

IN THE MATTER of the Trade
Marks Ordinance (Cap 45)

and

IN THE MATTER of application
no. 9852/90 by Kabushiki Kaisha
Kimuratan to register the
trade mark BABBLE BOON in
class 25

and

IN THE MATTER of an
opposition by Chung Man Wai,
trading as Ngai Sang Garment
Factory, to the registration

DECISION

OF

Teresa Grant acting for the Registrar of Trade Marks after a hearing on Wednesday 14 October 1998.

Appearing : Mr Colin Shipp instructed by Wilkinson & Grist for the applicant for registration

Mr Tony Poon instructed by Tai, Tang & Chong for the opponent

1. Kabushiki Kaisha Kimuratan's (' the applicant') application for registration of a trade mark has been opposed by Cheung Man Wai, trading as Ngai Sang Garment Factory (' the opponent') under the Trade Marks Ordinance section 15.

2. The parties' arguments in the opposition were put to me at a hearing on 14 October 1998.

3. The mark the applicant seeks to register is BABBLE BOON (in block capitals) application number 9852/90, for clothing for babies, toddlers and children in Class 25. The application for registration was filed on 7 December 1990. The applicant claims the mark is distinctive under the Trade Marks Ordinance section 9(1)(e) and qualifies for registration under section 22 because of honest concurrent use.

The opponent's registered mark

4. In these opposition proceedings, the opponent relies on the registration of its trade mark B1472/90 BOON! (in block capitals) registered in Part B of the register for clothing, footwear, headgear and gloves in class 25. The date of application and registration of the opponent's mark is 31 January 1989.

Grounds of opposition

5. The grounds for opposing under the Trade Marks Ordinance section 15 are essentially the near resemblance of the applicant's mark to the opponent's registered mark for goods of the same description; and the use and reputation of the opponent's mark so that the use of the applicant's mark would be likely to deceive or cause confusion.

Pleadings

6. The opponent's notice of opposition states that :-

- (a) The opponent is the registered proprietor of the trade mark B1472/90 BOON! in respect of clothing, footwear, headgear and gloves in class 25.
- (b) The opponent has manufactured and sold children's clothing under the mark BOON! for over 10 years.
- (c) As a result, the mark BOON! has become distinctive of the opponent's goods.

- (d) The applicant seeks to register (application 9852/90) BABBLE BOON for clothing for babies, toddlers and children in class 25.
- (e) The applicant's mark so nearly resembles the opponent's registered mark as to be likely to deceive.
- (f) The applicant's mark so resembles the opponent's registered mark as to be likely to lead the public into believing the applicant's goods are the opponent's goods, or goods manufactured, sold or exported by the opponent, or goods connected with the applicant in the course of trade.
- (g) The use of the applicant's mark will diminish or deprive the opponent of his right in the registered trade mark and will constitute infringement of the opponent's rights.
- (h) As a result the applicant's application should be refused under the Trade Marks Ordinance section 12 and section 20.
- (i) The applicant's application should be refused by the Registrar in the exercise of his discretion.

7. The applicant in its counter-statement admits only that the opponent is the registered proprietor of the mark BOON! and that the applicant seeks to register the mark BABBLE BOON. All other statements in the notice of opposition are denied and the opponent is put to strict proof of them. The applicant states also that :-

- (a) It has used its trade mark BABBLE BOON in Hong Kong for a considerable period of time and that the application for registration was accepted under the Trade Marks Ordinance section 9(1)(e) on the Registrar being satisfied of the distinctiveness of the mark acquired through use.
- (b) The application was accepted also pursuant to section 22 with use claimed from January 1985 on the Registrar being satisfied that there had been honest concurrent use of the applicant's mark BABBLE BOON and the opponent's registered mark BOON!
- (c) The applicant's mark BABBLE BOON is registered in other countries, including USA, Australia, Thailand and Japan. The registration in Japan, the applicant's home country, dates from 1985 which is earlier than the date of the

opponent's registration which is 31 January 1989. The applicant first used the mark in Japan in 1983.

The opponent's evidence

8. The opponent has filed two declarations. The first declaration, made in 1994, which is filed under Trade Marks Rule 25 deposes :

- (a) The opponent is and has been the sole proprietor of Ngai Sang Garment Factory since 1963. (Although the opponent deposes he is the sole proprietor, the evidence indicates he no longer owns the business). A copy of a business registration certificate, valid until 31/8/94, in the name of Ngai Sang Garment Factory is exhibited at CMW-1 of the declaration.
- (b) Until January 1991 the opponent was the registered and beneficial owner of the trade mark B1472/90 BOON! in class 25. A copy of the certificate of registration of the trade mark is exhibited at CMW-3. Photographs of the opponent's goods bearing the trade mark are exhibited at CMW-4.
- (c) The opponent and two other individuals became directors and shareholders in a limited company NSG Boon Limited which was incorporated on 4 January 1991 under the Companies Ordinance. A copy of the annual return to 27 June 1992 of NSG Boon Limited, filed with the Companies Registry, is exhibited at CMW-2. In the annual return the opponent is described as managing director.
- (d) Since its incorporation NSG Boon Limited took over the opponent's business and used the mark in the business. The opponent executed a deed of assignment of the trademark dated 26 October 1994 to NSG Boon Limited. A copy of the deed of assignment is exhibited at CMW-7.
- (e) The opponent has used the trade mark BOON! in Hong Kong since the 1970's in the business of manufacturing, retailing and exporting children's clothing.
- (f) The opponent has operated shops ' using the trade mark BOON!' in Mongkok since October 1988 and in Mei Foo Shopping Centre since October 1990. The opponent has entered into licence agreements with Wing On Department Stores (Hong Kong) Limited and Citistore. Shops at which there are counters exclusively for sales of BOON! children's clothing are listed in paragraph 6 of the opponent's 1994 declaration. The opponent's shopping premises, rented

