

Application No. 13820/95

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 B of the Register in Class 9 by Audio Pro Aktiebolag

AND

IN THE MATTER of an opposition by United China Electronics (H.K.) Co. Ltd.

DECISION
OF

Mr. Kestutis Stasys Kripas acting for the Registrar of Trade Marks after a hearing on 4 February 2003.

Appearing : Mr Albert Xavier, counsel, instructed by Messrs Robert Wang & Co on behalf of the opponent, United China Electronics (H.K.) Co. Ltd.

: No appearance recorded by applicant, Audio Pro Aktiebolag

Background

1. These proceedings arise from an opposition by United China Electronics (Hong Kong) Co. Ltd. (“the opponent”) to an application, filed by Audio Pro Aktiebolag of Sweden (“the applicant”), for the registration of the trade mark, a representation of which appears below :



(“the suit mark”).

2. The application date, which is the date relevant to the matters in dispute between the parties, was 31 October 1995. The goods for which registration is sought in Part A of the Register of Trade Marks are “Apparatus for recording, transmission or reproduction of sound or images; stereo components, amplifiers, receivers and tuners; microphones; loudspeakers, sub woofers and cabinets for loudspeakers; all included in Class 9”. The application was accepted by the Registrar of Trade Marks subject to the condition that registration would give no right to the exclusive use of the words “audio pro”.

Pleadings and evidence filed

3. The original grounds for opposition filed by the opponent in person were extensively amended subsequent to the appointment of an agent. The amended grounds of opposition plead use by the opponent of its trade marks “PROAUDIO” and “AUDIOPRO” in Hong Kong and elsewhere on audio equipment and speakers from a date prior to the application date. The suit mark is said not to be a trade mark pursuant to section 2(1) of the Trade Marks Ordinance (“the Ordinance”); not to be inherently adapted to distinguish the applicant’s goods contrary to section 9 of the Ordinance; and consequently the applicant cannot claim to be the proprietor thereof pursuant to section 13(1) of the Ordinance. Further, use of the suit mark would be likely to deceive and would be disentitled to protection in a

court of justice contrary to section 12(1) of the Ordinance; and by reason of the prior registration by the opponent of its trade mark PROAUDIO, registration of the suit mark would be prohibited by section 20(1) of the Ordinance. The opponent seeks its costs and the exercise of the Registrar's discretion (under section 13(2) of the Ordinance) in refusing the application.

4. The applicant in its amended counter-statement denies each of the aforesaid grounds, and requests that the opposition be dismissed with costs.

5. Both parties filed evidence : in the case of the opponent, two statutory declarations of Tan Lok with exhibits, and for the applicant, a statutory declaration of Stefan Pantzar with exhibits.

6. The matter came before me at a hearing fixed for 4 February 2003. Prior to the hearing the applicant advised that it would not attend the hearing being content to rely on the evidence filed. Mr Albert Xavier of Counsel appeared for the opponent. His written submission were supplemented by oral submissions. I shall refer to the evidence filed and the submissions made at appropriate times in this decision, but it would be convenient if I outlined the background against which the issues raised are to be determined.

Findings of fact

7. The opponent was founded in 1988 and has grown considerably since then. It first used the mark AUDIOPRO on stereo equipment and loudspeakers in January 1992. Its sales in 1993 under that mark were in the region of \$810,000 though this figure, the highest recorded prior to the application date, was not broken down between Hong Kong sales and export sales. The opponent first used its trade mark PROAUDIO in January 1995. Its worldwide sales prior to the application date were in the region of \$400,000.

8. The applicant's predecessor began using the suit mark on hi-fi equipment in Sweden in 1977. The suit mark has been registered in a number of countries. The applicant first used the suit mark in Hong Kong in April 1991, that is, before the first use in Hong Kong of either of the opponent's marks. The only sales in Hong Kong proved, however, were to one outlet evidenced by a total of four invoices. The number of items sold were few (41), the total value was 75,660 Swedish Krona, which at today's exchange rate, if I accept Mr Xavier's mathematics, amounts to some HK\$70,000. The period during which

these sales took place was between April 1991 and March 1992. There is no evidence of sales in Hong Kong for more than three years immediately prior to the application date. The explanation for this may lie in the fact that on 15 December 1993, the applicant granted Go-Gro Industries Ltd, a Hong Kong company, an exclusive worldwide licence to use the suit mark as a trade mark for audio and visual equipment. It was not until 16 October 1995 that the exclusive worldwide licence was re-assigned to the applicant, then trading under a different name.

