

TRADE MARKS ORDINANCE (Cap. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 300593866

MARK: A 養 堂
 B 養 生 堂
 C 養 堂
 D 養 生 堂

CLASS: 30, 32

APPLICANT: JING DU YANG SHENG TANG CHINESE HERBAL
 MANUFACTURING LTD.

OPPONENT: YANGSHENGTANG CO., LTD. (養生堂有限公司)

STATEMENT OF REASONS FOR DECISION

Background

1. On 7 March 2006, Jing Du Yang Sheng Tang Chinese Herbal Manufacturing Ltd. (the “applicant”) filed an application (the “subject application”) under the Trade Marks Ordinance, Cap. 559 (the “Ordinance”) for registration of the following marks in series:-

A 養 堂
B 養 生 堂
C 養 堂
D 養 生 堂

(the “subject mark”).

2. Registration is sought in respect of the following goods (“subject goods”) in Classes 30 and 32:-

Class 30

coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-power; salt, mustard; vinegar, sauces(condiments); spices; ice; dietetic foods or dietary supplements for non-medical purposes on the basis of carbonhydrates, fibre, with the addition of vitamins, minerals, trace elements, either singly or combined; nutritional products (not for medical purposes); nutritional powder(not for medical (purposes)); nutritional grease (not for medical purposes); nutritional capsules (not for medical purposes); nutritional liquid (not for medical purposes); royal jelly for human consumption (not for medical purposes); all included in Class 30.

Class 32

beers; mineral and aerated waters and other non-alcoholic drinks; non-alcoholic drinks containing collagen; non-alcoholic beverages flavoured with tea; non-alcoholic fruit extracts; fruit drinks and fruit juices; syrups and other preparations for marking beverages, all included in Class 32.

3. Particulars of the subject application were published on 4 August 2006. Yangshengtang Co., Ltd. (養生堂有限公司) (the “opponent”) filed a notice of opposition which includes a “Grounds of Opposition” on 3 November 2006.

4. The opposition hearing took place before me on 28 June 2012. Ms. Yu Tung Mui of CLT Patent & Trademark (HK) Ltd appeared for the opponent. Mr. CW Ling of Counsel, instructed by Johnny K.K. Leung & Co., represented the applicant.

Grounds of opposition

5. In the Grounds of Opposition, the opponent opposes registration of the subject mark under sections 11(1), 11(4)(a), 11(4)(b), 11(5)(a), 11(5)(b), 12(2), 12(3),

12(4) and 12(5)(a) of the Ordinance.

Counter-statement

6. The applicant filed a counter-statement which includes a “Grounds of Support” on 14 December 2006. I shall discuss in detail what the applicant had pleaded, later in this decision.

The opponent’s evidence

7. The opponent’s evidence comprises two statutory declarations of Zhong Shan Shan, the first one was made on 5 June 2007 (“Zhong’s first statutory declaration”) and the second one on 15 October 2009 (“Zhong’s second statutory declaration”). Mr. Zhong was the president of the opponent and had been working with the opponent since March 1993. He made the statutory declaration from his own personal knowledge and from the opponent’s company records to which he had access.

8. According to Mr. Zhong, the opponent was established in 1993 as a modern enterprise specializing mainly in the production of health pharmaceutical products. The opponent together with its several subsidiaries or sub-companies (as it is called) constituted the Yangshengtang Group, engaging a large number of experts in the fields of life science, pharmacology, genetic engineering, nutrition, business and management, etc. to collaborate on novel research leading to new discoveries which would have implications in high-tech products for nutrition supplements, food and drinks, Chinese and Western medicine, gene therapy, etc.

9. The majority part of Zhong’s first statutory declaration together with the exhibits thereto is devoted to showcase the history, business strength and successes of the Yangshengtang Group and the high-quality products of its constituent members. I do not propose to summarize them here, suffice to say that it is alleged that the

opponent has introduced the “養生堂” products in advertisements in television, radio, stations, route ways, buses, subway, newspapers, magazines and many originality sales promotion projects, and on the internet. In 1999, the opponent’s mark “養生堂” was recognized as a well-known trade mark by the Trade Marks Office of China. Exhibit “EV-XII” contains images showing the packages of the opponent’s brand products.

