



覆函請註明本處檔號

In reply please quote this ref.: (141) in 1998/80

來函檔號 Your ref.:

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21 November 1990

Messrs Deacons
Alexandra House
3rd Floor
Hong Kong
(our Ref : HP:T 33/06859/1)


Messrs Johnson, Stokes & Master
18th Floor
Prince's Building
10 Chater Road
Hong Kong
(Your Ref : GD/343037/9)

Dear Sirs,

Opposition to Application No. 1998 of 1980
for registration of Trade Mark "POLEK"
in Class 14

I enclose the decision in the above matter.

Yours faithfully,


(Miss A.C. Waters)
p. Registrar of Trade Marks

Application No. 1998 of 1980

IN THE MATTER of the Trade Marks Ordinance

and

IN THE MATTER of an Application No. 1998 of 1980 for registration of the trade mark "POLEK" in Class 14 in respect of "Watches, Watch parts and Watch Bands" in Part A of the Register

and

IN THE MATTER of an Opposition thereto by MONTRES ROLEX S.A.

DECISION
of

Miss A.C. Waters, acting as Registrar of Trade Marks at a Hearing held on 2nd & 3rd December 1985, 3rd December 1986 and 10th to 13th March 1987.

Mr. Andrew Liao, QC instructed by Messrs. Johnson Stokes & Master appeared for the Applicants.

Mr. Anthony Rogers QC, instructed by Messrs. Deacons appeared for the Opponents.

On the 12th August 1980 Koo Brothers Co. Ltd., a Company incorporated in Hong Kong, of Far East Consortium Building 6th Floor 113-125A Des Voeux Road, Central, Hong Kong, ("the Applicants") applied to the Registrar of Trade Marks ("the Registrar") for registration of the trade mark "POLEK" in Class 14 in respect of "watches, parts of watches watch cases, watch dials, watch bands, watch presentation boxes and clocks" in Part A of the Register.

On the 22nd November 1980 the Applicants appointed Messrs. Johnson Stokes & Master, Solicitors as their agents.

On the 29th September 1981 the Applicants through their agents applied to amend the specification of goods to "watches, watch parts and watch bands".

3 On the 30th September 1981 leave to advertise the mark was given by the Registrar for registration of the trade mark "POLEK" in Class 14 in respect of "watches, watch parts and watch bands". The leave to advertise stated that use had been claimed from the year 1967 pursuant to the provisions of Section 22 of the Trade Mark Ordinance ("the Ordinance"). The mark was advertised in the Gazette on the 16th October 1981.

On the 13th April 1982 Montres Rolex S.A., a corporation organised and existing under the Laws of Switzerland of 3, Rue Francois Dussaud, Geneva, Switzerland ("the Opponents") lodged a Notice of Opposition through their agents Messrs Deacons, Solicitors. The grounds of Opposition, as set out in the Notice of Opposition, were as follows:-

"1. We are the registered proprietors of the following trademarks :-

<u>TRADEMARK</u>	<u>REGISTRATION NO.</u>	<u>CLASS</u>
ROLEX	158 of 1938	10
ROLEX & CROWN DEVICE	453 of 1951	10
ROLEX OYSTER PERPETUAL	454 of 1951	10
OYSTER	456 of 1951	10
CROWN DEVICE	1276 of 1962	14
ROLEX & CROWN DEVICE	418 of 1975	9
QUARTZOYSTER	1586 of 1976	14
ROLEX OYSTERQUARTZ & CROWN DEVICE	1587 of 1976	14
ROLEX & CROWN DEVICE	1343 of 1977	14
ROLEX CELLINI & CROWN DEVICE	554 of 1969	14

Which have been used by us for many years throughout the world including Hong Kong.

2. The applicants seek to register the trade mark "POLEK" the subject of application herein in Class 14 in respect of "Watches, watch parts, watch bands" under application no. 1998 of 1980.

3. The trade mark which the applicants have applied to register so resembles our said trade marks as to be likely to deceive, or cause confusions.

4. The trade mark which the applicants have applied to register so resembles our said trade marks as to be likely to mislead members of the public all betrayed into thinking that goods bearing such trade mark are our goods or that such goods have some connection with the opponent.

5. The use of the proposed mark by the applicants will deprive the opponent of its rights in its said trade marks.

6. By reason of the matters set forth the proposed mark "POLEK" is not a registerable trade mark within the terms of the Trade Marks Ordinance.

7. The Registrar should exercise his discretion and firstly to the applicants and we ask that application no. 1998 of 1980 be refused with costs against the applicants."

On the 30th June 1982 the Applicants lodged, through their agents, a Counter Statement which set out the following grounds in support of their Application:-

"1. We are the proprietors of the trade mark "POLEK" which mark in such form has been accepted by the Registrar as capable of distinguishing our "watches, watch parts, watch bands".

2. The said trade mark has been used by us in Singapore, Malaya and Sarawak since 1967 and is also registered in those countries.

3. The said trade mark has been extensively used by us in Hong Kong since 1967 and to our knowledge there have been no instances of confusion or deception between our goods and those of the Opponents.

4. We admit paragraph 2 of the Opponents' Notice of Opposition.

5. Save as hereinbefore admitted, we deny each and every allegation contained in the said Notice of Opposition and the Opponents are put to strict proof thereof.

6. The said trade mark is a registerable trade mark under the Trade Marks Ordinance and the Registrar should exercise his discretion to allow the application with costs against the Opponent."

The parties lodged evidence as follows :-

- (1) A Statutory Declaration (Nod 1) made by Armin Anton Diethelm (Mr. Diethelm) on the 30th May 1983 and lodged on 31 May 1983 on behalf of the Opponents.
- (2) Statutory Declaration (Nod 2) made by Tony P.C. KU ('Mr. Tony Ku') dated 16th February 1984 and lodged on the 19th March 1984 on behalf of the Applicants.
- (3) Two Statutory Declarations (Nod 3 & 4) made respectively by Mr. Diethelm on the 2nd August 1984 and Michael Derek Pendleton on the 16th August 1984 and lodged on the 13th and 15th August 1984 respectively on behalf of the Opponents.

On the 3rd August 1984 the Opponents lodged an amended Notice of Opposition dated the 1st August 1984. Consent to the Filing of the amended Notice of Opposition was granted by the Registrar with the right to the Applicants to file an amended Counter Statement.

No amended Counter Statement was filed by the Applicants but further evidence was filed on their behalf namely a Statutory Declaration (Nod 5) made by Mr. Tony Ku on the 15th September 1984 and lodged on the 17th September 1984.

A date for the Hearing was agreed after a number of changes and took place on the 2nd & 3rd December 1985. During this Hearing Counsel for the Applicants applied to file additional evidence. The Registrar gave consent, subject to the right of the Opponent to file further evidence in reply, and the Hearing was adjourned. Further evidence filed was as follows :-

- (1) A Statutory Declaration (Nod 6) made by Mr. Koo Mei-wei ('Mr. Koo') made on the 2nd December 1985 and lodged on the 2nd December 1985 on behalf of the Applicants..
- (2) A Statutory Declaration (Nod 7) made by Mr. A.A. Diethlem and lodged on the 22nd April 1986 on behalf of the Opponents.

A date for the adjourned Hearing was set for the 3rd December 1986.

At the Hearing on the 3rd December 1986 the Opponents requested cross-examination of Mr. Koo and Mr. Tony Ku and the Applicants requested cross-examination of Mr. Diethelm. The right to cross-examine all three parties was granted by the Registrar and the Hearing was adjourned for a suitable date to be set.

The adjourned Hearing, after a number of changes, was finally set for the 10th March 1987 and in fact took place on the 10th, 11th, 12th and 13th March 1987.

At the beginning of the proceedings viva-voce evidence was taken from Mr Koo, Mr Tony Ku and Mr Diethelm.

The amended Notice of Opposition which amended some of the grounds of Opposition provided as follows:

"1. We are the registered proprietors of the following Hong Kong trademarks :-

<u>TRADEMARK</u>	<u>REGISTRATION NO.</u>	<u>CLASS</u>
ROLEX	158 of 1938	10
ROLEX & CROWN DEVICE	453 of 1951	10
ROLEX OYSTER PERPETUAL	454 of 1951	10
OYSTER	456 of 1951	10
CROWN DEVICE	1276 of 1962	14
ROLEX & CROWN DEVICE	418 of 1975	9
QUARTZOYSTER	1586 of 1976	14
ROLEX OYSTERQUARTZ & CROWN DEVICE	1587 of 1976	14
ROLEX & CROWN DEVICE	1343 of 1977	14
ROLEX CELLINI & CROWN DEVICE	554 of 1969	14

Which have been used by us for many years throughout the world including Hong Kong. We are also the registered proprietor of the following registered trademarks in

Switzerland, the country from which the goods originate within the meaning of s. 23 of the Trademarks Ordinance Cap. 43 :-

<u>TRADEMARK</u>	<u>REGISTRATION NO.</u>	<u>CLASS</u>
CROWN DEVICE	232286	Watch, Watch band and accessories
ROLEX & CROWN DEVICE	322436	Watch, Watch band and accessories

2. The applicants seek to register the trade mark "POLEK" the subject of application herein in Class 14 in respect of "Watches, watch parts, watch bands" under application no. 1998 of 1980.

3. The trade mark which the applicants have applied to register so resembles our said trade marks as to be likely to deceive, or cause confusions.

4. The trade mark which the applicants have applied to register so resembles our said trade marks as to be likely to mislead members of the public who will be betrayed into thinking that goods bearing such trade mark are our goods or that such goods have some connection with the opponent.

5. The use of the proposed mark by the applicants will deprive the opponent of its rights in its said trade marks.

6. The applicants are seeking to register a mark which so nearly resembles the marks in respect of the same goods or description of goods which the opponent has registered on 28th November, 1948 in Switzerland, a country from which such goods originate within the meaning of s. 23 of the Trademarks Ordinance Cap. 43.

7. The mark "POLEK" is a copy or a colourable imitation of the opponent's registered mark "ROLEX" and in these circumstances, the Registrar should exercise its discretion under s. 13 of the Trademarks Ordinance Cap. 43 to refuse to register the applicants' mark because the applicants are not the proprietors of the mark within the meaning of s. 13.

Mr. Diethelm in his Declaration (No. 1) made the following statements :-

"1. He confirmed that he was the Managing Director of Rolex (Hong Kong) Limited, which was a subsidiary of Montres Rolex S.A., the Opponents,

2. He confirmed that the Opponents were the proprietors of the registered trade marks which were referred to in the Notice of Opposition as well as the following mark :-

<u>TRADE MARK</u>	<u>REGISTRATION NO.</u>	<u>CLASS</u>
勞力士 & CROWN DEVICE	2131 of 1982	9

3. He stated that Rolex was internationally famous as a manufacturer of watches and other related goods and that it first adopted the mark "Rolex" in Switzerland in or about 1910 as a trade mark applied to its high quality products especially those made of precious metals such as gold and platinum, and decorated with precious stones such as diamonds. He also stated that the Opponents said trade mark was first used on watches, parts thereof and therefor and watch bracelets in Hong Kong in or about 1938 and had been in continuous use in Hong Kong since that year with the result that such trade mark had now become distinctive of their goods.

4. He explained that since 1910, the said trade mark had been exploited and registered and had been the subject of intensive advertising campaigns in virtually every country throughout the world. He stated that the Opponents advertised extensively in magazines and periodicals with an international or world-wide circulation and its catalogues and brochures were freely available through its agents world-wide.

5. He stated that the Opponents had recorded sales in Hong Kong of in excess of HK\$50M for each of the years 1978-1982 inclusive in respect of its watches bearing the trade marks set out above and had further, extensively promoted and advertised its products in Hong Kong. Such advertising and promotion was carried out in the form of television and press coverage, and also by such means as prominent neon signs and advertising signs outside shops, showcards and catalogues. The annual expenditure incurred in respect of such advertising and promotion had been in excess of HK\$3M in each of the years 1978-1982 inclusive.

