of the evidence filed, Ms. Lim has been right in pointing out that the *Pan World* case does not say that I am to accept evidence uncritically. I have already mentioned that there is no breakdown of the data relating to the extent of sales and promotional activities carried out by the Opponent for each category of the Opponent's Goods, which include not only cosmetic products, but also the goods covered by the registration of the other Registered Marks and possibly a whole host of many other goods and services that may or may not be relevant to the issues in hand. Although evidence is to be considered as a whole, there is no plausible way for me to reliably determine the portion that should be attributed to the Class 3 products covered by the registration of Trade Mark No. 300200122.

69. The manner in which the term “無添加” is put to actual use by the Opponent also lends no support to the case that it now wishes to put forward. In outlining the evidence of the Opponent in the above, I have already pointed out that in its use of the Opponent's Marks, the Opponent has been educating its customers of the descriptive meaning of the term “無添加”. Instead of enhancing the distinctiveness of the Opponent's Marks, such use will only reinforce the descriptive message conveyed by the Opponent's Marks inherently.

70. That being the case, the differences between the “*BOCHING Simple Me*” case and the present case are obvious. Enhancement of the distinctiveness can only be attained if the sign in question has been used to indicate trade provenance. With the user evidence in the form as it is, a finding that the distinctiveness of the term “無添加” has been enhanced cannot stand. I have also found that the word “HABA”, rather than the common element of the conflicting marks, is the dominant component in the suit mark and having compared the marks as a whole, I do not find the suit mark to be similar to the Opponent's Marks. The “*BOCHING Simple Me*” case is thus clearly distinguishable from the present case.

71. “百痛敵”, the common element in the conflicting marks in the “*ARTIBO 星輝百痛敵*” case, was considered as the most distinctive element in the earlier mark, as well as an independent distinctive unit in the centre of the opposed mark. This is to be contrasted with the present case where the most distinctive element in the suit mark is the word “HABA” and the common element is only the descriptive term “無添加” that has very little effect on the overall impression that consumers will have of the suit mark. Hence, I also do not find the “*ARTIBO 星輝百痛敵*” case to be comparable.

72. As regards the opinion that a finding of a likelihood of confusion can be made on the basis of the failure of the Applicant to provide any explanation for its adoption of the Chinese characters “無添加”, I do not think the principles referred to in paragraph 34 above call for a probe into the reason for the adoption of the suit mark. Furthermore, it was noted in *Calvin Klein Trademark Trust v OHIM* [2011] ETMR 5 (at paragraph 46) that “*the similarity of the marks at issue must be assessed from the point of view of the average consumer by referring to the intrinsic qualities of the marks and not to circumstances relating to the conduct of the person applying for a Community trade mark*”. The point will nonetheless be addressed when I come to the bad faith ground of opposition.

73. Hence, even if the Chinese characters “無添加” had a distinctive role in the suit mark, I would have to bear in mind the very weak distinctive character of the Opponent’s Marks, the failure of the Opponent in showing that their distinctiveness has been enhanced through use, the similarities and dissimilarities between the marks, and the overlapping of the goods in question. Should a global appreciation of all the relevant circumstances be made, I would still not have considered that there is a risk of confusion if the suit mark is allowed to be registered.

Section 12(4)

74. Section 12(4) of the Ordinance is also one of the grounds of opposition relied upon. It reads as follows:–

“...a trade mark which is –

- (a) *identical or similar to an earlier trade mark; and*
- (b) *proposed to be registered for goods or services which are not identical or similar to those for which the earlier trade mark is protected,*
shall not be registered if, or to the extent that, the earlier trade mark is

entitled to protection under the Paris Convention as a well-known trade mark and the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.”

75. To succeed on this ground of opposition, the Opponent has to show three conditions:-

- (i) the suit mark is identical or similar to the earlier trade mark, and
- (ii) the earlier trade mark is entitled to protection under the Paris Convention as a well-known trade mark; and
- (iii) the use of the suit mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.

76. Reliance on this ground of opposition is based on all four of the Registered Marks. The dates of filing of the applications for registration of all the Registered Marks pre-date the Application Date. Each of them is therefore an earlier trade mark vis-à-vis the suit mark.

