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(2)

File Ref No. 788/76

IN THE MATTER of an Application for registration of the Trade Mark (Pending Application No. 788/1976) "CROWN" in Class 2 in respect of "paints, varnishes, lacquers and enamels" in Part B of the Register by Reed Decorative Products Limited and under S. 22 of the Trade Marks Ordinance

D E C I S I O N

of


Miss A.C. Waters acting for the Registrar General-as Registrar of Trade Marks at a Hearing held on the 22nd March 1983.
Mr. Andrew Liao, instructed by Messrs. Hastings, Solicitors appeared on behalf of the Applicants.

On the 12th June 1976 Reed Decorative Products Limited (formerly called The Wall Paper Manufacturers Limited), of Cloisters House, High Street, Rickmansworth, Hertfordshire, England (hereinafter called "the Applicants") applied through their agents Messrs. Hastings & Co., Solicitors, for the Trade Mark P.A. No. 788/1976 "CROWN" in Class 2 in respect of "paints, varnishes, lacquers and enamels" in Part A of the Register.

On the 30th June 1976, the Trade Marks Registry (hereinafter called "the Registry") wrote to Messrs. Hastings & Co stating that the mark was unacceptable for registration for the following reasons :-

- (1) That the word "CROWN" meaning "something that imparts beauty, splendor, honour or finish" and "the highest quality or state of something" was descriptive and laudatory of the goods.

(2) That the mark was in conflict with :-

- (a) "Crown Grey" Trademark No. 762 of 1957. This citation was subsequently withdrawn; and
- (b) "Crown Brand  & Device" Trade Mark No. 766 of 1976 registered in respect of "paints, varnishes, lacquers; preservatives against rust and against deterioration of wood" in the name of Tang Yiu trading as Yiu Hing Lacquer Mfg., Co., of 25 Tai Wo Street, Wanchai, Hong Kong.

As a result of this letter, the Applicants commenced proceedings (hereinafter called "the Removal proceedings") on the 28th February 1977 for rectification of the Register by the removal of Trade Mark "Crown Brand & Device" No. 766 of 1976 (hereinafter called "the cited mark No. 766 of 1976"). On the 30th January 1981, Mr. P. Murphy acting for the Registrar of Trade Marks refused the application for removal. Mr. Murphy stated in his Decision that he considered that it was open to the Applicants to consider whether to apply for registration of their "CROWN" mark under S. 22 of the Trade Marks Ordinance.

On the 30th June 1982, the Applicants transferred their application to Part B of the Register pursuant to the provisions of S. 13(3) of the Trade Marks Ordinance (hereinafter called "the Ordinance") and on the 26th March 1982 submitted, through their agents Messrs. Hastings & Co, evidence in support of the application under the provisions of S. 10(1) and S. 22 of the Ordinance.

In a first letter dated the 1st November 1982, the Registry wrote to Messrs. Hastings & Co in the following terms :-

"I refer to the subject application and to all the statutory and documentary evidence filed in support thereof for the purpose of soliciting consideration under Section 10(1) and Section 22 of the Ordinance.

Whilst it has been disclosed to me that the annual sales turnovers of the applicants' goods marketed under the subject mark "CROWN" in Hong Kong amounted to \$456,458.- yearly 1972 - 1976, it is considered that the following factors have created a situation of "Triple Identity" -

- (i) The subject mark consists only of the word "CROWN" as the only identifying element whereas the cited mark No. 765 of 1976 comprise the words "CROWN BRAND" in addition to a Crown device and the (皇冠牌) Chinese characters in circle border. In all likelihood, the two ranges of goods sold under the 2 marks would be conveniently verbally ordered as "CROWN Paint".

- (ii) Your clients' goods are paints, varnishes, lacquers and enamels whereas those registered under the cited mark are likewise paints, varnishes, lacquers, etc.

- (iii) The applicants' goods imported from the United Kingdom are for sale in the local market whereas the goods of the cited mark though made in Hong Kong also have a local market. The 2 sets of goods will also pass through the same trade channels and obtainable for purchase at the same kind of outlets by builders, contractors, decorators.

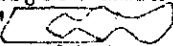
Pursuant to the rulings adopted after Lion case (57 RPC 248) relating to cases where a situation of triple identity occurs, the applied for mark cannot be allowed for registration under Section 22 of the Ordinance even upon the basis of honest concurrent user in Hong Kong. It is considered that the use of the subject mark "CROWN" onto paints etc. would invariably lead to deception or cause confusion because it is virtually identical with the cited "Crown Brand & device" mark. In the Lion case, the Comptroller-General states the following in giving his decision on page 254.

"Now while it is true that, in terms, subsection (2) of Section 12 permits the registration even of identical marks in respect of the same goods by more than one person, the subsection appears to contemplate that, where necessary, such concurrent registrations shall be made subject to conditions or limitations; and it would seem that conditions or limitations should be imposed in any case where they are necessary in order to prevent undue confusion and deception to the purchasing public and that in such a case without them resort ought not to be had to the provisions of the subsection. And this, I think, is in accordance with the view taken of the provision which was then S. 21 of the Old Act by the House of Lords in the case of Alex Pirie & Sons Limited. (50 RPC 147)"

It was therefore only by way of amendments of both marks and by imposing territorial limitation with a narrow specification of goods that had made possible both of the marks in question to proceed in the Lion case.

