

Application No. 8632/89

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

AND

IN THE MATTER of an application for registration of the Trade Mark



金冠牌
Golden
Crown

in Class 30 in Part A of the Register by Lam Mei Hing trading as Yat Hing Trading Co

AND

IN THE MATTER of an opposition thereto by Lam Soon Trademark Limited

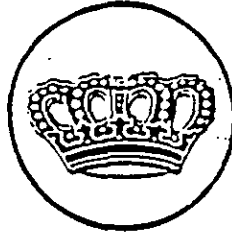
DECISION OF

Mr. M.W. Fox acting for the Registrar of Trade Marks after a hearing on Tuesday, 1st March 1994.

Appearing : Mr M.T. Yeung, Counsel, instructed by Wenping & Co on behalf of the Applicant, Lam Mei Hing trading as Yat Hing Trading Co.

Ms Selina Lau, Counsel, instructed by P.C. Woo & Co on behalf of the Opponent, Lam Soon Trademark Limited.

1. On 2nd November 1989 Lam Mei Hing trading as Yat Hing Trading Co (hereinafter called "the Applicant") of Sha Tin, New Territories, Hong Kong applied under the Trade Marks Ordinance (hereinafter called "the Ordinance") for registration of a trade mark in Part A of the Register in Class 30 in respect of "Oats" (hereinafter called "the specified goods"). A representation of the mark applied for, following a subsequent authorized amendment, appears below :-

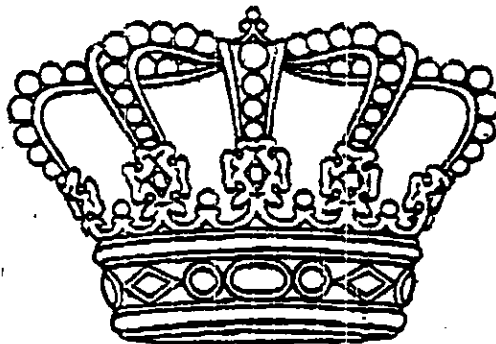


金冠牌
Golden
Crown

2. Leave to advertise the suit mark in respect of the specified goods was given on 28th November 1990 on condition registration of the mark shall give no right to the exclusive use of the Chinese character 牌. The transliteration and translation of the Chinese characters in the mark are "Kam Kwun Pai" meaning "GOLDEN CROWN BRAND". The suit mark was advertised in the gazette on 14th December 1990.

3. The application is opposed by Lam Soon Trademark Limited (hereinafter called "the Opponent") of Rarotonga, Cook Islands which, by notice of opposition lodged on 5th January 1991 by Lam Soon Marketing Services Limited, relies on grounds, effectively, that :-

- (a) The Opponent's mark is registered in Hong Kong in old Class 42 under No. 539/54 in respect of "Wheat Flour" (hereinafter called "the Opponent's goods"). A representation of the Opponent's mark appears below :-



皇冠牌

"CROWN" Brand

- (b) The specified goods and the Opponent's goods are of the same description.
- (c) The suit mark so visually and phonetically resembles the Opponent's mark as to be likely to deceive or cause confusion to the public.
- (d) Both marks incorporate similar **CROWN Devices**, the word "**CROWN**" and the Chinese character "冠".
- (e) By virtue of continuous and extensive use in Hong Kong and China since 1954, the Opponent's well-known mark has acquired a substantial reputation so that use of the suit mark by the Applicant would be deceptive and/or confusing to the public and/or be disentitled to protection in a court of justice under the provisions of section 12(1) and/or section 20 of the Trade Marks Ordinance.

4. The Opponent also seeks refusal of registration in exercise of the Registrar's discretion.

5. The Applicant by her counter-statement lodged on 17th April 1991 relies, effectively, on the following grounds in support of her application :-

- (a) "Oats" and "Wheat flour" are not goods of the same description.
- (b) The suit mark and the Opponent's mark are not visually and phonetically similar and use by the Applicant of the suit mark in relation to the specified goods would not deceive or cause confusion to the public.
- (c) When compared as a whole the **CROWN Devices** in the marks are different and distinct and the Chinese characters in the marks are not confusingly similar.
- (d) Other marks comprising a **CROWN Device** and the Chinese characters 金冠 or 皇冠 are registered in Hong Kong in Class 30. Such marks are: **GOLDEN CROWN** 金冠 & **CROWN Device**, No. 558/62, proprietor : Golden Crown Restaurant Limited, for "cakes and pastry"; 金冠牌 with **CROWN Device**, No. 1341/73, proprietor : Lui Hing Hop Co Ltd, for "rice, the products of Australia" and **CROWN BRAND** 金冠商標 & **CROWN Device**, No. 549/77, proprietor : Dah Chong Hong Limited for "ices, salt, mustard; pepper, vinegar, sauces, spices; ice, oyster sauces".
- (e) The issue by the Registrar of leave to advertise the suit mark indicates the Registrar considers it inherently adapted to distinguish the Applicant's

specified goods and does not consider it in conflict with the Opponent's registered mark or the other marks referred to in paragraph 5(d) above by virtue of the differences in the marks and the goods for which they are respectively registered.

