Application No. 199907378

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 16 by Chyuan Shyang Stationery Co.

AND

IN THE MATTER of an opposition by Mercis B. V.

DECISION
OF

Miss Lavinia Chang acting for the Registrar of Trade Marks after a hearing on 20 October 2005.

Appearing : Ms Jennifer Tsang, of counsel, instructed by Messrs Clyde & Co. on behalf of the applicant, Chyuan Shyang Stationary Co., and supplemented at the Registrar's direction, by written submissions filed on 31 October 2005.

Mr Gary Kwan, of counsel, instructed by Messrs Deacons on behalf of the opponent Mercis B. V., and supplemented at the Registrar's direction, by written submissions filed on 10 November 2005.

1. These proceedings arise out of an application made by Chyuan Shyang Stationery Co (the "applicant") of 1st Floor, No. 14, Lane 117, An Ho Road, Section 1, Taipei, Taiwan on 10 June 1999 ("the application date"), to register pursuant to the provisions of the Trade Marks Ordinance Cap 43 (the "Ordinance"), in Part A of the register, the mark a representation of which appears below:

(the "suit mark"). The goods intended to be covered include "art paper, wrapping paper, tissues, stickers, watercolour paints, envelopes, letterheads, bookmarks, greeting cards, diaries, photograph albums, business card holders, notebooks, telephone number books, pen holders, bookends, staplers, note pads holders, paper cutters, correction fluids, glue for stationery, sellotapes, sellotape dispensers, pencil sharpeners, book holders, pencils, pencil leads, crayons, ball-point-pens, markers, pen cases not of precious metal, pocket pen shields, writing tablets, erasers, pencil boxes, pencil cases not of precious metal, playing cards; all included in Class 16" (the "specified goods"). The suit mark was duly accepted after examination, and advertised for opposition purposes in the Government of the Hong Kong Special Administrative Region Gazette on 3 December 1999.

Pleadings

2. Mercis B. V. (the "opponent") filed a notice of opposition on 15 May 2000. The opponent is a company organised and existing under the laws of the Netherlands having its principal place of business at Johannes Vermeerplein 3, 1071 DV Amsterdam, the Netherlands. It avers it is internationally associated with "Miffy", a white rabbit cartoon character ("Miffy") first created in 1955 by Hendrik Magdalenus, a Dutch national. It is the owner of the copyright in all the drawings of "Miffy" and the "Miffy" trade mark registrations worldwide, and it licenses the use of "Miffy" for various products and games aimed at children.

3. The opponent is the proprietor of Trade Mark No. 199911692 in Hong Kong, a representation of which appears as follows:

(the "opponent's mark"), registered in respect of "paper, cardboard and goods made from these materials, stickers, posters, postcards, pictures, announcement cards, cards, writing paper and envelopes, notecards, diaries, notepaper, albums, photo albums, calendars, note books, height cards, binders, sketch books, invitations, paper articles; printed matter, books and magazines; stationery, pens, pencils, pencil cases, pencil erasers, pencil sharpeners and bookends; printing blocks; rubber stamps; adhesives for stationery or household purpose; artist materials, paint, water-colours, pencils, colour-pencils, coloured chalk, felt pens; paint brushes; typewriters and office requisites (except furniture); teaching material except apparatus for children; plastic bags and plastic bubble packs for packaging; paper napkins, party hats, paper towels, paper handkerchiefs; all included in Class 16."

4. The opponent avers that the applicant' specified goods are identical to or of the same description as its goods of interest, and that the suit mark nearly resembles the opponent's mark. The opponent alleges that actual use made of the suit mark by the applicant resembles the opponent's mark even more closely. Parallel opposition proceedings have been launched in Taiwan.

5. The opponents pleads that registration of the suit mark should be refused under sections 2, 9, 10, 12(1) and 20 of the Ordinance, or alternatively in the exercise of the Registrar's discretion. It seeks costs against the applicant.

6. The applicant filed a counter-statement on 18 October 2000. It pleads that the suit mark is an original work created in 1998 by the applicant for the Chinese Year

of the Rabbit in 1999. It forms part of the applicant's series of cartoon character trade marks which include "Bon Bon Cat" and "Pi Pi Cat". The applicant denies resemblance between the suit mark and the opponent's mark. It acknowledges there are ongoing parallel opposition proceedings in Taiwan as regards its applications in Classes 9 and 28, which it is contesting. The applicant claims to have begun sale in Hong Kong of goods in Class 16 bearing the suit mark since September 1999 at various retail outlets. Save with regard to the details of this application and the opponent's Trade Mark No. 199911692, it denies the matters pleaded in the notice of opposition and puts the opponent to strict proof. It seeks registration of the suit mark and costs against the opponent.

Evidence

7. The opponent has filed evidence by way of three statutory declarations of Ms Marja A M Kerkhof, its Managing Director.

8. Ms Kerkhof says the opponent owns the copyright and trade marks rights in the "Miffy" characters. It has registered its most important trade mark, "Miffy" rabbit device, in various countries including Hong Kong (Trade Mark No. 199911692). "Miffy" books were first published in the Netherlands in 1955 for young children. The success of the "Miffy" books triggered demand for merchandising products for young children. The opponent was formed to supervise the production of "Miffy" products. Ms Kerkhof says the opponent's mark has been in use in Hong Kong since 1981 for goods in Class 16.