Reverting to the subject application, I have considered whether there are any conditions or limitations which I could impose to reduce the likelihood of confusion. However it does not appear that either by imposing limitations as to areas in which the goods could be sold or by restricting the sales of goods to persons engaged in building/deccrating trades could be feasible. On one hand, Hong Kong is very rapidly become one large conurbatic with a high degree of mobility in the population to which territorial/regionable limitations will not be applicable. On the other hand, the goods viz. paints and varnishes are handled by many small business in the trade as well as purchased by ordinary members of the public at large at times. Hence, the likelihood of confusion in the trade would be as great as the confusion among the general public.

In view of the aforesaid difficulties created by a situation of triple identity and the undesirable consequences of confusion or deception, I have to refuse the subject application for registration in Part B of the Register under Section 10 and under Section 22 of the Ordinance.

It is noted that the subject mark "CROWN" is often used with the wavy pattern logo "", it is felt that if the logo itself were to be applied for registration under a fresh application, it will be accepted for registration provided that no conflicting marks will have to be invoked under Section 20 of the Ordinance."

On the 1st November 1982, the Registry wrote a second letter to Messrs. Hastings & Co pursuant to S. 21 of the Ordinance in the following terms :-

"I refer to the subject application which has been refused registration under Section 10 and under Section 22 of the Ordinance.

I would inform you that the subject application has to be kept copending with the "CROWN" Trade Mark of Pending Application No. 597 of 1982 filed by Messrs. Johnson Stokes & Master on

behalf of TANG YIU trading as YIU HING LACQUER MFG. CO., of 25 Tai Wo Street, Ground Floor, Wanchai, Hong Kong for registration in respect of "paints, varnishes, lacquers; preservatives against rust and against deterioration of wood".

Since both your clients' subject application and the cited Pending Application No. 597 of 1982 are standing on the list of Pending Applications, as a result, the matter falls to be considered under Section 21 of the Ordinance. I therefore do not propose to deal with the matter further at the present time until the rights of your clients and those of Yiu Hing Lacquer Mfg. Co. have been determined by the Court or settled by agreement in a manner approved by the Registrar of Trade Marks.

In same connexion, I would draw your attention to the Registry's circular dated 6th October 1982 (a copy attached) which sets out the Registry's practice on applications governed by Section 21 of the Ordinance."

The Applicants requested a Hearing against the decision made on the 1st November 1982 under the provisions of S. 10(1) and S. 22 of the Ordinance which was held on the 22nd March 1983.

It was agreed by Mr. Liao at the Hearing that in view of the provisions of S. 21 of the Ordinance that aspect should not be dealt with at the Hearing.

I propose to consider first the evidence submitted by the Applicants in support of their application under S. 10 and S. 22 of the Ordinance.

This consisted of two Statutory Declarations both made on the 17th March 1982, one by Mr. Eric Frederick Baverstock and the other by Mr. Stuart Walter Clarke. The Declaration of Mr. Clarke merely confirmed that he was the present Secretary of the Applicants, Mr. Baverstock having retired on the 1st January 1980 and also confirming the statements made by Mr. Baverstock in his Declaration on behalf of the Applicants.

Mr. Baverstock's Declaration contained, inter alia, the following statements and information :-

1. In Clauses 1 and 2 he stated that he was the Secretary of the Applicants up to the 31st December 1979 and was then succeeded by Mr. Clarke and further that he had made a Statutory Declaration on 8th November 1977 in support of the Application for removal of the cited mark No. 766 of 1976.
2. In Clauses 3 and 4 he stated that the Applicants were a British Company, manufacturing and dealing with business in relation to paints, varnishes, lacquers and enamels; wallpaper and wall coverings and had been incorporated in England in 1899 with limited liabilities.
3. In Clauses 5 and 6 of the Declaration he stated that the Applicants were owned by REED INTERNATIONAL LIMITED and that the Applicants in turn had a wholly owned subsidiary company by the name of CROWN DECORATIVE PRODUCTS LIMITED.
4. In Clause 7, he stated that on the 6th day of May 1968 the Applicants purchased from FEDERATED PAINTS LIMITED, five trade marks registered in the United Kingdom including in particular the mark "CROWN" in the form of a Crown and shield logo which was previously owned by Williamson Martin and Co. Limited and was originally registered under No. 2806 in 1876 for "paints, colours, varnishes and glue".
5. In Clause 8, he gave details of the Applicants various registrations in the United Kingdom of the Trademark "CROWN" either in the representation of a crown or the word "CROWN" alone or in combination with other words. This included the marks assigned as referred to above as well as applications made by the Applicants in their own name. He also confirmed that the Applicants had a registration of "Flowline device" (which was always used in association with the "CROWN" mark) in the United Kingdom.
6. In Clause 10 he stated that the marks mentioned in Clause 4 of the Declaration had also been registered in principal countries of the world. The details set out show registrations of various of the marks in approximately 40 countries and included such countries as Thailand, Eire, Australia, France, West Germany, New Zealand, Brazil, Ghana and Jordan.