- (f) The Applicant's suit mark is distinctive of the specified goods and use of it in relation thereto would not deceive the public and registration would not contravene section 12(1) or section 20 of the Ordinance.
- (g) The Applicant's suit mark has been used in Hong Kong in relation to the specified goods for about ten years without the Applicant having received any complaint or allegation that such use has caused the public to be confused or deceived into believing the Applicant is associated with the Opponent or the specified goods emanate from the Opponent.
- (h) The Applicant's suit mark has become distinctive of the specified goods by virtue of long and extensive use in relation thereto.

6. The Applicant also seeks registration in exercise of the Registrar's discretion.

7. Evidence on behalf of the Opponent comes in a declaration dated 14th November 1991 of Thomas Poon Pik Kin, Director and General Manager of Hong Kong Flour Mills Limited, the registered user and licensee of the Opponent's mark.

8. Mr Poon says Lam Soon Marketing Services Limited and Hong Kong Flour Mills Limited are subsidiaries of Lam Soon Food Industries Limited. He continues that, by an assignment dated 15th September 1987 between Hong Kong Flour Mills Limited and Lam Soon Marketing Services Limited, the property rights, title and interest in the Opponent's mark were assigned to Lam Soon Marketing Services Limited.

9. Mr Poon says Hong Kong Flour Mills Limited has been involved in flour manufacture in Hong Kong for thirty-eight years first using the Opponent's mark here in 1954 as a trade mark for wheat flour.

10. Mr Poon says the Opponent's mark was registered in Hong Kong in 1954 and having been used continuously since then it has become distinctive of the Opponent's goods. He exhibits (2) copy registration certificate in support.

11. Mr Poon exhibits (3) a representation of the Opponent's mark as typically used.

12. Mr Poon says the Opponent's mark was also registered in China in 1954 and has been used continuously there since then. He exhibits (4) copy registration certificate in support.

13. Mr Poon says Hong Kong Flour Mills Limited's Hong Kong sales of trade marked goods prior to the 2nd November 1989 application date exceeded \$3 million for each of the years 1985-1989 inclusive. He sets out approximate annual sales figures for each of those years and exhibits (5) copy sales invoices in support.

14. Mr Poon says Hong Kong Flour Mills Limited has extensively promoted the Opponent's mark by inviting potential buyers to laboratory testings, demonstrating products bearing the Opponent's mark, direct door-to-door selling and after-sales services showing use of the products. Mr Poon says these promotional methods are relied on rather than media advertisements.

15. Mr Poon says Lam Soon Marketing Services Limited, through Hong Kong Flour Mills Limited, supplies the Opponent's trade marked wheat flour to bakeries, restaurants, bars and fast food chains. He names eleven such customers including Ocean City Restaurant and Night Club Limited, Oliver's Delicatessen, and Maxim's Food Factory (Chinese Restaurant Division). Mr Poon says these customers have confidence in the brand name and quality of the flour bearing the Opponent's mark and specifically ask for **GOLDEN CROWN** brand wheat flour when placing orders, particularly for the production of Chinese Yi-Fu noodles and high grade Shanghai style noodles. Mr Poon says much emphasis is therefore placed on **CROWN**, the leading characteristic of both the Opponent's mark and the suit mark.

16. Mr Poon considers oats and wheat flour are goods of the same description. He categorizes both as cereal saying both oat and wheat grains require milling to be used for food. Mr Poon considers the methods of application of use are similar. Mr Poon continues that wheat is transliterated as 小麥 and oat as 燕麥, consumers generally being unable to differentiate between the two.

17. Mr Poon considers the suit mark is extremely similar to the Opponent's mark visually and phonetically as both marks contain the word **CROWN** and virtually identical **CROWN Devices**. Mr Poon considers the leading visual and phonetic characteristic of and idea conveyed by each mark is a **CROWN**, both marks as a whole giving that main impression to persons of ordinary memory. Mr Poon considers the suit mark as a whole so nearly resembles the Opponent's mark visually and phonetically as to be likely to deceive or cause confusion.

18. Mr Poon considers the other marks comprising a CROWN Device and the Chinese characters 金冠 and 皇冠 detailed in the counter-statement (see paragraph 5(d) hereof) are registered in respect of different goods or description of goods from the specified goods and the Opponent's goods even though they are all in the same class. Mr Poon considers the nature and composition of each of the goods detailed in the counter-statement are completely different from the nature and composition of the specified goods or the Opponent's goods. Mr Poon observes the Applicant has not indicated whether any of the registered marks detailed in the counter-statement are in use or known to the public. Mr Poon is of the opinion none of these registered marks assists the suit application.

19. Mr Poon considers if the suit mark is registered use of it on the specified goods would be likely to lead to public confusion or deception.

20. Mr Poon considers the specified goods are closely connected with goods of interest to Lam Soon Marketing Services Limited, which regards the Opponent's mark as a most important asset. Mr Poon says Lam Soon Marketing Services Limited now concentrates on Class 30 goods and it is highly likely it may wish to extend its product range. Mr Poon considers such extension would be a natural and legitimate business exercise and registration of the suit mark would cause difficulties by preventing the Opponent's mark from being exploited to its full potential.

21. By deed of assignment dated 31st December 1991 (registered on 19th November 1993) Lam Soon Marketing Services Limited assigned the property rights, title and interest in the Opponent's mark to the Opponent.

