

TRADE MARKS ORDINANCE (CAP. 559)

APPLICATION FOR REVOCATION OF TRADE MARK 199812519

MARK : **ROXY**
CLASS : 18
APPLICANT : Quiksilver International Pty Ltd
OWNER : Lee Tung Lok Handbag Company Limited

STATEMENT OF REASONS FOR DECISION

1. On 6 September 2004, Quiksilver International Pty Ltd (“the applicant”) applied to the Registrar of Trade Marks (“the Registrar”) to revoke the registration of the trade mark **ROXY** in class 18 under the Trade Marks Ordinance (Cap. 559) (“the Ordinance”) on the ground of non-use. The trade mark is registered in the name Lee Tung Lok Handbag Company Limited (“the owner”).

2. The hearing of the application took place before me on 22 May 2007. Mr Felix Pao, counsel, instructed by Messrs. Johnson Stokes & Master, represented the applicant. Mr Siu Choi Fat of Messrs Chui & Lau represented the owner.

Registration

3. The registration that the applicant applies to revoke is the trade mark :

ROXY

(“the suit mark”)

registration number 199812519, registered for “purses, travelling bags, luggages, suitcases, handbags, wallets, keybags, backpacks made of leather and/or imitations of

leather; all included in Class 18” (“the specified goods”); date of application and registration 21 January 1998.

Pleadings

4. In its statement of case filed on 6 September 2004, the applicant pleads that it conducted a series of investigations to ascertain whether any use had been made of the suit mark in relation to the specified goods. It is the applicant’s case that the investigations have revealed that there had been no genuine use in Hong Kong of the suit mark in relation to any of the specified goods in respect of which the suit mark is registered or any goods of the same description, for a continuous period of three years prior to the date of these revocation proceedings. It claims that the registration of the suit mark should be revoked pursuant to section 52(2)(a) of the Ordinance.

5. The owner filed a counter-statement on 5 March 2005. The owner asserts that it had sold bags with the trade mark “ROXY” to a company in Taiwan called Jian Jaw Enterprise Co. Ltd. and to one Tang Kit Yee in Hong Kong in the three years preceding and up to the date of these revocation proceedings.

Applicant’s evidence

6. Evidence in support of the application for revocation consists of the public records of a company search conducted for the owner on 17 November 2003 which revealed that the owner had filed a special resolution and a declaration that it had become dormant as of 13 September 2001. According to paragraphs 6 to 8 of the statutory declaration of James Kennoway Allan declared on 6 September 2004 (“Mr Allan’s statutory declaration”), Mr Allan says that investigations were conducted in December 2003 and January 2004 which revealed that the owner had no business address or any business activity in Hong Kong and that the suit mark had not been used for a few years. Mr Li Ka Lok, a director of the owner, revealed that his factory was located in Bao An in China and that he was producing bags for other countries in South East Asia and China but did not have any sales in Hong Kong.

7. According to another company search records filed as the evidence of the applicant, the owner passed another special resolution on 13 February 2004 that it intended to enter into a relevant accounting transaction as defined in s.344A(9) of the

Companies Ordinance (Cap. 32) and that it would cease to be dormant.

8. According to paragraph 13 of Mr Allan's statutory declaration, Mr Allan alleges that during a meeting between Li Ka Lok and the investigator engaged by the applicant (the meeting should have been held in July 2004 as per paragraph 7(ii) of Mr Li Ka Lok's statutory declaration as referred to in paragraph 9 below), Mr Li stated that he had not conducted any business in Hong Kong in the three years preceding July 2004 and only kept the owner "alive to maintain the ROXY trade mark". Mr Li further stated that the supply of ROXY branded bags from the Shenzhen factory had stopped about three years before July 2004.

Owner's evidence

9. Two statutory declarations were filed on behalf of the owner to show use made of the suit mark. The first statutory declaration was made by Li Ka Lok, a director of the owner, which was declared on 4 March 2005 ("Mr Li's first statutory declaration"). He says that although the owner applied to be a dormant company in September 2001, the owner has in fact had business activities and has been using the suit mark. He states that the owner sold bags with the suit mark to a company in Taiwan called 天兆企業有限公司(Tian Jaw Enterprise Co. Ltd.) for the period from 7 September 2001 to 6 September 2004. Some documents were said to be produced to evidence the sales. Mr Li further asserts that the owner had purchased materials for manufacturing bags during the same period. Invoices and so on were said to be produced to prove the same. Apart from the Taiwan company, it is also the owner's case that it sold bags with the suit mark to one Chan Tak Kuen, Tang Kit Yee and Amy Fashion and Handbags in Hong Kong. In reply to Mr Allan's statutory declaration, Mr Li says that he cannot recall if there was any conversation between the investigator and himself in January 2004 and the contents of their conversation. He admits that there was a meeting between him and the investigator in July 2004 but denies that he had told the investigator that the owner did not sell any bags with the suit mark during the three years preceding the meeting.

