

**IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 2026 OF 1998**

IN THE MATTER of Section 48 of the Trade
Marks Ordinance Cap. 43 of the Laws of Hong
Kong

and

IN THE MATTER of Trade Mark Registration
No.2400 of 1989 a censer device in Class 5 in the
name of Bensunville Ltd (a company
incorporated under the laws of Hong Kong)

and

IN THE MATTER of an application by Mr Chi
Wing and Madam Law Oi Ying trading as
Singapore Headway Medicine Company to take
off and expunge the said registration from the
Register of Trade Marks

BETWEEN:

CHI WING and LAW OI YING
trading as SINGAPORE HEADWAY
MEDICINE COMPANY

Applicants

and

BENSUNVILLE LIMITED

Respondent

Before: Yuen J in Court

Dates of hearing: 9-13, 16-17 October, 14 December 2000

Date of Judgment: 8 January 2002

J U D G M E N T

1. This is an application by way of Originating Motion to expunge a registered trade mark, No.2400 of 1989, being a device comprising an ancient Chinese 3-legged covered cauldron (“the subject trade mark”) which has been registered in Part A of the register in Class 5 covering medicated oil. The application is made pursuant to s.48(1)(a) Trade Marks Ordinance. All references in this Judgment to “the Ordinance” are to the Trade Marks Ordinance, cap. 43 of the Laws of Hong Kong, as the Trade Marks Ordinance, cap.559 has not yet come into force.

2. These proceedings have given rise to a number of interesting issues of law and complicated issues of fact which span a period of some 20 years.

Parties

3. The main characters in these proceedings are members of a family by the name of Law.

4. The *Applicants* are Law Oi Ying and her husband Chi Wing (trading as Singapore Headway Medicine Company). In fact, it was Law Oi Ying who had first applied for registration of the subject trade mark in

1987, claiming to be its proprietor, and who had been its first registered proprietor.

5. However, she and Chi Wing are now applying for the trade mark to be expunged from the register on the ground that her claim to proprietorship was in fact false, the true proprietor of the subject trade mark being a person by the name of Lau Kam Man (劉錦文). The reason why Law Oi Ying and Chi Wing are now applying for the subject trade mark to be expunged appears below.

6. The *Respondent*, the present registered proprietor of the subject trade mark, is a company by the name of Bensunville Ltd. It is controlled by Law Oi Ying's half-brothers Law Yan Wei and Lo (or Law) Yin Wei.

7. The *Registrar of Trade Marks* is under s.77(1) of the Ordinance entitled to appear and be heard in any legal proceeding in which the relief sought includes rectification of the register. However, the Registrar has informed the Court that he does not wish to intervene in these proceedings. In lieu of appearance, he has, pursuant to s.77(2), submitted a statement in writing dated 9 November 2000 explaining his decision not to intervene and not to apply in his own right to rectify the register pursuant to s.48(1)(c) of the Ordinance. This statement is referred to below.

History of dealings in registered trade mark

8. Although there is no dispute that the Respondent is the present registered proprietor of the subject trade mark, I shall set out the dealings

with the registered trade mark below as a matter of completeness as the history of those dealings is not straightforward.

9. The application for registration of the subject trade mark was made by Law Oi Ying trading as sole proprietor of Nanyang (Singapore) Medicine Company (“Nanyang”) on 20 November 1987.

10. After a number of queries from the Registrar and consequential amendments to the application, the application was eventually granted in 1989 and the registration was sealed on 18 August 1989.

11. On 30 June 1991, Law Oi Ying ceased trading as a sole proprietor of Nanyang and on 1 July 1991, she and Lo Yin Wei (who had been helping her at Nanyang) commenced partnership, trading as Nanyang and from the same address.

12. By an assignment dated 1 December 1993, Law Oi Ying, purportedly trading as sole proprietor of Nanyang, assigned the subject trade mark (and some other trade marks) to her husband Chi Wing, trading as sole proprietor of Headway Trading Company.

13. Consequently, Chi Wing (trading as sole proprietor of Headway Trading Company) was registered as subsequent proprietor of the subject trade mark on 29 April 1994.

14. However by a deed dated 11 January 1994, Law Oi Ying withdrew as a partner of Nanyang and as outgoing partner agreed to cause and procure Chi Wing to assign the subject trade mark and other trade

marks, which were referred to as “trade marks of the partnership”, back to Lo Yin Wei as continuing partner.

15. This was followed by a supplemental deed dated 12 September 1994, in which Chi Wing trading as Headway Trading Company assigned the subject trade mark and other trade marks to Lo Yin Wei trading as Nanyang.