22. Evidence on behalf of the Applicant comes in her declaration dated 24th October 1992.

23. The Applicant says she began using the suit mark in Hong Kong in relation to oats in 1983. She gives annual Hong Kong sales figures of her suit marked oats for the years 1986-1991 inclusive showing total sales for the first four years of approximately \$2.5 million. The Applicant exhibits (LMH-1) copy invoices in support.

24. The Applicant says she has, throughout the time she has used her suit mark, spent money making her goods known to the public by way of press advertising and trade circulars. She exhibits (LMH-2) copy advertisements and debit notes in support.

25. The Applicant repeats certain information in her counter-statement (see paragraph 5(g) and (h) hereof) before saying oats and wheat flour, being different, are not goods of the same description. She says after processing, wheat becomes

flour, which is used in the production of bread and noodles, in contrast to oats, which after processing, becomes oatmeal, a food in its own right and different in nature from bread or noodles.

26. The Applicant considers the public will not confuse rice and wheat though both are categorized as cereals. Accordingly the Applicant considers, though the grains of both require milling before being used for food, their very different manner of application of use enables the public to differentiate them.

27. Though both marks consist of a CROWN Device the Applicant considers they are different and distinct when taken as a whole.

28. The Applicant considers the Chinese characters 金冠 and 皇冠 are visually very different saying phonetically 金冠 is pronounced "Kam Kwun" and 皇冠 as "Wong Kwun".

29. In the Applicant's opinion the suit mark is so different and distinct from the Opponent's mark visually and phonetically there is no possibility of deception or confusion.

30. After repeating certain information in her counter-statement (see paragraphs 5(d) and (e) hereof) the Applicant concludes that registration and use of the suit mark on oats will not confuse or deceive the public or create business difficulties for the Opponent.

31. The opposition is under sections 12(1) and 20 of the Ordinance. The Applicant is, if necessary, relying on section 22.

32. Sections 12(1) and 20 of the Ordinance, applicable to these proceedings, are as follows :-

Section 12(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 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."

33. Whilst there are slight differences between section 12(1) of the Ordinance and section 11 of the United Kingdom Trade Marks Act 1938 (the likelihood of deception, which is wide enough to catch confusion, being an independent ground of objection under section 12(1)) decisions on section 11 of the 1938 Act are relevant to section 12(1) of the Ordinance and it can be considered on much the same basis as section 11 of the 1938 Act.

34. The accepted tests to be applied to consideration of cases under sections 12(1) and 20 of the Ordinance are those propounded by **Evershed J in Smith Hayden & Co's Application (1946) 63 RPC 97 at page 101**. Adapted to the features of the suit case and with the recognized glosses they may be expressed as follows :-

(a) **(Under section 12(1))** "Having regard to the user of the Opponent's mark is the tribunal satisfied that the mark applied for, if used in a normal and fair manner in connection with the goods covered by the registration proposed, will not be likely to cause deception and confusion amongst a substantial number of persons? May a number of people be caused to wonder whether goods under the respective marks come from the same source? Is there a real tangible danger of confusion if the applied for mark is put on the Register?"

(b) **(Under section 20)** "Assuming user by the Opponent of its mark in a normal and fair manner for the goods covered by its registration, is the tribunal satisfied that there will be no reasonable likelihood of deception and confusion amongst a substantial number of persons if the Applicant also uses her mark normally and fairly in respect of the goods covered by her proposed registration?"

35. The reference to "substantial" is a question to be judged in relation to the markets for the goods concerned. "Persons" are all those people likely to become purchasers of the goods upon which the respective marks are used.

36. I do not have a discretion under either section 12(1) or section 20 of the Ordinance. If the Opponent succeeds under either section registration must be refused. If I am in doubt registration must be refused.

37. The relevant date for determining these proceedings is 2nd November 1989, the date the Applicant applied for registration of the suit mark.

38. The onus is on the Applicant to defeat the opposition. This is done by satisfying me there is no reasonable probability of confusion or deception, the test, in different words, being

whether use of the suit mark by itself on the specified goods, in any manner which can be regarded as normal fair use of it, will be calculated to deceive or cause confusion, without necessarily leading to passing off. The suit mark must offend if it is likely to cause confusion or deception in the minds of persons to whom it is addressed, even if actual purchasers will not ultimately be deceived. Purchasers must not be put into a state of doubt.

39. To bring section 12(1) of the Ordinance into operation an Opponent must have some reputation for its mark in Hong Kong derived from user in the widest sense or awareness of it here.

40. The actual extent of the reputation of the Opponent's mark and the range of goods for which it has been achieved are factors in determining whether there is sufficient likelihood of deception or confusion to warrant refusal of registration under section 12(1) of the Ordinance.

41. Section 12(1) of the Ordinance also extends to cases where an Opponent's mark has been used upon goods of a different description from or not closely related to those for which registration is sought if confusion may be likely due to the mark of an Opponent being particularly well-known or unusually inventive or the Applicant having closely copied a very distinctive mark.

42. I must decide whether the public at large, purchasers or likely purchasers of the Applicant's and the Opponent's goods bearing their respective marks, would infer they come from the same source or at least be caused to wonder whether that might not be so. Having regard to the reputation of the Opponent's mark in Hong Kong at the application date I must decide whether it would be likely that the public would be deceived or confused if that mark or a similar mark is used in relation to the specified goods.

