

Application No. 14932 of 1996

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

AND

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

MICHEL RENÉ

in Class 14 in Part A of the Register by
Michel Rene Limited

AND

IN THE MATTER of an opposition by
Hanville Company Limited

DECISION
OF

Mr. Frederick Wong acting for the Registrar of Trade Marks after a hearing on 14 July 2006.

Appearing : Mr. Paul KN Wu, counsel, instructed by Messrs. Andrew Law & Franki Ho on
behalf of the opponent, Hanville Company Limited

No appearance was recorded by the applicant, Michel Rene Limited

1. These proceedings arise out of an application made on 26 November 1996 (“the application date”) by Michel Rene Limited (“the applicant”), a Hong Kong corporation of 20-24 Tai Yau Street, San Po Kong, Kowloon, Hong Kong, to register in Part A of the register, pursuant to the provisions of the Trade Marks Ordinance Cap 43 (the “Ordinance”), the trade mark, a representation of which appears below :

MICHEL RENÉ

(“the suit mark”).

2. The goods applied for are “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; 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. The trade mark application was advertised in the Hong Kong Government Gazette on 4 April 2002.

Pleadings

3. On 3 June 2002 Hanville Company Limited (“the opponent”), a Hong Kong corporation, filed notice of opposition to the application claiming that its trade mark “Michel Renee & device” has been in long and extensive use in relation to watches, clocks, clocks with electronic calculator function and their parts in Hong Kong and in other countries “on export trade continuously since 1989”, and has acquired substantial local and international reputation in the trade mark. The grounds of opposition have since been amended with leave to base the opposition on section 12(1) of the Ordinance, on the claim that the opponent has built a worldwide sales and distribution network in respect of watches and parts and fittings thereof under its trade mark “Michel Renee & device”. The opponent further claims that as a result of Hong Kong and worldwide sales, promotion, registrations and applications, the mark has become a famous trade mark in respect of the said goods.

4. The applicant, by an amended counter-statement filed on 14 June 2003, puts the opponent to strict proof of the claims. The applicant pleads that the suit mark, first adopted and used by the applicant in Hong Kong in or around 1977 on fashion goods, is a

well known trade mark of the applicant. The applicant avers that it is entitled to use and to register the suit mark in respect of the specified goods and that the use of the suit mark would not amount to infringement or passing-off of the opponent's mark.

Opponent's Evidence in Chief

5. The opponent's evidence in chief comprises a statutory declaration of Lau Lai Yee, a Director of the opponent. Ms Lau declares that the opponent first used the "Michel Renee & device" mark on watches, clocks, clocks with electronic calculator function and their parts in Hong Kong and Indonesia in or around December 1989 and has since used the mark to distinguish these goods in other countries as well, namely, in Turkey since 1992, in Bahrain since 1993, in Nigeria since 1994, in Singapore and Germany since 1995, in Australia, Malaysia and India since 1996, in Kuwait, Saudi Arabia, Qatar, Dubai, Abu Dhabi, Oman, Italy and Venezuela since 1998, and in Sri Lanka, Russia, Iceland and Belgium since 2000.

6. Ms Lau gives the following figures which are the value of the opponent's products bearing the "Michel Renee & device" mark, exported to the aforesaid countries for sale there in the period December 1989 to November 2003:

<u>Year</u>	<u>Amount in US\$</u>
1989 (Dec)	4,256.00
1990	65,000.00
1991	187,878.00
1992	296,493.00
1993	184,662.00
1994	305,785.00
1995	1,265,048.00
1996	1,077,775.00
1997	91,366.00
1998	143,460.60
1999	160,526.80
2000	184,989.30
2001	293,583.10
2002	244,075.96
2003	505,147.20

7. No figure is given for sales in Hong Kong (if any). Exhibit “QL-1” comprises a large number of invoices, that Ms Lau states is evidence of sales of the opponent’s products to their overseas customers, starting with an invoice dated 1 December 2003 to a customer in Italy, and ending with one dated 9 January 1990 to a customer in Indonesia.

8. Ms Lau alleges that the applicant has used the suit mark only in respect of clothing items, and says that the present application for registration was made only after the opponent had advertised in the Hong Kong Government Gazette the acceptance of its application to register its mark “Michel Renee & device” in Class 14. Ms Lau says that the applicant did not have an intention to use or register the suit mark for Class 14 goods until it became aware of the opponent’s application. I note the opponent’s application is no. 15754 of 1995, which was successfully opposed by the present applicant (the “previous opposition proceedings”). I shall refer to the previous opposition proceedings later in this decision.

