

Application No. 8411 of 1997

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

AND

IN THE MATTER of an application by Canal Jean Co. Inc. to register the mark



in Part A of the Register in Class 25

AND

IN THE MATTER of an opposition thereto by Canali S.P.A.

**DECISION
OF**

Ms. Fanny Shuk Fan Pang acting for the Registrar of Trade Marks after a hearing on 9 July 2003.

Appearing : Mr. Paul Carolan instructed by Messrs. Deacons for the applicant.

Mr. Gary Kwan instructed by Messrs. Wenping & Co. for the opponent.

Application for Registration

1. On 20 June 1997 (“the relevant date”), Canal Jean Co. Inc. (“the applicant”) applied to register, pursuant to the provisions of the Trade Marks Ordinance Cap. 43 (“the Ordinance”), in Part A of the register in Class 25, the trade mark, a representation of which appears below :



(“the suit mark”).

2. The goods intended to be covered by the registration were “men’s, women’s and children’s clothing; pants, jeans, jackets, blouses, shirts, sweaters, outer jackets, coats, tee-shirts, sweatshirts, sweatsuits; footwear” (“the specified goods”). The Registrar of Trade Marks (“the Registrar”) accepted the mark for registration in Part A of the register subject to a disclaimer of the words and letters “JEAN CO.” and the words “NEW YORK”. The application was advertised in the Government of the Hong Kong Special Administrative Region Gazette on 10 July 1998.

Pleadings and Evidence

3. On 10 September 1998, Canali S.P.A. (“the opponent”) filed notice of opposition to the application. The grounds of opposition state that the opponent has used and promoted the marks “CANALI” and “CANALI MILANO” in Hong Kong at least since 1981. The opponent also owns registrations of the “CANALI” and “CANALI MILANO” marks in Class 25 in both Hong Kong and the United States of America, its country of origin. The grounds of opposition comprise sections 12, 13, 20 and 23 of the Ordinance.

4. In the applicant’s counter-statement, save and except that the applicant’s own application for registration of the suit mark is admitted, the applicant denies each and every allegation in the notice of opposition. The applicant avers that the suit mark and the opponent’s marks are readily distinguishable.

5. The opponent's evidence consists of a statutory declaration dated 3 August 1999 from Dr. Eugenio Canali, the director of the opponent, together with exhibits ("Canali's 1st statutory declaration") and a statutory declaration dated 3 August 1999 from Andrew Wong, the buyer of the department of Menswear of Lane Crawford (Hong Kong) Limited, together with exhibits, filed pursuant to Trade Marks Rule 25; and a statutory declaration dated 10 April 2002 by the same Dr. Eugenio Canali, together with exhibits, ("Canali's 2nd statutory declaration") filed pursuant to Trade Marks Rule 27. The applicant's evidence comprises a statutory declaration dated 12 July 2002 from Ira Russack, the president of the applicant, together with exhibits ("Russack's 1st statutory declaration"), filed pursuant to Trade Marks Rule 26 and a supplemental statutory declaration dated 1 August 2001 by the same Ira Russack, together with exhibits ("Russack's 2nd statutory declaration"), filed pursuant to Trade Marks Rule 28.

Preliminary Point

6. A preliminary issue was raised by Mr. Kwan, counsel for the opponent, as to the admissibility of the two statutory declarations of Mr. Ira Russack filed on behalf of the applicant. Mr. Kwan submitted that although the body of the two statutory declarations of Ira Russack were declared in the United States of America before a notary public, the exhibits attached to the two statutory declarations were not attested by the notary public. The exhibits to the two statutory declarations are therefore inadmissible. In turn, the admissibility of the body of the statutory declarations may also be affected.

7. In reply, Mr. Carolan produced copies of two letters at the hearing. The first letter is dated 30 July 2001 from Messrs. Deacons, the applicant's agent, to one "Kramer Levin Naftalis & Frankel LLP" which was said to be the agent for the applicant in the United States of America. The relevant parts of the letter are reproduced below :

"... Although there is no clear law in Hong Kong in respect of this issue, it seems to us that if exhibits to statutory declarations are ordinarily not notarised separately from the body of the declaration in your home jurisdiction, then this should be acceptable to the Trade Marks Registrar.

We look forward to your advice in respect of this. A letter from you confirming the notarisation practice in your home jurisdiction, addressed to the Trade Marks Registrar which we can hand to the Registrar at the final hearing, would be most helpful."

8. As requested, the applicant's agent in the United States of America sent a reply letter dated 31 July 2001 and addressed to the Trade Marks Registry in Hong Kong to Messrs. Deacons. Mr. Carolan handed the letter to me at the hearing. The letter reads as follows :

"This confirms that in the United States it is customary practice before the United States Patent & Trademark Office that evidence of trademark use be submitted in one of two ways : (1) a declaration signed and sworn to by the declarant which authenticates attached documents; or (2) by submitting certified copies of the documents. Therefore, the statutory declaration dated July 12, 2001 signed and sworn to by Mr. Ira Russack follows the first U.S. procedure referenced above. We submit that the evidence filed should be considered in this opposition proceeding."

9. Mr. Carolan submitted that under the Hague Convention, documents have to be executed in accordance with the laws of the place of execution. According to the law of execution in the United States of America, the exhibits to statutory declaration do not need to be notarised separately from the body of the statutory declaration. Mr. Carolan further contended that the registry has a practice of formality checking of documents filed with the registry. If the registry considers that the statutory declarations are not admissible, the registry will write to the parties requesting them to rectify the error. Mr. Kwan submitted that one does not know what is meant by “authenticates attached documents” referred to in the United States’ agent’s letter. Therefore, it is not sure whether the exhibits to the two statutory declarations were authenticated by Mr. Ira Russack, the declarant.