43. To bring Section 20 of the Ordinance into operation an Opponent's mark has to be registered in Hong Kong and one or more of the goods for which it is registered and one or more of the specified goods in respect of which registration is sought must be, as a matter of fact, looked at from a commercial, business and practical viewpoint, the same or otherwise of the same description.

44. Mr Yeung, helpfully, did not dispute that the Opponent can mount an opposition under section 12(1) of the Ordinance. The evidence shows pre-application date use in Hong Kong by the Opponent of its mark on flour. The Opponent can mount an opposition under section 12(1).

45. Also helpfully, Mr Yeung accepted that the Opponent can mount an opposition under section 20 of the Ordinance as well. The evidence shows Lam Soon Marketing Services Limited was at the application date the proprietor of Hong Kong trade mark No 539/54 registered in Class 30 (old Class 42) in respect of wheat flour. The Opponent is now the registered proprietor of mark No 539/54 (see paragraph 21 hereof). The Opponent can mount an opposition under section 20 of the Ordinance.

46. I therefore move straight on to consider the similarity of the respective marks by comparing them. I must establish the reasonable probability of deception and confusion governed by the well established principles laid down by **Parker J in Pianotist Co's Application (1906) 23 RPC 774**. They are 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."

47. The resemblance between the marks must be considered with reference to the ear as well as to the eye. An ordinary person is expected to exercise normal care and intelligence but no more. His memory is imperfect. He remembers marks by general impression or some significant detail, rather than by photographic recollection of the whole. Too detailed an examination of the marks should not be made. The question of resemblance is one of first impression. They should not be compared side by side. Marks are compared as a whole, regard being had to the idea of each mark. Ultimately whether marks resemble each other or not is a question of fact, to be judged objectively.

48. The level of deception and confusion required for section 12(1) of the Ordinance is the same as that required for section 20. There is no higher degree of deception and confusion needed to render a mark disentitled to protection under section 12(1).

49. Under Section 12(1) of the Ordinance an Opponent's mark is to be considered as actually used. Under section 20 an Opponent's registered mark is to be considered in notional fair use. The Applicant's suit mark must be considered for the purposes of both sections 12(1) and 20 in notional fair use.

50. Notional fair use is any normal and fair use a registered proprietor may make of his mark in ordinary course of business in respect of goods covered by the registration.

51. Mr Yeung submitted the suit mark and the Opponent's registered mark are not similar visually or phonetically. Though accepting a **CROWN Device**, the English word **Crown** and the Chinese character "冠" are common to both marks he argued the marks are different due to the presence of the English word "**Golden**" and the Chinese character "金" in the suit mark. These differences, Mr Yeung continued, are accentuated by the different **CROWN Devices**. Mr Yeung said suit mark's simple jewelled **CROWN Device** with a plain ring is in a circle. This, he continued, contrasts with the elaborate uncircled **CROWN Device** in the Opponent's mark, with its distinct apex, protruding jewels and patterned ring. Mr Yeung submitted, as **CROWN Devices**, the word **CROWN** and the character "冠" are widely used in relation to Class 30 goods, likely purchasers will not place any emphasis on them, instead paying more attention to the other word **GOLDEN** and character, "金" distinguishing the two marks and the differences in representation of the two **CROWN Devices**. In support he referred to the counter-statement (see paragraph 5(d) hereof), and the pleading particularly based on mark No 1341/73. Mr Yeung submitted rice, oats and wheat flour are all cereal products and the various registrations of the Opponent's mark No 539/54, mark No 1341/74 and the other marks pleaded show there will be no likelihood of deception and confusion if the suit mark is registered for the specified goods.

52. Mr Yeung submitted the usage of the respective goods of the parties and hence the likely purchasers of them are very different. He said whilst both products are grain based cereals, which require grinding prior to consumption, oats are used for oatmeal, ready for eating on mixing with water. Mr Yeung contrasted oats with wheat flour which he said requires processing prior to eating, baking into bread or making into noodles. Mr Yeung said where products, such as biscuits, contain both oats and wheat flour and oats are the essential, predominant component, the packaging of the product makes that clear. He referred to the packet of "McVitie's Hob-nobs" described as "oaty, crunchy biscuits" and the packet of "Joseph's Light Cookies" on which the word "oatmeal" is predominantly displayed. Both these packets and others were produced by Ms Lau at the hearing (see paragraph 58 hereof). Mr Yeung submitted these packets show manufacturers and consumers treat oats and wheat flour as entirely different ingredients.

53. Mr Yeung submitted the trade channels for the sale and purchase of the parties' goods are different. He said the Applicant's specified goods are sold to retailers, supermarkets/groceries for consumer purchase unlike the Opponent's products, which are sold to bakeries, restaurants and noodle manufacturers for processing into bread and noodles.

54. Mr Yeung submitted that the methods of promoting and advertising the respective goods of the parties are different. He said the Applicant's specified goods are advertised in

newspapers or by displays at supermarkets. Mr Yeung said the Opponent's evidence shows the Opponent's products are not advertised on television or in magazines.

55. Mr Yeung submitted the evidence shows the method of past and present use of the respective marks by the parties in ordinary course of their business operations. The Applicant's business, he said, though steadily increasing, had continued in much the same way from its inception in 1983 to the date of the Applicant's declaration in 1992. There is nothing to indicate, Mr Yeung continued, that the Applicant's business will not continue as before. One can, he said, readily anticipate future traders for the purpose of determining the likelihood of confusion from the past and existing methods of trading.

