

TRADE MARKS ORDINANCE (CAP. 559)

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK
REGISTRATION NO. 300975439**

- A. **CRx C-Lium**
- B. **CRX C-LIUM**
- C. **crx c-lium**

MARKS:

CLASS: 30

APPLICANT: ALBERT M. G. GARCIA

REGISTERED OWNER: PASCUAL LABORATORIES, INC.

STATEMENT OF REASONS FOR DECISION

Background

1. On 30 September 2010, Albert M.G. Garcia (“Applicant”) made an application to the Registrar of Trade Marks under the Trade Marks Ordinance (Cap. 559)(“Ordinance”) for a declaration of invalidity of the registration of the following marks in series (“subject marks”):

- A. **CRx C-Lium**
- B. **CRX C-LIUM**
- C. **crx c-lium**

(Trade Mark No. 300975439)

2. The subject marks are registered in the name of Pascual Laboratories, Inc. (“Pascual Laboratories”), with application for registration (“Subject Application”) filed on 18 October 2007 (“Application Date”), in respect of the following goods:

Class 30

dietary food supplements made from psyllium husks; snack food products; all included in class 30

3. Pascual Laboratories filed a counter-statement on 16 December 2010.

4. The Applicant filed evidence by way of his two statutory declarations which were declared on 19 May 2011 and 27 February 2013 (“Applicant’s 1st statutory declaration” and “Applicant’s 2nd statutory declaration” respectively). Pascual Laboratories filed a statutory declaration made by Martin Augustine Pascual on 25 April 2012 (“Pascual’s statutory declaration”).¹

5. The hearing took place before me on 23 July 2014. Mr. Douglas Clark, counsel instructed by Hastings & Co., appeared on behalf of the Applicant. Mr. Philips B. F. Wong, counsel instructed by Wilkinson & Grist, appeared on behalf of Pascual Laboratories. I reserved my decision at the conclusion of the hearing.

Grounds of Application

6. The Applicant relies on various sections of the Ordinance for the application for declaration of invalidity. At the hearing, Mr. Clark limited the Applicant’s case to the following grounds :

- (i) section 11(5)(b) and section 53(3); and
- (ii) section 12(5)(a) and section 53(5).

¹ A second statutory declaration of Mr. Pascual was filed to correct a misspelling of the name of Mr. Pascual in the first statutory declaration.

Evidence

Applicant's 1st statutory declaration

7. The Applicant engages in the business of creating, developing and marketing natural food supplements. He owns and has beneficial interest in the outstanding shares of a Garsworth Marketing Inc. ("Garsworth") which was incorporated under the laws of the Philippines and serves as the marketing arm/component.

8. In paragraph 4 of the statutory declaration, the Applicant avers that he created the mark "CRX C-Lium" on his own as a play from the proper noun "psyllium" and explains how he came up with the mark.

9. He has registered or applied for registration of the mark in class 30 in respect of "Husk, husked barley, husked oats" or the like ("the Applicant's Goods"). He refers to the registrations obtained in the Philippines, Thailand and Singapore and the applications for registration in Malaysia and Indonesia in paragraph 5 of the statutory declaration. Copies of the relevant records can be found at Exhibit AMGG-1. The registration number of the mark in the Philippines is 4-2002-000220 ("the Philippines Registration") and the mark bears the following representation :

CR_x-C-Lium

10. The Applicant avers that he has used the mark in connection with the Applicant's Goods as early as 3 December 2001 in the Philippines. A copy of a Declaration of Actual Use made by the Applicant on 1 March 2002 is produced as Exhibit AMGG-2.

11. On 12 February 2007, Garsworth, the Applicant and Pascual Laboratories entered into a Memorandum of Understanding ("MOU") for the sale of the brand "CRX C-LIUM Fibre". The Applicant claims that "*the Memorandum clarified that the only thing being sold is the use of the brand in the Philippines and the Petitioner² retains the right*

² i.e. the Applicant.

to use the brand and the accompanying trade mark in territories outside of the Philippines". Exhibit AMGG-3 is a copy of the MOU.

12. On 19 April 2007, the parties entered into a Sale and Purchase Agreement ("Agreement"). A copy of the Agreement is produced at Exhibit AMGG-4.

