

TRADE MARKS ORDINANCE (CAP. 559)

APPLICATION FOR REVOCATION OF TRADE MARK 200001494

MARK : **ALL SAINTS**

CLASS : 25

APPLICANT : ALL SAINTS RETAIL LIMITED

OWNER : YAN CHEE TSUI (JOE)

Background

1. On 13 January 2006, All Saints Retail Limited (“Applicant”) made an application (“Revocation Application”) under the Trade Marks Ordinance (Cap. 559) (“Cap. 559”) to revoke the registration of the following mark (“subject mark”) on the ground of non-use:

ALL SAINTS

The subject mark is registered as of 30 September 1998 in the name of YAN CHEE TSUI (JOE) (“Owner”) in respect of “outerclothing, leather jackets, coats, raincoats, blousons, jackets, suits, trousers, waistcoats, jeans, knitwear, shirts, knitted jersey tops and t-shirts, scarves, gloves, socks, neckties, footwear, headgear; all included in Class 25” (“subject goods”).

2. The Owner filed his counter-statement on 12 July 2006 (“Counter-statement”).
3. The hearing of the Revocation Application took place before me on 19 and 20 March 2009. Mr. C. W. Ling, Counsel, instructed by Yu & Partners represented the Applicant. Mr. Eugene Kwok, Counsel, instructed by Bobby Tse & Co. represented the Owner.

Preliminary issue

4. In its statement of case (“Statement of Case”) filed with the Revocation Application on 13 January 2006, the Applicant stated, *inter alia*, that:

“4. To the best of the Applicant’s knowledge and belief, the Trade Mark has not been genuinely used by the Registered Owner in Hong Kong in relation to any of the said goods for a continuous period of at least 3 years prior to the date hereof, and the Applicant is not aware of any valid reasons for non-use.

...

6. In the circumstances, the Applicant requests that the said registration be wholly revoked with effect from the date of this application under Section 52(2)(a) of the Trade Marks Ordinance. Alternatively, the applicant has grounds for believing that the Trade Mark, which was put on the register on 29th June 2000¹, has not been genuinely used in Hong Kong by the owner or with his consent, in relation to the goods for which it is registered, for a continuous period of at least 3 years or at all since at least 1st January 2002 and so requests that revocation take effect from 1st January 2005.”

5. Section 52 of Cap. 559 provides, *inter alia*, as follows:

“(2) *The registration of a trade mark may be revoked on any of the following grounds, namely-*

(a) *that the trade mark has not been genuinely used in Hong Kong by the owner or with his consent, in relation to the goods or services for which it is registered, for a continuous period of at least 3 years, and there are no valid reasons for non-use (such as import restrictions on, or other governmental requirements for, goods or services protected by the trade mark);*

...

(4) *Subject to subsection (5), the registration of a trade mark shall not be revoked on the ground mentioned in subsection (2)(a) if the use described in that subsection is commenced or resumed after the expiry of the 3-year period and before the application for revocation is made.*

...

¹ By order of the Registrar made on 5 May 2008, leave was granted to the Applicant to amend the Statement of Case by, *inter alia*, replacing the date “29th June 2000” in paragraph 6 with “24th January 2000”.

(8) *For the purposes of subsection (2)(a), the 3-year period may begin at any time on or after the actual date on which particulars of the trade mark were entered in the register under section 47(1) (registration)."*

6. On 16 March 2009, the Applicant filed its opening submissions for the hearing on 19 March 2009 ("Applicant's Opening Submissions"). After referring to the provisions set out in paragraph 5 above, the Applicant states that it relies on the period from 1 January 2002 to 1 January 2005 ("Target Period") for the purpose of the Revocation Application.

7. In its opening submissions filed on 17 March 2009 ("Owner's Opening Submissions"), the Owner states, *inter alia*, that:

(i) When the revocation application was first made, there were two 3-year periods of alleged non-use:

(1) the 3 years immediately prior to the application (made on 13 January 2006), i.e. 13 January 2003 to 13 January 2006 ("Primary Period");

(2) alternatively, "at least 3 years ... since at least 1 January 2002", i.e. 1 January 2002 to 1 January 2005 (i.e. the Target Period).