10. The second statutory declaration relied on by the owner was made by Ms Tang Kit Yee, which was declared on 3 March 2005 ("Ms Tang's statutory declaration"). She says she has been using 林記 (Lam Kee) as the trade name to run the business of selling handbags, travel bags and other bags at 38 Tung Choi Street since 1985. She states that she was buying bags with the suit mark from the owner

from 1990 to 2003. She alleges that she bought bags from the owner two to three times a week amounting to several thousand dollars each time from 2001 to 2002. The number of bags which she had bought started to fall in 2003 and 2004. Since the amount of each transaction was not substantial, Ms Tang claims that she paid cash to Mr Li Ka Lok, the responsible person of the owner, for settlement of each transaction and did not request for any receipt.

Applicant's evidence in reply

11. The applicant's evidence in reply consists of a statutory declaration of Barbara M. McAndrews, the company secretary of the applicant, which was declared on 18 July 2005 ("Ms McAndrews' statutory declaration"). In the statutory declaration, Ms McAndrews produced a set of business registration record search results for entities with the Chinese name 林記 to show that not one 林記 (Lam Kee) was found to be located at 38 Tung Choi Street, the address of the place of business given in Ms Tang's statutory declaration. Ms McAndrews further produced a business registration record search result for the address 38 Tung Choi Street, which was shown to be the business address of one Kwan Lee Radio Components Company Ltd. since 8 June 1995. A visit was also made at the address of 38 Tung Choi Street which was found to be occupied by Kwan Lee Radio Components Company Limited.

Three-year period of non-use

12. Under section 52(2)(a) the registration may be revoked if the trade mark has not been used for a continuous period of at least three years. In these proceedings the relevant period of the enquiry is from 6 September 2001 to 6 September 2004.

Preliminary Issue

13. Four days before the hearing on 18 May 2007, the owner sent the second statutory declaration of Li Ka Lok declared on the same date ("Mr Li's second statutory declaration") to the Registrar which was copied to the solicitors for the applicant.

14. At the hearing on 22 May 2007, Mr Siu for the owner applied for leave under Trade Marks Rules (Cap. 559A) ("Rules/Rule") 38(4) to file further evidence.

By the proposed second statutory declaration of Li Ka Lok, the owner sought to provide copies of a fixed-pitch hawker licence (No. FH020696) for the year ending April 2007 and a related identity badge showing that Ms Tang Kit Yee is the licensee of the licence and the location of the pitch is 通菜街 38 號前 前排. Mr Siu submitted that these were produced to reply to Ms McAndrews' statutory declaration who suggested that Ms Tang did not carry on business at 38 Tung Choi Street. Mr Li explained in his second statutory declaration that as Ms Tang was only willing to let him have copies of the licence and badge on 14 May 2007 after repeated requests and efforts, those pieces of evidence could not have been produced earlier. Mr Siu submitted that the proposed evidence should not raise any controversy as they are documents issued by the Food and Environmental Hygiene Department and it appears that no reply is necessary from the applicant.

15. In reply, Mr Pao for the applicant pointed out that the proposed evidence of copies of an expired fixed-pitch hawker licence for the year ending April 2007 and a related similarly expired identity badge are not evidence falling within the three year period preceding the commencement of these revocation proceedings on 6 September 2004. However, Mr Pao said that after receiving Mr Li's second statutory declaration, the solicitors for the applicant did instruct their clerk to attend the Kowloon Hawkers and Markets Office of the Food and Environmental Hygiene Department in Mongkok to inspect the register of hawker licences kept by the department in order to obtain further information about the licence. A photocopy of the relevant page of the public register of fixed-pitch hawker licences and licensees showing the particulars of the licence was produced to me at the hearing. According to the extract of the public register, Mr Pao submitted that Ms Tang Kit Yee did indeed have a fixed-pitch licence at 通菜街 38 號前 前排 starting from 11 April 1994. Mr Pao contended that it is interesting to note that the commodity which Ms Tang was licensed to sell is specified to be clothes and haberdashery. Haberdashery refers to buttons, ribbons, threads, tapes and commodities of a similar kind. One can see from the explanatory leaflet for the list of Class III commodities as specified in the licence that handbags (I would also add "bags and suitcases") are a separate item from both clothes and haberdashery. Mr Pao submitted that if Ms Tang indeed sold handbags, travel bags and other bags as she claimed, the licence would have shown that.