77. To form the basis for this ground of opposition, the earlier trade mark has to be a trade mark that is entitled to protection under the Paris Convention as a well-known trade mark. The meaning of such a well-known trade mark is set out in section 4 of the Ordinance, which reads as follows:-

“(1) References in this Ordinance to a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark shall be construed as references to a trade mark which is well known in Hong Kong and which is the trade mark of a person who-

- (a) is a national of, or is domiciled or ordinarily resident in, a Paris Convention country or WTO member;*
- (b) has a right of abode in Hong Kong; or*
- (c) has a real and effective industrial or commercial establishment in a Paris Convention country, a WTO member or Hong Kong,*

whether or not that person carries on business in Hong Kong or owns any goodwill in a business in Hong Kong.

(2) In determining for the purposes of subsection (1) whether a trade mark is well known in Hong Kong, the Registrar or the court shall have regard to Schedule 2.

(3) References in this Ordinance to the owner of a well-known trade mark shall be construed in accordance with subsection (1).”

78. The factors which I shall have regard to, according to section 4(2) of the Ordinance, are those listed in Schedule 2 of the Ordinance. This Schedule 2 is reproduced in the Appendix hereto. Particular factors are indeed stipulated in paragraph 1(2) of Schedule 2, which include the degree of knowledge or recognition of the trade mark in the relevant sectors of the public, the duration, extent and geographical area of any use and promotion of the trade mark, the duration and geographical area of any registrations, or applications for registration, of the trade mark which reflect use or recognition of the trade mark, record of successful enforcement of rights in the trade mark and the value associated with the trade mark. Nonetheless, paragraph 1(3) of that Schedule has made it clear that none of these factors is a precondition, nor are the factors to be given equal weight in the assessment of whether a trade mark is to be regarded as a well-known trade mark.

79. I have not been provided with information about a number of the aforesaid factors, such as record of successful enforcement of rights in the Opponent’s Marks and the value associated with them. Furthermore, in analyzing the user evidence of the Opponent’s Marks in the above, I have already pointed out that the Opponent’s Marks have been used descriptively by the Opponent in Hong Kong. In addition, a highly distinctive mark “FANCL” has, almost without exception, been used in conjunction with the Opponent’s Marks.²² Even if I were to overlook all these concerns about the user evidence, there would still be the problem of there being neither information about the sales and advertising figures that should be attributable to the Opponent’s Marks, nor any breakdown of the sales figures or advertising expenditure in respect of the different goods and services covered by the registration of the Registered Marks. The scope and extent of use of the Opponent’s Marks in respect of such goods and services in Hong Kong cannot therefore be ascertained.

80. That being the state of affairs and the onus of proof being on the Opponent, the only conclusion that I can arrive at is that the Opponent has failed to establish the

²² Ms. Lim argued that, on the user evidence submitted by the Opponent, members of the public would regard “FANCL” rather than the Opponent’s Marks as the well-known mark.

condition that any one of the Registered Marks is a well-known trade mark within the meaning of the Ordinance. The opposition based on section 12(4) of the Ordinance is thus unsuccessful.

Section 12(5)(a)

81. The ground of opposition under section 12(5)(a) of the Ordinance is worded 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...”

82. On the circumstances under which a passing off action can be established, the following passage from the decision of the House of Lords in **Reckitt & Colman Products Ltd v Borden Inc** [1990] RPC 341 has been adopted by the Hong Kong Court of Final Appeal in the case of **Ping An Securities Limited v 中國平安保險(集團)股份有限公司** (FACV No. 26 of 2008) –

“The law of passing off can be summarised in one short general proposition, no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff’s identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely on a

particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Third, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

83. Mr. Wong relied on more or less the same arguments as those he had made in relation to the opposition under section 12(3) of the Ordinance, although all the Registered Marks, and not only Trade Mark No. 300200122, were relied upon. He added though that the relevant consumers in a passing off action are people who are familiar with the Opponent's Marks. On the side of the Applicant, Ms. Lim stressed that the fact that the evidence shows use of the Opponent's Marks always alongside the "FANCL" mark is something that I should bear in mind when assessing whether there is goodwill.

84. The protection of passing off is independent of registration and is afforded to marks in actual use. The evidence of the Opponent will have to be examined to see what goods and services the Opponent's Marks have been used on, irrespective of the registrations of the Registered Marks. Although there is information about the publication of a magazine by the Opponent, details about its extent of circulation or the revenue generated from such activities have not been provided. There is otherwise no evidence that supports that any of the goods in Class 16 that are covered by the registration of Trade Mark No. 300333279 have been supplied by the Opponent. Likewise, the evidence of the Opponent does not pertain to the supply of any of the services in Classes 41 and 44 that are covered by the registration of Trade Mark No. 300406287. Hence, on the evidence as filed, any goodwill that the Opponent may have can only attach to the sale of cosmetics, personal care products, food and nutritional supplements.