10. For convenience sake, I set out the relevant statutory provisions below.

11. Section 83 of the Trade Marks Ordinance provides (in part) that “in any proceedings under this Ordinance before the Registrar, the evidence shall be given by statutory declaration in the absence of directions to the contrary ...”.

12. Rules 25 and 27 of the Trade Marks Rules confirm that any evidence that the opponent files shall be “by way of statutory declaration”.

13. Rule 106 of the Trade Marks Rules provides :

(1) The statutory declaration required by the Ordinance, and these rules, or used in any proceedings thereunder, shall be made and subscribed as follows :

(a) ...

(b) ...

(c) if made out of Her Majesty’s dominions ... before a notary public, or a judge or magistrate.

14. Rule 107 of the Trade Marks Rules provides :

“Any document purporting to have affixed, impressed or subscribed thereto or thereon the seal or signature of any person authorised by rule 106 to take a declaration in testimony that the declaration was made and subscribed before him, may be admitted by the Registrar without proof of the genuineness of the seal or signature or of the official character of the person or his authority to take the declaration.”

15. The two statutory declarations of Ira Russack were executed in the United States of America. It is clear from the wording of rule 106, confirmed by the wording of rule 107, that in these circumstances :

- (1) the declaration is to be made; and
- (2) subscribed

before a notary public.

16. It is not in dispute that the body of the two statutory declarations of Ira Russack were declared before a notary public in the United States of America. The problem is that the exhibits to the two statutory declarations were not notarised separately. Rule 125 of the Trade Marks and Service Marks Rules 1986 which govern procedure under the UK Trade Marks Act 1938 upon which the Hong Kong Trade Marks Ordinance is based, is in virtually identical language to rules 106 and 107. Paragraph 2-161 of the UK Patent Office Work Manual on the 1938 Trade Marks Act provides :

“Witnesses making declarations outside the jurisdiction and not before a British Minister or Consul sometimes adopt the format and manner of attestation of their own country. As a practical matter, the Solicitor has advised that in such cases declarations can be accepted if the Registrar is satisfied of their worth as evidence (normally if they appear to be serious statements of the witness’ evidence, of which he vouches the truth, and provided that the evidence is attested by a notary or other acceptable person) ...”

17. The witness in this case, Ira Russack, in making his statutory declarations adopted the format and manner of attestation of his own country, the United States of America. According to the letter of the agent in the United States referred to in paragraph 8 above, it is customary practice before the United States Patent and Trademark Office that evidence of trade mark use be submitted in two ways, one of which is that a declaration signed and sworn to by the declarant which authenticates attached documents. According to *Collins English Dictionary, the 3rd Edition*, “authenticate” means “1. to establish as genuine or valid. 2. to give authority or legal validity to”. In the body of the two statutory declarations of Ira Russack, the nature and contents of each exhibit is fully described. I find that the descriptions of the exhibits tally with the actual exhibits attached to the two statutory declarations. To illustrate, I quote the following examples. In paragraph 3 of the first statutory declaration of Ira Russack, Mr. Russack said “annexed hereto as Exhibit A is a true copy of applicant’s official certificate of incorporation dated October 1, 1973”. When one has a look at Exhibit A, one can find the relevant certificate of incorporation of the applicant.

18. In paragraph 6 of the first statutory declaration of Ira Russack, he said “annexed hereto as Exhibit B is a true and correct copy of the United States Registration No. 1279046 and copies of print-outs from the official website of the United States Patent and Trademark Office evidencing the U.S. registrations of the other marks”. I can find the United States registrations referred to in paragraph 6 in Exhibit B. Another example can be found in paragraph 4 of the second statutory declaration of Ira Russack. He said “I am aware that Canali S.p.A. owns federal registrations for the marks CANALI in a design format and CANALI MILANO in a design format in the United States, such marks having been registered in the U.S. since 1982 and 1984, respectively. Copies of the Official Record of these marks extracted from the computerised database of the U.S. Patent and Trademark Office are attached as Exhibit A. I certify that the records attached as Exhibit A are true unaltered and complete

copies of the U.S. Patent and Trademark Office database for the CANALI and Design and CANALI MILANO and Design marks.” Copies of the official record of the two United States trademark registrations are found in Exhibit A.

19. By reason of the aforesaid, I am satisfied that the exhibits were authenticated by Mr. Ira Russack in the body of the two statutory declarations. I have no doubt that the two statutory declarations together with the exhibits are serious statements of Mr. Russack’s evidence, of which he vouches the truth and that the declarations are attested by a notary. I accordingly rule that the two statutory declarations of Ira Russack with exhibits are admissible into evidence.

Decision

20. Even though the hearing took place after commencement of the new Trade Marks Ordinance (Cap 559) on 4 April 2003, the application is a “pending” application according to paragraph 10(1), Schedule 5 of the new Ordinance. It therefore remains to be dealt with under the provisions of Cap 43.

Under section 12(1)

21. Before an opponent can invoke section 12(1), it must establish a certain degree of reputation in Hong Kong of its marks. At its very highest, it is a question of a substantial proportion of the interested public being aware of its marks, and at its very lowest, the question relates to the significance of the numbers in relation to the market for particular goods. In any event, the reputation of the opponent must be something more than *de minimis* (*Re Da Vinci Trade Mark* [1980] RPC 237).

22. Mr. Carolan for the applicant conceded that the opponent has established sufficient reputation in its mark “CANALI” in respect of high quality and high priced men’s clothes to overcome the threshold for opposing under section 12(1) of Ordinance. In respect of that concession, Mr. Kwan supplemented that the opponent has established a substantial reputation by extensively using and promoting both the marks “CANALI” and “CANALI MILANO” in Hong Kong since the 1980’s. Mr. Kwan said that the opponent has not just sold formal men’s wear. It has also sold ties, knitwear and sportswear of a casual type. Mr. Carolan did not rebut these points in his reply. Having taken into account counsel’s submissions and the available evidence, I find that the opponent has established sufficient reputation in the marks “CANALI” and “CANALI MILANO” in respect of men’s clothing in Hong Kong at the relevant date to trigger section 12(1) of the Ordinance.