16. Consequently, Lo Yin Wei (trading as sole proprietor of Nanyang) was registered as subsequent proprietor of the subject trade mark on 29 March 1995.

17. On 21 March 1996, as evidenced by a Deed dated 27 June 1996, Law Yan Wei joined Nanyang as a partner. Law Yan Wei and Lo Yin Wei agreed to reorganize the business by setting up a limited company (the Respondent) to which the subject trade mark would be transferred, and which would trade as Nanyang.

18. On 1 October 1996, Lo Yin Wei trading as sole proprietor of Nanyang assigned the subject trade mark to the Respondent.

19. Consequently, the Respondent was registered as subsequent proprietor of the subject trade mark on 10 January 1997. The Respondent does not itself trade, but it has apparently licensed the use of the subject trade mark by Law Yan Wai (trading as Singapore Medicine Company). No licence has been produced in evidence but this was not disputed.

20. It is ironic that the first proprietor of the subject trade mark (Law Oi Ying) is now applying for it to be expunged on the ground that she

was not in truth its proprietor when she applied for registration. Indeed, both Law Oi Ying of the Applicants and Law Yan Wei of the Respondent have admitted at trial that they have in fact both copied from Lau Kam Man's product Lou Fu Mountain Hundred Grass Oil (羅浮山百草油), which prominently featured the subject trade mark.

21. I have to say that Law Oi Ying and Law Yan Wei were not impressive witnesses. Their evidence was self-contradictory and inconsistent with contemporaneous documents. A number of factual disputes were raised at trial. This judgment sets out only those determinations of factual issues which are relevant to the decision here.

Facts

22. The relevant events commenced in the 1980's. The Laws were all involved in the business of trading in medicated oils.

23. Their father Law Tat Cheong was a trader in medicated oils, helped by one of his sons Law Shing Wei who came to Hong Kong from the Mainland in the early 1980's.

24. Law Yan Wei was also in the business of selling medicine. He claims he had started in the late 1960's. There is no documentary evidence of this, but in any event by 1981, he had commenced a business by the name of Sing Ka Por Medicine Company (星加坡藥業) also known as Singapore Medicine Company (星洲藥業).

25. Law Oi Ying also came to Hong Kong from the Mainland in the 1980's. She first worked in Law Yan Wei's business, until she set up her own business in 1986, helped by Lo Yin Wei.

Lau Kam Man's mark

26. A popular medicated oil known to all of them then was Lou Fu Mountain Hundred Grass Oil made by Lau Kam Man. This product bore a 3-legged covered cauldron mark.

27. Law Yan Wei in his evidence alleged that a 3-legged cauldron had also been used as a trade mark by the predecessors of the Lou Fu Mountain Pharmaceutical Factory on the mainland, who were apparently Taoist priests. However there was no supporting evidence of this allegation at all, and the 3-legged cauldron may have looked quite different.

28. According to Law Shing Wei, Lau Kam Man's Lou Fu Mountain Hundred Grass Oil was packaged in a cardboard rectangular box, in which would be found a labelled glass bottle of the oil, with a leaflet.

29. According to Law Shing Wei, there were three types of packaging.

1st type of packaging

30. As for the 1st type of packaging, there was printed prominently on 2 of the 4 side panels a 3-legged covered cauldron, virtually identical to the subject trade mark save that the characters 百草油 ("Hundred Grass Oil") could very faintly be seen on the body of the cauldron. Close to the

cauldron could be seen the characters 劉錦文製 (“manufactured by Lau Kam Man”).

31. The use of the 3-legged covered cauldron mark on Lau Kam Man’s Lou Fu Mountain Hundred Grass Oil described above is common ground among Law Shing Wei, Law Oi Ying and Law Yan Wei.

32. Law Shing Wei exhibited “LSW-2”, a cardboard rectangular box containing the above features, which he identified as a sample of the packaging box in which Lau Kam Man supplied Lou Fu Mountain Hundred Grass Oil to his father. His earliest recollection of this product was in about 1987.

33. Law Oi Ying in her 1st affirmation said she had in about 1987 purchased a sample of the Lou Fu Mountain Hundred Grass Oil made by Lau Kam Man, the packaging box of which was in all material respects identical to “LSW-2”. (She said in her oral evidence however that the purchase had not been made by herself, but by Lo Yin Wei, and claimed that he had told her that he had bought it directly from Lau Kam Man).