6. He stated that the Opponents sold watches through its subsidiaries and distributors in almost every country of the world and had built up and enjoyed a reputation second to none for the excellence of its products. He considered that members of the watch-buying public and others all over the world associated watches bearing the "Rolex" trade marks with those of the finest taste, quality and craftsmanship and, that by reason of the substantial sales and

advertising in Hong Kong, the Opponents had acquired an outstanding and valuable reputation and goodwill in Hong Kong in respect of those qualities associated with the said marks.

7. He considered that the applicant's trade mark "Polek" was extremely similar both visually and phonetically in particular to its trade mark "Rolex". Mr Diethelm explained that he took this view because both "Polek" and "Rolex" were five-letter words of two syllables sharing the same three middle letters "ole". He also noted that the mere additions of one stroke to the letter "P" transformed it to a letter "R". and that in his view the letters "K" and "X" could easily cause confusion to the buying public, especially to those purchasers or tourists who were unfamiliar with the English language. He further considered that the phonetic vowel sounds of each syllable were identical in both words and the natural pronunciation of each word placed the emphasis on the first syllable. The similarity was further enhanced by the use of the consonant "l" to join the two syllables.

8. He considered that if the applicant's mark was allowed to proceed to registration and the applicant was allowed to use it on any watches it chose, that confusion or deception of the public would be the likely consequence.

9. He referred to a letter of complaint dated 10th December 1982, received by the Opponents from a Thai tourist named TENSENBOL of Bangkok. This complainant was wrongly informed by a salesman at a watch store in Kowloon that "Rolex" and "Polex" was the same group and "Rolex" would repair all "Polex" watches sold in Hong Kong. Mr. Diethelm expressed the opinion that although the letter referred to the watch by the name of "Polex", it was his strong belief that "Polex" was a wrong spelling of "Polek" and that the said letter referred to one of the applicant's watches. He stated that the letter showed the untold potential damage which Rolex could suffer to its reputation and goodwill should the applicant be free to use the mark on any watches in Hong Kong, and in particular watches of a higher quality and price. It had been shown only too clearly that unscrupulous traders would be able to induce the false belief that watches bearing the mark "Polek" were associated with Rolex.

10. He stated that Rolex had a reputation not only for its products but also for its unrivalled repair and maintenance service and he considered that the consequences of confusion and deception would affect Rolex's reputation not only for its products but also for its other services.

There were the following exhibits to Mr. Diethelm's Declaration :-

- 1) A number of advertisements showing the mark "Rolex" but no promotional materials. These were all taken from Chinese newspapers and the dates were not indicated in English.
- 2) A copy of the leave to advertise the applicants mark and a service report of the Opponents mark Nod 158 of 1958.
- 3) A copy of the complaint letter from Tensenbol of Bangkok. I will in future refer to this as the "Tensenbol complaint".
- 4) An example of the Applicants watch with the trade mark "POLEK" in block letters on the face, on the back of the case and on the watch band.

In his Declaration (Nod 2) Mr. Tony Ku a Director of the Applicants made the following statements :-

- 1) He stated that the Applicants were a well-known manufacturer and wholesaler of watches and related goods in Hong Kong and that they adopted and first used the Mark in Hong Kong, Malaya, Sarawak and Singapore in 1967 and had been continuously using the Mark since that year.
- 2) He stated that the Mark "POLEK" had been registered either alone or together with a bird device in The People's Republic of China, Indonesia, Singapore, Malaya and Sarawak and was at that date under pending application for registration in Thailand. The said registrations and application were in respect of similar goods and he gave particulars in the Declaration of the countries and the Applicants.
- 3) He explained that Koo Mei Wei and Koo Mei Yon the applicants in Singapore, Malaysia & Sarawak were two of the principal shareholders of both Koo Brothers (Watch Manufacturers) Pte. Ltd., which company was the proprietor in Indonesia, and of the Applicants as it was a family business.
- 4) He gave details of the total turnover of the local and export sales of "POLEK" watches which are set out as follows for the years 1975-1983.

<u>Year</u>	<u>Approximate Annual Total Sales in Hong Kong</u>	<u>Approximate Annual Total Export outside Hong Kong</u>
1975	HK\$523,304.00	HK\$392,123.00
1976	HK\$526,872.00	HK\$175,672.00
1977	HK\$463,432.00	HK\$237,521.00
1978	HK\$831,330.00	HK\$65,229.00
1979	HK\$1,332,845.00	HK\$102,153.00
1980	HK\$4,412,456.75	HK\$806,719.50

5) He explained that the wholesale unit price of "POLEK" watches was low and ranged from \$35.00 to HK\$78.00 and pointed out that the quantities of the "POLEK" watches which were sold were substantial.

6) He stated that the Applicants had in the past few years advertised the mark by way of display boards, newspaper advertisements and displays in showrooms or shopwindows and by participating in trade fairs. The Applicants had spent the following sums on advertising the mark :-

<u>Year</u>	<u>Advertising Expenditure</u>
1978	HK\$520.00
1979	HK\$440.00
1980	HK\$1,625.00

7) He said that about 174 watch retailer shops were engaged in selling the said goods bearing the trademark "Polek" and he set out a list of these in the Declaration.

8) He noted that the mark POLEK had been accepted by the Registrar in Part A of the Register within Section 22 of the Trade Marks Ordinance on the ground of honest concurrent user of the mark POLEK in Hong Kong.

9) He denied the Opponents allegation that the Applicants' mark "POLEK" was similar to their trade mark registrations consisting of the word "ROLEX" and/or the device of a crown. In his view the phonetical difference between the word "POLEK" being pronounced as "po-lek" and the Opponents' mark being pronounced as "rol-lex" was sufficiently clear for one to be distinguished from the other, the pronunciation of the last consonant "x" of ROLEX" was unlikely to be confused with the last consonant "k" of "POLEK". Visually he felt that

the mark "POLEK" was not as similar to the mark "ROLEX" as alleged by Mr. Diethelm in his Declaration.

- 10) He commented on the Tensenbol complaint but said this could not be considered as evidence against the Applicant. His reasons were firstly because the brand name of the watch which the letter referred to was "POLEX" not "POLEK" and that the belief that "POLEX" was a wrong spelling of "POLEK" was solely a personal assumption by the Opponents and secondly because the writer of the letter said that he bought the "POLEX" watch because he was assured that "ROLEX" would repair it. Without admitting anything said in the letter, he believed that if there was any confusion, the confusion was caused by the wilful misrepresentation made by the salesman not by the brand name "POLEX".
- 11) He stated further, that the trademark POLEK had always been used in conjunction with the Chinese characters "寶力表" (BO LEK BIUL) and/or with a bird device as shown in the advertisements and photographs produced in "Exhibit C". He said that the Opponents' advertisements show that their mark was always used in conjunction with the Chinese characters "勞力士" and a Crown device. He took the view that the said respective accompanying Chinese characters and device were so dissimilar that there was no likelihood of confusion or deception between the subject mark and the Opponents' mark.
- 12) He expressed the view that in reality, the probability of the public being unable to distinguish the two marks was very small as the existing and potential market of the Applicants was entirely different from that of the Opponents. The prices of the "POLEK" watches were much lower than the prices of the "ROLEX" watches and such a great difference in prices further eliminated the likelihood of confusion arising from their trademark. In addition, the Opponents claimed that the "ROLEX" watches had been sold in Hong Kong since about 1938 and there had been substantial advertising. Therefore it was very unlikely if not impossible that people seeing watches bearing the "POLEK" mark would misunderstand that they belonged to the Opponents.
- 13) He explained that in real life, watches were always bought with care and after close-examination. Having a close look at a "POLEK" and a "ROLEX" watch, one will certainly see that they bear different trade marks.

- 14) He then stated that in 1973, under O.J. Action No. 3444 of 1973. the Opponents instituted proceedings against the Applicants alleging that the "POLEK" watches passed off the "ROLEX" watches. The Action was withdrawn in 1974 after a Defence was filed by the Applicants.
- 15) He also mentioned the fact that the Opponents had opposed the registration of the trademark POLEK with the device in Thailand in Civil Case Black No. 10312/2526 and Red No. 16273/2526. This case was decided in favour of the Applicants on 30th December, 1983, on the ground that the defendant's trademark did not so resemble that of the plaintiffs as to cause public confusion under the law of Thailand.

I set out details of exhibits which were attached to the Declaration :

1) Exhibit A

Copies of the Certificates of registration in Singapore, Malaysia & Singapore between the years 1967 & 1969 and in Indonesia and the PRC in 1973 & 1983 respectively.

2) Exhibit B

Copies of the invoices showing sales for the years 1975 to 1979 and from April to July 1980.

3) Exhibit C

Photographs of a display stand showing POLEK watches alongside ROLEX watches, copies of newspaper advertisements all being taken from Chinese newspapers and copies of photographs of display stands.

4) Exhibit D

A list of the local retailers who sold the Applicants goods.

5) Exhibit E

Copies of labels and the backs of watch cases showing that the POLEK mark was used in block capitals and sometimes with the device. These labels and the photographs in Exhibit C show the use of the device of a bird in a diving position i.e. the swallow's head down and wings and tail up sometimes on the vertical and sometimes at an angle.

6) Exhibit F

The copy of the Notice of withdrawal of the Action referred to in para 14 of Mr. Tony Ku's Declaration Nod 2.

In his second Declaration Nod 3 Mr. Diethelm made the following statements :-

- (1) He stated that he had perused the Statutory Declaration of Mr. Tony Ku Nod 2 and could find nothing in that Statutory Declaration which explained why the Applicants chose the name POLEK for their watches. He noted that it was evident that the Applicants had been in the watch industry for sometime and would at the time of choosing its 'POLEK' trade mark have been well acquainted with the international reputation and prestige of the mark "ROLEX". For this reason and for the other reasons set out in the Amended Notice of Opposition and his earlier Statutory Declaration Nod 1 he believed that the mark 'POLEK' was a copy or colourable imitation of 'ROLEX'.
- (2) He noted that reference was made by Mr. Tony Ku to the fact that the POLEK mark was used in conjunction with the Chinese characters (寶力表 BO LEK BIUL)/or a Bird Device. He said that the first two Chinese characters (寶力) sounded like a mere transliteration of the word "ROLEX", and he understood that the third character (表) meant watch. He felt that instead of dissipating the possibility of confusion and deception the pronunciation of the Chinese characters would add to the confusion or deception.
- (3) He referred to the photograph in Exhibit 'C' to the Statutory Declaration of Mr. Tony Ku Nod. 2 which illustrated the kind of situation which the Opponents feared would give rise to deception or confusion as well as diluting the rights it enjoys in its registered mark 'ROLEX'. He pointed out that the photograph depicted a display case with the mark "POLEK" in combination with what is called a Bird Device and the Chinese characters referred to in the above paragraph. On the right hand side of the display case was an advertisement for 'ROLEX' together with the Opponents registered Crown Device and the Chinese characters which are the subject of a current trademark application. He noted that if the Bird Device in the 'POLEK' advertisement is viewed vertically with the so called tail uppermost then it's resemblance to the Rolex registered Crown Device suggests a strong similarity and thus an association between the two watches and their respective manufacturers.