10. The rest of Zhong’s first statutory declaration contains comments on the “Grounds of Support” filed by the applicant, which in the main consists of Mr. Zhong’s own observation and submissions. I do not propose to summarize them but would refer to the relevant parts as and when appropriate.

11. Zhong’s second statutory declaration was filed as evidence in reply to the applicant’s evidence. As such it contains comments about the applicant’s evidence, which in the main consists of Mr. Zhong’s own observation and submissions. I do not propose to summarize them but may refer to the relevant parts as and when appropriate.

The applicant’s evidence

12. The applicant’s evidence comprises a statutory declaration of Cheung She Wing dated 23 March 2009 (“Cheung’s statutory declaration”). Mr. Cheung has been employed as a director of the applicant since 1988 and has a good experience in trading in and marketing herbal and nutritional products. He made the statutory declaration from his own personal knowledge, or from the applicant’s documents to which he had access. He was duly authorized by the applicant to make the declaration.

13. According to Mr. Cheung, the applicant is a company that manufactures and markets inter alia Chinese herbal and nutritional products (not for medical purposes), and non-alcoholic drinks, etc. for the first 18 years of its incorporation in 1987, the applicant had been concentrating on product development and manufacturing and trading of products in Hong Kong and other places. The applicant’s products had

been sold and marketed through its contractors, licensees or associate companies in Hong Kong and Macao for over 15 years.

14. It is alleged that the applicant's mark "養生堂" (i.e., the subject mark) has been treated and used as a house mark for the applicant's products in Hong Kong and other areas jointly or separately with other trade marks of the applicant or its associate companies for over 15 years. The applicant has other trade marks registered in Hong Kong in classes 3, 5, 10, 30 and 32 since 1999. Exhibits "CSW-5" to "CSW-10" are documents showing the business activities of the applicant and the advertisements and promotional activities it has undertaken in relation to the mark "養生堂". I shall discuss them in greater detail as and when appropriate.

15. The remaining part of Cheung's statutory declaration contains responses and comments on Zhong's first statutory declaration, which in the main consists of submissions. I do not propose to summarize them but would refer to the relevant parts as and when appropriate.

Finding on reputation of the opponent's marks

16. The opponent's case, as apparent from the discussions of its evidence so far, centres around the reputation of the opponent's mark "養生堂". That follows from the opponent's opposition being premised in large part on sections 12(3), 12(4) and 12(5)(a) of the Ordinance where the opponent's mark must be assessed with reference to any enhanced distinctive character, or reputation and goodwill, it has acquired or generated. It is convenient for me to first investigate the evidence and make the relevant findings in this connection.

17. I have outlined the evidence of the opponent at paragraphs 7 to 11 above. Mr. Zhong has given a very detailed account of the business strength and successes of the Yangshengtang Group which was constituted by the opponent and its subsidiaries, and some of their high-quality products. There is little doubt nor dispute that over the years, as supported by the vast array of documentary evidence filed, the opponent and some of its subsidiaries had been using the name or mark "養生堂" as their house

mark, appearing alongside other trade marks of their own, in the various products of the Yangshengtang Group. The Yangshengtang Group has registered a pure word mark “養生堂”, and a composite mark consisting of a device and the words “養生堂”, in the mainland in many classes of goods. Exhibit “EV-VIII” contains the database together with some trade mark records and certificates of the marks. The word mark and the composite mark (together referred to as the opponent’s “養生堂” mark) are reproduced below for illustration:-



18. Through the extensive use and promotion of the opponent’s “養生堂” mark, and the recognition gained and generated from the several well-known brand name honour awards given to the opponent or granted in respect of the opponent’s “養生堂” mark (as illustrated by Exhibit EV-VII to Zhong’s first statutory declaration), the popularity of the opponent’s “養生堂” mark in the mainland of China, at least in the places where the products bearing or advertised by the mark had been sold or promoted, should be without doubt. What is relevant or significant for the purposes of the present proceedings, however, is whether the opponent’s “養生堂” mark has any kind of existence, even a spill-over goodwill or reputation, in the Hong Kong retail or consumer market. I will discuss this in the latter part when dealing with passing off.