16. Mr Pao submitted that according to the Trade Marks Work Manual on procedure where leave is sought to file further evidence, it states that if the request is made after the hearing date for the substantive hearing has been advised and particularly after pre-trial review has taken place, it is highly unlikely that the request

will be entertained. He submitted that the evidence could have been available earlier. The applicant was only informed of the owner's intention to seek leave to file the further evidence after the office hours on 17 May 2007. He argued that this is yet another attempt on the part of the owner to abort the substantive hearing of the revocation application that was commenced as long ago as 2004.

17. Mr Pao then recited the history of the present proceedings. He said that the trade mark revocation application commenced on 6 September 2004. The applicant's Rule 38 evidence was completed on 3 August 2005. Less than one month before the previous date of hearing of these revocation proceedings, which was fixed for 3 May 2006, the owner's solicitors made a Rule 38(4) application for leave to file further evidence. The further evidence application was scheduled to be heard on 11 July 2006. Subsequent to the applicant's serving its written submissions in opposition to the further evidence application, the owner's solicitors informed the Registrar and the applicant that the further evidence application was withdrawn on 10 July 2007. Yet, on the very same date of the withdrawal, the owner's solicitors made another application for leave to cross-examine the witnesses who made statutory declarations in these proceedings. The application to cross-examine was finally refused by the Registrar after hearing.

18. Mr Pao submitted that less than three working days before this re-fixed date of hearing of these revocation proceedings, the owner came up with another application for leave to file further evidence. Given the background of this matter, it is obvious that this application is nothing more than another of the owner's attempt to further delay the substantive hearing of these revocation proceedings. Under section 82(1) of the Ordinance, the burden of proof is on the owner to satisfy the Registrar that the suit mark has been genuinely used in Hong Kong by him in relation to the goods for which it is registered. Evidence of use, by its very nature, should have been in the possession of the owner at all times. In addition, whatever excuses put forward by the owner as to why the proposed evidence was not available earlier, this is not evidence that would help the Registrar to arrive at a just decision on whether or not there has been genuine use by the owner of the suit mark in Hong Kong. Mr Pao submitted that the application should be dismissed. Mr Pao also asked for costs on an indemnity basis because of the lateness of the owner's application and the history of the case.

19. Having considered the submissions of Mr Pao and Mr Siu, at the hearing, I granted leave to the owner to file Mr Li's second statutory declaration and also to the applicant to file the extract of the public register of fixed-pitch hawker licences and

licensees showing the particulars of the licence together with the explanatory leaflet in respect of the “list of Class III – commodities” under Rule 38(4). Pursuant to my order, a statutory declaration of Lam Wai Yin which was declared on 23 May 2007 annexing the relevant documents was filed by the applicant on the following day after the hearing.

20. I consider that both the new evidence of the owner and applicant are relevant to the central issue of whether the suit mark has been genuinely used in Hong Kong in the relevant period. In the interest of justice, they should be admissible as part of the evidence. There is no need to adjourn the substantive hearing despite the admission of these additional evidence. At the hearing, I reserved my decision on costs of the application for leave to file further evidence.

21. On the question of costs, though the owner had taken out various unsuccessful interlocutory applications in the past, I do not consider that the owner’s conduct throughout the proceedings amounted to an abuse of the tribunal’s process. In my view, the present application for leave for filing evidence was not made without merits nor had been initiated for an ulterior motive. Leave was granted to the owner to file the further evidence. The owner had not made use of the opportunity to request for an adjournment of the substantive hearing. There was in fact no need to do so and the parties did proceed with the substantive hearing on 22 May 2007. I do not believe costs on an indemnity basis can be considered. I accordingly order that costs of and occasioned by the owner’s application for filing further evidence be to the applicant in any event, to be taxed if not agreed.