34. Law Yan Wei admitted in cross-examination (although the Respondent’s pleadings had denied any copying) that in about 1984, he had given a box of Lau Kam Man’s Lou Fu Mountain Hundred Grass Oil to an artist by the name of Ling Cheung Yiu and asked him to copy it. From Ling’s drawing copied from Lau Kam Man’s packaging, a film was made for printing (exhibited as “R-3”) which Law Yan Wei’s firm Singapore Medicine Company then used to package that firm’s Lou Fu Mountain Hundred Grass Oil.

35. Although Law Yan Wei accepted that Lau Kam Man's box contained the 3-legged covered cauldron and the words "manufactured by Lau Kam Man" as shown on the box exhibited as "LSW-2", he questioned whether "LSW-2" was actually an authentic Lau Kam Man box.

36. He has raised this question because he said it was he who decided to add the characters 寶鼎商標 ("precious cauldron trade mark") close to the cauldron. These characters are seen on the box exhibited as "LSW-2".

37. Further, Law Yan Wei said, the Lau Kam Man box contained an address 香港九龍荃灣蓮花山西竹林寺電 19 號 C (which may be translated as "19C, West Bamboo Grove Temple, Lotus Hill, Tsuen Wan, Kowloon, Hong Kong" - presumably, Lau Kam Man's own address) on 2 of the side panels, which address was not clearly printed. He (Law Yan Wei) therefore asked Ling to write the address more clearly when making the copy. He said Ling then wrote the address in a different script from the authentic Lau Kam Man box. Law Yan Wei said in his evidence that the address on "LSW-2" was in Ling's script.

38. Therefore, Law Yan Wei claims "LSW-2" is not an authentic Lau Kam Man packaging box, but is probably a packaging box made by his firm Singapore Medicine Company. It would be noted that the two changes he claims to have caused (i.e. the words "precious cauldron trade mark" and the script used for the address) are the differences between the 1st type of packaging ("LSW-2") and the 2nd type of packaging referred to below ("LSW-5") which is undisputedly Lau Kam Man's packaging.

39. I do not accept Law Yan Wei's evidence that he caused these changes. Since he admits that he set out to copy Lau Kam Man's Lou Fu Mountain Hundred Grass Oil, there is no reason why he would give instructions to Ling to alter the appearance of the packaging box in any way which may alert end-users to its being a counterfeit product.

40. He would gain nothing, but would risk disclosure, by changing anything. Even if the address on the original Lau Kam Man packaging was unclearly printed, that was Lau Kam Man's address (*not* his own address). He (Law Yan Wei) would lose no custom or suffer any disadvantage because Lau Kam Man's address was unclearly printed. He has not given any evidence to show what benefit he stood to gain from making the alleged alterations to the authentic Lau Kam Man box or given any other reason why he did so.

41. There is no evidence from Ling nor anything from the exhibit "R-3" itself which supports Law Yan Wei's allegation that the words "precious cauldron trade mark" were added on his instructions, or that the script on "LSW-2" was Ling's creation.

42. I find therefore that the box exhibited as "LSW-2" was indeed an authentic Lau Kam Man packaging box.

43. Law Shing Wei also exhibited as "LSW-3" a leaflet of instructions which he referred to (as with the packaging box "LSW-2") as an "early version". The 3-legged covered cauldron mark also featured prominently on the leaflet, and under the mark were printed the words 寶鼎商標 劉錦文製 ("precious cauldron trade mark; manufactured by Lau Kam Man").

44. A bottle exhibited as "LSW-4" was identified by Law Shing Wei as a sample of the labelled bottle in which Lau Kam Man's Lou Fu Mountain Hundred Grass Oil was contained and sold. The 3-legged covered cauldron mark appeared prominently on the label of the bottle.

45. The prominent position of the 3-legged covered cauldron mark in the packaging box, leaflet and label, emphasized by the words "precious cauldron trade mark; manufactured by Lau Kam Man" showed that the device was clearly intended as a trade mark distinguishing the goods as manufactured by Lau Kam Man.

2nd type of packaging

46. Law Shing Wei's evidence, which I accept, was that in the late 1980's, Lau Kam Man became aware of counterfeit goods on the market. He (Lau Kam Man) asked Law Tat Cheung and Law Shing Wei whether they had copied his goods, a charge which they denied. It would be noted that by the late 1980's, both Law Yan Wei and Law Oi Ying were separately selling Lou Fu Mountain Hundred Grass Oil with the 3-legged covered cauldron mark copied from Lau Kam Man.