Decision on grounds of oppositions

19. As pleaded by the opponent in the grounds of opposition, the opponent opposes registration of the subject mark under sections 11(1), 11(4)(a), 11(4)(b), 11(5)(a), 11(5)(b), 12(2), 12(3), 12(4) and 12(5)(a) of the Ordinance. Some of the grounds I have difficulty seeing that they are based on any tenable basis. I shall first deal with those that could be readily disposed of.

Sections 11(1) of the Ordinance

20. Section 11(1)(a) stipulates that signs which do not satisfy the requirements of section 3(1) (meaning of “trade mark”) shall not be registered. Section 3(1) defines a “trade mark” (商標) to mean any sign which is capable of distinguishing the goods or services of one undertaking from those of other undertakings and which is capable of being represented graphically.

21. Under section 11(1)(b), it is provided that trade marks which are devoid of any distinctive character shall not be registered.

22. It is apparent from the opponent’s pleadings and evidence that the basis of its opposition is not that the subject mark is by its nature incapable of distinguishing the goods or services of one undertaking from those of other undertakings, or to put it in another way, devoid of any distinctive character, nor that it cannot be represented graphically. Rather the opponent’s contention is that the subject mark will cause deception or confusion because of its virtual identity with the opponent’s “養生堂” mark which has been used and registered in mainland China. Section 11(1) is therefore not a proper avenue for such a contention, hence this ground of opposition must necessarily fail.

Section 11(5)(a) of the Ordinance

23. Section 11(5)(a) provides that a trade mark shall not be registered if, or to the extent that, its use is prohibited in Hong Kong under or by virtue of any law. The basis for this ground, as pleaded, appears to be that in the light of the reputation and goodwill of the opponent’s “養生堂” mark, use of the subject mark in relation to the subject goods will likely constitute the tort of passing off.

24. Section 11(5)(a) is intended to apply where the prohibition by law arises from the mark itself. Moreover, the right place to consider the issue of confusion or deception arising from resemblance between the marks should be section 12(5)(a) in so far as the use of the subject mark is prohibited by virtue of the law of passing off.

As noted by Kerly's Law of Trade Marks and Trade Names ("Kerly"), 14th Edition, paragraph 8-212, in discussing section 3(4) of the UK Trade Marks Act 1994 (which is similar to our section 11(5)(a) of the Ordinance) -

"This is an absolute ground for refusal and, as indicated above, is concerned with the trade mark itself. An objection that use of the mark would cause passing off arises under s.5(4)(a) of the 1994 Act [*which is similar to our section 12(5)(a) of the Ordinance*] and not under this subsection."

25. This is also consistent with the heading of section 11 of the Ordinance which is entitled "Absolute grounds for refusal of registration" and is to be contrasted with section 12 of the Ordinance which deals with the "relative" rights of the applicant and other parties. In fact the opponent has already pleaded section 12(5)(a) as a ground of opposition. It follows that the ground under section 11(5)(a) must fail.

Sections 11(4)(a) and 11(4)(b) of the Ordinance

26. Section 11(4) provides that:-

"A trade mark shall not be registered if it is-

- (a) contrary to accepted principles of morality; or
- (b) likely to deceive the public."

27. Similar to the opposition based on section 11(5)(a), the opponent's opposition on these grounds stemmed from the alleged fact that in the light of the reputation and goodwill of the opponent's "養生堂" mark, use of the subject mark in relation to the subject goods will likely cause confusion on the part of the public.