Section 13(1) opposition – proprietorship objection

9. In its amended grounds of opposition, the opponent pleads its objection under sections 2(1) and 13(1) of the Ordinance in the following terms :

“ ...since use of the Opponent’s Mark in Hong Kong predated the application date of the Applicant’s Mark, the Applicant is not the proprietor of the mark ‘ audio pro & Device’ and is not entitled to claim to be the proprietor thereof for the purpose of seeking to register it in Hong Kong, or to assert any rights thereto in priority over the Opponent by reason of its having been filed earlier. For these reasons, the Applicant’s Mark is not a trade mark and the Applicant does not qualify as an applicant within the meaning of sections 2(1) and 13(1) of the Ordinance.”

10. Mr Xavier did not advance the opposition under section 2(1) so I need not deal with this ground here.

11. Whilst it is true that use of the opponent’s mark in Hong Kong pre-dates the application date, it can be seen from my findings of fact that the applicant was in fact the first user of “audio pro” in Hong Kong. This is significant.

The law on proprietorship

12. The law on proprietorship of a trade mark in Hong Kong was authoritatively settled in *Re Wowi & Device Trade Mark* [1998] 3HKC 221, otherwise reported as *Mila Schön Group SpA v Lam Fai Yuen* [1998] 1 HKLRD 682. For a proprietorship objection to arise at all the opponent must show that the suit mark is virtually identical to the opponent’s mark and is for identical goods.

13. In *Settef SpA v Riv-Oland Marble Co (Vic) Pty Ltd* (1987) 10 IPR 402 at 413, a case relied upon in *Re Wowi*, McGarvie J said :

“In deciding whether the marks are substantially identical I think I am entitled to compare the marks side by side.”

14. Similarly in *Shell Co of Australia Ltd v Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407 at 414 :

“[in] considering whether marks are substantially identical they should, I think, be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison.”

Are the competing marks virtually identical?

15. The opponent’ s registered mark is reproduced below :

PROAUDIO

16. For reasons that appear in paragraphs 44 - 46, I regard the goods to be identical.

17. Comparing the suit mark side by side with the opponent’ s mark as it appears on the register, the total impression is one of dissimilarity. Firstly, the words “audio” and “pro” are in the reverse order; secondly the suit mark is in lower case whilst the opponent’ s mark is in capitals; thirdly there is no device element in the opponent’ s mark whereas the suit mark features a very prominent device; and fourthly, the suit mark comprises two separate words, “audio” and “pro” whilst the opponent’ s mark is a single word PROAUDIO.

18. The opponent’ s registered mark as used is reproduced below :



19. Comparing the suit mark side by side with the opponent's registered mark as used, the total impression remains one of dissimilarity. Firstly, the words are in reverse order; secondly, the device component of the suit mark is separated from and proportionately larger than the capital "A" over which the opponent's words are superimposed; thirdly, the suit mark is entirely in lower case and in a straight line whilst the opponent's registered mark in use capitalises the leading letter of both words which run diagonally upwards from left to right; and fourthly, the opponent's registered mark, as used, has the capital "A" device in red and often with the words in two shades of grey whilst the suit mark is presented in black and white only. Examples have also been produced where the "A" is in blue, the whole of the mark is in gold outline or the whole of the mark is in black, but these combinations are less commonly used in the examples exhibited.

20. In a schedule to its amended grounds of opposition the opponent reproduced its AUDIOPRO marks as follows :

AUDIOPRO



21. In the evidence filed, the first version appears only in the text of invoices and no use is shown of the second version. Instead the following version is exhibited :



The stylised “A” is coloured red.

22. Taking firstly the opponent’s mark in the form AUDIOPRO, the differences are firstly, there is no device element in the opponent’s unregistered mark whereas the suit mark has a prominent device; secondly, the opponent’s mark is all in capitals whilst the suit mark is all in lower case; and thirdly, the suit mark comprises two words not one. The total impression is that the marks are not the same mark or virtually identical.

23. The differences between the suit mark and the opponent’s second version are similar to the differences described earlier in paragraph 19 in relation to the Pro Audio mark.

24. There is however a more compelling reason to reject the proprietorship objection based on the version of the opponent’s mark where “Audio Pro” overprints a stylised “A” and the version which is exhibited in “TL-5”.

25. The suit mark is a used mark. Under common law principles, in the case of a used mark, the owner or proprietor is he who first uses it in relation to goods for the purpose of identifying that trader’s goods from those of other traders – see *AL BASSAM Trade Mark* [1995] RPC 511 at 522.