56. To Mr Yeung there would be no likelihood of deception and confusion if the suit mark is registered for the specified goods.

57. Ms Lau submitted that the **CROWN Device**, the word "**CROWN**" and the character "冠" are the common features of the Applicant's and the Opponent's marks. She argued the **CROWN Device** in the respective marks is the essential feature of each mark. Ms Lau said the significance of the **CROWN Device** is confirmed and compounded by the complementary presence of the word "**CROWN**" and the Chinese character "冠" in both marks. Ms Lau submitted the non-distinctive circle surrounding the **CROWN Device** in the suit mark is irrelevant as are the insignificant differences between the respective **CROWN Devices** in the marks and the minor differences between the English words and Chinese characters. Ms Lau submitted that where a mark incorporates a pictorial device it generally impresses the mind as the essential feature of the mark to the detriment of any word present. She argued, with **Eastern Dye Works TM (1910) 27 RPC 201, Huxley's Application (1924) 41 RPC 423 and Panda TM (1946) 63 RPC 59** in support, that in comparing word and device marks the differences in the words is of little significance even when substantial. That **CROWN**, the word and device, is the dominant feature of the Applicant's mark, Ms Lau continued, is seen from exhibit LMH-1 (see paragraph 23 hereof) where "**CROWN**" is used with the letter "**G**" rather than word "**GOLDEN**". Ms Lau submitted the respective marks of the parties could only be referred to as **CROWN BRAND** marks or marks with a **CROWN**. To Ms Lau the marks of the parties are visually and orally virtually identical.

58. Ms Lau submitted that oats and wheat are characterized as "麥" wheat being "小麥" and oats "燕麥". She said oats and wheat flour are both foods for human consumption derived from grains of a hardy cereal plant for baking cakes, biscuits and cookies often being used in combination as common ingredients for them. To illustrate this Ms Lau produced various packets of biscuits. Placed before me were "McVitie's Hob-nobs" containing rolled oats and wholemeal, "McVitie's Digestive wheatmeal

biscuits" containing wheat flour and wholemeal flour, "Joseph's Lite Cookies" containing oats and enriched unbleached wheat flour, "Olof's Sweden Crisps" containing wheat and oats, "McVitie's fruit shortcake" containing wheat flour and oatmeal, "Clarke's Honey and Oats Cookies" containing wholemeal flour and cooking oats, "Clarke's Banana and Peach Clusters" containing wholemeal and wheat flour and oats, "Kellogg's Nutri-Grain Cereal Bars" containing enriched wheat flour and whole oats and "Walkers Cocktail Oatcakes" containing oatmeal and wheat flour. I admitted these into evidence, as Mr Yeung sensibly did not object, for their probative value.

59. Ms Lau submitted the Applicant has not indicated the nature of her business though the evidence suggests she is a wholesale grocer or operates a trading company. The evidence, Ms Lau continued, shows both the Applicant and the Opponent sell their products to traders, who make them available to consumers. The Applicant, she said, also sells her goods to supermarkets. Ms Lau submitted that even if the trade channels are not at present always the same, the common uses of oats and wheat flour in biscuits and bakery products could in future narrow the marketing differences between the products. She argued there is no dividing line that can be permanently drawn between the parties' products and hence the marketing of them. Ms Lau submitted future as well as existing traders must be taken into account (**Golden Fan TM 13 RPC 288**) and that the particular manner in which the Applicant now conducts her business is of little importance as the predominant consideration is the protection of the public (**Nuvol TM (1927) 44 RPC 36**). Ms Lau submitted I must have regard to any possible user by the Opponent of its registered mark No 539/54 and the Applicant of the suit mark (**Algelox TM (1954) 71 RPC 136**).

60. Ms Lau submitted the registered Class 30 marks pleaded by the Applicant (see paragraph 5(d) hereof) are of no relevance in the absence of evidence they are used and in any event the addition of the suit mark to the Register, further cluttering it, would increase the likelihood of deception and confusion.

61. Ms Lau submitted the absence of evidence of confusion does not prejudice the Opponent and it does not enable the Applicant to discharge the onus on her to show registration of the suit mark for the specified goods would not be likely to deceive or cause confusion.

62. To Ms Lau there would be deception and confusion if the suit mark is registered for the specified goods.

63. The absence of evidence of confusion does not prejudice the Opponent in any way when considering the opposition under sections 12(1) and 20 of the Ordinance.

64. In the absence of evidence of use the registered marks pleaded by the Applicant (see paragraph 5(d) hereof) are of little significance.

65. It is not possible to discover from decided cases any standard as to the amount of resemblance which may suffice to deceive or cause confusion. Except insofar as they lay down a general principle, cases are of little assistance in determining new questions of fact raised on other materials.

66. The suit mark is shown in paragraph 1 hereof. It consists of a **CROWN Device** within an indistinctive circle above the Chinese characters " 金冠牌 ", the transliteration and translation of which are "KAM KWUN PAI" meaning "GOLDEN CROWN BRAND". The Chinese characters are above the English words "GOLDEN CROWN".

67. The Opponent's registered mark is shown in paragraph 3(a) hereof. It consists of a **CROWN Device** above the Chinese characters " 皇冠牌 " meaning "CROWN BRAND". The Chinese characters are above the words "CROWN Brand. Though there are differences between the Opponent's registered mark and the mark as typically used the **CROWN Device** remains the same and the three Chinese characters appear in both marks, albeit, without changing the meaning, in different sequences.