28. It has been well established that section 11(4)(a), as well as section 11(4)(b), provides for circumstances where a mark is inherently contrary to accepted principles of morality, or deceptive, when considered in the context of the goods applied for. It is not intended to provide an alternative avenue of attack on relative grounds as

provided for in section 12 which deals with the “relative” rights of any parties (see for example *QS by S. Oliver Trade Mark* [1999] R.P.C. 520 at 524; *Ruefach Marketing GmbH’s Application v. Oppositions of Codemarsters Ltd.* [1999] E.T.M.R. 412 at 422-423). As I can see nothing inherent in the subject mark which would make them open to objection under the terms of section 11(4)(a) or section 11(4)(b), opposition based on these two grounds must necessarily fail.

Sections 12(2), 12(3) and 12(4) of the Ordinance

29. Sections 12(2), 12(3) and 12(4) of the Ordinance all require the existence of an earlier trade mark which is identical or similar to the mark in question. Moreover, section 12(4) requires that the earlier trade mark is entitled to protection under the Paris Convention as a well-known trade mark. Section 5 of the Ordinance defines what an earlier trade mark means. In essence, an earlier trade mark must be one which is being applied for or registered in Hong Kong.

30. From the pleadings and evidence filed by the opponent, it appears that neither the opponent nor any of its alleged subsidiaries had ever registered any mark in Hong Kong. Mr Zhong in his second statutory declaration did mention that the opponent had on 15 August 2009 filed a trade mark application for the opponent’s “養生堂” mark in Hong Kong with application no.301160892. However, since the date of application for registration of the subject mark is 7 March 2006, which is earlier than the date of the application for registration of the opponent’s “養生堂” mark, by definition of section 5 of the Ordinance, the opponent’s “養生堂” mark cannot constitute an earlier trade mark in respect of the subject mark.

31. On the other hand, section 5 of the Ordinance also recognises a well known trade mark to be an earlier trade mark. Section 4 of the Ordinance provides that 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 further provides that in determining whether a trade mark is well known in Hong Kong, the Registrar or the court shall have regard to Schedule 2 to the Ordinance.

32. Given that I have examined all the evidence of use of the opponent's "養生堂" mark and cannot find any evidence hinting that any goods and services are offered by reference to the opponent's "養生堂" mark to the public in Hong Kong, there is no basis for me to hold that the mark is well known in Hong Kong.

33. I must therefore also hold that the oppositions based on sections 12(2), 12(3) and 12(4) of the Ordinance all fail.

Section 12(5)(a) of the Ordinance

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

35. A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of Hong Kong Vol 15(2) at paragraph 225.001. The guidance takes account of speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C. 3419 and *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] A.C. 731, and is as follows :

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

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

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

36. In the light of the evidence discussed in paragraphs 16 to 18 above, there seems no direct evidence of the opponent’s “養生堂” mark being ever used or promoted in Hong Kong by the opponent or any of its subsidiaries. Mr. Zhong, nonetheless, did allege in his statutory declarations that the Hong Kong market is very important to the opponent, and went on to say that due to the success of the opponent and its subsidiaries in the drinking, food, vitamins and nutrition product markets, the opponent and its subsidiaries are qualified to list the companies on Hong Kong Stock Exchange and prepared to do so, and given the advertisements and press release attached in exhibit EV-II to Zhong’s second statutory declaration, “the claims from the users in Guangdong and Jiangxi province, and “產品享譽內地及海外” (meaning that the products have reputation in both the mainland and overseas) have already directed the customers in respect of Class 5”, so if the applicant uses and registers the mark in classes 30 and 32, the confusion will be serious.¹ All that the allegation implies is that the opponent’s “養生堂” mark has at least a spill-over goodwill or reputation in Hong Kong in respect of Class 5 goods such that registration of the subject mark in classes 30 and 32 would lead to confusion among the consumers, even though it has not been shown that the opponent and its subsidiaries had any business or customers in Hong Kong.

37. At the hearing, Mr. Ling, counsel for the applicant, tackled this point by relying on the local case *Kabushiki Kaisha Yakult Honsha and Others v. Yakudo*

¹ See paragraph 28 of Zhong’s first statutory declaration and paragraph 34 of Zhong’s second statutory declaration. The words in quote are taken verbatim from paragraph 34 of Zhong’s second statutory declaration.

