

Application No. 13340 of 1993

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

AND

IN THE MATTER of an application for
the registration of the trade mark: -



in Part A in Class 30 by MACY' S
CANDIES LIMITED

AND

IN THE MATTER of an opposition
thereto by FEDERATED DEPARTMENT
STORES INC.

**DECISION
OF**

Mr Kestutis Stasys Kripas acting for the Registrar of Trade Marks after a hearing on 2 August 2001.

Appearing : Mr Colin Shipp, counsel instructed by Messrs. Robin Bridge & John Liu on behalf of MACY' S CANDIES LIMITED

Mr David Stewart of Messrs. Deacons on behalf of FEDERATED DEPARTMENT STORES INC.

Application for Registration

1. On 10 December 1993, Macy's Candies Limited, a company incorporated in Hong Kong ("the applicant"), applied to register, pursuant to the provisions of the Trade Marks Ordinance (Cap. 43) ("the Ordinance"), in Part A of the Register, in Class 30, the trade mark, a representation of which appears below :



("the suit mark").

2. Upon examination of the application, and upon a search of the Register, the Registrar of Trade Marks ("the Registrar") raised an objection, pursuant to section 20 of the Ordinance, citing TM No. 3979 of 1991 in Class 29 and TM No. 3980 of 1991 in Class 30 both for "MACY'S CELLAR" held in the name of R.H. Macy & Co., Inc. To overcome the citations, the applicant filed evidence of concurrent use of the suit mark since 1985. The Registrar was satisfied, upon that evidence, that such proven use was honest and accepted the mark subject to the conditions that the specified goods be restricted to "chocolate and candies" (the "specified goods"), and that the Gazette advertisement of the suit mark be served upon R.H. Macy & Co., Inc. The advertisement appeared in the Hong Kong Government Gazette on 4 October 1996 and was duly served on R.H. Macy & Co., Inc. on the same date.

Notice of Opposition

3. On 6 March 1997 Federated Department Stores Inc., a Delaware Corporation, ("the opponent"), formed by a merger of R.H. Macy & Co., Inc. and Federated Department Stores Inc. on 19 December 1994, filed notice of opposition to the application. The

opponent, referring to its registered trade marks in Hong Kong and overseas (particularly in the USA) and to its extensive international reputation, requested refusal of the registration of the suit mark and its costs. Specifically :

- Under section 2 of the Ordinance, as a result of the opponent's international reputation, the suit mark was incapable of indicating a connection in the course of trade between the specified goods and the applicant.
- Under sections 9 and 10 of the Ordinance, as a result of the aforesaid reputation, the suit mark was neither inherently adapted to nor capable of distinguishing the goods of the applicant from the goods of the opponent.
- Under section 12(1) of the Ordinance, as a result of the aforesaid reputation, use of the suit mark would be likely to deceive, or would be disentitled to protection in a court of justice, or would be contrary to law.
- Under section 20(1) of the Ordinance, as the suit mark is identical to the opponent's marks it would be likely to deceive or cause confusion.
- Under section 23(1) of the Ordinance, as the suit mark is identical with or nearly resembles the opponent's trade mark registrations in the USA.
- Under the Registrar's discretion, as registration of the suit mark would unfairly prejudice the legitimate business interests of the opponent.

Counter-statement

4. On 18 June 1997 the applicant filed its counter-statement. In essence the applicant :

- admitted its application to register the suit mark;
- denied each and every other allegation in the notice of opposition;

- relied upon its use of the suit mark in Hong Kong since 1985 in respect of the specified goods,

and sought dismissal of the opposition with costs.

Opponent's evidence

5. The opponent filed, pursuant to Rule 25 of the Trade Marks Rules ("Rule(s)"), statutory declarations from Jay L Monitz, the Operating Vice-President and Assistant General Counsel of the opponent ("the Monitz SD") and a statutory declaration of Ms Lisa Mak Kit-yin, General Manager of the Hong Kong branch of the opponent ("the Mak SD").

6. The Monitz SD details the establishment of the first Macy's department store in New York in 1858; its incorporation in 1919 as a New York corporation; its devolution to R.H. Macy & Co., Inc. a Delaware corporation; and its merger into the opponent in 1994. As at the date of the Monitz SD, the opponent operated, under the trade name "Macy's", 197 department stores across the USA carrying a wide variety of consumer goods (including confectionery) with net sales reaching US\$5,856,959,000 in the year preceding the application (and increasing thereafter). To source its goods, the opponent had set up purchasing offices in 18 countries (including Hong Kong) and had agents in 10 other countries. Promotion of its department store business is through advertisements placed in various journals, newspapers and other publications, many of which have large international circulation; through its website; through radio and television; and through its own merchandise catalogues. Advertising expenditure for 1992 (the year preceding the application) is stated to have been US\$210,112,000 which sum included US\$80,900,000 expended on the publication of 334,000,000 catalogues bearing the "Macy" name. Mention is made of a book published outlining the growth of Macy's department store in the years 1858 – 1919; of the 1947 film "Miracle on 34th Street" featuring the New York store and the book based on the film; and of the annual Macy's Thanksgiving Day parade.

7. The Monitz SD continues with details of its trade marks registered in the USA and elsewhere; exhibits copies of judicial decisions in its favour in Singapore and Thailand; and details the trade marks it has registered in Hong Kong. It has not licensed the use of its marks to any other entity. Monitz concludes that the "Macy's" mark is internationally known both in commercial circles and to the public and is associated exclusively with the business conducted through its department stores.