85. To constitute passing off, the Opponent has to establish that its products or services have acquired a goodwill or reputation in the market and are known by its mark. The Opponent's Marks were accepted for registration in respect of cosmetics, personal care products and nutritional supplements on the basis of acquired distinctiveness. A question therefore arises as to whether acceptance of the Opponent's Marks for registration on such basis means that the Opponent has goodwill in the market in respect of such products.

86. Nonetheless, at the risk of repeating myself, I need to stress that in determining whether the Opponent enjoys such goodwill, the assessment has to be made on the basis of the evidence filed in respect of the present proceedings and not by reference to the rights conferred to the Opponent's Marks upon registration. My task is thus to review the evidence so filed and to consider whether goodwill attaches to the sale of any products as a result of its use of the Opponent's Marks and whether consumers will be misled into believing that the goods of the Applicant are those of the Opponent, resulting in damages to the Opponent.

87. It should also be emphasized here that the three elements of passing off are interdependent. Further, where the claimant is seeking monopoly over a descriptive word or phrase, first use of the word or phrase in the market does not automatically give it a monopoly over it. Where there is no misrepresentation, there will be no passing off.

88. In the above discussions on the opposition under section 12(3) and 12(4) of the Ordinance, I have set out the comments I have relating to the evidence filed by the Opponent. In particular, I have emphasized that a highly distinctive mark "FANCL" has been used by the Opponent. It should also be noted that whereas the Opponent's Marks appear on the packaging of the products and the promotional materials exhibited, the "FANCL" mark appears on all these and, in addition, on the products themselves. Furthermore, the name of the shops is "FANCL" or "FANCL HOUSE". Consumers of the goods and services of the Opponent are used to seeing the Opponent's Marks being used in conjunction with the "FANCL" mark although the converse is not always the case. There can therefore be no doubt that any goodwill that may be built up by the Opponent by association with the Opponent's Marks cannot be dissociated from that associated with the "FANCL" mark.

89. The nature of the use of the Opponent's Marks is also pivotal. As noted in paragraph 8-015 of Wadlow, *The Law of Passing Off* (Fourth Edition), "*Only use in a trade mark sense can contribute to a name, mark or get-up becoming distinctive. In particular, if a word mark is used in a descriptive or generic sense, then no amount of such use can make it distinctive... It does not avail the plaintiff that the descriptive element in these names may receive as much use and publicity as the other.*"

90. The case of *Horlicks Malted Milk Co* (1916) 34 RPC 63 demonstrates how this principle applies. In that case, the plaintiffs' claim that the term "Malted Milk" was distinctive of them was unsuccessful despite 25 years of exclusive use, because

they had never used the term as a trade mark on its own, but with the word “Horlicks” always prefacing the term.

91. Another case that is relevant to the point under consideration is *McCain International Ltd. v Country Fair Foods Ltd.* [1981] RPC 69. In the *McCain* case, the plaintiffs first used the name “oven chips” for their products and sold them as “McCain’s Oven Chips”, but they failed in their attempt to get an injunction to stop other traders from using the term “oven chips” on their products. The court went over a number of past cases on the point and found that the name “oven chips” was used by McCain primarily for the purpose of denoting or describing a particular kind of article and not for the purpose of establishing the source or origin. Templeman L.J. observed in the *McCain* case that “... if the plaintiffs introduce a novel product with novel words, but they take the risk of choosing descriptive words, then they run the risk that the defendants cannot be prevented from using those same descriptive words so long as they make it clear that their brands of the product are not the same as the brand of the plaintiffs.”

92. I have already pointed out how, by the Opponent’s own evidence, the Opponent’s Marks are shown to have been used in a descriptive manner by the Opponent. I have also highlighted the fact that use of the Opponent’s Marks has always been alongside the highly distinctive mark “FANCL”. Consumers are therefore in the habit of regarding “FANCL” as the sign for denoting origin and “無添加” as denoting the quality of the goods. The great contrast between “FANCL 無添加” and “HABA 無添加主義” is obvious. It is difficult to see how the purchasing public will be misled into believing that goods of the Applicant and bearing the suit mark are sourced from the Opponent. To borrow the words of Templeman L.J. in the *McCain* case, in having the highly distinctive word “HABA” included in the suit mark, the Applicant has made it clear that its brand is not the same as the Opponent’s.

