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Letter from the President

Hello Everyone,

I am sure many of you are busy preparing for the next INTA meeting to be held in Atlanta, USA from 2 to 5 May 2004.

Since the last newsletter, the Council has been active in representing members before IPD on several significant issues. We participated in discussions regarding amendments to the Patents (General) Rules and Registered Designs Rules required to enable e-filing. As usual, IPD was receptive to our comments. Both the Patents (General) (Amendment) Rules 2004 and Registered Designs (Amendment) Rules 2004 were gazetted on 12 March 2004 and will come into effect on 7 May 2004.

Discussions have also been held with IPD regarding CEPA and how it could operate for the benefit of Hong Kong practitioners. This was followed up with a visit by a Mainland delegation from SIPO, Ministry of Commerce to discuss with IPD and the Hong Kong profession the possibility of allowing Hong Kong residents to sit the PRC patent agent exams. An account of those discussions can be found below. We also raised the more important issue that Hong Kong practitioners be permitted to operate in the Mainland. Whilst we will continue to press for this right, it may be a while before our wish is granted.

The establishment of a register of trade mark agents in Hong Kong is now on the agenda. A register of qualified practitioners will be of great benefit to Hong Kong. The Institute is looking into this issue and I will report further as the matter progresses.



I recently circulated an invitation to attend a BBQ at Middle Island on 21 April 2004. I do hope that as many of you as possible will attend. It should be a lot of fun and will be an excellent opportunity to discuss developments in the profession with other practitioners. I will be attending and welcome members to speak to me about any concerns or observations they may have.

I wish you a safe and happy Easter.

Best regards,

*Sandra Gibbons
President*

Passing Off - HCA No. 2409 of 2002 - Yakult v Yakudo and Lee Tao-Kuang

This is the first case in Hong Kong that explores, at the trial stage, the issue of whether a plaintiff's international reputation can be protected in Hong Kong without any local business in Hong Kong.

YAKULT is a famous brand of fermented milk drink that originates from Japan with sales and business operations all over the world. The Plaintiffs are Yakult Honsha in Japan (P1), Yakult in Taiwan (P2) and Yakult in Hong Kong (P3). P1 is the holding company that owns the beneficial interest in all the trade names and trade marks relating to YAKULT products. P2 is the company that manufactures and markets the YAKULT products in Taiwan using the trade mark “養樂多”. All of the Plaintiffs are part of the Yakult Group that has a well-known international reputation and whose trade names and trade marks enjoy substantial goodwill worldwide.

Yakudo Group Holdings Limited (D1), a Hong Kong company, commenced production and sales of fermented milk drinks in China using the trade names and trade marks “養樂多” and “YAKUDO” and a bottle that was identical to the distinctive bottle used by the Plaintiffs. D1 intended to use the same in connection with its business in Hong Kong. The Plaintiffs argued that D1's wrongful use or threatened use of these trade names and trade marks amounted to (i) passing-off, (ii) infringement of their registered trade marks and (iii) contravention of Section 63 of the Trade Marks Ordinance which protects well-known marks. The Plaintiffs also claimed that



Lee Tao-Kuang (D2), being the principal shareholder and managing director of D1, was personally liable as a joint-tortfeasor. The Plaintiffs sought injunctive relief and damages against the Defendants.

Deacons instructed Mr. Andrew Liao, SC and Mr. Gary Kwan to represent the Plaintiffs. Mr. B.K. Ho, instructed by Hon & Co., represented the Defendants. The Honourable Mr. Justice Lam, after hearing Counsel and the witnesses over a 10-day trial, held that D1 was liable for all three causes of action and D2 was liable as a joint-tortfeasor as the evidence pointed to D2 being the mastermind in setting up D1 under the names complained of. Justice Lam indicated the Plaintiffs were entitled to injunctive relief against the Defendants on the basis of passing off and Section 63. The question on damages reserved for further submissions.

Justice Lam found that P1 and P3's goodwill in Hong Kong and P2's goodwill in Taiwan could not be disputed. Applying his common sense, on the evidence adduced by the Plaintiffs (particularly those of the live consumer witnesses), Justice Lam found that the Defendants' use of the names and marks in Hong Kong would cause substantial deception or confusion: -

"Having regard to other steps taken by the 1st Defendant to market and promote its products, the inevitable conclusion is that the Defendants deliberately chose this name to ride on the reputation of the 2nd Plaintiff."