23. The onus then 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 case 252 at 261.

24. It is well established that the test to be used in applying section 12(1) is that stated by Evershed J. in *Smith Hayden & Co's Application* (1946) 63 R.P.C. 97 at 101. The test under section 12(1), adapted to this application, is as follows :

“Having regard to the reputation of “CANALI” and “CANALI MILANO” in respect of men’s clothing, is the Registrar satisfied that the suit mark, if used in a normal and fair manner in respect of the specified goods will not be reasonably likely to cause deception and confusion amongst a substantial number of persons? May a number of people be caused to wonder whether the 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?”

25. I shall first compare the suit mark with the opponent’s mark “CANALI”. The suit mark is a composite mark consisting of the words “CANAL”, “JEAN CO.” and “NEW YORK” superimposed on a checkerboard pattern. The opponent’s mark is a pure word mark consisting of the word “CANALI” in plain block letters.

26. Mr. Carolan submitted the sole similarity between the suit mark and the opponent’s mark “CANALI” resides in the letters “CANAL” being the first word of the suit mark and the first part of the name, “CANALI”. Mr. Carolan said that the word “CANAL” in the suit mark is a common English word having the meanings of a channel, a watercourse and a pipe or tube for conveying fluid or liquid. Though “Canali” (as plural of Canale) also means “channel” in Italian, the purchasing public of ready made clothing in Hong Kong would not be aware of the fact that “CANALI” is a word of Italian origin nor its Italian meaning. Conceptually, the suit mark and the opponent’s mark “CANALI” convey different meanings to the purchasing public in Hong Kong.

27. Even if the purchasing public recognises the Italian meaning of “CANALI”, Mr. Carolan submitted that the fact that one of two word marks was in English, and the other in a foreign language, would, in general, diminish the probability of confusion through “imperfect recollection”. My attention was drawn to the case of *Solibrisa (Bale)* [1948] 65 RPC 17. In this case, the applicant applied for registration of the word “Solibrisa” for “haircords, being piece goods wholly of cotton for export and sale in Argentina”, the application proceeding to advertisement with the statement that it was based on concurrent user. Opposition was entered by the opponent on the ground that the mark if registered would be liable to be confused with its registered trade mark “Summer Breeze”, since the word “Solibrisa” was a contraction of the Spanish words “Sol y Brisa” meaning “Sun and Breeze”. It was held that there was no likelihood of confusion between the marks “Solibrisa” and “Summer Breeze” in the United Kingdom. The Assistant Comptroller Mr. S.E. Chrisolm said at page 22 :

“In arriving at this conclusion I have given very little weight to the evidence of the opponents directed towards showing that among Spanish-speaking people the words concerned would be pronounced in some particular manner, because the opponents in my view have failed to give sufficient reasons why I should not confine my deliberations on this issue to English-speaking people. Further, whilst I recognise that due regard must be given to the “ideas” suggested by the marks, this factor is one which, in association with word marks as distinct from device marks, assumes its chief value, I think, in conjunction with the theory of imperfect recollection, i.e., it is only when a person does not clearly recollect the word-mark that he need rely upon the mental picture suggested by the mark. Now, if the two marks under comparison were the English words “Summer Breeze” and “Sun and Breeze”, I can quite readily conceive that a person who had but

an imperfect recollection of the one mark might be confused or deceived on encountering the other mark; but in the present instance the marks concerned are “Summer Breeze” and “Solibrisa”, and before any deception or confusion would be likely to arise from the similarity of ideas conveyed by the marks, the person concerned would have to forget not only the actual mark of which he had some knowledge, but also that it was an English or non-English word, as the case may be, and he would also have to know the meaning of the Spanish word “Solibrisa”. The possibility of the simultaneous occurrence of all these circumstances is one that I can only regard as so remote that it should be neglected in proceedings of the present character.”

28. In fact, Mr. Carolan pointed out that “CANALI” was chosen by the opponent as its mark because it is the family name of the founders of the opponent company. In support of his submission, he referred me to paragraph 8 of Canali’s 1st statutory declaration filed on behalf of the opponent which states that “CANALI clothing product started in 1934, when the brothers Giovanni Giacomo Canali established a little clothing firm in Triuggio (Milano). Since 1953, the products were sold with brand CAFRA (as it was established by Cafra Company belonging to Canali brothers). In 1978, after having adopted different shape and writing, the brand CANALI MILANO started. It reminds promoters’ surname and points out abroad the origin of the products”.

29. Mr. Carolan further submitted that the suit mark is a mixed or composite mark comprising of words and a device in which the words are displayed on a black/white checkerboard pattern. Therefore, the suit mark contains, apart from the word CANAL, other words of equal and lesser prominence. The words of equal prominence, “JEAN CO.” are descriptive as the owner specialises in jean garments. The words of lesser prominence, “NEW YORK”, indicate the origin of the goods. Mr. Carolan contended that the word “CANAL” in the suit mark is taken from the Canal Street, a well known New York address, further indicating the origin of the goods/company.

30. Mr. Carolan submitted there can be no doubt the marks as a whole are visually dissimilar. The aural similarity between the two marks, (“Canal” and “Canali”) is “insufficiently relevant to detract sufficiently from the visual dissimilarities”. The suit mark as a whole is different from the opponent’s mark “CANALI”.