13. According to paragraph 10 of the statutory declaration, the Applicant, through his counsel in the Philippines, has demanded Pascual Laboratories to voluntarily surrender the registration of the subject marks in Hong Kong. Yet, up to the date of the statutory declaration, Pascual Laboratories has not replied to the demand letter.

14. Paragraphs 11 to 13 of the statutory declaration deal with the Applicant's assertion that the registration of the subject marks should be invalidated on a number of grounds under the Ordinance.

Pascual's statutory declaration

15. Mr. Pascual is a Director of Pascual Laboratories, a company incorporated under the laws of the Philippines. He has been associated with Pascual Laboratories since June 2008. He took up the position as a Director on 1 January 2012, and before that he was the Vice President for Strategy and Acquisitions. He has been authorised by Pascual Laboratories to make the statutory declaration and unless otherwise stated, the matters referred to in the declaration are within his own personal knowledge or are gleaned from documents and records of Pascual Laboratories to which he has access.

16. Pascual Laboratories has been manufacturing and marketing pharmaceutical products and providing innovative health and wellness products and services in the Philippines for over 65 years.

17. Mr. Pascual points out that the subject matter in both the MOU and the Agreement is the trade name/trade mark "CRX C-LIUM" in the Philippines. In the MOU and the Agreement, the Applicant acknowledged himself as the owner of the Philippines Registration.

18. Pursuant to the Agreement, the Applicant assigned the Philippines Registration to Pascual Laboratories. Exhibit MAP-1 is a printout from the online database of the Philippines Intellectual Property Office showing Pascual Laboratories as the registered owner of the Philippines Registration.

19. In response to the Applicant's claim that he has in the MOU retained the right to use "CRX C-Lium" and the related trademark in territories outside the Philippines, Mr. Pascual avers that "*Both the MOU and S&P Agreement are silent on the parties' rights and obligations on "CRX C-LIUM" in jurisdictions other than of the Philippines. Neither side has in the MOU and S&P Agreement undertaken not to use and/or register "CRX C-LIUM" in jurisdictions other than the Philippines.*"³, and "...*the parties are not precluded by the MOU or the S&P Agreement - neither of which applies on a worldwide basis – from exploiting "CRX C-LIUM" by using it and/or seeking to register it as a trademark in any jurisdiction other than the Philippines.*"⁴ Clause 9 of the Agreement provides for the "non-compete" clause which restricts use of "CRX C-Lium" in the Philippines only.

20. Pascual Laboratories received a letter from the Applicant dated 20 April 2007⁵, the day after the Agreement was signed, in which the Applicant attempted to "clarify" the retention of rights over "CRX C-LIUM" in territories outside the Philippines. A copy of the letter is produced as Exhibit MAP-2. In the letter, the Applicant indicated, *inter alia*, that "*Mr. Albert Garcia and/or Garsworth Marketing retains the right to sell, assign, and otherwise convey ownership of CRx C-Lium Fibre to third parties, provided that such conveyance shall be limited to those outside of the territory of the Philippines*"; and that "*the sale of C-Lium Fibre to Pascual Laboratories does not extinguish Mr. Albert Garcia and/or Garsworth Marketing's intellectual property rights over CRx C-Lium Fibre in territories outside the Philippines*". At the end of the letter, Pascual Laboratories was requested, *inter alia*, to undertake not to file application to register the CRx C-Lium Fibre trade mark in jurisdictions outside the Philippines.

³ Paragraph 9, Pascual's statutory declaration.

⁴ Paragraph 10, Pascual's statutory declaration.

⁵ The letter was issued by the Applicant as the President of Garsworth.

21. Pascual Laboratories did not sign any acknowledgement of the terms as “clarified” by the Applicant in that letter.

22. Mr. Pascual refers to Clause 10.6 of the Agreement which provides that the Agreement constitutes the entire agreement. By a letter dated 26 June 2007, Pascual Laboratories replied to the Applicant setting out the documents signed by the parties, and indicating that there was no need to execute any clarification and supplement to those documents, as they were clear and required no further interpretation. Exhibit MAP-3 is a copy of the letter dated 26 June 2007.

