

Consent, honest concurrent use and other special circumstances

Application of new law

Consent, honest concurrent use, or other special circumstances, can overcome an objection on relative grounds under section 12 that an applied for mark conflicts with, or would take unfair advantage of, or would be detrimental to, an earlier trade mark (sections 12(8) and 13(1)).

An “earlier trade mark” is a registered mark or an applied-for mark which has an earlier application date, priority date or, at the date of application, has a reputation (as opposed to a trading presence or actual use) and is thus well-known in Hong Kong (section 5(1) and (2)). Expired registrations remain as citations for a year after expiry (section 5(3)).

Consent

Consent by the owner of an earlier trade mark can overcome an objection on relative grounds under section 12 that an applied for mark conflicts with, or would take unfair advantage of, or would be detrimental to, the earlier trade mark (section 12(8)). Effectively, consent is king and justifies registration of an identical or similar trade mark for the same or similar goods or services sold in the same market.

Examining applications on consent

Factors to be considered when examining applications for registration with the consent of the earlier trade mark owner are listed below:

- Has the earlier trade mark owner given consent to the use and registration of the mark for the goods or services stated in the specification (*Invicta* (1992) RPC 541 at 548)? If the consent is only in respect of some of the goods or services, the specification of the applied for mark should be amended accordingly. Where the consent is general and makes no reference to goods or services we can assume that it relates to all of the applicant's goods and services.
- Does the consent to use and the registration of the mark cover Hong Kong?
- Is the consent in writing and signed by the earlier trade mark owner? If the earlier trade mark owner is a company, is the consent signed on behalf of the company by an authorised officer? Is the name and capacity of the person signing the consent clearly stated?
- Is the consent the original, or a certified copy?
- Does the consent sufficiently identify the applicant's mark? Reference to the application number is sufficient.
- Is the consent unconditional?

If the applicant files a co-existence agreement made with the owner of an earlier trade mark for overcoming an objection on relative grounds under section 12, we will examine the application in the same manner as applications on consents.

Where an application on consent/co-existence agreement is accepted, the publication of acceptance should include the words “by consent” and the registration or application number of the earlier trade mark.

Registering applications on consent

When registering applications on consent/co-existence agreement, the following endorsement will be placed on the register:

“By consent, registration/application no. [#]”.

Honest concurrent use

A two-stage analysis is adopted in determining whether registration should be allowed on honest concurrent use (*C.S.S. Jewellery Company Limited v The Registrar of Trade Marks* (HCMP 2602/2008)):-

- (1) whether there has been an honest concurrent use of the mark applied for and the earlier mark;
- (2) if the answer to (1) is in the affirmative, whether after considering all relevant circumstances, including public interest, the discretion should be exercised to accept the application for registration of the mark, despite the fact that the use of the mark in relation to the goods or services in question is likely to cause confusion on the part of the public.

Stage (1) involves an examination of the evidence to see whether there has been use, concurrent use and honesty of the concurrent use. The use must be use of the mark as a trade mark. The extent of use in time and quantity and the area of the trade will be

considered, as well as the honesty of the concurrent use. These factors are also common to the assessment in stage (2) and they are discussed in greater detail below, but the focus of the analysis in stage (1) is on the factual situation.

If the application passes the factual analysis in stage (1), it will proceed to stage (2). In stage (2), all relevant considerations will be taken into account. Some of the relevant factors were stated in *Alex Pirie and Sons Limited's Application* (1933) 50 RPC 147 at 159 and they are summarised below. The matters mentioned in the *Pirie* case are not exhaustive and in exercising discretion, “any relevant circumstance ought to be considered” (*Electrix* [1957] RPC 369 at 379).

The extent of use in time and quantity and the area of the trade

An assessment of the use of the applicant's mark must take into account the length of time the mark has been used in Hong Kong, and the volume of goods sold or the turnover of services in relation to the extent of the market. For example, a relatively low volume of goods sold in the clothing market would need to be supported by long use. However, relatively low sales of surgical instruments for use in a specialised medical field would support an application based on comparatively short use.

The degree of confusion likely to ensue from the resemblance of the marks which is to a large extent indicative of the measure of public inconvenience

The degree of confusion will be greater where the marks are closely similar and where the respective goods or services are the same. In such circumstances a strong case for concurrent use must be established.

