

File No. : 3018/85

7.11.84 (11)

IN THE MATTER of the Trade Marks Ordinance (Cap. 43)

and

IN THE MATTER of an application by Paul Lung Trading as Pauling Trading Company to register the mark "ERMEX" in Class 14

and

IN THE MATTER of an opposition by Hermes

On the 3rd September 1985 an application (also dated the 3 September 1985) was received by the Trade Marks Registry from Paul Lung Trading as Pauling Trading Company ("the Applicant") to register the mark "ERMEX" ("the applied for mark") in Class 14 for the following goods :

"Watches, their parts and watch straps"

2. The Registrar of Trade Marks ("the Registrar") issued a leave to advertise dated 21st September 1988 for Part A in the Register in respect of the goods for which the mark had been applied for.

3. The mark in the form ERMEX was subsequently advertised in S. No. 6 to Gazette No. 40/1988.

4. The following conditions appeared in the Leave to Advertise :

"Use claimed from January, 1980, Section 22.
It is a condition of registration that this Trade Mark shall be used in relation only to good for export to and sale in the USA."

5. I should also point out that a letter dated the 13th December 1990 from Wenping and Company (acting on behalf of the Applicant) attempted to amend the applied for mark in script form and enclosed a Form TM No. 33 for this purpose. I do not believe that this form 33 can be entertained in view of the fact that the mark was advertised in the Gazette in the form : ERMEX. I shall therefore deal with the Opposition and all the papers which have been filed in respect of the Opposition on the basis that the mark we are dealing with is ERMEX.

6. On the 7th December 1988 a Notice of Opposition in respect of the said application was received from Hermes S.A. ("the Opponent"). This Notice of Opposition was subsequently amended on the 18th March 1989 to show the correct name of the Opponent i.e. Hermes.

7. The Registrar subsequently received a Counter-Statement dated the 16th June 1989 from the Applicant.

8. The Registrar subsequently received a Statutory Declaration dated the 20th September 1989 sworn by Christopher William Britton on behalf of the Opponent.

9. The Registrar subsequently received a Statutory Declaration sworn by Mr Paul Lung dated the 27 April 1990 on behalf of the Applicant.

10. Finally, the Registrar received a Statutory Declaration dated the 2nd March 1992 sworn by Mr James Patrick O'Connell on behalf of the Opponent.

11. I shall in the course of this Decision refer to the relevant extracts from each of the above Statutory Declarations, when necessary.

12. The Opposition Hearing took place before me on 24th November 1993. The Applicant did not appear. The Opponent was represented by Mr Peter Garland who was instructed by Deacons. I refer here to Rule 30(1) of the Trade Marks Rules (as they stood in 1985) which states that any person who does not file a Form TM No. 8 may be treated as not desiring to be heard and the Registrar may act accordingly.

13. The amended Grounds of Opposition is in the following terms :

(1) The Opponents are the owners of the Trade Marks "HERMES" and "Hermes with Horse and Carriage Device", a copy of which is attached hereto as Schedule A. The Trade Mark "HERMES with Horse and Carriage Device" is registered in Hong Kong in Class 14 as follows :

<u>No.</u>	<u>Date</u>	<u>Goods</u>
1496/76	06/11/76	Precious metals and their alloys and goods in precious metals or coated therewith (except cutlery, forks and spoons), jewellery, precious stones, horological and other chronometric instruments

(2) The Applicants are seeking to register the word "ERMEX" as follows :

<u>No.</u>	<u>Class</u>	<u>Date</u>	<u>Goods</u>
3018/85	14	03/09/85	Watches, their parts and watch straps

The application was filed under the provisions of S. 22 of the Trade Marks Ordinance claiming use since January 1980. It has been made a condition of registration that the mark shall be used in relation only to goods for export to and sale in the USA.

(3) The word "ERMEX" is confusingly similar to the Trade Mark "HERMES with Horse and Carriage Device". The goods for which the Applicants seek registration under No. 3018 of 1985 are identical to or goods of the same description as goods covered by the Opponents' Registration No. 1496/76. The Opponents therefore ask that Application No. 3018 of 1985 be refused registration under S. 20 of the Trade Marks Ordinance.

(4) The Trade Marks "HERMES" and "HERMES with Horse and Carriage Device" have been used by the Opponents or associated companies in Hong Kong upon a wide range of goods including watches and jewellery for a number of years. As a result of such use these marks have come to distinguish the Opponents' goods from those of other traders. Any use by the Applicants of the word "ERMEX" upon the goods covered by Application No. 3018 of 1985 would be likely to deceive and would be contrary to the provisions of S. 12(1).

(5) The Applicants have adopted a word which is confusingly similar to a well known trade mark. Their subsequent use of that mark cannot therefore be said to be honest concurrent user and Application No. 3018 of 1985 should be refused as failing to comply with S. 22 of the Trade Marks Ordinance.

(6) The business of the Opponents would be unfairly prejudiced by the registration of the word "ERMEX" under No. 3018 of 1985. The Opponents therefore ask the Registrar to exercise her discretionary powers and refuse registration.

Dated this 18th day of March 1989.