9. The opponent's evidence states that in 1981 Dick Bruna visited Hong Kong to attend the first publication of his "Miffy" books in Chinese, namely, "Miffy" and "Miffy's birthday" (MK-1). It states that in 1998 an agent was appointed for the territory of Hong Kong, the first "Miffy" items sold in Hong Kong being ice cream, bags, wooden items, mirrors, combs, brushes and jewellery. Later stationery and other paper products were launched by the licensee MCTT Trading Co. Ltd. (MK-1

and Annexure 1). There was print media publicity of the "Miffy" character in Hong Kong since 1980 and 1981 (MK- 3 and MK- 4). Outlets in Hong Kong which carry "Miffy" merchandise include Kalm's, Sogo Department Store, Uny (HK) Co. Ltd. and JUSCO Stores (HK) Co Ltd. Annual sales volume in Hong Kong of goods in Class 16 featuring "Miffy" are given, but only for the years 2000 and 2001 post-dating the application date (paragraph 4, the opponent's Further Evidence). The dollar value of royalties received by the opponent for goods bearing its "Miffy" mark in Hong Kong totalled US$14,995 for the year 1999.

10. Ms Kerkhof says the opponent's opposition against the applicant application in Class 9 in Taiwan has been successful. The opposition against the applicant's Class 28 application is still pending in Taiwan.

11. The applicant has filed evidence by way of two statutory declarations by its President, Mr Chen Hung Nu. Mr Chen says the applicant is engaged in the design and licensing of a series of cartoon characters, including "Bon Bon Cat", "Pi Pi Cat" and "Gini Rabbit", and it manufactures stationery products featuring such cartoon characters. Mr Chen says the "Gini Rabbit" characters are original works created by Chen Hung Hsiang, General Manager of the applicant in 1998 for the then upcoming Chinese New Year of the Rabbit 1999. Mr Chen exhibits, amongst other things, minutes of internal meetings at which the concept of the cartoon rabbit characters, design drafts of "Gini Rabbit", the proposed "Gini Rabbit" line of products (mainly gift items and stationery) were discussed; a declaration by the applicant stating the date of creation and identity of the author and copyright owner; and a copyright licensing agreement (CHN-3). According to an article appearing in the June 1999 edition of a magazine "The Giftware World Monthly" (禮品世界), the applicant first created its own brand of stationery because of the perceived need to develop its own niche and licensing market (CHN-1).

12. The suit mark has been registered in various countries including Japan, Singapore, Mainland China, Taiwan and USA. Copyright Registration Certificates have been obtained for the "Gini Rabbit" characters in China in the name of Chen

Hung Hsiang as General Manager and authorised agent of the applicant (CHN-5). Random copy export documents for goods featuring the "Gini Rabbit" characters are exhibited.

13. Mr Chen says the "Gini Rabbit" characters have been extensively licensed to third parties and a wide range of goods bearing these characters have been manufactured since 8 December 1998 for sale at various retail outlets in Taiwan.

14. The applicant began exporting goods bearing "Gini Rabbit" characters to Hong Kong in 1999. The applicant's two Hong Kong distributors of "Gini Rabbit" goods in Class 16 are Everwin Trading Company and Cherub Trading Ltd. The earliest invoices from the applicant to Everwin Trading Company for various items of stationery, playing cards, mouse pads, spectacle cases, etc, date back to 13 July 1999 (CHN-17).

15. "Gini Rabbit" goods are available for sale in Hong Kong at various retail outlets including JUSCO, WATSONS, QMART, YES STATION, JAPAN HOME, ONE THOUSAND COLOUR, FUN FUN WORLD and other gift and stationery shops. Annual sales volume of "Gini Rabbit" goods in Hong Kong for the whole of 1999 was NT$2,275,985 (paragraph 7, 1st SD of Chen Hung Nu).

16. Mr Chen says the applicant has widely advertised and promoted "Gini Rabbit" character goods in various publications, at stationery and gift shows, and since the application date, through websites such as www.ginirabbit.com (from April 2001).

17. "Miffy" and "Gini Rabbit" co-exist as registered trade marks in China, USA, Thailand, Singapore, Malaysia, Taiwan and Japan. Parallel opposition proceedings in China by the opponent have been unsuccessful (CHN-16). In Taiwan, the applicant has appealed against refusal of registration in Class 9 on 28 August 2002.

18. Mr Chen says there is no evidence of actual confusion between the parties' marks and goods in Hong Kong or elsewhere.

19. That concludes my summary of the evidence.

Hearing

20. The opposition was scheduled to be heard on 5 August 2005. On 3 August 2005, by written submissions the applicant raised a preliminary issue relating to the manner in which the opponent's principal evidence had been made. The details of the preliminary issue do not concern this decision, but as the issue was material to the entire opposition, the opponent was invited to file written submissions in response to the issue, and the main hearing adjourned pending determination of the issue. By my decision dated 26 August 2005, the opponent was granted leave to put its evidence in order.

21. The main opposition eventually came on for hearing before me on 20 October 2005, at which Ms Jennifer Tsang of counsel appeared for the applicant and Mr Gary Kwan of counsel appeared for the opponent.

Decision

22. Although the hearing took place after the commencement of the Trade Marks Ordinance, Cap 559 on 4 April 2003, 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.

23. At the hearing the opponent abandoned the opposition based on sections 2, 9 and 10 and relied solely on sections 12(1), 20 and 13(2) of the Ordinance. It will be convenient to first consider the points arising under section 20.