23. Paragraph 15 of the statutory declaration sets out Mr. Pascual’s observations on the claimed registrations of “CRX C-LIUM” referred to by the Applicant in his statutory declaration and his comments on the Applicant’s arguments. In gist, the status of the Applicant’s application for registration in Malaysia is “opposition pending”, and the registration in Singapore is not held in the name of the Applicant.⁶

24. Pascual Laboratories owns registrations of the “CRX C-LIUM” mark in Malaysia, the United Arab Emirates and the Kingdom of Saudi Arabia, as evidenced by copies of registration documents produced as Exhibits MAP-6, MAP-7 and MAP-8.

25. Paragraphs 17 to 20 of the statutory declaration mainly cover observations on the grounds relied upon by the Applicant which I do not intend to summarise.

Applicant’s 2nd statutory declaration

26. The Applicant refers to correspondences exchanged between Garsworth and Pascual Laboratories subsequent to the letter of 26 June 2007. Pascual Laboratories through its solicitors sent a letter dated 27 November 2007 to Garsworth asking Garsworth and the Applicant to cease and desist from manufacturing the “C-Lium” or “C-Lium Fiber” packaging. In reply, Garsworth’s solicitors indicated that the Applicant owned and continued to own the intellectual property rights and goodwill over “C-LIUM” in territories other than in the

⁶ The Applicant in his second statutory declaration produced a copy of a letter from the Intellectual Property Office of Singapore dated 18 January 2007 advising the assignment of an application for registration from “Albert M. Garcia” to “Laurindo A. F. Garcia” with effect from 20 November 2006 (Exhibit AMGG-8).

Philippines. The solicitors also made the point that the C-Lium packaging materials were intended for C-Lium products distributed in territories outside the Philippines. There was no reply from the solicitors for Pascual Laboratories. Copies of the letters dated 27 November 2007 and 2 December 2007 are produced as Exhibits AMGG-5 and AMGG-6 respectively.

27. To illustrate knowledge on the part of Pascual Laboratories that the Applicant was engaged in the business of selling psyllium husk food supplement branded “CRX C-LIUM” in Singapore and Malaysia before the signing of the Agreement, the Applicant produces a copy of an email between the staff of Pascual Laboratories and Garsworth on 17 November 2006 (Exhibit AMGG-7).

28. The Applicant also produces copies of some advertising materials, packing lists and sales invoices for shipment to Singapore dated 7 July 2006 and 18 January 2013 to substantiate the use of the “CRX C-LIUM” mark. Copies of the documents are found in Exhibit AMGG-9.

29. The rest of the statutory declaration deals with the Applicant’s arguments that he owns the rights over the “CRX C-LIUM” mark and that the registration of the subject marks should be declared invalid.

The Agreement

30. Before going into the grounds for the application for declaration of invalidity, I set out below some relevant provisions of the Agreement.

“ ...

WHEREAS:

...

C. *The VENDOR has agreed to sell the Brand⁷ and the Brand Assets⁸*

⁷ In the Agreement, “Brand or Product” refers to “*the food supplement, CRX C-LIUM Fiber being manufactured, marketed, distributed and sold by the Vendor within the Territory with a registered Trademark owned by the Assignor.*” “Vendor” means Garsworth, whilst “Assignor” means the Applicant.

⁸ “Brand Assets” means “*each of (a) the Brand Information; (b) the Certificate of Product Registration, (c) the goodwill of the Brand; and (d) the Advertising Material.*”

exclusively used within the Territory⁹ and ASSIGNOR has agreed to sell the Trademark¹⁰ and the PURCHASER has agreed to purchase the same from the VENDOR and ASSIGNOR.

...

2. SALE AND PURCHASE

2.1 The VENDOR sells, delivers, transfers and assigns to PURCHASER all of its rights, title and interest pertaining and relating to and in connection with the Brand and Brand Assets commercially used within the Territory, including the goodwill symbolized by the Brand, and its Certificate of Product Registration and the PURCHASER accepts such purchase, delivery, transfer and assignment of the Brand and Brand Assets from VENDOR.

2.2 The ASSIGNOR sells, delivers, transfers and assigns to PURCHASER all of his rights, title and interest pertaining and relating to and in connection with the Trademark, and the PURCHASER accepts such purchase, delivery, transfer and assignment of the Trademark from ASSIGNOR.

...