8. The Mak SD states that the Hong Kong branch of the opponent was established in August 1959 through which it places orders with Hong Kong manufacturers and suppliers for a wide variety of product including (but not limited to) menswear, ladieswear, childrenswear, hard goods (including house furnishings), footwear, handbags, leather goods and accessories, and jewellery. The value of orders placed leading up to the application date are detailed in paragraph 44 hereof.

9. The Mak SD exhibits a list of its 15 top suppliers in the years 1992 and 1993 and a single invoice dated 23 October 1995 for cooking utensils placed with Meyer Manufacturing Co. Ltd. Mak concludes with the opinion that the opponent has a significant reputation in Hong Kong.

The applicant's evidence

10. The applicant's evidence pursuant to Rule 26 comprised statutory declarations from David Ho, a Director and the Chief Executive of the applicant and from Chan Man Hong, a former director of the applicant.

11. Mr Ho states that the applicant was established in 1985 and has since that date been engaged in the manufacture, export and retailing of chocolates, candies and other confectionery, bread, biscuits, pastries and cakes. In 1993 it opened a retail outlet in Times Square under the name "Les chocolats de Macy". In addition it sells chocolates through its website and supplies its goods to other companies in Hong Kong including commercial airlines, hotels, bakeries, supermarkets, caterers and department stores. A list of such companies is provided. Exports account for 60 to 80% of the applicant's total sales. The goods are sold under the suit mark although the applicant also produces goods under licence from other companies. Examples of these include Hello Kitty mooncakes, Ultraman confectionery and Winnie the Pooh cookies. Sales in Hong Kong of goods bearing the suit mark rose from \$1,094,717 in 1986, to \$17,336,475 in 1992 (increasing thereafter). The suit mark is used in relation to the goods by being placed on the packaging in which the goods are wrapped. The applicant and its sister companies Macy's Candies (Far East) Limited and Shenzhen Macy's Gourmet Ltd have been awarded "Q-Mark" certification for their goods, but it is not apparent from the evidence filed when the award was first obtained. The applicant has promoted its goods by means of catalogues and circulars to the trade, and through trade fairs and exhibitions. Modest amounts have been expended on such promotion. The applicant supports its sales figures by exhibiting invoices (mostly of little

evidential value) and its annual audited accounts since the 1986-7 financial years (which verify the sales figures with minor variations). Mr Ho states he was informed by Mr Chan Man Hong that the device of a female figure appearing in the suit mark was commissioned from a commercial artist and was deliberately chosen to promote an old-fashioned, traditional and nostalgic image for the applicant's goods.

12. In his statutory declaration Mr Chan states that he helped establish the applicant in 1985. He chose the name Macy's Candies Ltd. and created the suit mark unaware of the existence of the opponent or of any of the opponent's marks in Hong Kong. The name "Macy's" was chosen after his then girlfriend 范美詩 (fan, mei, see translated as the surname fan, beautiful, poem). "Macy" is the English transliteration of the last two characters of her name.

Fixing of a hearing date

13. Neither party filed further evidence pursuant to Rules 27 or 28. On 3 May 2001 the parties were advised that 2 August 2001 had been fixed for the hearing of argument.

Preliminary issue

14. On the morning of 2 August 2001, Mr Stewart applied for leave to cross-examine Chan Man Hong. Anticipating an objection from the applicant based on the lateness of the application, Mr Stewart proposed that counsel's submissions could be heard on that day as far as possible, and the hearing resumed at a later date for the cross-examination of Mr Chan. Mr Stewart explained that it was not until the applicant's list of authorities was received by him late on the preceding day that he became aware that the opponent might be relying on certain dicta in *Borsalini Trade Mark* [1993] 1 HKC 587 followed in *Re Wowi & Device Trade Mark* [1998] 3 HKC 221 to the effect that the tribunal should not decide questions of honesty or dishonesty (on how the applicant came to adopt the name "Macy's") on affidavit evidence, untested by cross-examination.

15. Mr Shipp, correctly in my view, submitted that the proposed procedure of first hearing counsels' submissions, followed by the taking of evidence was improper and what the applicant should do is apply to adjourn and meet the wasted costs. Mr Shipp submitted that agents representing parties to proceedings are presumed to know the law and that

blaming the late filing of his list of authorities was no answer to the failure to file evidence challenging the assertion of Mr Chan at the appropriate time. Without such a challenge (by which I understood him to mean the filing of evidence in reply pursuant to Rule 27) the application to cross-examine was now no more than a fishing exercise.

16. In the event, Mr Stewart did not seek an adjournment. I declined the application for leave to cross-examine. Mr Stewart asked that I give full reasons for my decision for future guidance on the formalities of such applications. These are now provided.

17. The scheme for the opposition to a trade mark application set out in the Ordinance and Rules is a simple one. It commences with the advertisement of the accepted application in the Hong Kong Government Gazette. Any person may oppose such application by filing a notice of opposition with the Registrar. This document is served by the Registrar upon the applicant, who, if he wishes to proceed with his application, must file a counter-statement setting out the facts alleged in the notice of opposition which he admits, those he denies and the grounds on which he relies as supporting his application. This is served upon the opponent, and based on the facts admitted and denied, the opponent files his evidence by way of statutory declaration to make good his grounds of opposition. The applicant then has an opportunity to meet those grounds and prove any other matter he relies upon by filing his statutory declaration(s). The opponent may then file further evidence strictly in reply. The purpose of this round is to challenge, and where possible to rebut by evidence, evidence filed in support of the application. It follows that if no evidence is filed by the opponent in reply, the applicant's evidence is to be regarded as unchallenged. No further evidence can be filed except by leave of the Registrar.