Opposition under section 20 of the Ordinance

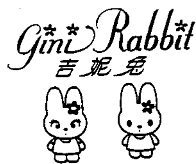
24. Section 20, insofar as it relates to goods, provides as follows:

> "(1) 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; or
>
> (c) …"

25. Section 2(4) of the Ordinance provides that references in Cap 43 to near resemblance of marks are references to a resemblance "so near as to be likely to deceive or cause confusion".

26. Two questions arise for determination, firstly, whether the goods of the opponent's registration and the goods in this application are the same or of the same description; and secondly whether, assuming user by the opponent of its mark

in a normal and fair manner in relation to the goods covered by its registration, I am 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 the specified goods (*Smith Hayden & Co's Application* (1946) 63 RPC 97 at 101).

Same goods or same description of goods

27. Registered on 13 March 1998, the opponent's mark is a mark "already on the register" belonging to a different proprietor. The opponent's specification of goods has been set out above (paragraph 3).

28. The point whether the parties' goods are the same or of the same description appears not to be at issue, as neither party addressed it. Though the goods are not exactly identical, they can loosely be categorised as stationery, paper products and printed matter. One can reasonably infer that the nature and intended use of such goods will be closely similar. As there is no suggestion or evidence of price differential or differences in the manner of sale, it will be reasonable to assume they will be sold in the same or similar retail outlets such as stationery stores and gift shops.

On that basis, the applicant's specified goods are of the same description, if not the same, as the opponent's goods.

29. The remaining issue under section 20(1) is the likelihood of confusion and deception. That question is one 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 is between the opponent's mark as registered and the suit mark as advertised for opposition, 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.

Comparison of marks

30. The authorities have established the following general principles to guide the tribunal in assessing whether two marks so nearly resemble each other that there is a tangible risk of confusion. Marks are to be compared each as a whole. The resemblance between the competing marks must be considered with reference to the ear as well as the eye. I have to consider how the marks compare by general impressions or in imperfect or sequential recollection. The test for deceptive similarity is not whether there would be a possibility of confusion if a person looks at the two marks side by side, but whether a person who sees the suit mark in the absence of the opponent's mark, and in view only of his general recollection of what the nature or idea of the opponent's mark was, would be likely to be confused.

31. The applicant's mark is a composite mark consisting of the English words "Gini Rabbit", the Chinese characters "吉妮兔" and two rabbit figures. The rabbits are presented as cartoon characters. They both have enlarged heads and small torsos, big round eyes, an oval shaped nose and a tiny dot for the mouth. They wear a flower at the left ear suggesting they are rabbit "girls". The word elements are stylised, with little stars replacing the dots in the "i"s. The words go nearly half way down the mark and take up equal prominence as the rabbit figures. The English words "Gini

Rabbit" are the transliteration and translation of 吉妮 and 兔 respectively. The impression one gets is of two rabbit figures called "Gini（吉妮）Rabbits".

32. The opponent's "Miffy" mark consists of the device of a rabbit, also presented as a cartoon character. It has long pointed ears, two dots for eyes and a cross for the mouth. The opponent's rabbit has its arms behind its back, head slightly tilted and has an air of pensiveness about it.

33. Though the answer to the question of whether there exists a likelihood of deception or confusion is one of fact for the tribunal, it is the mind of the ultimate purchasers of the respective goods, the ones likely to purchase the goods, that I must have regard to. As the respective parties' goods are common stationery and paper products, I postulate the ultimate purchasers of both parties' goods to be school children, students, their parents or guardians. The onus is upon the applicant to show on a balance of probabilities, that assuming notional fair use of the opponent's mark on stationery, paper products and printed matter, there is no reasonable likelihood of deception or confusion among a substantial number of persons, if the suit mark is also used and registered in respect of any goods in its specification. 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 opponent.

34. It is well-established that as between words and devices, words are more readily remembered and recalled. The word elements in the suit mark namely, "Gini Rabbit" and "吉妮兔", do not just serve to reinforce the pictorial representation of rabbits, but clearly they are meant to personify these rabbits. I agree with Ms Tsang's submission that the words "Gini Rabbit" and "吉妮兔" are equally prominent features of the mark as the rabbit characters. The suit mark is very likely recalled in imperfect or sequential recollection as the "Gini Rabbit" mark.

35. By comparison, the opponent's mark is a device only mark. In my view, even though both marks feature the idea of a rabbit or rabbits the impression they leave on the mind of the consumer is markedly different. The opponent's rabbit is highly distinctive; it comes across as a pensive or uncommunicative rabbit. The applicant's rabbits, on the other hand, come across as perky and juvenile. They resemble little girls with a flower each at the left ear. Overall, I do not find that the suit mark so nearly resembles the opponent's mark as to be likely to deceive or cause confusion in respect of the specified goods.

Section 12(1) of the Ordinance – likely to deceive

36. Section 12(1) states:

> "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."

37. It is not disputed that as a threshold question, the opponent bears the onus of showing that its mark was known in Hong Kong through user or spill over of foreign reputation without which deception or confusion is unlikely to arise. The date at which this cognizance or reputation is to be established is the date of the application to register the suit mark, that is, 10 June 1999 (*NOVA Trade Mark* (1968) RPC 357). This cognizance or reputation must be more than *de minimis* to bring section 12(1) into operation (*Da Vinci Trade Mark* (1980) RPC 237). Only if the opponent discharges this burden does the onus shift to the applicant to satisfy the tribunal that there is no reasonable likelihood of deception arising among a substantial number of persons if the suit mark proceeds to registration (*Eno v Dunn* (1890) 15 App Cas 252 at 261).