Burden of proving use

22. Section 82(1) of the Ordinance provides that “if in any civil proceedings under this Ordinance in which the owner of a registered trade mark is a party, a question arises as to the use to which the trade mark has been put, the burden of proving that use shall lie with the owner”. The result is that in the present revocation proceedings, the burden of proving genuine use lies with the owner.

Genuine use

23. The owner’s case is that it has been using the suit mark in respect of

handbags both in Hong Kong and outside Hong Kong. There were trading, marketing and manufacturing activities which serve a real commercial purpose. Even though the use of the suit mark was not of large scale in Hong Kong, the mark had been genuinely used in Hong Kong in the relevant period.

24. Mr Siu submitted that there are a lot of evidence to show that the owner has sold different styles of handbags with the suit mark. The owner has designed various styles of handbags and some of the designs bear the suit mark (model nos. 2661, 3225, 2426 and 2987 on page 80 of the bundle, model no. 3363 on page 85 of the bundle, model nos. 2426, 2987, 3224, 3225, 3226 and 2426, 3349 on page 86 and page 97 of the bundle respectively). In a statement dated 4 January 2002 (page 55 of the bundle), the model numbers 2426, 2987 and 2661 were mentioned to be ordered. In an undated statement (page 57 of the bundle), handbags with the model numbers 2426, 3225, 2987 and 2661 were mentioned to be ordered. In an “invoice” dated 29 January 2002 (page 64 of the bundle), it states that model numbers 2426, 2987, 2661 and 3225 were sold to 天兆 (Tian Jaw), a Taiwan company. At the end of the “invoice”, it is stated that an amount of \$192,584 was received on 26 March. Mr. Siu pointed out that pursuant to the “invoice”, partial payment at the sum of \$192,534 was remitted to the bank account of Li Ka Lok and Chan Wai Kuen, the directors of the owner (page 65 of the bundle). Mr Siu submitted that similar records can be found in the “invoice” dated 13 March 2002 (page 69 of the bundle) and the “invoice” dated 19 April 2002 (in respect of model numbers 3224, 3225, 3226, 2987, 2426 and 3363) (page 87 of the bundle). At the end of the “invoice”, it is stated that a sum of \$100,000 was received on 21 August 2002. Payment records for the sum of \$99,800 remitted to the account of Li Ka Lok and Chan Wai Kuen are found in page 88 of the bundle.

25. Mr Siu contended that with the designs of handbags, the handbags were marketed by the owner in the relevant period. There were numerous invoices (pages 99 to 149 of the bundle) which showed that the owner sourced raw materials for production of bags in Hong Kong and the bags were distributed by the owner in Hong Kong (pages 103, 106, 108, 113, 122 and 140 of the bundle). In particular, the invoice of Shun Tat Metal Products Centre Ltd dated 10 December 2001 (page 138 of the bundle) evidenced the purchase by the owner of “ROXY EXPRESS” 長條工模 (long roll mould) and “ROXY” 拉鍊牌工模 (zipper mould) for the making of the mark “ROXY” for their handbags.

26. Mr Siu further argued that there had been local sales of handbags with the suit mark by the owner to various small retailers such as Chan Tak Keung, Tang Kit

Yee and Amy Fashion and Handbags during the relevant period. Ms Tang Kit Yee filed a statutory declaration to confirm that from 1990 to 2003, she purchased bags with the suit mark from the owner. From 2001 to 2002, there were about two to three deliveries per week and the amount involved for each delivery was about a few thousand dollars. In view of the nature of Ms Tang's business, Mr Siu submitted, it is not unexpected that the transactions were effected in cash and the parties did not keep any records. In any event, Ms Tang has been carrying on business since 1985. She is an independent witness with nothing to suggest that her evidence is not to be believed.

27. In reply, Mr Pao first brought me through the applicant's evidence filed in these revocation proceedings. Mr Pao submitted the public records revealed that the owner is a company incorporated in Hong Kong, which had declared itself dormant as of 13 September 2001 pursuant to section 344A(1)(a)(i) of the Companies Ordinance (Cap. 32) (pages 25 and 26 of the bundle). In the declaration, Li Ka Lok and Chan Wai Kuen, the directors of the owner, did solemnly and sincerely declare that the owner would become dormant as from the date of delivery of the declaration to the Registrar of Companies. They made the declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Ordinance (Cap. 11). The declaration was signed by Mr Li and Ms Chan. Mr Pao submitted that is the starting premise that one has to bear in mind – the owner had declared itself dormant as of 13 September 2001.