31. Mr. Kwan submitted that the words “JEAN CO.” and “NEW YORK” in the suit mark are purely descriptive and they therefore do not and cannot add any distinctiveness to the suit mark. The applicant has offered no explanation as to how and why it chose to use the word “JEAN” as part of the suit mark. The applicant’s own evidence shows that it held itself out as a company selling jeans and that it has been so recognised by third parties. The word “CO.” will ordinarily be understood as meaning “company” by the purchasing public. The words “NEW YORK” will simply be understood as referring to a place in the United States. The applicant has actually been required to disclaim the right to the exclusive use of the words “JEAN CO.” and “NEW YORK” in the present application as well as in other trade mark registrations obtained overseas. The applicant has deliberately placed the word “JEAN” away from the word “CANAL” in the suit mark. The device in the suit mark comprises a checkerboard and two boxes. It is a non-distinctive and commonplace decorative design. Having taken into account the principle that words speak louder than devices, the essential and dominant feature of the suit mark is the word “CANAL” and that is how the suit mark is likely to be remembered or referred to by the purchasing public.

32. The look and sound of the parties' respective marks "CANAL" and "CANALI", Mr Kwan submitted, are strikingly similar. A potential customer will immediately see that there is a strong resemblance and a semantic connection between the two words. Their spelling is almost identical. The opponent's mark would readily evoke the image of "CANAL". In particular, if one takes into account an imperfect recollection of the said marks and/or the tendency to slur at the termination of a word, there is a real risk of confusion or deception. The words are not to be compared side by side or syllable by syllable.

33. It was Mr Kwan's contention that the idea of the parties' respective marks are the same. "CANALI" is an Italian surname or the plural version of the Italian word "CANALE" meaning "channels". "CANAL" also means a channel cut through land for use by boats or ships.

34. Mr. Kwan contended that it is not correct to compare the words by breaking them into parts. To illustrate that legal proposition, Mr. Kwan referred me to the case of *ERECTIKO* (1935) 52 RPC 136 where the court refused to register "Erectiko" because of the earlier mark "Erector" even though the suffix in these marks was different, and it was held that there would be almost inevitable confusion between the goods by taking into account that the parties are dealing in similar goods. The following passages at p.151, line 40 to p.152, lines 25-28 and lines 41-47 were quoted by Mr. Kwan :

"He [the Assistant Registrar] takes the two words 'Erector' and 'Erectiko' and divides them into two; he eliminates "Erect" from the two words and then proceeds to compare the suffix "or" with the suffix "iko" and points out that there is a great difference between "or" and "iko". In my judgment, that is a wholly wrong attitude to adopt in considering a case of this kind. I do not think it is right to take a part of the word and compare it with a part of the other word; one word must be considered as a whole and compared with the other word as a whole. In my judgment, it is quite wrong to take a portion of the word and say that, because that portion of the word differs from the corresponding portion of the word in the other case, there is no sufficient similarity to cause confusion. There may be two words which in their component parts are widely different but which, when read or spoken together, do represent something which is so similar as to lead inevitably to confusion. I think it is a dangerous method to adopt to divide the word up and seek to distinguish a portion of it from a portion of the other word ... but I fail to find that the Assistant Registrar has considered, the fact that there is a similarity between the goods in respect of which the mark is already being used and goods in respect of which it is sought to use the mark "Erectiko"."

35. It was Mr. Kwan's submission that the first syllable of a word mark is generally the most important. It has been observed in many cases that there is a "tendency of persons using the English language to slur the terminations of words". In this case, Mr. Kwan argued that the first syllable "can" in both marks is the same. The entirety of the word "CANAL" is identical to the first five letters of the word "CANALI". There is also a strong visual and phonetic resemblance between the marks, particularly if one takes into account that people may swallow or slur the ending of the opponent's mark or may pronounce the opponent's mark carelessly.

36. Mr. Kwan argued that it is settled law that one has to make allowance for imperfect recollection in comparing the marks. It is wrong to assume that the public can remember exactly how many letters there are in each of the parties' respective marks. From

their imperfect recollection, the public may only be able to recall that the opponent's mark is connected with the word "CANAL" but without remembering whether there was the letter "i" at the termination of the word. There is a real risk that they may mistakenly believe the suit mark to be the opponent's mark or perhaps another variant of the opponent's mark.

37. Mr. Kwan contended that some traders deliberately adopt different marks for upper-end and lower-end markets; for example, "Giorgio Armani", "Emporio Armani" and "Armani Exchange", "Versace" and "Versus", "Max Mara" and "Max & Co."; and "Rolex" and "Tudor". There is a real likelihood that the public would be confused into believing that the suit mark was another sister brand of the opponent, or at least they would be caused to wonder whether that might not be the case. Mr. Kwan said in fact, there are many well known brands which have gone into the field of marketing jeans; for example, "Armani" and "Armani Jeans", "Versace" and "Versace Jeans", "Calvin Klein" and "Calvin Klein Jeans", "Polo Ralph Lauren" and "Polo Jeans Co.". It has been a developing trend in the world of fashion. The suit mark may be mistaken by the public as the opponent's mark specialising in selling jeans. There is no evidence of these adduced at the hearing. In my view, Mr Kwan should confine his submissions to those based on evidence.

38. Mr. Kwan went on to submit that Hong Kong is an international city with people and tourists travelling between Hong Kong and the rest of the world, including Italy and other parts of Europe. It would be a fair and normal use of the parties' respective marks for the applicant to sell goods bearing the suit mark at the tourist shopping areas or the airport. There is a real risk that such people would be caused to wonder whether the parties' goods bearing such marks might not originate from the same source or such marks are associated with one another.