93. The opposition under section 12(5)(a) of the Ordinance is therefore unsuccessful.

Section 11(5)(b)

94. The ground of opposition under section 11(5)(b) of the Ordinance is phrased as follows:-

“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.*”

95. There is no definition of the term “bad faith” in the Ordinance. In ***Gromax Plastics Ltd v Don & Low Nonwovens Ltd*** [1999] RPC 367, Lindsey J had, at page 379, expressed his views on the meaning of the term, as follows:-

“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.”

96. The proof required to establish bad faith was considered in the case of ***ROYAL ENFIELD Trade Marks*** [2002] RPC 24, where an application was opposed to under section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of the Ordinance). At paragraph 31 of the judgment, the Appointed Person said this in relation to an allegation of bad faith under section 3(6) of the UK Act –

“It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference.”

97. In determining whether an application was made in bad faith, the courts have applied a test which involves both subjective and objective elements. In the case of ***Ajit Weekly Trade Mark*** [2006] RPC 25, at paragraph 44 of the decision, the test is formulated by the Appointed Person 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.”

98. Mr. Wong claimed that a case of bad faith should be founded on the basis of the lack of any evidence that the Chinese phrase “無添加” is or was commonly used by members of the relevant trade, and certainly not as a trade mark, as well as the failure of the Applicant to give an explanation for its adoption of the phrase in the suit mark. He argued that in the absence of any explanation and in light of the complete identity between the Opponent’s Marks and the characters “無添加” in the suit mark, a conclusion that that part of the suit mark was copied from the Opponent’s Marks should be drawn. Mr. Wong even suggested that the Applicant adopted the suit mark with a view to deceive the public because there is no evidence that the phrase “無添加” is commonly used in the trade as a trade mark; although he accepted that if I am to find that the phrase is not distinctive, then the point cannot be made out.

99. Further, in light of the registration of the phrase “無添加主義” by the Applicant in Taiwan and Japan, Mr. Wong suggested that the intention of the Applicant is to use the phrase “無添加” as an indicator of trade source. Moreover, in applying for registration of the phrase “無添加主義” in Hong Kong without any disclaimer, Mr. Wong put it to me that it is not open to the Applicant to say that it is using the phrase descriptively.

100. On the part of the Applicant, Ms. Lim did not see why an explanation is called for when the phrase “無添加” is clearly descriptive of the goods applied for, and so its use should not be monopolized by anybody. She also stressed that, as at the Application Date, the Opponent’s Marks had not yet been registered. The Applicant could not, she therefore claimed, be held to expect that the Opponent would be able to secure registration of the phrase “無添加” by itself on the basis of acquired distinctiveness. As for the present application for registration, which was in respect of “無添加主義” prior to the amendment referred to in paragraph 1 above, Ms. Lim insisted that the phrase “無添加主義” as a whole has distinctive character.

101. To deal first with the point about there being no explanation from the Applicant for the adoption of the suit mark, I accept that there is nothing in the text of the Hoshino Declaration which serves the purpose. Nevertheless, Hoshino has stated his understanding of the descriptive signification of the phrases “無添加” and “無添加主義”. In addition, an explanation can actually be found in the advertisement referred to in paragraph 26 above, where the adoption of the term “無添加” is clearly attributed to the conveyance of a message about no additives being used in the products.

102. I also do not see why Ms. Lim had to endeavour to put up a case of inherent distinctiveness in respect of “無添加主義” as opposed to “無添加” *per se*, when Mr. Hoshino has averred to his belief that the term “無添加主義” is descriptive and devoid of distinctive character. Applications for the registration of descriptive signs are filed all the time, and there is nothing underhand about it. Parties seeking registration of descriptive signs may be able to overcome an objection of lack of distinctive character by various means and in the case of the suit mark, a distinctive house mark “HABA” is added.

103. I shall now turn to the reliance that Mr. Wong sought to place on the filing of an application for registration of the term “無添加主義” without any disclaimer. I have in paragraph 44 above dealt with the position regarding the applications filed in Taiwan and Japan. I need only now to deal with the application in Hong Kong. As I understand it, Mr. Wong was suggesting that in filing the subject application in Hong Kong, the Applicant is saying that it will use the term “無添加主義” to distinguish its goods from those of other traders and so it can no longer turn around to say that the term “無添加主義” is descriptive and so it can adopt it freely.