7. In Clause 11 he stated that the Applicants' trademarks were very well-known in the United Kingdom and other markets in the world where millions of litres of paint were sold under the marks each year and in Clause 12 he set out annual sales figures made by the subsidiary company in terms of quantity and value for the sale of paints bearing the CROWN marks in the United Kingdom for the past 7 years. This showed total sales for the years 1971 - 1977 of approximately £56 million with average sales of £22.3 million.

8. In Clause 15 he stated that CROWN marks had been used in Hong Kong either in words or in logo since the 1950's which included use by the British Armed Forces and Fook Lee Construction Company Limited and many other construction companies and members of the public. In Clause 16 he set out a list of the distributors in Hong Kong in so far as details were available. No details were available of the name of the distributors during the ownership of the earlier "CROWN" mark by Williamson Martin & Co Limited and Federated Paints, i.e. for the years from 1914 - 1968. Crown Decorative Products Limited, the subsidiary of the Applicants, appointed W.H. Ingwood & Company Limited as distributor but Mr. Baverstock stated that the records of this appointment had been destroyed and were unavailable. Oriental Industrial Company was appointed as distributor from 1972 - May 1976, Hong Lee Construction Company from March 1974 - February 1975 and Hong Lee Trading Co. Limited from March 1975.

9. In paragraphs 17 to 20, he set out details and methods relating to these distributorships and he stated (inter alia) that the goods during the periods referred to were sold to the public and to the retail trade in Hong Kong, but that documents to support the earlier appointments could not now be traced.

10. In Clause 21 he gave the annual figures in terms of sterling for the export of CROWN paints to Hong Kong by the Applicants subsidiary company as follows :-

<u>Year ending 31st March</u>	<u>Amount</u>
	£
1968	1,232
1972	5,243
1973	1,513
1974	5,062
1975	21,596
1976	<u>156,777</u>
April 1977 - August 1977	46,673

11. In Clause 24 he explained that the "CROWN" marks had been extensively advertised in the United Kingdom through the media usually employed in the trade. He stated that the advertising and promotional materials produced had been sent to local distributors in Hong Kong for information and also for dissemination among retailers and users of the said goods bearing the said mark in Hong Kong and in Clause 25 he stated that it had been the practice of the Applicants for the advertising campaigns and promotional work in Hong Kong to be conducted by the respective local distributors.

12. In Clause 26 he explained that no information was available from the former distributor namely Oriental Industrial Co. but in Clause 27 he gave details of advertising and promotional literature by the other local distributors, copies of which were exhibited in Exhibits 12(a) - (g).

13. In Clause 28 he stated that Hong Lee Trading Company Limited had undertaken considerable advertising for promoting sales of the said goods bearing the said mark in Hong Kong from 1976 onwards in local periodicals and newspapers and in Clause 29 gave details of the expenditure spent on advertising. This showed average figures of HK\$30,000 for the years 1976 and 1977.

14. In Clause 30 he stated that the Trade Mark "CROWN Device" was registered in Hong Kong under Registration No. 111 of 1914 (representation of which was the same as the UK Registration No. 2806). This mark was used on paint by Williamson Martin & Company Limited up to and after the war and was then transferred to Federated Paints Limited in 1950 who had used the mark for a very long time in Hong Kong. He stated that this registration was allowed to lapse in 1970 because it showed a different style of "CROWN" from the Applicants' trade mark and consequently, the registration had not been renewed. From 1970 onwards, he stated that the mark had continuously been used and advertised in Hong Kong in relation to the Applicants' goods and there had been no indication that it was to be abandoned.

15. In Clauses 31 and 32 he stated that by registration of "CROWN" marks and sales of "CROWN" products in many countries, the Applicants had acquired a world-wide goodwill including Hong Kong in respect of the "CROWN" marks for its products and that to the best of his knowledge, information and belief, the said mark had been for many years known through the trade and to the public in the Colony of Hong Kong so as to become distinctive of the said goods of the Applicants by honest concurrent user thereof.

16. In Clause 33 he stated that in support of this application, the Applicants also intended to rely upon the affirmations/affidavits filed with the Registry in connection with the Removal proceedings.

There were 11 exhibits to the Declaration and details of the items exhibited are as follows :-

1. Exhibit 1 contains copies of the documents referred to in para. 7 of the Declaration recording the transfer of the United Kingdom trademarks from Federated Paints Limited to the Applicants. No record of any transfer of the "CROWN" mark registered in Hong Kong was included.

2. Exhibits 2, 3 and 4 contain copies of the several trade marks registered in the United Kingdom and other parts of the world as referred to in Clauses 8 - 10 of the Declaration. I note that most of the early registrations in other parts of the world date from 1968.