38. The opponent pleads that through use and advertisement in Hong Kong it has acquired a reputation in the "Miffy" mark so that use at the date of the application of the suit mark would be likely to deceive. This is strongly contested by Ms Tsang on

behalf of the applicant. Ms Tsang submits the opponent has not shown use prior to the relevant date in relation to the specified goods or goods of the same description, since the opponent's claim of first use of the opponent's device mark in a Chinese language context in Hong Kong is based on MK-1, an undated, unsigned, source-unacknowledged document. MK-1 states, amongst other things, the following:

> "Miffy" books
>
> **First use**: in 1981 Dick Bruna visited Hong Kong to attend the publication of his first picture books in Chinese, 'Miffy' and 'Miffy's birthday'.
>
> …
>
> "Miffy" merchandising
>
> … **First use**: in 1998 an agent was appointed for the territory of Hong Kong. The first Miffy items sold in Hong Kong were ice-cream, bags, wooden items, mirrors, combs, brushes and jewellery. Soon stationary (*sic*) and other paper products were launched by the licensee **MCTT Trading** (see colour copies of catalogue)."

39. Ms Tsang's criticism is that this "evidence" is unsworn and uncorroborated by any evidence. The date of first use of the opponent's mark in relation to the specified goods (stationery and paper products) is, surprisingly, not even pleaded. The only catalogues exhibited, which list numerous merchandise including lunch boxes, stationery and paper products are in Japanese and in some places Korean.

40. That said, there is evidence of the publication of Dick Bruna's picture books "Miffy" and "Miffy's birthday" in Chinese as reported in the South China Morning Post on 12 October 1980 (MK-3), and supported by an article in B-Magazine dated 31 December 1981 (MK-4). However, Ms Tsang points out that the South China Morning Post, as one of the only two English newspapers in Hong Kong in 1980,

probably had a more restricted readership than it currently enjoys. She says one would not expect the average child or schoolchildren in Hong Kong (the applicant's target market) to read English newspapers.

41. Ms Tsang points out that in any case the opponent's evidence does not give details of quantities sold or sales revenue for the "Miffy" books in Chinese（毛毛的家, 毛毛過生日）, or whether there were further editions or reprints of the books.

42. Ms Tsang's primary submission is that the information on these two "Miffy" books is so inadequate that no weight should be given to these publications. Alternatively, she submits that between 1980 and 1999 any reputation acquired on the first, one-off, publication of the books in Chinese would have dissipated since there was no suggestion of any reprint of the books in Chinese. Any residual cognisance remaining as of 1999 would be so *de minimis* that the public would not be cognisant of the opponent's mark for the specified goods. She poses the question that, even if the highly unsatisfactory evidence of publication of "Miffy" books in Chinese was accepted, would the public as of 10 June 1999 have cognisance of the opponent's mark in Hong Kong, not in relation to books but to a collection of stationery items?

43. A large part of the opponent's evidence of displays of merchandise featuring the opponent's mark or design post-date the application date, save for copy photographs dated 10 April 1999, two months prior to the relevant date entitled "Miffy Display at Kalm's Shop" taken at "Plaza Hollywood" and "Festival Walk" which must be considered *de minimis*. According to Ms Tsang, the opponent has not discharged its onus of establishing the requisite threshold of reputation to trigger a section 12(1) opposition.

44. I agree with Ms Tsang that the opponent has adduced no evidence as to the quantity of "Miffy" merchandise sold or any relevant sales revenue arising from such sales. The MCTT Trading Co. Ltd. catalogues for "Miffy" or "Dick Bruna" stationery and other merchandise show product codes, specifications and prices in

Korean and Japanese languages, occasionally with handwritten prices next to the Japanese Yen prices. It is not entirely clear whether these represent prices in Hong Kong Dollars. Even if they do, no evidence is adduced of the sales revenue or quantities sold. The MCTT catalogues at Annexure I are not accompanied by evidence of circulation, and do not assist in establishing the requisite threshold of reputation or cognisance in the opponent's mark. All of the MCTT invoices exhibited at MK-8 post-date the relevant date.

45. Apart from the handful of copy photographs dated 10 April 1999 of "Miffy Display at Kalm's Shops" in two locations in Kowloon, i.e. Plaza Hollywood and Festival Walk, there is simply no direct evidence that Miffy stationery and paper products were commercially available in Hong Kong at the relevant date. It is also very hard to tell from these copy photographs what kind of "Miffy" merchandise were on display at these locations.

46. In the opponent's Further Evidence, sales volume of goods in Class 16 featuring the opponent's mark in Hong Kong are given for the years 2000 and 2001, but as Ms Tsang was quick to point out, they all post-date the relevant date. Among the documents exhibited at MK-1 to the opponent's Further Evidence, in only one facsimile (dated 15 September 1999, from MCTT to an entity named Determined Plus) is there reference to purchasing invoices dated before the relevant date (Invoices Nos. 55036, 55041, 55046 and 55056) for MCTT's imported items. Even so, for reasons unknown none of the copy invoices actually exhibited correspond to the invoices referred to in this covering facsimile from MCTT. Instead they all post-date the relevant date.