(ii) The focus of the Statement of Case was on the Primary Period.

(iii) In the letter from Yu & Partners for the Applicant dated 19 September 2008², it is stated that:

"In order to avoid revocation of the mark based on non use, the Trade Mark Owner must show that there has been genuine use of the mark for a continuous period of at least three years prior to the filing of the revocation action. In this case, the relevant period is the three year period immediately prior to 13 January 2006."³

(iv) The Applicant has in the Applicant's Opening Submissions indicated that it wishes to rely on the Target Period instead. This is a last minute change in position from the way this case has proceeded.

(v) If the Applicant insists on relying on the Target Period now, the Owner

² By this letter, the Applicant sought leave to cross-examine the Owner.

³ There is no mention of the Target Period in the letter of 19 September 2008.

“will have no choice but to seek leave to adduce further evidence vis-à-vis use during the Target Period, and (if necessary) to adjourn the hearing to enable it to properly do so (or for the Applicant to file evidence in reply if it so wishes)”.

8. At the “Conclusion” section of the Owner’s Opening Submissions, the Owner reiterated that:

“44. The Owner respectfully seeks leave to adduce further evidence of its use of the mark during the Target Period. As it stands, he has not done so.”

9. At the hearing on 19 March 2009, the Applicant confirmed that it would rely on the Target Period. The Owner handed out a draft supplemental statutory declaration of Yan-Chee Tsui (“Supplemental Declaration”), and sought leave under rules 38(4) and 82 of the Trade Mark Rules (Cap. 559A) (“TM Rules”) to file the Supplemental Declaration as further evidence.

10. After the evidence rounds under rules 36 to 38(3) of the TM Rules, rule 38(4) provides that *except with the leave of the Registrar*, no further evidence may be filed by either party. The presumption, therefore, is that no further evidence shall be filed, and that if an application is made pursuant to rule 38(4) to admit evidence, it must be sufficiently meritorious to discharge that presumption. Rule 38(4) does not operate as a generous ‘catch-all’ provision to allow in evidence which should properly have been filed earlier in the process or which the party seeking to put it in considers to be of some sort of general benefit to its case: a form of final volley. This is especially the case where the substantive hearing for the Revocation Application has been set down.

11. It is apparent from the Owner’s Opening Submissions that previously the Owner was somewhat mistaken about the relevant three-year period in this case. Whilst the Applicant had in its Statement of Case pleaded the Primary Period, and alternatively, the Target Period, it seems that the Owner had been focusing only on the Primary Period, until the Owner received the Applicant’s Opening Submissions. The stated purpose of the Owner’s application for leave to file further evidence is “to adduce further evidence vis-à-vis use

during the Target Period”⁴.

12. It is noted that the only part of the Target Period which is not covered by the Primary Period is the period from 1 January 2002 to 12 January 2003 (“Gap Period”).
13. At the hearing on 19 March 2009, both sides went through the Supplemental Declaration in detail. I have carefully considered submissions from both sides. I note that although a number of acts which the Owner says constitute use of the subject mark are mentioned in the Supplemental Declaration, no date is specified for some of them. Of those which are dated, the only piece of evidence which is of some relevance and which falls within the Gap Period is paragraph 18. (I would mention that the Owner asked me to infer from paragraphs 15 to 17 of the Supplemental Declaration that some of the sales of “stock-overs” referred to in paragraph 16 thereof took place during the Gap Period. On the other hand, one can only infer from paragraph 15 that the sales could not have taken place before June 2001, although not necessarily immediately thereafter. I note that the particular example of such sales given in paragraph 17 took place in 2006 (which was after the Gap Period) and there is no other evidence as to when the sales referred to in paragraph 16 took place, if at all. One cannot therefore conclude that any of the sales of “stock-overs” referred to in paragraph 16 took place during the Gap Period.)
14. Whilst the letter referred to in paragraph 7(iii) above was rather confusing, it would appear that the Owner was already not focusing on the Target Period at the time it filed its Counter-statement⁵. Even if the Owner is given the benefit of the doubt, and given the purpose of the Owner’s application for leave to file further evidence referred to in paragraphs 7(v) and 8 above, there is no justification for allowing in any alleged evidence of use in the Supplemental Declaration which does not fall within the Gap Period.
15. Having taken into account all the relevant circumstances, I ordered at the