28. Mr Pao submitted that according to paragraph 6 of Mr Allan's statutory declaration, investigations were conducted in December 2003 and January 2004. Enquiries to locate the owner of the suit mark were initially not successful. There are no telephone listings, no internet listings and no entry in the local data bases, such as the Hong Kong Trade Development Council and Asian Sources Media Databases. Visits to the addresses of the owner as appeared on the Companies Register and the Trade Mark Registration Certificate for the suit mark did not reveal the existence of such a company at those locations. Mr Pao pointed out that these facts are not denied by Mr Li Ka Lok in his evidence filed in these proceedings. These facts show that the owner had no business address or activity in Hong Kong.

29. Mr Pao then referred me to paragraph 7 of Mr Allan's statutory declaration that directorship searches were conducted of the two directors of the owner. Contact details were obtained via an internet search of one of the directors, Li Ka Lok. A telephone call was made to Mr Li who was not available but the woman who answered

the telephone disclosed that Mr Li no longer had any business in Hong Kong but had business in China where he spent most of his time. Again, Mr Pao contended that these facts are not denied by Mr Li in his evidence. Mr Allan went on to say in paragraph 8 of his statutory declaration that Mr Li was subsequently contacted by telephone. During the telephone discussion, Mr Li advised that he no longer had any business activities, including sales, in Hong Kong. In a further telephone discussion, Mr Li reconfirmed that he did not have any business activities in Hong Kong. Mr Li revealed that his factory was located in Bao An in China and that he was producing bags for other countries in South East Asia and China but did not have any sales in Hong Kong. When questioned about the suit mark, Mr Li answered that he had not been producing this brand “for a few years”. Mr Pao argued that Mr Li, in reply to this piece of evidence, only says that he has no recollection of the telephone conversation.

30. Mr Pao submitted that on 13 February 2004, the owner declared that it would cease to be dormant for the purpose of entering into a mortgage transaction to secure general banking facilities, a transaction which was required by section 121 of Cap. 32 to be entered in the company’s books of accounts (pages 33 to 35 of the bundle). Notwithstanding this further declaration, Mr Pao contended, independent investigations in July 2004 revealed that the owner remained without a business address and had no business activity in Hong Kong. This was confirmed by Li Ka Lok during a meeting with the investigator engaged by the applicant in which Li Ka Lok stated that he had not conducted any business in Hong Kong in the past three years and only kept the owner “alive” to maintain the suit mark. Li Ka Lok further stated that the supply of “ROXY” branded bags from the Shenzhen factory had stopped about three years ago (paragraphs 10 to 13 of Mr Allan’s statutory declaration). With these evidence facing Mr Li, Mr Pao submitted that Mr Li only denied a small part of it. Mr Li’s denial is in respect of the fact that the owner did not sell any bags with the trade mark “ROXY” during the past three years. Everything about the factory in Shenzhen; he has not conducted any business in Hong Kong in the past three years; he only kept the owner “alive” to maintain the suit mark are not denied.

31. Mr Pao said that it is interesting to note that in paragraph 2 of Mr Li’s first statutory declaration, he stated that although the owner applied to be a dormant company in September 2001, it has in fact had business activities and has been using the suit mark. What this effectively means is, Mr Pao contended, that he was either lying under the statutory declaration of these proceedings or lying under the statutory declaration of the Companies Ordinance. Mr Pao submitted that if there were any

business address or activities in Hong Kong, photos of the registered office of the owner could have been produced by Mr Li in his statutory declaration.

32. Against the background of the applicant's evidence, Mr Pao then launched various attacks on the owner's evidence. In respect of the owner's bundle of documents purportedly to evidence the sales of bags with the suit mark to a Taiwan entity during the relevant period, Mr Pao described them as "internal" documents. In Mr Li's first statutory declaration (the original Chinese text), Mr Pao pointed out that these documents are described as "貨單", the proper English translation of which should be "orders for goods". These orders of goods were in handwritten notes. In Mr Pao's words, they could not be anything other than internal documents. The internal documents are not invoices or packing lists or anything of this nature. If the starting premise is that the owner was dormant from September 2001, Mr Li had for some time been carrying on business in Shenzhen China for handbags or other goods for sale to customers in China, Asia or Taiwan, then all these documents in the owner's letterhead are simply handwritten notes written on the owner's old stationery. If there had been genuine transactions between the owner and the Taiwan entity called 天兆 for handbags, there would have been orders, invoices, delivery notes, shipping documents, remittance advices and receipts, not just some handwritten orders for goods and a page from the passbook of Mr Li and Ms Chan showing that some money had been transferred into their joint personal account from an unknown source which they now allegedly identify the Taiwan entity.