47. Subsequently, there was then a 2nd type of packaging box for Lau Kam Man's Lou Fu Mountain Hundred Grass Oil. A sample has been exhibited by Law Shing Wei as "LSW-5".

48. This 2nd type of packaging box also featured the 3-legged covered cauldron mark and also stated on the side panels "manufactured by Lau Kam Man". However, in addition there was a photograph of Lau

Kam Man on the top flap, with the words 真像為記 (“true image as reminder”).

49. It would be noted from “LSW-5” that the words “precious cauldron trade mark” do not appear, contrary to the 1st type of box exhibited as “LSW-2”. Further, it would be noted that the script for Lau Kam Man’s address is different from that on the “LSW-2”.

50. Nevertheless, the intention to use the 3-legged covered cauldron as a distinguishing mark for goods manufactured by Lau Kam Man remains clear from the prominence of the mark on the box.

3rd type of packaging

51. There was a later, 3rd type of packaging box for Lou Fu Mountain Hundred Grass Oil associated with Lau Kam Man. This was exhibited as “LYW-15”. Law Shing Wei said that he had seen it in 1997. This still featured the 3-legged covered cauldron on a side panel but with two small calabashes below and on either side of it on a fan-shape and the name Lau Kam Man in between them. The two characters 鼎葫 (“cauldron calabash”) also appear on either side of the cauldron. Below the fan-shape are the words “Lou Fu Mountain Hundred Grass Oil”. For convenience, the above mark is referred to in this Judgment as the “cauldron-calabash” mark. Beneath it on the packaging box are the words “registered trade mark”.

52. A photograph of Lau Kam Man but wearing a hat commonly worn by Taoist priests is on the top flap, also with the words “true image as reminder”.

53. The cauldron calabash mark is also featured in the leaflet and on the label of the bottle.

54. Law Yan Wei's evidence was that this 3rd type of packaging has been in circulation for the last few years.

Lau Kam Man

55. As for Lau Kam Man himself, there is evidence that in 1993, a limited company by the name of Dawan Pharmaceutical Company Limited (of which he was a shareholder according to the company's annual returns) applied to register 鼎葫劉錦文羅浮山百草油 ("Cauldron calabash Lau Kam Man Lou Fu Mountain Hundred Grass Oil") and device in application No.93/6772 on 3 July 1993. This application was however later withdrawn for reasons unknown.

56. Law Shing Wei gave evidence that he had continued buying Lou Fu Mountain Hundred Grass Oil from Lau Kam Man until June 1997, when the goods were delivered by Lau Kam Man's son. Thereafter there were no further transactions, but the reason for that is not clear.

57. Law Oi Ying said in her evidence that she had met Lau Kam Man's wife after the commencement of these proceedings, who allegedly told her that Lau Kam Man has died. However, there were apparently recent television advertisements for products associated with Lau Kam Man, and as noted above, Law Yan Wei's evidence was that Lou Fu Mountain Hundred Grass Oil, of which "LYW-15" was a sample, has been sold for the last few years.

58. Indeed, Law Yan Wei has continued to pass off Lau Kam Man as the manufacturer of the Lou Fu Mountain Hundred Grass Oil made by his company (apparently under licence from the Respondent). Exhibit “A-1” is a sample which is currently on sale. The subject trade mark is featured now on the panels of the packaging box without reference to Lau Kam Man, but in the leaflet inside, immediately under the subject trade mark, are 請認明劉錦文製 (“please distinguish as manufactured by Lau Kam Man”).

Copying of Lau Kam Man’s mark by Law Yan Wei and Law Oi Ying

59. It is clear therefore from the evidence of Law Shing Wei, Law Yan Wei and Law Oi Ying that the 3-legged covered cauldron mark was known to be that of Lau Kam Man. As noted above, Law Yan Wei admitted in cross-examination that in 1984, before his firm Singapore Medicine Co. started production of Lou Fu Mountain Hundred Grass Oil, he had given Lau Kam Man’s Lou Fu Mountain Hundred Grass Oil with the subject trade mark on it to Ling for copying.

60. As for Law Oi Ying, it is clear that she also intended to copy Lau Kam Man’s 3-legged covered cauldron mark, and that it was not her original mark. Indeed, the sample packaging her trade mark agents sent to the Registry of Trade Marks (as shown in the letter from Wenping dated 23 September 1988) was a packaging box similar to “LSW-2”, i.e. Lau Kam Man’s 1st type of packaging box. Whether that was Law Yan Wei’s copy of Lau Kam Man’s box (as Law Yan Wei alleges from the script of the address) is irrelevant. A copy of a copy is still a copy.