9. NON-COMPETE

VENDOR and ASSIGNOR agree that, for a period of five (5) years following Completion, neither it nor any of its Affiliates will commercialize any other product in the same formulation or for similar use as the Brand directly or indirectly in the Territory. During this period, the VENDOR and ASSIGNOR also agree that neither it nor any of its Affiliates will directly or indirectly commercialize Psyllium Seed Husks or Psyllium Seed Husks, whether as a standalone product or as an ingredient of a product within the Territory.

⁹ "Territory" means the Republic of the Philippines.

¹⁰ In the Agreement, "Trademark" is defined to mean the Philippines Registration.

10. MISCELLANEOUS

10.1 Any amendment or revision of any provision of this Agreement must be in writing and signed by the parties.

...

10.6 This Agreement constitutes the entire agreement and understanding of the parties concerning its subject matter, and supersedes any previous arrangement, understanding or agreement between them relating to the subject matter.”

Section 11(5)(b) and section 53(3) of the Ordinance

31. Section 11(5)(b) of the Ordinance provides :

“(5) A trade mark shall not be registered if, or to the extent that –

...

(b) the application for registration of the trade mark is made in bad faith.”

32. Section 53(3) of the Ordinance provides :

“(3) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in contravention of section 11 (absolute grounds for refusal of registration).”

33. There is no definition of the term “bad faith” in the Ordinance. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367, Lindsey J said in relation to section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of the Ordinance) :

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and

experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context: how far a dealing must so fall short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

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

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

35. In determining whether an application for registration 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] R.P.C. 25, the Appointed Person formulated the test (at paragraph 44 of the decision) 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.”

36. It should be noted that an allegation of bad faith is a serious allegation which must be distinctly alleged. 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 (*ROYAL ENFIELD Trade Marks* [2002] R.P.C. 24 at paragraph 31).

Cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith (*Brutt Trade Marks* [2007] R.P.C. 19 at paragraph 29).

37. The onus is on the Applicant to prove that the Subject Application was made in bad faith. The test for bad faith comprises both subjective and objective elements. The Applicant's allegation of bad faith on the part of Pascual Laboratories must be supported by evidence of dishonest activities or dealings or at the least commercial behaviour or activities that fall below the standard regarded as acceptable by honest people of proper standards.

38. The thrust of the Applicant's case under section 11(5)(b) is that, on the Application Date, Pascual Laboratories knew that the Applicant had business outside the Philippines and that he wanted to reserve the overseas market for himself.

39. Mr. Clark referred me to some exchanges before the Application Date, namely, the email dated 17 November 2006 (Exhibit AMGG-7) and the letter dated 20 April 2007 (Exhibit MAP-2). In particular, he referred to the following paragraphs of the email dated 17 November 2006 :

“4. There are also some issues that came into the discussion:

a. With regards to your business of selling C-Lium products in Singapore and Malaysia, why don't you just buy from us whatever products you will sell there at an agreed upon transfer price (ie, COG¹¹ plus 5% + VAT)? This will save you the trouble of setting up or contracting an off-shore manufacturing facility.

b. For the use of the brand C-Lium outside of the Philippines and the 2 countries above, we cannot prevent you from doing that. What we want to clarify is that you cannot also prevent us from doing the same. Our only request on this matter, is that if you or Pascual decide to market C-Lium abroad (except Singapore and Malaysia), we will use

¹¹ i.e. costs of goods.

a packaging design that is different from the design in use in the Philippines.”

40. Mr. Clark also referred to paragraph 7 of Pascual’s statutory declaration where Mr. Pascual states *“The subject matter in both the MOU and S&P Agreement is the trade name/trademark “CRX C-LIUM” in the Philippines.”*

41. Mr. Clark further submitted that the Applicant reserved, by his letter to Pascual Laboratories of 20 April 2007, all the rights to the trade mark outside the Philippines. Specifically, he reserved *“the right to sell, assign, or otherwise convey ownership of CRx C-Lium Fibre to third parties”*; and indicated *“the sale of C-Lium Fibre to Pascual Laboratories does not extinguish Mr. Albert Garcia and/or Garsworth Marketing’s intellectual property rights over CRx C-Lium Fibre in territories outside the Philippines”*. In that letter, Pascual Laboratories was requested to undertake not to file application to register the CRx C-Lium Fibre trade mark in jurisdictions outside the Philippines. In the letter in response (copy produced as Exhibit MAP-3), according to Mr. Clark, Pascual Laboratories did not deny the points raised by the Applicant and merely stated that the provisions were clear and did not require interpretation.