But close similarity does not preclude registration on honest concurrent use. The principle of honest concurrent use “does not carry with it a limitation as to there being a slight possibility of deception, for its words indicate that the Registrar may permit the registration of the same trade mark, or of nearly identical trade marks, for the same goods by more than one proprietor. It seems to indicate that the powers of the court (and the Registrar) can be exercised even where there is likely to be confusion between the marks” (*Alex Pirie and Sons Limited’s Application*, *supra*; see also *Bud* (1988) RPC 535).

The honesty of the concurrent use

The applicant’s use of his mark must be honest.

Where the applicant’s mark has been in long use, or the use began prior to the application for registration of the cited mark, the honesty of the applicant’s use is established.

On the other hand, honesty of the applicant’s use may be doubted where his mark was copied from the earlier mark, or where it was adopted with the knowledge that it was identical or very similar to the earlier mark, and the applicant does not satisfactorily explain why he adopted his mark. See *Parkington & Co Ltd’s Application* (1946) 63 RPC 171; *Cohen v Fidler & Co* (1916) 33 RPC 129.

Use by the applicant with a genuine belief that his mark is not such as to cause confusion is “honest” use. See “*Bali*” (No. 2) (1978) FSR 193.

Whether any instances of confusion have in fact been proved

The question will not usually arise in examination of the application. It is however likely to arise in opposition proceedings where proof of actual confusion will support the opposition.

The fact that the commercial user has not produced any proof of confusion “cannot be regarded as unimportant even though allowance be made for difficulty of proof” (*Alex Pirie and Sons Limited’s Application* (1932) 49 RPC 195 at 160).

The relative inconvenience which will be caused if the mark is registered

The question is whether the inconvenience to the applicant by refusing registration will be greater than the inconvenience to the opponent by allowing registration. This question usually arises in opposition proceedings and not when examining the application.

The inconvenience to the applicant will usually stem from the fact that if he has built up a business in the trade marked goods or services to establish a reputation in the mark and cannot protect the mark by registration, he risks being sued for infringement and may suffer a decline in his business because he can no longer use his mark. See *Borsalini* (1993) 1 HKC 587 at 593, where the opponent’s world-wide reputation in the mark “Borsalino” increased the likelihood of public inconvenience.

Other relevant considerations

Other factors that may be considered include the historical background relating to the use of the mark and the fact that it is open to the owner of the earlier trade mark to oppose the

application at a later stage (*C.S.S. Jewellery Company Limited v The Registrar of Trade Marks* (HCMP 2602/2008)).

Examining applications on honest concurrent use

Factors to be considered in examining applications for registration on honest concurrent use by the applicant are listed below:

- Has the applicant filed a statutory declaration evidencing use of the mark in Hong Kong for five years prior to the date of application for registration? Five years is generally sufficient. See also *Granada* (1979) RPC 303 where two years and ten months' use on a very large scale was sufficient for registration. The applicant's use must have taken place before the relevant date, that is the date of application for registration (*Granada* (1979) RPC 303 at 312).
- Is the statutory declaration made by the applicant, or where the applicant is a company, by an officer of the company or employee whose position in the company would give him familiarity with the company's trading position?
- Is the statutory declaration in a form that is admissible (rules 79 and 80)?
- Is the use of the mark applied for, or of a mark that is so similar to the mark applied for, as to be essentially the same mark? Use of a word in script will support registration of the word in ordinary type or block capitals (e.g. "*Logic*" will support "Logic" or "LOGIC"). Similarly, use of a handwritten character will support registration of the character in ordinary type.
- Is the use of the mark for genuine commercial use? Are sales or turnover substantial? Are sales or provision of services evidenced by invoices, or audited accounts, for the relevant period?

- Is the mark being used by the applicant or his predecessor in the business? Are sales invoices in the name of the applicant or the applicant's distributor? Is the applicant/distributor relationship stated in the declaration? A reference to the relationship in the declaration is sufficient.

- For what products or services is the mark used? Has the applicant shown use of the mark for the products or services in the specification which are the same or similar to the earlier owner's goods? If the use is only in respect of some of the goods or services, the specification of the applied for mark should be amended accordingly.

- In circumstances where the marks are closely similar, the goods or services are the same, the applicant's use is relatively recent and occurred only after application for registration of the cited mark, has the applicant satisfactorily explained why he adopted his mark?