Group Holdings Ltd and Another [2004] 2 HKLRD 587 at p.593, where Lam J. says:-

“1. Hong Kong is a centre for international trade and prides herself as a regional hub for international travelers. The development of its common law has therefore been marked by recognition by the court of the need of the international traders with appropriate responses to new and technological changes in international communications. In the field of passing off, Leonard J held in *Wienerwald Holding AG v Kwan Wong Tan & Fong* [1979] FSR 381 that the idea that goodwill must be acquired by user or trading within the jurisdiction was outdated and was not the appropriate rule for Hong Kong in 1979. This was followed by Hunter J in *Hong Kong Caterers Ltd v Maxim's Ltd* [1983] HKLR 287 and Sears J in *Tan-ichi Co. Ltd v Jancar Ltd* [1990] FSR 151. There has been much debate in this trial as to whether Hong Kong court should adopt the soft line approach (exemplified by these cases and other Commonwealth authorities including *ConAgra Inc v Mc Cain Foods* (1992) 23 IPR 193, *C & A Modes v C & A (Waterford)* [1978] FSR 126, *Orkin Exterminating Co. Inc v Pestco of Canada* (1985) 19 DLR 90 and *Dominion Rent a Car v Budget Rent a Car* [1978] 2 NZLR 395) or the hard line approach in the English cases like *Alain Bernardin et Compagnie v Pavillion Properties* [1967] RPC 581 (the *Crazy Horse* case) and *Anheuser-Busch Inc v Budejovicky Budvar* [1984] FSR 413 (the *Budweiser Case*).

2. However, the present case does not concern a trader without any business in Hong Kong. I have set out the background to this case in Paragraphs 1 to 7 in my Reasons for Ruling of 6 September 2002 which is reported at [2002] 3 HKLRD 595. As I said on that occasion, Yakult had been here since late 1960's and from the evidence as to its sales and advertising figures, it has been very successful in Hong Kong. Having heard all the evidence and submissions from counsel, I am of the view that what I said in those paragraphs in my said Ruling could still be adopted as a summary of the background to this case.

3. It has been agreed between the parties although the activities of the Defendants took place in different places, this court should focus on matters occurred within this jurisdiction and the goodwill the Plaintiffs in Hong Kong (see Paragraphs 8, 15 and 18 of the said Ruling and Paragraph 9 of my Ruling on 12 June 2003). ...”

38. Mr. Ling urged me to adopt the hard line approach which is also the approach adopted by the Appointed Person in the UK Registry case *Melly's Trade Mark Application* [2008] R.P.C. 20. In any event, even if I were to adopt the soft

line approach, Mr. Ling submitted that the spill-over effect of the reputation of the opponent's "養生堂" mark is something that needs to be proved in evidence, and the opponent has failed in that respect.

39. Putting the opponent's case to the highest by testing it under the soft line approach, it is noted that paragraph 18 of Zhong's first statutory declaration, after the claim that the "養生堂" products are sold in China in supermarkets, drugstores, hospitals, stores, internet, etc., has this saying: "Nowadays, internet is a market which cannot be neglected. Worldwide customers can buy the opponent's products from internet without geographic limit, including customers in Hong Kong." Mr. Zhong illustrated this with printouts of the opponent's products from the Internet, which are contained in Exhibit EV-IX. The printouts are extracts from online auction sites or portal such as "eBay 易趣", "DANAWA 大拿网", "happigo", "淘宝网 Taobao.com" and even the Chinese governmental website of 台州市工商行政管理局(Taizhou Administration for Industry & Commerce).

40. Although products bearing or referencing the opponent's "養生堂" mark did feature or were being sold on or via these websites, given that these websites are obviously based in mainland China rather than in Hong Kong, in the absence of any indications that these websites also aimed at or intended for consumers in Hong Kong, that the goods offered by the opponent via the Internet had been offered to customers in Hong Kong, or at least that the opponent's website had been accessed by anyone from Hong Kong, there is simply no sufficient evidence from which I can infer that the purchasing public in Hong Kong gain any recognition of the opponent's "養生堂" mark via the Internet; even if any reputation and goodwill in Hong Kong of the opponent's "養生堂" mark should have been generated by this means, the extent of which could only be very modest.