since 1992 and 1993, are listed in paragraph 7 of the opponent's 1994 declaration. A list of the opponent's retail customers in Hong Kong is exhibited at CMW-5 of the declaration.

- (g) Annual sales turnover of the opponent's BOON! products for the years 1990-1994 are given in paragraph 9 of the 1994 declaration.
- (h) The opponent's expenditure on renovation and fixture of shops and counters, window display, advertising and sales commission is given in paragraph 10. Copies of newspaper advertisements are exhibited at CMW-6 of the declaration.

9. The opponent's second declaration, made in 1996, is filed under Trade Marks Rule 27. In reply to the applicant's evidence, the opponent deposes :

- (a) He started a garment business in 1963. Much of his work was 'garment addition work'. He first registered at the Inland Revenue Business Registration Office in September 1967 giving the nature of his work as 'garment addition work'. He started to use the trademark BOON! sometime in the 1970's in manufacturing and retailing of children's clothing.
- (b) The opponent is unable to substantiate use during 1970 because he no longer has records from that time and he cannot find his business associates from that period.
- (c) Copies of daily sales reports in May and June 1990 from the opponent's shop are the earliest records the opponent can produce. The copies are exhibited at CMW-8 of the declaration. Copies of 1987 to 1989 invoices and receipts for the printing of BOON! labels for use on clothing are exhibited at CMW-9 of the declaration.

The applicant's evidence

10. The applicant's evidence is given in a declaration made by Yoshihiko Kimura, the applicant's director-president. The declaration is filed under Trade Marks Rule 26 and deposes :

- (a) The applicant has carried on business since about 1925 in the design, manufacture and sale of children's clothing. The deponent has been involved with the applicant's business for about 35 years. A pamphlet of the

applicant's history and business activities published in about 1989/1990 is exhibited at YK-1 of the declaration.

- (b) In about 1983 the applicant decided to launch a new line of babies' and children's clothing and related products such as toys, towels, bags etc under the trade mark BABBLE BOON. The applicant chose the mark because 'babble' represents the sound made by a child and 'boon' means 'jolly'. The trade mark was intended to convey the idea of 'the pleasant and cheerful atmosphere in which babies are communicating with each other'.
- (c) The applicant has used the trade mark BABBLE BOON for toddler's, babies' and children's wear in Japan, Hong Kong and other countries since 1983. Copies of invoices of sales to Yaohan Department Store and Farton Trading Co Ltd in Hong Kong between 1983 and 1990 are exhibited at YK-2 of the declaration. Annual sales of the applicant's BABBLE BOON products in Hong Kong for the years 1985 to 1990 are given in paragraph 5 of the declaration. Annual sales of the applicant's BABBLE BOON products world-wide for the years 1986/1987 to 1990/1991 are given in paragraph 6 of the declaration. Copies of the computer records of the world-wide sales can be produced if necessary.
- (d) The applicant's BABBLE BOON products have been extensively advertised in Japan and abroad through various media but many of the advertising records were lost or could no longer be located owing to the earthquake in Kobe where the applicant's head office is located. Some advertising material dating back to 1985 is exhibited at YK-3 of the declaration. A copy invoice dated 7 March 1986 for the supply of similar advertising material to Yaohan Department Store in Hong Kong is exhibited at YK-4.
- (e) The applicant's products originate from Japan and the applicant's trade mark BABBLE BOON was registered in Japan on 31 October 1985. The registration is in class 17 which is substantially equivalent to international class 25. A copy of the registration certificate, and translation, is exhibited at YK-5. The applicant's mark was registered in Japan more than three years before the opponent applied to register its mark BOON! in Hong Kong. The applicant's trade mark BABBLE BOON is registered in many countries to which the applicant's products are exported and sold. A list of the applicant's registrations and applications for the trade mark BABBLE BOON in other countries and copies of registration certificates are exhibited at YK-6. The registration certificates include those for registration in Hong Kong in classes 18, 24 and 28.