3. Exhibit 5 contains copies of invoices relating to sales in the United Kingdom. The dates of these invoices range from June 1969 - February 1977.

4. Exhibit 6 sets out overseas sales figures for various countries for the years from 1972 - 1977 referred to in Clause 14 of the Declaration. It is noted that Hong Kong does not feature in the year 1972 but is included for the subsequent years. The sales figures for the Far East region range from £17,000 in 1972 to £63,000 in 1975 and £188,000 in 1977. The figures for each region fluctuates both in the numbers of countries included and the amounts sold in each year. I note for example that total sales overseas for the year 1972 were £598,839 and for the year 1976 were £1,708,168.

5. Exhibits 7 and 8 contain copies of the first order by Hong Lee Construction Co. in March 1974 and Hong Lee Trading Company in March 1975 respectively.

6. Exhibit 9 contains copies of invoices showing export of "CROWN" paints to the local distributors in Hong Kong. These invoices shows orders for delivery to Hong Kong by the Applicants or its subsidiaries to the Local Agents from 1972 - 1978 and of these the most relevant are those from 1972 - June 1976 being prior to the date of the Application. I note an invoice on 16th May 1972 shows exports to Oriental Industrial Company of paints etc. amounting to £4,412.59 together with some advertising materials.

7. Exhibit 10 is a copy of a letter dated 26th February 1969 relating to colour cards.

8. Exhibit 11 contains, inter alia, T-shirts, colour cards and boards which are samples of the advertising and promotional materials used in the United Kingdom and sent to the local distributors in Hong Kong.

9. Exhibit 12 contains copies of advertising and promotional material used in Hong Kong. Most of these examples are dated some time after the date of the application i.e. 1978, 1979. I note the cover of the Builder Directory of 1976 and the photos relating to the redecoration of Government House in 1976. It seems that the only advertisement actually prior to the date of the application is the extract from the December 1973 issue of Building Materials & Equipment Hong Kong.

10. Exhibit 13 contains copies of the advertising and promotional work carried out by Hong Lee Trading Company Limited but I note that these all relate to a period after the date of the application.

The present application is to be considered under the provisions of S. 10 and S. 22 of the Ordinance. I consider that for the purposes of S. 10(1) of the Ordinance the evidence produced would be sufficient to establish that the mark had become capable of distinguishing the goods of the Applicants if the application were not barred by the provisions of S. 20 of the Ordinance in view of the cited mark No. 766 of 1976.

This brings me to consideration of the case under S. 22 of the Ordinance. S. 22 provides as follows :-

" In case of honest concurrent use, or of other special circumstances which in the opinion of the Court or of the Registrar make it proper to do so, the Court or the Registrar may permit the registration of trade marks that are identical or nearly resemble each other in respect of the same goods or description of goods by more than one proprietor subject to such conditions and limitations, if any, as the Court or the Registrar, as the case may be, may think it right to impose."

The provisions of S. 22 of the Ordinance are the same as the provisions of S. 12(2) of the Trade Marks Act 1938 and I consider therefore that the United Kingdom authorities are applicable to this case.

Mr. Liao referred me to Kerly's Law of Trade Marks and Trade Names (10th Edition) from paragraph 10 - 16 to paragraph 10 - 21 which paragraphs set out the general principles which should be considered where a question of honest concurrent user arises.

Mr. Liao in particular referred me to the words in paragraph 10 - 16 of Kerly as follows :-

"All the surrounding circumstances of each case have to be taken into account before a trade mark is accorded the privilege of concurrent registration under this section and a consideration of the surrounding circumstances includes a consideration of the degree of deception and confusion likely to arise from the use of the two marks. This tenders the provisions flexible and adaptable to each case as it arises."

And in paragraph 10 - 18 :-

"The descretion of the tribunal is unfettered and concurrent registration may be allowed even when the probability of confusion is considerable. Every case has to be determined on its own particular merits and circumstances."

The general principles which I should take into account, were laid down by Lord Tomlin in Pirie's Application [(1933) 50 RFC 147 (H.L.)] and are set out in paragraph 10 - 18 of Kerly. I consider these principles as follows :-

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

I consider that for the purposes of establishing concurrent user for the purposes of S. 22 of the Ordinance it is user in Hong Kong which should be taken into account and at this stage, I propose only to consider such evidence. In support of this view I refer to my consideration of this point in my decision in the "KALORIK" case, Reference No. 60A/77, 604A/77 and 604B/77 at page 47.

The evidence, as supported by the invoices, shows exports to Hong Kong of "Paints" under the mark "CROWN" by the Applicants continuously for the period from 1972 - 1976. The exports for the years 1972 - 1974 were erratic and not impressive but the figures increased to £156,000 in 1976. Thus, the average sales for the years 1972 - 1974 were only £3,900 but for the years 1974 - 1976 rose to £31,700. This increase can be explained by the increased advertising by the distributors, Hong Lee Trading Company Limited from 1976 as shown by the evidence produced. I note the user claimed for 1969 but the only supporting documentation is the colour card produced as Exhibit 10.