14. The Counter-Statement of the Applicant is in the following terms :

"1. We, the applicant herein, are the proprietor in Hong Kong of the Trade Mark "ERMEX" which has been used by us for many years in respect of "watches, their parts and watch straps" for export and sale in the United States of America.

2. The applicant has applied to register the Trade Mark "ERMEX" under Application No. 3018 of 1985 in respect of "watches, their parts and watch straps".

3. The Trade Mark which the applicant has applied to register is not liable to be in conflict with the opponent marks "HERMES" and "Hermes with Horse and Carriage Device" as alleged in Paragraph 3 of the Notice of Opposition.

4. The use and registration of the applicant trade mark will not diminish or deprive of the opponent's rights in his trade marks as no possible confusion or deception should arise for obvious reason.

5. The applicant will rely on the issue of the Registrar of Trade Marks Notice to Advertise the applicant trade mark as establishing that the applicant trade mark "ERMEX" is adapted to distinguish the applicant's goods within the terms of the Trade Marks Ordinance.

6. The applicant is the proprietor in Hong Kong of the Trade Mark "ERMEX" when used in relation to goods, the subject of this application and the applicant avers that he is entitled to apply for and obtain registration of trade mark in respect of such goods. The applicant further avers that no rights of the trade mark nature or otherwise are vested in the opponent such as to prevent the applicant's trade mark being entered in the Register.

7. In the premises, the applicant prays that the Registrar should dismiss the opponent's Notice of Opposition and that the applicant's application should be allowed to proceed to registration with costs against the opponent herein."

15. It will be seen from the Notice of Opposition that, essentially, the Opponent is basing his opposition on the following sections of the Trade Marks Ordinance Cap. 43 :

- (i) that the application falls foul of Section 20 of the Trade Marks Ordinance;
- (ii) that the application would be likely to deceive and therefore falls foul of Section 12(1) of the Trade Marks Ordinance;
- (iii) that the Applicants have adopted a word which is confusingly similar to a well-known trade mark and that therefore the use of the applied for mark cannot be said to be honest concurrent user and that the application should therefore be refused as failing to comply with Section 22 of the Trade Marks Ordinance;
- (iv) that the business of the Opponent would be unfairly prejudiced by the registration of the word "ERMEX" applied for and that therefore the Registrar should exercise her discretion and refuse registration.

16. Essentially the same grounds mentioned above in para. 15 are repeated in paras. 10 to 13 of Mr Britton's Statutory Declaration.

17. However, in Mr O'Connell's Statutory Declaration there also appears the allegation that the Applicant is not the bona fide owner of mark. I refer to paras. 7, 15 and 23 of his Statutory Declaration which are as follows :

"7. Referring to paragraph 4 of the Applicant's Declaration, the Applicant claims that since at least 1979 and at the request of Nationwide Time Inc. (hereinafter referred to as "Nationwide"), it has produced watches bearing the mark "ERMEX". These watches were exported exclusively to Nationwide in the United States. Nationwide is the registered proprietor for the "ERMEX" Trade Mark (No. 1099448) in the United States. In these circumstances the Opponent contends that the mark applied for is not a trade mark as defined in the Trade Marks Ordinance. The Opponent also contends that there is no requisite connexion in the course of trade between the goods and the Applicant, and that the Applicant is not the bona fide owner of the mark.

* * * * *

15. Referring to paragraph 9 of the Applicant's Declaration, I have noted that the Applicant was requested by Nationwide to make the present application for the "ERMEX" mark. This supports the Opponent's contention that the Applicant is not the bona fide proprietor of the mark.

* * * * *

23. I refer to paragraph 15 of the Applicant's Declaration. The Applicant has not shown it is the bona fide proprietor of the Trade Mark nor has the Applicant shown that its registration of the mark "ERMEX" would not unfairly prejudice the Opponent's reputation, goodwill and business in both Hong Kong and elsewhere."

18. I set out the relevant extracts from Sections 20, 12(1) and 13(1) of the Trade Marks Ordinance as they stood in 1985 (the date when the Application was made) for background information :

"Section 20

Except as provided by section 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 resembles such a trade mark as to be likely to deceive or cause confusion.

Section 12(1)

(1) It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law or morality, or any scandalous design.

Section 13(1)

(1) Any person claiming to be entitled to be registered as the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Registrar in the prescribed manner for registration either in Part A or Part B of the register."

19. Before I discuss the legal implications involved in this Decision, I feel I should briefly summarise some of the main points appearing in the Statutory Declaration of both parties which set out the background of the Applicant and the Opponent. I deal with them as follows :

The Applicant

The information on the Applicant comes from the Statutory Declaration of Mr Paul Lung who refers to the following matters :-

- he states that he is the sole proprietor of Pauling Trading Company
- he says that the Applicant is the proprietor in Hong Kong of the Trade Mark "ERMEX" in Class 14 in respect of the mark for which application no. 3018/85 has been made
- he says that he is the manufacturer and seller of various kinds of watches, their parts and watch bands and has been in trade in Hong Kong for almost 30 years
- he states in para. 4 :