33. Amongst the internal documents, Mr Pao pointed out that all the sketches of handbags, as submitted by Mr Siu, with model numbers bearing the suit mark, are drawn on the letterhead bearing the name of an entity called 利同樂手袋製品廠, not the owner. The internal note dated 19 July 2002 (page 90 of the bundle) is the only bit of evidence amongst the pile of the owner's internal documents from which we can discern the trade mark applied to the goods which were alleged to be sold to the Taiwan entity. The trade mark is "BACNICE" which was to be affixed to packaging box (嚟箱面打) (see the bottom of the note dated 19 July 2002). Throughout, apart from the sketches, one would see that the suit mark ROXY was never mentioned in any of the internal documents. If there was indeed a need to refer to any mark, a specific reference to the mark "LOOK" can be found in the internal note dated 4 January 2002 (page 55 of the bundle) where two sketches of handbags are shown with the mark "LOOK" on them.

34. Mr Pao submitted that there is no reference to the mark ROXY in any of

the internal documents. As such, I should not draw the inference, as Mr Siu wishes me to draw, that as the sketches of handbags with the suit mark are shown on some third party's (利同樂手袋製品廠) document, when the model numbers of the same style are mentioned in the internal documents, the mark ROXY would be applied to those goods.

35. Mr Pao submitted that the owner further produced a bundle of invoices, cash sales memos, delivery notes, receipts and statement for materials purportedly purchased by the owner during the same period (paragraphs 4 and 5 of Mr Li's first statutory declaration). Mr Pao contended that these documents (pages 100 to 148 of the bundle) show up the deficiencies of the owner's internal documents mentioned aforesaid. The documents are not the owner's documents and they do not show use of the suit mark by the owner in Hong Kong. Most of the goods as shown in the documents are not class 18 goods.

36. However, Mr Pao submitted that some of these documents did show what the investigator found out, that is, the owner had no business address in Hong Kong is correct. As shown in an invoice dated 5 December 2001 issued by one Distribution Limited to the owner (page 146 of the bundle), although a business address of the owner is shown, the materials were delivered to a different address at G/F, 1J Shek Kip Mei Street. In a cash sales memo dated 17 December 2001 issued by one 福隆行 Fook Lung Hong (page 126 of the bundle), it shows that the address of 福隆行 Fook Lung Hong is 1J-1K Shek Kip Mei Street. Therefore, what the owner had ordered were delivered to the 福隆行 Fook Lung Hong's address. In the invoice dated 5 November 2001 issued by Shun Tat Metal Products Centre Ltd to "利同樂" (page 127 of the bundle), there is a remark at the bottom of the invoice that "福隆代收". Mr Pao submitted that this shows a lot of the materials purchased by the owner were received on his behalf by someone else. This really confirmed that the owner did not have a business address in Hong Kong. Mr Pao pointed out that similar "代收" invoices can be found on pages 116, 128, 131, 132, 133 to 137 of the bundle. They also indirectly confirmed that the owner had no business activities in Hong Kong.

37. Lastly, Mr Pao criticized the owner's evidence on local sales. Mr Pao submitted that, in paragraph 6 of Mr Li's first statutory declaration, Mr Li alleges boldly that the owner sold bags with the suit mark to Chan Tak Kuen, Tang Kit Yee and Amy Fashion and Handbags with no supporting documents whatsoever. Mr Pao contended that although the owner was able to get one of the alleged local retailers, Ms Tang Kit Yee, to file a statutory declaration in support of its case. Again, there are

only bold assertions in Ms Tang's statutory declaration that she had been buying bags with the suit mark from the owner without supporting documents whatsoever. The public records showed that Ms Tang was not even licensed to sell handbags. The explanation given was that the transactions were in cash and therefore there were no records. Mr Pao submitted that the explanation was not credible. As it can be seen from the owner's evidence referred to in paragraph 35 above, when the owner bought materials from the third parties, cash sales memos were issued even though the transactions were in cash.

