Application No. 15754 of 1995

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 Class 14 in Part A of the Register by Hanville Company Limited

AND

IN THE MATTER of an opposition by Michel Rene Limited

DECISION
OF

Mr Kestutis Stasys Kripas acting for the Registrar of Trade Marks after a hearing on 12 June 2001.

Appearing : Ms Winnie Tam, counsel, instructed by Messrs Johnson Stokes & Master on behalf of the opponent, Michel Rene Limited

Applicant in person represented by Lau Kin Wah and Lau Lai Yee, Queenie

Ms Helena Man from Commissioner for Official Languages Agency as interpreter

Application for the Registration of "Michel Renee and Device"

1. On 13 December 1995, Hanville Company Limited a Hong Kong corporation ("the applicant") applied to register, pursuant to the provisions of the Trade Marks Ordinance ("the Ordinance"), in Part A of the Register, in Class 14, the trade mark, a representation of which appears below :

("the suit mark").

2. The goods intended to be covered by the registration were "precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments; watches, clocks, clocks with electronic calculator function; and parts and fittings for all the aforesaid goods; all included in Class 14" ("the specified goods"). The Registrar of Trade Marks ("the Registrar") accepted the suit mark for registration in Part A of the Register subject to the condition that the suit mark be associated with Trade Mark No. 07440 of 1996. The trade mark application was advertised in the Hong Kong Government Gazette on 18 October 1996.

Notice of opposition

3. On 17 December 1996 Michel Rene Limited also a Hong Kong corporation ("the opponent") filed notice of opposition to the application on a number of grounds. At the hearing on 12 June 2001, argument was advanced only in respect of the opposition based on section 12(1) of the Ordinance. The facts alleged in the notice of opposition to support this ground are that the opponent has registered the trade mark "MICHEL RENÉ" in Hong Kong in respect of "leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides, trunks and travelling bags; umbrellas, parasols and walking sticks, whips harness and saddlery" in Class 18 (TM No. 2640 of 1994); "suits, jackets, coats, dresses, skirts, shirts, blouses, sweaters, pullovers, knitwear, pants, jeans, shorts, ties, belts (for wear), boots and shoes in Class 25 (TM No. B1553 of 1986); and "articles of outer clothing for men and women; ties; all included in Class 25" (TM No. 7181

of 1994). The opponent's mark has also been registered in a number of Asian and European countries. The opponent's mark has been used on Class 18 and 25 goods in Hong Kong for a substantial period of time and gained a considerable goodwill. The suit mark so nearly resembles the opponent's marks that use would likely lead to confusion. The opponent seeks that the opposition be allowed with costs against the applicant.

The Counter-Statement

4. On 28 February 1997, the applicant filed its counter-statement. In brief, the applicant admitted its application to register the suit mark but otherwise denies each and every other fact alleged in the notice of opposition. The applicant relied upon the following :

(1) The goods which the applicant seeks to protect by registration are markedly different from the goods covered by the opponent's alleged registrations and fall into a different class under the International Classification System.

(2) The suit mark has been in long and extensive use in relation to "watches, clocks, clocks with electronic calculator function, and their parts" in Hong Kong and overseas.

(3) The applicant is not aware nor has it been informed of any instances of deception or confusion in the trade or by members of the public.

(4) The applicant relies on the Registrar's acceptance of the suit mark as an indication that the Registrar did not consider the suit mark to be likely to confuse or cause deception.

The applicant prays that the opposition be dismissed with costs against the opponent. In the alternative the applicant prays in aid honest concurrent use of the suit mark in Hong Kong and overseas since 1989.

Opponent's Evidence in Chief

5. The opponent's evidence in chief comprised a statutory declaration of Mr Raymond Leung, the Financial Controller of the opponent. Mr Leung declared that the opponent has adopted and has been continuously and extensively using the trade mark "MICHEL RENÉ" in Hong Kong and in many Asian countries since 1977 in respect of *inter alia* men's and ladies' fashion and fashion accessories, leather goods, perfumes, eyewear and costume jewellery. The opponent's first retail outlet was opened in 1977 located at Miramar Hotel Shopping Arcade. By the beginning of 1988, the opponent had nine retail outlets located widely in Hong Kong and three retail outlets in Taiwan. "Exhibit A" comprises copies of random sales invoices of the opponent dated between 1990 and 1997 bearing the name "MICHEL RENÉ". Mr Leung declared that the annual sales figures for their products in Hong Kong increased from approximately HK$13 million in 1980/81 to HK$152 million in 1994/5, the last full financial year before the application date.