"Earlier in 1978 or 1979, there was a business relationship I had with Nationwide Time Inc. (hereinafter referred to as Nationwide), one of my US buyers that I arranged to produce watches having the mark "ERMEX" applied thereto for export to Nationwide in the United States. Accordingly, since 1980 I have made watches, their parts and watch bands having the name "ERMEX" put thereon and have them exported to Nationwide."
- he states in para. 5 that since 1 January 1980 he has exported the goods bearing the name "ERMEX" exclusively to Nationwide in the United States and he states that between 1 January 1980 to 30 June 1985 such exports totalled US\$731,745.57. He gives the following breakdown :

<u>Year</u>	<u>Sales Value</u>
1980	US\$ 17,545.00
1981	US\$ 78,727.57
1982	US\$ 151,800.00
1983	US\$ 184,612.00
1984	US\$ 267,923.00
1985 (Jan-Jun)	US\$ 31,140.00

- he says in para. 8 that the mark "ERMEX" has been registered in the United States under the name Nationwide Time Inc.

- he says in para. 9 that :

"During the continuance of the business relationship with Nationwide, I was asked to make application for the registration of the mark "ERMEX" in Hong Kong in my name so as to gain protection. There has been an agreement between Nationwide and the Applicant that all goods bearing the mark "ERMEX" manufactured by the Applicant be exclusive to Nationwide in the United States".

- In the other paragraphs of his Statutory Declaration Mr Lung deals with the conflicts with the HERMES marks and other matters and I shall refer to these paragraphs where necessary.

The Opponent

Background information on the Opponent is given in the Statutory Declarations in Messrs Britton and O'Connell. The following facts emerged from both Statutory Declaration :

Mr Britton's Statutory Declaration

- HERMES is a limited company incorporated in France and carries on a business as a designer, manufacturer, wholesaler and exporter of high quality fashion goods and perfumes under the "HERMES" trade marks.

- In para. 3, Mr Britton states that Hermes is the owner of the "HERMES" and "HERMES Horse and Carriage Device" trade marks in various countries around the world, and that the trade mark "HERMES Horse and Carriage Device" is registered in Hong Kong in Class 14.
- In para. 4, Mr Britton refers to the registrations of the "HERMES" and "HERMES Horse and Carriage Device" trade marks in the United States and he gives details.
- In para. 5, Mr Britton states that watches bearing "HERMES" and "HERMES Horse and Carriage Device" trade marks have been sold in Hong Kong since December 1978 and that since that date "sales to the wholesale value in excess of Swiss Franc 24 million have been recorded." He then goes on to state that such watches are sold through the various retail outlets of Dickson Watches & Jewellery Co. Ltd.
- In para. 6, Mr Britton states that watches bearing the Hermes and Hermes Horse and Carriage Device have also been sold in the United States of America and since 1980 sales to the wholesale value in excess of Swiss Franc 2.5 million had been recorded in the USA.
- In para. 7, Mr Britton says that Hermes has advertised its watches bearing its trade marks extensively in Hong Kong and that such advertisement had been by way of trade or another catalogues, on television and in the newspapers and at the point of sale. He says that between 1982 and 1987 in excess of HK2.5 million has been spent in advertising and promoting the "HERMES" name and the "HERMES Horse and Carriage Device" trade marks on watches in Hong Kong.

Mr O'Connell's Statutory Declaration

- Mr O'Connell's Statutory Declaration also deals with some of the background relating to the Opponent. He mentions in para. 6 of his Statutory Declaration that the Opponent's business was originally concerned with saddlery and

harness making, but subsequently there was a diversification into the areas of "designing, manufacturing and retailing of, initially, other leather articles and thereafter other luxury items such as watches, silk scarves and women's and men's perfumes". Mr O'Connell goes on to say the Opponent is a well-known international organisation employing over 600 people throughout the world and has retail shops located in Europe, Northern America and in the Fast East including Hong Kong.

- Mr O'Connell confirms in para. 18 that Hermes has been registered in the USA and attaches a copy of relevant certificates of registration as exhibit "JPO-4". He says that he wishes in particular to draw the Registrar's attention to US registration no. 369271 which shows that the mark "HERMES" was registered as of the 18 July 1939 covering, inter alia, clocks and watches and that use was claimed since December 1936.

- In para. 19, Mr O'Connell sets out the figures relating to the sale of watches in Hong Kong originating from the Opponent's factory in Bienne, Switzerland :

<u>Year</u>	<u>Amount (HK\$)</u>
1980	337,324
1981	616,112
1982	863,199
1983	2,069,861
1984	2,117,213
1985	1,385,608
1986	3,891,244
1987	6,702,812
1988	10,582,061
1989	5,975,312

20. At the Hearing, the following submissions were made to me by Mr Garland on behalf of his client :

1. He said that the Applicant had not discharged his burden of showing that the Application was not likely to deceive or cause confusion.