18. As far as the evidence itself is concerned, section 83 of the Ordinance provides :

83. Mode of giving evidence

- (1) In any proceeding under this Ordinance before the Registrar, the evidence shall be given by statutory declaration in the absence of directions to the contrary, but, in any case in which he shall think it right to do so, he may take evidence viva voce in lieu of or in addition to evidence by declaration. Any such statutory

declaration may in the case of appeal be used before the Court in lieu of evidence by affidavit, but if so used shall have all the incidents and consequences of evidence by affidavit.

- (2) In case any part of the evidence is taken viva voce, the Registrar shall, in respect of requiring the attendance of witnesses and taking evidence on oath, be in the same position in all respects as a special referee appointed by the Court.

19. No further guidance is provided by the Rules as to any formalities attaching to an application to adduce viva voce evidence or to apply for leave to cross-examine. The procedure which has been followed by the Registrar is the same as that set out in the UK Trade Marks Registry Work Manual (which Hong Kong practitioners know to refer to in the absence of a corresponding Hong Kong Manual). The party seeking to adduce viva voce evidence or who wishes to cross-examine a deponent writes to the Registrar seeking his intimation on whether he thinks it right to take viva voce evidence. The person so seeking bears the onus of showing that such an examination is necessary. The Registrar may seek the views of the opposing party or may simply, in an appropriate case, make an order that the witness be tendered. Such an order is subject to the right of the opposing party to be heard pursuant to Rules 86 and 87. Generally the deponent will attend voluntarily, but if not, the Registrar has power to issue a subpoena.

20. Turning now to the particular facts of the present application, the Gazette advertisement, which was served upon the opponent in October 1996, made reference to the condition that use was claimed, pursuant to section 22 of the Ordinance, since 1985. Section 22 of the Ordinance relates to *honest* concurrent use. The opponent or its advisers, who have had conduct of the proceedings throughout, should have, at that early stage, been alerted to the fact that the Registrar had accepted that the use of the name “Macy’s” as part of the suit mark had been honest use, but that nevertheless notice of the application was to be brought directly to the attention of the opponent. The circumstances that led to the choice of the name were then deposed to by Mr Chan in his statutory declaration dated 16 November 1999.

21. As outlined above, if that explanation was to be the subject of challenge, evidence should have been filed pursuant to Rule 27, and at the very latest, a request made to the Registrar for leave to cross-examine Mr Chan immediately upon receiving notice of the

fixture date in May 2001.

22. Neither step was taken by the opponent. Instead, by letter dated 26 May 2000, the opponent's agents advised the Registrar that they would not be filing further evidence in support of the opposition and requested a formal hearing date. The implication is that they considered the matter ready for hearing on the evidence as it stood. The opponent's agents wrote further on 10 July 2000 and 30 October 2000 urging the Registrar to appoint an early hearing date. In those circumstances, and balancing the prejudice to the applicant and the public interest, I considered that an application made on the morning of the hearing, necessitating as it would the loss of the fixture date, a step too late. The applicant has also been waiting since May 2000 for a hearing. The Registrar's hearing schedule is such that a further fixture could not have been allocated before December 2001, and that would be at the expense of other parties awaiting their turn to be heard. In *Kidax Shirts Ltd's Application* [1959] RPC 167, the UK Court of Appeal held that the applicant for cross-examination before the Registrar must discharge the onus of showing that cross-examination before the Registrar is necessary. No indication was given that the opponent had in its possession facts that would ground cross-examination, and in the absence of such an indication, the application did indeed appear to be, as Mr Shipp submitted, no more than a fishing exercise.

23. I turn to the substantive grounds of opposition.

Decision

24. It is convenient to dispose of a number of issues before dealing with the traditional grounds of opposition.

Under sections 2, 9 and 10 of the Ordinance

25. The opponent has pleaded that the suit mark is not a trade mark by definition. Alternatively, it is not registrable as a trade mark as it is neither inherently adapted to nor capable of distinguishing the goods of the applicant from similar goods of the opponent. The reason that this is so is (it is alleged), because of the earlier registered similar marks of the opponent and its substantial reputation in its marks and trade name "Macy's". Anyone seeing goods marked with the suit mark would believe they were the opponent's goods, or at

least goods associated with the opponent. The suit mark cannot, in these circumstances, function as a badge of origin.

26. Objections based on similarity with the opponent's trade marks or trade name are specifically addressed when considering opposition under sections 12(1) and 20(1) of the Ordinance. *Kerly's Law of Trade Marks and Trade Names* (12th edition) states at footnote 2 to Chapter 10-01 (page 143) :

“Strictly, a mark that offends against section [12(1)] or section [20] cannot be distinctive; but it is convenient to treat separately the objections under these sections and under section 9 or section 10”.

This statement was applied in *NUCLEUS Trade Mark* [1998] RPC 233 with the further explanation that because section [22] permits identical marks in the ownership of different proprietors to be registered, the essential or inherent qualities of the mark and the proprietorship issues should be kept apart.

27. It has accordingly been the practice of the Registrar to determine opposition under sections 2, 9 and 10 without reference to the opponent's marks or trade name. Thus in *La Francaise D'Horlogerie v Krementz & Co* [1993] AIPR 512 at 522, Mr H.R. Faux for the Registrar stated :

“This inherent distinctiveness is in no way affected by use of the opponent's mark ...”

See also 科潔 (“Fo Kit”) unreported decision of Miss Fung Shuk Hing for the Registrar dated 3 September 1999 at para 113.

28. Mr Stewart raises no points under sections 2, 9 or 10 other than the deceptive similarity of the suit mark to the opponent's marks and trade name, so I need say no more other than to find that in my view the suit mark is a trade mark by definition and one that qualifies for registration in Part A of the Register.