- (f) The applicant's trade mark has been very well known since at least the mid-1980's and has acquired a substantial reputation in many countries including Hong Kong. As a result the applicant's products are distinctive of and are identified with the applicant.
- (g) In his 1994 declaration (paragraph 1) the opponent asserts that since 1963 he has been the sole proprietor of the business known as Ngai Sang Garment Factory. However, records kept at the Business Registration Office of the Inland Revenue Department (copies exhibited at YK-7) show that the opponent's business commenced trading in September 1967 and that the nature of the business was 'garment addition work' and not garment manufacturing as the opponent asserts. The records show that the opponent commenced business in 'garment' in August 1988.
- (h) The opponent asserts in his 1994 declaration (paragraph 5) that he 'has used the BOON! trade mark in Hong Kong since the 1970's but the opponent has not produced evidence to substantiate the claim of first use. The opponent has not produced evidence to substantiate the alleged substantial sales to over 200 customers listed in exhibit CMW-5 in his 1994 declaration. The opponent has produced one newspaper clipping to support his claim to have substantially advertised the mark. Most of the opponent's evidence is for a period subsequent to the date of application for registration of the applicant's mark.
- (i) The applicant's mark and the opponent's mark are visually and phonetically very different and confusion and deception are unlikely. The applicant has already satisfied the registrar that its mark is distinctive under the Trade Marks Ordinance section 9(1)(e) and that there has been honest concurrent use of its mark under section 22.

Statutory provisions and decided cases

11. The relevant statutory provisions are section 12(1), section 20, section 2(4) and section 22 of the Trade Marks Ordinance. Section 12(1) makes it unlawful to register a mark the use of which would be likely to deceive or would be disentitled to protection in a court of justice. Section 20 prohibits the registration of a trade mark which is identical with or so nearly resembles another registered trade mark. Section 2(4) states that a near resemblance of marks is a resemblance so near as to be likely to deceive or cause confusion. Section 22 gives the registrar a discretion, despite the provisions of section 12(1) and section 20, to allow the registration of a identical or nearly resembling mark where the applicant has established honest concurrent use of the mark. Sections 12(1), 20, 2(4)

and 22 of the Trade Marks Ordinance are substantially similar to sections 11, and 12 of the United Kingdom Trade Marks Act 1938 and decisions under sections 11 and 12 of the 1938 Act are therefore relevant in considering our sections 12(1), 20, 2(4) and 22.

Relevant date

12. The date of application for registration of the applicant's mark is 7 December 1990. It is not disputed that the date of application is the relevant date at which the parties' position under section 12(1) and section 20 is to be determined (*Rotolok* [1968] RPC 227 at 230; *Blue Paraffin* [1977] RPC 473; *C (device)* [1998] RPC 439 at 449). Similarly, to establish honest concurrent use, the applicant's use must have occurred before 7 December 1990, the date of application (*Granada* [1979] RPC 303 at 312; *Gloy and Empire Adhesives Ltd's Application* (1934) 51 RPC 63 at 69).

Onus of proof

13. The onus is on the applicant to defeat the opposition by satisfying me that there is no reasonable likelihood of deception or confusion, without necessarily leading to passing off, if its mark BABBLE BOON is used normally and fairly on the goods of the specification (*Bali* [1969] RPC 472; applied by the registrar in *Tunlees Watch Manufactory (HK) Ltd* [1993] HKDCLR 15 at 21). As Kerly's (Law of Trade Marks and Trade Names 12edn paragraph 10-06) says 'it does not follow, because an opponent could not obtain an injunction (in infringement proceedings where the onus is on the plaintiff) against the use by the applicant of the mark which he tenders for registration, that the tribunal will be satisfied it is not likely to deceive within section 12(1) (our section 20)' (*Australian Wine Importers* (1889) 41 Ch D 278 at 289; 6 RPC 311, CA; *Guards* [1964] RPC 9; *Carreras v Frankau* [1964] RPC 210). Also, as Kerly's puts it in paragraph 10-06, 'the question whether or not a particular mark is calculated to deceive or cause confusion is not the same as the question whether the use of the mark will lead to passing off. There may be confusion in the sense of section 12 (our section 20) although the purchaser is not, in the end, deceived'. *Hack's Application* (1940) 58 RPC 91 at 103 is the authority often cited. It was said there that 'the mark must be held to offend against the provisions of section 11 (our section 12) if it is likely to cause confusion or deception in the minds of persons to whom the mark is addressed, even if actual purchasers will not ultimately be deceived'.

14. The onus of showing honest concurrent use of the mark to justify registration under section 22 is on the applicant (*Eno v Dunn* (1890) 7 RPC 311).

Section 12(1) and section 20

15. It is well established that the tests to be used in applying section 12(1) and section 20 are those stated in *Smith Hayden & Co's Application* (1946) 63 RPC 97 at 101. The test under section 12(1), adapted to this application, is as follows, 'having regard to the reputation of the mark BOON!, is the registrar 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?' Under section 20 and 2(4) the test is, 'assuming user by the opponent of its mark BOON! in a normal and fair manner for any of the goods covered by the registration of the mark, is the registrar satisfied that there will be no reasonable likelihood of deception or confusion among a substantial number of persons if the applicant also uses its mark BABBLE BOON normally and fairly in respect of any goods covered by its proposed registrations?' The requirement that the deception and confusion must be among a substantial number of persons is a judicial gloss to be properly and sensibly applied (*Bali* [1969] RPC 472 at 496).