The invoices show details of exports from the United Kingdom by the subsidiary, Crown Decorative Products Limited, to the distributors but there is little or no supporting evidence of sales of such goods to the public and/or the retail trade in Hong Kong by the distributors for the periods prior to the date of the application. In addition, as I have already indicated there is limited evidence as to actual advertising before the date of the Application. Most of the samples exhibited were produced for the United Kingdom market and whilst it appears from the invoices that some of these were sent to Hong Kong, there is no evidence as to whether these were, in fact, widely distributed in Hong Kong.

In Clause 17 of Mr. Baverstock's Declaration, he stated that he also intended to rely on the various affirmations and affidavits lodged with the Trade Marks Registry in connection with the Removal proceedings. Mr. Murphy dealt in some depth with this evidence in pages 24 - 30 of his Decision in the Removal proceedings and he stated in his Decision that this evidence supported sales by the Applicants from March 1974 and the expansion of the business and sales in 1976 when Hong Lee Trading Company Limited took over as distributor.

The evidence submitted shows exports to Hong Kong from 1972 - 1976 which amounts to approximately 4 consecutive years prior to the date of the Application. The user is not impressive although it increased considerably for the two years immediately prior to the date of the Application.

I note from the evidence considered by Mr. Murphy on pages 28 and 29 of his Decision in the Removal proceedings that companies with names such as Worldwide Building Materials and Excel Metal Products Limited were customers for the Applicants paints.

It is difficult to establish from the evidence how extensive such user has been in terms of area of trade but it seems to me from the evidence produced that such user did not extend to a wide area in terms of either numbers of persons in the trade or members of the public who would be aware of the products.

I have noted and considered the comments made by Mr. Murphy in his Decision in the Removal proceedings on the evidence of the Registered Proprietor of the cited mark No. 766 of 1976 and note that he was reasonably satisfied, inter alia, that the Registered Proprietor had used a Crown device on his goods since at least 1968 but that for the reasons stated he was satisfied that the English words "Crown Brand" were not used by the Registered Proprietor until after June 1976 and that on the basis of the trade evidence he had probably produced and sold ordinary paint under his "Crown device" brand from time to time but no satisfactory evidence as to amounts was produced. It also

appears from the evidence in the Removal proceedings that the customers of the Registered Proprietor of the cited mark No. 766 of 1976 were involved in the trade although the customers were involved in connection with painting of transformers, electric fans etc.

I am satisfied from the evidence that the Applicants have been using their mark for the years from 1972 - 1976 which would be user which runs concurrently with the user by the Registered Proprietor of that part of the cited mark No. 766 of 1976 as consisted of the "Crown device".

It would appear that neither parties user was very extensive but it seems from the evidence that in both cases the goods were mainly sold to persons involved in the trade. It seems that the evidence shows sales to different sectors of the trade although it does seem that such sectors could overlap.

I have some doubts as to whether a case of concurrent user for the purposes of S. 22 has in fact been established in this case. On this point, I note the L'AMY case [1983] RPC 137 and in particular the words of Mr. Myall at page 145 :-

"The provisions of section 12(2) are designed, it seems to me, to recognise and take account of the fact that the relevant public can, by familiarity brought about by concurrent user, learn that there are two similar marks in use and so be educated to the need for examining them with more than ordinary care, and thus to distinguish between them. This requires that the same public have met both marks in the marketplace and that the opportunities for doing so have existed long enough to provide a reasonable opportunity of assessing "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" (to quote one of the matters to be taken into account under the subsection and laid down by Lord Tomlin in Pirie's Application (1933) 50 RPC 147) it being recognised that some degree of confusion is likely."

and further on page 145 :-

"As a practical matter, the assumption of user of the registered trade mark is made at the ex parte stage, but where the owner of the registered mark succeeds inter partes under section 12(1) and section 12(2) is invoked in reply, I think the matter is at large again and the discretion conferred on the Registrar by the subsection must be exercised de novo."

I also note the comments of Mr. Moorby in the "JOY" case (Rosedale Products Limited's Application 1968 FSR Vol. 5) at page 97 :-

"The conclusion I draw from the evidence as to the extent of concurrent use is that the JOY products of the applicants have been promoted in the main as bulk supplies for use by hairdressers in the service performed in their saloons for customers. There is no evidence of any appreciable sales through normal retail channels such as chemists' shops and department stores where sales of the opponents' JOY products have taken place. It seems, therefore, that there has been no concurrent use of the applicants' mark on their products side-by-side with the use of the opponents' mark in the same trade outlet."

In this case there is no evidence of use side-by-side in the same market but on the evidence we are dealing in both cases with sales of goods to persons involved in the trade rather than sales to members of the public.

The consideration of the case for the purposes of S. 22 is at present ex parte and whilst I have the benefit of the evidence of the other party in the Removal proceedings, I consider that I should not be as strict in my interpretation as in those cases where the issue under S. 22 is considered inter partes.