6. Mr Leung continues by stating that the opponent has extensively advertised its products through news media, magazines and other promotional materials. The annual advertising expenditure of its products in Hong Kong from 1980/81 to 1994/95 ranged from HK$4,110 to HK$3,504,627. "Exhibit B" comprised sample copies of promotional catalogues of clothing collections, advertisements in local fashion magazines and newspapers bearing dates from 1989 to 1995. Also produced are 3 invoices evidencing its payment for advertisements in the year 1987. The brand "MICHEL RENÉ" appears throughout this material, at times, with the characters 馬獅龍 ("Ma Shi Lung" translated as horse, lion and dragon) in close proximity.

7. Mr Leung declared that the opponent, in order to protect the substantial reputation in its mark, has expended considerable effort and expense in applying for and obtaining registration of its mark "MICHEL RENÉ" in Hong Kong and in many countries worldwide in respect of goods within International Classes 3, 9, 14, 18 and 25. "Exhibit C" comprises a table summarising the opponent's applicants and registrations. Certified copies of TM No. 7181/94 ("MICHEL RENÉ" in bold capitals) and TM No. B1553/81 ("Michel René" within an oval border) both in Class 25 are exhibited together with a copy of the Japanese registration of the mark "MICHEL RENÉ" (in 1997 and therefore of no evidential value) in Class 14.

8. Mr Leung opines that the opponent has acquired a substantial reputation both

locally and internationally and that its mark has become distinctive of the company and its goods. I ignore paragraphs 8 and 9 which comprise submissions not evidence.

9. Mr Leung concludes with a challenge to the bona fides of the applicant. This is expressed as a belief that the applicant, in its choice of the suit mark, is seeking to take advantage of the worldwide reputation and fame established by the opponent.

The Applicant's Evidence

10. The applicant's evidence comprises a statutory declaration of Lau Lai Yee, Queenie, a Director and the General Manageress of the applicant. Ms Lau declared that the applicant created the suit mark in or around November 1989 and has since been using the suit mark to distinguish its watches, clocks, clocks with electronic calculator function and their parts. Exhibit "QL-1" comprises a specimen watch dial and a double sided one page catalogue depicting watches marked with the suit mark or simply "Michel Renee" in script. The material is undated. The suit mark was first used on products in Hong Kong and Indonesia in 1989, in Turkey in 1992, in Bahrain in 1993, in Nigeria in 1994, in Singapore and in Germany in 1995 and in Australia, Malaysia and India in 1996 and continuously thereafter.

11. Ms Lau declared that the total value of the applicant's products bearing the suit mark exported to the aforesaid countries for sale in the local markets in the period December 1989 to December 1997 amounted to approximately US$3,739,396. No figure is given for sales in Hong Kong (if any). The relevant export figures are :

Year	Amount in US$
1989 (Dec)	4,256
1990	65,000
1991	187,878
1992	296,493
1993	211,865
1994	305,785
1995	1,265,048

12. Exhibit “QL-2” comprises a large quantity of invoices, commencing from 23 December 1989 to a party in Indonesia, through to December 1995 (and beyond) which support the evidence of export sales.

13. Ms Lau declared that the applicant’s mark has been registered in France and Germany and in a number of foreign countries in International Class 14. Exhibit “QL-3” comprises photocopies of the registration in France under number 96612739 and in Germany under registration number 39629222 (without translations). In addition, it was declared that on 7 May 1992 the applicant filed an application under number 92/10965 in Hong Kong for its mark. The application was abandoned due to the citation of trade mark No. B3349/88 “Michele”. The application was re-filed for the device element alone and that matured to registration in Part A in Class 14. Exhibit “QL-4” comprises a copy of the Certificate of Registration number 7440/96 of the device element of the suit mark.