⁴ Paragraphs 7(v) and 8 above.

⁵ Paragraph 3 of the Counter-statement states: “The Registered Owner denies that the Trade Mark has not been genuinely used by him in Hong Kong in relation to any of the said goods for a continuous period of at least 3 years prior to the 13th day of January 2006” (emphasis added). There is no mention of the Target Period in the Counter-statement.

hearing on 19 March 2009 that leave be granted to admit paragraph 18, and for completeness, paragraph 1, of the Supplemental Declaration, and to treat those two paragraphs as filed, subject to an undertaking by the Owner to lodge with the Registrar on 19 March 2009 a duly sworn declaration in the same form as the Supplemental Declaration⁶. I ordered that costs of and occasioned by the Owner's application for leave to file further evidence be to the Applicant in any event, to be taxed if not agreed.

Evidence

16. The Applicant's evidence consists of:
- (a) a statutory declaration of James Kennoway Allan declared on 12 January 2006 ("Allan's 1st Declaration");
 - (b) another statutory declaration of James Kennoway Allan declared on 18 January 2007 ("Allan's 2nd Declaration");
 - (c) a statutory declaration of Jens Krause declared on 31 January 2007; and
 - (d) a statutory declaration of Yu Hoi Man declared on 19 June 2008.
17. The Owner's evidence consists of:
- (a) a statutory declaration of the Owner, Yan-Chee Tsui, declared on 12 July 2006 ("Tsui's 1st Declaration");
 - (b) another statutory declaration of the Owner declared on 4 May 2007 ("Tsui's 2nd Declaration");
 - (c) a statutory declaration of Chan Suk Kuen Candy declared on 5 May 2007;
 - (d) paragraphs 1 and 18 of the Supplemental Declaration declared on 19 March 2009; and
 - (e) oral evidence given by the Owner at the hearing on 19 March 2009.

⁶ The sworn declaration was later lodged with the Registrar on 19 March 2009.

18. The Owner was at all material times the managing director and the major shareholder holding over 99.9% of the issued share capital of Lonnix Garments Holding Limited (“Lonnix Holding”).
19. The Owner states that he has duly authorised and consented to Lonnix Holding’s use of the subject mark.
20. According to the Applicant’s evidence, investigations were conducted in October 2005 to ascertain whether the subject mark had been used in Hong Kong during the period of three years prior thereto. After making some initial enquiries, investigator Jens Krause posed as a buyer from Germany and visited the premises of Lonnix Holding in Hung Hom, Kowloon, Hong Kong on 7 October 2005. He met the Owner, and was led into a showroom where a range of garments were on display. The investigator examined a number of garments, but none of them bore the subject mark. From the discussion between the investigator and the Owner that ensued, the investigator gathered that the Owner had ceased selling products bearing the subject mark in 2001. The Revocation Application was then taken out to revoke the subject mark on the ground of non-use.
21. In response to the Revocation Application and Allan’s 1st Declaration filed in January 2006, the Owner filed the Counter-statement and Tsui’s 1st Declaration in July 2006. In the Counter-statement, the Owner admitted that he stopped using the subject mark between 2003 and early 2005 because he had some disputes with his previous business partner in England; that he had resumed to use the subject mark in March 2005 and continued to use it in 2006, and that preparation for the resumption to use the subject mark began in early 2005.⁷ In Tsui’s 1st Declaration, the Owner gave details of two sales contracts entered into in March 2005 and May 2005 and corresponding invoices in respect of the sales of 190 pieces and 130 pieces respectively of “ALL SAINTS” trousers by Lonnix Holding to Fu Loi Garment Co. Ltd. (“Fu Loi”) in Panyu (“Fu Loi Sales”).⁸ The Owner also gave details of three purchase orders placed by one Right Choice Co. in May 2006. Those three orders, however, were dated after the date of the Revocation Application.