39. Mr. Kwan contended that it is sufficient if the public would be likely to think that the parties' marks are associated in the sense that one is an extension of the other or otherwise derived from the same source. My attention was drawn to the case of *Wagamama Ltd. v. City Centre Restaurants Plc & Another* [1995] FSR 713 where it was held that the defendant's use of the mark "RAJAMAMA" or "RAJA MAMA" constituted infringement of the plaintiffs' registered trade mark "WAGAMAMA" and passing off, even though the said marks were easily distinguishable when placed side by side. Laddie J. said at page 733 :

"I have come to the conclusion that the defendant's mark, in either form, is so similar to the plaintiff's registered mark that in use there exists a substantial likelihood of confusion on the part of the relevant public. That confusion is likely to take the form that some members of the public as a result of imperfect recollection will think the marks are the same while others will think that they are associated in the sense that one is an extension of the other (cf. The "Rus"/"Sanrus" case) or otherwise derived from the same source. It follows that the plaintiff succeeds on the issue of trade mark infringement."

and at page 736 :

"[on the issue of passing off] Furthermore, even in the case of potential customers who notice the beginning "RAJA" and assume it alludes to India, it is likely that many will think that this is an Indian restaurant created by or is otherwise connected with the restaurant business run by the plaintiff. That this sort of association can be relevant confusion for the purpose of an action for

passing off has been well established for many years; see for example. *Ewing v. Buttercap Margarine Company* (1917) 34 RPC 232”.

40. Mr Kwan drew further support from the learned author of *Shanahan, Australian Law of Trade Marks & Passing Off, 2nd Edition*, in a passage at page 181 which states that :

“As was observed in *John Fitton & Co. Ltd.’s Appn.*, the words “likely to deceive or cause confusion” place no limitation “upon the nature of the confusion or deception so envisaged, whether it be visual or phonetic confusion of the marks themselves, so what is termed contextual confusion, or confusion or deception as to the trade provenance of the goods’. Thus, in that case, “Easyjest” was refused in the face of “Jest”, not because the two were likely to be mistaken for one another, but because it might be thought that the marks denoted related products from the same source.

In the Victorian case of *John Lysaght Ltd. v. Reid Bros and Russell Pty. Ltd.*, where both marks included representations of a globe, one with the word “Globe” and the other with the word “Empire”, Madden C.J. observed that a purchaser might think “Empire” to be “merely a division of the “Globe” Brand”.

41. Turning back to the present case, Mr. Kwan submitted that there is a real likelihood that potential purchasers would be caused to wonder whether it might not be that the suit mark is a division of the opponent’s “CANALI” brand, particularly if we take into account the semantic similarities between the marks and the fact that the opponent has already got “CANALI MILANO” as its associated line of products. There is a real likelihood that the purchasing public might be caused to wonder whether it might not be the case that the opponent has diversified its business by entering into the lower end of the market by using the suit mark. In addition, the likelihood of confusion is established if there is a risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings. Here, the potential purchasers might believe that the applicant and the opponent are economically-linked because of the similarities in their marks and the likely confusion arising from imperfect recollection.

42. In addition, Mr Kwan argued that in the modern environment, it is common for multinational corporations to trade under the same or associated marks in different jurisdictions. Here, the opponent has already got an associated company, CANALI USA INC, in the United States. Because of the strong resemblance between the parties’ respective marks, the purchasing public would be likely to believe that the applicant and the opponent are somehow connected with each other, and/or that the applicant is associated with the opponent’s group of companies.

43. A similar argument was developed by Mr. Kwan from the unreported decision dated 28 April 2003 of the hearing officer Mr. Kestutis Kripas where the mark “mirtillo” was refused registration under section 12(1) of the Ordinance in the face of the opponent’s mark “mirto”. The following passages on pages 10 and 11 of the decision were cited by Mr. Kwan :

- “31. The factor that tips the scales in favour of the opponent most is that “Mirtillo” is likely to be seen as the diminutive of MIRTO. As I have said above, the applicant’s proven sales have been confined to children’s wear
32. Should the applicant continue to supply predominantly children’s wear to the Hong Kong market the probability of “mirtillo” being seen as the diminutive of “MIRTO” is even greater. Even on clothing not designed for children it is likely to be perceived as signifying clothing for a younger set, a line of casual wear, or a cheaper line of clothing. Ultimately, in the absence of strong factors pointing against confusion, the association is too strong for the applicant to succeed. As Mr Kwan correctly submitted, deception or confusion as to whether the goods come from the same source or that they appear to be related in a family of marks is sufficient for the purposes of section 12(1) of the Ordinance. See also *John Fitton & Co Ltd’s Appln* (1949) 66 RPC 110 at 113.”
44. Mr. Kwan submitted that the opponent would adopt the same argument in the present case. He said that the suit mark can be seen as a diminutive of the opponent’s mark to indicate a cheaper line of clothing produced by the opponent. “CANAL” and “CANALI” would be seen as a family of marks owned by the opponent. He argued that this association concept is strong enough to prevent the registration of the suit mark.
45. In reply, Mr. Carolan contended that it is hard to see how the suit mark as a whole should be similar to the opponent’s mark “CANALI”. It would appear to require a severe decomposition of the suit mark to arrive at the conclusion that what has to be compared is barely “CANAL” versus “CANALI”. The assessment of likelihood of confusion has to be based on the overall impression of the marks, bearing in mind their distinctive and dominant features. The suit mark contains a number of elements differentiating it from the opponent’s mark such as “JEAN”, “CO.”, “NEW YORK” and the checkerboard. These elements will assist the consumer with an imperfect memory to distinguish the marks. The goods of the suit mark may for instance be recalled as the ones from the company in New York or as the ones with a checkerboard. These elements also accentuate the conceptual differences between the marks.
46. Mr. Carolan urged that it is mere speculation that the public would only remember the word “CANAL” in the suit mark. The words “JEAN CO.” and “NEW YORK” and the device in the suit mark would also leave an impression on the minds of the public. The suit mark would not necessarily be referred to only as “CANAL” by the public. The suit mark can be referred to as “CANAL JEAN” or “CANAL JEAN CO. NEW YORK”.
47. In paragraph 6 of his 1st statutory declaration, Mr. Canali said “... Though one of the official languages in Hong Kong is English, it does not mean that Italian goods and products are unfamiliar to the public. In fact, there are a lot of goods and products especially clothing, footwear and leather products are exported from Italy to Hong Kong. Hong Kong is a multi cultural society. There is a legal requirement that the source of products should be specified and printed on the products : ‘made in Italy’. Thus, consumers should be able to recognise that CANALI is a word of Italian origin”. Based on that evidence, Mr. Carolan argued that the opponent’s goods are all marked “made in Italy”. The suit mark when applied to the applicant’s goods consists of the words “NEW YORK” which serve to indicate the

source of the applicant's goods. The goods of the applicant will be recognised as goods from New York.