14. Ms Lau (in paragraph 7) admitted that the opponent’s mark “MICHEL RENÉ” has been extensively used in Hong Kong but only, in her belief, in relation to clothing items, shoes and leather goods. She is unaware of any use by the opponent of its marks upon watches, clocks or any other Class 14 goods.

15. Ms Lau referred to the sales of the opponent’s goods in *inter alia* Singapore and Indonesia and declared that the applicant’s goods were also sold in these two countries, however, the applicant has never received any complaints of confusion or deception from the opponent nor from anyone else. The opponent has not brought infringement or passing off action against the applicant either in those countries or in Hong Kong.

16. Ms Lau opines that, having regard to the different nature of the goods sold under the respective marks, the use and registration of the suit mark would not cause confusion in the course of trade or lead the public into believing that the opponent and the applicant’s goods are offered through the same trade channels.

17. Ms Lau challenges the bona fides of the opponent’s application on 26 November 1996 in Class 14 in respect of “precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments”. That application was filed after the advertisement of the suit mark in the Gazette. The opponent had demonstrated no intention to use or register its mark for Class 14 goods before the date of the advertisement.

18. Ms Lau concluded her declaration by praying that the Registrar would exercise his discretion to permit the registration and award costs against the opponent.

The opponent's evidence in reply

19. The opponent's evidence in reply consisted of the second statutory declaration of Raymond Leung. Evidence filed pursuant to Rule 27 of the Trade Marks Rules is to be confined to matters strictly in reply to the applicant's evidence. In paragraphs 3, 4 and 5 Mr Leung details the date of first use of the opponent's marks in Hong Kong (already in evidence), Macau, Taiwan, China (PRC) and Japan; the total value of sale in each of those countries for the appropriate years; and the amounts expended in promoting the mark in Hong Kong, Taiwan and China. I do not regard this as evidence strictly in reply but rather as additional evidence. At the time this evidence was filed the applicant was represented by solicitors who raised no objection to the evidence. At the hearing, the applicant was unrepresented. In fairness to the lay applicant I feel that I should disregard this evidence.

20. Paragraphs 6, 7 and 8 of Mr Leung's second statutory declaration are matters of submission not evidence.

21. Mr Leung continues by disputing the statement made by Ms Lau that the opponent's mark has only been used upon clothing, footwear and leather goods. He declares first use of the mark upon costume jewellery in 1984 and details the extent of sales of costume jewellery in Hong Kong as follows :

Year	Approx. annual sales
1989	393,000
1990	313,000
1991	376,000
1992	302,000
1993	76,000
1994	19,000

Exhibit 'C' comprises photocopies of four pieces of such jewellery.

22. Paragraph 12 of Mr Leung's second statutory declaration consists of additional evidence to support the challenge on lack of bona fides in the applicant's choice of the suit mark. As no explanation was given by the applicant as to how it chose the suit mark, rather, by admitting the extensive use of the opponent's mark it implied it had prior knowledge of it, I cannot accept this further evidence as being strictly in reply. I must disregard it.

Fixing of hearing

23. Neither party sought leave to adduce further evidence pursuant to Rule 28. I fixed 12 June 2001 as the date for the hearing of argument from the parties. Both parties, through their respective solicitors indicated they wished to be heard. However, on 9 May 2001, the applicant's solicitors advised the Registrar that they had ceased to act and that the applicant would appear in person. A translator was arranged through the Commissioner for Official Languages.

24. Before the commencement of the hearing, I advised Mr Lau, who had indicated that he would be the spokesperson, that he was not present as a witness and that he could not give further evidence. I informed him that the onus was upon the applicant to show that registration of the suit mark would not lead to a reasonable likelihood of deception in the market. I warned him that Ms Tam was a very experienced counsel in this field and asked whether he felt able to proceed without legal representation. Mr Lau indicated he wished to proceed.

