

Application No. 11672 of 1998

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

AND

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



in Part A of the Register in Class 9 by Rajko  
Traders (Hong Kong) Limited

AND

IN THE MATTER of an opposition by  
Crown Japan Corporation

**DECISION  
OF**

Miss Lavinia Chang acting for the Registrar of Trade Marks after a hearing on  
29 September 2005.

Appearing: Ms Margaret K W Yu, of counsel, instructed by Messrs Wenping & Co on  
behalf of the applicant, Rajko Traders (Hong Kong) Limited

Ms Cheung Mei Lan of Messrs Robin Bridge & John Liu on behalf of the  
opponent, Crown Japan Corporation

1. These proceedings arise out of an application made on 4 September 1998 (the “application date”) under the provisions of the now repealed Trade Marks Ordinance, Cap. 43 (the “Ordinance”), by Rajko Traders (Hong Kong) Limited (the “applicant”) to register in Part A of the Register the mark, a representation of which appears below:



(the “suit mark”). The goods sought to be protected are “radio cassette recorders” in Class 9 (the “specified goods”). The suit mark was accepted under section 22 of the Ordinance on the basis of evidence of use claimed since 1991, and was advertised on 31 May 2002 in the Government of the Hong Kong Special Administrative Region Gazette for opposition purposes.

*Pleadings and evidence*

2. A notice of opposition was filed on 31 July 2002 by Crown Japan Corporation, a company organized and existing under the Laws of the Republic of Panama (the “opponent”), with a principal place of business at E Street, between 15 and 16 Streets, Crown Building, Colon Free Zone, Panama.

3. The opponent pleads use of the mark CROWN (with or without a crown device) in Hong Kong in respect of goods in Class 9 since 1965. It claims to have acquired substantial reputation and goodwill in its marks and it is the registered proprietor of Trade Marks Nos. 4657/92, 455/83 and 1009/65 in Hong Kong. It pleads that the applicant’s specified goods are the same or of the same description as the opponent’s. It opposes registration of the suit mark on sections 9, 10, 12(1), 20, 13(1), 2(1) and 23 of the Ordinance or alternatively, refusal in the Registrar’s discretion. It pleads the applicant could not rely on section 22 of the Ordinance for establishing concurrent use, alternatively that any such use is not honest and there are no special circumstances to justify co-registration. It seeks costs against the applicant.

4. The applicant filed a counter-statement on 4 October 2002. It asserts proprietorship in the suit mark, that the suit mark has been used in *bona fides* in Hong Kong since June 1991 and no report of confusion or deception has ever been received. The applicant avers that it exports goods bearing the suit mark to many countries including Ghana, Nigeria and Uganda.

5. The applicant denies near resemblance between the suit mark and the opponent's marks and puts the opponent to proof of its claims. It seeks registration of the suit mark and an award of costs against the opponent.

6. Both parties filed evidence. The opponent's evidence consists of two statutory declarations, dated 11 July 2003 and 10 October 2003, of Philip Li Tze Ping in his capacity as Managing Director of Sanwai Industries Limited ("Sanwai"), and a statutory declaration dated 13 January 2005 of Anthony Clinton Dudley Evans, together with exhibits.

7. Mr Li says Sanwai is the associated company and Hong Kong agent for the opponent. He says the opponent's predecessor in title, Miyakoshi Corporation (formerly Crown Kabushiki Kaisha and Crown Radio Corporation), a Japanese corporation, had applied to register the word CROWN and crown & device marks in Hong Kong in 1964. All rights in these marks were assigned, together with goodwill, to the opponent in June 1993. Its Trade Marks Nos. 1009/65, 455/83 and 4657/92, all in Class 9, are currently valid.