48. As to the argument that one may be seen as an extension of the other raised by Mr. Kwan, Mr. Carolan submitted that the *Wagamama* case can clearly be distinguished from the present case. The *Wagamama* case is concerned with comparison of two invented words. In the present case, we are concerned with the comparison of a dictionary word "CANAL" plus other elements in the suit mark with the opponent's mark "CANALI" being an Italian family name. The suit mark does not look like an extension of the opponent's mark on any basis.

49. Mr. Carolan submitted that the opponent cannot prevent people from using the common English word "CANAL" plus other elements on the basis of the opponent's mark "CANALI". There is no such linguistic monopoly in trade mark protection. The registration of the suit mark should only be refused if the normal and fair use of it, in connection with any of the specified goods, would be likely to cause deception and confusion amongst a substantial number of persons having regard to the reputation of the opponent's mark in Hong Kong. Mr. Carolan submitted that there is no likelihood of deception and confusion and therefore the suit mark should be allowed to proceed to registration.

50. I have set out the essence of Counsel's submissions in the previous paragraphs. It is interesting to note that Mr. Carolan and Mr. Kwan adopted two entirely different approaches in the comparison of the suit mark with the opponent's mark "CANALI". Most of the submissions of Mr. Kwan are based on a comparison between the word "CANAL" in the suit mark with the opponent's mark "CANALI" as it is his argument that the word "CANAL" is the main identifying feature in the suit mark which is likely to be remembered or referred to by the purchasing public. The other elements in the suit mark are indistinctive and/or disclaimed. This approach was strongly criticised by Mr. Carolan who submitted that the other words "JEAN CO.", "NEW YORK" and the devices in the suit mark cannot be simply ignored in the comparison process. What is to be compared should be the suit mark as a whole and the opponent's mark "CANALI".

51. In my judgment, it is trite law that the marks must be considered in their entirety. One must bear in mind the points of resemblance and the points of dissimilarity, attaching fair weight and importance to all, but remembering that the ultimate solution is to be arrived at, not by adding up and comparing the results of such matters, but by judging the general effect of the respective wholes (see *Clark v. Sharp* (1898) 15 RPC 141 at 146, Ch. D.).

52. With regard to a mark which is registered with a disclaimer, when the question of the likelihood of confusing similarity of marks is considered, it is necessary to look at the marks as wholes. A disclaimed element is not to be ignored since a disclaimer does not affect the significance which a mark conveys to others when it is used in the course of trade (see *Granada* [1979] RPC 303 at 308).

53. Having regard to the principles referred to above and Counsel's submissions, I do not think that what has to be compared is simply the word "CANAL" in the suit mark and the opponent's mark "CANALI". In assessing the likelihood of confusion and deception, I shall take into account the overall impression of the suit mark and the opponent's mark as a

whole, bearing in mind the points of resemblance and the points of dissimilarity and attaching fair weight and importance to all.

54. Although the word “CANAL” is the most distinctive feature in the suit mark, my first impression of the suit mark is that it is a composite mark consisting of the words “CANAL JEAN CO.” superimposed on a checkerboard pattern. To my mind, there is also distinctiveness in the overall arrangement of the word and device elements in the suit mark which do convey to me a distinct impression. The first impression made by the opponent’s mark on me is that it is a purely word mark consisting of the individual word “CANALI”. In assessing the first impression that both marks make, I have taken into account the principle of imperfect recollection and the fact that the two marks are not placed side by side for critical comparison. I have come to the conclusion that visually, the two marks do not look alike.

55. So far as the ideas of the two marks are concerned, the word “CANAL” in the suit mark is a well-known English word which conveys the idea of an artificial waterway constructed for navigation, irrigation, water power and so on (see *Collins English Dictionary, 3rd Edition*). As to the meaning of “CANALI”, Mr. Carolan submitted that it is an Italian family name. Mr. Kwan submitted that it is the plural of “CANALE” which means “channel” in Italian. Therefore, “CANAL” and “CANALI” share the same meaning. I do not believe that the Italian meaning of the word “CANALI” and its surnominal significance would be known to a substantial number of purchasers of ready-made clothing in Hong Kong. The word “CANALI” does not convey any inherent meaning to the purchasing public in Hong Kong. It is a well-established principle that where one word has a meaning and the other none, they will be more easily distinguished than will two words having no readily apparent meaning (see *Shanahan, supra*, at page 175). Having regard to the principle and the facts of this case, I am of the opinion that “CANAL” can be easily distinguished from “CANALI”. It goes without saying that, in the present case, “CANAL JEAN CO.” can be readily distinguished from “CANALI”.

56. As I have found that the visual impression and the ideas conveyed by the suit mark and the opponent’s mark “CANALI” as a whole are entirely different, I do not see the force of Mr. Kwan’s arguments that the suit mark looks like a sister brand or an extension of the mark of the opponent. I am further of the view that the *Wagamama* case can be distinguished from this case in that both the marks “RAJAMAMA” and “WAGAMAMA” are word marks having no meaning or significance to most people in England.