2. He said that the Applicant exported goods to the USA, and that the question of confusion must be assessed by reference to Hong Kong, in particular by reference to those people involved in the US export trade. He referred to Kerly's Law of Trade Marks and Trade Marks ("Kerly" 12th Edition) para. 10-10 (pages 151 - 153) and to Note 57 on page 153. He referred to the SOLIBRISA case [1948] 65 RPC 17, and also to the OREAL Trade Mark [1980] RPC 107 (Copies of these cases were handed to me at the hearing).
3. Going to the evidence, he said that the Opponent's mark was pronounced as "Ermes" with a French accent. Mr Garland referred to para. 10 of Mr Britton's Statutory Declaration and he said that it had never been disputed that if that was the pronunciation referred to (i.e. that HERMES is pronounced as ERMES, the "H" being silent) then there was a similarity with ERMEX. He referred to the differences between HERMES and ERMEX in their final letters (S & X), and said that it was well-known that final letters were slurred. He said that even if people did not use correct pronunciation, the pronunciation of the letter "H" was frequently dropped in speech. Mr Garland said that although the Opponent's trade mark incorporated a horse and a cart device the visual difference was of no assistance in avoiding confusion and deception. The device did not come out.
4. Mr Garland said that there was no dispute that the goods of the Applied for mark were the same goods covered by the Opponent's registered trade mark (1496/76). The Applicants had not discharged their burden under Section 20.
5. Mr Garland referred to Section 12(1) of the Trade Marks Ordinance and said that the Opponent had sold substantial goods in Hong Kong and he referred to paras. 5, 7 and 11 of Mr Britton's Statutory Declaration. He also referred to paras. 7 and 19 of Mr O'Connell's Statutory Declaration.

6. He said that the Opponent sold watches in the USA.
7. Mr Garland said that the Applicant had not discharged its burden of proving that there will be no likelihood of confusion under Sections 12(1) and 20 of the Trade Marks Ordinance.
8. Mr Garland dealt with the question of honest concurrent use. He said that the Applicant had to prove this and how he had come upon his mark. The gauntlet had been thrown down in para. 12 of Mr Britton's Statutory Declaration. He said that Mr Lung's response was slightly unclear and referred to paras. 4 and 5 of Mr Lung's Statutory Declaration. Mr Garland contended that Mr Lung had said no more regarding the allegations that his mark had not been come across honestly. Mr Garland said that Mr Lung had not shown how the mark had been chosen and Mr Garland here referred to paras. 10 and 11 of Mr O'Connell's Statutory Declaration.
9. Mr Garland referred to passages from the judgement of Godfrey J., in Borsalino Giuseppe & Fratello, S.P.A. and Leung Hoi Yung [M.P. No. 2443 of 1992] and read the final paragraph on page 6 and the first paragraph on page 7 of that Judgment.

Mr Garland said the point here was that the gauntlet had been thrown down. There had been nothing from Mr Lung and there was nothing to be tested. The Applicant had not established honest concurrent use.
10. Mr Garland then referred to para. 7 and 23 of Mr O'Connell's Statutory Declaration and said that an issue of proprietorship had been raised and the Applicant would be aware of this. Mr Garland said that the evidence showed that the Applicant was not the proprietor. Mr Garland referred to paras. 4 and 5 of Mr Lung's Statutory Declaration (see pages 7 and 8 of this Decision) and said that Mr Lung made watches pursuant to a licence from Nationwide. The Applicant was

Nationwide's sub-contractor. Mr Garland said that Mr Lung exported to Nationwide exclusively. Mr Garland referred to Exhibit PL-2 of Mr Lung's Statutory Declaration and said that the advert in PL-2 referred to "Nationwide Time Inc. Manufacturers of ERMEX Watches Private Labeling Our Speciality." Mr Garland said that the Applicant did not sell or export to anyone else.

11. Mr Garland then referred to PL-3 of Mr Lung's Statutory Declaration which was a registration in the United States showing that ERMEX was registered in the name of Nationwide Time Inc. Mr Garland concluded that the Applicant was not the relevant proprietor and that if he were to make watches for anyone else, he might face problems of deception in the USA and, if the licence came to the end, there might be infringement problems. Mr Garland said that all Mr Lung had was the right to make watches and sell to Nationwide. He was not free to use the mark as he chose and could not deal with goods bearing the trade mark as he chose.
12. Mr Garland said that if the applied for mark was a registrable mark, the only proper proprietor was Nationwide and that the Applicant might be registered as a registered user but no more than that. For these reasons the applied for trade mark did not indicate a connection in the course of trade with Mr Lung but in fact indicated the connection in the course of trade with Nationwide.
13. On the question of the Registrar's discretion, Mr Garland said that if the mark was granted the Applicant could sell or export to anyone in the United States. On the face of things that would be contrary to the arrangement with Nationwide and would lead to deception in the USA and would presumably lead to the infringement of the trade mark. Even if the exclusive arrangement ended it would not make things better as there would be deception and infringement in the USA. Mr Garland said that what happened overseas was a factor to be taken into account on a discretion.

21. The objections raised by the Opponent involve a consideration of Sections 12(1), 20, 22 and 13(1) of the Trade Marks Ordinance, Cap. 43.

22. Although Section 13(1) has not been specifically mentioned in the Amended Notice of Opposition. I have no doubt that Section 13(1) is relevant in view of the arguments made in the pleadings filed by the Opponent and raised by Mr Garland at the Hearing. These arguments were to the effect that the Applicant was not the proprietor of the applied for trade mark, and that the applied for trade mark did not indicate a connection in the course of trade between the goods and Mr Lung.