- Where an application on honest concurrent use is accepted and published in the Hong Kong Intellectual Property Journal, the particulars published should include the following endorsement:

“Honest concurrent use with registration/application no. [#]”.

Registering applications on honest concurrent use

The following endorsement will be placed on the register:

“Honest concurrent use with registration/application no. [#]”.

The proforma declaration at the end of the Work Manual Chapter on “Absolute grounds for refusal” and the checklist shown at the end of this chapter are for the assistance of those applicants with no or little knowledge of the formalities of a statutory declaration or affidavit and/or the evidence that may be considered relevant for establishing honest concurrent use. The clauses in the proforma provided would be common to most statutory declarations or affidavits filed under section 13(1). They will need to be expanded with further evidence peculiar to the application in question. The checklist is prepared based on common deficiencies identified in evidence of use filed with the Registrar. The applicant should check the evidence it intends to file against this list to ensure it supports a claim under section 13(1). Note however that filing evidence comprising only the clauses provided and meeting the requirements of the checklist is no guarantee that the mark will be accepted on honest concurrent use.

Other special circumstances

A “special circumstance” was referred to as “a fact peculiar to the applicant in relation to the subject matter of the application” in *Holt & Co. (Leeds) Application* [1957] RPC 289. It was held that the use of the applicant’s mark prior to the use and registration of the cited mark was a “special circumstance” favouring registration, even though the use had not been continuous.

A “special circumstance” may consist of an applicant’s use which tends to minimise the risk of confusion or shows particular hardship. The following have been recognised as “special circumstances”: the fact that the applicant’s use was not an infringing use (*Granada, supra*); and the fact that the prior mark was in peril of removal from the register on the ground of non-use throughout the period of the use of the applied-for mark (*Electrolux Ltd v Electrix Ltd & Another* (1953) 70 RPC 127 at 133).

In *Budweiser Trade Marks* [2000] RPC 906, the following were found to be “special circumstances”: the way customers referred to a product by a particular name in a trade mark sense, previous litigation between the parties, and the unusual circumstances of the case.

Ultimately the decision on whether certain circumstances amount to “special circumstances” depends on all the relevant facts which arise in the individual case and the balanced exercise of the Registrar’s discretion (*Budweiser Trade Marks, supra; Miss Elaine Trade Marks* (7 December 2001, Hong Kong Trade Marks Registry)).

Registering applications on the basis of special circumstances

The following endorsement will be placed on the register:

“By reason of special circumstances”.

CHECKLIST FOR PREPARING EVIDENCE OF USE

Representation of the subject mark

- Is the mark shown to be used the same as that applied for? If not, is there any basis for regarding such use as use of the subject mark?
- If the subject mark is used together with another trade mark, consider whether the subject mark would be recognised as a trade mark on its own.

Specification of the goods or services

- Does the evidence show that there has been use of the subject mark in respect of all of the applied-for goods or services? If not, consider filing Form T5A to restrict the applied-for goods or services to those for which the subject mark has been used as shown in the evidence.
- Has the subject mark been used on goods sold or services provided in Hong Kong?

Information showing the extent of the use of the subject mark

- Is the currency unit (e.g. HKD) for the sales or turnover and the promotional expenses in respect of the subject mark specified?
- For multi-class application, is there any breakdown for the sales or turnover and the promotional expenses of the respective class of goods or services?
- If the sales or turnover and the promotional expenses include those outside Hong Kong, is there any separate figure for the sales or turnover and the promotional expenses in Hong Kong?
- Are the materials in the Exhibits to the Statutory Declaration (e.g. packaging, catalogues, advertisements) relevant to show the use of the subject mark?
- Are the materials (e.g. packaging, catalogues, advertisements) in the Exhibits to the Statutory Declaration dated on or before the date of application?
- Where the materials show use by a party other than the applicant, the basis for regarding such use as the applicant's has to be explained. For example, the user is a wholly owned subsidiary of the applicant.

Others

- Has the evidence been prepared in the form of a statutory declaration or affidavit?
- Is the declaration/affidavit declared by the applicant? If not, the applicant needs to make a declaration/affidavit to adopt the former declaration/affidavit.
- If the subject mark was first used after the date of application for registration of the cited mark, has the applicant explained why his use of the subject mark in respect of the applied-for goods or services should be regarded as honestly made?

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