57. In addition, I consider that the passage quoted from *Shanahan* by Mr. Kwan on the same point (see paragraph 40 above) does not assist the opponent in this case. I would like to quote the following paragraph that follows immediately after the quoted passage in *Shanahan* to illustrate exactly what form of confusion is referred to by the learned author in the quoted passage:-

“This form of confusion has been said to result from “the well-known trade practice of traders in adopting a certain word as a trade mark and constructing other trade marks for distinguishing characteristics of their goods by using such word as a basis and adding thereto prefixes of a qualifying nature”. Thus “Hyperpan” was considered likely to indicate photographic goods having the characteristics of “Pan” goods “but in an accentuated degree”; “New Era” to indicate “Era” goods having some “new characteristic, such as a new quality or virtue”; “Southern Maid”

to be a “variant” of “Western Maid”; “Rovercraft” to denote hovercraft containing “Rover” engines; and “Permalux” to be a particular class of blind within the opponent’s “Perma” range.”

I am clearly of the view that this form of confusion is not found between the suit mark and the opponent’s mark “CANALI”

58. I also do not think that Mr. Kwan can adopt a similar “diminutive” argument in the present case as in the *MIRTILLO* case. The *MIRTILLO* case can clearly be distinguished from the present case. Both “mirtillo” and “mirto” are word marks which convey no apparent meaning to a substantial number of purchasers of ready-made clothing in Hong Kong (though they do have their own Spanish and Italian meanings). There was evidence that the applicant’s proved sales in respect of the mark “mirtillo” have been confined to children’s wear. By reason of the above, the hearing officer in that case came to the view that “mirtillo” is likely to be seen as the diminutive of “mirto”. The hearing officer observed that “should the applicant continue to supply predominantly children’s wear to the Hong Kong market the probability of “mirtillo” being seen as the diminutive of “mirto” is even greater”.

59. In the present case, what I have to compare is the suit mark being a composite mark with a distinctive arrangement of different words and devices and a purely word mark. Apart from the visual impression, the meanings conveyed by the suit mark and the opponent’s marks are also entirely different. Even if I dissect the word “CANAL” from the suit mark and consider it alone, in a strict semantic sense, “CANAL” could not be the diminutive of “CANALI”. A diminutive means “a word formed by the addition of an affix to another word to convey the meaning small or unimportant”. An affix means “a linguistic element added to a word or root to produce a derived or inflected form”. In the present case, “CANAL” does not convey any “small” meaning. It has its own well-known meaning. It is definitely not a word formed by the addition of an affix to the word “CANALI” to convey the meaning small. I do not, therefore, find that there is any basis for Mr. Kwan to mount an argument that the suit mark is likely to be seen as the diminutive of the opponent’s mark at all.

60. Aurally, in my opinion, the suit mark and the opponent’s mark are referred to quite differently. Both the word “CANAL” and the words “JEAN CO.” are equally prominent being placed in two separate boxes in the centre of the suit mark. The checkerboard pattern is not merely a border or background. Nor is the distinctiveness of the checkerboard diminished by the presence of the words. It retains its identity. I find it reasonable to assume that the suit mark would be recognised and referred to as a “CANAL JEAN CO.” mark, or a “CANAL JEAN CO. and checkerboard” mark, rather than merely as a “CANAL” mark as submitted by Mr. Kwan. The opponent’s mark will undoubtedly be referred to as “CANALI”. Should I be wrong on the above finding and that the suit mark would be referred to as a “CANAL” mark only, I do not think the two words “CANAL” and “CANALI” sound the same. “CANAL” is a two syllabled word with an emphasis on the second syllable. The word “CANALI” is a three syllabled word with the accent on the middle syllable formed by the long vowel “A”. The second syllable “AL” in CANAL is pronounced as “EL” whereas the second syllable “NAL” in “CANALI” is pronounced as “NAL”. I am of the opinion that the aural references to the two marks are well separated and that there is no reasonable likelihood that one will be mistaken for the other even when proper allowance is made for imperfect recollection and mispronunciation. In any event, aural confusion is not so important in the present case since

the goods, ready-made clothing, are always purchased over the counter by self-selection, rather than being ordered orally.

61. I must also consider the goods and trade channels. Mr. Carolan submitted though there is some literal overlap in the type of goods and the respective range of goods are all clothes (or clothing accessories), there are many important distinctions. He submitted that the opponent's goods are high fashion and/or formal wear for men. They are expensive and available in showrooms or high end department stores (such as Lane Crawford in Hong Kong). The applicant has not made use of the suit mark in Hong Kong. However, Mr. Carolan submitted that the applicant has been selling goods bearing the suit mark for children, young men and women in the United States. They are low priced popular items available in a variety of mid to low range high street clothing stores. In reply, Mr. Kwan submitted that all notional fair use of the suit mark must be considered. This would include the use of the suit mark in respect of the specified goods which are aimed at the upper end of the market. The present application has to be considered on the basis that the parties might meet in the same market and have the same channels (see *Mini-Lift* [1995] RPC 128 at 137).

62. I accept the submissions of Mr. Kwan in this aspect. I must assume that the suit mark will be used in a normal and fair manner for all the goods covered by the application in question. The applicant may not at present offer goods under the suit mark in direct competition with the opponent's present goods, but that is not the issue for there is nothing in its specification that would preclude it from rightfully doing so in the future. I conclude that the goods of the parties overlap and it follows from this that the nature and kind of purchasers likely to buy the parties' goods are the same. Goods in the nature of the parties' goods are generally purchased with normal care and attention only, and purchasers will make no more than averagely intelligent examination of the marks. However, in light of the considerable visual, conceptual and aural differences between the suit mark and the opponent's mark, I consider that there is no real tangible risk that the purchasing public would be confused into believing the goods of the parties come from the same source or wondering whether or not that might be so.

63. I now move on to compare the suit mark with the opponent's mark "CANALI MILANO". Applying the same reasoning in comparing the suit mark with the opponent's mark "CANALI", I also find that there is no conceptual, visual or aural similarity between the suit mark and the opponent's mark "CANALI MILANO". In fact, I think that the addition of the word "MILANO" to the opponent's mark makes it more easily distinguishable from the suit mark than the opponent's mark "CANALI". The public can easily recognise that the applicant's goods are from the United States whereas the opponent's goods are from Italy.