61. After the subject trade mark was registered, Law Oi Ying continued to include references to Lau Kam Man in her products, although she said in her affirmation that she had considered taking it off at one stage. It is clear from that that she was not simply mistaken in her belief that anyone could apply to register a trade mark even if it did not originate from him (or her) and it was just a case of a race for registration. That is evidence of a shameless intention to benefit from Lau Kam Man's reputation and goodwill.

Use of subject trade mark on other Nanyang goods

62. I find that after Law Oi Ying registered the subject trade mark, she used it on quite a few products of Nanyang. This was denied by Law Oi Ying who said she had only used it on Lou Fu Mountain Hundred Grass Oil, but that is contrary to the evidence of Kei Sau Ying, a worker at Nanyang before Law Oi Ying withdrew from that firm.

63. Kei worked at first part-time and then full-time at Nanyang. She was a packaging worker who dealt with Nanyang's products daily. I accept her evidence that the subject trade mark or one closely resembling it was applied on products of Nanyang other than Lou Fu Mountain Hundred Grass Oil.

Application for rectification of register by expunging subject trade mark

64. The present application by Law Oi Ying and Chi Wing to expunge the subject trade mark arises as a result of the following. As stated above, after Law Oi Ying withdrew from her partnership of Nanyang with Lo Yin Wei, the proprietorship of the subject trade mark was eventually assigned to the Respondent. The Respondent found that goods

were being sold by Law Oi Ying and Chi Wing bearing the subject trade mark. It made a report to the police in February 1998.

65. Law Oi Ying and Chi Wing have said that the goods found with the mark were actually stock that Nanyang had sold them.

66. Further, there is a document dated 11 December 1995 in which Lo Yin Wei (then the sole proprietor of Nanyang) gave Singapore Headway (the Applicants' firm) permission to use, sell and manufacture goods bearing Nanyang's trade marks. This has been referred to as a "licence". However, in paragraph 9 of the Applicants' Re-Amended Points of Reply, they have expressly pleaded that they do not rely and will not rely on the licence. That is in reply to the Respondent's pleading of estoppel, and approbation and reprobation referred to below.

67. Further, as part of their defence to the charge, Law Oi Ying and Chi Wing have now applied to rectify the register to expunge the subject trade mark.

Relevant sections of Trade Marks Ordinance, cap. 43

68. Section 48(1)(a) provides that "subject to the provisions of the Ordinance, any person aggrieved by ... any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register ... may apply ... to the Court ... and the tribunal may make such order for ... expunging ... the entry as the tribunal may think fit". The Applicants have applied under this subsection.

69. Section 48(1)(c) provides that “in case of fraud in the registration ... of a registered trade mark, the Registrar may himself apply to the Court under the provisions of this section”. The Registrar’s position in this case is dealt with below.

70. Sections 12 and 30 are also relevant. Section 12 provides that “it shall not be lawful to register as a trade mark ... any matter the use of which would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law or morality, or any scandalous design”. On the face of it, this governs the situation *before* registration.

71. However s.30 provides that “in all legal proceedings relating to a trade mark in Part A of the register (including applications under s.48) the original registration of the trade mark in Part A of the register shall, after the expiration of 7 years from the date of that registration, be taken to be valid in all respects, unless - (a) that registration was obtained by fraud; or (b) the trade mark offends against the provisions of s.12(1)”. The effect of this section is that the matters set out in s.12(1) apply even *after* registration.

Issues

72. The issues joined between the parties can be distilled as follows:-

- (1) do the Applicants have *locus standi* to apply under s.48(1) as “persons aggrieved” when (a) Law Oi Ying was the first proprietor of the trade mark; (b) she and Chi Wing had at different times assigned the trade mark to Lo Yin Wei, who is a shareholder of the Respondent; and (c) they had the licence

referred to above? (“the estoppel and approbation and reprobation arguments”)

- (2) are there grounds for rectification of the register?
- (3) even if the Applicants have no *locus standi*, can the Court of its own motion order the rectification of the register on the ground that the registration of the trade mark was illegal or improper?
- (4) should the Court in the exercise of its discretion order the register to be rectified in light of the estoppel and approbation and reprobation arguments, and when (d) the Applicants’ firm Singapore Headway had allegedly used the trade mark on their own goods; (e) Lau Kam Man had not opposed the application for registration, had traded under another mark after the registration of the subject trade mark, and has since died; and (f) the trade mark has by now allegedly become distinctive of Nanyang’s goods?

