

IN THE MATTER of the Trade Marks Ordinance

AND

IN THE MATTER of an Application (No.1621 of 1976)
by Furemon Knitting Factory Limited to
register the trade mark "MONTITT"
in Class 25 in respect of garments

AND

IN THE MATTER of an Opposition by Artknit Limited

AND

IN THE MATTER of an Application by Artknit Limited
to stay the Opposition proceedings

DECISION

of

Mr L.S. Shum, acting for the Registrar of Trade Marks.

Hearing on 23rd March 1978.

Mr A.G. Rogers instructed by Messrs. Wilkinson & Grist appeared for the Opponent.

Mr A. Liao instructed by Messrs. Lau, Chan & Ko appeared for the Applicant.

On 11th November 1976, Furemon Knitting Factory Limited of 1059-1061 Tung Chau Street, 1st floor, Kowloon (hereinafter referred to as "the Applicant") lodged an application for registration of the trade mark "MONTITT" in Class 25 in respect of garments. On 14th July 1977 the Applicant amended the mark to "Montitt". On 15th July 1977 the application for registration of the mark "Montitt" was accepted and a notice to advertise was issued by the Trade Marks Registry.

On 3rd August 1977, Artknit Limited of 67-68 Mirador Mansion, 2nd floor, Nos. 54-56 Nathan Road, Kowloon (hereinafter referred to as "the Opponent") gave Notice of Opposition through its agents Messrs. Ng and Lee, Solicitors. The grounds of the opposition is that the mark "Montitt" conflicts with trade Mark No.202 of 1974 "Montant" of which the Opponent is the registered owner and which mark covers the same Class of goods, and is likely to deceive or cause confusion.

On 30th September, the Applicant through its agents Messrs. Lau, Chan & Ko, Solicitors filed a Counter-Statement setting out the grounds in support of its application as follows :-

1. The Applicants are manufacturers and sellers of, inter alia, clothing.
2. The word "MONTITT" is an invented word.
3. Further or alternatively, the word "MONTITT" is a word having no direct reference to the character or quality of the goods and not being according to its ordinary signification a geographical name or a surname.
4. Further or alternatively, the word "MONTITT" is a distinctive mark.

(Cont'd....)

5. The proposed mark "MONTITT" is not identical with nor so nearly resembles Trade Mark No.202 of 1974 of the word "Montant" as to be likely to deceive or cause confusion.

The Applicant admits in the Counter-Statement the following allegations in the notice of opposition :-

"That the Opponent appears on the Trade Marks Register as the Registered owner of Trade Mark No.202 of 1974 which mark covers the same class of goods as that in respect of which the mark propounded is applied for."

On 17th October, 1977, Messrs. Wilkinson & Grist, Solicitors, acting for the Opponent wrote to the Trade Marks Registry informing the Registry that the use of the word "Montitt" was currently under litigation to the extent that the Opponent had obtained an injunction against the Applicant restraining them from any further use of the word "Montitt" in relation to ladies' clothings, and requesting that all proceedings relating to the trade mark "Montitt" be stayed pending the outcome of the main hearing (in the High Court).

Upon the Applicant's refusal to agree to a stay of proceedings, Messrs. Wilkinson & Grist on behalf of the Opponent applied on 16th February 1978 for an inter-locutory hearing before the Registrar to determine the question of whether the proceedings should be stayed. In support of the application to stay Messrs. Wilkinson & Grist filed a Statutory Declaration of Mr. G.P. Miller dated 20th March 1978. The relevant parts of the Statutory Declaration of Mr. Miller are as follows :-

- (a) After the notice of opposition to this application was filed by the Opponents' solicitors Messrs Ng and Lee on the 3rd August 1977, the Opponents subsequently, on the 24th August, issued proceedings against the Applicant as Defendants inter alia to restrain infringement of the Opponents' registered trade mark No.202 of 1974 and to restrain passing off.
- (b) On the 14th day of September 1977 the Honourable Mr Justice Goss made an Order restraining the Defendants, the Applicants herein, inter alia from using the name Montatt and Montitt in respect of shirts, and from in any other way infringing the Opponents' registered trade mark No.202 of 1974 or in any other way passing off clothing not of the Opponents' manufacture or merchandise as and for clothing of the Opponents. Now produced and shown to me marked "GPM-1" is a copy of the aforesaid order.
- (c) This action is still proceeding and has reached the stage of discovery which is about to be commenced. In the premises unless and until the aforesaid injunction order is discharged, which in the ordinary course of events could only be after the hearing of the actions, the Applicants are unable to use the trade mark Montitt. Since the Applicants' right to use this mark is being challenged in the High Court I humbly submit that if these oppositions proceedings are permitted to continue it would to a very large extent duplicate the work necessary and unless and until the injunctions were discharged would prove to be fruitless.

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The interlocutory hearing took place before me on the 23rd day of March 1978.

At the hearing, Mr Rogers for the Opponent referred to the Statutory Declaration of Mr Miller and to the Order of Gans J. He submitted that the injunction order made by consent was to restrain both infringement and passing off, which were the same relief sought in the High Court action. The issues to be raised in the opposition proceedings would be the same issues to be raised in the High Court proceedings. The opposition proceedings would duplicate the work and expense. If the Opponent succeeded in the High Court action, the Applicant could not use the trade mark "Montitt". The whole matter depended on the outcome of the High Court action. Therefore it would be far better to leave the matter to the Court to decide. Mr Rogers submitted that because there was an injunction in force the Applicant could not use the trade mark until the matter was determined by the court. Therefore, he can not see how the Applicant would be prejudiced by a stay of the opposition proceedings. Mr Rogers also submitted that Section 27(4) would not assist the Applicant because the Applicant was restrained by the injunction order from using the mark "Montitt", and in any event the Applicant did not propose to justify in court honest concurrent use.