68. Both marks comprise a **CROWN Device**, the word **CROWN** and the characters " 冠 " and " 牌 ". Both marks convey the same idea of a **CROWN**. This image of a crown, the device of a crown being the essential feature of each mark, is reinforced by the Chinese references to **CROWN** in each mark and the English references to **CROWN** in the suit mark and the Opponent's registered mark. The **CROWN Devices** are virtually identical, particularly taking into account the principles of imperfect recollection. The English and Chinese references to **GOLDEN** in the suit mark do not constitute significant features of the suit mark. **GOLDEN** and " 金 " qualify **CROWN** and " 冠 " respectively. There is no requirement that the **CROWN Device** in the suit mark only be used in a gold colour. If such a restriction was imposed it would serve no purpose as the Opponent cannot be prevented from using the device of a **CROWN** in its registered mark in a gold colour. The circle in the suit mark and the English word **BRAND** in the Opponent's registered mark are indistinctive, of no relevance at all.

69. I find the suit mark and the Opponent's registered mark in particular visually very similar.

70. I consider the suit mark like the Opponent's registered mark would probably be referred to orally as a **CROWN** mark. It is possible some people may refer to the suit mark as a **GOLDEN CROWN** mark.

71. I find both marks will be referred to orally in the same or similar manner.

72. Oats are the edible seeds of an erect annual grass grown in temperate regions. Oatmeal is meal ground from oats, used for making porridge, oat cakes etc. Wheat is an annual or biennial grass native to the Mediterranean and West Asia having erect flower spikes and light brown grains used in making flour, pasta etc. Wheat germ is the embryo of the wheat kernel removed before milling. It is used in cereals as a food supplement. Wheatmeal is a brown flour, an intermediate between white flour and wholemeal flour. Flour is a powder prepared by sifting and grinding the mill of a grass. Wheat flour is a powder prepared by sifting and grinding the meal of wheat. A cereal is any grass that produces edible grains.

73. The nature and composition of oats and wheat flour, both cereals, are very similar, though wheat flour, unlike oats, must be processed prior to consumption. Both oats and wheat are grasses. Both oats and wheat flour are used, sometimes together, as ingredients for biscuits. I consider the goods to which the respective marks of the parties are to be applied very similar.

74. As the products of the respective parties are very similar it follows the nature and kind of customer likely to buy them will be similar too. The evidence demonstrates the trading channels for the sale and purchase of the parties' products are sometimes the same. Both parties sell their products to trading companies. Though the nature of the customer buying the goods from those trading companies may at times differ the kind of customer will often be very much the same. Final purchasers of the Applicant's goods will purchase them for easy consumption, generally at home. Final purchasers of the Opponent's goods will purchase them for baking purposes, whether at home or elsewhere. Both goods are fairly cheap foods. Both goods are standard supermarket and grocery items routinely purchased by housewives. Likely purchasers will be of ordinary intelligence. They will exercise normal care.

75. I consider deception or confusion is likely to happen if each of the marks is used in a normal way as a trade mark for the goods of their respective owners.

76. Under section 12(1) Having regard to the user of the Opponent's mark I am not satisfied that the suit mark, if used in a normal and fair manner in connection with the specified goods, will not be likely to cause deception and confusion amongst a substantial number of persons. I consider a number of persons may be caused to wonder whether goods under the respective marks come from the same source. I consider there is real tangible risk of confusion if the suit mark is put on the Register for the specified goods.

77. Under section 20 Assuming user by the Opponent of its mark in a normal and fair manner for the goods covered by its registration I am not satisfied that there will be no reasonable likelihood of deception or confusion amongst a substantial number of persons if the Applicant also uses her mark normally and fairly in respect of the goods covered by her proposed registration.

78. It is therefore necessary for me to consider whether the evidence of pre-application date use of the suit mark by the Applicant affects the position and determine if the Applicant can rely on it to defeat the opposition under sections 12(1) and 20 of the Ordinance.

79. Section 22 of the Ordinance, applicable to these proceedings, is as follows :-

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

80. Though section 20 of the Ordinance makes express reference to the exception provided by section 22, which section 12(1) does not, section 12(1) should be read in its statutory context and be regarded as subject to the exception provided by section 22. The wording of section 22 does not prohibit such a construction.

81. The **GE TM Case (1973) RPC 297** establishes it is fundamental to the reasoning behind and the application of section 22 of the Ordinance that deception or confusion arising from honest concurrent user does not disentitle a mark to protection in a court of justice and does not involve a breach of section 12(1). There are cases in which, despite the likelihood of deception and confusion, section 12(1) does not prohibit registration.

82. The onus of justifying registration by virtue of section 22 of the Ordinance lies on the Applicant.

83. The matters I must take into account under section 22 of the Ordinance are those laid down by **Lord Tomlin in Pirie's Application, (1933) 50 RPC 147**. They are as follows :-

"(1) The extent of use in time and quantity and the area of the trade; (2) 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; (3) the honesty of the concurrent use; (4) whether any instances of confusion have in fact been proved; and (5) the relative inconvenience which would be caused if the mark was registered, subject if necessary to any conditions and limitations : but not, probably, the effect in foreign countries of registration in Hong Kong."