47. The dollar value of royalties received in Hong Kong is given for goods bearing the "Miffy" marks in 1999 (in excess of US$14,995) and 2000 (in excess of US$44,992.29, but post-dating the application date). This may be an indication that sales of "Miffy" products have taken place in Hong Kong, but it gives no indication as to the actual volume or quantity of items sold. Furthermore, it is not altogether clear when such sales began in 1999, i.e. whether they pre-dated or post-dated the date of

application of 10 June 1999. As for the MCTT royalty reports (MK-1 to the opponent's Further Evidence), as Ms Tsang points out, they all post-date the relevant date.

48. Added to that, Ms Tsang urges that even though there has been use of the opponent's mark by means of publication of picture books for children ("毛毛的家" and "毛毛過生日"), there is no evidence of the sales volume of these books or whether sales have continued since 1981 in Hong Kong.

49. Having assessed the opponent's evidence, I take the view that cognisance of the "Miffy" rabbit character as at the relevant date borders on being *de minimis,* but I do not agree the opponent has failed to establish sufficient cognisance in the widest sense of the word, for meeting the threshold onus. The statement in MK-1 which alludes to publication of the first "Miffy" and "Miffy's birthday" books in Chinese are suspect in terms of evidential value, but is to some extent supported by MK-4, an article extracted from B-magazine which reports as of 31 December 1981, (the date of publication) that "so far over 20 million of Bruna's books have been sold in 28 languages, and now there is a 29th edition – in Cantonese." Admittedly books, magazines and printed matter do not form part of the applicant's specified goods, but a section 12(1) opposition does not mandate the parties' goods to be closely allied or related (*Omega* (1995) 2 HKC 473 at 479). The fact that reputation is not in respect of the particular goods is a factor to be taken into account in assessing confusion, not a pre-condition for opposing the registration of a mark under section 12 (*Tiffany Lunettes & device*, decision of the acting Registrar Mrs T H Grant dated 17 December 1999, at paragraph 33). In my view, evidence showing pre-existing use of the opponent's mark in commercial publication of "Miffy" books in Chinese language (see MK-4) in Hong Kong (see MK-3) is sufficient in establishing cognisance to trigger an opposition under section 12(1).

50. That said, the success of section 12(1) is still dependent on a finding of deceptive similarity of the marks. The onus shifts to the applicant to satisfy me that, having regard to the reputation or awareness of the opponent's mark in Hong Kong,

use of the suit mark in a normal and fair manner upon the specified goods would not be likely to deceive or cause confusion among a substantial number of purchasers of such goods. The test requires there must be a real tangible risk of confusion, not just the possibility of confusion. For this purpose, section 12(1) requires a comparison between the actual use made of the opponent's mark and the suit mark in notional fair use.

51. However, which is, or are, the opponent's mark(s), for the purpose of section 12(1), in which cognisance or reputation amongst the relevant sector of the purchasing public can be taken as proved? Unlike the opponent's Trade Mark No. 199911692 (which is also the form of the mark registered in other jurisdictions), in actual use the opponent's rabbit character, "Miffy," has taken a great many forms. Sometimes it has pointed ears, sometimes round ears. Sometimes it has an oversized head and a small torso, sometimes a round head and a tubby torso. Sometimes its eyes are oval, sometimes round. It wears frocks of different shades and colours. It is portrayed in different postures: standing, sitting, walking, jumping.

52. Mr Kwan submits that all of these representations of the "Miffy" character are to be taken into account. I believe that proposition to be unsupportable. If the opponent's evidence of use prior to the relevant date consists in the reports in the South China Morning Post and B-Magazine, and the publication in Hong Kong of "毛毛的家", and "毛毛過生日", the representations of "Miffy" depicted therein are the opponent's mark(s) for comparison under section 12(1). Amongst those representations, the very same facial features of two little dots for the eyes, a cross for the mouth and the very same facial expression of pensiveness are consistently used for the opponent's rabbit character. In my view, those features distinguish the opponent's rabbit character from other "rabbits".

53. The suit mark consists of three distinct components: the words "Gini Rabbit", the Chinese characters "吉妮兔" and two rabbit characters. The comparison under section 12(1) requires me to postulate notional fair use of the suit mark. Because the components "Gini Rabbit" and "吉妮兔", taking up nearly half the size of the mark,

are integral, distinctive parts of the mark, they cannot be discounted in considering notional fair use.

54. Mr Kwan, counsel for the opponent, contends that in actual use the suit mark is even more likely to be confused with the opponent's mark. He submits that I should take into account evidence of how the applicant's mark has actually been used in assessing the likelihood of deception.

55. The applicant's evidence is that export of its goods featuring the "Gini Rabbit" characters to Hong Kong only began in 1999, subsequent to the relevant date. The earliest sales note adduced in evidence dates from 13 July 1999.

56. It is recognised that if the form or get up in which the applicant is using or intends to use the suit mark is deceptive or confusing, such actual use may be taken into consideration in assessing the likelihood of deception (*Dustic Trade Mark* (1955) 72 RPC 151 at 156). I should think that, unlike other trade marks, by the very nature of cartoon characters they are expected to be presented in different postures and placed in different contexts. This comment applies to both the applicant's and the opponent's rabbit character(s). I should think that the scope of notional fair use would cover the situation where the components of the suit mark may not be used in the exact same position as depicted in the suit mark but nevertheless in fairly close proximity to one another, e.g. the word components may appear beside or beneath the rabbit characters rather than above them.