Under section 23(1) of the Ordinance

29. Mr Stewart, properly, did not advance the opposition under this ground which in my view was not, on the facts, open to him. Section 23(1) is available where the opponent has an earlier registered mark in a country from which the goods originate which is identical or similar to the suit mark in respect of the same goods or the same description of goods (and services). Subsection (3)(b) provides that the opponent must undertake to apply for registration of its mark in Hong Kong within three months of the giving of its notice of opposition. This requirement convinces me that when the opponent's mark is already registered in Hong Kong (as here), section 23 has no application and that section 20 is the appropriate section to ground the opposition. This has been the approach consistently taken by the Registry – see *Brio Trade Mark* (unreported decision of Mr Fox for the Registrar dated 24 March 1992) para 157 and *La Francaise D' Horlogerie* (supra) at page 522.

Decision of the Supreme Court of Thailand

30. The opponent exhibited a decision of the Supreme Court of Thailand in which, according to the Monitz SD, this opponent successfully opposed an application in Thailand to register a “Macy's and device” mark. The text of the decision has not been translated, and no evidence is before me that the trade mark law of Thailand is sufficiently similar to that of Hong Kong and similarly applied for me to have regard to the decision as persuasive authority. Mr Stewart properly takes the matter no further.

Decision of the High Court of Singapore and proprietorship

31. Also exhibited to the Monitz SD is a decision of the High Court of Singapore dated 27 June 1991. In that decision, this opponent applied successfully to expunge a “Macy's & device” mark registered in respect of articles of underclothing for ladies and night dresses included in Class 25. In that decision, as here, the opponent had set up a branch office to source products from local manufacturers for the USA stores some years before the applicant there had secured registration of the mark in suit. The opponent filed evidence, similar to that before me, of its extensive USA sales volume and promotional expenditure. Orders placed with Singaporean suppliers in the year preceding the application were in excess of US\$14 million (increasing thereafter). Mr Stewart submitted that, though not binding upon me, the decision should have persuasive authority.

32. Mr Shipp, correctly in my view, submitted that the decision was distinguishable. Firstly, no adequate explanation had been advanced by the respondent as to why it had adopted the name “Macy’s”, from which the court inferred that they were attempting to take advantage of the applicant for removal’s reputation (pages 133-134 of the bundle). No such finding could be made here as the applicant had offered an explanation and that explanation had been unchallenged in the evidence.

33. Secondly, the goods covered by the registration in Singapore were very similar to the goods that the applicant for removal was purchasing from Singaporean suppliers. The applicant for removal had four years’ prior use of the trade name “Macy’s” in respect of the same goods, increasing the likelihood of deception and confusion. Here, there is no evidence before me that the opponent had sourced any chocolate or candy products from any supplier in Hong Kong and thus the likelihood of deception or confusion was markedly less.

34. Thirdly, the decision amounted to a policy decision in that, if the mark remained on the Register, the applicant for removal would no longer be able to apply its mark to clothing sourced in Singapore without risking infringement proceedings. No such risk of infringement would apply here because of the dissimilarity of the respective goods.

35. Fourthly, the primary finding of the Singapore High Court was that the applicant for removal was the true proprietor of the mark in Singapore in common law having been the first to use it there. Such a finding would not be available to me as I am bound by the decision in *Re Wowi* (supra). The decision is authority for the proposition that an applicant for rectification must show that his earlier mark is virtually identical to the registered mark and has been used in respect of identical goods. Those requirements are completely absent in the suit mark as applied to the specified goods, thus no claim could be made for proprietorship of the suit mark in Hong Kong by the opponent.

36. I should also mention that the opponent has not pleaded that it is the true proprietor pursuant to section 13(1) of the Ordinance, a claim which in the light of *Re Wowi*, would clearly not have been available to it. I find the Singaporean authority does not assist me.

37. I turn now to the traditional grounds of opposition.

Opposition under section 12(1) of the Ordinance

38. Section 12(1) of the Ordinance provides :

“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.”

39. As I understand the opponent’s evidence, more reliance is placed, in its opposition based on section 12(1), upon confusion with its trading name “Macy’s” than upon confusion with the actual marks registered by it in Hong Kong. *Kerly* (supra) states in para 10-03 that :

“Section [12(1)] extends ...to cases where the confusion is not with an opponent’s mark but merely his name.”

relying on passages in the Court of Appeal judgment of Winn L.J. and Cross L.J. in *GE Trade Mark* [1970] RPC 339. I accept that section 12(1) of the Ordinance extends to deception in the minds of the purchasing public however caused.

40. Section 12(1) of the Ordinance does not specify, that as a threshold question, the reputation of the opponent’s marks or trade name in Hong Kong must be established before the possibility of deception can be considered. This is a judicial gloss, but one that has been so widely applied that its application can no longer be said to be in doubt. Both Mr Stewart and Mr Shipp accept that this is the applicable law so I need say no more about the provenance of the proposition.

41. The date at which this reputation in its mark or trade name is to be established is the date of the application to register the suit mark, viz. 10 December 1993 – see *NOVA Trade Mark* [1968] RPC 357 at 360. If the opponent discharges this burden, the onus shifts to the applicant to satisfy the tribunal that there is no reasonable likelihood of deception arising among a substantial number of persons if the mark proceeds to registration – *Eno v Dunn* (1890) 15 App Cas 252 at 261.

42. Mr Shipp says that the opponent has established insufficient reputation to mount a challenge under section 12(1) of the Ordinance. Mr Stewart takes the opposing view and refers me to the Mak SD as direct evidence of Hong Kong reputation and the Monitz SD as evidence of overseas reputation that has spilled over into Hong Kong.