(1) *Applicants are “persons aggrieved”*

73. Section 48(1)(a) provides that a “person aggrieved” may apply to the Court, and the Court may then, in the exercise of its discretion, decide whether to expunge a registration. As such, it is clear that the reference to a “person aggrieved” is simply a *qualification* for the launch of proceedings.

74. The phrase has been very liberally construed and it is said that this qualification is met by all persons who are in some way or other substantially interested in having the mark removed (see Kerly on Trade Marks paragraph 11-07).

75. In *Registered Trade Marks of the Apollinaris Co Ltd* (1891) 8 RPC 137, 160, the Court of Appeal held that the intention of the legislature in requiring an applicant for rectification of the register of trade mark to be a “person aggrieved” is only to prevent “the interference of common informers or of persons actuated by merely sentimental motives”, such as officious busybodies.

76. In my judgment, in considering whether the applicant is qualified to *launch* proceedings, the Court is not concerned at the outset with the personal merits and demerits of the applicant (so long as he has a substantive interest in seeing the trade mark expunged).

77. Here, the Applicants are clearly “persons aggrieved” as they have been charged with infringement of a registered trade mark. They have a substantive personal interest in having the mark removed from the register, as that would assist in their defence to the charge.

78. Considerations such as the estoppel and approbation and reprobation arguments are pertinent only to personal merits and demerits. They do not affect the fact that these applicants have been charged with infringing a registered trade mark and that a defence lies in getting the trade mark deregistered. I find therefore that they are “persons aggrieved” and have the necessary *locus standi* for presenting these proceedings.

79. However, even if considerations such as estoppel or approbation and reprobation are relevant to the issue whether the Applicants are persons aggrieved (as was accepted by Mr Harkness in the Trade Marks Registry in *JOBS Trade Mark* [1993] FSR 118), I find they should not be estopped and there is no approbation and reprobation. Law

Oi Ying has given evidence testifying to the fraud she has practised on the true proprietor, the Registrar and the public. The register is therefore clearly “impure” (adopting the expression of Bowen LJ in *Paine v Daniell* [1893] 2 Ch 567). If applicants (such as the present ones), who would often be the only persons with enough knowledge of the facts to bring the truth to light are prevented by estoppel from launching proceedings, then impurities on the register would go undetected. That cannot be right. As for approbation and reprobation arising from the licence, the Applicants have specifically pleaded that they do not rely and will not rely on the licence (cf *Crossley v Dixon* (1893) 10 HL Cases 293, where the court held that a licensee cannot act under the licence agreement and at the same time repudiate it).

(2) *Grounds for rectification*

80. Under s.48(1) of the Ordinance, the mark may be expunged if the entry has been made without sufficient cause and/or if the entry is wrongly remaining on the register. These are separate grounds for rectification and I will deal with each in turn.

81. Here, the entry of the trade mark on the register has been *made without sufficient cause*. Under s.12, it was not lawful to register a mark the use of which would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law. It is well-established that the appropriation of a mark belonging to another is a fraud, and disentitles the mark to protection in a court of justice (*GYNOMIN trade mark* [1961] RPC 408, 415). It misleads others as to the origin of the goods.

82. The evidence is clear that the 3-legged covered cauldron was Lau Kam Man's mark, as emphasized by the prominence of the mark on Lau Kam Man's products and the combination of the mark with references to "manufactured by Lau Kam Man" in the packaging box, leaflet and label "LSW-2", "LSW-3" and "LSW-4".

83. Law Oi Ying's claim that she was the proprietor of the 3-legged covered cauldron mark was false. On her own admission and on the supporting evidence such as the original films for printing and the sample supplied by her trade mark agents at the time of application, she had copied the mark directly from Lau Kam Man's Lou Fu Mountain Hundred Grass Oil packaging. Her claim of proprietorship of the subject trade mark was a fraud on Lau Kam Man, the Registrar of Trade Marks and the public.

84. Consequently, there can be no doubt but that the entry of Law Oi Ying as the proprietor of the subject trade mark in 1989 was made without sufficient cause.

85. I have considered whether one should take into account post-registration matters when deciding an application to expunge on the ground that an entry had been made without sufficient cause. I take the view that one should not. In *Shredded Wheat Co Ltd v Kellogg Company of Great Britain Ltd* (1940) 57 RPC 137, the House of Lords held that the relevant date for evidence of distinctiveness is the date of the application for registration, and evidence of post-registration distinctiveness is inadmissible, irrelevant or at least of no weight (pp.151, 155).