8. Mr Li says the opponent's goods are made by manufacturers in the PRC who fulfilled orders for the opponent and its predecessors, for sale via Hong Kong to North, Central and South America. He says the opponent has developed goodwill and reputation in its marks particularly Trade Marks Nos. 455/83 and 4657/92 among Hong Kong exporters and traders. He gives the opponent's invoice amounts for goods bearing these marks FOB Hong Kong from 1995 up to 2003. Between 1995 and 1998 the opponent's annual invoice amounts for such goods ranged between US\$1.36 million and US\$3.69 million.

9. The applicant's evidence consists of a statutory declaration by Suresh Gobindram Makhijani, Director of the applicant. The applicant is a Hong Kong company incorporated with limited liability since 16 March 1973.

10. Mr Makhijani says the suit mark was adopted to "correspond to the names of the applicant's overseas associates, major clients and buyers in Ghana and Nigeria." The evidence shows that the earliest proven use of the suit mark dates from 24 March 1993, and has continued since, as supported by various invoices, packing lists, bills of lading and confirmation notes.

11. The applicant's goods are made in the PRC by the applicant's suppliers and manufacturers. Such goods are exported via Hong Kong to African countries. Annual sales revenue for goods bearing the suit mark exported from or through Hong Kong to African countries are given for the period 1991 up to 2003. These figures show a marked increase from HK\$469,955 in 1991 to HK\$2,451,175 in 1997 and nearly HK\$8 million in 1998. Annual promotional expenses are also given for the period 1993 to 1998 though these are modest by comparison with the applicant's sales revenue.

12. Mr Makhijani says that the parties have specific outlets and their goods are exported to different continents and countries. No complaint has ever been received of instances of confusion, and no confusion should arise since the parties' trade channels and markets are different.

13. Mr Makhijani also points out that as other CROWN marks belonging to other traders are registered in Class 9, the opponent should not have a monopoly.

14. The opponent filed evidence in reply by way of a statutory declaration of Mr Anthony Clinton Dudley Evans. Mr Evans says, amongst other things, that although the parties' goods are exported to different countries, their trade channels could still be the same. The similarity between the opponent's marks and the suit mark could give rise to confusion and deception especially amongst exporters and traders. The word CROWN has been registered by other traders for totally different goods from the opponent's, for example, pre-recorded cassette tapes, discs and records, and motorcycle helmets. This shows that CROWN was not commonly used by traders in the opponent's field of business.

### *Hearing*

15. The opposition came on for hearing before me on 29 September 2005, at which Ms Margaret K W Yu, of counsel, appeared for the applicant, and Ms Cheung Mei Lan, of Messrs Robin Bridge and John Liu, appeared for the opponent.

### *Decision*

16. Although the hearing took place after 4 April 2003, the commencement of the Trade Marks Ordinance, Cap. 559, by virtue of section 10(2) of Schedule 5 of

Cap. 559, oppositions still pending as of 4 April 2003 remain to be dealt with under the provisions of the repealed Trade Marks Ordinance, Cap. 43.

17. At the hearing the opponent abandons the opposition based on sections 9, 10, 13(1) and 23, and relies solely on sections 12(1) and 20(1) of the Ordinance. It will be convenient to first deal with section 20(1).

*Opposition under section 20 of the Ordinance*

18. Section 20(1) provides, insofar as it relates to goods:

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

- (a) the same goods;
- (b) the same description of goods;
- (c) ...”

19. Under this ground, the issues which I must determine are two-fold:

- (a) whether the goods covered by the opponent’s registrations and the applicant’s specified goods are the same or of the same description; and
- (b) whether the opponent’s registration(s) and the suit mark so nearly resemble each other as to be likely to deceive or cause confusion if used in relation to the parties’ respective goods.