26. Stefan Pantzar, in his statutory declaration states that hi-fi equipment bearing the suit mark was first promoted, marketed and sold in Sweden in 1977 and introduced globally in 1978. The mark had been registered in Switzerland, Germany, Great Britain, United States, Benelux, Sweden, Italy and Canada by 1993. As early as April 1991, audio and visual equipment bearing the suit mark was exported to and sold in Hong Kong. These facts are supported by evidence. The opponent’s mark AUDIOPRO was first used in Hong Kong in January 1992. Under common law principles of first user therefore, the applicant is the proprietor of the trade mark “audio pro” and thus of the suit mark.

Was the use made of the applicant's mark sufficient?

27. In a different context, namely when making submissions in support of the section 12(1) opposition, Mr Xavier said the use made of the suit mark in Hong Kong was so insignificant – 47 (though I count only 41) units since 1991 – that this was tantamount to no use at all.

28. I believe it is necessary to consider that point in the context of the proprietorship opposition and to determine also whether the mark has not been abandoned so that it may freely be used by others.

29. In *Hong Kong Caterers Ltd v Maxim's Ltd* [1983] HKLR 287, Hunter J approved a passage from *Seven Up Co v O.T. Ltd* (1947) 75 CLR 203 at 211 :

“The court frowns upon any attempt by one trader to appropriate the mark of another trader although that trader is a foreign trader and the mark has only been used by him in a foreign country. It therefore seized upon a very small amount of use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia. It is not then a mark which another trader is entitled to apply to register under the Trade Marks Act because it is not his property but the property of a foreign trader.”

30. In *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (1984) 156 CLR 414 at 432-433 the judge said that :

“The requisite use [of the foreign mark in Australia] need not be sufficient to establish a local reputation.”

31. In *Blackadder v Good Roads Machinery Co. Inc.* (1926) 38 CLR 332 the goods of the foreign company had been imported under the trade mark but the mark had then been obliterated by the importer prior to distribution. In *Re Registered Trade Mark “Yanx”*; *Ex parte Amalgamated Tobacco Corp. Ltd.* (1951) 82 CLR 199 the goods had been ordered and dispatched but had not yet arrived in Australia and in *“Thunderbird” Trade Mark* (1974) 48 ALJR 456 the applicant had sold the respondent only one sample of its product (a boat) to be used for mould-making purposes. In all three cases the court ordered expungement of the

conflicting registration notwithstanding that the foreign mark had not acquired a market reputation in Australia.

32. On the strength of these authorities I find that the limited amount of use of the suit mark in Hong Kong is sufficient to support the applicant's claim to proprietorship of the suit mark.

Had the applicant abandoned its mark?

33. The abandonment point is a little more difficult. As I said earlier, in the period between 15 December 1993 and 16 October 1995, the exclusive rights to use the suit mark as a trade mark had been sold to Go-Gro Industries Ltd. That agreement, exhibited to the statutory declaration of Mr Pantzar, records that the applicant was the licensee of an affiliated company, Socon AB, also of Sweden. Under the terms of an agreement, not put in evidence, Socon AB granted the applicant the right to manufacture, use, sell and distribute products incorporating the patents secured by Socon AB and to use the Audio Pro trade mark. That licence was to terminate upon the effective date of the agreement with Go-Gro. All existing designs and tangible know-how relating to the patents, drawings, engineering calculations, market data and customer lists were sold to Go-Gro who also undertook to honour a distribution agreement the applicant had entered into with an Italian distributor.

34. It is quite clear therefore that Go-Gro was now the proprietor, in common law, of the suit mark. Surprisingly, the registrations obtained for the suit mark prior to the agreement with Go-Gro were not referred to in the agreement. There may, of course, be other documents dealing with the assignment but which were not exhibited. Certainly in the agreement of 16 October 1995 the list of existing registrations and pending applications for the suit mark are appended and referred to as part of the assets being transferred so I can safely infer that all registered trade marks and pending application were, at some date, transferred to Go-Gro.

35. The use, if any that was made of the suit mark during the Go-Gro ownership is not disclosed. In a guarded statement Mr Pantzar declared, on 19 March 2001, that :

“For the past ten years, the average worldwide annual turnover of the audio and visual equipment bearing the Applicant's Mark [the suit mark] is approximately ...”