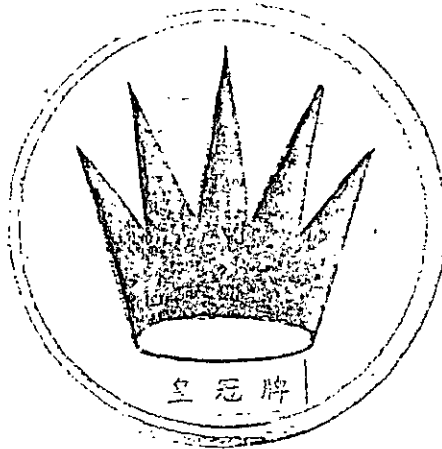
Taking into account all the circumstances, I consider therefore that there has been concurrent user but that such user has not been extensive in either terms of quantity or area of trade.

The degree of confusion likely to ensue from the resemblance of the marks and whether any instances of confusion have in fact been proved

I consider it appropriate here to set out details of the two marks.

The Applicants mark is the word "CROWN" in block letters and has been applied for in respect of "paints, varnishes, lacquers and enamels".

The cited mark No. 766 of 1976 is in the following form and is in respect of "paints, varnishes, lacquers, preservatives against rust and against deterioration of wood".



Crown Brand

We have here the cited mark No. 766 of 1976 which has a device of a crown and the words "Crown Brand" in English and in Chinese characters to compare with the Applicants mark "CROWN". As can be seen, a feature of both marks is the identical word "CROWN". The cited mark also has the additional features of the device of a crown and the Chinese characters meaning "Crown Brand". I take the view that this does not assist in differentiating the marks as the device in my opinion is clearly a crown and would be so identified. I have considered the rules of comparison as laid down in paragraphs 17 - 07 and 17 - 08 of Kerly in so far as they are appropriate to this case as follows :-

(1) Idea of the mark

I have to come to the conclusion that taking the marks as a whole the idea of the Applicants' mark is identical both visually and phonetically to the cited mark No. 766 of 1976.

(2) Ear As well as eye must be considered

I consider that looking at the mark as a whole, again both phonetically and visually, that the marks are similar and agree with the view expressed by the Registry in its letter dated 1st November 1982 that the Applicants' mark would be verbally ordered or asked for as "Crown Brand".

(3) Imperfect recollection

Taking into account the points mentioned in Kerly at paragraph 17 - 23 I consider that the possibilities of confusing the Applicants' "CROWN" mark for the cited mark No. 766 of 1976 or vice versa through imperfect recollection are considerable. I take the view that this would apply as much to persons involved in the trade as to members of the public as it appears there are a large number of small firms involved in this particular trade.

Thus after taking into account these considerations, I take the view that the marks are virtually identical.

In addition to the similarity of the marks, I note that the goods applied for by the Applicants are "paints, varnishes, lacquer and enamel whereas the goods registered in respect of the cited mark No. 766 of 1976 are "paints, varnishes, lacquers preservatives against rust and deterioration of wood". The goods applied for by the Applicants are identical with the goods registered in respect of the cited mark No. 766 of 1976 except for preservatives etc. which I consider would be goods of the same description. I note from the evidence that both parties have actually used their marks on "paints".

As already indicated, there is little evidence to show the markets used but from such evidence and taking into account the nature of the goods I agree with the view expressed by the Registry that the two sets of goods would be likely to pass through the same trade channels, i.e. builders, decorators and contractors, and indeed if they were distributed through retail outlets these could well be the same.

As Mr. Liao rightly said no instances of confusion have arisen but in view of the small sales by both parties to a fairly limited sector of persons involved in the trade, and, until 1976, the limited advertising by the Applicants this is not totally surprising. I take the view however that I have to consider the position where both parties substantially increase their sales in some or all of the goods applied for.

This is clearly a case where the question of "triple identity" arises; i.e. identity of mark, goods and markets.

Mr. Liao addressed me at some length on the question of "triple identity" and contended that this was not a rule of law and referred me to paragraph 10 - 18 of Kerly and in particular to the part I have set out on page 11 of this decision.

I consider it appropriate at this stage to deal with the history of the concept of triple identity.

I note that reference to this originally made in an Official Ruling, made prior to the decision of the House of Lords in the Pirie case already referred, set out in (1929) 46 RPC Appendix A. It was stated in this ruling that :-

"Now while it is true that the provisions of that Section are wide enough to permit in a suitable case the registration for different proprietors of the same Mark for the same goods or the same description of goods, the reference therein to the imposition of conditions and limitations as to mode or place of user or otherwise clearly I think emphasizes the duty of the Registrar in such cases of considering whether, without such conditions or limitations, the registration and use of the Mark propounded would be likely to cause deception or confusion."

The "Lion Brand" case referred to in the letter from the Registry dated 1st November 1982 further considered the question in the light of the "Pirie" case. The Comptroller-General at page 254 clearly envisaged that some conditions should be attached before registration was permitted in respect of the same marks and the same goods.