38. In conclusion, Mr Pao submitted that the owner has not produced one shred of evidence to show that there was genuine use of the suit mark in Hong Kong in respect of the Class 18 goods for which the suit mark is registered for three years prior to the commencement of these proceedings or indeed in any time. In the premises, the applicant asked that the registration of the suit mark be revoked with costs to the applicant. Again, Mr Pao asked for costs on an indemnity basis given the background of the whole proceedings and the manner in which they were conducted by the owner. Mr Pao submitted that the owner had been trying to delay and abort the substantive hearing at each stage of the proceedings ever since 2004.

39. In my judgment, guidance as to the meaning of genuine use can be found in *Ansul BV v Ajax Brandveiliging BV* [2003] RPC 40 and *La Mer Technology Inc v Laboratoires Goemar SA* [2004] FSR 38, judgments of the European Court of Justice which have been considered and applied by the Court of Appeal of England and Wales in *Laboratoire De La Mer* [2006] FSR 5.

40. In *Ansul* the European Court states that genuine use denotes use that is not merely token, serving solely to preserve the rights conferred by the mark. It entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking. Use of the mark must relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way. Regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark (*at* 725).

41. In the decision of the European Court of Justice in *La Mer Technology Inc v Laboratoires Goemar SA* [2004] FSR 38, which affirmed *Ansul*, it is said that if use of

the mark does not have as its essential aim the preservation or creation of market share for the goods or services that it protects, such use cannot be characterised as genuine (at 793).

42. The privilege of a trade mark registration requires that the mark must be put to genuine or real use (*Kerly's Law of Trade Marks and Trade Names*, 14th Ed, at paragraph 10-050). It is clear that the use of the suit mark cannot be merely token or sham use.

43. In the Hong Kong High Court case *Brands Inc. Ltd v Kabushiki Kaisha Regal Corp*, HCMP 754 of 2006, 18 December 2006, unreported, Barma J., on an appeal from the Registrar's decision in a revocation proceedings and having gone through the legal authorities of *Ansul*, *La Mer Technology and Laboratoire De La Mer*, supra, said the following at page 9 of the judgment :

“The policy behind the requirement that a trade mark, once registered, should be used in order to justify its continued registration is stated in *Ansul*, at paragraph 37 of the judgment. It is that the purpose of a trade mark is to enable its owner to create or preserve a market for goods or services produced or supplied by him. It does so by granting to the owner the exclusive right to use the mark in that market, and the ability to stop others from using the mark in respect of their own goods or services. However, where the mark is not in fact used for this purpose, it ceases to achieve this purpose. There is then no longer any justification for preventing others from using it.

Further, as a trade mark and the rights that are conferred by it are essentially territorial in nature, what is relevant for the purpose of deciding whether or not the owner should be entitled to retain the mark and its associated right is use as a trade mark in the territory in respect of which it is registered.”

and at page 11 of the judgment :

“I think that it is clear from these authorities that Mr Wong is right in submitting that what is essential (leaving aside section 52(3)(b) of the Ordinance) is that the mark should have been used by being exposed to third parties (other than the owner or his licensees or agents) on a market in Hong Kong for goods of a type in respect of which the mark was registered. The need for exposure on such a market follows from the fact that to be used as a trade mark, the mark must be used in such a way as to act as a badge of origin, or a guarantee of the source or origin of the goods to which it is affixed.”

44. As I see it, it is the owner's case that it exported handbags bearing the suit mark to a Taiwan company and sold the handbags bearing the suit mark locally in Hong Kong to various small retailers during the relevant period.

45. So far as the alleged export sales to the Taiwan company are concerned, on the whole, I accept the submissions of Mr Pao that there are all the suspicious and unexplained features of the alleged sales by the owner to the Taiwan company. I am convinced that the owner's handwritten alleged "貨單" (orders for goods) are sort of internal documents only. For some alleged orders for goods (pages 60 to 63, 66 to 68, 78, 79 and 90 of the bundle), there were handwritten dates on them which fall within the relevant period. However, at the top of the orders, there appears to be a facsimile machine printed record of the documents being faxed out by the owner on 2 Feb 1998, a date outside the relevant period. No explanation was given by the owner in its evidence filed in the proceedings.

46. Furthermore, in my opinion, it is highly unusual that the owner has not been able to produce any purchase orders, invoices, delivery notes, shipping documents, remittance advices and receipts to evidence its sales to the Taiwan company. The whole circumstances become more suspicious when the applicant's evidence is taken into account, especially the owner's own declaration of dormancy and the parts of the applicant's investigation conducted in July 2004 that were not denied by the owner in its evidence. In the circumstances, I am unable to conclude on those slender evidence filed by the owner that there were sales to the Taiwan company of handbags with the suit mark during the relevant period.