41. As the opponent has not suggested any other possible channels where the goodwill or reputation of the opponent's "養生堂" mark would have spilled over into Hong Kong, there is no way to say that products bearing the opponent's "養生堂" mark have acquired a goodwill or reputation in the market of Hong Kong to trigger an action of passing off. I must therefore hold that the opposition based on section 12(5)(a) of the Ordinance fails.

Section 11(5)(b) of the Ordinance

42. Section 11(5)(b) of the Ordinance provides that a trade mark shall not be registered if the application for registration of the trade mark is made in bad faith. The term “bad faith” is not defined in the Ordinance.

43. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 at 379, Lindsay J. said in relation to section 3(6) of the U.K. 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.”

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

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

45. Further, in *Ajit Weekly Trade Mark* [2006] RPC 25, the Appointed Person said,

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

irrelevant to the determination of the objective element.”

46. The position is succinctly summarised in the following passage in *Melly's Trade Mark Application (Oppositions of Fianna Fail and Fine Gael)* [2008] R.P.C. 20, where it is said:

“53 The mental element required for a finding of bad faith has been much discussed. The discussion has centred on the test for determining dishonesty in English law, that is to say the “combined test” as explained by the House of Lords in *Twinsectra Ltd v Yardley* and clarified by the Privy Council in *Barlow Clowes International Ltd (In Liquidation) v Eurotrust International Ltd*. In her decision in *Ajit Newspaper Advertising Marketing & Communications Inc's Trade Mark* (No.2283796) Professor Annand considered whether the “combined test” makes it necessary to give effect to the applicant's belief in the propriety of his own behaviour when deciding whether he applied for registration in bad faith. She said not, on the basis that his own perception of propriety could not provide a conclusive answer to the question whether he actually had applied for registration in bad faith. I agree with her analysis. It supports the view that the relevant determination must ultimately be made “on the basis of objective evidence” rather than upon the basis of evidence as to the beliefs and opinions of the applicant with regard to the propriety of his disputed application for registration. I note in this connection that in the *Harrison v Teton Valley Trading Co Ltd--CHINA WHITE* the Court of Appeal upheld the Hearing Officer's finding of bad faith: (1) notwithstanding that the applicant for registration had deposed to the fact that he “recognised no bad faith in my decision to develop and market the drink CHINA WHITE” and was not cross-examined on the evidence he had given; and (2) notwithstanding that the Registrar's Hearing Officer had accepted the applicant's evidence and concluded that at the date of the disputed application for registration the applicant “saw nothing wrong in his own behaviour”.” (footnotes omitted)

47. In the Grounds of Opposition, the opponent alleges that the application for registration of the subject mark is made in bad faith calculated to ride on the goodwill and reputation of the opponent's “養生堂” mark. Nonetheless, the focus of attention in a claim of bad faith must be the propriety of a party's conduct in relation to his request for protection of the mark in question for the relevant goods.

48. What the opponent has tried to argue, as raised in the statutory declarations

of Mr. Zhong, can be summarized and reduced to the following:

- (a) Given the substantial goodwill and reputation built up in respect of the opponent's products in the mainland, the applicant must know the success of the opponent's "養生堂" mark.
- (b) The subject goods sought to be registered under the subject application are Class 30 goods of coffee and tea, etc. and Class 32 goods of non-alcoholic drinks, but at the same time the applicant seemed to have manufactured Chinese herbal products and medicines rather than using the subject mark on the Class 30 or Class 32 goods.
- (c) The evidence in exhibits "SCW-2", "SCW-3", "SCW-6" and "SCW-14" to Cheung's statutory declaration show that the applicant's products, such as "養生堂海狗丸", had entered the market of mainland China as early as 1990, and users of the products were also based in the mainland. It is alleged that the selling of the "養生堂" products by the applicant in mainland China infringed the rights of the opponent, is illegal and should be prohibited.