20. For this ground the opponent relies on its earlier registrations, namely Trade Mark No. 4657/92,

**CROWN**

Trade Mark No. 455/83,



both registered in respect of “stereo receiving sets; television sets; sound recording and reproducing apparatus including tape recorders, transceivers, tuners, amplifiers, record players, phonographs, pick-ups for record players, microphones, speakers; electric cells, electronic calculators; dictating machines, automatic answering telephone sets (capable of automatically giving a taped message to a person calling and receiving and tape recording his message),”

and Trade Mark No. 1009/65,



registered in respect of “radio receiving sets, television sets, tape-recorders, transceivers, record-players, pick-ups for record-players, (inter) microphones, electric cells and accessorial units utilizing electronics” (collectively the “opponent’s marks”).

21. The applicant’s specified goods consist only of “radio cassette recorders.” It is undisputed and indeed self-evident that these goods are the same or of the same description as “stereo receiving sets ... sound recording and reproducing apparatus including tape recorders ...” under Trade Marks Nos. 4657/92 and 455/83 and “radio receiving sets ... tape-recorders” under Trade Mark No. 1009/65. The first requirement under section 20(1) is accordingly satisfied.

22. The only issue under section 20(1), therefore, is the question of likelihood of confusion and deception. Adapting the time-honoured test in *Smith Hayden (supra)* to the facts of this application, I must decide the following question:

“Assuming user by the opponent of its marks

CROWN,  and  in

a normal and fair manner for any of the goods covered by its registrations (and including particularly goods also

covered by the proposed registration of the suit mark), am I satisfied that there will be no reasonable likelihood of deception and confusion amongst a substantial number of persons if the applicant also uses its mark



normally and fairly in respect of radio cassette recorders?"

23. The question of whether there will be no reasonable likelihood of deception and confusion is a question of fact for the tribunal, not an exercise of discretion. The suit mark will be barred from registration if it is identical with or nearly resembles the opponent's registered marks. The comparison assumes notional fair use of the opponent's mark as registered and the suit mark as advertised but both in any fair and normal use that may be made of them in the ordinary course of business, in respect of any goods for which they are respectively registered or sought to be registered (*Smith Hayden & Co's Application* (1946) 63 RPC 97 at 101).

#### *Comparison of marks*

24. At the outset I note that visually the suit mark does not remotely resemble Trade Mark No. 1009/65, which consists of a crown device and the word "Crown", ensconced in a circle. The crown device takes up at least three-quarters of the size and height of the mark and is so elaborate that it completely dominates the mark. The word "Crown" on the other hand, is obscured amidst the detailed ornamentation, and is hardly discernable unless upon close examination. For this reason I will eliminate Trade Mark No. 1009/65 from my consideration. I am thus left with the opponent's Trade Marks Nos. 4657/92 and 455/83 for the purpose of section 20(1).

25. The authorities have established the following general principles to guide the tribunal in finding whether two marks so nearly resemble each other that there is a tangible risk of confusion. In the comparison, the resemblance between two competing marks must be considered with reference to the ear as well as the eye. Because it is essentially a question of first impression, marks should be compared as a whole, not as if they appear side by side, and so too detailed an examination should not be made. I must postulate notional use of the respective marks on the goods in question, the likely purchasers of the goods, and the trade channels. Conceptual similarity may increase the likelihood of confusion, as may a reasonably held belief that both marks belong to the

same family of marks. The onus is on the applicant to satisfy the tribunal that the trade mark applied for is not reasonably likely to deceive or cause confusion.

26. If I come to the conclusion that there will be confusion, not necessarily that one party will be injured and the other will gain illicit benefit, but that there will be confusion in the minds of the public which will lead to confusion in the goods, I must refuse the registration. With these principles in mind, I deal first with the opponent's Trade Mark No. 4657/92.

27. The contest here is between a word mark and a composite mark. Trade Mark No. 4657/92 consists of the word "CROWN," unadorned, all in upper case. The suit mark consists of the same word "CROWN", the word "STAR", both unadorned and in upper case, together with a three-dimensional star device positioned between the two words. The marks are of different length and syllables. They look and sound different apart from the common component "CROWN".