⁷ Counter-statement, para. 7.

⁸ Tsui’s 1st Declaration, para. 8.

22. In paragraph 18 of the Supplemental Declaration, the Owner stated that ‘with a view of developing a new line of “All Saints” garments with Lonnix Holding’, he appointed in mid-2002 a freelance designer, Miss Jenny Lau, to make two design collections for seasons 1 and 2 of the year 2003. The Owner stated that those two collections were completed by October 2002.
23. The Owner also indicated the following in his oral evidence given on 19 March 2009:
- (i) Although their main line of business was exporting garments to Europe, Lonnix Holding also sold products to the market in Hong Kong at the time of the investigator’s visit in October 2005.
 - (ii) For the two design collections referred to in paragraph 22 above, attempts were made to sell those products, but without success.
 - (iii) In around October 2004, Lonnix Holding prepared another collection of ALL SAINTS garments, and samples were completed before November 2004. Potential customers including Fu Loi were invited by phone calls to attend Lonnix Holding’s showroom in Hong Kong to look at the collection and to select any items they may be interested in. Fu Loi went to Lonnix Holding’s showroom in Hong Kong, picked up a few styles, and eventually ordered the two styles of ALL SAINTS trousers which became the subject of the Fu Loi Sales.
 - (iv) When it was put to the Owner in cross examination that he had not mentioned Lonnix Holding’s sales of products in the Hong Kong market in any of his declarations filed before March 2009, the Owner said that he did not mention them because he did not have any “proven record” of them; there was no record because those were “cash sales”, i.e. the customers paid by cash and took the goods away with them.
 - (v) Fu Loi was a kind of service company, and it sold fabric and accessories to, sourced factories for, and also purchased garment products from, Lonnix Holding. When asked why Fu Loi’s address in Panyu also appeared on the business card of the Owner (which was given to the investigator during the visit on 7 October 2005), the Owner said that Fu Loi also offered the service of allowing Lonnix Holding to bring its customers directly to Fu Loi’s showroom in Panyu to select fabric and accessories.
 - (vi) In relation to the Fu Loi Sales, the Owner confirmed that the

indication “C/O China” on the invoice and sales contract for each of the Fu Loi Sales means “Country of Origin: China”, that the description “PORT OF LOADING: Hong Kong” appearing on both invoices is inaccurate, as the goods were made in China, transported by truck to Fu Loi in Panyu, and never came to Hong Kong.

- (vii) When asked why was it that the investigator did not see any ALL SAINTS garment samples when he visited Lonnix Holding’s premises in October 2005, the Owner said that Lonnix Holding had two showrooms in the same premises and the investigator was led to only one of them. The Owner did not believe that the investigator was a genuine buyer, and did not bring him to the other showroom where garments with ALL SAINTS labels were kept.

The contentions

- 24. The relevant provisions are already set out in paragraph 5 above.

- 25. The Applicant’s case is essentially that:
 - (a) the subject mark has not been genuinely used in Hong Kong by the Owner or with his consent in relation to the subject goods during the Target Period (i.e. 1 January 2002 to 1 January 2005); and
 - (b) genuine use of the subject mark was not commenced or resumed during the period after the expiry of the Target Period and before the Revocation Application was made (i.e. 2 January 2005 to 12 January 2006).