9. Ms Lau declares that the opponent’s mark has been registered in France, Germany and a number of foreign countries in International Class 14. Exhibit “QL-2” comprises photocopies of what appear to be (as some are without translations) certificates of registration in France, Nigeria, South Africa, China, Germany and United Arab of Emirates in respect of the opponent’s mark “Michel Renee & device”, a representation of which is shown below:



(the “opponent’s mark”).

10. Ms Lau declares that the opponent has extensively advertised its mark through magazines, newspapers and promotional materials. Exhibit “QL-3” comprises calendars, promotional materials and catalogues in which the opponent’s mark appears. I shall go into the evidence in detail later in my decision.

11. Ms Lau concludes her declaration by alleging that the applicant in applying to register the suit mark in Class 14 is seeking to take advantage of the reputation that the

opponent's mark has established. Ms Lau asks that the present application be refused and costs be awarded to the opponent.

The Applicant's Evidence

12. The applicant's evidence comprises a statutory declaration of Mr. Raymond Leung, the Financial Controller of the applicant. Mr. Leung avers that the applicant was incorporated in Hong Kong on 10 June 1977 and has since been using the trade marks "MICHEL RENÉ", "MICHEL RENÉ (signature)", "MICHEL RENÉ & Lion device" and "馬獅龍" (pronounced "Ma Shi Lung") on products, including but not limited to "ladies' and men's clothing, clothing accessories, headgear, leather goods, handbags, wallets, perfumes, eyewear and costume jewellery" (collectively the "applicant's goods") in Hong Kong since 1977. The applicant's first retail outlet opened in 1977 at Miramar Hotel Shopping Arcade. By 1988, the applicant had, under the trade name "MICHEL RENÉ", eight retail outlets in Hong Kong and three retail outlets in Taiwan. Sales of the applicant's goods have extended to China and Japan (since 1993), Singapore and Thailand (since 1996), Indonesia, the Philippines and the United Arab Emirates.

13. Mr. Leung avers that the applicant has expended considerable effort and expense in applying for and obtaining registration of its marks, which include the suit mark, in Hong Kong and in many countries worldwide. Paragraph 5 of Mr. Leung's statutory declaration contains a table giving details of the applicant's applications and registrations in respect of goods in International Classes 3, 9, 14, 18, 25 and 43 in Hong Kong, mainland China, Macao, Taiwan, Japan, Germany, Portugal and the United Kingdom. "Exhibit B" comprises copies of registration certificates in Hong Kong, mainland China, Taiwan and the United Kingdom.

14. Mr. Leung gives the annual total sales figures for the applicant's products in Hong Kong between 1980 and 1989. Sales increased from HK\$13 million in 1980/81 to HK\$39 million in 1988/89. Mr. Leung also gives approximate annual sales figures between 1990 and 1998 in Hong Kong, mainland China, Macao, Taiwan and Japan, which show that whilst Hong Kong is unquestionably the main market for the applicant's goods, substantial annual sales of over tens of millions of Hong Kong Dollars were also recorded in mainland China, Macao and Taiwan markets from about 1994 onwards. "Exhibit C" comprises copies of random sales invoices of the applicant dated between 1990 and 1997 bearing the name "MICHEL RENÉ".

15. Mr. Leung avers that the applicant has invested considerable sums in advertising its trade marks over the years. The annual advertising expenditure of its products in Hong Kong from 1980/81 to 1989/90 ranges from HK\$4,110 to HK\$293,099. Approximate annual advertising figures between 1990 and 1998 in Hong Kong, mainland China and Taiwan show that several million Hong Kong Dollars were spent annually on advertising for the Hong Kong market since 1992 and the mainland market since 1995. “Exhibit D” comprises sample copies of promotional catalogues of clothing collections, advertisements in local entertainment magazines and newspapers bearing dates from 1988 to 1996. The mark “MICHEL RENÉ” appears throughout this material.

16. Mr. Leung avers that given the success of the applicant’s lines of clothing and clothing accessories, the applicant began to diversify its product range in or around 1984 by applying the applicant’s trade marks onto costume jewellery. The approximate sales turnover figures of the applicant’s costume jewellery sold during 1989 and 1994 are as follows:-

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

17. Mr. Leung avers that the applicant’s trade marks are applied to labels and price tags that are attached to the applicant’s goods or are printed or engraved onto the goods themselves, and the trade marks also appear on packaging materials of the goods. A large white plastic carrying bag bearing the name “MICHEL RENÉ” is exhibited as Exhibit ‘E’.