28. Although the suit mark was filed in colour, no colour limitation has been imposed. It is therefore deemed to have been accepted (subject to opposition) for all colours including black and white (section 11(2) of the Ordinance). For this reason, the particular colour scheme of the suit mark is immaterial in the comparison.

29. The applicant points out that there are registrations of "CROWN" marks in the name of other proprietors, e.g. by Crown Records, from which it infers that the word is of common use in the industry.

30. At the hearing, Ms Yu, counsel for the applicant, expands on this argument and submits that the idea of CROWN is so common that it falls within the category of elements in common use as in the case *Coca-Cola of Canada v Pepsi-Cola of Canada* (1942) 59 RPC 127. She submits that the additional elements of the word STAR and the three-dimensional star device are sufficient to distinguish the suit mark from the opponent's marks.

31. The opponent refutes this, noting that the goods of other traders who have registered "CROWN" marks have done so for different goods, i.e. pre-recorded cassette tapes, discs and records, and motorcycle helmets.

32. An element common to the competing marks, if it is descriptive or common to the trade, will have a bearing in the assessment of similarity. In my view, *Coca-cola of*

*Canada* has no application here, the shared word in question there being “Cola” which is entirely descriptive and lacking in inherent distinctiveness for trade mark purposes:

“If ... the fact be borne in mind that Cola is a word in common use in Canada in naming beverages, it is plain that the distinctive feature in this hyphenated word is the first word “Coca” and not “Cola”. “Coca” rather than “Cola” is what would remain in the average memory.” (*supra*, at 134)

However, the case before me is not one where a common element prevalent in the trade renders it more likely that purchasers will distinguish between different marks by the other features present.

33. The parties’ marks may be distinguished on a side-by-side comparison, but that is not the test. Instead,

“Marks are remembered by general impressions or by some significant detail than by any photographic recollection of the whole.... When the question arises whether a mark applied for bears such resemblance to another mark as to be likely to deceive, it should be determined by considering what is the leading characteristic of each. The one might contain many, even most, of the same elements as the other, and yet the leading, or it may be the only, impression left on the mind might be very different. On the other hand, a critical comparison of the two marks might disclose numerous points of difference and yet the idea which would remain with any person seeing them apart at different times might be the same.” (*Kerly’s Law of Trade Marks and Trade Names*, 12th edn, at paragraph 17-08)

34. The opponent’s mark CROWN bears no direct reference to the character or quality of stereo and audio apparatus. It is adapted to distinguish the opponent’s goods. The suit mark has the additional word STAR, and a three-dimensional star device positioned prominently between the words CROWN and STAR. Ms Cheung, agent for the opponent, submits that the word STAR bears common connotations of superior grade or quality, and for that reason is relatively indistinctive. Since the three-dimensional star

device serves to reinforce the meaning of STAR, it does not otherwise affect the laudatory connotation of STAR.

35. In my view, although the word STAR and the star device may lend a degree of distinctiveness to the suit mark, taking the suit mark as a whole, the word CROWN remains its leading, distinguishing feature. Marks with the word “star” abound on the register. As it has been observed in “*NEW STAR & Device*” (Decision of Mr K S Kripas acting for the Registrar of Trade Marks, dated 11 February 2000, at paragraph 67), the popularity of the word “star”, amongst trade names in the electrical appliance, electronics and telecommunication field is well known to the local community. The addition of the star device does not assist customers or traders in distinguishing the parties’ goods because, as Ms Cheung submits, and with whom I agree, a star is very often used as a symbol of rank or merit, or it may be used to denote ‘outstanding’ and ‘famous’. Goods that give excellent performance are often marked with a star.

36. It is clear that the suit mark contains the whole of the word CROWN and hence, the whole of the opponent’s mark and its distinguishing feature.

#### *Likelihood of deception or confusion*

37. Although whether there exists a likelihood of deception or confusion is a question of fact for the tribunal, it is the mind of the ultimate purchasers of the respective goods which I must consider. The deception and confusion under question need not ultimately lead the purchaser to purchase the wrong trader’s products; it is sufficient if he is likely to be caused to wonder whether or not the product has emanated from the opponents.