- (4) It followed therefore that the use of Chinese characters and the so called Bird/Crown Device in conjunction with the mark 'POLEK' only exacerbated the deception and confusion.
- (5) He noted that the form of script employed by the Applicants for the mark 'POLEK' was of identical style to that for which the "ROLEX" mark is registered. In particular he referred to the Applicants exhibit to Mr Ku's Statutory Declaration No. 1. He felt that the tag attached to the POLEK watches depicted in that Exhibit clearly showed the importance of the script when considering any similarity between the two marks. He referred specifically to the letter 'K' which was written in a form and style which showed a close affinity with the letter 'X' as depicted in the registered trademark "ROLEX".
- (6) He stated that he was informed by his legal advisors that the test was likely to be viewed from the perspective of a Hong Kong Chinese purchaser who used English as his second language. He said that in his experience and that of his sales staff the average Hong Kong Chinese purchaser tended to pronounce 'POLEK' and 'ROLEX' in a very similar way.
- (7) He considered that the POLEK mark as used on the applicants watch and watch band, were the most graphic illustration of how confusion or deception was likely. He referred to the exhibit in AAD6 which showed in the photograph marked 'A' the obscuring effect of the hands of a watch and in the photograph marked 'B' the similarity of the 'K' in POLEK to an 'X'.
- (8) He believed that at the very least the degree of confusion would lead members of the public to wonder when they purchased a POLEK watch whether or not it had some connection with the manufacturers of ROLEX watches and at the most could cause such persons to think when they purchased a POLEK watch that they were purchasing a ROLEX watch.
- (9) He refuted the suggestion that the mark ROLEX was always used in conjunction with the Chinese characters and a Crown Device and gave examples to support this.
- (10) He referred to the proceedings by the Opponents against POLEK in High Court Proceedings (OJ Action No. 3444 of 1973 referred). He explained that on 31st July 1974 he instructed Messrs. Deacons to withdraw from the action rather than face the uncertainty of a jury trial, as the defendant had elected to proceed to trial by jury, but not to agree to any settlement with the Applicants so as to enable the Opponents to bring fresh proceedings if necessary.

The Exhibits to Mr. Diethelm's Declaration contained the following :-

- 1) Exhibit AAD-6 showed two photographs marked 'A' & 'B' of the Applicants watch. The photograph in 'A' showed the watch with the two hands at 11-05 thereby carefully concealing the "P" and the "K" and the second showing the back of the watch band with the mark POLEK none too clearly shown. In his first Declaration Mr. Diethelm exhibited the watch band itself and in my view the lettering on the original is also none too clear
- 2) Exhibit AAD-7 was a copy of the letter signed by Mr. Diethelm on behalf of Rolex (Hong Kong) Ltd agreeing to drop the action at this stage but indicating that he did not wish to enter into any agreement.

In his Declaration Mr. Pendleton stated that he was a solicitor in the employ of Messrs. Deacons and for the time being had the conduct of the opposition.

He gave details of his requests for certified true copies of Trade Mark registrations of the mark "ROLEX" in Switzerland for the purpose of the proceedings and of the reply enclosing certified true copies of Swiss Trade Mark Registration Certificates in respect of "Crown Device" No. 232, 286 and "Rolex and Crown Device" No. 322, 436.

Mr. Pendleton exhibited to his Declaration a copy of the telex and the letter in reply. He also exhibited photocopies of certified copies of the registration in Switzerland of a number of marks but in particular the ROLEX & Crown device mark No. 118256 dated 20.12.1946 together with what appeared to be a renewal certificate. All these documents were in French and have not been translated

Mr. Tony Ku in his Declaration Nod 5 made the following statements:-

- (1) He confirmed that the Applicants and their predecessors had been in the watch industry for over 30 years, and had begun to use the names "POLEK" and "寶力" for the subject watches since 1967. The Chinese name "寶力" was a combination of the Chinese characters "寶" (which means "precious") and "力" (which means "power") and was invented by Mr. Koo, a founder of the Applicants. The name "POLEK" was adopted to resemble the pronunciation of the Chinese name (寶力).
- (2) He gave his views on the question of confusion and in particular referred to paragraph 3 of Mr. Diethelm's declaration Nod 3 and noted that the

characters "寶 力" were in fact pronounced in Cantonese as "BO-LEK" (the last consonant "k" not actually pronounced) and in Mandarin as "BAO-LIK" (the last consonant "k" again not pronounced). He considered that the distinction in pronunciation between "BO-LEK" or "BAO-LEK" and "ROLEX" was very clear. He was sure that any literate person of the Chinese public in Hong Kong would be able to distinguish the character "寶" from the character "勞".

- (3) He referred to Mr. Diethelm's reference to the fact that the bird device in the "POLEK" advertisements resembled the Crown device of the Opponents if it was viewed vertically with the so called tail uppermost. He pointed out that the bird device on the display board would normally not be viewed in this way unless a viewer put his head on his right shoulder when looking at the display board and even if the bird device was marked on the watch, a person could always see that the "tail" was not vertical. He felt that the bird device was substantially dissimilar to the crown device and that no matter how it was viewed, no confusion would arise. In his view the exhibit referred to clearly demonstrated the great differences between the two marks. He still believed that even a person who could not read English would not be confused.
- (4) He noted that "POLEK" was a word mark. The only similarity in the style of script between "POLEK" and "ROLEX" is that both were in capital block letters but such similarity was of no significance at all in trade marks. He felt that among the 26 letters of the alphabet that "K" was visually closer to "R" than to "X", and "X" is closer to "Y" than to "K". It felt it needed an extremely good imagination to associate "K" with "X".
- (5) He agreed that it was true that the average Hong Kong Chinese purchaser and salesman might not be able to pronounce the word "ROLEX" accurately especially the consonant "X" as the accurate pronunciation of "X" should be "eks" whereas most people would normally pronounce it as "es" only. They seldom omit the sound "s" but the sound "k". On the other hand, persons would not pronounce "K" as "s" or "es". Therefore "ROLEX" being pronounced with the sound "s" and "POLEK" without. He pointed out that there were only five vowels in the English language but that there were twenty-one consonants. He felt it was unreasonable that a mark was said to be confusingly similar to another on the ground that they had the same vowels.

- (6) He considered the question of confusion and stated that he did not believe that a purchaser paying only few dollars for a "POLEK" watch would think that he was purchasing a "ROLEX" watch.

Mr. Koo in his Declaration (Nod 6) made the following statements:-

- (1) He stated that he was a Founder and Director of Koo Brothers Co., Ltd., the Applicants herein. He confirmed that the Statutory Declarations of Mr. Tony Ku Nod 5 had been read and explained to him and he confirmed that the facts therein relating to the invention of the name "POLEK" were true and accurate and that he had personal knowledge thereof.

Mr. Diethelm in his third Declaration (Nod 7) made the following statements :-

- (1) He pointed out that the watch sold by Rolex under the trade mark "ROLEX LADYDATE JUST" had been on sale in Hong Kong since at least July 1964 and that the average yearly value of sales of "ROLEX LADYDATE JUST" models for the period 1976 to 1986 had been in excess of HK\$10M.
- (2) He estimated that the amount spent by his company on advertising since 1967 for watches sold under the trade mark "ROLEX LADYDATE JUST" had been HK\$10M.
- (3) He gave a list of some of the famous women who had appeared in advertisements for watches sold under the trade mark for ROLEX Ladydate Just.
- (4) He considered that the sales and promotion in Hong Kong of the watch sold under the trade mark "ROLEX LADYDATE JUST" had been such that the watch was instantly recognisable by its appearance alone as being manufactured by Rolex.
- (5) He stated that the watch made by the Applicants and exhibited as AAD5 in his declaration Nod. 1 was purchased by his company on the 17th February, 1983. He stated that the watch exhibited as AAD5 was clearly a copy of the "ROLEX LADYDATE JUST" watch.
- (6) He believed that by selling the watch appearing as Exhibit AAD5, to his Declaration No. 1 the Applicants were clearly trading on the reputation built up by Rolex. The appearance of Exhibit AAD5

coupled with the similarity of the trade marks "ROLEX" and "POLEK" demonstrated the degree to which the Applicants had imitated the Rolex product with a view to producing a watch which was no doubt intended to confuse the casual observer. He believed that, in the same way as Exhibit AAD5 cannot be seen as anything other than a copy of a Rolex watch, the trade mark "POLEK" was obviously derived from and was a copy of the trade mark "ROLEX".

The Exhibits to this Declaration are as follows :-

- 1) A copy of a receipt written in Chinese dated 17.2.1983. I have noted the fact that the receipt, gives no indication of what it was given for although Mr. Diethelm has stated that it was a copy of the receipt for the purchase of the applicants watch exhibited to his first Declaration.
- 2) A copy of a number of advertisements in both English and Chinese newspapers. Only one of these which had the date indicated in English was dated prior to the date of application. Thus one newspaper advertisement in an English newspaper showed the date of February 1980.

I summarise the documentary evidence as follows.

The Applicants

1. The Applicants claim adoption of the mark and user since 1967 in Hong Kong, Malaya, Singapore and Sarawak.
2. Mr. Tony Ku explained that the Chinese name was invented by Mr. Koo and that the name was adopted to resemble the pronunciation of the Chinese name. Mr. Koo confirmed that this was how the mark came to be invented.
3. The total of sales for the years 1975-1980 was approximately HK\$9.8m broken down to \$8m (approx) for local and HK\$1.8m for overseas sales. This is approx. HK\$1.6m per annum and if each watch is sold at the maximum price of \$100 would mean approx. 16,333 watches per annum. The price range is in fact \$35-\$78. The sales reveal small sales in the years 1975 to 1978 but with a large increase in the years 1979 and 1980 no doubt reflecting the gradually increasing advertising expenditure. Sales were supported by sales invoices produced for the years 1975-1980. No details of use nor evidence in support was produced for the years 1967 - 1975.

4. The mark is used in the form "POLEK" on the watch face, the watch back and the watch band and on labels. It is used in advertising, together with the bird device and the Chinese characters "寶力".
5. The mark "POLEK" was registered in Singapore in 1967 which clearly supports adoption at that time, but not necessarily use. The first examples showing use in Hong Kong are sales invoices for the year 1975.

The Opponents

1. The Opponents have had their mark No. 158 of 1938 "ROLEX" registered in old Class 10 since 1938 and user is claimed since about that time in Hong Kong. The "Rolex & Crown device" was first registered in 1951 under No.453 of 1951. There was no registration of the Chinese characters "勞力士" as at the date of application for the mark "POLEK".
2. Massive sales of \$50m are claimed for each of the years 1975-1980 although no documentary evidence is deduced in support. Advertising expenditure for the years 1978-82 of 3m per annum is claimed but it is unfortunate that so few of the examples produced relate to a period prior to the date of application.
3. Notwithstanding the lack of documentary evidence in support of the figures supplied I can accept that the Opponents do have a substantial reputation as at the date of the application namely 12th August 1980 in their mark "ROLEX" and this was indeed accepted by Mr. Tony Ku in his Declaration No 2 and was not disputed by the Applicants at the Hearing.
4. Further evidence was produced of one particular product namely the ROLEX Ladydate Just of which it was stated there were average sales figures of HK\$10m for the years 1976-1986 and total advertising expenditure of HK\$10m since 1967. The Opponents claim sales of this watch since 1967 but produced no actual documentary evidence to support this. It is clear that some of the persons in the advertisements would not have been the subject of the advertisement in 1967 - for example the advertisement itself states that Kiri Te Kanawa's first performance at Covent Garden was 1971. I am satisfied from the evidence that watches with the mark "ROLEX" had sales and reputation in Hong Kong in 1967 but exactly how extensive this reputation was at that date has not been conclusively resolved to my satisfaction.

Viva-voce evidence

I turn now to consider at this stage the viva-voce evidence taken under oath at the Hearing from Mr. Koo and Mr. Tony Ku for the Applicants and Mr. Diethelm for the Opponents.

Evidence of Mr. Koo

Mr. Koo gave evidence first and I comment on some aspects of the evidence given on cross-examination by Mr. Rogers.