Hearing

25. At the conclusion of the hearing I delivered my decision. I found that the opponent had established a sufficient cognizance of its trade marks and trade name to mount an opposition under section 12(1) of the Ordinance. I found that the suit mark so nearly resembled the opponent's mark and trade name as to be likely to cause deception. I found that the specified goods were goods that the public would expect a fashion house to expand into and were therefore not goods so unrelated to the opponent's goods that deception would be unlikely. I found that the applicant had not defeated the opposition. I further found that although honest concurrent use had been pleaded, that the opponent had adduced no evidence of honest use that would enable me to exercise my discretion in its favour. I awarded the opponent its costs. I confirmed my decision in writing on the same day.

26. On 14 August 2001 the applicant sought written grounds of my decision. These grounds are as follows :

Grounds of decision

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

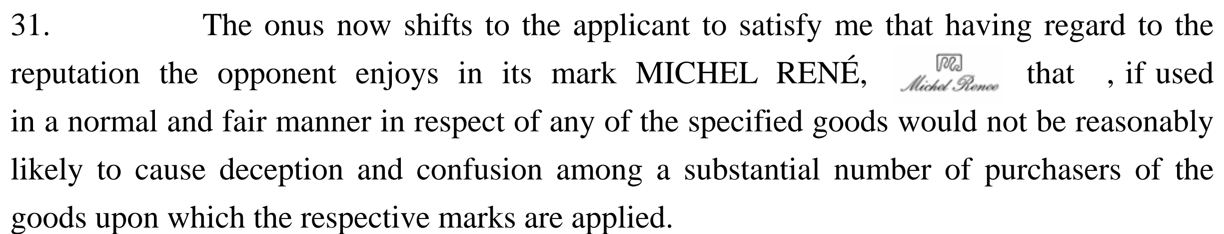
> "It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law or morality, or any scandalous design."

28. Before an opponent can mount an opposition under this section, it must first establish that its mark is known to a substantial number of persons in Hong Kong – see *Re Arthur Fairest Ltd.'s Application* (1951) 68 RPC 197 at 200. The reason for this requirement is simply that, if the mark is comparatively unknown in Hong Kong, deception or confusion is unlikely to arise. The date at which this reputation in the mark is to be established is the date of the application to register – *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 suit mark proceeds to registration – *Eno* v *Dunn* (1890) 15 App Cas 252 at 261.

29. Ms Tam submits that the opponent has discharged its initial burden, pointing to the evidence of first use of the opponent's mark in 1977 with the establishment of the first retail outlet. By 1988 the opponent was operating nine retail outlets in major shopping districts in Hong Kong under the mark MICHEL RENÉ. In addition to use in Hong Kong, there had been substantial use in countries adjacent to Hong Kong including China, Taiwan, Japan, Singapore, Thailand, Indonesia, Philippines and Macau. Sales were substantial, backed up by advertising since 1980. Ms Tam referred to the MICHEL RENÉ 1989 catalogue which lists the locations of the opponent's shops and refers to its sales offices in New York, Los Angeles, London, Paris, Milan and Singapore.

30. I agree entirely with Ms Tam that sales amounting to $152,000,000 in Hong Kong alone through, by then eight dedicated retail outlets located in prestigious shopping

complexes is ample evidence of a trading reputation in Hong Kong at the application date. Use of the mark MICHEL RENÉ has been proved in relation to men's and ladies' fashion wear, eyewear, ties, costume jewellery, leather goods and perfume. For the purpose of overcoming the threshold for mounting an opposition under section 12(1) of the Ordinance the awareness of the opponent's mark in Hong Kong need not be in respect of the precise same goods as the applicant wishes to protect. The difference in the goods may become a factor when I consider the likelihood of deception but it is not a pre-condition to mounting an opposition – see *Re Yuen Nuen Sun* [2000] HKLRD 346 at 354-356 and *Re Omega Trade Mark* [1995] 2HKC 473 at 479.

31. The onus now shifts to the applicant to satisfy me that having regard to the reputation the opponent enjoys in its mark MICHEL RENÉ,  that , if used in a normal and fair manner in respect of any of the specified goods would not be reasonably likely to cause deception and confusion among a substantial number of purchasers of the goods upon which the respective marks are applied.

32. The standard of proof required is best set out in the judgment of Lord Upjohn in *BALI* [1969] RPC 472 at p.496 :

> "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 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 cause 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."