38. If I am in doubt whether registration of the suit mark would cause confusion with the opponent’s prior mark, the doubt must be resolved against the later entrant, that is, the applicant.

39. The evidence filed by the parties shows that their goods are destined for the export market. No limitation has, however, been imposed by the Registrar on the opponent’s Trade Mark No. 4657/92, nor on the suit mark, to the effect that protection is limited to goods to be exported from Hong Kong. That being the case, I must regard both marks as being entitled to be applied to goods for sale in Hong Kong. I shall return to the parties’ evidence of actual use later.

40. The reference to a “substantial number of persons” must be judged in relation to the markets for the goods concerned. “Persons” are all those persons who are likely to become purchasers of the goods upon which the respective marks are used. In that context, the target purchasers are average purchasers of radio cassette recorders in Hong Kong. These goods are at the lower end of the range of stereo and audio equipment available on the market and tend to be relatively inexpensive consumer items. I therefore postulate the average purchaser of these goods to exercise normal care and intelligence in their purchase, but no more, remembering marks by general impression or some insignificant detail, rather than by photographic recollection of the whole.

41. As I have said, visually and phonetically the marks are similar only to the extent of the common element “CROWN” and so there is little likelihood of the two marks being directly confused either visually or phonetically. However, more important

in this case, in my view, is the likely perception that may be related to the opponent’s **CROWN**. In *John Fitton & Company Limited Application* (1949) 66 RPC 110 it was observed,



“... under [section 20(1)] the Registrar is required to postulate a simultaneous use of the two marks under consideration whether or not one is already in use, and to assess to the best of his ability the likelihood of ensuing confusion or deception, and no limitation is, to my mind, placed upon the nature of the confusion or deception so envisaged, whether it be visual or phonetic confusion of the marks themselves, or what is termed contextual confusion, or confusion or deception as to the trade provenance of the goods.” (at 113)

As noted above, the word STAR is commonly understood to denote superior quality. Viewed in this light if one assumes simultaneous notional use by the parties on identical goods, there is a tangible risk that by perception of association the suit mark



may be understood to denote a new range of products, a luxury or enhanced version of products manufactured by or otherwise emanated from the opponent.

42. Taking into account all of the above, the applicant has failed to satisfy me on the balance of probabilities that there is no reasonable likelihood that a substantial number of persons would be confused or be caused to wonder whether the applicant's goods are those of the opponent's or are otherwise connected with the opponent.

43. As the opposition based on Trade Mark No. 4657/92 is successful, I need say no more on the opponent's other mark Trade Mark No. 455/83 than briefly the following. This mark consists of the word CROWN encased in an elongated oval device resembling a small plaque or badge, set against a dark background. This additional device component means that visually there are more differences between the suit mark and this mark than between the suit mark and Trade Mark No. 4657/92. However, as a general rule words are more readily recalled than devices, and so the word CROWN will remain the memorable or leading characteristic of the opponent's mark. I take the same view, as with Trade Mark No. 4657/92, that the difficulty faced by the applicant is not so much visual or phonetic confusion but "contextual confusion." On the balance of probabilities, registration and use of the suit mark is likely to give rise to a tangible risk of confusion with the opponent's goods or their origin. The opponent therefore succeeds under section 20(1).

44. In case I am wrong in this conclusion, I go on to consider the opposition based on section 12(1) of the Ordinance.


*Section 12(1) of the Ordinance*


45. Section 12(1) 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."

46. It is not disputed that before an opponent can launch an opposition under section 12(1), it must first establish, as a threshold question, the reputation of the opponent's mark in Hong Kong, for if the mark is relatively unknown in Hong Kong, deception or confusion is unlikely to arise. The date at which this reputation is to be

established is the date of the applicant's date of application to register the suit mark, that is, 4 September 1998 (*NOVA Trade Mark* [1968] RPC 357). That reputation must be more than *de minimis* (*Da Vinci Trade Mark* [1980] RPC 237) to bring section 12(1) into operation. 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 arising among a substantial number of persons if the suit mark proceeds to registration (*Eno v Dunn* (1890) 15 App Cas 252 at 261).