16. To find that a mark offends against section 12(1), and also under section 20, 'it is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough if the ordinary person entertains a reasonable doubt, but the court has to be satisfied not merely that there is a possibility of confusion; it must be satisfied that there is a real tangible danger of confusion if the mark which it is sought to register is put on the register (*Bali* [1969] RPC 472 at 496).

17. Under section 12 and section 20, the question of whether there is deception among a substantial number of persons must be judged in relation to the market concerned, that is, all likely purchasers of the goods. If there is a probability of deception, there is no discretion to the registrar in the application of section 12 and section 20.

18. To rely on section 12(1) the opponent must show a sufficiently substantial reputation for his mark in Hong Kong (*Nova* [1968] RPC 357 at 360, a decision under the equivalent provision in the United Kingdom 1938 Act). The applicant must then show there is no reasonable likelihood of deception or confusion. The extent of the reputation of the opponent's mark and the goods for which it has been achieved are factors in determining whether there is a sufficient likelihood of deception or confusion to refuse the applicant registration under section 12(1).

Reputation

19. The applicant says the opponent has not passed the threshold of being able to mount an opposition under section 12(1). The applicant says on the evidence the opponent has not shown that, at the date of application for registration of the applicant's mark, 7 December 1990, its own mark BOON! was known to a substantial number of persons in Hong Kong. The applicant cites *Bugatti* [1993] 1 HKC 557 where the registrar found that the sale of six watches and ten bracelets was not evidence sufficient to establish reputation to invoke section 12(1). The applicant says many of the statements in

the opponent's statutory declarations are unsupported by documentary evidence and that many statements relate to a period after the 7 December 1990, the relevant date at which the parties' position is to be assessed in these proceedings. Additionally, the applicant says there are inconsistencies in the opponent's evidence and that they are sufficient to taint the rest of opponent's evidence. The applicant cites *Arthur Fairest Ltd's Application* (1951) 68 RPC 197 at 207 where inconsistencies in the opponent's evidence cast doubt on the rest of the evidence and the opponent could not establish sufficient reputation to allow the court 'to proceed to consider whether, having regard to that reputation, the possibility of confusion upon reasonable user of the mark applied for will arise'.

20. The applicant notes the opponent has put in evidence photographs of clothing bearing the trade mark BOON! (Cheung Man Wai's 1994 declaration paragraph 4 and exhibit CMW-4) but the opponent does not declare when or where the photographs were taken. The applicant says the statement that the opponent has used the trade mark BOON! in Hong Kong since the 1970's in manufacturing, retailing, supplying and exporting (1994 declaration paragraph 5) is a bare assertion unsupported by evidence. The opponent admits he has no evidence to substantiate use in the 1970's (Cheung Man Wai's 1996 declaration paragraph 3).

21. The applicant says the statement that the opponent operated its own shops using the BOON! trade mark in Mongkok and Mei Foo Shopping Centre since October 1988 and October 1990 respectively (1994 declaration paragraph 6) does not say whether the goods sold in those shops were sold under the trade mark BOON!. It is only for May and June 1990 that the opponent can produce daily sales reports for 'his shop' (1996 declaration paragraph 4 exhibit CMW-8). But nowhere on those sales reports does it say that the sales are of goods under the trade mark BOON!

22. The opponent has produced invoices for labels ordered from printing companies from February 1987 to February 1989 (1996 declaration paragraph 4 exhibit CMW-9) but the applicant says the evidence does not say how many labels were applied to the opponent's goods or how many labelled goods were sold.

23. The applicant says the statement that the opponent had entered into licence agreements with Wing On and Citistore to provide counters exclusively for the sale of BOON! children's clothing accessories (1994 declaration paragraph 6) does not say at what date the licence agreements were effective. The statement 'currently my company has three counters operating' (1994 declaration paragraph 6) reflects the position in 1994, not in 1990 which is the relevant date at which the parties' position is to be assessed.

24. The applicant says similarly, the statement about renting shopping premises in 1992 and 1993 for the exclusive sale of BOON! children's clothing (1994 declaration paragraph 7) relates to a period after the relevant date. The opponent's list of customers (1994 declaration paragraph 8 and exhibit CMW-5) is not dated. The opponent's sales figures of BOON! goods for April 1990 to March 1991 (1994 declaration paragraph 9) are unsupported by evidence of invoices or other sales documents.

Only the first eight months of the period April 1990 to March 1991 are relevant and the sales for those eight months are not stated separately.

25. The applicant says the statement that the opponent has 'throughout the years spent over HK\$2.5m on renovation and fixture of shops and counters' (1994 declaration paragraph 10) has no relevance to the question of reputation because it is not evidence of sales. The statement about expenditure on window displays and newspaper advertisements (1994 declaration paragraph 10) relates to 1993, which is after the relevant date and is supported by a single, undated newspaper cutting (exhibit CMW-6). The statement about payment of sales commission (1994 declaration paragraph 10) also relates to 1993, which is after the relevant date.