84. My discretion is unfettered and, if it is just, concurrent registration may be allowed even when the probability of confusion is considerable. The discretion is of a judicial nature to be exercised upon judicial principles affected neither by caprice nor over-caution and on reasonable grounds with regards to all the circumstances of the case. A bona fide application should not be refused on fanciful grounds or grounds which are unsubstantial in a business sense. Whilst my prime concern is for the public interest other circumstances are relevant including the bona fides of the parties and the balance of convenience.

85. Mr Yeung said the Applicant began selling suit marked oats in Hong Kong in 1983 and the evidence shows continuously increasing sales from 1986. The earliest supporting invoice he said is dated in 1985. Mr Yeung submitted the invoices comprised in exhibit LMH-1 are no more than samples showing sales by the Applicant of suit marked specified goods in Hong Kong since 1985. Mr Yeung submitted the sales figures in the Applicant's declaration, made under oath, must, in the absence of proven challenge, be believed and relied upon. It would be unrealistic, he continued, to expect the Applicant to produce every invoice or other records verifying the sales.

86. Mr Yeung submitted there was no evidence of any confusion having arisen between the respective marks of the parties despite both having been in use in Hong Kong since 1983, six years prior to the application date. Mr Yeung said the Opponent has not provided any evidence of confusion, which it would have done if there had been any. Mr Yeung submitted in ten years there has been no confusion, continuing that the absence of any evidence of deception or confusion is the best evidence of a lack thereof.

87. Mr Yeung submitted there is no evidence the Applicant has conducted her business or used her trade mark with any intention of trying to take advantage of the reputation of other parties in their marks and certainly not the Opponent in its mark. The specified goods, Mr Yeung continued, are oats and any use by the Applicant of the suit mark on other goods is not relevant to these proceedings.

88. Mr Yeung submitted refusal of registration would prejudice the Applicant's business and the inconvenience to the Applicant if the suit mark is refused registration for the

specified goods would outweigh the inconvenience to the Opponent if it is registered for them.

89. Mr Yeung submitted the Applicant has made out her case under section 22 of the Ordinance and accordingly I should exercise my discretion in her favour.

90. Ms Lau said the Opponent has used its mark in relation to its products on a substantial scale since its registration in 1954, sales in Hong Kong having exceeded \$HK3 million in each of the years between 1985-1989 inclusive. Ms Lau submitted the Applicant has not supported her sales figures, which are no more than bare assertions that cannot be relied upon, and has not even attempted to support her first claimed use of the suit mark in relation to the specified goods in 1983. Ms Lau noted there was a significant increase in sales between 1988 and 1989.

91. Ms Lau submitted the absence of complaint to the Applicant of deception or confusion does not mean that there has not been any.

92. Ms Lau submitted the evidence (exhibit LMH-1) shows the Applicant has been using **GOLDEN CROWN** not only in relation to oats but also in relation to glutinous rice powder and cooking salt. This evidence shows the Applicant, continued Ms Lau, trades in other foodstuffs including sugar, flour, garlic salt, pepper, curry powder, spices, beans, corn starch and desiccated coconut. Ms Lau observed the Applicant's pleadings (see paragraph 5(d) hereof) show registration of the same Chinese characters as are comprised in the suit mark together with a **CROWN Device** for rice and that a **CROWN Device** with the English word **CROWN** brand and Chinese characters "金冠商標" are registered under No 549/77 for a specification including salt and spices. Ms Lau submitted this demonstrates an intention on behalf of the Applicant to seek to take advantage of the reputation of others in their marks and must have a bearing on the honesty of any concurrent user, which in Ms Lau's opinion has not been established.

93. Ms Lau submitted that the lack of evidence of sales of trade marked oats by the Applicant and her business honesty having been called into question (see paragraph 92 hereof) the application under section 22 of the Ordinance should not be entertained, particularly as the interests of the public outweigh those of the Applicant.

94. The Applicant has produced sales turnover figures from 1986 though she commenced use of the trade mark in relation to the specified goods in 1983. These figures show sales of approximately HK\$2.5 million over the first four years. Approximately HK\$2.3 million can be attributed to sales prior to the application date. The supporting invoices shows suit marked specified goods have been sold to supermarkets and stores in

Aberdeen and Western and that sales steadily increased before the application date. There are supporting invoices for 1985 (2), 1987 (4), 1988(6) and 1989 (1). The earliest invoice, No 15144, is dated 19th July 1985. The unit price of the Applicant's suit marked oats has stayed constant at approximately \$130. The suit mark was advertised in relation to the specified goods prior to the application date. Exhibit LMH-2 shows as well as a newspaper advertisement there were displays at 7-11 Stores and Kitty & Kettie Supermarkets.

95. Though the volume of the Applicant's sales has not been considerable and the area established is rather limited, I consider, bearing in mind the fairly low unit price of her goods, the Applicant has demonstrated (despite the absence of any 1986 invoice) continuous sales of suit marked specified goods in Hong Kong for four years and three months prior to the application date.

96. The Opponent's mark was first used in relation to its products in 1954. Sales exceeded HK\$3 million in every year from 1985 to the application date. The Opponent's sales over the period from 1986-1989 inclusive exceeded the Applicant's sales almost sixfold. There are supporting invoices for 1984 (4), 1985 (1), 1986 (2), 1988 (1) and 1989 (5). The invoices shows sales to trading companies and flour companies in Sha Tin, Western and Kowloon.