43. I shall deal firstly with the Mak SD. There has been no challenge to the assertion that a branch office of the opponent was established in Hong Kong on 12 August 1959. As the purchase order dated 23 October 1995, (exhibit “B”) is under the letterhead of R.H. Macy & Co., Inc., I find, as a fact, that up to and beyond the application date (10 December 1993) the opponent used, as a component of its trading name in Hong Kong, the surname “Macy”. It is a common human trait to abbreviate cumbersome trading names to the familiar possessive form. I have no reason to doubt that the Hong Kong suppliers of products to the opponent would also display that characteristic and refer to the orders as having come from “Macy’s” rather than from R.H. Macy & Co. Inc.

44. The Mak SD continues by stating that Macy’s Hong Kong office places orders with Hong Kong manufacturers and suppliers for the manufacture and supply of a wide variety of products. The products listed (not exhaustively) are mainly items of apparel and accessories. A list of the top 15 suppliers, by dollar value, is annexed as exhibit “A”. The list confirms the emphasis on garment manufacturers. The figures for purchases made are large though decreasing :

<u>Year</u>	<u>US Dollar Amount</u>
1989	173,247,000
1990	153,507,000
1991	113,445,090
1992	96,699,733

45. The dollar value of the purchases made from each of the top 15 suppliers appears in the left column of exhibit “A”. It is thus possible to calculate that the top 15 suppliers accounted for over 60% of the total purchasers with sales of approximately US\$65 million in 1992. It is also possible to deduce that, as the 16th supplier and downwards supplied goods to a value less than the 15th supplier on the list, the number of suppliers which would make up the remaining percentage of sales would be correspondingly greater, though I will not speculate as to the approximate number. Though mindful that there is no

independent corroboration of the sales figures and lists of suppliers, I am unable to accept Mr Shipp's submission that the opponent's Macy's trade name is known to "at most 15 companies in Hong Kong". Placing orders with Hong Kong manufacturers and suppliers for a sum exceeding US\$96 million in the year preceding the application date is not *de minimus* trading – see *Da Vinci Trade Mark* [1980] RPC 237 and far exceeds the sales volumes regarded as insufficient in *Re Wowi* (supra) to mount an opposition.

46. Mr Shipp also refers to the fact that the suppliers concerned are in the field of pots and pans and garments which are not manufactured in or shipped through Hong Kong. I accept that the only purchasing order proved, viz : exhibit "B", shows the country of origin of the pots and pans as Thailand. The addresses shown, however, for the 15 top suppliers, with one exception, are Hong Kong addresses. I can accept that the purchase orders are placed in Hong Kong, irrespective of where the ultimate manufacturing is conducted. To these people at least, the name Macy's must be a familiar one.

47. Mr Shipp submits that the only reputation the opponent could have is as a department store. It seems to be settled law in Hong Kong that the reputation of the opponent, for the purposes of the threshold test, is not confined to a reputation in the same or closely allied goods. I find support for that view in *Tiffany Lunettes Srl's Appln* (unreported decision dated 17 December 1999) where, after reviewing the authorities, Mrs T.H. Grant, for the Registrar of Trade Marks concluded (para 33) :

"The fact that reputation is not in respect of the particular goods is a factor to be taken into account in assessing confusion, not a precondition for opposing the registration of the mark under section 12."

48. I respectfully adopt that conclusion and find that, based on Hong Kong purchases exceeding \$96 million placed under R.H. Macy & Co., Inc., which would be synonymous among the suppliers with the trade name "Macy's", the opponent has established a sufficient reputation in Hong Kong to mount an opposition under the first leg of section 12(1) of the Ordinance without recourse to any overseas reputation that may have spilled over into Hong Kong.

49. The onus now shifts to the applicant to satisfy me that, having regard to the reputation or awareness of the opponent's trade marks or trade name Macy's in Hong Kong, use of the suit mark in a normal and fair manner upon chocolate and candies would not be

likely to deceive or cause confusion to a substantial number of purchasers of the goods upon which the respective trade marks (or trade name) are used.

50. Mr Shipp submitted that the assessment of the likelihood of deception is based on actual user under section 12 and that as the opponent has not used its registered marks in Hong Kong, there can be no likelihood of deception.

51. I accept that there is no evidence of use of the applicant's registered trade marks in Hong Kong but I am unable to accept that the opponent has not used its trade name Macy's in Hong Kong. I do not therefore have to embark on an examination on whether the authority Mr Shipp relies upon, namely *MACY'S Trade Mark* [1989] RPC 546, is good law in Hong Kong. As I have already found, the orders placed with Hong Kong manufacturers and suppliers were, as Ms Mak deposes in paragraph 6 of her statutory declaration, "under the Macy's name". On the authority of *Hong Kong Caterers Ltd v Maxim's Ltd* [1983] HKLR 287 at 291 reputation associated in trade or business with a name is recognised in law for trade mark purposes whether such reputation is based on what in Hong Kong law would be regarded as trade mark user or not. There is therefore "use" in Hong Kong. That however does not amount to a finding that deception or confusion would necessary follow if the applicant were to use the suit mark fairly in respect of chocolate and candies.

52. There is nothing in the Mak SD which would suggest that any of the Hong Kong manufacturers or suppliers familiar with the Macy's name were manufacturers or suppliers of confectionery. It is common ground that the Macy's department stores do not operate outside of the USA and have no retail presence in Hong Kong. The applicant does not apply the suit mark to apparel or general department store merchandise. Deception or confusion in respect of the specified goods could therefore only arise if there was evidence that the opponent was known, in Hong Kong, for the excellence of its chocolate and candies, or so well known generally, that someone, upon seeing the suit mark applied to chocolate and candies, would believe they were the opponent's goods, or were in some way associated with the opponent or have cause to wonder whether it might not be the case that the applicant's products came from the opponent. To put it another way, the opponent relies wholly on the "spill-over" of its overseas reputation into Hong Kong as the foundation for its claim that deception or confusion with its marks or trade name will likely arise if the applicant uses the suit mark upon chocolate and candies.