33. Under section 12(1) of the Ordinance the likelihood of deception is not confined to deception with the opponent's registered trade marks, it can be with the opponent's trade name, although on the facts of this case, the registered trade marks and trade name are almost identical. In considering the likelihood of deception I must take into account not only the look and sound of the respective marks, but also the goods upon which they would be applied, the respective customers of the goods and all the surrounding circumstances. I have no discretion, and if I am in doubt I must refuse the application – see

Parker J. in *Pianotist Co Ltd's Appln* (1906) 23 RPC 884 at 727. I must also take into account imperfect or sequential recollection.

34. Mr Lau made a number of points during his address and I shall endeavour to draw inferences from these as counsel would have done had the applicant been represented. Ms Tam exercised considerable restraint by not taking an objection each time Mr Lau strayed into giving fresh evidence. Nevertheless, I shall disregard any such new evidence.

35. The first point made by Mr Lau was that the suit mark comprised not merely the words “Michel Renee” but also the device. The device itself is the subject of a separate registration. It was specially designed to be distinctive of the applicant’s goods.

36. Ms Tam submitted that I must not lose sight of the fact that the suit mark is to be applied to a watch face and that being so, the representation is very small and barely visible. It takes some imagination to connect the device with the words at all for in some cases they are separated, in other examples the device does not appear on the face of the watch at all, and in other examples it appears between the bezel and the strap.

37. Taking the only evidence of use I have, namely the applicant’s undated catalogue, Ms Tam’s observation is valid. Of the 12 watch styles on the back of the page, eight do not appear to feature the device at all. On the front page, two of the 12 watch styles depicted have the device on the extension between the bezel and the strap. In all these examples the device element is either missing or is so disassociated from the words “Michel Renee” that it forms no part of the composite mark. In all these examples the watch face is simply marked “Michel Renee”.

38. In the examples where the device appears at the 12 o’clock position, it is so small and indistinct that one would require a magnifying glass to discern the features of the device. On the evidence before me, the applicant has not demonstrated that the device element is, in fact, so distinctive that it sweeps away the similarity between the words alone.

39. I pause here to record that the comparison made is generally between the opponent’s mark in actual use and the applicant’s mark in any notional and fair use which it would be entitled to make in the ordinary course of trade in watches, clocks, precious metals, jewellery and clocks with an electronic calculator function. However, where, as here, there

is evidence of how the applicant has in fact used its mark, that evidence cannot be discounted – see *Kerly* (Kerly's Law of Trade Marks and Trade Names 12 edition), paragraph 10-04.

40. I have not overlooked that the specified goods are not confined to watches. Although I have no evidence of how the mark is applied to the other goods in the specification, I think I can assume that the suit mark would appear far more clearly on clock faces and on swing tags which may be attached to jewellery items. The applicant's goods may also be sold by reference to the mark as it appears in catalogues where, again I assume, it will be clearly depicted. I am accordingly obliged to test the applicant's submission against use of the mark on goods other than watches.

41. It is trite to say that words speak louder than devices, a proposition which may be tested by enquiring by what means would the applicant's goods be referred to or requested. To my mind they would undoubtedly be referred to as "Michel Renee" goods. The device is an abstract design which does not lend itself to easy recall or description. "Michel Renee" on the other hand is easily recalled and, but for the opponent's earlier rights to the name, would be regarded as distinctive.

42. I accept that the device may have been specially designed to be distinctive but in the context of the suit mark it fails in its task and in no way can it overcome the overwhelming similarity between "Michel Renee" and "MICHEL RENÉ".

43. Mr Lau's next point was that the suit mark was applied for in Class 14, whereas the opponent's goods are in Class 25. However, when Mr Lau conceded that the opponent had also applied its mark to costume jewellery (Class 14 goods), and I add, since 1984, the point falls away.

44. Mr Lau's next point was to the effect that because of the difference between the goods of interest to the applicant and the goods traded by the opponent, confusion was unlikely.

45. The first observation I wish to make on this submission is that neither party deals in highly specialised goods for which there is a limited educated customer base. They are ordinary consumer goods albeit that they are not purchased everyday. The same

customers will buy fashion clothes as would buy clocks, watches and jewellery. I have no evidence of the pricing policy of the respective parties so can draw no irresistible inference that the respective goods are aimed at totally different segments of the market.