57. The applicant has filed evidence of actual use of the "Gini Rabbit" characters. Even though this evidence post-dates the application date, it is an indication of how the applicant intends its mark to be used. The "Gini Rabbit" characters are used sometimes in pairs, and sometimes singly. In the majority of cases, the words "Gini Rabbit" appear in close proximity to the rabbit character(s) on the items of stationery and paper products. However, the Chinese characters "吉妮兔" are used only on advertisement leaflets, but not on the goods themselves. To my mind, use in these

forms goes beyond the scope of notional fair use of the suit mark. The crucial question that follows is whether such use will give rise to a tangible risk of confusion and deception.

58. I draw support from the views expressed by the authors of *Shanahan's Australian Law of Trade Marks and Passing Off,* 3rd edn:

> "… trade marks must look or sound alike before the fact that they convey the same idea can be relevant. If trade marks are otherwise sufficiently different (in particular visual differentiation in the case of device only marks), the presence of some common idea will not necessarily lead to confusion, particularly if that idea is itself commonplace …" (paragraph 7.85)

59. In the same spirit, the authors of *Kerly's Laws of Trade Marks and Trade Names,* 12th edn state:

> "… In general, the existence of a number of marks, either as common marks or as trade marks, may operate to render a finer distinction allowable than would otherwise be the case, for the persons concerned in the trade in question may have had their attention directed to the kind of distinction which exists between the mark propounded and any of the others, because it is analogous to the known distinctions existing between the latter." (paragraph 17-23)

60. The reference to a substantial number of persons likely to be confused is to be judged in relation to the market concerned including both existing and potential customers. These are likely to be schoolchildren, students, their parents or guardians. It is general knowledge in Hong Kong that cartoon animal characters are highly

popular amongst this group of consumers, and one can readily call to mind successful examples which hail from the United States and Japan, amongst others. Personification (by facial features, facial expression or name, etc), in my view, serves to distinguish between the various rabbit characters on the market. Thus, by the opponent's own evidence, its rabbit is known as "Miffy." The applicant's evidence shows its rabbits are presented as "Gini" rabbits. I am therefore not persuaded that the parties' marks are so similar that purchasers would be caused to wonder if the applicant's goods have originated from the opponent.

61. That however does not entirely dispose of the objection under section 12(1) as the opponent has pleaded in the alternative, that the use of the applicant's mark would be disentitled to protection in a court of justice within the meaning of section 12(1).

Section 12(1) of the Ordinance – disentitled to protection in a court of justice

62. It was only at the hearing that Mr Kwan advanced for the first time an objection based on copyright infringement under section 12(1). He submits that the use of the suit mark would be an act of copyright infringement and therefore registration must be refused.

63. Ms Tsang protests on the grounds that copyright infringement had not been pleaded in the opponent's grounds of opposition, nor had any application been made to amend the grounds of opposition. Argument ensued on whether this objection could properly be raised by Mr Kwan's oral submissions at the hearing.

64. As the applicant had come to the hearing unprepared to meet this ground, I directed that the applicant may file written submissions instead, with the right of reply by the opponent. Written submissions were filed respectively on 31 October and 11 November 2005.

65. In her written submissions for the applicant, Ms Tsang reiterates that the issue of copyright infringement had not been pleaded, nor had it been clearly or properly raised in the evidence. No formal application had been made to amend the pleadings to include this new ground. Further, the question of whether or not copyright subsists in a particular work is not within the Registrar's competence, and even if the Registrar decides it can be considered, in the light of the independent creation by the applicant of the "Gini Rabbit" characters, the opponent has failed to discharge its onus in establishing copyright subsistence and ownership.

66. In his written submissions for the opponent, Mr Kwan submits that copyright infringement comes under the limb of disentitlement to protection in a court of justice under section 12(1) (which has been pleaded as an alternative ground). Further, the Registrar is competent to rule on copyright issues and infringement. In the alternative, he submits that the suit mark should be refused in the Registrar's residual discretion. In Mr Kwan's words, it is submitted that "the copying of an essential feature of the opponent's rabbit device and/or the right to claim to be the proprietor of the shape and outline of a rabbit device which is a substantial reproduction of that of the opponent are relevant to the bad conduct of the applicant and the lack of honesty of the applicant, which will be considered in the exercise of residual discretion under section 13(2)" (para 5, opponent's written submission dated 10 November 2005). I will return to section 13(2) later.

67. Unlike section 11 of the UK Trade Marks Act 1938, on which our section 12(1) was modelled, "disentitled to protection in a court of justice" in our section 12(1) is not framed as the consequence of use of a mark which is "likely to deceive". Instead, the limbs of objection under our section 12(1) are set out disjunctively (see paragraph 37 above) so that disentitlement to protection in a court of justice is an objection separate and distinct from "likely to deceive".

68. The next question to decide is whether I am competent to consider questions of copyright subsistence and infringement. Ms Tsang says not, on the authority of *Oscar TM* [1979] RPC 173 at 179, *Karo Step TM* (1977) RPC 255 at 265 and

Plantation Wood (Lancing) Ltd's Appns [1958] RPC 400 at 404. It appears that Ms Tsang is relying on the UK Registrar's approach towards the question of competence under the Trade Marks Act 1938.