Sections 20 and 12 of Trade Marks Ordinance

23. The main objection being made by the Opponent is that there is a conflict between the applied for mark "ERMEX" and the Opponent's trade mark which has been registered in Class 14 for Hermes/Horse and Carriage Device (1496/1976). I set out this mark below ("the Opponent's mark") :



HERMÈS

24. I note in passing that Mr O'Connell in para. 16 of his Statutory Declaration also refers to the Opponent's registration for the mark (word alone) "HERMES" (Trade Mark No. 1168 of 1991) in Class 14. This registration of the word "HERMES" by itself has been registered "as of" the 2nd June 1989, a date after the date of application of applied for mark "ERMEX". This registration is therefore not strictly relevant to the proceedings before me because matters must be considered as at the date of the application of the applied for mark.

General Points

25. Before I turn in the first instance to consider the conflict between the Applied for mark and the Opponent's mark, I wish to make some general points about the comparison of trade marks.

26. It is well accepted that the date for considering the opposition is the date of the application (i.e. the 3rd September 1985 in this particular case).

27. In considering provisions of Section 20 of the Ordinance, I refer to para. 17-03 of Kerly which states 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 doubt as to whether deception is likely the application should be refused."

28. In considering the amount of resemblance which is likely to deceive, I refer to para. 17-07 of Kerly which quotes the Pianotist case (1906) 23 RPC 774, and the test proposed by Parker J :-

"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."

This test is particularly suited to word marks and can be useful in the comparison of device marks.

29. For the purposes of section 20 of the Ordinance I must take into account fair notional use of the Opponent's mark as compared with fair notional use of the Applicant's mark. I am supported in this view by Kerly at para. 10-04 (discussing the equivalent English legislation) which states as follows :-

"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 packing 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."

30. It is well accepted that I must consider the marks as a whole.

31. I shall also mention that the question of imperfect recollection may be relevant. Kerly has this to say on the concept of imperfect recollection at para. 17-16 :-

"It is clear that the tribunal ought not merely to look at the marks as they stand side by side, for, from the nature of the case, they will not be so put before any customer whom it is sought to deceive by means of either or them. He can only contrast the mark upon the goods offered to him with his recollection of the mark used upon those he is seeking to buy, and allowance must be made for this in estimating the probability of deception. Any other rule would be of no practical use. It has to be borne in mind that the ordinary purchaser has only an ordinary memory."

32. I should at this point also mention the distinction between Section 20 and Section 12(1) of the Trade Marks Ordinance. At para. 10-03, Kerly in considering the distinction between the two equivalent UK sections in the United Kingdom Trade Marks Act 1938 states as follows :-

"In any ordinary case, however, of an opposition based upon a registered mark, the inquiry under section 12, embracing as it does notional use upon any of the goods concerned, is wider than that under section 11 : so that if the applicant succeeds under section 12 he succeeds under section 11 too. Where the opponent's mark has not been so used as to have acquired a substantial reputation, only section 12 applies."

33. The opposition also mentions Section 12(1) of the Trade Marks Ordinance.

34. In considering Section 20 and Section 12(1) of the Trade Marks Ordinance I have also taken into account what is stated in para. 10-02 of Kerly where, in referring to distinction between sections 11 and 12(1) of the UK Act, reference was made to the authoritative decision in the "Ovax" case (Smith Hayden & Co's Application 1946 63 RPC 97 as follows :-

"The 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. held : "The questions for my decision have been formulated, and I think accurately formulated as follows :

"(a) (under section 11) 'Having regard to the reputation acquired by the name "Hovis", is the court satisfied that the mark applied for, if used in a normal and fair manner in

connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?'

(b) (under section 12) Assuming user by Hovis Limited of their marks "Hovis" and "Ovi" 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 "Ovax"), is the court satisfied that there will be no reasonable likelihood of deception and confusion amongst a substantial number of persons if Smith Hayden & Co. Ltd. also use their mark "Ovax" normally and fairly in respect of any goods covered by their proposed registration?"

35. It is clear that there are some differences between Hong Kong and the United Kingdom law but nevertheless the United Kingdom law can give guidance.

Section 20 of the Trade Marks Ordinance

36. I must therefore consider this opposition under Section 20 of the Trade Marks Ordinance in the first instance. If the Applicant succeeds then he succeeds with his application because if he succeeds under Section 20 he also succeeds under section 12(1). (See Kerly, quoted in para. 32 above). Section 20 (in so far as it applies to this case) states in effect that identical or nearly resembling trade marks (as to be likely to deceive or cause confusion) in respect of the same goods or goods of the same description belonging to different proprietors should not be registered. It is clear that the applied for mark "ERMEX" is not identical to the "Hermes and Device" mark which has been registered by the Opponent under Application 1496/76. The question then is whether these marks so nearly resemble each other as to be likely to deceive or cause confusion. There is no doubt that same goods or description of goods are involved here.

37. The comparison that has been made must take into account the matters referred to above in paras. 26 to 35 of this Decision. The starting point must be the Pianotist case which states that one must judge words by their look and their sound, the goods to which the marks are to be applied, the nature and the customers involved and all the surrounding circumstances.