42. Mr. Wong submitted that there was no provision in the MOU or the Agreement prohibiting Pascual Laboratories from using or applying to register “CRx C-Lium” outside the Philippines. There was no provision to the effect that the Applicant retained the right to use “CRx C-Lium” mark outside the Philippines. Both the MOU and the Agreement were related to the rights and interests of the mark in the Philippines. The rights of the parties outside the Philippines were not the subject matter of the MOU or the Agreement.

43. He also contended that the letter from the Applicant to Pascual Laboratories on 20 April 2007 did not have any legal effect between the parties. The letter demonstrated clearly that the Applicant himself knew perfectly well that the Agreement did not contain provisions prohibiting Pascual Laboratories from applying to register the mark in other jurisdictions. Otherwise, there would not be any need for the Applicant to “clarify and supplement” the Agreement.

44. Further, Mr. Wong submitted that, from the Applicant's evidence, it was clear that it was never the intention of the parties that Pascual Laboratories should not be entitled to use the "CRx C-Lium" mark outside the Philippines. In the email produced as Exhibit AMGG-7, Pascual Laboratories indicated that "*if you or Pascual decide to market C-Lium abroad (except Singapore and Malaysia), we will use a packaging design that is different from the design in use in the Philippines.*". It was thus clear that the Applicant also knew, before entering into the MOU and the Agreement, that Pascual Laboratories intended to use the mark outside the Philippines as well. If the Applicant had any objections to that, he would have included a term in the MOU or the Agreement to prohibit Pascual Laboratories from doing so. The Applicant did not do so.

45. He drew my attention also to the position that the registration of the subject marks in Hong Kong and in other jurisdictions was part of the natural expansion of the business of Pascual Laboratories based on the purchased rights under the Agreement. Such applications did not contravene any of the terms of the Agreement and/or the MOU. The burden was on the Applicant to show that Pascual Laboratories had no right to use the "CRx C-Lium" mark in Hong Kong.

46. I have considered the terms of the MOU and the Agreement. They did not deal with the rights over the "CRx C-Lium" mark outside the Philippines.

47. I refer to Clause 10.1 of the Agreement which is reproduced at paragraph 30 above. The letter issued by the Applicant on 20 April 2007, the day after the Agreement was signed, did not have any legal effect and did not amend the terms of the Agreement between the parties. Mr. Clark did not contend that the Agreement had been amended.

48. The Agreement did not contain any provisions which prohibited Pascual Laboratories from using or registering the "CRx C-Lium" mark outside the Philippines, or the expansion of its business outside the Philippines. At the hearing, it was not contended that Pascual Laboratories' act to apply for registration of the subject marks in Hong Kong contravened any provisions of the MOU or the Agreement. The Applicant also did not argue that there was any "implied" term which prohibited Pascual Laboratories from using and/or applying to register the mark outside the Philippines. As shown by paragraph 4 of the email

at Exhibit AMGG-7 (see paragraph 39 above), the Applicant had learnt of Pascual Laboratories' intention to expand its business outside the Philippines since 17 November 2006 the latest, which was months before the MOU and the Agreement were signed. If the Applicant had intended such prohibition, I agree that he could have raised this for discussion before the MOU and the Agreement were signed.

49. At the hearing, Mr. Wong did not contend that Pascual Laboratories had no knowledge of the Applicant's business or intention to expand his business outside the Philippines before the MOU and the Agreement were signed.¹² In fact, I find that both parties should be aware of the business or the intention of the other side to expand business outside the Philippines. Nevertheless, I am not convinced that such knowledge on the part of Pascual Laboratories proved that the Subject Application was made in bad faith, when there was no prohibition under the Agreement against Pascual Laboratories from using or registering the "CRx C-Lium" mark outside the Philippines, or expanding its business abroad.

50. Considering the circumstances of the case before me, I am not satisfied that the Applicant has discharged the burden in proving that Pascual Laboratories' application for registration of the subject marks was made in bad faith. The Applicant's case under section 11(5)(b) of the Ordinance is not made out.