- 26. The Owner’s case is that the Owner has provided evidence of use during the relevant period, which consists of:
 - (1) the commissioning of a freelance designer, Miss Jenny Lau, to design two new lines of ALL SAINTS garments in mid-2002;
 - (2) the offering for sale of garments bearing the subject mark “via Lonnix Holding’s showrooms in Hong Kong” at the end of 2004 (and also as at 7 October 2005); and

- (3) that offering led to “two sales transactions of trousers bearing the subject mark to Fu Loi in March 2005 and May 2005” (i.e. the Fu Loi Sales).

Burden of proving use

27. Section 82(1) of Cap. 559 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.”

28. It is common ground that the burden of proving genuine use of the subject mark in Hong Kong in relation to the subject goods during any of the two periods referred to in paragraph 25 above lies with the Owner.

Genuine use

29. 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 BV v Ajax Bradbeveiliging BV* [2005] Ch 97 (“*Ansul*”), at paragraph 37 of the judgment. It is that the purpose of 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 (*Brands Inc Ltd v Kabushiki Kaisha Regal Corp* [2006] HKEC 2313 (HCMP 754/2006) (“*Brands*”), paragraph 14).
30. What constitutes genuine use has been considered in a number of cases including *Ansul*, *La Mer Technology Inc v Laboratoires Goemar SA* [2004] FSR 38 (“*La Mer*”), *Laboratoire De La Mer Trade Mark* [2006] FSR 5 (“*Laboratoire*”) and *Brands*. According to these cases:

- There is genuine use of a trade mark where it is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services (*La Mer*, paragraph 27).
- Genuine use does not include token use for the sole purpose of preserving the rights conferred by that mark (*La Mer*, paragraph 27).
- 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 concerned (*Ansul*, paragraph 37).
- 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, particularly in the form of advertising campaigns (*Ansul*, paragraph 37).
- When assessing whether use of a trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial use of the mark is real in the course of trade, particularly 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, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark (*La Mer*, paragraph 27).
- Even if use of a mark is not quantitatively significant, it may be sufficient to qualify as genuine use if it is deemed to be justified, in the economic sector concerned, for the purpose of preserving or creating market share for the goods or services protected by the mark (*La Mer*, paragraph 21).
- What matters are the objective circumstances of each case, and not the owner's commercial intention, purpose or motivation (*Laboratoire*, paragraph 34).
- There is no requirement that the mark must have come to the attention of the end user or consumer (*Laboratoire*, paragraph 32).
- What is essential (other than where section 52(3)(b) of Cap. 559 is applicable) 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 (*Brands*, paragraph 18).

31. With the above principles in mind, I turn to consider each of the acts referred to in paragraph 26 above in order to determine whether genuine use of the subject mark in Hong Kong by the Owner or with his consent in relation to the subject goods during any of the two periods referred to in paragraph 25 above has been proved by the Owner.

Commissioning of freelance designer

32. The Owner stated in paragraph 18 of the Supplemental Declaration that in mid-2002, ‘with a view of developing a new line of “All Saints” garments with Lonix Holding’, he appointed a freelance designer, Miss Jenny Lau, to make two design collections for seasons 1 and 2 of the year 2003. Those two collections were completed by October 2002.
33. There is no evidence as to (i) what exactly were the instructions given to Miss Jenny Lau when she was asked to design the collections, and (ii) what the designs looked like when they were completed, including whether, and if so, how, the subject mark appeared on the garments designed. Moreover, there is no suggestion that the subject mark has been exposed to anyone other than Miss Jenny Lau in the course of the above appointment to make the designs.
34. The Owner says that “the appointment of a designer to design new style lines for All Saints garments can constitute genuine use of the mark in itself”. In support of this contention, the Owner relies on *HERMES Trade Mark* [1982] R.P.C. 425.
35. In the *HERMES* case, the appellants, a French company, applied under section 26(1)(b) of the UK Trade Marks Act 1938⁹ (“1938 Act”) to rectify the

⁹ The relevant part of Section 26(1)(b) states:

register of trade marks by expunging the respondents' registration of the HERMES mark registered in respect of, *inter alia*, watches, on the ground of five years continuous non-use up to 18 March 1977. The relevant five year period was therefore 19 March 1972 to 18 March 1977.