26. On the question of reputation under section 12(1), I find the opponent has shown sufficient reputation as at 7 December 1990 to be able to mount an opposition under section 12(1). The opponent argues, I think rightly, that *Bugatti* and *Arthur Fairest* were cases in which the opponent's use was minimal, and that is not the case here. On the evidence I find the reputation of the opponent's mark BOON!, based on sales of BOON! trade marked goods prior to the relevant date, sufficiently substantial, although considerably less substantial than the opponent claims.

27. The opponent claims a strong reputation in his mark, based on sales of \$15.2 million for the year April 1990 to March 1991 (eight months of which is prior to the relevant date). Those sales are largely unsubstantiated. The only evidence the opponent produces to substantiate sales is daily sales reports from his shop for the months of May and June 1990 (1996 declaration paragraph 4 exhibit CMW-8). The daily sales reports are headed 'Boon - (1) Daily Sales Report' or 'Boon Sales Office Daily Sales Report' (1996 declaration paragraph 4 exhibit CMW-8). I agree with the opponent that it is a reasonable assumption that the sales reports are in respect of BOON! trade marked clothing in a BOON! shop. I assume the opponent refers to his shop in Mongkok which he opened in October 1988 (1994 declaration paragraph 6). The opponent did not open his second shop, in Mei Foo Shopping Centre, until October 1990 (1994 declaration paragraph 6). The sales reports show sales of approximately \$55,000 in May and \$44,000 in June 1990. Assuming sales at similar levels each month, sales in 1990 would have amounted to \$594,000. Although the reports do not support the opponent's claim to sales of the level of \$14.2 million for the year April 1990 to March 1991, they do indicate a reasonable level of sales in 1990. A list of the opponent's retail customers in Hong Kong (1994 declaration paragraph 8 and exhibit CMW-5) cannot be taken into account because it is not supported by evidence and the period to which it relates is not specified.

28. The only other evidence the opponent produces, which relates to a period prior to the relevant date, is invoices for labels ordered by the opponent from printing companies from February 1987 to February 1989 (1996 declaration paragraph 4 exhibit CMW-9). The invoices show the opponent ordered and bought labels not only for BOON! but also for 'Indian Boon and a bear device', 'Boon Club', 'Boon Boutique Girl' and 'Boon Sport Day'. Evidence of actual use is relevant in establishing reputation under section 12(1) but the evidence of actual use here indicates that some of the

opponent's use cannot be said to be a fair and normal use of the mark BOON!. Nevertheless, the number of labels bought is fairly substantial and the majority are for the trade mark BOON!

29. On the evidence of the daily sales reports from the opponent's shop and the invoices for labels I conclude that the opponent has shown a sufficiently substantial reputation at the relevant date to be able to rely on section 12(1).

30. The applicant says Cheung Man Wai's 1994 declaration defines the term 'my company' as referring to Ngai Sang Garment Factory (1994 declaration paragraph 1) and that is inconsistent with the use of the term 'my company' later in the declaration in respect of periods after NSG Boon Limited had been incorporated and was carrying on the opponent's business.

31. I agree with the applicant that there are inconsistencies in the use of the term 'my company' in the opponent's declaration. Additionally, the statement 'prior to the incorporation of NSG, my company has been the registered and beneficial owner in Hong Kong of the trade mark BOON!' (1994 declaration paragraph 4) implies that on the incorporation of NSG Boon Limited the opponent ceased to be the owner of the trade mark which is inconsistent with the evidence that it was not until 26 October 1994 that the opponent assigned the trade mark to NSG Boon Limited (1994 declaration paragraph 12 exhibit CMW-7). However, I find the inconsistencies in the use of the term 'my company' and in the statement about ownership of the mark BOON! in relation to the period after the incorporation of NSG Boon Limited and before the assignment of the mark to the company are inconsistencies in the expressions used in the declaration rather than in the facts. The opponent does not deny that on the incorporation of NSG Boon Limited, the company took over the operation of the business and that the trade mark BOON! was not transferred to the company until 26 October 1994.

32. The applicant says that although the opponent deposes he began his business in 1963 (Cheung Man Wai's 1994 declaration paragraph 1) this statement is contradicted by records at the Inland Revenue Department's Business Registration Office which show that the opponent reported commencing business on 1 September 1967 and that his business was 'garment addition work' until 16 August 1988 when he commenced business in 'garment' (Yoshihiko Kimura's declaration paragraph 10 exhibit YK-7). The applicant says the discrepancy in the dates for commencing business and the conflicting statements about the nature of the business must cast doubt on the veracity of the rest of the opponent's evidence.

33. On the opponent's dates for commencing business and the opponent's statements about the nature of his business, I find that the opponent stated in his 1994 declaration (paragraph 5) that he has used the BOON! trade mark since the 1970's in respect of children's clothing, manufactured and sold. That statement of first use of the trade mark is not inconsistent with the Business Registration records (although the opponent's claim to use in the 1970's is not supported by the evidence he has filed). The fact that the opponent started a business in the 1960's but did not register at the Business Registration Office until 1967 and gave as his business commencement date September 1967 is not

relevant evidence in these proceedings because the opponent did not begin using the trade mark BOON! until the 1970's. The opponent admits to wrongly stating the date of commencement of business in the Business Registration records. The fact that the opponent admits, cannot cast doubt on the rest of his evidence.