38. I agree with Mr Garland's submission that the question of confusion is to be assessed by reference to Hong Kong, in particular by reference to those people in the US Export trade. At the Hearing, Mr Garland referred me to the Solibrisa and Oreal case. Mr Garland referred to page 19 (lines 47 to 54), page 20 (lines 1 to 41) of the Solibrisa Case. One quote sums up the point Mr Garland was making :

"... In my view, this judgment lays it down clearly and decisively that the crucial test is deception or confusion in this country ...". (page 20)

Mr Garland also referred me to the Oreal Trade Mark [1980] RPC, (line 27 on page 108 to line 11 on page 109) and to the headnote where Mr Myall held that :

"... if there were a real, tangible danger of deception or confusion on the home market, it would be unsafe to exercise the Registrar's discretion to permit registration in respect of the export market." (page 107).

I shall bear all these matters in mind.

39. The arguments as to similarity have been stated in Mr O'Connell's Statutory Declaration and I refer to the following paragraphs from his Statutory Declaration :

10. I note the promotional material referred to in paragraph 7 of the Applicant's Declaration. I consider that the placement and manner in which the "ERMEX" mark appears on the watches is a clear imitation of the Trade Mark "HERMES" and the manner in which the "HERMES" marks are used and applied to HERMES goods. Produced and shown to me marked Exhibit "JPO-1" are comparison pictures of both the Applicant's and Opponent's watches highlighting the similarity in the use and placement of each parties' respective marks.

11. It appears from the positioning of the "ERMEX" mark on the watches that it is intended that purchases refer to the product as "an ERMEX watch". Thus confusion and possibly deception will occur as the word "ERMEX", apart from appearing graphically similar to the Opponent's mark "HERMES", is even closer from a phonetic point of view.

12. I am aware that the Trade Mark "HERMES" is pronounced "ERMES", the initial letter "H" being silent. From decided cases even in normal speech the initial letter "H"

is often dropped - (HARVINO CASE RPC 37), whilst the endings of marks tend to be slurred (TRIPCASTROID CASE RPC 42) indicating that the final letter "S" may be pronounced as a letter "X". There is a clear and tangible risk of confusion between identical goods bearing the Trade Marks "ERMEX" and "HERMES". To demonstrate the manner in which the Opponent's Trade Mark is applied to its goods, there is now produced and shown to me a copy of a brochure produced by the Opponent marked Exhibit "JPO-2".

40. Mr Garland's echoed these arguments at the Hearing (see para. 20, page 10 above). He argued that the visual difference between the applied for marks and the Opponent's mark was of no assistance to avoid confusion or deception. Mr Garland stressed the phonetic similarity.

41. With the greatest respect, I disagree with Mr O'Connell and Mr Garland. In my opinion, the applied for mark and the Opponent's mark No. 1496/76 (see para. 23 above) look and sound very different. There is a visual difference between both marks. The Opponent's mark consists of a word element which is spelt "HERMES", and contains the device of a horse and carriage. The horse and carriage device is very prominent, although it is also fair to say that the word "HERMES" is also very prominent.

42. In comparing the words "HERMES" and "ERMEX", one immediately sees a big visual difference in the structure of both words. The Opponent's mark starts with the letter "H" which immediately distinguishes it from the commencement of the Applicant's mark which is "ER". The Opponent's mark ends with an "ES", whereas the Applicant's mark ends in a hard "EX" which is likely to be stressed.

43. In his para. 12, Mr O'Connell states that HERMES is pronounced "ERMES" (the initial letter being silent), and that from the decided cases "H" is often dropped and the whole of the ending of marks tend to be slurred indicating that the final letter "S" may be pronounced as letter "X".

44. One must be careful about the pronunciation of the word "HERMES". It may be, as Mr Garland contends, that the "H" is dropped when Hermes is pronounced with a French accent. But Hermes is also an English word appearing in English dictionaries. This following entry appears in COLLINS ENGLISH Dictionary (3rd Edit.), where there is no indication that the "H" would be dropped in an English pronunciation :

Hermes: ('h3:mi:z) *n.* *Greek myth.* the messenger and herald of the gods; the divinity of commerce, cunning, theft, travellers, and rascals. He was represented as wearing winged sandals. Roman counterpart: **Mercury.**

45. I do not agree that the "H" is dropped when one pronounces "Hermes" with an English pronunciation (e.g. to mean the messenger of the gods). The "H" would be stressed. It depends on the word in question.

46. As regards this particular case, I do not agree with Mr O'Connell's contention that the ending of marks tend to be slurred indicating that the final letter "S" may be pronounced as letter "X". The letters "EX" in "ERMEX" are likely to lead to a hard sounding ending, the "EX" being emphasised, and I think that "ERMEX" would be pronounced in such a way. The "ES" ending of "Hermes" is likely to lead to a much softer sound. Indeed, Collins (cited above in para. 44, page 19) suggests that, phonetically the "ES" in Hermes is likely to be pronounced "miiz".