1. Mr. Koo explained that he established a watch business with three brothers in Hong Kong in 1950. In 1967 part of the business moved to Singapore and the applicant company was formed in Hong Kong at that time. Mr. Koo confirmed that he had been involved in running the business of Koo Brothers Co. Ltd. since 1967 and still continued to be involved.
2. On being questioned he confirmed that the business had been involved in selling watches bought from Switzerland and also in assembling watches in Hong Kong and he explained that there was a small factory inside the office for this purpose.
3. Mr. Koo confirmed he used various names on the watches assembled by the company such as Polek, Senly, Rider and Roder. He confirmed in reply to questions that the watches assembled in Hong Kong were plastic and rubber watches at the cheaper end of the market costing approx. \$30 - \$100.
4. He confirmed that a number of different styles were used and that emphasis was on style rather than the name when it came to marketability.
5. On questioning Mr. Koo confirmed that he remembered choosing the name "POLEK" and said that he first chose the Chinese characters "寶力" transliterated as "Bo Lik". As he did not speak English he asked his Singapore English secretary to translate the Chinese characters into English and it was she who came up with the English name of "POLEK". Mr. Rogers noted that Mr. Koo pronounced the 'K' when saying the words in English and Chinese and Mr. Koo agreed that in Chinese he pronounced the characters as BO LIK with the emphasis on the first syllable.
6. Mr. Koo was asked whether he had heard of the name ROLEX for watches at the time of choosing the name POLEK in 1967 and he said he had not. On being asked again on this point Mr. Koo said that he did not pay attention to the names but he did agree that he had heard of the mark OMEGA but that he had not heard of the mark ROLEX until about the 1970's. Mr. Koo disputed the

submission by Mr Rogers that everybody in the watch business should have heard of the mark ROLEX by the late sixties.

7. On being questioned as to the use of a device with the mark POLEK Mr. Koo explained that the device used was the device of a swallow. The idea of using a swallow device came from a device he had seen used on clothes and he had asked an advertising company to draw a swallow. He could not recall whether the designer had, in producing the device for his watches, used exactly the same mark as the original device. He confirmed that the mark POLEK was sometimes used with the device and sometimes not.
8. It was established after Mr. Koo had examined some of the Exhibits, that the device was normally used in a vertical direction as shown in the tags exhibited in Exhibit E to Mr. Tony Ku's Statutory Declaration No. 2. It was also established that different coloured tags were used to differentiate between mechanical and quartz watches with a green tag being used for mechanical watches.
9. Mr. Rogers questioned Mr. Koo closely as to how and when he first became aware of the name ROLEX for watches. Mr. Koo confirmed that in or about 1970 he became aware of ROLEX as being used on the most expensive watches at that time.
10. On being asked whether the watches sold under the names POLEK and ROLEX were sold side by side Mr. Koo said he had no knowledge or interest as to whether they were sold side by side. He stated that he did not visit watch shops to see the way his watches were sold and did not pay much attention to this aspect.
11. Mr. Rogers took Mr. Koo through the advertisements exhibited and Mr. Koo agreed that he recognised the famous ROLEX watch design although he knew in 1970 the man's watch rather than the lady's watch although he agreed that there was a "family" resemblance between the two watches.
12. Mr. Koo was shown the watch exhibited as AAD5 to Mr. Diethem's Statutory Declaration No. 1 and confirmed that it was his company's product. Mr. Koo was asked when he had started making that watch and he said about 10 years before i.e. 1977 and confirmed that at the time of

making it he knew of "ROLEX" for watches and the style used by ROLEX and was aware of the style of the Lady Date Just.

13. Mr. Rogers asked Mr. Koo why he produced watches in the style of Exhibit AAD5. In reply Mr. Koo said that, at that time, it was a popular style with at least 100 different brand watches in that style sold to mainland China. Mr. Koo confirmed that he purchased watch cases in this style from a watch case factory and assembled and sold these to mainland China. At this stage of the cross-examination he could not recall the exact date but thought this was 1980 although he had indicated earlier that it was in 1977. Mr. Koo stressed that when buying these watch cases he saw many others in a similar style and was not aware that this kind of watch resembled ROLEX. In any event he indicated that he thought the watch, in particular, the bracelet was different.
14. Mr. Koo explained that he bought the watch cases casually and that there were many other examples of similar watches and that they were not similar to the watches sold by ROLEX. He did not admit that the style and look of the watches produced by his firm was the same and considered there was no confusion because the price was different and a purchaser would understand it was not a ROLEX.
15. He rejected the suggestion put to him by Mr. Rogers that he had deliberately put the watch AAD5 on the market with a name that was similar to ROLEX, which he knew the Opponents objected to, and also used a partly green tag similar in design and colour to the tags used by the Opponents. He did not agree that the swallow device and the crown device were similar and stated further that he did not manufacture this watch intentionally to copy

On re-examination by Mr. Liao it was confirmed inter alia that Mr. Koo was aware of the fact that over one hundred different brands using this particular style were made in Hong Kong and that a number of different manufacturers were making similar casings and bracelets.

Evidence of Mr. Tony Ku

I comment on some aspects of the evidence given by Mr. Tony Ku on being cross-examined by Mr. Rogers as follows :-

1. He confirmed that he had started in the watch business with the Applicants in 1974. He could not give any accurate answer as to when he first became aware of the mark ROLEX but agreed he had known of it for a long time but whether or not he knew at school he could not recall. He had been mainly interested in HiFi as a student. He

expressed the view that someone could be in the watch business and not know about ROLEX as it depended upon the exposure of that person.

2. He confirmed that he, like his father Mr. Koo, very seldom visited watch shops. He said the company employed sales girls who sold the watches and he kept up-to-date by looking at watch magazines. He said that he was not so much concerned with the actual display in the watch shops but with whether or not the shop paid for the watches purchased. He also explained that the Applicants paid the proprietors of the watch shops for rent of the display positions i.e. the Applicants paid the watch shop to advertise. He agreed that before he paid for a display it was checked by a salesman but he himself did not check to see whether the display was correct. It was on this basis that he made the statement in his Statutory Declaration (Nod 2) as outlined in para 11 of the summary set out above.
3. He agreed that before 1980 there was little advertising with only a few display boards.
4. On being asked the basis for his contention that the Opponents mark was always used with the Chinese characters he said that this was deduced from advertisements in the newspapers and Chinese TV stations.
5. On being questioned about other watches having a similar style he referred to Citizen and Seiko watches using that style. Mr. Rogers also referred to the style of the Lady date Just watch and Mr. Tony Ku conceded that he also knew of this style of watch. On being questioned in some length as to the style of the watch referred to in AAD 5 and its similarity to the style of the Opponents watches known as the Rolex Oyster Perpetual Daydate he said he became aware of that style of ROLEX watches in about 1976. He confirmed that the watch referred to in AAD5 was first produced in or about 1978 - 1980 for sale in China. He explained that it was about that time that China passed the resolution which allowed each person to bring one watch into the country.
6. On being asked to compare carefully the designs of the two watches he felt there was a difference when comparing the length and width

and shape of the curve. He re-stated that the watch referred to in AAD5 was not intended as an intentional copy of a Rolex.

7. He was questioned on the pronunciation of the mark in both English and Chinese. He unlike Mr. Koo, said he did not pronounce the 'K' on "Bo Lik" pronouncing it as "Bo Li" although there was some doubt on how this was actually pronounced by him. He expressed the view that because Mr. Koo was a native of Chiu Chow that his Cantonese pronunciation was not correct.
8. After some questioning he remained of the view that the device was normally used not vertically but at a slight angle or considerable degree of slanting.
9. The marketing of the watches was the subject of some questioning and he stated that many of the watches bought in Hong Kong were in fact taken to China and sold there.
10. In reply to questions as to why the Applicants made watches that looked like watches using the name POLEK particularly when that name had been objected to by the Opponents, Mr. Tony Ku explained that as the use of the name was allowed and as the style was popular he saw no reason not to respond to market demand.

On re-examination by Mr. Liao Mr. Tony Ku clarified that the watches supplied to watch shops had placed on them, or in relation to them, the trade mark in English and Chinese and the bird device.

Evidence of Mr. Diethelm

Mr. Diethelm also gave evidence and I comment on some aspects of the evidence given on cross-examination by Mr Liao and the re-examination by Mr. Rogers :-

- 1) Mr. Diethelm confirmed that he became a Director of the Opponents Hong Kong subsidiary company in 1974 to 1975 and that the Hong Kong company was responsible only for Hong Kong, Taiwan and the Philippines and that other branches of the Opponents were responsible for other parts of South East Asia.
- 2) He conceded that there were many companies using the watch design as used in AAD5 originated by the Opponents. He confirmed on re-examination that the Opponents would like to take action

against look-a-likes but they could not do so in Hong Kong but were able to do so in other countries. He explained in reply to Mr. Rogers that in the trade that watches in the Rolex style were known as such or as Rolex look-a-likes.

- 3) On being cross-examined as to the proceedings commenced in the Court by the Opponents in 1973, he confirmed that the action was withdrawn on the advice of his solicitors. He explained that the advice was based on a number of factors one of which was the scale of the POLEK operations at that time. He confirmed that after 1973 he had not seen watches or advertisements in the stores. It seemed clear after re-examination that all factors were considered in reaching a commercial decision not to proceed. He made it clear that he personally felt there was strong confusion and that he would like to have gone ahead with the action but had decided that in view of the lawyer's advice that it was not practical nor did it make commercial sense to do so. He obviously personally felt that further action could be taken at a later date even though that particular action had been withdrawn.
- 4) He was questioned as to his knowledge of the registration of the mark "POLEK" in other countries in South East Asia and whether action was taken by "ROLEX" to oppose these registrations. He confirmed that he was not directly responsible and had no direct knowledge on this question.

Mr. Diethelm was questioned generally on the marketing and sale of watches. He confirmed that when selling to the Chinese market the mark ROLEX would be used in advertising with the Chinese mark but the Chinese marks would not be put on the watch itself.

- 5) He conceded that all things being equal if a buyer intended to buy a "ROLEX" watch made by the Opponents he would not buy a "POLEK" watch.
- 6) He was cross-examined with regard to the comparison of the two marks "ROLEX" and "POLEK".

During Mr. Diethelm's evidence the Opponents' lodged a sample of their watch showing the ROLEX mark. This was accepted as Exhibit AAD10.

A number of matters of importance emerged from the cross-examination and I summarise and deal with these below.

Origin of the Mark "POLEK" and "device"

Mr. Koo confirmed and elaborated upon the information given in his Statutory Declaration as to the origin of the mark in 1967 and said that he chose the Chinese characters "寶 力" which he pronounced "Bo Lik". The quality of the tape recording is poor and although it is not entirely clear from the tape recording of the Hearing it does sound as if he pronounced the "k" in "lik". It was confirmed that his secretary who spoke English actually came up with the mark POLEK. She was described as his 'Singapore English Secretary'. It was apparent from the cross examination that Mr. Koo considered that at that time brand names were less important than the style when it came to marketing and selling the product. He explained as outlined the origin of the device mark. I have no reason to doubt the truth as to the manner in which the mark was created. Mr. Rogers questioned Mr. Koo and Mr. Tony Ku at length on the use of the bird device. I am of the view that considering the documentary evidence and the viva voce evidence that the device is used in the position of a bird diving with head down and tail up. This is primarily used in the vertical but there are examples of its use at an angle. The impression is, however, always of a bird diving rather than flying horizontally.

Knowledge of ROLEX as a trade mark for watches

Mr. Tony Ku confirmed that he was aware of the mark "ROLEX" used for watches at least since 1974 when he joined the family business. Mr. Koo says that he first became aware of the Rolex mark in or about 1970 although he was aware of the mark OMEGA in the nineteen sixties. The Opponents have had their mark registered since 1938 in Hong Kong and have claimed sales since that time. Although the Opponents have given details of advertising expenditure from 1967 the actual extent of the reputation of the Opponents in their mark in 1967 is none to clear although the long registration and claims of user supports their claim of substantial reputation. Mr. Koo was testifying as to facts taking place some 20 years before and I feel it may be hard to be accurate and precise as to actual dates.

Both Mr. Koo and Mr. Tony Ku present a picture of their business as involving the assembly, in their small factory/workshop, of watch parts from designs bought from watch case manufacturers. Both appeared to show little interest in the method of sales in the shops provided payment was made. The picture given is of a very narrow view of the watch business. Mr. Koo was however well aware of the most popular styles at the lower end of the market and was clearly knowledgeable about his business.

Mr Rogers submitted that it was hard to believe that Mr Koo had not heard of the mark "ROLEX" for watches in 1967 and it does seem possible that on the balance of probabilities Mr Koo could at the time of creation of the mark POLEK in 1967 have had some awareness of the mark ROLEX.