36. The 10 years referred to includes the period the suit mark was owned by Go-Gro, implying continuous use of the trade mark by Go-Gro. The statement is, however, equally consistent with another scenario namely, when one averages out the sales made prior to the Go-Gro period and the sales made after the Go-Gro period, including the period when no sales were recorded, the average annual figures is ...

37. Ultimately, however, I do not have to decide whether or not there were sales during the Go-Gro period. For whatever the applicant's intentions regarding abandonment were in December 1993, it clearly re-asserted its rights in the suit mark by re-purchasing them and further applying to register the mark in various countries including Hong Kong immediately thereafter.

38. Further, during the Go-Gro period, Go-Gro had *locus standi* to prevent others from using the "audio pro" trade mark even though it is impossible for me to predict whether it could succeed in a passing-off action.

39. I think however that the question of whether the mark was free to be used by others must be decided as at the date the opponent first used their mark. I find that at the time the opponent first used "audio pro" on its products, that is, in January 1992, the mark was still the property of the applicant, had not been abandoned, and was not free to be adopted as the opponent's trade mark.

40. I am satisfied that the applicant is the rightful proprietor of the suit mark and accordingly the opposition under this ground is defeated.

Section 9 opposition – not inherently adapted to distinguish

41. Although pleaded as a ground of opposition, Mr Xavier did not advance this ground in either his written or oral submissions. That was the proper course as the opposition under that section was based on the similarity between the suit mark and the opponent's mark, a matter better canvassed when dealing with the oppositions based on sections 12(1) and 20(1).

Section 20(1) opposition – trade mark already on the register

42. From the words "already on the register" appearing in section 20(1), it is clear

that the opposition under this section is confined to the opponent's registered mark PROAUDIO, under No. B09439 of 1996. Section 20(1), insofar as it relates to goods, provides :

“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) ...”

43. 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”.

Same or same description of goods?

44. Are the applicant's goods the same or the same description of goods as those protected by the opponent's registration? I have no doubt that they are. The opponent's mark PROAUDIO is registered in respect of “cassette recorders, portable cassette recorders and/or players, car stereos, radios, loudspeakers, subwoofers, tweeters, all included in class 9”. The suit mark is sought to be registered in respect of “apparatus for recording, transmission or reproduction of sound or images; stereo components, amplifiers, receivers and tuners; microphones; loudspeakers, subwoofers and cabinets for loudspeakers; all included in class 9”.

45. Section 20(1) is triggered when some of the goods for which the existing mark is registered and some of the goods for which the applicant seeks to register are the same or the same description of goods. The authors of *Kerly's Law of Trade Marks and Trade Names* (12th edition) add to that principle in paragraph 10-11 :

“... a section [20(1)] objection cannot be removed merely by disclaiming from the application those goods or services specified in the earlier registration.”

46. Thus if there is an overlap of goods, which there clearly is with loudspeakers and subwoofers, the application cannot proceed for those goods in the applicant's specification which are not the same or the same description of goods as those covered by the opponent's registration. The application stands or falls on the specification of goods contained in the application.

Effect of disclaimer

47. Before turning to consider the question of near resemblance, I need to determine the precise scope of the applicant's mark. Does the fact that the words “audio pro” are disclaimed in the applicant's mark have any bearing on the comparison so that the comparison is between what is left of the suit mark i.e. the device alone, and the opponent's mark? Shortly speaking, the answer is no. In *Fountain Trade Mark* [1999] RPC 490 at 494 the Appointed Person Hobbs QC said :

“... However, the prohibition in section [20(1)] has been carried forward (with modifications) from section 6 of the Trade Mark Registration Act 1875 and it has long been recognised that it renders marks ineligible for registration on a somewhat broader basis than that upon which their use would be regarded as actionable in proceedings for infringement. This has led to the prevailing view that objections under section [20(1)] are not, in point of law, restricted to the residue that is left after disclaimers (applicable either to the mark offered for registration or the mark previously registered) have been taken into account. According to the prevailing view a disclaimed element must neither be ignored nor given less significance than it deserves when due allowance has been made for the degree to which it is non-distinctive of the relevant goods or services. On this approach to the matter, similarities attributable to nothing more than the presence of a disclaimed feature may be sufficient to sustain an objection to registration under section [20(1)] : Granada Trade Mark (1979) RPC 303. ...”

Near resemblance of marks?

48. The issues for determination appear to be : is there a near resemblance of the marks, for they are clearly not identical; and, if so, is deception or confusion likely? To answer the first question I need to consider what effect the device in the suit mark has on near resemblance, considering first impressions and imperfect recollection. For the second question, I need to consider what degree of deception or confusion is sufficient and whether that threshold is reached.

