

**TRADE MARKS ORDINANCE (CAP. 559)**

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK  
REGISTRATION NO. 302059371**

**MARK :**



**CLASSES :** 9, 14, 18

**APPLICANT :** THE DEPARTMENT OF THE NAVY

**REGISTERED OWNER :** S.W.I. WATCHES INC.

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**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 12 October 2023, The Department of the Navy (“**Applicant**”) filed with the Registrar of Trade Marks an application (“**Subject Invalidation Application**”) with a statement of grounds of declaration of invalidity (“**Statement of Grounds**”) under the Trade Marks Ordinance (Cap. 559) (“**Ordinance**”) for a declaration of invalidity of the registration of the following mark (“**subject mark**”):



2. Registration of the subject mark was granted on application for registration

made on 17 October 2011 (“**Filing Date**”) by S.W.I. Watches Inc. (“**Registered Owner**”) in respect of the following goods in Classes 9, 14 and 18 (“**subject goods**”):

Class 9

*sun-glasses, eye-glasses and spectacles, frames and bars therefor; calculators, lenses; cases and containers and parts and fittings for all the aforesaid goods.*

Class 14

*all watches, both digital and analog quartz, namely, wrist watches, ring watches, pendant watches, stop watches, pocket watches, electronic and mechanical watches and clocks, alarm clocks, table clocks, wall clocks, watch bands, watchstraps, watch bracelets, watch chains, watch cases, watch dials, wristbands for watches and other parts and fittings for the aforesaid goods; stands for clocks; presentation cases for watches and clocks.*

Class 18

*articles made of leather or imitation leather, namely, bags, handbags, suitcases, valises, briefcases, portfolios, attaché cases, wallets, key holders, luggage, suit carriers, traveling bags, purses, billfolds, key fobs, umbrellas, parasols, walking sticks, credit card holders, back packs, rucksacks, knapsacks, school bags, satchels, tote bags, shoulder bags and parts and fittings for the aforesaid goods.*

3. As the Registered Owner has not filed any counter-statement within the prescribed period, pursuant to rules 47 and 41(3) of the Trade Marks Rules (Cap. 559A) (“**TM Rules**”), the Subject Invalidation Application has been treated as being unopposed by the Registered Owner, as stated in the Registry’s letter dated 22 March 2024.

4. The hearing in respect of the Subject Invalidation Application was fixed to take place before me on 10 December 2024. The Applicant did not file any notice of attendance at hearing (Form T12) within the prescribed period and was treated as not intending to appear at the hearing under rule 74(5) of the TM Rules. Pursuant to rule 75(b)(i) of the TM Rules, I now proceed to decide the matter without a hearing.

**Grounds of invalidation**

5. According to paragraphs 7 and 8 of the Statement of Grounds, the Applicant

makes the Subject Invalidation Application relying on section 53 of the Ordinance and requests the removal of the registration of the subject mark claiming that it was filed in bad faith.

### Relevant Date

6. The relevant date for considering the Subject Invalidation Application is the Filing Date, i.e. 17 October 2011.

### The Applicant


7. In support of the Subject Invalidation Application, the Applicant filed a statutory declaration of Thomas Hilliard, the Intellectual Property Counsel of the Applicant, made on 26 June 2024 (“**Hilliard’s SD**”) as evidence.

8. According to Hilliard’s SD, the Applicant is a federal agency of the United States of America. According to exhibits to Hilliard’s SD, the Applicant’s Sea, Air and Land Teams are commonly known as “Navy SEALs”, and was formally founded in 1962. The Navy SEALs has a Special Warfare Insignia (also known as “**SEAL Trident**”) established in 1970. The SEAL Trident is shown below:<sup>1</sup>



9. Hilliard avers that the Applicant and their NAVY SEALs are internationally-known. According to Hilliard’s SD, the Applicant has registered and/or



applied for registration of the “” mark (“**Applicant’s Device Mark**”) and the words “NAVY SEALs” (“**Applicant’s Word Mark**”) in various jurisdictions. It is noted that the Applicant’s Device Mark was registered in the

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<sup>1</sup> Hilliard’s SD, para. 9 and Exhibits TH-5 and TH-6.