I note also the "Caravillas" case (1981) RPC 381 and the words of Mr. Myall at page 386 :-

"But where, as here, the two marks are substantially identical, are for the same goods (as distinct from goods of the same description), and have both been put into use in the same market, the Registrar cannot put them both on the register since the "triple identity" is bound to lead to unacceptable confusion or deception of the public and his normal course is either to refuse to proceed with both of them or to allow

both to proceed to advertisement before acceptance of either of them so as to allow cross-oppositions to be filed and, in the event that both oppositions succeed, or both fail, to refuse both applications."

The situation in this case is different in that one mark is already on the Register and the course suggested by Mr. Myall cannot apply.

I also note that in "A Practical Guide to Trade Marks" by Amanda Michaels there is reference to Ss. 12(2) & (3) of the Trade Marks Act 1938 at page 46 as follows :-

"The Registry cannot go so far under this section as to permit the registration of two marks having "triple identity", that is identity of mark, of goods and of market. Although there is provision for S. 12(3) clashes to be settled by the Court this is rarely used.

The agreements which may be reached under S. 12(3) include reservations as to the mode of use, colour and territory, as well as restrictions to particular goods. In the "Lion Brand" case for instance, separate applications were made by two companies for very similar marks for fish, both marks having already been in use; one party's area of use was larger than, and allegedly included, the other's. The Court was loath to apply S. 12(2) because of the strong likelihood of confusion against the public interest, but was prepared to register both marks once agreement had been reached between them to separate the areas in which each proprietor would use his mark."

I derive considerable support from these examples that the fact of "triple identity", and the resulting greater possibilities of confusion to the members of the public, is one of the matters I should take into account when considering whether registration can be permitted under S. 22 of the Ordinance.

Taking all these factors into account, I consider therefore that the degree of confusion between the two marks must be very considerable and further I consider that any customer, whether involved in the trade or a member of the public, could be confused or deceived into thinking the marks came from the same source.

The honesty of the concurrent user

I have considered the facts of this case and all the surrounding circumstances and I have no doubt as to the honesty of the concurrent user.

The relative inconvenience which would be caused if the mark were registered, subject if necessary to any conditions and limitations

I have considered whether any conditions or limitations could be imposed to reduce the likelihood of confusion but agree with the view expressed by the Registry in the letter dated the 1st November 1982 that no such limitations or conditions are feasible in this case.

I have further to consider the relative inconvenience both to the parties and to the public if the Applicants mark were to be registered.

Mr. Liao pointed out to me the fact that, as shown by the evidence, the Applicants have registrations of the "CROWN" marks in the United Kingdom and in many other countries of the world including countries in the Far East as well as Europe. The evidence shows very extensive sales in the United Kingdom since 1969 and sales in many other parts of the world since 1972. Mr. Liao further argued that as infringement proceedings were threatened that if the mark were refused the Applicant might not be able to use the mark in Hong Kong and that this fact would cause inconvenience and difficulty to the Applicants in marketing their goods in Hong Kong and in all probability they would have to use a different mark in Hong Kong from that used in the rest of the world.

To support his arguments, Mr. Liao referred me to the "ACEC" case (1965 RPC 365) and the words of Dr. Atkinson, the Assistant Comptroller at page 373.

"It is also stated in this authority that the Registrar must take into consideration the degree of hardship which would be imposed on one party or the other according to the way the decision runs. The extent of user by both the applicants and opponents of their respective marks is not large and appears to be roughly of the same order. As I have indicated above I do not consider that deception would result from the registration of the applicants' mark and also that the degree of hardship on the opponents is small. The applicants are a large

Belgian Company who have extensively used the trade mark ACEC abroad and have made considerable efforts to introduce their goods into this country. From a consideration of all the circumstances of the case I think that the hardship inflicted on the applicants by a refusal of their mark would be greater than the hardship which would be inflicted on the opponents by the registration of the mark applied for."

I note from the facts of the "ACEC" case that the Assistant Comptroller had considered that deception would not result and that the degree of hardship on the opponents was small.

I am much persuaded by Mr. Liao's arguments on the question of hardship to the Applicants which in view of their extensive user in the United Kingdom and overseas is, I agree, considerable and I have sympathy with them. The user of their mark in Hong Kong is, however, not large and until 1976 the evidence does not show, in my opinion, that the Applicants were particularly active or aggressive in their marketing approach in Hong Kong which was considered a relevant factor in the "ACEC" case.

I consider that in addition to considering the degree of hardship on the Applicants, I have also to consider the relative inconvenience caused to the public as well as to the parties and I am supported in this view by the decision in the "L'AMY" Trade Mark case (1983 RPC 137) and the words of Mr. D.G.A. Myall at page 145 :-

"The matter is not simply one viz-a-viz the applicants and the opponents and I have to take account of the public interest. When matters of possible confusion or deception of the public are in issue, I consider that interest to be paramount. The opponents may at any time put their registered mark into use and the applicants may begin to sell their frames through the same kind of markets as the opponents."