36. The Court in the *HERMES* case held that putting the definitions of “trade mark” and “use of a mark” in sections 68(1)¹⁰ and 68(2)¹¹ of the 1938 Act together, for use of a mark to constitute use which can be relied upon to defeat an attack of non-use under section 26(1)(b) of the 1938 Act, it must be use upon or in physical or other relation to the goods *in the course of trade*.
37. In that case, there were no sales of watches bearing the HERMES mark during the relevant period, but the respondents made plans in 1976 to recommence selling watches under the mark in July 1977. They placed orders containing references to the mark with their component suppliers in October 1976, and these were fulfilled in April 1977. In November 1976 they prepared a HERMES price list, though it was not sent out then. In April 1977 they ordered boxes which were directed to bear the mark. No sales took place until September 1977. The Court held that the steps taken by the registered proprietors from April 1976 when they first discussed their requirements with their suppliers, through to September 1977, when they placed their HERMES watches on the UK market, constitute a single course of conduct, all of it *in the course of trade* and all of it in relation to HERMES watches.
38. The *HERMES* case was a case in relation to section 26(1)(b) of the 1938 Act,

“26. (1)... a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered ... on the ground... (b) that up to the date one month before the date of the application a continuous period of five years or longer elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being”.

This is similar to section 37(1)(b) of the repealed Trade Marks Ordinance (Cap. 43).

¹⁰ Section 68(1) of the 1938 Act provides, *inter alia*, that “trade mark” means, ‘... a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark, whether with or without any indication of the identity of that person...’. This definition is similar to the definition of “trade mark relating to goods” in section 2(1) of the repealed Trade Marks Ordinance (Cap.43).

¹¹ Section 68(2) of the 1938 Act provides, *inter alia*, that “References in this Act to ... the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods.” This is similar to section 2(2)(b) of the repealed Trade Marks Ordinance (Cap. 43).

which is similar to section 37(1)(b) of the repealed Trade Marks Ordinance (Cap. 43).

39. By contrast, the *Brands* case, like the present case, was a case in relation to section 52(2)(a) of Cap. 559.

40. In the *Brands* case, there were no sales of the relevant goods bearing the relevant mark in Hong Kong during the relevant three year period. The owner in that case contended that it had used the mark in Hong Kong by transshipping footwear products, manufactured in China pursuant to orders placed by it with manufacturers in Hong Kong, through Hong Kong in the course of shipment from the factories in China (where the footwear was produced) to itself in Japan (where the footwear was to be sold). The mark was stamped on the insoles of shoes, printed on the individual packaging for each pair of shoes and on the outside of the shipping cartons containing boxes of the shoes, all of this having apparently been done in China. The applicant for revocation in that case contended that these activities did not amount to genuine use of the mark in Hong Kong so as to defeat the revocation application.

41. In his judgment, Hon Barma J went through in detail the cases of *Ansul*, *La Mer* and *Laboratoire*. He referred to a number of passages in those cases, including the following from paragraph 37 of *Ansul*:

‘It follows that “genuine use” of the mark 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 concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial raison d’être, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore 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, particularly in the form of advertising campaigns ...’

At paragraph 18 of the judgment Hon Barma J stated that:

‘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. The Owner of the Mark, and his licensees and agents, would not rely on the Mark for this purpose, and thus, the utilisation of the Mark on goods which are seen by them only, and not by any third party purchaser or potential purchaser, whether wholesale or retail, cannot constitute a use of the Mark as a trade mark.'