47. In any event, even if the alleged sales to the Taiwan company are genuine transactions, as held by Barma J. in *Brands Inc. Ltd*, supra, the suit mark should have been used by being exposed to third parties on a market in Hong Kong for goods of a type in respect of which the suit mark is registered. The suit mark had never been exposed to third parties on a market in Hong Kong. What is relevant for the purpose of deciding whether or not the owner should be entitled to retain the mark and its associated right is use as a trade mark in the territory in respect of which it is registered. The use in relation to a trade mark must be in Hong Kong. Section 52(3)(b) of the Ordinance provides that for the purposes of section 52(2), use of a trade mark in Hong Kong includes applying the trade mark to goods or to the packaging of goods in Hong Kong solely for export purposes. The owner has not pleaded this deeming provision in his counter-statement nor did Mr Siu make any submissions in respect of that sub-section at the hearing. In any case, it is clear that there was no evidence that the

owner applied the suit mark to goods or to the packaging of goods in Hong Kong solely for export purposes during the relevant period which would trigger the application of section 52(3)(b) of the Ordinance.

48. Mr Siu submitted that the invoices (pages 99-149 of the bundle) showed that the owner sourced raw material for the production of bags in Hong Kong. Whilst a few invoices do show that certain materials like “原色散棉芯繩”, “尼龍水松膠衣” and presumably cloth of different types were sold to the owner, they do not constitute evidence of “applying the suit mark to the bags or to the packaging of bags in Hong Kong”. Most of the invoices produced were in fact issued to “利同樂”, “利同樂手袋公司” and “利同樂皮具公司”, not the owner.

49. Mr Siu also pinpointed the invoice issued by Shun Tat Metal Products Centre Limited dated 10 December 2001 (page 138 of the bundle) which he submitted evidenced the purchase by the owner of “ROXY EXPRESS” 長條工模 (long roll mould) and “ROXY” 拉鍊牌工模 (zipper mould) for the making of the mark “ROXY” for their handbags. I note that the invoice was addressed to “利同樂”, not the owner. As shown by the owner’s evidence, there are in fact several entities involved including 利同樂手袋有限公司 (Lee Tung Lok Handbag Co. Ltd) (the owner), 利同樂手袋公司 (Lee Tung Lok Handbag Co.), 利同樂手袋製品廠 and 利同樂皮具公司. The relationship amongst these entities was not explained in the owner’s evidence. Therefore, when the invoice at page 158 of the bundle is addressed to just “利同樂”, it is not clear whether the owner or one of the other three entities was referred to. Even if I take that the invoice was actually issued to the owner, the purchase of the moulds by it again does not amount to evidence that the owner applied the suit mark to goods or to the packaging of goods in Hong Kong solely for export purposes.

50. I now turn to the evidence on the local sales. The matter only rests on one single piece of evidence, that is, a statutory declaration filed by Ms Tang who simply asserts, without any supporting documents, that she bought handbags from the owner bearing the suit mark in Hong Kong in the relevant period. Mr Pao has criticised the inadequacies of Ms Tang’s evidence put before me. I think that most of the criticisms are validly made.

51. Under section 82(1) of the Ordinance, it is for the owner to prove the use that had been made of the suit mark in Hong Kong within the three-year period. Having looked at the totality of the evidence in these proceedings, I find it impossible

for me to conclude on the scanty and unsatisfactory evidence relied on by the owner that there was genuine use of the suit mark in Hong Kong in the relevant period.

Conclusion

52. As the owner has failed to show use of the suit mark in relation to the goods for which it is registered during the relevant period, the application for revocation is allowed. The registration of the suit mark is revoked with effect from the date of the application for revocation in accordance with section 52(7)(a) of the Ordinance.

Costs

53. The applicant has sought costs on an indemnity basis for similar reasons given in the application for leave to file further evidence. As I have found, I do not consider that the owner's conduct throughout amounted to an abuse of the tribunal's process. I also do not believe costs of an indemnity basis for the whole proceedings can be considered. I accordingly order that the owner pays the costs of these proceedings on a party and party basis as usual.

54. Subject to any representations as to 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 I 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.

(Original signed)

(Ms Fanny Pang)
p. Registrar of Trade Marks
15 June 2007