18. Mr. Leung opines that the applicant has acquired an indisputable goodwill and reputation at the application date. He denies that the applicant did not intend to use the suit mark on Class 14 goods prior to the application date, and claims that the applicant has used the trade mark in respect of costume jewellery since as early as 1984.

19. Mr. Leung refers to the previous opposition proceedings in which the opponent’s application for registration was successfully opposed by the present applicant.

Mr. Leung alleges that the opponent is committing an abuse of process in bringing the present opposition proceedings on the same or similar arguments as the applicant had employed in the previous opposition proceedings. The decision of the Registrar in the previous opposition proceedings is exhibited as Exhibit 'F' to Mr. Leung's statutory declaration.

20. Mr. Leung says it is his belief that the opponent was aware of the applicant's trade marks when it started using its own mark. The office of the opponent at 時財商業大廈 (Tsimshatsui) from 1989 to 1992 was very close to the branch offices of the applicant on the ground floors of the nearby 安樂大廈 (from 1982 to April 1989) and 文遜大廈 (from April 1989 to June 1991) where the applicant's signs "MICHEL RENÉ" were clearly shown. Exhibit 'G' comprises a location map of the opponent's office and the applicant's office back in the 1980s, and an invoice showing the opponent's address as at 1989.

21. The rest of Mr Leung's statutory declaration consists of argument not evidence, which I need not summarize here.

The opponent's evidence in reply

22. The opponent's evidence in reply under Rule 27 of the Trade Marks Rules consists of a second statutory declaration of Lau Lai Yee. In paragraphs 3, 4, 5 and 6, Ms Lau reiterates what she said in her first statutory declaration about the long and extensive use of the applicant's mark "Michel Renee & device" on watches, clocks, clocks with electronic calculator function and their parts in Hong Kong and other countries since 1989. Ms Lau's second statutory declaration includes her arguments, not evidence, against the applicant's evidence, and I need not summarize her arguments here.

Decision

23. Although the hearing on 14 July 2006 took place after the commencement of the Trade Marks Ordinance, Cap 559, by virtue of section 10(2) of Schedule 5 of Cap 559, oppositions that are pending at the commencement date, 4 April 2003, remain to be dealt with under the provisions of the repealed Trade Marks Ordinance, Cap 43.

Objection under section 12(1)

24. The present proceedings concern section 12(1) of the Ordinance: “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” etc.

25. The two limbs of objection under section 12(1), namely likelihood of deception and disentitlement to protection by the court, are disjunctive so that the likelihood of deception is an independent ground of objection (*Hong Kong Caterers Limited v Maxim's Ltd* [1983] HKLR 287 at 296). The opponent’s opposition is based on the claim that, at the date of the applicant’s application for registration, use of the mark by the applicant would be likely to deceive. I therefore need to consider only the first limb of section 12(1).

26. It is well-established that before an opponent can mount a section 12(1) opposition, it must first establish, as a threshold question, 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 date at which this cognizance or reputation is to be established is the date of the application to register the suit mark, that is, 26 November 1996 (*NOVA Trade Mark* (1968) RPC 357 at 360). The reputation in the opponent’s mark must be more than de minimis to bring section 12(1) into operation the reason being, if the opponent’s mark is unknown in Hong Kong, deception or confusion is unlikely to arise (*Da Vinci Trade Mark* (1980) RPC 237). Only if the opponent discharges this burden does the onus shift to the applicant to satisfy the tribunal that there is no reasonable likelihood of deception among a substantial number of persons if the suit mark proceeds to registration (*Eno v Dunn* (1890) 15 App Cas 252 at 261).

27. Reputation in the local market may be established through user of the mark in its widest sense including advertisements if the goods are available to be traded in Hong Kong or even if they are not, through the spill-over of foreign goodwill and reputation into Hong Kong (*Hong Kong Caterers Ltd v Maxim's Ltd* [1983] HKLR 287. See also *Sans Souci Trade Mark*, unreported decision of the acting Registrar M W Fox dated 28 May 1991).

28. Mr. Wu, the opponent’s counsel, submits that the opponent has, on its evidence, established that the opponent’s mark was used on watches, clocks, clocks with electronic calculator function and their parts (collectively the “opponent’s goods”) since 1989, and was known to a substantial number of people in Hong Kong as at the date of the application in

1996. Mr. Wu referred to Exhibit “QL-1” which comprises a large number of invoices ranging from January 1990 to December 2003 as evidence of the extensive use of the opponent’s mark. In these invoices, “Michel Renee” is mentioned as the brand name of the goods.