49. Mr Xavier has helpfully set out in his written submissions the accepted guidelines for determining deceptive resemblance between two marks. Before turning to these, however, I need to say something about the device that occupies a large portion of the suit mark.

The device element of the suit mark

50. Although marks should be compared as a whole, composite marks, meaning those that incorporate a device element together with words, can present a difficulty when compared to word only marks. It is trite law that words are more readily recalled than devices. A device comprising a pictorial representation of the word element may reinforce the word. The device of a scallop shell above the word “Shell” as a trade mark for the Shell Oil Company is a good example. Other devices may be more allusionary but may combine with the words to create a complementary impression. The device of a stone rampart used with the name of a life insurance company combine to create a lasting impression of security. These devices will generally be recalled as part of the trade mark. The problem arises when the device is either so lacking in eye appeal that it is immediately forgotten, or so abstract as to be incapable of mental classification and therefore, again, immediately forgotten. In my view the device element of the suit mark falls into the latter category.

51. Mr Pantzar refers to the device as a “rounded ‘a’”, an impression perhaps suggested by it being positioned immediately above the letter ‘a’ of audio. I have difficulty in seeing the device quite in that way. It seems to me that there is no natural way that the device can enter into any oral or written reference to the suit mark. It does not qualify, add to, or combine with the words “audio pro” in any way so as to produce, in speech, a concept other than “audio pro” *simpliciter*. There is no evidence at all of what the device does or might signify to the purchasing public. I have borrowed here from the language used in *GRANADA Trade Mark* [1979] RPC 303 at 310 line 40. In my view the device will not be

memorised or recalled. The suit mark in writing or in speech will be recalled as “audio pro” not “a audio pro” or “something audio pro” and I believe, realistically, it is on that basis that the comparison between the competing marks should be undertaken.

First impressions

52. It has often been accepted that the answer to the question of whether one word too nearly resembles another must nearly always depend on first impressions, for a person who is familiar with both words will neither be deceived nor confused – see *Aristoc Ltd v Rysta Ltd* (1945) 62 RPC 65, *Smith Hayden & Co Ltd's Appln* (1946) 63 RPC 97.

53. Both cases refer to aural confusion, for that was the issue before the court, but the principle is equally applicable to conceptual confusion.

54. My first impression, upon reading the papers was one of total confusion in that I was unable to recall whether the applicant's mark was “audio pro” or “pro audio”. I had to refer back a number of times to the exhibits to remember which combination the opponent had registered and which he had not registered. This stems in part from the interchangeability of the word order, the virtual identity of the conceptual nature of both variants and the fact that neither part of the marks has any distinctive quality. I shall deal with each in more detail.

55. I am unable, on first impressions, to find any meaningful difference between the terms “audio pro” and “pro audio”. On reflection the former may be more apt to describe an experienced hi-fi salesman or equipment reviewer and the latter more apt to describe equipment suited to a hi-fi professional, but consumers do not analyse marks with such acuity when they first encounter them. The word order is entirely interchangeable and nothing about the variation in word order creates a memorable conceptual distinction between the variants. The opponent itself uses both variations, interchangeably it would seem, as the evidence does not disclose any price differential between PROAUDIO and AUDIOPRO products.

56. Secondly, in the realm of hi-fi equipment, I can say from my own knowledge that ‘audio’ is so commonly used as part of the trade mark or brand name that it is almost transparent as a distinguishing element. ‘Pro’ is simply a dictionary word meaning “*Informal* short for professional” (The Collins English Dictionary). It too is common. I

refer to the internet search results annexed to Mr Pantzar's statutory declaration as "SP-11" as examples of the use of "pro-audio" as a descriptive term for higher end equipment. I appreciate the search was undertaken in December 2000 but I have no doubt in holding that the term "pro audio" had currency as a descriptive term at the application date.

57. The question whether one mark is deceptively similar to another is a question of fact to be determined by the tribunal. I find as a fact that on first impressions the suit mark nearly resembles the opponent's mark PROAUDIO.

Imperfect recollection

58. I reach the same conclusion applying the imperfect or sequential recollection test, perhaps best encapsulated in the following passage from *Sandow Ltd's Appln* (1914) 31 RPC 196 at 205 :

"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."

59. In my view the average consumer seeing the suit mark in the absence of the PROAUDIO mark and having only a general recollection of it would be liable to think that they were the same or related to the other. In so finding, the marks must be considered as nearly resembling each other. That being so, is the resemblance so near as to deceive or cause deception?