64. To conclude, I find that there is no reasonable likelihood of deception and confusion arising if the suit mark is registered and used normally and fairly in respect of the specified goods.

65. That does not dispose of the opposition under section 12(1) completely. Mr. Kwan submitted that the suit mark contains the descriptive word "JEAN" and it would convey to the readers the impression that the applicant's products are jeans or are made of jean materials. If the suit mark is applied to products which are not jeans or made of jean materials

(e.g., shirts, dresses or ties made of silk, leather or nylon materials), such use of the suit mark would be deceptive for the purpose of section 12(1). In support of his submission, Mr. Kwan referred me to *ORWOOLA* (1910) 1 Ch. 130 where the registration of the mark “Orwoola” was expunged on the ground that it was a misspelling of the words “all wool” and that it was either descriptive when applied to goods wholly made of wool or it would be deceptive when applied to goods not wholly made of wool. The following passage at page 150 was cited by Mr. Kwan at the hearing :

“This case presents no difficulty. It is in substance a case of registration of the words “all wool” grotesquely misspelt as a trade mark for textile fabrics. When a trade mark consists solely of words it will be used orally as well as in writing, and to be proper to constitute a trade mark such words must be suitable, whether spoken or written. The misspelling does not affect the words when spoken, so that we have only to decide whether the words “all wool” are proper for registration in respect of such goods. To this there can be but one answer. If the goods are wholly made of wool, the words are the natural and almost necessary description of them. If they are not wholly made of wool, it is a misdescription which is so certain to deceive that its use can hardly be otherwise than fraudulent. In either case the words are utterly unfit for registration as a trade mark.”

66. In response to that argument, I would like to refer briefly to the case of *GALVALLOY Trade Mark* [1963] RPC 34. The applicant for removal applied to expunge the trade mark “GALVALLOY” on the ground that as the goods for which it was used was not an alloy, the mark was deceptive under the equivalent section 12(1) of the Ordinance. The Assistant Comptroller Dr. R. G. Atkinson observed at page 38 :

“I will now pass to matters arising under the heading (2) above which it would appear from the evidence and from Mr. Lloyd’s submissions at the hearing form the main basis of the applicants’ attack on this registration. This attack may be summarised in the words that owing to the presence of the suffix “alloy” in the registered proprietors’ mark this mark is open to objection under s.9 of the Act because the product sold under the trade mark GALVALLOY is not an alloy and is therefore liable to deceive and so be open to objection under s.11.”

and at page 39 :


“In addition it must be remembered that the mark which is being attacked is not the word alloy but the trade mark GALVALLOY, that is to say, an invented word which is not to be found in a dictionary. What I am concerned with is not so much what the word “alloy” means but whether the trade mark GALVALLOY by reason of the presence in it of the suffix “alloy” is likely to deceive or cause confusion in relation to the product sold under this trade mark. In my opinion the persons who would use these products are not such as to analyse carefully the meaning of the word GALVALLOY. They would realise that they are dealing with a trade mark and they would not, I think, be greatly concerned with the definitions of the word “alloy”. ...

I therefore conclude that the inclusion of the suffix “alloy” in the registered proprietors’ trade mark GALVALLOY does not have the effect of causing this trade mark to be open to objection under s.9 and 11. ...”

67. Similarly, in the present case, what I am concerned with is not so much what the word “JEAN” means but whether the suit mark being a composite mark of words and devices by reason of the presence in it of the single word “JEAN” is likely to deceive or cause confusion in relation to the product sold under the suit mark. In my opinion the persons who would buy the ready-made clothing of the applicant are not such as to analyse carefully the meaning of the single word “JEAN” in the suit mark. They would realise that they are dealing with a trade mark and they would not, I think, be greatly concerned with the definition of the word “JEAN”. Upon seeing the suit mark being applied to ready-made clothing, the purchasing public would not think that **all** the products of the applicant are jeans or are made of jean materials. The *Orwoola* case can clearly be distinguished from the present case in that the sole element in the mark is a misspelling of a non-registrable word being both descriptive and deceptive. The word “JEAN” is only one of the various elements found in the suit mark. I therefore conclude that the inclusion of the word “JEAN” in the suit mark does not have the effect of causing the suit mark to be open to the deceptive objection under section 12(1).

68. In the result the opponent fails under the section 12(1) opposition.

Under section 20(1)

69. For the purpose of section 20(1), the opponent relies on the mark “CANALI” registered both under trade mark registration nos. 786 of 1996 and 2609 of 1991 and the registered mark “  ” under registration no. B1713 of 1986 which are essentially the same marks relied upon by it under section 12(1). I have already found that the suit mark and the opponent’s marks “CANALI” and “CANALI MILANO” in actual use are not confusingly and deceptively similar under section 12(1) of the Ordinance. The level of deception and confusion required for section 12(1) is the same as that required for section 20(1). It follows that the opponent also fails in its opposition under section 20(1) of the Ordinance.

Under section 23

70. Mr Kwan rightfully did not make any submissions under section 23 at the hearing as when the opponent’s marks are already registered in Hong Kong as here, section 23 has no application and section 20 is the appropriate section on which to ground the opposition.

Under section 13(2)

71. The exercise of the discretion pursuant to section 13(2) arises when opposition under sections 12(1) and 20(1) fail and the mark is acceptable for registration under either section 9 or 10. I remind myself that the register has been created by the Ordinance for the purpose of enabling marks to be registered therein. If no proper reason can be advanced as to why registration should be refused for a qualifying mark, the exercise of discretion should not be adverse to the applicant. No proper reason has been advanced by the opponent and I accordingly decline to exercise my discretion against the applicant.

Costs

72. 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 these proceedings.

73. 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.

Signed

(Ms Fanny Pang)
p. Registrar of Trade Marks
8 August 2003