69. In fact the courts have taken a rather different view. The UK Registrar's decision in *Oscar TM* in fact went on appeal, the judgment of which was reported at [1980] FSR 429. Surprisingly neither counsel addressed me on this, but as it is a case in point I feel I ought to refer to it. In *Oscar*, having considered *Karo Step* (at 273), the learned Graham J was of the opinion that

> "… [in *Karo Step*] Whitford J quite clearly held that, if the proper conclusion is that a mark is likely to give rise to deception and confusion and is likely to infringe somebody else's copyright, then it is not entitled to protection by reason of the provisions of section 11. If, therefore, the question arises in a case as to whether it does or does not give rise to an infringement of copyright protection, that question must as a matter of course be determined by the person hearing the case ..." (at 442)

That, to me, puts in no uncertain terms that if copyright infringement is raised as an objection to the registration of a trade mark, the Registrar will have to deal with it. There is no issue of lack of competence.

70. I turn next to the terms of section 12(1) itself. The operative words in section 12(1) read:

> "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 disentitled to protection in a court of justice or would be contrary to law …" (emphasis added)

71. As regards the meaning of these terms, the authors of *Shanahan* (supra) note there is a conflict of UK authority on whether the objection (in that particular context, the objection of "contrary to law") must inevitably follow from any use at all of the mark. After close examination of the approach taken in *Arthur Fairest Ltd's Appn* (1951) 68 RPC 197 at 208 and *Karo Step Trade Mark* (1977) RPC 255 at 273, the authors came to the view that Whitford J's ruling in *Karo Step,* i.e., that it would be sufficient if use of the mark "could" be contrary to law by drawing an analogy with the mere "likelihood" required for an objection based on deception or confusion, appears to have been the result of overlooking the fact that in the case of deception or confusion, the sufficiency of such "likelihood" arises from the specific terms of the section ("likely to deceive"). On that analysis, the authors of *Shanahan* conclude that the terms "the use of which would be contrary to law" means that the use *must necessarily be* contrary to law (2nd edn, at page 144). It appears to me the analysis would apply equally to the objection "the use of which would be disentitled to protection in a court of justice" as it is syntactically identical.

72. Would a copyright action trigger the disentitlement to protection ground under section 12(1)? I start with the basic premise that the object of section 12 is the protection of the public. Ms Tsang submits that an analogy should be drawn between the present case and *Re Omega* on the interpretation of the objection of disentitlement to protection:

> "Registration has the effect of protecting the owner of the mark from passing-off actions because registration legitimizes the owner's use of the mark. If a user *would in all probability* constitute passing-off, such user should not be protected through registration." (*Re Omega* (1995) 2 HKC 473 at 480) (emphasis added)

73. I respectfully adopt the reasoning in *Re Omega*. If it can be established that use of the applicant's mark would in all probability constitute copyright infringement, registration of that mark would have the effect of legitimising use of a spurious mark.

It follows such use would be disentitled to protection in a court of justice, and registration ought to be refused.

74. The next question is whether the opponent has established that use of the suit mark would constitute an act of copyright infringement. It is not disputed that the onus rests on the opponent to show that copyright subsists in the "Miffy" drawings. In her written submissions, Ms Tsang puts in issue all the fundamental questions including the authorship of the "Miffy" drawings (Hendrik Magdalenus or Dick Bruna), whether the "Miffy" drawings were original artistic works capable of copyright protection, whether such works were published, where they were published, and how the opponent derived lawful title to such works.

75. In his reply submissions, Mr Kwan gave a discourse on the principles of copyright law in Hong Kong, but also dwelled at length on the so-called "patent inconsistencies" in the applicant's evidence. It is Mr Kwan's contention, at paragraph 33 of his written submissions, that the applicant is not acting in good faith when it avers the suit mark was independently created by Chen Hung Hsiang.

76. I do not propose to recite all the "patent inconsistencies" which Mr Kwan referred to here or this decision would run to considerable length. They relate to the authorship and ownership of the suit mark, including whether it is correct, in the light of the statement that the applicant had created the suit mark, that Chen Hung Hsiang, General Manager of the applicant, should be the one named as author and owner of the "Gini Rabbit" drawings, and that he should be empowered to grant a licence to the applicant to use the suit mark. I doubt if much of Mr Kwan's criticism is actually justified. I think the "inconsistencies" may, at best, suggest there are "gaps" in the applicant's evidence as to how Chen Hung Hsiang came to be named as author of the "Gini Rabbit" drawings. They may go to the questions of when the suit mark, in which copyright is claimed, was created; who was the first author of the suit mark; and who now holds the copyright in the work, but they do not lead to inferences of copying or otherwise assist the opponent in proving that there has been substantial reproduction of the opponent's work. It will take an even greater leap of imagination to conclude

that the "inconsistencies" show that the applicant was not acting in good faith. In my view counsel rather missed the main issues which are, whether there is sufficient objective similarity between the suit mark and the opponent's mark; and whether the applicant has reproduced the opponent's work.