The degree of deception or confusion necessary

60. Although the answer to the question of whether there exists a likelihood of deception or confusion is one of fact for the tribunal, it is the mind of the ultimate purchaser of the respective goods that must be considered. He is expected to exercise normal care and be of average intelligence but no more.

61. The deception and confusion relevant to this enquiry need not lead to a

purchaser being ultimately deceived or buying the wrong trader's goods. In *Edward Hack's Trade Mark* (1941) 58 RPC 91 at 102 the test is put in this way :

“Without attempting an exhaustive definition of what is covered by the words “likely to cause confusion,” I may say at once that, in my view, if persons hearing of a laxative called “Black Magic” or seeing advertisements of a laxative called “Black Magic” are likely to think that such laxative was made by the Opponents, then the mark applied for is one which is likely to cause confusion within the meaning of the Section. I also think that, if such persons are likely to wonder whether or not the laxative was made by the Opponents, the mark applied for is one which is likely to cause confusion, because people's minds will be put in a state of doubt or uncertainty.”

62. Nor need the deception amount to a passing-off of the applicant's goods as those of the opponent. As Romer J. said in *Jellinek's Trade Mark* (1946) 63 RPC 59 at 78, a passage adopted by Lord Upjohn in *Bali* [1969] RPC 472 :

“It is not necessary in order to find that a mark offends against section [12(1)] to prove that there is an actual probability of deception leading to a passing-off or (I add) an infringement action. 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.”

Likelihood of deception or confusion

63. If the applicant's goods had been supermarket items, the findings above on near resemblance would have been sufficient to dispose of the enquiry as such items are usually purchased with little care. Does the evidence disclose other circumstances which may affect the likelihood of deception or confusion arising? I am mindful that Lord Parker J in *Pianotist Co's Application* (1906) 23 RPC 774 at 777 made clear that in addition to the look and the sound of the competing marks, one 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.”

64. From exhibit “SP-7” to the statutory declaration of Mr Pantzar some speakers purchased in Hong Kong have a wholesale price of 6,600 Swedish Krona, (or approximately HK\$6,230) and this was in April 1991. The cases *LANCER Trade Mark* [1987] RPC 303 and *Mitac Inc v Mita Kogyo Kabushiki Kaisha* [1993] 2 HKLR 150, which followed *LANCER*, found that with expensive items, having regard to the nature and value of the goods, and the normal manner of sale and purchase of the goods, there were good reasons to conclude they would be purchased with care, and possibly, after some investigation of the market.

65. The problem I have with this aspect of the enquiry is that neither the applicant nor the opponent has filed evidence relating to trade channels. I have not been told whether the respective goods are in direct competition with each other, whether they would be sold together in the same shops or whether the target markets are wholly dissimilar.

66. In *George Angus & Co Ltd's Appln.* to rectify the Register (1943) 60 RPC 29 at 35 the Bennett J said :

“But the difficulty which I have in this case is in seeing how the trade in which the Appellants’ goods are sold and in which the Respondent’ s goods are sold, is carried on. It seems to me to be impossible for a Court to determine whether the use of these two trade marks is likely to lead to confusion unless the Court is informed by evidence as to the way in which the goods of the Appellants and of the Respondent are sold. I do not know (and there is no evidence which informs me) as to whether goods made by the Appellants and goods made by the Respondent are in the hands of third persons with a view to being sold by those third persons to persons who want to buy them. If that is the case, of course, there is a possibility of confusion; and if orders for goods are given over the telephone it is, no doubt, possible for a mistake to be made by the person who receives the order as to whether the order has been for something called “Gaco” or something called “Stayco”.

But until you know how the trade is carried on, you are not really in a position to form any judgment upon the question of fact as to whether there is likely to be any confusion in the trade.”

67. It should not be for the tribunal, when the onus of establishing no likelihood of confusion lies with the applicant, to have to trawl through every exhibit filed to try to find evidence to support the application. The applicant should have brought to my attention, for instance, that the invoices exhibited at “TL-2” and “TL-3” of the opponent’s evidence, when totalled, match the figures for global sales of the opponent’s goods as listed in paragraph 4 of the statutory declaration of Tan Lok. In other words, the invoices exhibited comprise all sales made by the opponent. It is thus clear that the opponent’s goods have a totally different price structure. The opponent’s goods range in price from US\$1 (model UEC-80-2) to US\$35 for a 5-way Boom Box (model UEC BA 1515). The median price appears to be under US\$10. Prior to the application date there were two sales only, one to an English company, and one to a Hong Kong company, of goods packed in “pro audio gift box packing”. Whether the goods themselves were marked with the PROAUDIO mark cannot be established.