United States of America on 9 March 2010 in respect of goods under Classes 9, 14 and 16.<sup>2</sup>

10. Hilliard avers that the subject mark does not only contain the English word “NAVY SEALS”, but also the Special Warfare Insignia as shown in paragraph 8 above. Hilliard is of the view that the words and the device in the subject mark, either individually or in combination, are identical to the Applicant’s Device Mark and the Applicant’s Word Mark.<sup>3</sup>

11. Hilliard avers that the Applicant has licensed “Luminox”, a renowned global watchmaker, to sell watches under the “NAVY SEAL” brand globally. It is noted from the evidence that Luminox was engaged to design and produce “NAVY SEAL” brand watches since 1993.<sup>4</sup>

### **The Registered Owner**

12. The Registered Owner has not filed any response to the Subject Invalidation Application or to Hilliard’s SD.

### **Decision**

13. Section 53(3) of the Ordinance provides that:

*“(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).”*

14. Although the Applicant did not expressly refer to section 11(5)(b) of the Ordinance in the Statement of Grounds, the reference to “bad faith” points to the Applicant’s reliance on section 11(5)(b) in the present proceedings. Section 11(5)(b) of the Ordinance provides that:

*“(5) A trade mark shall not be registered if, or to the extent that –  
... (b) the application for registration of the trade mark is made in bad faith.”*

15. The following summary of the legal principles on bad faith given by Arnold J

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<sup>2</sup> Hilliard’s SD, para. 8 and Exhibit TH-3.

<sup>3</sup> Hilliard’s SD, para. 9.

<sup>4</sup> Hilliard’s SD, para. 10 and Exhibit TH-7.

(as he then was) in *Red Bull GMBH v Sun Mark Ltd, Sea Air & Land Forwarding Ltd* [2013] ETMR 53 at [131]-[138] have been adopted and applied by the courts in Hong Kong, including in *Owndays Co Ltd v Professional Optometrist Ltd & Ors* [2019] HKCFI 3147 at [15] and *樂氏同仁藥業科技集團有限公司 v 中國北京同仁堂(集團)有限責任公司* [2022] HKCFI 2512 at [16]:

- (i) The relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date.
- (ii) Although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date.
- (iii) A person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities, but 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.
- (iv) Bad faith includes not only dishonesty, but 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*”.
- (v) The relevant statutes are intended to prevent abuse of the trade mark system. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of their application; and the second concerns abuse vis-à-vis third parties.
- (vi) In order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case.
- (vii) The tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant’s conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant’s own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry.
- (viii) Consideration must be given to the applicant’s intention.

Further, lack of honest belief and bad faith are two different concepts. The test is whether one acted in bad faith and not whether one acted under an honest belief.

16. In accordance with the above principles, when assessing whether the application for registration of the subject mark was filed in bad faith, I have to take into consideration all relevant subjective and objective elements, including the facts that the Registered Owner knew or should have known on the relevant date, but not whether it acted under an honest belief.

17. In addition, in *Mila Schön Group SpA v Lam Fai Yung (t/a Tung Kwong Co)* [1998] 1 HKLRD 682 at 697, Recorder Kotewall SC stated that “although the onus was on the applicant for rectification, where the devices as they ultimately became were so similar, a court can be forgiven for concluding that one is derived from the other unless there is acceptable evidence from the originator of the idea to the contrary”. Moreover, in *Ip Man Shan Henry v Ching Hing Construction Co Ltd (No 2)* [2003] 1 HKC 256 at 307, the then Deputy Judge Lam held that if a prima facie case is made out, and if there is evidence available to the party against whom the case is established which could displace the prima facie case, and he omits to call such evidence, an inference could be drawn in the absence of any plausible explanation by the party who elected not to call the evidence; if an inference is to be drawn, it would be an inference that such available evidence, even if adduced, would not displace the prima facie case.