86. Whilst that was a question of distinctiveness, the same logic applies to the question of proprietorship of the mark. A mark is either distinctive or not at the point in time of application for registration. In the same way, an applicant is either the proprietor of a mark or not. What happens thereafter cannot affect those questions of fact.

87. The Respondent relied upon *Imperial Group Ltd v Philip Morris & Co Ltd* [1982] FSR 72 and *Ritz Hotel v Charles of the Ritz* [1989] RPC 333 as supporting its contention that the Court can and should look at post-registration matters. However, those cases deal with the question of intention of user. Where what is queried is an *intention* to use, the fact that there was actual use later is clearly relevant evidence for the purposes of testing whether there was an intention at an earlier time.

88. I find therefore that a ground clearly exists for rectification of the register on the basis that the entry was made without sufficient cause.

89. As for the further ground that the trade mark is *wrongly remaining on the register*, this would be a ground for rectification even if the registration was originally valid and proper. In the present case, the trade mark is wrongly remaining on the register because it is misleading the public as to the origin of the goods.

90. The evidence is clear that the 3-legged covered cauldron has for many years been a mark distinctive of Lau Kam Man. That was emphasized by the words “precious cauldron trade mark; manufactured by Lau Kam Man” from the 1980's. If it really was Law Yan Wei who had instructed Ling to add the words “precious cauldron trade mark” in connection with “manufactured by Lau Kam Man”, then he would simply

have been articulating a factual state of affairs. It should also be noted that even in Nanyang's current product of Lou Fu Mountain Hundred Grass Oil exhibited as "A-1", the words "please distinguish as manufactured by Lau Kam Man" still appear on the leaflet.

91. I find Lau Kam Man did not abandon the mark. It is clear from the evidence that he retained the 3-legged covered cauldron prominently in the 2nd packaging, which was in use until 1997, just 1 year before the originating motion in these proceedings.

92. The fact that Dawan has used the cauldron-calabash mark in the 3rd packaging does not mean that Lau Kam Man had abandoned the 3-legged covered cauldron mark. Different trade marks may be used for the same product (Kerly 16th ed paragraph 11-20) and non-user of a trade mark cannot by itself be equated to abandonment (*Image Enterprises CC v Eastman Kodak Ltd* [1989] 1 FSR 353).

93. It is clear from the continuous replications of the mark and references to Lau Kam Man in Lou Fu Mountain Hundred Grass Oil products and from the availability of his products and advertisements even currently, that there is substantial goodwill in his mark, an asset that belongs to his estate.

94. I find therefore that a ground also exists for rectification on the basis that the entry is wrongly remaining on the register.

95. I should as a matter of completeness deal with the Registrar's position. As noted above, he has a right to apply to Court to rectify the register under s.48(1)(c) if there has been fraud in the registration.

96. The Respondent's original position on the pleadings was to deny that the trade mark had been copied from Lau Kam Man. The Registrar decided not to intervene and left it to the parties to establish their respective cases in court.

97. When the position of both parties became clear at trial, the Court with prior notification to the parties informed the Registrar of the latest position. This led to a statement from the Registrar under s.77 explaining why he would still not intervene to apply for rectification under s.48(1)(c).

98. As I understand it, the Registrar's position is that it is for the true proprietor of a trade mark to oppose an application for registration or to issue proceedings to expunge a mark. That position is understandable in the usual case because the Registrar cannot easily verify for himself an applicant's claim of proprietorship of a trade mark. However, where there is an admission by the applicant for registration of a false claim, an admission which is supported by evidence, the Registrar's decision still not to take part in the proceedings is a little surprising.

(3) Court may of own motion rectify the register

99. Be that as it may, I have found that the Applicants are persons aggrieved and that there exist grounds for rectification of the register. However even if the Applicants had no *locus standi* to make the present application, the Court would still have rectified the register on its own motion.

100. In *Paine v Daniell* at 584-5, Bowen LJ recognized that the purity of the register of trade marks is of much importance to trade in general, quite apart from the merits or demerits of particular litigants. This was also recognized in *Wright Crossley & Co's Trade Mark* (1898) 15 RPC 131, (1898) 15 RPC 377 and *Wells Fargo's Trade Mark* [1977] RPC 503.

101. It has been submitted on behalf of the Respondent that the Court could or should only rectify the register of its own motion where there is something about the mark *in itself* that makes it illegal or improper.