53. The Monitz SD says very little about confectionery beyond asserting that

confectionery was one of the products sold in its department stores. It does not say whether such goods are sold by reference to any registered trade mark or trade name or only by reference to the marks of others, such as boxed chocolates bearing well-known third party marks. No claim is made that Macy's are known for the excellence of its chocolate, candies or confectionery. No breakdown is provided of the sales volume relating to chocolate, candies and confectionery to establish the popularity of these items. There is no evidence of any promotional effort that may have been made to associate the Macy's name or mark with these goods. There is no evidence that the radio or television promotion has reached the ears or eyes of a Hong Kong audience, or even that the advertisement placed in magazines having a wide international circulation have appeared in the editions of the magazines that are sold in Hong Kong. There is no suggestion that Macy's has a large established mail order business with Hong Kong customers. There is no evidence that any of the opponent's catalogues have been distributed here. The Monitz SD does not depose to the fact that goods may be purchased through the opponent's website (assuming it was operating by December 1993) let alone that there were substantial sales to persons in Hong Kong.

54. If "spill-over" is to be the basis for a claim of likely deception in Hong Kong, it is incumbent upon the opponent to demonstrate how that would occur. Mr Shipp referred briefly to the decision in *TIE RACK* (unreported decision of Mr Fox for the Registrar dated 17 May 1994) as an example of a case where the evidence cogently demonstrated how it was that Hong Kong residents would be aware of overseas reputation. On the evidence before me, and Mr Stewart fairly concedes, I can make no finding beyond the fact that confectionery is one of the "extremely wide variety" of goods that one may buy at a Macy's department store if one had, by chance visited that particular department in one of the USA stores. It is an item one would expect to find for sale in any department store and no more. There is nothing to connect the name Macy's to chocolate, candies or confectionery by reputation, least of all by ordinary purchasers of chocolate, candies and confectionery in Hong Kong.

55. By way of contrast, the applicant has demonstrated the widely held reputation it has in Hong Kong in respect of chocolate and candies. Although I was critical of the exhibits filed in DH-2 to DH-8 in that they post-dated the application date, there is ample evidence in the audited annual reports of the applicant (DH-10) to corroborate the sales figures contained in the statutory declaration of David Ho. Sales in excess of \$17 million in Hong Kong in 1992 of goods bearing the suit mark must make the suit mark well known in Hong Kong. In *Maxim's (supra)*, Hunter J. was not prepared to dissent from the conclusion of the Hearing Officer that, although there was a body of persons in Hong Kong who were aware of the opponent's reputation, they were not sufficiently numerous by comparison with

the larger number of customers of the applicant's bakery shops to refuse registration under section 12(1) of the Ordinance. Likewise I find that, although there must be a body of persons in Hong Kong with an awareness of the opponent's trade name as a department store in the USA, there is a far greater body of persons intimately familiar with the applicant's mark applied to chocolate and candies in Hong Kong, that there is no tangible danger of a substantial number of persons having reason to think of the opponent when they encounter the goods of the applicant and thereby be deceived or confused.

56. The second leg of the objection under section 12(1), namely disentitlement to protection in a court of justice would require evidence of the likely success of a passing-off action. The standard of proof required to establish passing-off is higher than that required to establish the likelihood of deception. As the opponent has failed to establish the latter, it surely follows that it fails to establish the former.

57. The third leg of the objection under section 12(1) namely "contrary to law" was not advanced in argument before me.

58. It follows that the applicant has defeated the opposition under section 12(1) of the Ordinance.

Opposition under section 20(1) of the Ordinance

59. At the application date, section 20(1) of the Ordinance, insofar as it relates to goods, provided :

20. Prohibition of registration of identical and resembling trade marks

(1) Except as provided by section 22, no trade mark relating to goods shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a trade mark belonging to a different proprietor and already on the register in respect of –

(a) the same goods;


- (b) the same description of goods; or
- (c) services or a description of services which are associated with those goods or goods of that description.

60. Section 2(4) of the Ordinance, which is relevant to the definition of “nearly resembles”, provides that a near resemblance of marks is a resemblance “so near as to be likely to deceive or cause confusion”.

61. The opponent has registered its mark MACY’ S CELLAR in both Classes 29 and 30. It is represented in unadorned bold capital letters of a common typeface. In respect of the Class 30 registration, the goods covered by its registration include confectionery. The opponent’ s case is advanced no further by reference to its other marks or classes so I shall consider the Class 30 registration only.

62. Unlike the enquiry under section 12(1) of the Ordinance, the question of whether the marks are so alike as to be likely to deceive or cause confusion under section 20 of the Ordinance is judged solely on the respective marks in normal and fair use on any of the goods of the respective parties. How the opponent has used its mark or whether it has used it at all are irrelevant considerations, as the accepted test (*Smith Hayden & Co’ s Appln* (1946 63 RPC 97) assumes use of the mark by the opponent.

63. The test which I must apply is well-known, but is nevertheless reproduced below :

“Assuming user by the opponent of its mark MACY’ S CELLAR in a normal and fair manner for any of the goods covered by the registrations of that mark, is the tribunal 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  normally and fairly in respect of any goods covered by its proposed registration?” – *Smith Hayden* (supra) at 101.

64. In assessing whether there is no reasonable likelihood of deception or confusion arising if the applicant also uses its mark normally and fairly on chocolate and

candies, I must judge the marks not only by their look but also by their sound. I must consider the goods to which they are to be applied, the nature and kind of customer who would be likely to buy those goods, and any other relevant circumstances. The test is not whether, if a person is looking at the two marks side by side there would be a possibility of confusion, rather, whether the person who sees the suit mark in the absence of the other, and in view of his general recollection of what the nature of the other mark was, would be likely to be confused.