46. Mr Lau could have drawn my attention to the evidence that the opponent's goods appear to be sold exclusively through the opponent's own stores. It would be unlikely, in those circumstances, that the opponent would display the applicant's goods or that the opponent's goods would be encountered other than in the opponent's own stores.

47. Whilst this would appear to be true at the application date, I must also take into account possible future trading strategies. I cannot discount that the opponent may, in the future, release goods bearing its mark for sale through third party outlets.

48. The same reasoning equally applies to a point which could be inferred from the applicant's evidence, namely, that it would appear that the major market for the applicant's goods is the export market. The argument would run that as the Registrar is only concerned with deception arising in Hong Kong and the applicant's goods are mainly exported, deception is unlikely. However as no restriction was imposed by the Registrar, when accepting the application, to the effect that protection was limited to goods to be exported from Hong Kong, and as no such limitation to registration was sought by the applicant, I must treat the suit mark as one which is, or is entitled to be, applied to goods for sale in Hong Kong. Lest the applicant contends, at a future time, that I should have imposed an export restriction myself and allowed registration, I record that there was no evidence, upon which I could safely rely, that distinctiveness of the suit mark had been proved in one or more countries – see *Kerly* (supra) paragraph 8-45.

49. I turn to Ms Tam's principal submission on the point of dissimilarity of goods. Ms Tam submits that it is now so common for successful fashion houses to extend the range of their goods to include fashion accessories that judicial notice can be taken of the fact. I was referred to the decision of Leonard J in *Gay Giano Trade Mark* [1996] 2 HKC 646.

50. Earlier, in *Re Omega* (supra) Deputy Judge Le Pichon (as she then was) accepted the evidence filed by the appellant (Omega SA) to show that owners of famous trade marks tend to use them for a range of products including, in particular, watches and writing instruments. Examples of famous trade marks being used both in relation to watches and writing instruments include 'ST Dupont', 'Cartier', 'Dunhill', 'Christian Dior',

‘Guy Laroche’, ‘Tiffany’, ‘Corum’, ‘Chaumet’, ‘Philippe Charriol’ and ‘Caran d’Ache’.

51. In *Gay Giano* Leonard J. after referring to *Re Omega* went one step further. At p.651 the following passage appears :

> “In the present case, Mr Shipp, who appears for the plaintiff, has submitted that the fact that owners of famous trade marks in the fashion industry apply those marks to various fashion items such as clothing, handbags, footwear and watches is notorious, so that the court may take judicial notice of it. I do take notice of it. The plaintiff claims that it has a well established trade mark in Hong Kong in connection with clothing sold in boutiques located in prominent positions in Hong Kong and it is aggrieved because the respondent intends, in its view, to take advantage of the reputation which it has built up for its trade mark by selling watches bearing the words ‘Gay Giano’.”

52. The passage appears in that part of the judgment in which Leonard J was determining whether the plaintiff was a “person aggrieved” for the purposes of section 48 of the Ordinance. However in view of his subsequent findings, to which I shall return, the judicial notice taken is equally applicable in determining the question of the likelihood of deception.

53. Because of the parallels between the facts in *Gay Giano* and the present case I feel it would be instructive to include the evidence in that case as summarised by Leonard J at 652 :

> “There is ample evidence of the applicant’s reputation. According to the affirmation of Chiu Che Chung Patrick filed on 14 November 1995, he being the manager of Gay Giano Co Ltd, the business under the name of Gay Giano Co started in about 1979 with the object of marketing ready-to-wear designer fashion in Hong Kong bearing its own label ‘Gay Giano’ and the first retail outlet under the name of Gay Giano opened in the New World Centre on 15 October 1980. It was an instant success and the business grew. By the end of March 1986 the business had five shops all named Gay Giano which were located at New World Centre (two shops), Empire Centre, the Silvercord Centre (I assume that ‘Silvercourt’ in the affirmation is a typographical error)

and Sogo, with a combined annual turnover of over $6m. The company was incorporated in 1985 with a paid-up capital of $1m in order to manage the retail business of the boutiques and to take over the partnership business. On 1 June 1986 the applicant started the Gay Giano Boutique at Parklane. In the 3½ years from 1 June 1986 its turnover was $18,649,000. With effect from 1 July 1989 all Gay Giano Boutiques were operated by the applicant.