34. The applicant says the opponent has admitted to NSG Boon Limited's use of the trade mark BOON! for three years before the assignment and to the fact that NSG Boon Limited's use was not a registered user. The applicant says as a result the opponent has caused deception and confusion to his customers and has disqualified himself from proceeding under sections 12 and 20.

35. On NSG Boon Limited's failure to register as a user, I find that the question whether there has been deception is one of fact and must depend on the nature of the licensing arrangement between the proprietor and licensee. Registration of a user under the Trade Marks Ordinance is not mandatory and deception cannot be presumed from the fact that the licensee is not registered as a user. An advantage of registering a user is that use by the user is deemed to be use by the registered proprietor (section 58(2)(a)). In the present proceedings the opponent needs to show that NSG Boon Limited was licensed to use the mark Boon! if the opponent is to rely on use by NSG Boon Limited. NSG Boon Limited was incorporated on 4 January 1991 to take over the opponent's business. The opponent asserts that until he assigned the mark to NSG Boon Limited on 26 October 1994, he permitted NSG Boon Limited to use the trade mark BOON! in connection with the business. The opponent gives no evidence of the licensing arrangement and consequently he cannot rely on use by NSG Boon Limited during the period. But in any event in these proceedings the period of use by NSG Boon Limited from January 1991 to October 1994 is after 7 December 1990 and is not relevant.

36. I do not agree with the opponent that the source of the opponent's goods remained the same before and after the incorporation of NSG Boon Limited. The issue of source was raised in *Kidax (Shirts) Ltd's Application* [1960] RPC 117, at 123,124 where on the evidence the sole shareholders and directors of the company were the same individuals who had used the mark prior to the company's incorporation. That is not the position here even though Cheung Man Wai is the majority shareholder and director of NSG Boon Limited.

Similarity

37. Does BATTLE BOON so nearly resemble BOON! that confusion is likely? The test as to whether there is sufficient similarity between the marks to cause confusion is essentially the same under section 12 and section 20. Section 20 applies only where the competing marks are for the same goods or goods of the same description. It is not disputed that the goods of the two marks are of the same description.

38. To gauge the possibility of confusion between the two marks, ' you must take the two words. You must judge of 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' (*Pianotist Co Ltd's Application* (1906) 23 RPC 774 at 777).

Look, sound and idea of the marks

39. The applicant says there is a visual difference in the marks because the opponent's mark comprises a word and an exclamation mark, BOON! in contrast to the applicant's mark which is two words, BABBLE BOON. The applicant says there is a difference in the pronunciation of the marks because the additional word BABBLE is present in the applicant's mark. The opponent says that a mere assertion by the applicant that the marks are visually and phonetically different does not discharge the applicant's onus in these proceedings. The opponent says the fact that the applicant's mark contains the whole of the opponent's mark will lead customers to wonder whether there is a relationship between the two brands of children's wear. The applicant cited *Coca-Cola of Canada v Pepsi-Cola Co of Canada* (1942) 59 RPC 127 and *Broadhead's Application* (1950) 67 RPC 209 (where the competing marks were Alka-vescent and Alka-Seltzer) in support of the principle that where there is a common element in each of the competing marks you must pay more regard to the parts of the marks that are not common. The opponent says the principle is not relevant in the present conflict where the applicant's mark contains the whole of the opponent's mark.

40. In *Coca-Cola of Canada v Pepsi-Cola Co of Canada* the common 'cola' was the subsidiary and unemphatic part, the words 'coca' and 'pepsi' were the more important. The court did not find the marks similar. In *Broadhead's Application*, the common part 'alka' was the more emphatic and Alka-vescent was found to be too close to Alka-Seltzer. In the present proceedings I find the decisions helpful only in showing that similarity depends on the emphasis that component parts of the mark have. The fact that BOON is common to both marks does not mean that I can treat the word BOON in BABBLE BOON as though it was not there at all (*Broadhead's Application* (1950) 67 RPC 209 at 215).

41. Although the addition of BABBLE in the applicant's mark does make some visual and phonetic difference, I find the marks essentially similar because both contain the word BOON and the word BABBLE in the applicant's mark does not overshadow BOON visually or phonetically. Nor does the addition of BABBLE give rise to a idea of the applicant's mark that is distinct from the idea conjured up by the opponent's mark. Although the words BABBLE and BOON have meanings, BABBLE meaning 'talking in an inarticulate or incoherent manner, chattering, murmuring etc' and BOON meaning 'an advantage, a blessing, etc', the words are not so commonly used that their

meanings are immediately apparent and the addition of BABBLE to BOON does not make the word BOON any more meaningful so as to create a different idea in the applicant's mark. Any meaning that the marks convey has less impact than the visual and phonetic impression that the marks give and for these reasons I find the marks are visually and phonetically similar.