47. Para. 12 of Mr O'Connell's Statutory Declaration and Mr Garland emphasise pronunciation. Mr Garland said that the visual difference between the applied for mark and the Opponent's mark was of no assistance to avoid confusion or deception. I cannot see the force of this argument. I think it very important that the physical look of both marks should not be ignored in this particular case. The applied for mark (Ermex) is only a word mark; the opponent's mark consists not only of a word mark (Hermes) which looks very different and is pronounced differently but also contains a very prominent device of a horse, carriage and a person facing the horse and carriage. The physical look of both marks are so very different that I cannot conceive of any confusion arising.

48. I must take note of what has been said on notional fair use in para. 10-04 of Kerly (see para. 29 above, page 15). I do not believe that the applied for mark so nearly resembles the Opponent's mark as to be likely to deceive or cause confusion. The horse and carriage device in one of the marks as well as the different look and pronunciation of both word marks (ERMEX as against Hermes) renders it unlikely that there will be any deception or confusion.

49. I note, in passing that no actual evidence of confusion, either here or in the USA, between the products of the Applicant and the Opponent has been brought to my attention. Indeed, I note that Ermex and Hermes marks (including the horse and carriage device) appear to co-exist in the United States. I refer to Exhibit PL-3 of Mr Lung's Statutory Declaration and Exhibit JPO-4 of Mr O'Connell's Statutory Declaration which show, respectively, a registration of Ermex at the US Patent Trade Office (in 1978) and the registration of various Hermes marks/horse and carriage device also in the USA, one of which dates back to 1939. Since US Law may be different in its treatment of trade mark matters, I cannot draw any conclusions from this.

50. I do not believe that the concept of imperfect recollection can, in this particular case, lead to any confusion or deception. Both the applied for mark and the Opponent's mark look, and indeed sound, so radically different.

51. In my opinion, the applied for mark does not fall foul of Section 20 of the Trade Marks Ordinance and any objection based on Section 20 must fail. The Applicant succeeds under Section 20.

Section 12(1) of the Trade Marks Ordinance

52. In view of what I have said in the previous paragraph, the enquiry under Section 12 of the Trade Marks Ordinance does not even arise (see para. 32 above, page 16, and the quote from para. 10-03 of Kerly.). The Applicant therefore also succeeds under Section 12(1) of the Trade Marks Ordinance.

53. I would mention that, bearing in mind my finding above on the comparison between the applied for mark and the Opponent's mark, that I do not find myself in agreement with what has been stated in paras. 10, 11 and 12 of Mr O'Connell's Statutory Declaration (see para. 39 above, page 18).

Section 13(1) of the Trade Marks Ordinance

54. The next point to be dealt with is the Opponent's contention that the Applicant is not the bona fide proprietor of the applied for mark. This is tied in with the argument that the Registrar should exercise her discretion to refuse registration (see para. 13, at page 2 above). I refer here to para. 15 of Mr O'Connell's Statutory Declaration where he states :

"Referring to para. 9 of the Applicant's Declaration, I have noted that the Applicant was requested by Nationwide to make the present application for the "ERMEX" mark. This supports the Opponent's contention the Applicant is not the bona fide proprietor of the mark."

55. I also refer to Mr Garland's submissions on this point referred to above on pages 12 to 13 of this Decision (paras. 20(10), 20(11), 20(13)).

56. I refer to para. 9 of the Mr Lung's Statutory Declaration (see page 8 of this Decision) and particularly to the sentence "... During the continuance of the business relationship with Nationwide, I was asked to make application for the registration of the mark "ERMEX" in Hong Kong in my name so as to gain protection ..." This request has to be seen in the context of Mr Lung's relationship with Nationwide.

57. Kerly says this in para. 2-21 :

"... there may be cases in which more than one person has a business connection with goods or services and the question may arise whether the mark indicates a connection with business A or business B or with both ... The mere fact that, by contract with the manufacturer, an importer or dealer is given some exclusive right in regard to a particular territory will not normally give the latter any right to the trade mark. On the other hand, a trade mark may indicate the goods of an importer or dealer, although, in fact, it has been applied exclusively to goods of a particular manufacturer ... the decision in every case depends upon particular facts....".

58. The quote from Kerly in the previous paragraph really stresses the importance of particular facts. Though Kerly discusses matters in the context of importers and dealers, it is making the general point that more than one person may have a business connection with goods. It all depends upon the facts.

59. In this particular case, there appears to be agreement for one party to register "ERMEX" in Hong Kong and for another party (Nationwide) to have the same mark in the United States. That is what Mr Lung has sworn in his Statutory Declaration.

60. Mr Garland's arguments were that the Applicant was not the proprietor. He said that the Applicant was a subcontractor of Nationwide. He said that the Applicant couldn't make watches for anyone else and that if he did there might be problems of deception in the USA and, if the licence comes to an end, infringement. Mr Garland said that Mr Lung was not free to make watches for anyone else. All Mr Lung was entitled to was to be a registered user. (see Mr Garland's submissions above at para. 20 of this Decision, page 10 et seq.).

61. Mr Garland's arguments on this point, though interesting, are of a speculative nature. They must be balanced by the fact that Mr Lung has sworn under oath that "During the continuance of the business relationship with Nationwide, I was asked to make application for the registration of the mark "ERMEX" in Hong Kong in my name so as to gain protection ...". (see para. 56, page 21 of this Decision.).