47. The applicant submits that the opponent has failed in its evidence to establish the requisite reputation in any of its marks in Hong Kong to bring it over the threshold. Alternatively the applicant urges that any reputation acquired by the opponent as at the date of application is limited to the use of  (Trade Mark No. 455/83).

48. Notwithstanding that, the applicant acknowledges that the opponent's evidence shows use of Trade Mark No. 455/83 on invoices between 1977 and May 1981 at Exhibit PLTP-6 (Ms Yu's written skeleton submissions, at paragraph 14). I am satisfied that the evidence shows the opponent has shown use of Trade Mark No. 455/83 on the letterhead of invoices issued by Crown Radio Corporation, the opponent's predecessor, for the account of a number of Hong Kong companies. These invoices relate to shipment, between June 1977 and May 1981 to Hong Kong of a wide range of CROWN branded products including stereo radio cassette recorders and portable stereo radio cassette recorders. I am satisfied that other commercial documents dating from December 1995 onwards show export from Hong Kong of Class 9 goods bearing the opponent's CROWN or CROWN JAPAN marks (Exhibit PLTP-9). On the basis of the evidence of sales to, and shipment from Hong Kong, I am satisfied that, for the purpose of triggering an opposition under section 12(1), the opponent enjoyed sufficient reputation in the marks CROWN,  (Trade Mark No. 455/83) and CROWN JAPAN (the "opponent's marks") as at the application date.


49. The onus thus shifts to the applicant to satisfy me that, having regard to the reputation or awareness of the opponent's marks CROWN,  and CROWN JAPAN in Hong Kong, use of the suit mark in a normal and fair manner upon radio cassette recorders would not be likely to deceive or cause confusion among a substantial number of purchasers of such goods (*Smith Hayden, supra*, at 101). The test

requires that there must be a real tangible risk of confusion, not just the possibility of confusion.

50. The test for confusion which I must apply is the same as that under section 20(1). The difference is that the comparison to be made is between the actual use made of the opponent's marks and the applicant's proposed mark in notional use. I must consider how the opponent's marks would be seen in actual use on the goods in question, the likely purchasers of the goods and the respective trade channels.

51. As in the enquiry under section 20(1), conceptual similarity may increase the likelihood of confusion, as may a reasonably held belief that both marks belong to the same family of marks.

52. On behalf of the applicant, Ms Yu contends that even if I find that sufficient reputation has been proved by the opponent to satisfy the threshold question, confusion will still be unlikely because of the peculiar circumstances of use of the suit mark. She submits that not only are the marks different, but the relevant markets or purchasers, namely, export traders and sourcing agents are also different. Ms Yu submits that unlike the average consumer, export traders can be expected to exercise more care in sourcing products.

53. On the evidence I find that there has been ample use of the opponent's marks CROWN,  and CROWN JAPAN. The fact that the relevant market is made up of export traders and sourcing agents is an important consideration. I agree with Ms Yu that the risk of confusion among this particular group of consumers is low, due to their sharpened awareness of the various brand names in the particular market. For completeness I would just add that the authorities lay down clearly that under the trade mark regime, the crucial test is deception or confusion in the country or place where the application is made, not that abroad, unless the logical inference is that there would be a corresponding likelihood of deception or confusion in the local market (*Solibrisa* (1948) 65 RPC 17 at 20). I do not understand Ms Cheung to seek to argue otherwise.