After considering the viva voce evidence and in view of the lack of evidence as to the actual extent of the reputation of the Opponents in 1967 and the long period of time involved I am not prepared to declare that Mr Koo had to have become aware of the trade mark "ROLEX" at that time and I accept his statement given in this respect.

Comparison of the "Bird device" and "Crown device" marks

A number of questions were asked and subsequent submissions made by Counsel with regard to the respective "device" marks of the Applicants and the Opponents. The Applicants "Bird device" mark is not the subject of the application under opposition in these proceedings and it would not be appropriate to consider the device as if it were and I do not propose to do so. I have already decided that it is identifiable as the design of a bird in flight. Its similarities with the Opponents "Crown device" mark have not been argued in detail and such a detailed consideration would in my view be irrelevant to this case but suffice it to say that on first impression I take the view that it is more like the device of a bird than a crown.

Comparison of the style of the Applicants watch (see exhibit AAD5) and the style of the Opponents watches

Much questioning took place of both Mr. Tony Ku and Mr. Koo on the similarities in the designs of the Applicants watch and the design of the Opponents watches. I wish to make it clear that the question of similarity in design is not a question for me to decide in these proceedings which relate to an opposition to the registration of the mark "POLEK" as a trade mark under the Ordinance.

I am however prepared to take note of the line of questioning both in relation to the bird device and the watch design in considering the question of honest concurrent user under s. 22 of the Ordinance and for considering the proprietorship of the mark under s. 13(2) of the Ordinance.

On considering the viva voce evidence given by Mr. Koo & Mr. Tony Ku it is clear that in their opinion many watch manufacturers did during the nineteen seventies make watch cases to this design and that such a style was popular. It was conceded by Mr. Diethelm that many companies did use the watch design as used in exhibit AAD5. Both Mr. Koo and Mr. Tony Ku have acknowledged that they were aware in the 1970s of the design of

watches made by ROLEX but considered that their watch although similar was different and cheaper. It was denied that the watches were bought by purchasers because they were Rolex 'look-a-likes'.

In considering the viva voce evidence I take the view that the Applicants were aware of the similarity in the design of their watches and the design of Rolex watches but took the view that they could not be so similar because of the difference in quality. To quote Mr. Koo "I didn't manufacture this watch intentionally to copy. How can such a cheap watch be an imitation of an expensive watch" and Mr. Tony Ku who said "All I can say it was not an intentional copy of a Rolex".

Opponents proposed passing off action

I consider it appropriate to deal at this point with the proceedings brought by the Opponents against POLEK for passing off under OJ Action No. 3444 of 1973. This action was withdrawn without any settlement.

Mr. Diethelm further elaborated under cross-examination on the reasons for withdrawing this action. He agreed that the decision to withdraw was taken after legal advice although he made it clear under cross-examination that he personally would have liked to pursue the matter and was convinced of the merits of the Opponents case. Be that as it may the action was not pursued and even though there was no settlement the Applicants could be entitled to believe that the Opponents had decided not to object to the continued use of the mark POLEK. I am therefore little persuaded in my consideration of this case by the, albeit, logical and commercial reasons for withdrawing the action - the upshot is that the Applicants, on the face of it, had no reason to believe either that the Opponents would continue to actively object to the use of this mark or that any similar action would be commenced. Although no submissions or evidence was given on this point the withdrawal should not have given the Applicants any real reason to believe that the Opponents would not oppose the mark if the Applicants applied to the Registrar for registration. Mr. Ku in his evidence took the view that the applicants could continue to use the mark POLEK even after the action was withdrawn and until opposition proceedings were settled.

I turn now to consider the opposition. This is based on s. 20 and s. 23 of the Ordinance and in addition the Opponents have relied on s. 13 of the Ordinance.

S. 20 of the Ordinance

I consider first the opposition under s. 20 of the Ordinance. This section provides as follows :-

S. 20 of the Ordinance

I consider first the opposition under s. 20 of the Ordinance. This section provides as follows :-

"Except as provided by s. 22 no trade mark shall be registered in respect of any goods or description of goods that is identical with a trade mark belonging to a different proprietor and already on the Register in respect of the same goods or description of goods or that so nearly resemble such a trade mark as to be likely to deceive or cause confusion."

As the provisions of 20 of the Ordinance are identical to those of s. 12(1) of the United Kingdom Trade Marks Act 1938 ("the UK Act") I consider that the United Kingdom case law is applicable when considering s.20.

It is well accepted that the date for considering the Opposition is the date of the application i.e. the 12th August 1980. The Opponent's have a number of marks registered and the first registration for the mark "ROLEX" No. 158 of 1938 in former Class 10 is in respect of "horological instruments". The Applicants have applied for registration of their mark "POLEK" in Class 5 in respect of "watches, watch parts and watch bands" and it is this mark which I should be comparing, for the purposes of s. 20, against the registered marks of the Opponents.

There is no argument that the goods are identical or goods of the same description as those for which the Opponents marks are registered and s. 20 of the Ordinance accordingly applies to these proceedings.

In considering the provisions of s. 20 of the Ordinance I was referred to Chapter 10 of Kerly on the Law of Trade Marks and Trade Names (11th Edition) ("Kerly") and in particular to paragraph 10-02 where reference is made to the authoritative decision in the "OVAX" case (Smith Hayden & Co, Application (1946)) (63 RPC 97).

This case was an opposition by the owners of the mark "HOVIS" to an application to register "OVAX" for improvers and moistening agents to be used in making cakes. Evershed J formulated the question for decision and I set this out, amended for this case, as follows :-

"Assuming user by the Opponents of inter alia their mark "ROLEX" in a normal and fair manner for any of the goods covered by the registrations of these marks (and including particularly goods also covered by the proposed registration of the mark "POLEK") is the court satisfied that there will be no reasonable likelihood of deception and confusion amongst a substantial number of persons

I have also noted para. 17-03 of Kerly where it is stated as follows :-

"In such cases the onus is on the Applicant to satisfy the Registrar that the trade mark applied for is not reasonably likely to deceive or cause confusion so that refusal to register does not involve the conclusion that the resemblance is such that either an infringement action or a passing off would succeed. In cases in which the Tribunal considers that there is a doubt as to whether deception is likely the application should be refused."

Mr. Rogers also referred me to Hacks case (In the matter of an Application by Edward Hack) (58 RPC 91) where it was held in that case that there was a risk of confusion because some persons would be likely to think that the two "Black Magic" preparations were made by the same manufacturers and others to wonder if this might be the case.

Comparison of the marks

I turn first to consider the similarity of the marks. In considering the amount of resemblance which is likely to deceive I was referred at the Hearing to the Pianotist case ((1906) 23 RPC 774) and the test proposed by Parker J. at p. 777 which I set out as follows :-

"You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion - that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods - then you may refuse the registration, or rather you must refuse the registration in that case."

Marks to be compared on the basis of fair notional use

For the purposes of s. 20 I can consider the actual use of their mark by the Opponents but I should, in the main, be considering fair notional use by both the Opponents and the Applicants of their marks on their goods. I refer to para. 10-04 of Kerly to support this view.

"It will be seen from what is said above that in comparing marks under section 12 they are to be considered as in notional fair use upon the respective goods concerned. The marks must be supposed to be used precisely as registered; but the effect of the use by either party of any particular backing or get-up is wholly irrelevant. It is often said, and the approach is a convenient one where the goods concerned are identical, that the marks should be considered as used upon goods in the same somewhat common-place get-up."

As already stated I have to consider the marks as if used in a normal way but in comparing the marks I can take note of the appearance of both marks in actual use, if it appears to be fairly and honestly used. I consider that none of the methods of use of the mark by the Applicants as established by the evidence shows any particularly unusual method of user of the marks. The use in capital letters on the back of the watch case is a case in point as such use would in most cases be considered to be normal use.

On perusing the evidence it appears that both the marks are used on the face and on the back of the watch in similar manner. Although I was not specifically addressed on this point from my own knowledge I would consider that most manufacturers would use their mark in a similar manner and way and that this can therefore be taken to be actual fair and honest user.

In this respect I have noted the submissions made by Mr. Diethelm and his contention that the letter "P" can be transformed into a letter "R" and the example put forward of the watch hands at the five past eleven position which obscures the "P" and the "K" and his further statement that the letter "K" was written in a form and style which show a close affinity with the letter "X" as depicted in the registered trade mark "ROLEX".

I consider however that I should ignore the question of the possible alteration of the mark as suggested by the Opponents. I am supported in this view by the comments in para. 17-27 of Kerly on page 420.

"It must not be assumed against the Applicant or registered proprietor that he is going to use his mark unfairly, in effect that he is going

to use something different, by leaving out or a obliterating any parts of the mark, for instance, so as to make it more like that of the Opponent, for the Court presumes that the trade mark will be used fairly and without fraud".

None of the proposed changes suggested by Mr. Diethelm are in fact supported by the evidence and the proposed use of the watch hands in the manner could in fact be used in respect of marks which could be completely different from the Opponent's mark. It cannot be said that registration of the marks "ROLEX" gives to the Opponents an absolute monopoly in the letters "OLE".

As examples of watches manufactured by both parties were exhibited I felt that a detailed examination would be appropriate and as a result I note the following :-

Watch Face

In both examples the marks appear in block capitals but in slightly different typefaces on the face of the watch just below the signs for 11 and 1 o'clock.

The "ROLEX" watch has also on the face the crown device in place of a sign for 12 o'clock.

Watch Back

The back of the ROLEX watch has only the Crown device. The POLEK watch has both the words POLEK in capital letters and the bird device.

Bracelet

The Crown device appears on the outer side of the clasp of the ROLEX watch band and on the inside the word ROLEX appears in a border device. It is, due to the angle of the bracelet, very difficult to see the mark.

The outside clasp of the bracelet of the POLEK watch has the word POLEK.

From my observation the print on the watch faces is clearly readable and that on the POLEK mark is in a more solid typeface than that of the ROLEX mark. The type faces are not in fact identical.

I have for the observations made a very close examination with the naked eye and with my normal prescription glasses but not with a magnifying glass. I doubt whether a normal purchaser would examine a watch in the same way. I have made this examination to

see whether I agree with Mr. Diethelm's observations and it leads me away from his view. I am confirmed in my decision that the actual user on both watches can be considered the equivalent of fair notional use.

Persons who are likely to be deceived and the nature of the goods

I consider first those persons who are likely to be the potential customers and accordingly the persons most likely to be deceived. I turn to the evidence on this point where the views of Mr. Tony Ku and Mr. Diethelm on this subject are expressed.

From the evidence, it is clear that the products of both parties can and, indeed in some cases, are sold at the same outlets. I have been given no evidence to support the proposition that expensive watches are never sold side-by-side with the cheaper brands. Although there clearly are, in a number of cases, different outlets for those watches in the upper and middle range from those sold in the middle to lower range I consider that for the purpose of s. 20 that basically whether the watches are on the upper or lower range it is substantially the same markets and outlets which are used. I accept that in many cases the prospective customers may be concerned only with watches in the price range of interest to them.

It is also important to note and keep in mind the fact that whilst at the moment the watches are sold at different ranges of the market it is open to both the Applicants and the Opponents to extend or alter the types and prices of their goods on which the mark is used.

In order to take account of notional user I take the view that, based on the evidence, I must consider not only the retailers but also the buying public at large and that I should consider the marks as if used on watches at both the expensive and cheaper price ranges. I should therefore consider the attitudes of the customers at all the price ranges.

In the view of both Mr. Diethelm and Mr. Tony Ku, customers purchasing a watch at the more expensive range would take considerable care and attention over such purchase. I am not so sure that at the cheaper end of the market the same care would be taken but I consider that in most cases the purchase of a watch is entered into with a certain degree of caution. I consider, therefore, that any purchase of a watch of a reasonable price is concerned with reliability as well as design and would give due consideration to the make and the name under which it is being sold.