62. Bearing in mind the quote from Kerly (see para. 57 above), and Mr Lung's sworn statement, I decline to accept Mr Garland's somewhat speculative arguments on this point. I therefore do not think that any objection based on Section 13(1) of the Trade Marks Ordinance can succeed.

Honest Concurrent Use

63. I turn to consider one final point regarding S. 22 of the Trade Marks Ordinance. At the Hearing, Mr Garland contended that the Applicant had to prove honest concurrent use. Mr Britton stated in para. 12 of his Statutory Declaration that : "... When the Applicant selected the mark "ERMEX" it adopted the word which was confusingly similar to a well-known trade mark. Any subsequent use of that mark cannot therefore be said to be honest concurrent user ...".

64. I set out, for the record, Section 22 of the Trade Marks Ordinance as it stood in 1985 :

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

65. Having found that the Applicant has succeeded on Sections 20, 12(1) and 13(1) of the Trade Marks Ordinance, I do not think I need to reopen the S. 22 issue. I refer to para. 4 of this Decision (page 1 above) which notes that the Leave to Advertise refers to S. 22. I refer to the SOLIBRISA case, page 23 (line 17) to page 24 (line 83) and to this quote from Mr Chisholm :

"Section 17(2) of the Act provides that the Registrar, inter alia, may accept an application for the registration of a trade mark subject to such conditions and limitations as he may think right, and S. 18(1) requires that the advertisement of the application shall set forth all such conditions and limitations. If an applicant does not appeal against the imposition of these conditions or limitations, he must, I think, be presumed to have accepted them Thus in opposition proceedings the Registrar may be called upon to review many issues which he has already decided exparte ... He may, for example, allow the application to proceed subject to the same conditions and limitations as advertised, he may add to the same, or refuse the application altogether, but in no case do I consider that it would be proper for him to remove or relax the conditions or limitations even if he

concluded that they had been wrongly imposed originally, because by such an action he would be enacting a registration different from that which had been advertised, without proper opportunity for opposition. In my opinion, an application which has been advertised as proceeding under the provisions of Section 12(2) by virtue of honest concurrent user is in an analogous position to an application which has been advertised as proceeding subject to certain conditions or limitations In the present proceedings, the opposition under Section 12 is based upon the Opponents' one mark "Summer Breeze", and I have reached the conclusion that, having duly considered the question of the resemblance between this mark and the Applicants' mark "Solibrisa" the provisions of Section 12(1) do not prohibit registration of the latter mark. Nevertheless, the registration, if and when the same is effected, will be made in accordance with the advertisement of the application i.e. as one based upon a claim to honest concurrent user, but with no obligation cast upon the Applicant to prove such user anew in these proceedings ...".

This being the case, I see no need to alter the Leave to Advertise or to reopen the issue of honest concurrent use.

66. I will say in passing that had it been necessary to reopen the question of honest concurrent use, I would have found for the Applicant in this particular case. The essence of the Opponent's arguments on this point can be found in para. 12 of Mr Britton's Statutory Declaration where he says :-

"12. When the Applicant selected the mark "ERMEX" it adopted a word which was confusingly similar to a well-known trade mark. Any subsequent use of that mark cannot therefore be said to be honest concurrent user and Application No. 3018 of 1985 should be refused as failing to comply with Section 22 of the Trade Marks Ordinance."

I refer also to Mr Garland's submissions (see page 12 above, at para. 8).

67. In view of my finding above that the applied for mark and the Opponent's mark are not similar, I see no reason why Mr Lung needed to make any explanation as to how he came about his mark. The Applied for mark and the Opponent's mark are so different. In any event, both sides have used the mark in Hong Kong. I refer to para. 5 of Mr Lung's Statutory Declaration (see pages 7 and 8 of this Decision) (export use being use in

Hong Kong Law (Section 39 of the Trade Marks Ordinance)). I also refer to para. 19 of Mr O'Connell's Statutory Declaration (see page 10 of this Decision) which shows that watches had been sold in Hong Kong by the Opponent. Bearing in mind the tests for honest concurrent use (see e.g. Kerly, para. 10-16 et seq.), I would have been prepared to find honest concurrent user in this case had it been necessary.

68. I find therefore that the Applicant has satisfied me that the registration of the applied for mark will not fall foul of Sections 20, 12(1) or 13(1) of Trade Marks Ordinance. The Opposition therefore fails. I see no reasons why the Registrar should exercise her discretion to refuse the registration of the applied for mark.

69. In this Decision, I have considered all the documents filed by the Applicant and the Opponent and all the arguments made to me by both parties.

70. The Opposition having failed, I find that the Applicant is entitled to an award of costs and any representation which either party may wish to make as to the amount of these costs will be considered if received within one month from the date of this Decision and that failing such representation calling for special treatment, costs will be calculated on the usual scale, namely on the basis set forth in Part 1 of the First Schedule Order 62 of the Rules of the Supreme Court (Cap. 4) as applied to trade marks matters unless otherwise agreed between the parties.

R. Perera

(R.J. Perera)

p. Registrar of Trade Marks

Date : 7 January 1994