97. I consider the Applicant's suit marked oats and the Opponent's products bearing its mark have been sold concurrently.

98. In any consideration of section 22 of the Ordinance deception and confusion amongst a substantial number of persons must be likely to ensue. Otherwise the section does not fall to be considered at all. There will inevitably be some measure of public inconvenience. The greater the weight attached to the public interest the less it is likely an Applicant will succeed under section 22, despite its explicit acknowledgement, indeed rationale, of registration where trade marks are identical or so nearly resemble each other in circumstances where the likelihood of deception and confusion to the public will ensue. Though concurrent use by two persons of the same or similar trade mark is contrary to the whole essence of trade mark jurisprudence nevertheless section 22 does provide for concurrent registration in certain circumstances. In this case the Applicant has used the suit mark in Hong Kong for a reasonable period of time prior to the application date. The volume of sales too is reasonable, though, over the same period running up to the application date, much smaller than the Opponent's volume of sales. Despite overwhelming similarities between the marks, the suit mark, unlike the Opponent's registered mark, contains the word "GOLDEN" and the character "金". The registrations pleaded by the Applicant (see paragraph 5(d) hereof) tend to indicate CROWN Device, CROWN and "冠" marks are not uncommonly applied to

Class 30 goods. I have found there is a likelihood of deception and confusion amongst a substantial number of likely purchasers judged in relation to the markets for the goods concerned. I do not consider there is a greater likelihood of deception and confusion than that.

99. The Applicant, as Ms Lau observed, has sold **GOLDEN CROWN** marked glutinous rice powder and cooking salt. In the absence of evidence of use of either of registered marks Nos 1341/73 or 549/77 it is difficult to see how this takes the Opponent further particularly bearing in mind that I should not draw inferences of dishonesty from the Applicant's evidence unless they are irresistible. I consider the concurrent use by the Applicant of the suit marked specified goods has been honest.

100. There is no evidence of any instances of confusion. There has been the potential for confusion to have occurred. The parties' products have been sold in the same areas of Hong Kong. They have been sold to the same type of purchaser. The markets have been sufficiently, if not completely, tested.

101. As the Applicant has established sales of suit marked specified goods from July 1985 I consider there would be more inconvenience to the Applicant if the suit mark is not registered for the specified goods than there would be to the Opponent if it is registered for them.

102. I consider the Applicant has made out her case of honest concurrent user, sufficient for the purposes of section 22 of the Ordinance.

103. It therefore falls upon me to decide whether in the exercise of my discretion under section 22 of the Ordinance I should allow the Applicant's suit mark to be registered thereunder for the specified goods.

104. There are competing views on the manner of exercise of the Registrar's discretion under section 22 of the Ordinance. As indicated the prime concern is for the public interest. However, as against an Opponent who may, without merit, succeed on public grounds, the mark being likely to cause undue confusion, there is the competing view that confusion is unimportant if the concurrent use was bona fide and it is just to register. Placing undue stress on the public interest factor brings conflict with the wording (and spirit) of section 22. The most prudent course is that the likelihood of deception and confusion, while being a prime factor, is not an overwhelming one affecting the exercise of the discretion. It should be balanced with the bona-fides of the parties and the relative inconvenience to them, taking into account that a very strong point in favour of registration may come from a mark's potential for confusion not having been realized during its years of use.

105. With these factors in mind, I see no cause to exercise my discretion under section 22 of the Ordinance in a manner adverse to the Applicant. I decline to do so.

106. I find the Applicant, by virtue of the provisions of section 22 of the Ordinance, has defeated the opposition under section 12(1) and section 20.

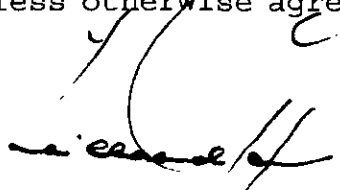
107. That being so the exercise of my general discretion arises. This is a discretion under section 13(2) of the Ordinance to refuse registration to a mark which complies with section 9, as this one does, that is not prohibited by either section 12(1) or section 20.

108. This discretion too is of a judicial nature to be exercised on the same principles and grounds as set out in paragraph 84 hereof. The arguments put before me on behalf of the parties in relation to the exercise of my discretion under section 22 of the Ordinance apply here as well. I need not repeat them. Nothing was added to them.

109. I see no cause to exercise my general discretion under section 13(2) of the Ordinance in a manner adverse to the Applicant. I decline to do so.

110. As the suit mark meets the requirement of section 9 of the Ordinance and the opposition has failed I find and direct it is acceptable for registration in Part A of the Register in Class 30 in respect of the specified goods provided that, as indicated in the leave to advertise (see paragraph 2 hereof), registration of the suit mark shall give no right to the exclusive use of the Chinese character " ~~牌~~ " meaning "brand".

111. The Applicant is entitled to an award of costs. Subject to any representations, as to the amount of costs or calling for special treatment, which either party makes within one month from the date hereof, costs will be calculated with reference to the usual scale set forth in Part I of the First Schedule to Order 62 of the Rules of the Supreme Court (Cap 4) as applied to trade mark matters, unless otherwise agreed between the parties.



(M.W. Fox)
p. Registrar of Trade Marks
29th March 1994