104. The flaw in this argument of Mr. Wong lies in his confusing the reason for adopting a sign with the way it is to be used after the decision to adopt it is made. Descriptive signs (of which phrases like “無添加” and “無添加主義” are examples) are coveted because of the messages (very often laudatory in nature) they carry. Traders often adopt them for use in their own businesses to take advantage of this feature. However, to secure registration rights over such a sign,²³ the party applying for registration has to have used the sign in such a way that the primary descriptive meaning becomes displaced by the secondary signification of indicating that the goods or services come from the party so using the sign. In opting to add a distinctive sign “HABA” to the descriptive term “無添加主義” rather than attempting to establish that distinctive character has been acquired through use, I do not see how the Applicant can be precluded from saying that, from its perspective, the term “無添加主義” remains descriptive.

105. With the term “無添加” being descriptive of the goods applied for, the application for registration of the suit mark cannot be said to be made in bad faith because an explanation for the adoption of the term has not been provided. The ground of opposition under section 11(5)(b) therefore has not been made out.

²³ As opposed to a sign that incorporates additional distinctive element(s) resulting from an amendment of the mark applied for, as has been done in the present case with the application of the suit mark.

Costs

106. As the opposition has failed, I award the Applicant costs. Subject to any representations, as to the amount of costs or calling for special treatment, made by either party 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.

Caroline Chow
For Registrar of Trade Marks
17 July 2013

SCHEDULE 2

DETERMINATION OF WELL-KNOWN TRADE MARKS

1. Factors for consideration

(1) In determining for the purposes of section 4 (meaning of "well-known trade mark") whether a trade mark is well known in Hong Kong, the Registrar or the court shall take into account any factors from which it may be inferred that the trade mark is well known in Hong Kong.

(2) In particular, the Registrar or the court shall consider any information submitted to the Registrar or the court from which it may be inferred that the trade mark is, or is not, well known in Hong Kong, including, but not limited to, information concerning the following-

- (a) the degree of knowledge or recognition of the trade mark in the relevant sectors of the public;*
- (b) the duration, extent and geographical area of any use of the trade mark;*
- (c) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods or services to which the trade mark applies;*
- (d) the duration and geographical area of any registrations, or any applications for registration, of the trade mark, to the extent that they reflect use or recognition of the trade mark;*
- (e) the record of successful enforcement of rights in the trade mark, in particular, the extent to which the trade mark has been recognized as a well-known trade mark by competent authorities in foreign jurisdictions;*
- and*
- (f) the value associated with the trade mark.*

(3) The factors mentioned in subsection (2) are intended to serve as guidelines to assist the Registrar and the court to determine whether the trade mark is well known in Hong Kong. It is not a precondition for reaching that determination that information be submitted with respect to any of those factors or that equal weight be given to each of them. Rather, the determination in each case will depend upon the

particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not mentioned in subsection (2). Such additional factors may be relevant alone, or in combination with one or more of the factors mentioned in subsection (2).

(4) For the purpose of subsection (2)(a), "relevant sectors of the public" (有關的公眾界別) includes, but is not limited to-

- (a) actual or potential consumers of the type of goods or services to which the trade mark applies;*
- (b) persons involved in channels of distribution of the type of goods or services to which the trade mark applies; and*
- (c) business circles dealing with the type of goods or services to which the trade mark applies.*

(5) Where a trade mark is determined to be well known in at least one relevant sector of the public in Hong Kong, it shall be considered to be well known in Hong Kong.

(6) For the purpose of subsection (2)(e), "competent authorities in foreign jurisdictions" (外地主管當局) means administrative, judicial or quasi-judicial authorities in jurisdictions other than Hong Kong that are competent to determine whether a trade mark is a well-known trade mark, or in enforcing the protection of well-known trade marks, in their respective jurisdictions.

2. Factors not required to be established

For the purpose of determining whether a trade mark is well known in Hong Kong, it is not necessary to establish-

- (a) that the trade mark has been used, or has been registered, in Hong Kong;*
- (b) that an application for registration of the trade mark has been filed in Hong Kong;*
- (c) that the trade mark is well known, or has been registered, in a jurisdiction other than Hong Kong;*
- (d) that an application for registration of the trade mark has been filed in a jurisdiction other than Hong Kong; or*
- (e) that the trade mark is well known by the public at large in Hong Kong.*