68. Even in respect of the sale to the Hong Kong company, the terms of the contract are stated to be “FOB Hong Kong”, suggesting that the goods were, in turn, to be exported. It is unnecessary for me however to make a finding on the last point and I do not do so. This is a matter which would have relevance in an opposition under section 12(1), where the opponent must first establish a reputation or cognizance of his mark amongst a substantial number of likely customers in Hong Kong of goods bearing his mark before he may avail himself of the prohibition to registration provided therein.

69. Not so with section 20(1) where the tribunal assume both marks will be used (in the words of Evershed J in *Smith Hayden* (supra)) in a “normal and fair manner”. There is in fact no requirement that the registered mark have been in use at all.

70. D.R. Shanahan in his book *Australian Law of Trade Marks and Passing-Off* (2nd edition), when discussing section 33 of the Australian Trade Marks Act 1955, a section roughly in the same terms as section 20(1), states at page 152 :

“Differences extraneous to the marks themselves, such as differences in get-up, price, quality and manner of sale or promotion, should have no relevance under s. 33, and nor should the fact that the actual products sold are

not competitive.”

71. This may seem at variance to the test of Lord Parker cited above. I think it sufficient in this case to simply turn to a passage from the House of Lords in *GE Trade Mark* [1973] RPC 297 at 320-321 :

“[The question whether the use of any matter as a trade mark would be likely to deceive or cause confusion] ...looks to the future use of the matter as a trade mark and embraces any normal and fair use which as registered proprietor the [opponent] would be entitled to make of it in the ordinary course of trade in respect of goods of the class for which it is registered. Thus, in the case of *BALI Trade Mark* [1969] RPC 472, it was held by this House that although the current use of the Bali mark sought to be expunged was upon ready-made corsets which were not in competition for the same market as tailor-made corsets for which the Berlei mark was currently used, consideration must be given to the fact that registration of the two marks in respect of the same class of goods would entitle the proprietors of each of them to use their respective marks in the future on both ready-made and tailor-made corsets which would be in competition for the same markets.”

72. It is accordingly unsafe for me to conclude, on the basis of the prices shown in the invoices for the applicant’s goods and the prices show in the invoices for the opponent’s goods that they will never enter the same trade channels and be directed at the same market.

73. That being so, the applicant comes up against a “triple identity” problem – nearly resembling marks, for the same goods, in the same market. The authorities hold that in such situations confusion is inevitable. I do not believe that, even if more than usual care would be taken in considering the purchase of the applicant’s goods, there would be no tangible risk of confusion; not in the sense that the wrong trader’s goods are ultimately purchased, but confusion in the sense of the ordinary purchaser entertaining reasonable doubt or their minds being placed in a state of doubt or uncertainty. If I entertain such doubt the mark must be refused; I have no discretion (*Eno v Dunn* (1890) 15 Appeal Cases 252 at 256).

74. As I have said earlier, the onus of demonstrating that there is no likelihood of confusion arising lies with the applicant. The applicant did not appear nor did it file written submissions. All that I have from the applicant on confusion is from Mr Pantzar.

75. Mr Pantzar opines, in paragraph 27 of his statutory declaration, that in the field of audio equipment “pro audio” and “audio pro” are general and highly descriptive terms; that the opponent should not be allowed a monopoly of the words “pro” and “audio” whether standing alone or separate or in reverse order; that when members of the public are asked to compare trade marks in the field of audio equipment involving common elements such as the words “pro” and “audio” their attention would be drawn to other distinguishing features of such trade marks and a slight difference between them would suffice for distinguishing one from the other. He relies heavily on the opponent’s marks as used, that is, superimposed over the stylised letter ‘A’.

76. I agree with the first point but that does not assist the applicant. It is too late for the second point as the opponent has registered the combination PROAUDIO.

77. As to the final point, with a section 20(1) opposition I must compare the suit mark with the opponent’s mark as registered allowing for fair and notional use. The stylized letter “A” does not appear in the mark as registered. Further, Mr Pantzar’s arguments ignore the principle that the marks are not compared side by side, but by a general impression of the marks. The human mind does not retain a photographic record of the earlier mark.

78. For the reasons stated above I have come to the conclusion that the applicant has not discharged its burden of demonstrating that there is no likelihood of deception or confusion arising among a substantial number of people if the suit mark is also entered onto the register. The opposition under section 20(1) succeeds.