29. At the hearing I questioned whether there were any retail sales of the opponent’s goods to customers in Hong Kong as most of the invoices show sales of the opponent’s products wholesale to customers with overseas addresses, which indicates that the opponent’s mark has been used only in relation to goods for export. Mr. Wu submitted that the purchasers need not be the general public provided they are trading in Hong Kong, and identified the following invoices which showed buyers that have Hong Kong addresses: - 3272 (dated 30 November 2002), 3253 (dated 31 December 2002), 3244 (dated 27 November 2002) and 3220 (dated 19 October 2002). I am also able to identify some more invoices to wholesale customers with Hong Kong addresses. However, I cannot take these invoices into account because none are before the relevant date for these proceedings, namely, the application date 26 November 1996: most of them are for the years 2002 to 2003, and the earliest is for 1999.

30. All the invoices from 9 January 1990 (no.0035) to 25 November 1996 (no.H2173) appear to be in respect of wholesale transactions with overseas customers. They show that the opponent, a Hong Kong company with an address in Hong Kong, had pre-application-date use of its mark “Michel Renee” on invoices for the sale of watches to customers in Indonesia (from 1990 to 1996), Turkey (in 1992 and 1993), Bahrain (in 1993 and 1996), Nigeria (from 1994 to 1996), Bombay (in 1996), Hamburg (in 1995), Malaysia (in 1996) and Singapore (in 1995). With the exception of Bombay, it appears the opponent had only one customer in each of these places during the period, and sales to Turkey, Bahrain, Bombay, Hamburg, Malaysia and Singapore were very low.

31. I further consider Exhibit “QL-3”, which comprises a 2003 calendar, a 2004 calendar, promotional materials and catalogues, copy extracts from the “Hong Kong Watches & Clocks” between 1996 and 2004 (a journal published by the Hong Kong Trade Development Council) and copies of an advertisement and news reporting articles concerning a 2003 badminton tournament sponsored by the “Michel Renee & device” brand and others. For the present purposes I can ignore the two calendars, advertisements in “Hong Kong Watches & Clocks” which are for 1997 or after, and the materials relating to the 2003 tournament, as the relevant date for these proceedings is the application date in 1996. In the

promotional materials and catalogues, not only the opponent's mark but also photographs of watches with the opponent's mark on the watch faces can be seen. However, these materials are all undated and there is nothing that indicates where or when they were used. I note these materials are exclusively in English but I can draw no further inference from that. The advertisement in the 1996 Vol. 3 issue of "Hong Kong Watches & Clocks" is evidence of pre-application-date use of the opponent's mark in advertising in Hong Kong. The expression "Distributors & Agents Wanted" suggests the intended readers of the advertisement are persons in the trade, not retail customers. The photographs of watches in this advertisement show that the opponent's mark had been used for watches.

32. With the pre-application-date invoices and the 1996 advertisement in "Hong Kong Watches & Clocks", I find the opponent has established a reputation in the mark in the export market of Hong Kong prior to the application date sufficient at least to mount an opposition under section 12(1).

33. The onus now shifts to the applicant to satisfy me that use of the suit mark will not be reasonably likely to cause deception and confusion amongst a substantial number of persons.

34. I will first consider the similarity of the respective marks by a direct comparison of them. Visually the two marks exhibit a number of differences, although the words are very similar. The opponent's mark has a device and the words "Michel Renee" presented in stylish italic fonts. The device in the opponent's mark appears to be a stylized representation of the letters MR which tends to reinforce the idea of "Michel Renee". However, if enquiry is made of the means by which the applicant's goods and the opponent's goods would be referred to or requested, the marks are aurally similar as to my mind it sounds the same whether one calls them MICHEL RENÉ goods or Michel Renee goods.

35. The comparison made is between the opponent's mark in actual use and the applicant's mark in any notional and fair use which the applicant would be entitled to make of it in the ordinary course of trade in watches, clocks, precious metals, jewellery and clocks. As stated in *Pianotist Co Ltd's Application* (1906) 23 RPC 774 at 777, the test of likely deception or confusion is: "To gauge the possibility of confusion between the two marks, you must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. You must consider all the

surrounding circumstances. 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.”

36. The suit mark must offend if it is likely to cause confusion or deception in the minds of persons to whom it is addressed, even if actual purchasers will not ultimately be deceived or confused. Purchasers must not be put into a state of doubt. There must however be a real tangible risk of confusion.