I consider I should take into account both English speakers and non-English speakers and, in view of the cosmopolitan nature of Hong Kong, the possibility of the purchase by overseas visitors or tourists must not be ignored.

Comparison of the marks

I consider next the two words. It is well accepted that I must consider the marks as a whole but I take the view that a more detailed look at the marks can be made.

The Applicant's mark is "POLEK" and is to be compared with the Opponent's mark "ROLEX". I have noted the views expressed at length in the documentary and viva voce evidence on behalf of both parties and the submissions made by both Counsel at the Hearing. It must however be noted that the decision as to the resemblance of the marks is for me to make...

I consider the two marks as follows :-

- (1) Both marks "POLEK" and "ROLEX" comprise five letters and consist of two syllables.
- (2) Both marks have the same common three middle letters of "OLE" but have different first and last letters.
- (3) Both marks would usually be pronounced in similar ways as Po Lek and Ro Lex with the emphasis on the first symbol and with a long "O" as in "Roe".

Consideration of the marks with the ear and eye

The first syllable of "PO" and "RO" to my mind are phonetically different because of the distinctively different sounds of the letter "P" and "R" and are unlikely to be confused but the similarity in the endings of "LEK" and "LEX" are less easy to distinguish particularly if there is a slurring of the two marks. This possibility must not be ignored when taking into account the diverse nature of the prospective purchasers in Hong Kong.

Thus phonetically and, taking note of the pronunciation of the two marks "POLEK" and "ROLEX" as a whole, I find that there is a phonetic similarity between "POLEK" and "ROLEX" particularly if the words are spoken in a normal manner without any precise pronunciation. The similarity is even stronger when there is a possibility of slurring.

It is accepted that the marks are not identical and that there are differences between the two marks but in considering the marks in normal use visually as a whole, I consider that there is a strong overall resemblance.

Idea of the mark

Kerly refers, in para. 17-08, to the idea of the mark as follows :-

"Two marks when placed side-by-side may exhibit many and various differences, yet the main idea left on the mind may be the same."

and, in para. 17-20, to the fact that the first syllable is important.

I consider that there is a strong similarity between the two marks taking them as a whole although I accept that both visually and phonetically there are differences. I find the visual idea conveyed by each mark as a whole to be sufficiently similar that in particular customers might have some doubt as to whether "POLEK" watches were made by the same manufacturer as "ROLEX".

In considering the marks, I would refer to para. 17-24 of Kerly :-

"In comparing the marks regard must be had not only to the form as they appear on the register but also to the appearance they would present in actual use when fairly and honestly used."

As I have outlined in some detail above, both marks are used in capital letters and although I have noted Mr Diethelm's comments I do not find the script chosen unusual.

Thus in considering the two marks in normal use and considering the idea of the mark I consider that there are strong visual and phonetic resemblances.

Imperfect recollection

I have, of course, to consider the question of imperfect recollection and have also in this respect to be concerned with the ultimate purchasers and the persons most likely to be deceived. It is unlikely that if a purchaser saw the two marks side by side and examined them in the detailed way I have done that a purchaser would be deceived into thinking that the mark POLEK was the same as the mark ROLEX. But consideration of the mark should depend on first impressions and what if a purchaser was only offered a POLEK watch on its own? Ignoring for the moment the question of the Opponents extensive reputation it is quite likely that an ordinary purchaser of the type outlined above seeing only the mark POLEK used on a watch, but who knew of ROLEX watches, might wonder whether it came from the same source as

ROLEX watches. The same of course could apply even if a purchaser was aware of the extensive reputation as a POLEK watch could be another, cheaper, range of watches produced by the Opponents.

The watch trade in Hong Kong is, to my knowledge, extensive and quite sophisticated and as a result it is unlikely that any person involved in the retail trade as dealers or agents would be confused into mistaking one mark for the other. As established by the evidence the "ROLEX" mark has been extensively advertised and massive sales have taken place over the years prior to the date of the Application and dealers or agents should be expected to be aware of this.

I consider that for this limited purpose the amount of advertising and the reputation of the Opponent is a matter I can take into account when considering the persons likely to be deceived. I am supported in this view by the words of Evershed J in the OVAX case already referred to at page 102 which although not entirely similar is, I think, relevant to this case.

"Secondly it was argued by Mr. Burrell that the Registrar had been influenced in his decision by the erroneous view that the word "HOVIS" was so very well known as to render confusion on that account less likely; so that the extent of protection to which "HOVIS", were entitled was, as it were in inverse proportion to the notoriety of their marks. I have carefully read the passage in the Registrar's Decision to which Mr. Burrell referred and, in my judgement, the Registrar did not in fact so mis-direct himself. Where as in the present case the Opponent's mark has acquired a great reputation and is applied to goods of every day character bought in shops by all classes of the population including children and young persons those are circumstances no doubt fairly to be taken into account in arriving at a just decision."

Having considered those in the trade I turn now to consider whether ordinary purchasers in Hong Kong would be likely to be deceived or confused. For this purpose I should ignore the fact that watches with the mark "ROLEX" are sold at the expensive range and those with the mark "POLEK" at the lower range but that I should consider the average purchaser of an average watch in Hong Kong. It must not be forgotten that the goods are identical and that the Opponents are not restricted to making goods at the expensive end of the market.

Taking note of the above and also considering the marks on the basis of fair notional user and thus taking no special note of the very extensive reputation of "ROLEX" for expensive watches

I consider there has to be the possibility of confusion by a normal average purchaser and in particular the possibility that a purchaser might believe or wonder that the producers of the two types of watches are connected.

I turn again to the Ovax test. Would there be a reasonable likelihood of deception and confusion amongst a substantial number of purchasers if the Applicants used their mark POLEK fairly and normally on the goods covered by the proposed registration?

Having considered the documentary and viva voce evidence, the submissions by both Counsel at the Hearing, the case law and taking into account all the circumstances of this case I find that the answer would be yes and that there is reasonable likelihood of such confusion amongst a substantial number of purchasers.

I find therefore that the Applicants have not discharged their onus in this respect and the opposition under s. 20(1) of the Ordinance would accordingly succeed, unless s. 22 of the Ordinance can assist this application.

The Applicants have put forward the proposition that in view of the user established by them prior to the application that the matter could be considered on the basis of s. 22 of the Ordinance.

Mr. Rogers raised the question of whether the Applicant could rely on s. 22 of the Ordinance if this was not expressly pleaded. Mr. Liao argued that the Registrar had considered the application on the basis of honest concurrent user and thus the Registrar could take this into account when considering the opposition.

Both Mr. Rogers and Mr. Liao subsequently submitted that the proceedings should continue on the basis that the whole issue had to be considered afresh by the Registrar. I agreed with these submissions and accept that the Applicants cannot rely on the evidence deduced to the Registrar for the purposes of considering the application and that I must consider the question of honest concurrent user on the evidence submitted in these proceedings alone.

Section 22

I turn now to consider the provisions of s. 22 of the Ordinance.

S. 22 provides as follows :-

"In case of honest concurrent use, or in 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".

Section 22 of the Ordinance is identical to the provisions of s. 12(2) of the UK Act and I consider therefore that the UK decisions are relevant to consideration of this section.

In considering the matters which I should take into account when considering this section I have taken note of Pirie's Application ((1933) 50 RPC 147 (HL)) in which Lord Tomlin laid down the main principles which should be taken into account. These are also outlined in paragraph 10-18 of Kerly and I summarise them briefly as follows.

- (1) The extent of use and the degree of confusion likely to ensue from the resemblance of the marks.
- (2) The honesty of the concurrent use.
- (3) Whether any instances of confusion have in fact been proved and
- (4) The relative inconvenience which would be caused if the mark were registered.

As outlined in paragraph 10-18 of Kerly it is considered that the discretion of the tribunal is unfettered and that every case has to be determined on its own particular merits and circumstances. In paragraph 10-16 of Kerly it is also confirmed that the onus of justifying registration under s. 12(2) of the UK Act and consequently under 22 of the Ordinance lies on the Applicant.

Honesty of concurrent use

I first consider the honesty of the concurrent use as this has been put into question in this case. It seems from the case law that if the user is not honest then any further consideration falls away and whilst I agree with this in principle the authorities in my view are none too clear in laying down such a rigid principle. It seems to me that this also is an aspect where all the facts of the case have to be considered before the principle can be applied.

Mr Rogers submitted that there were not many cases which considered the meaning of honesty per se and I am grateful to both counsel for in fact referring me to a number of cases which had some bearing on the question all of which I have noted. Mr Rogers

referred me to the "Del Carmyn" case (In the matter of an application by J. Parkington & Co Ltd (1946) RPC No. 9 p. 171) which summarised and dealt in some detail with the aspects which should be taken into account when considering the honesty of the concurrent user. In particular on pages 178 and 179 of the Del Carmyn case Mr Justice Romer considered two cases namely "The Massachusetts Saw Work case" (35 RPC 137) and Piries case (49 RPC 1952 and 50 RPC 147)).

In the Del Carmyn case the applicants had in 1937 given an undertaking to the opponents not to use the mark "Carmen" but had in fact commenced using the mark "Del Carmyn" before the agreement was signed. The Opponents were unaware of this until 1939. It was held that the applicants user was not "honest" concurrent user within the meaning of s. 12(2) of the UK Act.

Piries case, which was considered in the Del Carmyn case is the leading case on the question of honest concurrent use and I refer in particular to some aspects of the case as follows :

- (1) It was decided in the House of Lords (50 RPC 1932) that the applicants had invented their mark honestly even though they knew of the Opponents mark when it was adopted. This was acknowledged earlier in the Court of Appeal (49 RPC 1932) by Lawrence L.J. at p. 216 in the following manner :

"The Mark was adopted by the Appellants honestly without any ulterior motive and without any thought of the Respondents' Mark. There is nothing to suggest that Messrs. Pirie & Sons in adopting this Mark wanted to obtain the benefit of any advantage which the Respondent Company had gained in this country by the sale of their paper in the United Kingdom."

- (2) In considering the question of knowledge Clauson J. said in his decision in the High Court reported in 49 RPC 1932 at p. 206 that

"I should be sorry to brand as dishonest a trader who adopts a trade mark which he honestly thinks to be sufficiently distinctive as compared with a competing mark but which the Registrar or the Court, on mature consideration, decides to have such a near resemblance to the competing mark as to be calculated to deceive."

and further he also stated that

"the man who in fact was ignorant of the existence of the competing mark is, as it seems to me, in a more favourable position as regards satisfying the tribunal of hardship than the man who knew of the

competing mark and knew of, though he underestimated, the danger of the court holding his mark to be calculated to deceive."

and he further stated

"Above all, I should deem it my duty so to weigh the competing factors as to avoid giving any colour to the idea that a trader, who knows of their competing trade mark and knows that he can get his trade mark registered only if he can show within s. 19 that it is not calculated to deceive, can put himself in a more advantageous position by taking the risk of building up commercial claims on his doubtful mark and, after due time, coming to the Court to claim indulgence under s. 21."

- (3) Lord Tomlin in the House of Lords (50 RPC 1933) inter alia stated at p. 159 commenting on the last statement by Clauson J. referred to above.

"Knowledge of the registration of the Opponent's mark may be an important factor where the honesty of the user of the mark sought to be registered is impugned but when once the honesty of the user has been established the fact of knowledge loses much of its significance, though it may be a matter not to be wholly overlooked in balancing the considerations for and against registration".