49. I would not go into the details of how the above points are raised and pursued, or any and what real evidence goes in to support or substantiate them. Against the backdrop of good reputation and goodwill of the opponent's "養生堂" mark in mainland China as I have found, and the proximity, if not identity, of the relevant goods involved between the two parties at the proceedings, the inference that there is awareness on the applicant's part of the opponent's mark when it made the subject application is hard to rebut, and I note that the applicant has actually not attempted to deny it has knowledge about the opponent's mark.

50. As stated above, when considering the question of whether an application to register is made in bad faith, all the circumstances will be relevant, and 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 (*Harrison v Teton Valley Trading Co (CHINAWHITE)*). I have already discussed and assessed the possible knowledge of the applicant, but this is not the end of the matter.

What must be further decided is whether in the light of the applicant's knowledge, the applicant's conduct is dishonest judged by ordinary standards of honest people, the applicant's own standards of honesty being irrelevant to the determination of the objective element.

51. I have summarised the evidence of the applicant in paragraphs 12 to 15 above. What Mr. Cheung said, in essence, is that the applicant's mark "養生堂" has been treated and used as a house mark for the applicant's products in Hong Kong and other areas jointly or separately with other trade marks of the applicant or its associate companies for over 15 years since the incorporation of the applicant in 1987. Mr. Cheung did allege that the applicant's licensees and associated companies were trading and using the applicant's mark in China much earlier than the incorporation of the opponent, but unfortunately, the applicant failed to register the applicant's mark in mainland China as it was then blocked by a prior mark "養生" registered by a Taiwanese company at that time. Mr. Cheung admitted there had been legal battle with the opponent in China and in the end, the applicant lost the battle and suffered heavy financial loss in China, in respect of which Mr. Cheung attributed to different legal systems and other factors.

52. What Mr. Cheung said could excuse the applicant against the bad faith claim as I have outlined in paragraph 48 above: for although undeniably the applicant must have knowledge of the reputation and goodwill of the opponent's "養生堂" mark in mainland China given its past history in dealing with the opponent in the mainland, at the time when it made the subject application in Hong Kong, there is nothing legally forbidding it from doing so (as confirmed by my findings above in relation to the opposition based on sections 12(2), 12(3), 12(4) and 12(5)(a) of the Ordinance), and from the standpoint of an honest business people, the applicant had its products using the applicant's mark "養生堂" (i.e., the subject mark) in Hong Kong almost since its incorporation in 1987, which is at least six years earlier than the opponent's incorporation in mainland China, so one would naturally ask what on earth should prohibit the applicant from pursuing its business interest in the local market by registering the subject mark in Hong Kong. The evidence filed by Mr. Cheung in the various exhibits to his statutory declaration could only show use of the mark "養生堂" as early as 2004, but Mr Zhong did accept that the evidence of Mr. Cheung shows "養生堂海狗丸" had entered the market of mainland China as early as 1990, it seems

the claim that the applicant had its products using the applicant's mark “養生堂” throughout is credible, and at least not challenged. I do not think what happens or had happened in mainland China between the applicant and the opponent as alleged could have any bearing on the position regarding the subject application which is made in Hong Kong in respect of use of the subject mark in Hong Kong.

53. Lastly, if the classes of goods in respect of which the subject application now seeks to register its goods should be a problem, that would mean that a herbal product manufacturer is not expected to be branching out into Classes 30 and 32 goods. I do not think this accords with common commercial sense.

54. Other than what has been discussed above so far, there is nothing in the pleadings or in the evidence that could possibly allude to any dealings on the part of the applicant which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the field as the applicant's.

55. A case of bad faith has not been made out. The ground of opposition under section 11(5)(b) therefore fails.

Conclusion

56. As the opponent has not succeeded in any of the grounds of opposition, I award the applicant costs. Subject to any representations, as to the amount of costs or calling for special treatment, which either the opponent or the applicant makes within one month from the date of this decision, costs will be calculated with reference to the usual scale in Part I of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4A) as applied to trade mark matters, unless otherwise agreed.

(Frederick Wong)
for Registrar of Trade Marks
4 December 2012