102. In my judgment, the Court should be careful before setting any unnecessarily narrow restrictions on its own powers which should be jealously guarded. In my view, where judges have referred to the trade mark being “of itself illegal or improper”, that is not necessarily restricted to the specularities or features of the mark only.

103. In *Paine v Daniell*, the mark was “John Bull” for beer. The plaintiff, who exported the beer and who registered the trade mark, did not know of another company in Sheffield which had used it locally and which later abandoned it. The defendant also sought to use the mark and the plaintiff sued. It was held by the Court of Appeal that assuming the Sheffield company could have successfully opposed the plaintiff's registration, the fact was that it had not done so and had later abandoned the mark. The Court should not interfere with the plaintiff's mark which was not of such a nature that it could not be registered as a trade mark.

104. That is a different case from the present one. That case was one of distinctiveness. The plaintiff might not have been able to register the trade mark because it was not distinctive of it due to the Sheffield company's concurrent use, but there was no fraud in its application. In the present case, there is a clear admission of a false claim of proprietorship due to an intentional act of copying from the true proprietor of the medicated oil.

105. In *Wright Crossley*, there was no illegality or impropriety in the original registration because the subject trade mark was Wright Crossley's own name but the principle of the need to purify the register was accepted.

106. In *Wells Fargo*, Mr Moorby in the Trade Marks Registry recognized that he could envisage circumstances where the evidence showed that the mark concerned should not be on the register, eg of its being descriptive or a generic term or of it being grossly misleading as to the characteristics of the goods to which it is applied and that its continued presence on the register would be a source of aggravation to traders in general and that it was in the public interest that it should be removed.

107. In my judgment, where there is clear evidence of blatant copying and fraud practised by an applicant for registration on the true proprietor, the Registry and the public as to the origin of goods, intending to benefit from the reputation of the true proprietor, particularly for a product such as medicated oil, the Court can and should rectify the register of its own motion even if for any reason, the Applicants themselves are disentitled to an order for rectification.

(4) *Matters relevant to the exercise of discretion*

108. As for the matters relevant to the exercise of the Court's discretion, I have discussed above the reasons why the purity of the register should take precedence over individual merits and demerits in a case such as this, including the estoppel and approbation and reprobation arguments, and I will not repeat them here.

109. In any event, in considering individual circumstances, it should also be borne in mind that the Respondent itself is not innocent.

110. The Respondent is controlled and owned by Law Yan Wei and Lo Yin Wei. Law Yan Wei admitted to copying the subject trade mark from Lau Kam Man even before Law Oi Ying did. Lo Yin Wei assisted Law Oi Ying when she in turn copied the subject trade mark from Lau Kam Man. There cannot be any argument in this case that the present registered proprietor relied on the validity of the registered trade mark (*Cropper v Smith* (1884) 26 Ch D 700).

111. As for the question whether the Applicants used the subject trade mark on Singapore Headway's goods even after the mark had been assigned to Nanyang, I accept the evidence of Lai Chiu Mui that they had. She was employed at Singapore Headway between March 1996 and February 1998. She testified that the subject trade mark had been applied to other oils produced by Singapore Headway even after the mark had been assigned to Nanyang. However commercially or morally unmeritorious the Applicants may be however, that should not weigh as heavily as the need to purify the register.

112. I have dealt above with the arguments relating to any alleged abandonment of Lau Kam Man's mark and I will not repeat them here.

113. Finally there is the question whether the subject trade mark has become distinctive of Nanyang's goods. I accept Kei's evidence that the subject trade mark has been applied to a range of Nanyang products and not just Lou Fu Mountain Hundred Grass Oil. However it has been held in *Settef SpA v Riv Oland Marble Co* 10 IPR 402, 12 IPC 321 that a person cannot rely on loss of distinctiveness for a true proprietor's goods brought about by his own infringing conduct. The plain justice and sense of that is clear to see. To accept such an argument would retrospectively legitimise a registration obtained by fraud.

Order

114. In the circumstances, I would order that the register of trade marks be rectified by expunging therefrom the whole entry relating to trade mark No. 2400 of 1989.

115. As for costs, to reflect the Court's disapproval of these parties' past acts of copying and trading on the reputation of the true proprietor of the subject trade mark, I would make an order nisi that there be no order as to costs.

116. Finally I would like to thank all counsel for their assistance in this difficult but interesting case.

(MARIA YUEN)
Judge of the Court of First Instance
High Court

Mr John Yan and Mr Norman Hui, instructed by Robin Bridge and
John Liu, for Applicants

Mr Ling Chun Wai, instructed by Benny Kong & Co, for Respondent