Returning to the "Del Carmyn" case at pages 182 & 183 Lord Justice Romer finding that the Applicants had not established their case that the user was honest stated

"I arrive then at the conclusions (1) that the adoption of the mark by Parkingtons was accompanied by a deliberate concealment from the persons (namely Robinsons) who could and would have interfered, but (2) that it was not adopted for the purpose of filching Robinsons' trade but of developing a trade of their own. On those conclusions can it be said that a user, so initiated, was honest? I have Lord Tomlin's authority in Pirie's case for the view that no question of statutory honesty arises under Section 12(2). It is commercial honesty, which differs not from common honesty, that is the criterion; and it is commercial honesty alone that can found a basis for the commercial claims to which Sargant, J. referred in Maeder's case. The applicants in Pirie's case had a mere knowledge little more than subconscious, one gathers from the report, of the opponents' mark when they started to use their own and that knowledge had nothing to do with the creation of their mark in

its inception. Parkingtons not only knew in the present case of Robinsons' mark; they knew that Robinsons were actively and jealously preserving that mark and the full monopoly which its registration gave them. Parkingtons must further have known, and I am sure they did know, that Robinsons, in furtherance of what they believed to be their own interests would (in the absence at all events of stringent conditions) never have permitted the use, far less the registration, of a mark so similar to their own that, in the absence of the most rigid safeguards, confusion and deception would almost certainly result. In knowledge of all this Parkingtons secretly adopted their mark and secretly put it to commercial use. I should be sorry for it to be thought that such conduct is, in the view of this Court, commercially honest. I am abundantly clear that it is not, and that traders who obtain the use of a name by hoodwinking those who would have interfered had they known the truth, cannot some years later come the Court and found a claim for relief on the footing of honest concurrent user. Perhaps, however, it is sufficient for me to say in brief that the onus is on the Applicants to establish their case in this as in other respects and that in my judgment they have signally failed to discharge it."

Earlier Romer J. had at p. 181 commented on the question of the choice of the mark :

"Before doing so, however I should, I think, say that in my judgment the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been honest user."

In the Buler case ((1975) 10 RPC p. 275) it was held by Mr Moorby acting for the Registrar of Trade Marks that the use was honest the Registrar having been satisfied that there was no suggestion of any ulterior motive by the applicants to take advantage of the benefit of the goodwill which the Opponents had built up. This particular aspect was supported on appeal.

In the Bali case (1978 FSR 193) Mr. Justice Fox states at p. 200 in dealing with the question of honest concurrent user :

"Yet although the knowledge by the applicants of the opponents' use and registration of BERLEI when they recommenced using BALI and of the opponents' objection to it is an important factor to be taken

into account I do not think that it is a matter which is fatal to the applicants on the question of honesty in this case."

and further at p. 201

"It is true that the applicants were not in ignorance of the opponents' objections to BALI when they commenced to use it again in this country; but on the paper evidence I find it difficult to hold that they acted dishonestly or with any fraudulent intent. Indeed it seems to me that all along they honestly believed that there was no real likelihood of confusion between the marks. They were encouraged in this by the majority decision in the Court of Appeal in the previous proceedings ...".

It is clear from the authorities and submissions that in deciding whether the user is honest I must consider the facts of this case alone and should look to the authorities only for guidance on the way to approach this question. I have for this reason referred to the cases in some detail and it seems some guiding principles have been revealed namely -

- (1) Method of choice of the mark is an important factor.
- (2) Knowledge per se may not necessarily be fatal to honesty provided there is no further act such as deliberate concealment as in the Del Carmyn case but it may be a valid consideration when deciding on the quality of the concurrent user or on hardship.
- (3) It is commercial honesty which is the criterion. In considering this question Mr Rogers submitted that it was the honesty of the user which counted and this included not only the choice of the mark but also the continuance and the mode of such user. He submitted that honest commercial user means conduct which can be justified in the eyes of honourable men.
- (4) There should be some deliberate act as for example the act of concealment, as in Del Carmyn's case, or an act of fraudulent intent.

Mr. Rogers submitted that the user was not honest on the basis of a number of circumstances namely -

- (1) The choice of a name which was a copy or colourable imitation of the Opponent's mark;

- (2) The use by the Applicants of the mark on a watch the design of which was similar to a well known watch designed by the Opponents; and
- (3) The choice of a device mark which was similar to the "Crown device" mark of the Applicant's.

On my understanding Mr Rogers submitted that these matters when taken together showed that the Applicants wished to ride on the back of the reputation gained by the Opponents in respect of their mark "Rolex" and thus were not using the mark in a standard or commercially honest manner.

On this basis and taking note of the evidence the case law and the submissions made by both Counsel at the Hearing I turn to consider the facts of this case.

The timing of some of the factors for consideration has some bearing on this case and I set these out as follows :

- (1) Date of Choice - 1967

The mark was first chosen in 1967. Evidence that the mark was selected at that time is supported by the registration of the mark in Singapore.

- (2) First user established in 1975

Although the mark was chosen in 1967 and user is claimed since that date, the first time the mark was used in Hong Kong as established by the evidence was in the year 1975. For the period from 1975-78 the evidence showed relatively small sales but this substantially increased in the years 1979 and 1980.

- (3) Application for registration was made on 12th August 1980.

Choice of the mark "POLEK" in 1967

The manner of the choice of the mark has been dealt with in some detail in the evidence and was the subject of much of the cross-examination of both Mr Koo and Mr Tony Ku. I have already taken a view that I accept the manner in which the mark was chosen. Mr Koo for the Applicants had stated under cross-examination that he was not aware of the Rolex mark at the time he created the mark "Polek". I have already decided that in view of the period of time which had lapsed between 1967 and 1987 when Mr Koo gave his viva voce evidence that the pinpointing of the time in which he became aware of "Rolex" mark was difficult to establish. Mr Koo was adamant that he was not aware of the mark

in 1967 and in view of the lack of evidence as to the actual extent of the reputation of the Opponents in 1967 I have accepted Mr. Koo's statement in this respect.

I have accepted the description given by Mr Koo of the adoption of the mark "POLEK". Whilst accepting his statement I have noted the possibility that Mr Koo might have been aware of the mark "ROLEX" at that time. I have already concluded that the mark "POLEK" does so closely resemble the mark "ROLEX" for the purposes of s. 20 but I have noted a number of differences and even if Mr. Koo was aware of the mark ROLEX, I am not convinced that the mark is so close to it that it must be a copy or have been derived from the Opponents mark. Registration of the mark was applied for and obtained in Singapore in 1967 and although no registration was applied for in Hong Kong at that time Mr Koo explained in his cross-examination that part of his business was moved to Singapore in that year. Having considered the two marks and the evidence I take the view that the choice of the mark in 1967 was honest in the commercial sense.

User of the mark

Mr Koo confirmed however that he did become aware of the mark "ROLEX" in the early 1970s and accordingly at the date when evidence showed user did start, namely in 1975, he would have been aware of the mark.

The fact of such knowledge is supported by the proceedings commenced in 1973 for passing off under O.J. Action No. 3444 of 1973. This action was withdrawn in 1974. It seems clear therefore that the Applicants continued to use the mark "POLEK" after this action had been withdrawn and indeed considerably expanded this user in 1978 & 1979 before applying for registration in Hong Kong in 1980. There is no doubt therefore that during the whole period of user revealed by the evidence that the Applicants were fully aware of the Opponents mark. No reason has been given for the fact that they did not apply for registration prior to 1980 but it seems clear that the withdrawal of the action encouraged the Applicants to use their mark and to expand this user.

Use of particular style of watch

The choice of a similar type of watch by the Applicants is an aspect to take note of in considering honesty of the user but both Mr Koo and Mr Tony Ku gave evidence to the fact that a number of watch manufacturers were selling this design of watch and that it was popular. There is little doubt that it was based on a design originally conceived by the Opponents but as conceded by Mr Diethelm this design is in the public domain in Hong Kong. I note that it has been established that the Applicants were aware of the style "Lady Date Just" and whilst in a perfect world the use of such similar designs might not be honourable I cannot label as not "honest" for the purposes of s. 22 the use per se of a design in the public domain and available to manufacturers. Mr Koo and Mr Tony Ku chose popular designs which they felt could not be taken as a "ROLEX" because of the difference in quality.

In conclusion whether or not the Applicants were aware of the Opponent's mark at the time of creation of the mark it is quite clear that by 1975 when sales were being increased that the Applicants were fully aware of the Opponent's mark not only from the evidence given by Mr Koo but also as a result of the proceedings which had been commenced and withdrawn. The question has to be asked as to why the Applicants continued to use the mark after they became aware of the fact that the Opponents considered the mark sufficiently similar to their mark ROLEX as to warrant commencing proceedings and whether as a result the use of the mark could not be said to be honest in the commercial sense. Mr. Tony Ku gave an explanation in his evidence that there was no outstanding objection to the mark and the Applicants had their mark registered in other countries.

I have noted the arguments put forward by Mr Rogers on this point but I have to note the fact that although the passing off action was commenced it was not pursued. If, as it appears from their evidence, the Applicants considered their mark to be different and was being used on watches the design of which was available and which they felt could not be mistaken for "ROLEX" watches because of the difference in quality then is it really true to say that this use of the mark POLEK was not honest in the commercial sense, when no action to prevent the use of the mark was being pursued by the Opponents. Is a business man to voluntarily withhold use of his mark created in 1967 for this reason and if he does not do so is he really to be branded as not commercially honest? I think not and whilst this issue may be relevant to the question of the extent and quality of user and hardship I do not consider that in this case it makes the user not honest for the purposes of s. 22.

To summarise the choice of the mark has been explained. The mark is not identical to the Opponents mark. The user was built up after an action for passing off had been commenced but withdrawn. There was no specific agreement at the time of the withdrawal and from the evidence no acts of concealment although there was very little advertising. The use of the mark on similar types of watches has been explained in the light of business practices in Hong Kong. The devices are different. I have already indicated that I see one as a bird and the other as a crown. Taking note of the guidance given to me by the authorities and having considered the evidence and the submissions made at the Hearing I am prepared to accept the user as honest for the purposes of s. 22 of the Ordinance.

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

Extent of Use

I have already considered at some length the evidence in this case. The Applicant shows sales for the five years from 1975 to 1980 and although the sales were quite small for the earlier years they increase to reasonably substantial figures for the two years immediately prior to the application. Mr Liao asked me to take note of the fact that the watches were at the lower range of the market and that accordingly substantial numbers were sold. The total sales for the 5-year period was HK\$9.8M and the Applicants confirmed that the goods were all at the lower level of the market with the maximum price of HK\$100. I have noted that a significant number of watches have been sold by the Applicants and this puts the sales figures into true perspective. This has to be offset against the massive total sales of HK\$50M by the Opponents for each year during the same period of time. The Opponents did not give details of prices of their watches and I have noted the 'Buler' case on this point but I feel in this case that the numbers of watches sold by the Opponents is not of such relevance as the quality and price of the watches are so substantially different and the Opponents have shown much greater sales and advertising expenditure than the Applicants.

It is clear that the Applicants used their mark on a cheap range of watches and the Opponents on an expensive range of products but to compare the number of watches sold in this case is not a crucial test. In this case I consider that the total sales given by the Opponents are sufficient to establish their long use and that the sales of the Opponents goods at HK\$50M for each year heavily outweigh that of the Applicants whose maximum total sales for the year of 1980 was HK\$5.2M but for 1979 was HK\$1.4M.

In addition the Opponents have had their mark registered and have claimed user since 1938. In all the circumstances it is clear that the Opponents have established long and extensive user extending for a substantial period of time before the Applicants commenced user of their mark. The Applicants user by comparison has been erratic although for the years 1978 and 1979 it was substantial for the type of watch in terms of price and quality and increased further in 1980. It has to be noted that figures are given for the full year of 1980 whereas application was made in August 1980.

Advertising

For the purposes of establishing the quality of the user I consider it is important to compare the advertising expenditure. The Opponents claimed advertising expenditure of HK\$3M per year which include advertising in newspapers, television, etc. The Applicants evidence shows only small sums of money spent on advertising and whilst there are some newspaper advertisements it appears the majority are by way of displays in the shops

themselves. In view of the very limited form of advertising by the Applicants I consider that the mark has not been brought to the attention of a large sector of the public in Hong Kong.

To summarise the Applicants have shown user of the mark running concurrently with that of the Opponents in respect of watches of a value of less than \$100 and of such watches which are agreed to be at the lower range in terms of both price and quality. The sales have unfortunately not been consistently high over the full period of time but reached reasonable levels during the 2 years immediately prior to the application for registration.