Section 12(5)(a) and section 53(5) of the Ordinance

51. Section 12(5) of the Ordinance provides, *inter alia*, 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

¹² Mr. Pascual averred that Pascual Laboratories did not know of the Applicant's interest and/or intention to commercially exploit "CRx C-Lium" in markets outside the Philippines (paragraph 11 of Pascual's statutory declaration), and Pascual Laboratories viewed the Applicant's letter of 20 April 2007 as an unreasonable attempt to amend the Agreement (paragraph 13 of Pascual's statutory declaration). Mr. Clark challenged that Mr. Pascual was not in a position to make such statements given that he commenced his relationship with Pascual Laboratories only since June 2008 which was subsequent to the signing of the Agreement. For the present purpose, it suffices to say that Pascual Laboratories did not deny such knowledge at the hearing. I also would not take into account paragraph 13 of Pascual's statutory declaration.

sign used in the course of trade or business (in particular, by virtue of the law of passing off) ...”

52. Section 53(5)(b) is relevant to the ground for invalidation based on section 12(5)(a). It provides :

“(5) Subject to subsections (6) and (7), the registration of a trade mark may also be declared invalid on the ground-

(a) ...

(b) that there is an earlier right in relation to which the condition set out in section 12(4) or (5) (relative grounds for refusal of registration) is satisfied.”

53. I refer to the following passage from the judgment of the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C. 341, which 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* (2009) 12 HKCFAR 808 –

*“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.*" (emphasis added)

54. Mr. Clark contended that the only real issue under this ground was who owned the goodwill to the "CRx C-Lium" mark in Hong Kong in October 2007 when the Subject Application was filed. If the goodwill was owned by the Applicant, then the sale of identical products under an identical mark would be a misrepresentation that would cause damage, and thus amounted to passing off.

55. Mr. Clark referred me to the case of *Ingenohl v. Walter E. Olsen & Co.* [1992] HKLR 5 and the legal position that assignment in another country of goodwill cannot act as assignment of any goodwill in Hong Kong. In the present case, there is no dispute that the Agreement assigned to Pascual Laboratories, *inter alia*, the goodwill in the Philippines only. It did not operate to assign the goodwill (if any) subsisting in other places including Hong Kong.

56. In order to consider whether the Applicant can establish a case under passing off, I have to examine whether the Applicant owned any goodwill or reputation in Hong Kong on the Application Date. Mr. Clark accepted that the Applicant did not conduct any business under or with reference to the "CRx C-Lium" mark in Hong Kong before the Application Date. Nevertheless, he contended that the goodwill or reputation generated from the Applicant's business outside Hong Kong was sufficient to found an action for passing off in Hong Kong. To substantiate the argument, he referred me to the decisions of the Hong Kong Courts in *Hong Kong Caterers Limited v. Maxim's Limited* [1983] HKLR 287¹³ and *Ten-ichi Company Limited v. Jancar Limited* [1990] FSR 151¹⁴

¹³ The judge held that the question of whether there is a trading reputation in Hong Kong, for both trade mark and passing off purposes, is one of pure fact to be determined on the evidence as a whole.

¹⁴ In this case, the judge followed the approach concerning goodwill and reputation as stated in the *Maxim's* case.

57. The *Maxim's* case dealt with an appeal against an order refusing to register the mark "Maxim's" together with its equivalent in Chinese characters in respect of bakery products. The respondent's business had its origins as a restaurant in Paris in 1893. By 1939, it had established reputation worldwide under the name "Maxim's" for its excellent cuisine. Hunter J. noted from the evidence that the respondent enjoyed extensive reputation and it was referred to in culinary magazines and movies. The business conducted under the name of "Maxim's" had been extended internationally and enlarged into, for example, wholesaling of wine products globally.

58. In the *Ten-ichi* case, the plaintiffs, who were owners and operators of a chain of 45 Japanese restaurants in Japan, brought proceedings in passing off against the defendants and sought interlocutory relief. The name "Ten-ichi" had achieved an international reputation, and the restaurant in Ginza, Tokyo was chosen as one of the ten best restaurants in the world. In granting interlocutory relief, Sears J. found that the plaintiffs had established that they possessed goodwill which could be protected in Hong Kong. The judge highlighted the circumstances taken into account, *inter alia*, that the defendants deliberately used the plaintiff's name for their business in a manner which was calculated to cause confusion to the public, the restaurant was located in Tsim Sha Tsui in the heart of the entertainment and tourist belt, and the number of Japanese tourists as well as Japanese residing in Hong Kong who were the actual or potential customers of the restaurant.