"The products we are concerned with are drinks sold to the general public for domestic consumption. We are not dealing with a product in a specialized field with a limited number of purchasers. This court could therefore use its common sense in assessing the likelihood of confusion after due consideration of the evidence. There is no doubt in my mind that the use of the YAKULT Bottle by the Defendants would cause confusion in Hong Kong. As regards the name "養樂多", ...I find that the Defendants' use of this name in Hong Kong would cause substantial deception or confusion.""

On the law of passing off, common law case authorities have established two different approaches: the hard-line approach (or the business activity/customer approach) which adopts the idea that goodwill in a jurisdiction must be acquired by having local customers or trading activities within that jurisdiction; and the soft-line approach (or the reputation approach) which adopts the idea



that goodwill transcends frontiers especially in the face of improvements in international mobility and communications, ease of travel and the globalisation of trade and it is not necessary to have local business or customers in order to have goodwill. In deciding the issue of passing-off of the reputation of P2's name “養樂多”, Justice Lam preferred the soft-line approach as it is more in line with the present commercial needs and reality of Hong Kong: -

“Hong Kong is a centre for international trade and prides herself as a regional hub for international travelers. The development of its common law has therefore been marked by recognition by the court of the need of the international traders with appropriate responses to new and technological changes in international communications. In the field of passing off, Leonard J. held in Wienerwald Holding AG v. Kwan Wong Tan & Fong (1979) that the idea that goodwill must be acquired by user or trading within the jurisdiction was outdated and was not the appropriate rule for Hong Kong in 1979.”

“The fact that the activities of the Defendants in Hong Kong would have a spillover effect in Taiwan in terms of dilution of reputation and mistaken connection is sufficient.”

Charmaine Koo, Deacons

New Second-Level '.hk' Domain Name

Hong Kong Domain name Registration Company Ltd. (“HKDNR”) announced the launch of the new Second-Level '.hk' domain name (“2LD”), e.g. 'yourname.hk', on 26 January 2004.

The new domain name category is available for applications by organizations and individuals from both Hong Kong and overseas. Details of the launch schedule and application requirements are as follows:



| <i>Period</i> | <i>Duration</i> | <i>Basic Application Requirements</i> |
|-------------------------------------|---|---|
| <i>Priority Registration Period</i> | <i>12:00 noon on 26 Jan 2004 to 12:00 noon on 19 March 2004</i> | <i>Accept applications from holders of Hong Kong trade marks/service marks registered with The Trade Mark Registry under the Intellectual Property Department (IPD) of the Government of HKSAR applying for domain name with an exact match with their corresponding marks.</i> |
| <i>Pre-registration Period</i> | <i>12:00 noon on 6 April 2004 to 5:30pm on 7 May 2004</i> | <i>Name holders under the latest HKDNR Registration Agreement applying for domain names having an exact match with their current 3rd level domain names.</i> |
| <i>Sunrise Period</i> | <i>12:00 noon on 17 May 2004 to 5:30pm on 28 May 2004</i> | <i>Accept applications from the public. Applications will be processed in one batch. Random Selection to be conducted for domain names with more than one application.</i> |
| <i>Official Launch</i> | <i>12:00 noon on 31 May 2004</i> | <i>Accept applications from the public. Applications to be processed on a first-come first-served basis.</i> |

Any eligible applicants sending in applications during the Priority Registration Period are required to provide a declaration letter declaring their rights of using the corresponding mark together with a copy of the registered trade mark/service mark certificate. More details are available at <http://www.hkirc.net.hk/eng/2ld/2ld/htm>.

Justin Davidson, Freshfields Bruckhaus Deringer

CEPA

As mentioned in the President's Letter, there was a meeting on 10 March 2004 between a



delegation from the PRC (SIPO, Ministry of Commerce, HK & Macau Affairs Office), IPD and members of the Hong Kong profession to discuss the possibility of Hong Kong residents being allowed to sit the PRC patent agent exams.