It seems that in this case the evidence of concurrent user does not properly show comparison of like with like in that the concurrent use is not of watches which might be shown on a par with each other to a prospective purchaser.

It seems from the evidence that in some cases both sets of goods would be or, could be, purchased from the same outlets but I am concerned that a reasonable cross section of the persons who might be confused i.e. the members of the public purchasing watches at normal retail outlets have not really been tested to establish that there could be no confusion in the marketplace. The question to be asked is whether the purchaser of a \$100 watch is likely to be one and the same as the purchaser of a quality watch? I think it is unlikely for the majority of cases. That this is so is conceded by Mr. Diethelm who indicated under cross examination that a person who wanted to buy a ROLEX watch would not buy a POLEK watch at \$100. My concern is whether a purchaser who is looking for a ROLEX watch is likely to consider buying a POLEK watch to the value of \$100 and is a purchaser of a cheap model likely to think he is buying a ROLEX. On the basis of the actual evidence it appears unlikely that a prospective purchaser of a ROLEX watch would be shown a POLEK watch but a purchaser of a cheap watch could be led to believe it came from the same source as ROLEX watches.

Thus the evidence of use shows five years of use but only two years of extensive use of the mark POLEK on watches at the lower price range but has shown no examples of use on goods of the same price or quality as those at present manufactured by the Opponents. There has been no extensive advertisement to bring the Applicants goods to the eye of the purchasing public in Hong Kong. I find the quality and extent of user seriously flawed for these reasons.

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 have already found that there is a close resemblance between the two marks but that there are differences. I would consider that if sufficient honest concurrent user was established that this mark could be entered on the Register in view of these differences but there has to be sufficient evidence to show that the chances of confusion are remote. It has been accepted that as

a result of the Opponents reputation a purchaser who buys a HK\$100 watch does not expect to buy a ROLEX but what if the Applicants changed the emphasis and started making quality watches or vice versa? Can it be said on the basis of the user that this question has been answered by the evidence before me and that no confusion could arise if this were to happen. I think it has not.

Apart from the Tensenbol complaint no actual instances of confusion have arisen. I consider that the complaint cannot be taken as evidence of confusion between the mark ROLEX and the mark POLEK. There is no reference in the complaint to the mark POLEK. I have however taken some slight note of it as an example of the type of confusion which can arise if similar marks are used on identical goods.

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

As this application relates to identical goods I consider there are no conditions which could be imposed.

In considering the relevant inconvenience to both parties I have taken note of the case law to which I was referred to some of which I have already set out and I feel at this stage it is relevant to consider again the question of the knowledge of the mark ROLEX by the Applicants and the method of user revealed by the evidence.

As already outlined the Applicants were fully aware of the ROLEX mark when using the mark from the period 1975-80 which is the period under consideration in these proceedings. The Opponents have shown by the evidence that the mark is used on similar style if not quality of watches to some of their brands and I consider that such user would tend to add to the confusion if the goods were selling in the same price range. It is clear that it is harder for an Applicant who has knowledge of the Opponents' mark to establish that the concurrent user is sufficient to overcome the hardship to the Opponent by allowing the mark to be registered. The Applicants user in this case is extensive for a two year period at the lower range but I am not satisfied that the mark has been properly tested in the market place against the whole range of goods covered by the Opponents registration and in particular against the type and quality of goods sold by the Opponents.

In considering whether there has been concurrent user of the mark I have to take note of the fact that the reason for allowing registration in such case is that the mark has been properly tested in the marketplace.

I note in the L'Amy Case (1983 RPC 137) where it was stated at p. 145 by the Hearing Officer that :

"The provisions of s. 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 for long enough to provide the 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'."

I have also noted the principle outlined in the Da Vinci Trade Mark case (1980) RPC 237 where it was held in, refusing registration, that whilst there had been no actual confusion because the applicants' and opponents' clothes were sold at different ends of the market, the applicants specification of goods was not limited to "down-market" goods nor could it be and if used upon goods at the opponents' end of the market, the mark DA VINCI would have led to deception or confusion in the minds of a sufficient number of persons and that registration should be refused.

I also note in this respect the Bali Trade Mark case (1978 FSR 193) where Mr. Justice Fox considered the fact that the parties were not operating in the same market and that their respective price and quality ranges were quite different and then stated at p. 219 :

"It is true than no change has taken place in the nature or marketing of Bali's product. It may well be that none is at present contemplated. But it could take place at any time, with or without a change of control in the Bali Company; and, if it did take place, there would be direct competition in the mass market between brands with, phonetically, very similar names. That would not be in the public interest, and could be very unfair to Berlei."

I would also note the Buler case where the fact that the watches sold were in different price ranges was not considered in that case to be relevant. It seems clear from the case law that this is a factor which may be considered in the light of the facts of each case.

I should at this point refer to the registrations of "POLEK" in other countries. I have taken some note of this but few details apart from the bare fact of registration and of an unsuccessful opposition in Thailand were given to

me. I note that there was a considerable lapse of time between registration in Singapore in 1967 and application in Hong Kong in 1980.

Having considered the evidence I summarise my conclusions as follows :-

- (1) Whilst there are differences between the two marks I consider the possibility of mistake and confusion arising to be possible.
- (2) the choice of the word "POLEK" was, honestly made.
- (3) 5-years honest concurrent user has been proved but this user has not been consistent as to extent for more than 2 years of the 5-year period and has been in relation to a very limited range of watches and consequently to a limited range of customers.
- (4) The Applicants were well aware of the Opponents' mark and reputation when attempting to build up their-user of the mark.
- (5) The Opponents trade is very extensive and watches under their mark have been sold and advertised for a long period of time before the Applicants either chose their mark or used it or applied for its registration.

Bearing all these matters in mind and reminding myself of the fact that my discretion is unfettered I consider the hardship to the Opponents of allowing registration appears to be greater than the hardship to the Applicants in allowing it. In reaching this view, I have taken note of the fact that the Applicants were aware of the Opponents' mark and that at one stage at least the Opponents had objected to such user and that the Applicants should have been aware of the possibility of opposition if the mark was applied for.

I have also noted that if the mark POLEK were to be allowed to be registered the Applicants could extend the use of the mark to an expensive range of goods. As there has not been a proper testing in the market place, I am not satisfied that there would not be confusion if the Applicants extended their use to a more expensive range of goods and that members of the public could thereby be prejudiced. In such circumstances the Opponents could also be adversely affected particularly if they wished to extend their range of goods. I consider that in deciding whether I should exercise my discretion to allow registration I have to be very clear that the user shows that there has been proper testing in the market place.

Having considered the evidence, the case law, the submissions made at the Hearing and all the surrounding circumstances, I am not satisfied that the Applicants have shown

that the concurrent user is so extensive and has reached a sufficiently wide segment of the public as to establish that no confusion could arise and that no hardship could fall on the Opponents if the mark POLEK was registered for the goods applied for.

I find therefore that the Applicants have not made out their case under s. 22 so as to justify the exercise of my discretion to allow registration of their mark "POLEK". The opposition under s. 20 of the Ordinance accordingly succeeds and registration is refused.

S. 23 of the Ordinance

I turn now to consider the provisions of s. 23 of the Ordinance.

Section 23 of the Ordinance provides as follows :-

"The Registrar may refuse to register any trade mark if it is proved to his satisfaction by the person opposing the application for registration that such mark is identical with, or so nearly resembles as to be calculated to deceive or cause confusion, a trade mark which is already registered in respect of the same goods or description of goods in a country or place from which such goods originate :

Provided that no application to register shall be refused under this section -

- (a) if the applicant proves that he or his predecessors in business have in Hong Kong, in relation to such goods, continuously used the trade mark for the registration of which he has made application from a date anterior to the date of the registration of the other mark in such country or place of origin; or
- (b) if the opponent does not give an undertaking to the satisfaction of the Registrar that he will, within 3 months from the giving of the notice of opposition, apply for registration in Hong Kong of the trade mark so registered in the country or place of origin, and will take all necessary steps to complete such registration."

Section 23 of the Ordinance is unique to Hong Kong and has no comparison in the UK legislation. It was considered by Mr Justice Hunter in the **Maxim's** case (MP No. 1769 of 1982) at pp. 299 - 301.

It was concluded in the "Maxim's" case that the inclusion of "may" in contrast to "shall" gives to the Registrar a discretion under s. 23 of the Ordinance and if the proviso (b) to section 23 applied, an opponent could bring himself within the section if:

- 1) the goods were goods of the same description as those applied for;
- 2) the opponents proved registration in the country of origin on the basis that the word "origin" should be used in its ordinary meaning in the trade mark context. It was not considered necessary that an opponent should be required to prove user of the mark on the goods in the place of registration in order to bring himself within the section.

Mr Liao submitted that if the Registrar exercised his discretion under section 22 to allow registration of the mark then he should not exercise his discretion under section 23 or section 13(2) on the basis that the facts to be considered under section 20(2) go further than the facts required for either section 23 or section 13(2). Mr Rogers submitted that the Registrar had a discretion under section 23 and if he had exercised his discretion under section 22 to refuse then section 23 should not assist.

Having compared the provisions of section 20(1) and section 23 of the Ordinance and having taken into account the slight differences in the wording I consider that the enquiry under section 23 is no wider than that under section 20(1) of the Ordinance. In view of this and the fact that the Opponent has succeeded under s. 20(1) of the Ordinance and that I have not exercised my discretion under s. 22 of the Ordinance I consider that I am not required to, and indeed should not, consider the exercise of my discretion under s. 23 of the Ordinance. I am supported in this by the decision taken by the Hearing Officer in the Kalorik case (File No. 604/77, 604A/77 and 604B/77) who stated as follows at page 51:-

"I turn now to the Opposition based on s. 23 of the Ordinance. It was submitted by both Mr Baker and Mr Rogers that s. 23 does not take the matter further than s. 12(1) and s. 20 of the Ordinance. I agree with these views and as the Opposition has succeeded under these two sections I do not propose to consider the matter further under s. 23."

Notwithstanding this I should however consider whether section 23 can apply to this case. The evidence shows that the Opponents are a company incorporated in Switzerland and their mark was registered in Switzerland in 1946 by mark number 118256 dated 28th December 1946. It is not clear whether the registration is still valid as none of the documents have been translated from their original French. It appears from the evidence that the

goods are manufactured in Switzerland which is the country of manufacture and origin of the Opponents. If it was established that the registration was still valid, then I consider that the Opponents can rely on the provisions of section 23. The Opponents' mark has been registered in Hong Kong and accordingly the Proviso (b) to section 23 could be deemed to have been complied with. On the evidence submitted the Applicants have claimed no user of the mark in Hong Kong prior to 1946 and accordingly they cannot rely on the Proviso (a) to section 23 of the Ordinance.

Section 13(2) of the Ordinance

As I have already decided that the Opponent succeeded under section 20 of the Ordinance and that the mark "POLEK" should not be registered it is accepted that there is no question of the exercise of my discretion to allow registration under the provisions of section 13(2) of the Ordinance.

In support of this I would refer to the "IKF KOYO" case (In the matter of an application by Koyo Seiko at the IKO K.K. (1957) 12 RPC 297) where Mr Justice Lloyd Jacobs said at page 306

"That brings me to the question of discretion. It is clear from what I have said already that, if this mark cannot be permitted to proceed to registration on the ground of objection under section 11 and section 12(1), a finding on the ground of discretion is wholly unnecessary."

I find that the Opponents are entitled to an award of costs, that any representations which either party may wish to make as to the amount of these costs will be considered if received one month from the date of this decision and that failing such representations or subject to any representation calling for special treatment, costs will be calculated on the usual scale, namely on the basis set forth in Part I of the First Schedule to Order No. 62 of the Rules of the Supreme Court (Cap. 4) as applied to trade mark matters unless otherwise agreed between the parties.

A.C. Waters
.....
A.C. WATERS
Deputy Director
p. Registrar of Trade Marks

21 November 1990