77. The learned authors of *Copinger & Skone James* (14th edn, Vol One) state,

> "… Even if a copyright work has been used as a reference or is the inspiration for what the defendant has done, this by itself is not enough if there is not such similarity … The issue here is whether a substantial part of the copyright work has been copied…
>
> "… The need for a causal connection obviously implies the need to show that the alleged infringer had access, either directly or indirectly, to the copyright work … It is for the plaintiff to prove copying this being a question of fact, the standard being the ordinary civil standard … The case will … normally start with establishing substantial similarity combined with the possibility of access. Where there is substantial similarity, this is prima facie evidence of copying and also of access. Once a prima facie case is established in this way, a shift in the evidential burden takes place which the party charged may refute by evidence of independent creation or to offer an explanation for the similarities…." (paragraphs 7-09, 7-14 and 7-15)

78. I hope I would do no injustice to counsel if I cut through to the main issues in a claim of copyright infringement. Assuming that the opponent's work is an original work in which artistic copyright subsists and that the opponent is the owner thereof, it seems to me that on the evidence, the opponent will still have a difficult task in establishing the two fundamental elements of infringement. First, that there is a

sufficient degree of objective similarity between the copyright work and the alleged infringing work to establish substantial reproduction of the opponent's copyright work; and secondly, that a causal connection can be established between the two works, i.e. that the applicant has copied the opponent's work.

79. To my mind the first question is sufficiently answered by the enquiry under the likelihood of deception ground under section 12(1) in the preceding section, except that the comparison in a case of copyright infringement is a side-by-side comparison noting the similarity and differences in the mark. In my view the opponent faces a great challenge under a claim of copyright infringement as the comparison is of the specific form of expression. If, under the test of imperfect recollection, the parties' marks are not so nearly resembling as to give rise to deception and confusion, they must be even less similar in a side-by-side comparison, regard being had to all the differences between the marks. Unlike the facts in *Re Omega* and *Re Gay Giano* where the offending mark was identical or practically identical to the registered proprietor's mark, I cannot say the same of the applicant's mark here.

80. As for the second question, it is Mr Kwan's contention, relying on *L B Plastics (Ltd)* v *Swish* [1979] RPC 551, that the applicant had access to the "Miffy" rabbit dolls on the market and the inference could therefore readily be made of copying.

81. According to the evidence, the applicant designed the "Gini Rabbit" characters in August 1998 (CHN-3). The opponent only started to market "Miffy" merchandise in Taiwan in September 1998 (CHN-13), and in Hong Kong in 1999 (para 5 of opponent's Further Evidence and MK-1 therein). Ms Tsang submits that proof of access can only establish a *prima facie* case of infringement, which falls far short of satisfying the test of "in all probability."

82. In *L B Plastics*, it was held, firstly, that there was a striking general similarity between the defendant's drawer and the plaintiff's drawer, which combined with proof

of access to the plaintiff's productions, established a *prima facie* case of copyright infringement which the defendants had to answer.

83. In the case before me, the only similarities consist of the concept of the rabbit and the plump outline of a cartoon rabbit character. However it is a fundamental canon of copyright law that copyright subsists only in the form and expression that an idea or concept takes, not in that idea or concept as such. More importantly, unlike *L B Plastics*, there is no compelling evidence in this case of access or copying. On my assessment of the evidence, the allegations of copying and lack of good faith (which I stress were not even pleaded nor disclosed by the evidence), are unsubstantiated by evidence.

84. For these reasons, the objection of disentitlement to protection in a court of justice also fails.

85. At the risk of stating the obvious, I would add for clarity that the effect of this conclusion is limited to the refusal of registration, and it does not have an effect similar to a judicial ruling of law as to breach of copyright in infringement proceedings.

Discretion under section 13(2) of the Ordinance

86. As the opposition fails under both sections 12(1) and 20, the exercise of my discretion arises to consider if there are grounds for refusing registration of the suit mark.

87. I am mindful that my discretion is to be exercised upon judicial principles on reasonable grounds, with regard to all the circumstances of the case. If no proper reason can be advanced why registration should be refused for a qualifying mark, the exercise of discretion should not be adverse to the applicant. However, I would be

justified in exercising my discretion against the applicant where it is shown that its conduct has been such that it is reasonable to infer it may seek to secure some improper advantage by registering the suit mark.

88. For reasons already set out, the opponent has failed to prove that substantial similarity exists between the applicant's "Gini Rabbit" character(s) and the opponent's "Miffy" character by reason of reproduction or copying of the latter. Instead, there is a plausible explanation of independent creation of the suit mark (in anticipation of the Year of the Rabbit in 1999), which is supported by evidence of the different stages of evolution of the design as illustrated in the exhibits. Evidence of the applicant's post-application use of the suit mark on the goods of interest does show, as I have said, a departure from the scope of notional fair use of the mark as applied for. However, such use are nearly always accompanied by the words "Gini Rabbit" in close proximity on the items of stationery or paper products themselves.

89. On that basis, I do not find that the applicant's evidence of use either supports an allegation of copying or evinces a lack of *bona fides* on the applicant's part.

90. There remains to be dealt with the opponent's reliance on the ruling, in parallel opposition proceedings, of the Taipei High Administrative Court. In that ruling, the Taipei Court refused registration of the "Gini Rabbit" trade mark application (see MAMK-1 of the opponent's Evidence in Reply). That application however, has been made in Class 9 for entirely different goods. Balanced against that, the applicant has been successful in parallel opposition proceedings in Mainland China in respect of its applications in Classes 16, 18 and 25 (CHN-16). In my view, the results of these parallel foreign proceedings do not give rise to grounds for refusing the application.

91. Accordingly I decline to exercise my discretion against registration.

Costs

92. The applicant has sought costs. As nothing in the circumstances or conduct of this case warrants a departure from the general rule that the successful party is entitled to his costs, I order that the opponent pays the costs of and incidental to these proceedings.

93. 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.

(Lavinia Chang)
p. Registrar of Trade Marks
14 February 2006