54. Bearing this in mind, I find that in the light of the opponent's evidence of use for different export markets, use of the suit mark in a normal and fair manner in connection with the applicant's proposed goods "radio cassette recorders" will not reasonably likely cause deception and confusion amongst a substantial number of persons.

55. In the result the opposition under section 12(1) is unsuccessful.

56. That however, does not alter the fact that the opposition succeeds under section 20(1), for the opponent needs only succeed on one ground to defeat the application. If the suit mark is a totally new mark, I would have to refuse the application. In this case, however, the suit mark is a used mark and the applicant relies on section 22 of the Ordinance. In considering whether honest concurrent use or special circumstances can be established to justify exercise of my discretion to allow co-existence under section 22, I believe my findings under section 12(1) are of relevance.

*Section 22 of the Ordinance - honest concurrent use*

57. Section 22 is an exception to the scheme of registration of proprietorship by first use by allowing for registration where there is honest concurrent use or other special circumstances which justify registration. It will be convenient to set out the relevant provisions:

“In case of honest concurrent use, or of other special circumstances which in the opinion of the Court or of the Registrar make it proper to do so, the Court or the Registrar may permit the registration by more than one proprietor, in respect of –

- (a) the same goods or services;
- (b) the same description of goods or services; or
- (c) ...,

of trade marks that are identical or nearly resemble each other, subject to such conditions and limitations, if any, as the Court or the Registrar, as the case may be, may think it right to impose.”

58. The principal matters to be considered under section 22 are laid down in *Pirie* (1932) 49 RPC 195, summarized in Hong Kong in *Re Borsalini Trade Mark* [1993] 1 HKC 587, at 591 as follows:

- (a) the extent of use in time and quantity, and the area of the trade;
- (b) the degree of confusion likely to ensue from the resemblance of the marks;
- (c) whether any instances of confusion have in fact been proved;
- (d) the honesty of the concurrent use; and
- (e) the relative inconvenience which would ensue.

59. I take these matters in turn.

*(a) Extent of use and area of trade*

60. I find that despite the applicant's claim at the *ex parte* examination stage, of use since 1991, the earliest proven use of the suit mark dates back to 24 March and 9 June 1993 (Exhibit SGM-4). Ms Yu accepts this position. The evidence shows invoices for "CROWN\*STAR" branded goods, which were supplied by manufacturers and suppliers to the applicant, "FOB" Hong Kong, for onward shipment. The relevant sales turnover, as noted earlier, were far from insubstantial and showed a marked increase over the period 1997 to 1998. Having had regard to the invoices, packing lists, bills of lading and confirmation of shipment notes mostly to destinations in African countries such as Ghana, I am also satisfied that use of the suit mark has been continuous since March 1993.

61. As the applicant filed its application for registration on 4 September 1998, the period of concurrent use is close to five and a half years.

*(b) Degree of confusion likely to ensue*

62. The near resemblance of the marks lies in the shared feature of the word CROWN, which constitutes the whole of the opponent's marks. In *Borsalini* [1993] 1 HKC 587, speaking on the nature of this consideration Mr Justice Godfrey (as he then was) opined:

"The second consideration, the degree of confusion, is to a large extent indicative of the measure of public convenience; and the most important consideration here, in my judgment, is the likelihood of convenience to the public. If there were

very little likelihood of public inconvenience, there would be no good reason why registration of the mark ... should be refused.”

63. Under section 20(1), I have found that the marks are liable to give rise to confusion as to origin despite the additional star device and the word STAR in the suit mark. However, in the context of section 22, it has been observed by the Registrar that

“a higher degree of deception would be required to disqualify a mark from consideration under section 22 of the Ordinance than that required under section 20(1) of the Ordinance. It also supposes actual deception rather than hypothetical deception as the enquiry under section 20 allows.” (*Miss Elaine*, decision of Mr K S Kripas for the Registrar of Trade Marks, dated 7 December 2001, at paragraph 65)

64. On the totality of the evidence, I do not find the degree of likelihood of deception or confusion to be so high as to preclude registration of the suit mark, but the degree of likelihood of confusion has a bearing on whether a condition or limitation of registration ought to be imposed. On this subject, Ms Yu indicated at the hearing that as a fall-back, the applicant would be prepared to offer a limitation on the suit mark to export use only. Ms Cheung submits such a limitation will have no effect on the position as regards the likelihood of confusion and deception.