In this case neither party has shown extensive user and as already stated little evidence of advertising in a wide market in Hong Kong prior to the date of the application has been produced. It is however open to the Registered Proprietor of the cited mark No. 766 of 1976 to expand his sales. If he expanded his sales of paint, in particular, and if the Applicants mark were allowed to proceed, I consider that the possibility of the public's being confused to be substantial. This factor in addition to the similarity of the marks and goods must support the view that the inconvenience and confusion to the public could be considerable and in my view the risk of such confusion would be greater than the hardship caused to the Applicants.

Mr. Liao also referred me to the words in S. 22 "or other special circumstances" and I consider it appropriate to deal with this point at this stage.

Kerly at paragraph 10 - 21 deals with the words "or other special circumstances" and I note this can include any matter peculiar to the Applicant in the case in point.

Mr. Liao referred me in particular to the following :-

- (1) The long history of the "CROWN" mark since 1966 in the United Kingdom and the earlier "CROWN" mark registered in Hong Kong.
- (2) The extensive sales in the United Kingdom and the worldwide sales under the "CROWN" mark.
- (3) The registrations of various "CROWN" marks in the United Kingdom and in various parts of the world.
- (4) The fact that the cited mark No. 766 of 1976 was, as already referred to by me, originally applied for and used as the "Crown device" alone prior to 1976.
- (5) That prior to the Removal proceedings neither party had heard of the other parties mark.
- (6) That there are no instances of confusion.

In considering these points, I note that in Hong Kong the user by the Applicants has been only since 1972 and has not been extensive and that such user did not commence prior to user by the Registered Proprietor of the cited mark No. 766 of 1976 of his "Crown device" and further that the earlier "CROWN" mark registered in Hong Kong in the name of Williamson Martin & Co Limited and Federated Paints Limited was not in fact at any time owned by the Applicants.

I note the various registrations and user in the United Kingdom and in various parts of the world but I am not satisfied from the evidence produced that such worldwide user resulted in widespread knowledge of the mark in Hong Kong and although such worldwide user supports hardship, it is not, in itself such as to warrant special circumstances in this case.

The fact that there are no instances of confusion and the method of user of the cited mark No. 766 of 1976 prior to 1976 are factors to be taken into account but are not in the circumstances of this case of such importance in view of the relatively small amount of user by both parties.

Mr. Liao referred me to the "Buler" case (1975) RPC 275 where it was held that once the honesty of the applicant was established and it was otherwise just in all circumstances that the mark should be registered, the degree of confusion and even instances of actual confusion are relatively unimportant. I note, that in the "Buler" case the marks were not identical and it was, in fact, considered that the risk of confusion was slight. This judgement does lay down an important principle but it was decided on its own facts and should I feel be distinguished from cases where the risk of confusion to the public is considered to be such that the interest of the public should be considered paramount.

I am supported in this view by the words of Mr. Myall in the "L'AMY" case already referred to by me and also the comments in Australian Trade Mark Law & Practice by Shanahan at page 168 as follows :-

"In the "Buler" case the likelihood of confusion between the marks ("Buler" and "Bulova") was in fact considered to be slight. Presumably it will still be difficult to obtain registration where the marks are identical, and even more difficult in cases of so called "triple identity" where the marks and goods or services correspond and the areas of use overlap."

S. 34(1) of the Australian Trade Marks Act 1955 is, I feel sufficiently similar to S. 22 of the Ordinance to enable these comments to be of assistance in this case.

On the question of special circumstances, Mr. Liao referred me also to the "Granada" case (1979) RPC 303 in which case it was considered that the likelihood of confusion was substantial but I note there were special factors in that case which were taken into account and not the least the fact being that in the registered mark the word "Granada" was disclaimed.

It seems clear from the cases considered and the textbooks that I should consider this case on its own particular facts and circumstances.

Mr. Liao submitted that I could exercise my discretion under S. 22 of the Ordinance to allow the Applicants mark "CROWN" to proceed to advertisement and for the matter to be considered and argued in opposition proceedings. I note however from paragraph 10 - 18 of Kerly that the onus is

on the Applicants to justify registration and I take the view that if I am satisfied that I should not exercise my discretion under S. 22 of the Ordinance then I should not proceed on such basis.

Having considered this case on its own particular facts and circumstances, I take the view that neither the special circumstances in this case nor the considerable hardship to the Applicants are sufficient to overcome the very considerable possibility of confusion to the public if both marks were allowed to be on the Register in respect of the same goods. Accordingly, having taken into account all the circumstances of this case, including the fact that I cannot impose any suitable limitations or conditions, I do not consider that the Applicants have satisfied me that I should exercise my discretion to allow the Applicants' mark to be registered pursuant to S. 22 of the Ordinance.

In view of this, I must maintain the citation of the cited mark No. 766 of 1976 under the provisions of S. 20 of the Ordinance and the Applicants' mark "CROWN" in Class 2 in respect of "paints, varnishes, lacquers and enamels" cannot, therefore, proceed to registration and the Application is accordingly refused.

Averil C. Waters

Miss A.C. Waters
Assistant Principal Solicitor

9^b April 1984