59. The Applicant's case is that he has consistently used and adopted the "CRx C-Lium" mark in connection with his goods as early as 3 December 2001 in the Philippines. As the Applicant could no longer use the "CRx C-Lium" mark in the Philippines after the signing of the Agreement in April 2007, taking the Applicant's case to the highest, I find that, as of April 2007, he would have used the "CRx C-Lium" mark (or the mark bearing the representation as shown in the Philippines Registration) in the Philippines for around five and a half years. So far as Hong Kong is concerned, Mr. Clark's argument is that the goodwill continued to subsist in Hong Kong at least up to the Application Date.

60. It is noteworthy that the Applicant's evidence does not contain any evidence on the use made of the mark, the extent of reputation generated from such use, the sales achieved, or the advertising expenses on promoting the mark in the Philippines in these five and a half years. Nevertheless, I am prepared to accept that the "CRx C-Lium" mark should have

acquired some reputation and value in the Philippines before the signing of the Agreement, having regard to the decision of Pascual Laboratories to enter into the Agreement and to pay a substantial sum for the assignment of the rights relating to the mark.

61. Yet, the fact that the “CRx C-Lium” mark enjoyed goodwill and reputation in the Philippines before the signing of the Agreement does not necessarily mean that such goodwill and reputation is sufficient to found an action for passing off in Hong Kong at the relevant time when the Subject Application was filed. In my view, the extent of reputation over the “CRx C-Lium” mark which was generated from the use in the Philippines was relatively insignificant when compared with the international reputation enjoyed by the respondent in the *Maxim’s* case or the plaintiffs in the *Ten-ichi* case. Besides, there is no evidence before me which supports the submission that the Applicant enjoyed any goodwill or reputation which was subsisting in Hong Kong on the Application Date. I do not find that the Applicant has made out the case that the use of the “CRx C-Lium” mark in the Philippines before the signing of the Agreement is sufficient to found an action of passing off in Hong Kong on the Application Date.

62. As to the claim that the Applicant conducted business in Singapore and Malaysia before the Application Date, the Applicant did not file any evidence on the extent of the use of the “CRx C-Lium” mark on the Applicant’s Goods in Malaysia, and only filed scanty evidence in relation to certain shipments made to Singapore. Exhibit AMGG-9 contains, *inter alia*, copies of some advertisements, and copies of packing list and sales invoice issued by Garsworth in relation to certain sales of “C-Lium Fibre – FOOD SUPPLEMENT” to a destination in Singapore. The advertisements are undated, and the dates of one packing list and sales invoice are illegible.¹⁵ Concerning another copy of a packing list and sales invoice in relation to “C-Lium Fibre Lifestyle Jar Powder 200g”, the date appearing on the documents is 18 January 2013, which is after the Application Date. For these reasons, I do not consider that such evidence is sufficient to show that the Applicant had used the “CRx C-Lium” mark in Singapore and Malaysia before the Application Date. Even if there was use of the “CRx C-Lium” mark on the Applicant’s Goods in Singapore and Malaysia before the Application Date, there is no evidence on the extent of reputation generated from such use and other circumstances pertinent to Hong Kong. I am unable to accept that such business or

¹⁵ The Applicant claimed that the packing list and sales invoices were dated 7 July 2006. See paragraph 28 above. The documents referred to “C-Lium Fibre” but not products marked with the “CRx C-Lium” mark.

use is sufficient to found an action of passing off in Hong Kong on the Application Date.

63. To conclude, the Applicant has failed to prove the first element for establishing a case under section 12(5)(a) of the Ordinance. It follows that I am not required to look into the other two elements of misrepresentation and damage. The Applicant's case under section 12(5)(a) fails.

Costs

64. The Applicant has failed in the application for declaration of invalidity. There is nothing in the circumstances or conduct of this case which would warrant a departure from the general rule that the successful party is entitled to its costs. I accordingly order that the Applicant pays the costs of these proceedings.

65. Subject to any representations, as to the amount of costs or calling for special treatment, which either party may make within one month from the date of this decision, costs will be calculated with reference to the usual scale in Part I of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4A) as applied to trade mark matters, unless otherwise agreed.

(Miss Joyce Poon)
for Registrar of Trade Marks
31 October 2014