65. The practical effect of this limitation is that it restricts the relevant market in the enquiry to such section of the export market in Hong Kong in assessing whether or not confusion or deception is likely to ensue. I shall return to this point later.

(c) *Instances of confusion*

66. Notwithstanding apparent common trade channels, the opponent has adduced no evidence of instances of confusion during the period of the applicant’s concurrent use. This is not surprising since the evidence shows that the applicant’s business has to date been confined to export to African countries. As it is actual commercial use, not the fact of registration which may cause confusion, the absence of confusion favours the applicant.

(d) *Honesty*

67. The opponent alleges the applicant must have known of the opponent's marks when they commenced business. However, this is not supported by evidence of copying. The applicant's explanation is that the suit mark was adopted to match the names of its associates and clients in Ghana and Nigeria. Ms Cheung points out this explanation is unreliable as the evidence shows these foreign associates were only incorporated after the applicant began use of the suit mark. Ms Yu submits that even if the applicant were aware of the opponent's mark, that would not impeach on the honesty of the applicant when the opponent's CROWN marks had been in existence and in use for much longer than when the applicant first began use of the suit mark.

68. I find the applicant's evidence does not support the explanation given as to the choice of the mark. However putting the matter in context, the marks are not so similar visually and phonetically that I should feel entitled to infer, not to say conclude, that one was derived from the other (*Re Wowi & Device* [1998] 3 HKC 221, *obiter dictum*).

(e) *Relative inconvenience*

69. The applicant had already exported suit mark-branded goods from Hong Kong for over five years as at the application date. The applicant has shown that its trade revenue is far from insignificant. On the other hand, the opponent's business is sizeable and well-established. In the circumstances, neither party has a clear claim to be more inconvenienced than the other.

70. Having said all that, I do not overlook the fact that the opponent is the proprietor of its CROWN marks by earlier use and registration. As no limitation has been imposed on the opponent's prior registrations, it is *prima facie* entitled to move into the market for exports to African countries.

*Exercise of discretion under section 22*

71. Section 22 anticipates that acceptance may be subject to such conditions or limitations as the Registrar may think fit to impose. Indeed, the applicant is prepared to accept an export limitation to its specification of goods. This has the effect of narrowing down the protection conferred to only the appropriate section of the export market in Hong

Kong. The relevant test for confusion which is likely to ensue is that arising amongst those concerned in the handling of the goods between the arrival and dispatch from Hong Kong including shipping agents and export traders.

72. I have found that the applicant has established honest concurrent use of their mark in the export market of goods for certain African countries. So far as the local market and other export markets are concerned, the provisions of section 20(1) prohibit the registration of the suit mark. The history of the concurrent use of the parties' trade marks for more than five years shows that their marks could co-exist without confusion or conflict, if they continued to be used in the widely separated sections of the export market where they have been used to date. If the applicant's use is confined to export use, the likelihood of confusion will remain at a low level.

73. Having considered all of the factors above, I find that this is an appropriate case for exercise of my discretion to allow registration of the suit mark subject to an export limitation as follows:

“It is a condition of registration that the mark applied for shall be used in relation only to goods for export from Hong Kong to Africa.”

#### *Costs*

74. Whilst the applicant has succeeded in the application for registration, the opponent has succeeded in obtaining an export limitation on the applicant's specification of goods. I consider that as each party has succeeded in part and failed in part, it would be proper for each party to bear its own costs. Accordingly I make no order as to costs.

( Lavinia Chang )  
p. Registrar of Trade Marks  
8 December 2005