42. It is noted that the orders placed in October 1976 in the *HERMES* case were produced in evidence, and they included an explicit instruction that the dials of the watches be marked, *inter alia*, HERMES. In contrast, there is no evidence in the present case as to what exactly were the instructions given to the freelance designer when she was commissioned to design the garments, including whether the subject mark was to appear on the garments. There is no evidence as to how the garment designs looked like, including whether they bore the subject mark, when the designs were completed. More importantly, it does not appear that the subject mark has been exposed to anyone other than the freelance designer in the course of her appointment to make the designs. The designer would not rely on the subject mark as a badge of origin or a guarantee of the source of origin of the garments. The commissioning of the freelance designer does not involve any exposure of the subject mark to any third party on a market in Hong Kong for the subject goods. The commissioning of the freelance designer therefore cannot constitute use of the subject mark as a trade mark for the purpose of defeating the Revocation Application.
43. The Owner relied on the *HERMES* case in support of his contention that preparatory work for production by way of commissioning a designer to design a collection constitutes use of the subject mark.
44. I note that the *HERMES* case was in relation to section 26(1)(b) of the 1938 Act, which is not the same as section 52(2)(a) of Cap. 559. On the other hand, the *Brands* case is direct authority in Hong Kong on section 52(2)(a) of Cap. 559. I have already found that on the principles enunciated in the

Brands case, the commissioning of the freelance designer in this case cannot constitute use as a trade mark for the purpose of defeating the Revocation Application. I cannot accede to the Applicant's argument based on the *HERMES* case, which is based on a different provision, and thereby ignore the clear authority in *Brands*, which is directly applicable and binding on the Registrar.

'Offer for sale' at showroom

45. The Owner claims that he has used the subject mark by offering for sale garments bearing the subject mark "via Lonnix Holding's showrooms in Hong Kong" at the end of 2004 (and also as at 7 October 2005) (paragraph 26(2) above).

46. At the hearing on 19 March 2009, the Owner gave oral evidence to the effect that Lonnix Holding had not advertised ALL SAINTS garments in Hong Kong, and that in late 2004, potential customers including Fu Loi were invited by phone calls to attend Lonnix Holding's showroom in Hong Kong to look at samples of ALL SAINTS garments. He said that Fu Loi attended Lonnix Holding's showroom in Hong Kong after being invited (by telephone) in October 2004, and after examining the samples on offer, Fu Loi selected a few styles and eventually ordered trousers of the styles "Pete" and "Tom" which became the subject of the Fu Loi Sales.

47. Before the hearing on 19 March 2009, the Owner has filed the three statutory declarations referred to in paragraph 17(a), (b), (c) above between July 2006 and May 2007. It was not mentioned in any of those statutory declarations that the Owner had used the subject mark by offering for sale in Hong Kong garments bearing the subject mark. Other than the vague oral claim that they were "local garment traders/wholesalers", there is no evidence as to which potential customers were invited and which of them took up the invitation to attend Lonnix Holding's showroom in Hong Kong. There is no documentary evidence whatsoever to support the claim that potential customers indeed visited Lonnix Holding's showroom in Hong Kong, and if so, what goods bearing which marks were offered for sale during such visits. Moreover, the bare oral assertion that the subject mark was used in late 2004 by way of such 'offer for sale' at the showroom of Lonnix Holding directly

contradicts the Owner's admission in paragraph 7 of the Counter-statement, which reads as follows:

"The Registered Owner admits that he stopped using the Trade Mark between the years of 2003 and early 2005 because the Registered Owner had some disputes with his previous business partner in England However, the Registered Owner had resumed to use the Trade Mark in March 2005 and continues to use it this year [i.e. 2006]. In fact, preparation for the resumption to use the Trade Mark by the Registered Owner began in early 2005."