Mr Liao acting for the Applicant produced at the hearing a Statutory Declaration of Mr Martin Hong dated 22nd March 1978. The relevant parts of the Statutory Declaration of Mr Hong are as follows :-

- (a) The Applicant applied to register the mark "MONTITT" in class 25 of Part A of the Register in June 1977. By a letter dated 4th July 1977, the said application for registration has been accepted by the Registrar. The notice of opposition to this application was filed on 3rd August, 1977. The counter-statement in support of this application was filed on 29th September, 1977. Up still now, the Opponent has filed no evidence in support of its opposition.
- (b) The Writ in High Court action No.2286 of 1977 was issued on 24th August 1977 which was long after the said application, acceptance and Notice of Opposition.
- (c) As appear from the Statement of Claim in the said High Court action, the Opponent claims against the Applicant for infringement of the Opponent's registered trade mark No.202 of 1974, passing off by the use of the words "MONTITT", "MONTITT" and the get-up of the Opponent's men's shirts and infringement of copyright alleged to be subsisting in labels, artwork and packing relating to the Opponent's clothing. In the present proceedings before the Registry, the only question is a simple one, namely, whether or not there is any conflict between the words "MONTITT" and "MONTITT". In the circumstances, it will be expedient, fair and convenient to continue the proceedings before the Registry.
- (d) I have read what purports to be a copy of the Statutory Declaration of Gary Paul Miller which was received by me yesterday. I refer to paragraph 4 of the said Statutory Declaration. If there be any substantial duplication of work to justify the staying of either the High Court Action or this Opposition proceedings, it will be more expedient, convenient and economical to stay the High Court Action pending the outcome of this Opposition proceedings. The interlocutory injunction in the High Court Action poses no obstacle to this course since it can always be qualified or varied when registration is effected.

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Mr Liao submitted that the Opponent's application to stay the opposition proceedings was objected to on two grounds: First, the application for registration of the trade mark "Montitt" was made well before the Opponent issued proceedings in the High Court and the opposition proceedings had gone a considerable way, it was only fair to the Applicant that the opposition proceedings should proceed without waiting for the outcome of the court proceedings. Secondly, different issues were involved in the opposition proceedings and the court proceedings - the court action related to the questions of infringement and passing off regarding the use of "Montitt" and "Montant", whereas in the opposition proceedings the only issue was whether there was conflict between "Montitt" and "Montant". Mr Liao further submitted that the opposition proceedings were simple and could be disposed of. It was therefore expedient and convenient to take proceedings before the Registrar in terms of expense and time. Mr Liao acknowledged that the Applicant was not claiming honest concurrent use under section 27(4) of the Trade Marks Ordinance in the Court action.

In support of his grounds of objection, Mr Liao referred to *Barlei (U.K.) Limited v. Bali Brassiere Company Incorporated (1970) R.P.C. 469*. Mr Rogers submitted, and I agree with him, that the *Barlei* case was not relevant. That case involved the application to register under section 12(2) of the Trade Marks Act 1938 (corresponding to section 22 of the Trade Marks Ordinance) and if registration were obtained it would provide under section 4(4) of the Act (corresponding to section 27(4) of the Ordinance) a defence to an action for infringement. The application to register "Montitt" is not made under section 22 of the Trade Marks Ordinance and the Applicant, as Mr Liao has acknowledged, is not proposing to claim honest concurrent use in the High Court action.

It is apparent that, inter alia, the issues whether or not the Applicant's mark "Montitt" is identical with the Opponent's registered mark "Montant" or so nearly resembles it as to be likely to deceive or cause confusion, will be raised in both the opposition proceedings and the High Court proceedings so far as they relate to infringement. I accept Mr Rogers' submission that substantially the same issues will be raised in the two proceedings and the opposition proceedings will to a large extent duplicate the work and expense. I also accept Mr Rogers' submission that the whole matter will depend on the outcome of the action in High Court. If the Opponent succeeded in its action in the High Court, that would dispose of the application before the Registrar. But registration of the mark would not dispose of the High Court action. The Opponent could go on claiming, in addition to the relief already claimed in respect of infringement and passing off, that the registration of the Applicant's mark be set aside. That could be done under section 48 of the Trade Marks Ordinance by amendment of the proceedings in the High Court. The Applicant has not claim honest concurrent use under section 22 of the Trade Marks Ordinance in its application for registration and is not proposing to raise the issue of honest concurrent use in the High Court proceedings. In the circumstances, there appears to be no advantage to the Applicant if the opposition proceedings were not stayed until the determination of the High Court action. Having taken into consideration of all the circumstances of the matter, it also appears that the Applicant would not be prejudiced in any material ways by a stay of the proceedings and accordingly it would not be unfair to the Applicant if the opposition proceedings were stayed.

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Having considered the Applicant's application, the Opponent's ground of opposition, the respective Statutory Declarations of Mr Miller and Mr Hong, the terms of the Order of Cons J., the nature of the High Court proceedings and the submissions in this matter, I am satisfied that substantially the same issues arise for determination by the Registrar in the opposition proceedings and by the High Court in the infringement action. In the circumstances and having regard to the interests of both the Applicant and the Opponent, I have decided that the proper course for the Registrar to adopt is to defer his jurisdiction upon these common issues to that of the High Court. I therefore stay the opposition proceedings until the determination of High Court Action No.2286 of 1977.

Neither party has asked for costs of this hearing and having considered all the circumstances in this matter I make no order as to costs.



(L.S. Shum)
Assistant Principal Solicitor
4th April 1978

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