42. The applicant argued, citing *Hedley's Trade Marks* (1900) 17 RPC 719, that the opponent should not be allowed to claim a monopoly in the word BOON. In *Hedley's*, the marks 'Red Cap' and 'Night Cap' were not found to be similar. I do not find the decision relevant in the present circumstances. 'Red Cap' and 'Night Cap' conjure up different ideas whereas I find that BOON! and BABBLE BOON are reminiscent of each other. An additional point of difference is that the applicant for removal of 'Night Cap' from the register had earlier registered 'White Cap' in addition to 'Red Cap' and arguably 'White Cap' has more similarities to 'Night Cap' than 'Red Cap' (*Hedley's* at 722).

Goods for which the mark is used

43. The goods for which the applicant seeks to register are of the same description as the goods for which the opponent's mark is registered and it is not disputed that on this ground the opponent can rely on section 20 and also on section 12.

Nature and kind of customer

44. The nature and kind of customer are identical. It is not disputed that the customers, in the main, are parents buying clothes for their children.

Notional use

45. The applicant says its evidence shows that at the relevant date its goods were sold in department stores and were more upmarket than the opponent's goods which were sold in two shops in Mongkok. The applicant argues that, as its goods were more expensive, parents would pay more attention in purchasing them and would not confuse them with the opponent's goods. I do not agree. Both the applicant's and the opponent's goods are children's clothing and are sold in shops. Even if the applicant's goods were more expensive than the opponent's, that fact alone would not prevent purchasers thinking the applicant's mark is associated with the opponent.

Proposed disclaimer

46. The proposed disclaimer in the applicant's mark cannot affect considerations of the likelihood of deception and confusion. It is necessary to focus attention on each of the marks as a whole and not to have regard to the content of the protection afforded the applicant's mark if registered (*Granada* [1979] RPC 303 at 308; *Tunlees Watch Manufactory (HK) Co Ltd* [1993] HKDCLR 15 at 22).

Probability of deception and confusion

47. I think the marks are sufficiently similar to cause customers to wonder whether there is a relationship between the applicant's goods and the opponent. If people will not actually be confused, which is not the test here, they may very well wonder whether the applicant's goods are associated with the opponent and that is enough.

48. Considering each of the marks as a whole, I find the applicant's marks so nearly resemble the opponent's mark as to be likely to deceive or cause confusion. There are similarities. Someone seeing the marks side by side would not mistake one for the other but one has to take into account imperfect recollection. In *Sandow* (1914) 31 RPC 196 at 205, which is quoted in Kerly's at paragraph 17-16, it was said 'the question is not whether if a person is looking at two trade marks side by side there would be a possibility of confusion; the question is whether the person who sees the proposed trade mark in the absence of the other mark, and in view only of his general recollection of what the nature of the other mark was, would be liable to be deceived and to think that the trade mark before him is the same as the other, of which he has a general recollection'. I think purchasers of children's clothing would be likely to assume that BOON! and BABBLE BOON indicated related products from the same source.

49. I find there is a reasonable probability of confusion under section 12(1) and section 20.

Section 22

50. It is well established that a case of honest concurrent use under section 22 can overcome a section 12 prohibition as well as a prohibition under section 20 (*Bali* [1969] RPC 469 at 476; *Chelsea Man* [1989] RPC 111, at 121; *C(device)* [1998] RPC 439 at 449).

51. The matters to be taken into account in deciding whether registration should be allowed under section 22 are stated in *Alex Pirie and Sons Limited's Application* (1933) 50 RPC 147, at 159 and are listed in Kerly's paragraph 10-18. I consider these in turn.

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

52. The applicant has been in business in Japan since 1928 in manufacturing children's clothing under various brands. Several of the applicant's brands, including BABBLE BOON, are shown in the applicant's brochure, published in 1989/1990, before the date of the applicant's application to register its mark (Yoshihiko Kimura's declaration paragraph 2 exhibit YK-1). The applicant adopted the mark BABBLE BOON in about 1983 and has since used it in Japan, Hong Kong and elsewhere. The world-wide sales of BABBLE BOON products appear to be substantial (Yoshihiko Kimura's declaration paragraph 6, where the figures are stated in Yen) but are not relevant to the applicant in establishing honest concurrent use. Copies of invoices evidencing the sale and export of BABBLE BOON products to Yaohan Department Store and Farton Trading Company Limited in Hong Kong between 1983 to 1990 are exhibited at YK-2. Between 1985 and 1989 the applicant's sales in Hong Kong were only small, averaging about HK\$46,900 a year, being the wholesale price of the items sold (as submitted at the hearing). In 1990 sales increased to HK\$387,033 which is more than six times the 1989 figure (Yoshihiko Kimura's declaration paragraph 5).

53. Additionally the applicant's mark has been advertised in Hong Kong. The applicant says BABBLE BOON products have been advertised extensively in Japan and abroad (Yoshihiko Kimura's declaration paragraph 7). But the evidence, showing advertising by posters, catalogues and postcards, suggests that advertising in Hong Kong at the relevant date was conducted on a modest scale. An invoice dated 7 March 1986 for the supply of BABBLE BOON advertising materials to Yaohan Department Store is exhibited at YK-4.