48. Whilst the Owner's oral evidence was that the investigator was led during his visit in October 2005 to one of the two showrooms in Lonnix Holding's premises in Hong Kong and that he was not led to the other showroom in the same premises where garments with ALL SAINTS labels were kept, there is no evidence that those ALL SAINTS garments kept in the other showroom, if they were indeed so kept, were shown and offered for sale to any potential customers at or around the time of the visit in October 2005 or at all.
49. Similarly, there is no documentary evidence to support the Owner's claim that Fu Loi visited the Owner's showroom in Hong Kong to look at samples of ALL SAINTS garments before making the purchases in March 2005 and May 2005. Fu Loi had various business dealings with the Owner, as described in paragraph 23(v) above. According to the Owner, Fu Loi not only purchased garment products from Lonnix Holding, but also offered various services to it. There could be a number of ways to conclude sales of Lonnix Holding's garments to Fu Loi. The mere fact that the Fu Loi Sales were concluded in March 2005 and May 2005 does not necessarily mean that Fu Loi did visit Lonnix Holding's premises in Hong Kong in late 2004 (or at all) and were given garment samples bearing the subject mark to look at.
50. The burden is on the Owner to prove use. I am not satisfied that the Owner has discharged the burden of proving use of the subject mark by way of the alleged offering for sale of garments bearing the subject mark at Lonnix Holding's showroom in Hong Kong.

Fu Loi Sales

51. The Owner claims that the offer for sale in late 2004 at Lonnix Holding's showroom in Hong Kong led to "two sales transactions of trousers bearing the subject mark to Fu Loi in March 2005 and May 2005" (i.e. the Fu Loi Sales).
52. I have already found that the Owner has failed to discharge the burden of proving that use has been made of the subject mark by way of the alleged offering for sale of garments bearing the subject mark at Lonnix Holding's showroom in Hong Kong in late 2004.
53. I have to examine the Fu Loi Sales themselves to determine whether they constitute genuine use of the subject mark in Hong Kong.
54. The Owner confirmed in his oral evidence given at the hearing on 19 March 2009 that the indication "C/O China" on the invoice and sales contract for each of the Fu Loi Sales means "Country of Origin: China", that the goods were made in China, transported by truck to Fu Loi in Panyu, and that the goods never came to Hong Kong.
55. I have briefly referred to the facts in the *Brands* case in paragraph 40 above. The Court in that case held that transshipment of footwear products manufactured in China pursuant to orders placed by the owner of the mark with manufacturers in Hong Kong, through Hong Kong in the course of shipment from the factories in China (where the footwear was produced) to the owner itself in Japan (where the footwear was to be sold) did not amount to use or genuine use of the mark *in Hong Kong* within the meaning of section 52(2)(a) of Cap. 559. The Court held at paragraph 18 of the judgment that what is essential (leaving aside section 52(3)(b)¹² of Cap. 559) is that the mark should have been used by being exposed to third parties (other than the

¹² Section 52(3)(b) of Cap. 559 provides that:
"For the purposes of [section 52(2)]-

...
(b) *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;*"

Section 52(3)(b) of Cap. 559 is not applicable in this case, as the goods never came to Hong Kong and there is no question of the subject mark having been applied to goods or to the packaging of goods in Hong Kong.

owner or his licensee or agents) on a market in Hong Kong for goods of a type in respect of which the mark is registered.

56. For the Fu Loi Sales in the present case, trousers bearing the subject mark were manufactured in China and transported by truck to Fu Loi in Panyu. The goods never came to Hong Kong. The Fu Loi Sales did not involve any exposure of the subject mark on a market *in Hong Kong*. The Fu Loi Sales therefore do not amount to use or genuine use of the subject mark *in Hong Kong* within the meaning of section 52(2)(a) of Cap. 559.

Revocation

57. The Owner has failed to discharge the burden of showing genuine use of the subject mark in Hong Kong in relation to the subject goods during any of the two periods referred to in paragraph 25 above. The result is that the registration of the subject mark is revoked from 1 January 2005.

Costs

58. As the Revocation Application has succeeded, I award the Applicant costs. 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 I of the First Schedule to Order 62 of the Rules of the High Court (Cap 4A) as applied to trade mark matters, unless otherwise agreed between the parties.

(Finnie Quek)
for Registrar of Trade Marks
26 May 2009