65. The onus is upon the applicant to show that, on the balance of probabilities, there is no likelihood of a substantial number of persons being so confused, assuming, as I must, that the opponent's mark had been used upon confectionery. I have no discretion. If I am in doubt, I must, subject to section 22, refuse registration.

66. Mr Shipp has fairly conceded that chocolate and candies are the same goods or the same description of goods as confectionery. He also accepts the consequences that flow from that concession, namely that the customers for both sets of goods are the same and that the respective goods would be sold through the same trade channels.

67. I turn to the look of the marks. Mr Shipp points out, correctly, that the suit mark is a composite mark and that with such marks, it is the "idea of the mark" that is to be considered. He cites *Kerly* (supra) at 17-08 as authority for that proposition. Mr Shipp submits the idea of the suit mark is that of a matronly figure. He referred me to the evidence of Mr Ho to the effect that the device element of the suit mark had been commissioned by the applicant from a commercial artist and was deliberately chosen to promote an old fashioned, traditional and nostalgic image for the applicant's goods. That fact that "Macy" is the surname of the founder of the opponent is not disputed by Mr Shipp but the idea left by the opponent's mark, he submits, is that of his cellar, a dark and damp place suitable for the storage of wine. The marks, conveying as they do, totally different ideas are quite dissimilar.

68. I shall return to this in a moment, but must first deal with the submission by Mr Stewart that, as Mr Ho does not state who "deliberately chose" the matronly figure, the evidence is opinion evidence, or incomplete evidence which should be disregarded.

69. I agree that the evidence is far from satisfactory but it is also clear that if there is no evidence establishing how the mark is known to the public (such evidence had been

adduced for example in *De Cordova v Vick* (1951) 68 RPC 103 to show that in Jamaica the words “Vicks” and “Vapo Rub” were synonymous with the plaintiff’s salve), I am justified, on inspection of the mark alone, to reach a conclusion as to what its distinguishing feature is – see *Saville Perfumery v June Perfect* (1941) 58 RPC 147 at 174 at line 41. I propose to take that course.

70. I would agree with Mr Shipp entirely if the suit mark comprised only the device of the matronly figure (for convenience I shall henceforth refer to this as the “cameo device”). But that is not the case. The word “Macy’s” in script appears prominently below the cameo device on a slight diagonal being higher at the tail. It is trite to say that words speak louder than devices, a proposition which may be tested by asking, by what means would the public refer to the applicant’s goods? To my mind they would undoubtedly be referred to as “Macy’s chocolates” (rather than “matronly chocolates”). Indeed examples of such use are to be found in the applicant’s own evidence at pages 293 and 298. The applicant’s retail outlet is named “Les chocolats de Macy” with no cameo device that is readily apparent from the photograph at page 235 of the bundle. I am unable therefore to accept that the essential feature of the suit mark is that of a matronly figure invoking an old fashioned nostalgic image. I find the essential feature of the suit mark to be the word “Macy’s”, but, aided by the cameo device, “Macy’s” in the sense of a female christian name.

71. Mr Shipp submits that the leading characteristic of the opponent’s mark is the word “CELLAR”. Again I am unable to agree. My first impression upon seeing or hearing the phrase MACY’S CELLAR is that “cellar” is a descriptive term for a general location, whereas MACY’S makes the location specific. This impression can be tested by taking a few examples : Betty’s Kitchen, Robert’s Workshop and Harrod’s Foodhall. Whilst kitchen, workshop or foodhall can apply to any location having the facilities associated with such a place, the identification of the person or entity related to the location makes the location unique. In my view therefore “MACY’S” is the distinguishing feature of the opponent’s mark. Furthermore, I am unable to find sufficient flavour from the word “CELLAR” to dispel the normal signification of “Macy” as a female christian name albeit that the spelling Maisie is perhaps more common. Seen in this light, the “idea” of the respective marks or their essential or distinguishing features are identical.

72. Fair use would entitle the use by the applicant of block capitals and the use by the opponent of script. No distinction can therefore be made on the basis of the representations of the competing words. Aurally MACY’S in both marks is the same. No

other surrounding circumstances relevant to my enquiry were brought to my attention.

73. My finding accordingly is : taking into consideration that the goods are the same, the customers are the same and the trade channels are the same, the applicant has not satisfied me that, assuming notional use by the opponent of “MACY’ S CELLAR” upon confectionery, a substantial number of persons, upon seeing or hearing for the first time MACY’ S applied to chocolate or candies, would not be confused or be caused to wonder whether, by reason of their imperfect recollection, the goods of the applicant are not those of the opponent or somehow connected with it. Section 20(1) however is subject to section 22 of the Ordinance.

Application of section 22 of the Ordinance

74. At the application date section 22 provided :

22. Concurrent use

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 by more than one proprietor, in respect of –

- (a) the same goods or services;
- (b) the same description of goods or services; or
- (c) goods and services or descriptions of goods and services which are associated with each other,

of trade marks that are identical or nearly resemble each other, 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.

75. The principal matters to be taken into consideration in considering section 22

are conveniently summarised in *Re Borsalini Trade Mark* (supra) at p. 593. They are :

- (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;
- (3) Whether any instances of confusion have in fact been proved;
- (4) The honesty of the concurrent use; and
- (5) The relative inconvenience which would ensue.

76. In *Bali Trade Mark (No. 2)* [1978] FSR 193 the “honesty” of the concurrent use was said to be a prerequisite to the application of the section.