18. According to paragraphs 4 and 5 of the Statement of Grounds, the Applicant’s case is that it is the international owner of the brand “NAVY SEALS” and its relevant trade mark applications. The subject mark contains the English words “NAVY SEALS”, as well as the graphic representation of the SEAL Trident, which the Applicant avers to be identical to the Applicant’s SEALs’ insignia. The Applicant avers that the Registered Owner’s application for registration of the subject mark was made in bad faith.

19. I note from the Applicant’s unchallenged evidence that the Applicant’s Navy SEALs was formally founded in 1962, and the SEAL Trident, which closely resembles the Applicant’s Device Mark, was established in 1970. Watches under the “NAVY SEAL” brand were also designed and produced since the 1990s. In view of the establishment of the NAVY SEALs and the SEAL Trident in 1962 and 1970, and the use of the words “NAVY SEAL” by the Applicant on watches since the 1990s, I consider that the Registered Owner, as a company trading in or with an intention to trade in the watches-related industry in Hong Kong (with reference to the subject goods), should have knowledge of the use of the Applicant’s Device Mark and the Applicant’s

Word Mark by the Applicant before filing the application for registration of the subject mark in Hong Kong. In fact, the Registered Owner has not filed any counter-statement or evidence to deny knowledge of the Applicant's Device Mark and the Applicant's Word Mark before it filed the application for registration of the subject mark.

20. The subject mark consists of a device and the words "NAVY SEALS". The word element in the subject mark is identical to the Applicant's Word Mark, and the device in the subject mark is very similar to the Applicant's Device Mark. Both the words "NAVY SEALS" and the device in the subject mark are not descriptive of the subject goods or commonly used in the relevant trade. In my view, it is hard to believe that the Registered Owner has independently come up with the subject mark for use on the subject goods without knowledge of the Applicant's Device Mark and the Applicant's Word Mark. Applying the principle in the *Mila Schön* case, I find that the only reasonable inference that can be drawn is that the Registered Owner must have knowledge of the Applicant and its rights in the Applicant's Device Mark and the Applicant's Word Mark prior to the Filing Date, and have chosen to adopt the Applicant's Device Mark and the Applicant's Word Mark in full when filing the application for registration of the subject mark.

21. The Applicant has explicitly accused bad faith on the part of the Registered Owner in filing for registration of the subject mark in Hong Kong. In face of the serious allegation of bad faith and the evidence filed by the Applicant, the Registered Owner did not file any evidence or offer any explanation as to how it devised the subject mark, or to rebut the Applicant's proposition that the subject mark is filed in bad faith. In fact, the Registered Owner did not even file a counter-statement and the Subject Invalidation Application is treated as unopposed. Applying the principle in the *Ip Man Shan Henry* case, given that the Registered Owner has not filed any evidence in this case, an inference could be drawn that any such evidence, even if adduced, would not displace the *prima facie* case established as aforesaid.

22. There remains the question, whether in the light of the knowledge of the Registered Owner, its conduct is dishonest judged by ordinary standards of honest people, its own standards of honesty being irrelevant to the determination of the objective element. To this, my answer is in the affirmative, since the Registered Owner's conduct of incorporating the Applicant's Device Mark and the Applicant's Word Mark into the subject mark and seeking registration for the same, without any permission, will plainly be regarded as falling short of the standards of acceptable commercial behaviour as observed by reasonable and experienced men in the field as

the Registered Owner's.

23. To conclude, I consider that the Registered Owner's decision to apply for registration of the subject mark in respect of the subject goods falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the relevant field. I find that the application for registration of the subject mark was made in bad faith within the meaning of section 11(5)(b) of the Ordinance.

### **Conclusion and costs**

24. For the reasons above, I find that the Subject Invalidation Application relying on the ground under section 11(5)(b) of the Ordinance has been made out. I accordingly declare the registration of the subject mark in respect of all the subject goods (Trade Mark No. 302059371) invalid under section 53(3) of the Ordinance.

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

(Emily Wong)

for Registrar of Trade Marks

17 February 2025