As a result of success in Hong Kong, the Gay Giano label has been marketed in Asia, Europe and North America and has been especially successful in Japan, Taiwan, Singapore, Germany and Canada. All the boutiques are prominently marked 'Gay Giano' and the boutiques are always situated in prime shopping areas where the label is exposed to the maximum pedestrian traffic. The company produces Gay Giano fashion catalogues and anniversary gifts in order to publicise the name. There are also direct mailings to announce the opening of new boutiques, the arrival of new collections and the bi-annual sales.

The name 'Gay Giano' has been registered as a registered trade mark since 1981 in Pt A of the Register in respect of 'men's and ladies' wearing apparel.

The respondent applied to register the mark 'Gay Giano' on 9 March 1993 in Class 14 of the Register as I have said."

54. Later at page 653 :

"It is contended that any use of the mark by the respondent on goods would be likely to deceive customers into thinking that those goods originated from the applicant, the more so when most reputable fashion labels sell watches bearing their particular names. In respect of local fashion labels which sell watches bearing an 'own-brand' name, the deponent mentions Guy Laroche and Charles Jourdan. For foreign labels, he mentions Gucci, Dunhill and Chanel."

55. On these facts Leonard J was able to find :

> "I am satisfied that any use of the trade mark 'Gay Giano' by the respondent on watches in Hong Kong would cause confusion among the public who would think that the watches were connected with the applicant. Mr Shipp has rightly pointed out that s.12 has as an object of the [sic] protection of the public."

56. In an earlier decision "*bossini*" (unreported decision dated 30 December 1997) Miss Fung Shuk Hing, acting for the Registrar, accepted that the widely acknowledged practice of well established trade marks owners in the fashion word also applying their mark to watches held good even for marks used in middle to low end markets. In that case the application to register "*bossini*" for watches was successfully opposed by the clothing retailer trading under the style BOSSINI.

57. There is nothing on the facts of the present case which would enable me to come to a different conclusion to that arrived at in *Gay Giano* and *bossini*, but for the moment I shall confine myself to the dissimilarity point. I too take judicial notice of the fact that owners of fashion houses apply their mark to various fashion accessories, including watches and jewellery. The opponent has yet to do so in respect of watches but the plaintiff in *Gay Giano* had not done so either. What I am concerned with is protection of the public from deception. If, as I have found, the public would expect the opponent's mark to be applied to watches, it is inevitable that the public will think watches marked with the suit mark came from or are associated with the opponent. With that finding the applicant's submission falls away.

58. To the eye the marks are for practical purposes identical. As I said earlier, the device element is not memorable and the lack of an extra "e" in the opponent's mark would be forgotten with imperfect or sequential recollection.

59. Mr Lau says that the marks sound different. He submits that the suit mark would be pronounced "Michael Rain". There is no evidence to support this. Both marks suggest a French derivation and would, in my view, be pronounced with a French accent in exactly the same way.

60. Mr Lau's final point was that no instances of confusion had been reported to him, and (I could add), no instance of confusion has been proved by the opponent.

61. Ms Tam answers this by pointing out that the applicant's invoices shows only export sales and accordingly it is not surprising there is no evidence of confusion in Hong Kong. The only overlap between countries to which the opponent exports and the countries to which the applicant exports is Indonesia and there is no evidence of the market conditions there. Ms Tam further submits that the opponent has a long established export market and confusion may arise in export channels.

62. I do not place much weight on this submission. The onus is upon the applicant to satisfy me that there is no reasonable likelihood of confusion in Hong Kong if the mark is placed on the Register. The test accordingly looks to the present and to the future. At its highest, the evidence of lack of confusion can only relate to the past not to what may happen in the future.