77. The attack upon the honesty of the applicant’s use of the word “Macy’s” may be found in paragraph 29 of the Monitz SD :

“I have not been advised by the Applicant of any explanation or reasons for its decision to adopt the ‘MACY’ S’ name for its products. A reasonable person would have realised that there was a real risk of infringement of MACY’ S trade marks if such a name as the opposed Trade Mark was adopted and such a reasonable person would have at least considered whether a trade mark was being infringed at the time of choosing the product name.”

78. There is no direct allegation of copying made, though an indirect reference could have been intended when paragraphs 24(d) and (e) are read together

24. (d) Following the Thunderbird case (131 CLR 592), the High Court said that it must discourage any attempt by a trader to appropriate the foreign mark of another trader and would seize upon a very small amount of use of the foreign mark to entitle

the other trader to relief. The High Court also upheld the proposition that even the knowledge acquired by a single importer was sufficient to give distinctiveness to a mark.

- (e) The facts in the Singapore case are similar to the present scenario in Hong Kong and the identical result should follow.

79. Before turning to the applicant's evidence, I made the observation that the motivation for copying a famous foreign mark is, generally, to unjustly profit from goodwill that is associated with the foreign mark. For the reasons set out in paragraph 53 hereof, I am not satisfied that the opponent's reputation had spilt over to Hong Kong to the extent that the applicant might, in the field of chocolate and candies, derive unjust enrichment by aligning its trading name and trade mark with that of the opponent. The copying of "Macy's" therefore would be difficult to infer.

80. The applicant's explanation for how "Macy's" came to be adopted as the name for the applicant is set out in full in Mr Chan's statutory declaration as follows :

"2. I helped to establish the Applicant in 1985. At that time, I chose the Applicant's name and created the trade mark "MACY'S" ("the Trade Mark") after my then girlfriend, 范美詩. The name Macy is the English transliteration of the last two characters of her Chinese name 范美詩 ("fan, mei, see", translated as "the surname Fan, beautiful, poem").

3. I was not aware of the existence of the Opponent or of any of its trade marks in Hong Kong at the time that I devised the Trade Mark. At the time that the Trade Mark was chosen, I was unaware of any other businesses using the word "MACY" in Hong Kong whether for Class 30 goods or otherwise."

81. In *Borsalini* (supra), Godfrey J had this to say :

"As to honest use, I accept that it must be for an applicant who is seeking registration of a mark which is identical with, or nearly resembles,

another to qualify for this privilege by proving to the satisfaction of the Registrar that his use of his mark is an honest use – he has, in my judgment, to offer a convincing explanation of his use of the mark. For myself, I propose to accept the explanation of Mr Wong as to how he came upon the mark. It was open to the appellant, in the course of the proceedings before Mr Fox, to ask for Mr Wong to attend to be cross-examined. Although this is unusual, in my judgment, a party opponent who intends to dispute the honesty of the applicant in proceedings of this sort would be well advised to do so. Except when the case is too plain for words, it cannot be right for any tribunal to decide questions of honesty or dishonesty on affidavit evidence, untested by cross-examination. If cross-examination is not sought, inferences of a deponent's dishonesty ought not to be drawn, unless irresistible.”

82. Similarly, I propose to accept the explanation of Mr Chan as to how he chose the name for the applicant's company. The explanation is sufficiently plausible that I would be unable to draw an irresistible inference of dishonesty.

83. The duration of the applicant's use was since 1985; the quantity, in 1992, of net sales of the relevant goods (sales of bread, biscuits, pastries and cakes did not commence until 1993) bearing the suit mark was HK\$17,336,475; and the area of trade was the whole of Hong Kong and exports to Japan, Australia, New Zealand, Singapore, Indonesia, Thailand, Philippines, Taiwan, China, Guam, UAE, Saudi Arabia, Yemen, Vietnam and Germany. This is more than sufficient to establish concurrent use in respect of the specified goods.

84. The degree of confusion is to be judged in relationship to the inconvenience to the public. As the only confusion would be if, at some point in future, the opponent established stores in Hong Kong or started using its mark in respect of chocolate and candies in Hong Kong, the inconvenience to the public is minimal. Despite the opponent's claim to a worldwide reputation in the name Macy's, it has not proved a single instance of confusion between the opponent's trade marks or trade name and the suit mark since use of the latter began in 1985.

85. Finally the relative inconvenience to the parties is to be weighed. At present the opponent makes no use of its trade marks. It would be highly speculative to place any weight on its future intentions in the absence of any evidence of what those might be. The applicant, on the other hand, has built up a considerable business centered upon its mark. It

had received no complaint from the opponent before March 1997 (filing date of the notice of opposition). The loss now of the applicant's goodwill would be a huge setback. It would need to change its mark, re-establish its business, re-educate the public and re-apply for its Q-mark awards.

86. I have no hesitation in exercising my discretion under section 22 in favour of registration of the suit mark.

Discretion under section 13(2)

87. Having exercised my discretion in the applicant's favour under section 22, it would be somewhat perverse to exercise it again against the applicant under section 13(2). The opponent has not established that registration of the suit mark would unfairly prejudice the legitimate business interests of the opponent (as it pleads). No fresh considerations that could affect my discretion, not already taken into account, have been raised by Mr Stewart and I accordingly decline to exercise my discretion against the applicant.

Costs

88. The applicant has sought costs. Mr Stewart said costs should follow the event and I agree. I accordingly order that the opponent pays the costs of and occasioned by these proceedings.

89. 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 1 of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4) as applied to trade mark matters, with one counsel certified, unless otherwise agreed between the parties.

(K.S. Kripas)
p. Registrar of Trade Marks
30 August 2001