The Institute was represented by Steven Birt, Sandra Gibbons and Graeme Hall. The PRC exams take place every two years and will be held this year on October 16 and 17. There will be eight examination centres throughout the country, including one locally in Shenzhen. There are four papers over the two days. Three papers are on the law and will last two hours each. We understand that these will be multiple choice. The fourth paper is a drafting paper of 4 hours. In the drafting paper the candidate can choose from a mechanical, electronic or chemical question.

Candidates who wish to sit the examination must apply between April 15 and May 31 2004.

In order to sit the exams a candidate must meet the following four requirements:

- 1. Be a Chinese national over 18 years old.*
- 2. Have a tertiary level qualification in a science or technical subject.*
- 3. Be familiar with the patent law (we are not sure what this means).*
- 4. Have two years work experience (not necessarily in IP).*

It is not known whether a final decision to admit HK candidates has been taken, but there is clearly a desire to enable HK people to sit the exams if they wish. The main issues for potential HK candidates are meeting requirements 1 and 2.

The nationality eligibility requirement is likely to be interpreted in the same way as for other professional exams (eg. law and accountancy), ie. you must be Chinese. HK permanent residents who are not Chinese will presumably, not be allowed to sit the exams.

The tertiary qualification is likely to be a problem (for the time being). The qualification must come from an institution on a list recognised by the Chinese authorities and we understand that, at the moment, this list is restricted to mainland universities. During the meeting, there seemed to be recognition that this would be unfair and would need to be changed. Whether it can be changed in time for people to sit the 2004 exams is another question.



It should be noted that even if a person sits the exams and passes, before they can practise as a patent agent, they must obtain a "practising certificate". To obtain a practising certificate a candidate must meet further requirements, which chiefly involve working full-time in a patent agency on the mainland.

There is no suggestion at the moment that any HK person who sits the exams and passes could then set up his/her own agency in Hong Kong although, presumably, they could go to the mainland to join an existing agency.

None of the proposals discussed would change the existing restrictions on patent work in the mainland; they simply relate to expanding the number of potential exam candidates to include HK (and presumably Macau) residents if they wish.

Graeme Hall, Lloyd Wise

Bristol-Myers Squibb drops patent action in Thailand

In January 2004, Bristol-Myers Squibb (BMS) quietly dropped its hard fought patent battle against Thai AIDS patients over its drug Didanosine (DDI), an anti-retroviral drug which makes the treatment of AIDS possible. This allows the Thai Government Pharmaceutical Organization to start producing DDI tablets to sell at a fraction of the price of the original BMS drug. In 1989 the National Institute of Health in the USA developed DDI and licensed it to BMS for marketing in a number of countries. The effectiveness of DDI is reduced by the acidity in the stomach but BMS developed an improved formulation that combined the drug with an antacid buffer, which BMS sold under the brand name Videx. In Thailand, BMS was granted a patent for this formulation in January 1998.

The monthly cost of Videx in Thailand was about US\$136. This relatively high price tag put it beyond the reach of most of the one million or so HIV-infected patients in Thailand and so in 1999, the Thai Government Pharmaceutical Organization sought permission from the Department of Intellectual Property for compulsory licensing of DDI tablets to make the drug more readily available. However, intimations of trade sanctions from the United States trade representative encouraged Thailand's Commerce Ministry to bin the proposal.



It was therefore left to the Thai AIDS Access Foundation and two HIV patient support groups to take up the challenge, filing their own action in the Thai Courts in 2001, challenging the wide scope of the patent. By way of background, the Courts in many countries have found that such parties have limited legal standing as individuals with other medical options or having no intention of producing the medicine themselves. In October 2002, Thailand's Central Intellectual Property and International Trade Court permitted the case to be heard and ruled against BMS, finding a number of the patent claims invalid and so narrowing the scope of drug dosages protected. It was an important decision as the Court came to its conclusion on legal standing on the basis that "medicine is one of the fundamental factors necessary for human beings" and "lack of access to medicines due to high price prejudices the human rights of patients to proper medical care".

BMS appealed the Thai verdict only to be faced by a second, broader, action seeking to invalidate the whole of the remainder of the patent. The case looked set to run on until BMS abruptly dropped its appeal in January 2004, in what looks like exchange for the dropping of the broader invalidation challenge.