37. The applicant denies there would be any confusion. It says it acquired a strong reputation in its own goods before the opponent began to use its mark on watches, so the public would not be confused or led into the wrong belief that the goods bearing the applicant’s mark come from the opponent. Given the long history of use of the applicant’s marks, substantial sales of its goods and the number of its retail outlets located in prestigious shopping complexes in Hong Kong by the time it made its application for registration, I have no difficulty in finding that at the relevant time, the applicant had a strong reputation in fashion goods. I also take judicial notice, as the Registrar did in the previous opposition proceedings, of the fact that owners of fashion houses apply their mark to various fashion accessories, including watches and jewellery.

38. The classic expression of the question to be decided is in *Smith Hayden & Co.’s Application* (1946) 63 RPC 97 which, if adapted to the present case, may be expressed as follows:

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

39. The reference to "substantial" is a question to be judged in relation to the market for the goods concerned. "Persons" are all those people likely to become purchasers of the goods upon which the respective marks are used (*In Re Hunters Leatherwares Ltd.* [1994] HKDCLR 55, at para. 38).

40. The opponent's evidence at best shows that the opponent's goods were sold to a few overseas traders by 1996. The likelihood of deception or confusion has to be assessed against the reputation of the opponent's mark in Hong Kong in relation to watches (see *Hong Kong Caterers Ltd v. Maxim's Ltd, supra*, at 297). The relevant class of persons for the purpose of the present proceedings should include purchasers or potential purchasers of watches in the retail market in Hong Kong, not simply export traders or wholesalers.

41. The opponent has not shown that there had been any retail sale in Hong Kong of goods bearing the opponent's mark or any advertisement directing to retail customers in Hong Kong as at the application date, hence cognizance of the opponent's mark among the general purchasing public in Hong Kong is nil. Furthermore, as I have found above, the applicant had a strong reputation in the retail market of fashion goods, which extends to watches and jewellery. Under the circumstances, it cannot be said that there exists a real risk of confusion among the general public in Hong Kong.

42. Additionally, given the opponent's low export sales to a very limited number of customers, the opponent's reputation in the export market in Hong Kong as at the application date would have been little more than *de minimis*. For the very few traders in the export market who may have come across the opponent's mark, as they are not persons who would purchase the watches by way of a casual purchase or on impulse, it is very unlikely that there is a real tangible risk of confusion among them if the applied for mark is put on the register.

43. Having considered all the relevant circumstances, I conclude that the opponent fails in its opposition under section 12(1).

44. However, this does not conclude the matter, for a discretion arises under section 13(2) of the Ordinance when a mark is accepted for registration under section 9 or 10 and any opposition to its registration has been defeated. Although the opponent has not expressly pleaded the application of the discretion under section 13(2), in view of the applicant's strong contention that the applicant does not have a genuine intention to use the suit mark on Class 14 goods, at least in relation to watches and clocks, and simply wants to take advantage of the reputation which the opponent has established in relation to the opponent's mark, for the sake of completeness, I shall consider whether there is a case for the exercise of my discretion to refuse registration.

Discretion under section 13(2) of the Ordinance

45. I am mindful that my discretion is to be exercised upon judicial principles on reasonable grounds, with regard to all the circumstances of the case. If no proper reason can be advanced why registration should be refused for a qualifying mark, the exercise of discretion should not be adverse to the applicant. However, I would be justified in exercising my discretion against the applicant where it is shown that its conduct has been such that it is reasonable to infer it may seek to secure some improper advantage by registering the suit mark.

46. The contention that the applicant lacks an intention to use the suit mark on watches and clocks could not of itself be a reason to justify refusal of registration. The fact that a mark has not been used on certain goods prior to application for registration, cannot be taken to imply lack of intention to use the mark on those goods after registration has been obtained.

47. Moreover, Mr. Leung on behalf of the applicant has confirmed at paragraph 17 of his statutory declaration that the applicant did have an intention to use the mark on the goods in Class 14 prior to the date of the present application.

48. As to the contention that the applicant is seeking to take advantage of the reputation of the opponent's mark, this does not accord with my finding that the applicant enjoys a strong reputation of the applicant's marks in fashion items including watches and would require substantiation.

49. Accordingly I do not find there is any basis for exercising my discretion against registration.

50. I should record that Mr. Wu had put forward an alternative proposal: "horological and chronometric instruments" be removed from the specification of the subject application. For the reasons given above, I do not think there is any basis for doing so.

Costs

51. The applicant 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 opponent pays the costs of and incidental to these proceedings.

52. 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.

(Frederick Wong)
p. Registrar of Trade Marks
14 September 2006