79. Before going on to consider whether section 22 can assist, I need to deal with another of Mr Xavier’s submissions and the opposition under sections 12(1) and 13(2).

Relevance of local conditions

80. Mr Xavier submitted that a further consideration is that English is not the mother tongue of the majority of the local population. He referred me to *KARATE Trade Mark* (decision of Mr R.J. Perera dated 1 June 1983). There is some support for this view in *Kerly* (supra) at 17-22 :

“Marks which are readily distinguishable by Englishmen, or persons who can read English, may so resemble each other as to be calculated to

deceive foreigners whose language is not only different from English, but written in different characters and in a different manner. For them, if they are ignorant of English, the words upon a mark are only subordinate devices not readily distinguishable from other words occupying corresponding positions in any contrasted mark, and being of about the same length.”

81. *Karate* dealt with the phonetic similarity between “Carat” and “Karate” applied to similar goods. The confusion in the present case is conceptual identity and I do not think that is heightened in the case of someone unable to read or correctly pronounce the words in whatever order they are presented.

Registrar’s discretion under section 13(2)

82. The Registrar’s discretion under this section does not arise when an opposition under section 12(1) or 20(1) of the Ordinance is successful.

Opposition under section 12(1)

83. Having found that the mark offends against section 20(1) it is not necessary to consider whether the mark would deceive under section 12(1).

Sections 33 and 22 of the Ordinance

84. Section 33 provides :

“33. Saving for vested rights

(1) Nothing in this Ordinance shall entitle the proprietor or a registered user of a registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date anterior –

(a) to the use of the first mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title of

his; or

- (b) to the registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor in title of his,

whichever is the earlier, or to object (on such use being proved) to that person being put on the register for that identical or nearly resembling trade mark in respect of those goods or services under section 22.

- (2) ...”

85. Section 22 provides :

“22. Concurrent use

In case of honest concurrent use, or of other special circumstances which in the opinion of the Court or 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) ...

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.”

86. May the applicant avail itself of the provisions of these two sections of the Ordinance?

87. Mr Xavier has comprehensively submitted that it may not. Firstly, he says,

the applicant's Amended Counter-Statement has not referred to either section, nor has the applicant, in its Amended Counter-Statement relied upon or pleaded anterior use. It has not advertised the application as proceeding under section 22 and accordingly the opponent has opposed on the basis of deceptive similarity not honest concurrent use. It is not unreasonable to assume, urged Mr Xavier, that the applicant was properly advised, and having had notice of the opponent's registered mark and use from 1992 of the opponent's unregistered mark, it would have pleaded its earlier use and raised sections 22 and 33 in its Amended Counter-Statement. Mr Xavier relied on comments of the Vice Chancellor in *Club Europe Trade Mark* [2000] RPC 329 at 336, viz :

“It is the function of the pleadings to define the issues between the parties. Notices of opposition and counter statements play the part of pleadings in contested trade mark registration applications. To some extent the supporting statutory declarations may be regarded as complementing that pleading function.”

88. The learned Vice Chancellor did not say that the statutory declaration, where the fact of earlier user was first raised, could take the place of the pleadings. In any event, I agree with Mr Xavier that the earlier user was raised in the context of the proprietorship objection, not to invoke section 22.

89. Secondly, Mr Xavier said it was contrary to public policy to allow the applicant to raise issues through the “back door” leaving it to the Registrar and the opponent to guess the applicant's intentions and to deal with the issues in the absence of the applicant. It is for the applicant to discharge its onus of establishing honest concurrent use and not for the Registrar to fish out a case for the applicant from the evidence filed subsequent to the pleadings.

90. Thirdly, Mr Xavier submitted that “continuously used” in section 33 must receive a reasonable business interpretation. The use proved was *de minimis* and not commercially significant use. Furthermore, the use which commenced in April 1991 and continued until March 1992 was broken for a period of almost 3 years before the first use by the opponent of its PROAUDIO mark.

91. I agree. As the applicant has not sought to amend its pleadings by introducing reliance on sections 22 and 33 I can, I think, assume that its advisers did not believe there was sufficient evidence of continuous or concurrent use to support the pleadings.

I should not be trying to make a case which the applicant itself is not making.

Costs

92. The opponent has sought costs and there is nothing in the circumstances or conduct of this case which would warrant a departure from the general rule that the successful party is entitled to his costs. I accordingly order that the applicant pays the costs of and incidental to these proceedings.

93. 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
6 March 2003