The BMS settlement does, however, leave in place the 2002 verdict that could provide the basis for attacking patents on other key pharmaceuticals in Thailand. In addition, it could also encourage activists in other parts of the world to attempt similar battles, though such patent challenges remain difficult and costly to mount in any jurisdiction.

Justin Davidson, Freshfields Bruckhaus Deringer

International Trademark Association – amicus briefs

A sound intellectual property ("IP") regime requires not only adequate laws to protect rights owners, but also proper application of fair and consistent principles of IP protection in the national courts. It is no wonder then that some IP industry associations adopt a multi-pronged approach in their policy advocacy efforts, working with governments as well as with courts to facilitate effective IP policies and their implementation.

In the trade mark field, the International Trademark Association ("INTA"), a 125-year-old leading advocate for the interests of trade mark owners, lends its expertise on trade mark law to



national and regional courts around the world through the filing of amicus briefs on cases addressing trade mark issues of concern to INTA.

Amicus briefs are filed by INTA's International Amicus Committee upon approval by the Association's Executive Committee. In Asia, INTA's Asia-Pacific Amicus Subcommittee has actively filed amicus briefs in China, South Korea and Indonesia on several cases relating to well-known marks. These cases include:

- *IKEA Inter Systems v. Beijing Cinet Co. Ltd. – In a brief filed with the China Supreme Court in 2000, INTA defined the problem of cybersquatting and denounced the usurpation by Cinet of the goodwill of the IKEA trademark;*
- *Prefel SA v. Jae Ik Choi – In a brief filed with the Supreme Court of Korea in September 2002, INTA outlined the international standards for well-known mark protection and considered the legal basis for well-known mark protection on dissimilar goods and services;*
- *Prefel SA. v. Fahmi Babra – INTA filed a brief with the Supreme Court of Indonesia in October 2002, examining the accepted international rules on well-known marks;*
- *Intel v. Panggung Electronics – Filed with the Supreme Court of Indonesia at the same time as the preceding brief, this brief also details the accepted international rules on well-known marks;*
- *Intel v. Hanitio Luwi – In a brief filed with the Supreme Court of Indonesia in December 2002, INTA argued that bad faith is an important factor to consider when assessing competing interests in a mark, and that well-known marks should be protected against dilution by use and registration on dissimilar goods;*
- *Davidoff & Cie S.A. v. N.V. Sumatra Tobacco Trading Company – In a brief filed with the Supreme Court of Indonesia in April 2003, INTA emphasized that bad faith is an important factor when assessing competing interests in a trade mark.*

INTA is also interested in trade mark cases in the Asia-Pacific region that involve other general principles of the law of trade marks, trade names, or trade dress, or the law of unfair competition. These cases must be considered sufficiently significant to warrant an amicus brief or other amicus type filing by INTA, and INTA's contribution is likely to be material to the consideration of the case in question.



INTA is a not-for-profit organization with over 4300 member companies and trademark professionals from 170 nations around the world. Dedicated to the support and advancement of trade marks and related intellectual property as elements of fair and effective commerce, INTA supports its members through policy development and advocacy, communications, educational programming and enhanced member services. 13% of INTA's members are from East Asia and the Pacific.

More information on the Association, its work and the amicus briefs it has filed can be found on the INTA website www.inta.org.

Barry Yen, So Keung Yip & Sin

Members' News

New Members:

Sandra Lowcock (student member)

Albert Cheung (student member)

Recent Professional Moves:

Kit Man Leung has joined Hutchison Whampoa Ltd as Group Legal Counsel

Kim Yu has joined Hastings & Co.

Please could members let Justin Davidson (justin.davidson@freshfields.com) know if there are any changes to their contact details. Also, if any member does not yet have a Membership Certificate and would like one, please could they contact Jeannie Smith (jeannie.smith@bakernet.com).

Please send any comments about this edition of The Journal, any letters or articles for future issues, to the Editor Winnie Yue at hedleyue@netvigator.com

If any members are not receiving the Journal properly, please advise the Editor in case your contact details are not properly recorded.