63. To summarise, I find that the suit mark is very close to the opponent's registered mark TM No. 7181 of 1994 and to its trade name visually; is identical aurally; is applied to goods which the public would expect to be marketed by the opponent; and is sold to the same sort of customers through the same trade channels, if not now, then foreseeably in the future. The addition of the device element does not sufficiently distinguish the suit mark so as to render deceptive resemblance unlikely. It follows that the applicant has not satisfied me that there is no reasonable likelihood of deception arising among a substantial number of purchasers of the respective goods of the parties if the mark were to be applied to the specified goods. In these circumstances it is unlawful to permit the mark to proceed to registration. I have no discretion to allow registration of a mark which offends against section 12(1) of the Ordinance.

64. In view of this finding it is not necessary for me to go on and consider "disentitlement to protection in a court of justice", the second limb of section 12(1) of the Ordinance.

65. This does not conclude the matter as I still have to consider whether the mark could be registered pursuant to the provisions of section 22 of the Ordinance. At paragraph 8 of its counter-statement, the applicant raises honest and concurrent use.

66. It is now settled law that section 22 may be invoked not only where the suit mark offends against section 20(1), but also where it offends against section 12(1) of the Ordinance – see *Berlei (U.K.) Ltd* v *Bali Brassière Co. Inc.* [1970] RPC 469 at 476 and

CHELSEA MAN Trade Mark [1989] RPC 111 at 123.

67. The honesty of the use must however be established, on the balance of probabilities, as a pre-requisite to the exercise of my discretion under section 22 of the Ordinance – see *Bali Trade Mark (No. 2)* [1978] FSR 193 applied in *Lam Soon Marketing Services Ltd* v *Lam Mei Hing* [1994] AIPR 317. The onus is on the applicant. Honesty cannot simply be assumed – *Lam Soon Marketing* (supra).

68. The opponent has directly challenged the bona fides of the applicant's choice of the words "Michel Renee" in these terms :

> "Further, in view of the worldwide fame of my company's Trade Mark, I verily believe that the Applicant in its choice of the proposed mark is seeking to take advantage of the reputation established in my company's Trade Mark and is therefore not bona fide." (paragraph 10 of Mr Leung's first statutory declaration)

69. The applicant made no attempt to meet this challenge head on. In paragraph 7 of Madam Lau's statutory declaration she says :

> "… and admit that the opponent's mark "Michel Rene" has been extensively used in Hong Kong but, as far as I am aware, the products sold under their mark are restricted to clothing items, shoes and leather goods only. I have no idea as to the use of the opponent's said trade mark upon watches and clocks or any class 14 goods."

70. *Kerly* (supra) at paragraph 10-19 says :

> "Use in the genuine belief that the mark is not such as to cause confusion is "honest" use."

Bali (No. 2) (supra) is cited as the authority for that proposition. The footnote however concludes with :

> "but the applicant's knowledge of the opponent's mark was relevant on the issue of discretion, and registration was refused."

71. In *Bali (No. 2)* there was extensive evidence to support the assertion of honesty. The mark had been devised in the 1930s and the *BERLEI* mark of the opponent was not encountered until 1959. Here, as Ms Tam points out, there is not even an assertion of honesty and the only reference to the origins of the suit mark appear in Madam Lau's statutory declaration in paragraph 2, viz :

> "In or around November 1989, my company created a trade mark namely "Michel Renee & Device"."

72. The applicant admits knowledge of the extensive use of the opponent's mark and yet in the face of the challenge that the applicant intended to trade on the opponent's reputation, this is neither denied nor is an assertion of honesty made.

73. In *Lam Soon Marketing* (supra) Mayo J said at 324 :

> "I also accept that the burden of proof in establishing honest use is placed upon an applicant, namely the respondent in the present case.
>
> The problem which arises is that there is no evidence whatever in Madam Lam Mei Hing's statutory declaration concerning the circumstances under which the decision was originally made to use the said mark. There is nothing whatever to enable a court to conclude that the use of the mark was honest."

74. I am of the view that the applicant has failed to establish the "honesty" of the use by it of "Michel Renee" on the balance of probabilities and accordingly my discretion to allow registration under section 22 of the Ordinance does not arise.

Costs

75. 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.

76. 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
29 August 2001