54. The applicant has used its mark in Hong Kong for nearly seven years before the date of application. As in *Alex Pirie and Sons Limited's Application*, five years use before the date of application has been proved by supporting invoices. The opponent claims use of its mark since the 1970's. The opponent's use of its mark can be substantiated from about 1987 (Cheung Man Wai's 1996 declaration paragraph 4 exhibit CMW-4 where copy invoices for labels ordered from February 1987 to February 1989 are shown). The opponent's registration dates from 31 January 1989. On the evidence the applicant's use of its mark in Hong Kong has been continuous. The continuous use, the duration of the use and the extent of the use, when one takes into account the relatively modest cost of children's clothing and the competitive nature of the market for clothing generally, is sufficient to establish concurrent use to justify overriding the objections under section 12(1) and section 20.

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

55. The degree of confusion has to be considered but, as it was said in *Alex Pirie and Sons Limited's Application* (1932) 49 RPC 195, 'section 34 (equivalent to our section 22) is a section which does not carry with it a limitation as to there being a slight possibility of deception, for its words indicate that the registrar may permit the registration of the same trade mark, or of nearly identical trade marks,

for the same goods by more than one proprietor. It seems to indicate that the powers of the court (and the registrar) can be exercised even where there is likely to be confusion between the marks.'

56. The applicant argues that it is only where there is a huge reputation in the opponent's mark that the likelihood of confusion will be high. To some extent that is true but confusion is also the result of other factors, for example the similarity between the marks. I have considered under section 12(1) and section 20 the probability of confusion at the date of the applicant's application to register its mark. I find there is a probability of confusion but it is not high. Additionally the applicant argues that, had the likelihood of confusion been significant, the opponent would have opposed the applicant's applications in classes 18, 24 and 28 (now registered) because these applications, and particularly the application in class 24, were for goods similar to those in class 25. I do not find the applicant's failure to oppose the applicant's applications in class 18, 24 and 28 a factor to be considered. I do not find the goods of those registrations similar to the goods for which the opponent's mark is registered. But I agree with the applicant that it is a factor that there has been no action by the opponent to prevent the applicant from passing off its goods in the children's clothing market as the opponent's goods. In summary, I find the use of the applicant's trade mark sufficient to outweigh the likelihood of confusion.

The honesty of the concurrent use

57. The applicant adopted the mark BABBLE BOON in 1983 (Yoshihiko Kimura's declaration paragraph 3). The origins of the applicant's mark and the honesty of the applicant's use is not questioned in the evidence or in the submissions in these proceedings. No doubts are raised as to the honesty of the applicant's use and in the circumstances the honesty of the use must be recognised (*Electric* [1957] RPC 369 at 379).

Whether any instances of confusion have in fact been proved

58. The applicant's mark was first used in 1983. The applicant's and opponent's marks have been in use concurrently for nearly seven years before the applicant's application for registration. The applicant's use of its mark over that period has not given rise to any instance of actual confusion between the two marks and some weight must be given to the fact that both applicant and opponent apparently sell through Yaohan Department Store (Yoshihiko Kimura's declaration paragraph 4 exhibit YK-2 and paragraph 7 exhibit YK-4; and Cheung Man Wai's 1994 declaration paragraph 8 exhibit CMW-5 page 20 where Yaohan Department Store is listed as the opponent's customer).

59. The period of use of the two marks in Hong Kong and the fact that there have not been instances of actual confusion, indicates the public would not be seriously inconvenienced if registration of the applicant's mark was allowed. 'It is the user and not the registration which is liable to cause confusion, and the commercial user has not produced any proof of confusion. This fact cannot be

regarded as unimportant even though allowance be made for difficulty of proof (*Alex Pirie and Sons Limited's Application* (1932) 49 RPC 195 at 160).

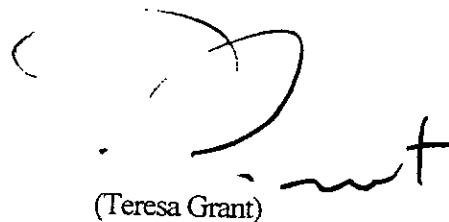
The relative inconvenience which will be caused if the mark is registered

60. The fact that the applicant's trade in Hong Kong is smaller than the opponent's does not mean that the applicant's mark must be refused (*Electrix* [1957] RPC 369 at 380). The fact that the applicant's trade is smaller is to be taken into consideration but the applicant's trade is nevertheless substantial and should not be disregarded. BABBLE BOON is without doubt the applicant's mark and it would cause hardship to the applicant if it could not register its mark here.

Exercise of discretion

61. For the reasons given, I think there is a likelihood of confusion between the marks but I find that this is a case where the balance is in favour of the applicant and in which I should exercise my discretion under section 22 to allow the applicant's mark to proceed to registration.

62. As the opposition has failed, I award the applicant 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 of this decision, costs will be calculated with reference to the usual scale in Part I of the First Schedule to Order 62 of the Rules of the High Court (Cap 4) as applied to trade mark matters, unless otherwise agreed between the parties.



(Teresa Grant)

for Registrar of Trade Marks

1 April 1999