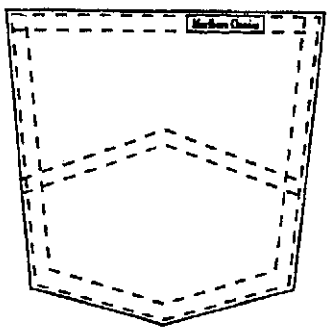
Trade Mark No. 4391 of 2000

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

AND

IN THE MATTER of application by Texwood Limited for the rectification of the Register by removal of Trade Mark No. 4391 of 2000



in Class 25 in Part A in the name of Philip Morris Products Inc.

DECISION
OF

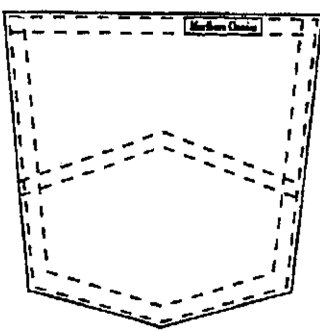
Ms. Fanny Shuk Fan Pang acting for the Registrar of Trade Marks after a hearing on 21 August 2003.

Appearing : Ms. Sandra Gibbons of Messrs. Lovells representing the applicant for removal.

Mr. John Yan, SC instructed by Messrs. Eccles & Lee representing the registered proprietor.

Registration of the Trade Mark No. 4391 of 2000

1. On 19 December 1997, Philip Morris Products Inc. a corporation organised and existing under the laws of the State of Virginia, United States of America (the "registered proprietor") became registered under the Trade Marks Ordinance, Cap. 43 ("the Ordinance") as proprietor, under trade mark No. 4391 of 2000, of a trade mark in Class 25 for jeans and trousers ("the specified goods"). A representation of the registered trade mark appears below :

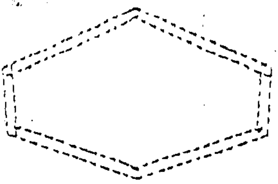


(The trade mark consists of a five-sided device of double line stitching applied to the device of the pocket and a rectangular label bearing the words "Marlboro Classics" affixed to the outside face of a pocket as shown in the representation affixed hereto.)

("the suit mark").

Pleadings and Evidence

2. On 7 April 2000 Texwood Limited ("the applicant for removal") applied to rectify the Register by removal of the suit mark. The statement of case accompanying the application for removal states that the applicant for removal has registered its "Pocket Device" and "Hexagon Device" marks in Class 25 both in respect of "jeans, skirts, jackets, vests, shirts and shorts" both as of 16 March 1990 under Trade Mark Nos. 3882 and 3883 of 1996 respectively. Representations of the applicant for removal's registered marks appear below :



3882 of 1996

(The trade mark consists of double lines of stitching as shown in the representation affixed hereto applied to pockets of the goods covered by the specification.)

3883 of 1996

(The trade mark consists of double lines of stitching as shown in the representation affixed hereto applied to pockets of the goods covered by the specification.)

("the Texwood marks").

The applicant for removal avers that it first commenced use of the Texwood marks in Hong Kong in at least 1972 which is prior to the date of first use of the suit mark in 1986. The suit mark is confusingly similar to the Texwood marks and is applied to the same or similar types of goods as are covered by the Texwood marks. As such, the goods provided by the registered proprietor are very likely to be perceived by consumers as being provided by the applicant for removal. By reason of the foregoing, the applicant for removal pleads that the registration of the suit mark was defective in law and in fact by virtue of sections 2, 9, 10, 12, 13, 20 and 22 of the Ordinance. As a result, the registration of the suit mark is an entry wrongly made in the register without sufficient cause and is an entry wrongly remaining in the register. The applicant for removal requests the Registrar to remove the suit mark from the register under section 48(1)(a) of the Ordinance with costs awarded to the applicant for removal.

3. In its counter-statement filed on 21 July 2000, the registered proprietor admits its own registration of the suit mark and the applicant for removal's registration of the Texwood marks. It is also admitted by the registered proprietor that it has used the suit mark in Hong Kong since at least 1986 in respect of jeans, shirts and trousers and that jeans and shirts are goods in respect of which the Texwood marks have been registered. Save as aforesaid, the registered proprietor denies each and every allegation in the statement of case.

4. The evidence filed by the applicant for removal under Trade Marks Rules Cap. 43 Sub. leg. 64 and 25 ("Rule/s") consists of a statutory declaration dated 27 April 2001 from Teresa Tam, a director of the applicant for removal, together with exhibits. The evidence of the registered proprietor under Trade Marks Rules 64 and 26 comprises a statutory declaration dated 19 April 2002 from Robert J. Eck, the attorney-in-fact of the registered proprietor, together with exhibits and a statutory declaration dated 2 May 2002 from Anthony Robert Eccles, the senior partner of the agent for the registered proprietor, together with exhibits. The applicant for removal, though it was entitled to do so pursuant to the provisions of Rules 64 and 27, filed no evidence in reply.

Preliminary Point

5. On 19 August 2003 two days before the hearing, the applicant for removal filed its skeleton arguments with the registry. Paragraph 4 of the skeleton arguments states the registered proprietor, that is, Philip Morris family of companies does not produce clothing

which is evidenced by paragraph 4 of Mr. Eck's statutory declaration in which he said that the Marlboro Classics line of clothing is made by the Italian fashion group Marzotto SpA under licence. However, the applicant for removal argued that there is no evidence of the licensing or whether there is any quality control of the goods concerned. No registered user has been recorded. Based on *Bostitch Trade Mark* [1963] RPC 183 and the *Hollie Hobbie* Case [1984] RPC 329, the applicant for removal argued that the subject application did not comply with sections 2 and 13(1) of the Ordinance in that the registered proprietor did not use or intend to use the suit mark and is trafficking in the same.

6. Mr. Yan for the registered proprietor submitted that under the guise of an argument that the registered proprietor is not the proprietor of the suit mark, the applicant for removal now seeks to raise, in its skeleton arguments submitted on 19 August 2003, two days before the hearing, entirely new grounds of attack on the validity of the registration of the suit mark. It is now sought to be argued that the suit mark was invalidly registered because the registered proprietor has not used and does not intend to use the suit mark and has trafficked in the suit mark.

7. Mr. Yan contended that these are wholly new grounds, never pleaded in the statement of case nor addressed in the applicant for removal's Rule 25 evidence. Further, the applicant for removal has not even filed any statutory declaration in reply under Trade Marks Rule 27 in which it raises these new grounds. In the statement of case, the case pleaded by the applicant for removal is that the suit mark offends against sections 2 and 13 "by reason of the foregoing". The "foregoing" are the matters pleaded in paragraphs 1 to 3 of the statement of case and none of these paragraphs contains any assertion or allegation of the matters now sought to be relied upon by the applicant for removal.

8. As can be seen from the judgment of the House of Lords in *Hollie Hobbie,* Mr. Yan submitted, whether a party is or is not trafficking in a mark is a factual question which must be decided by reference to all the surrounding facts and circumstances of the particular case. The court must decide whether, on the facts of the case, the trade mark owner has dealt in the mark in a way which falls within the definition of trafficking (as set out at page 356 of the judgment). One relevant factor would be whether or not, even though the trade mark owner does not himself make use of the mark on the relevant goods, use of the relevant mark on those goods would cause any advantage to accrue to the licensor of a free advertisement for such products which the licensor does deal in – see pages 355 to 356 of the judgment. These are all matters in relation to which the parties must be allowed to file full evidence. Mr. Yan contended it would accordingly be highly unsatisfactory and most unjust for the applicant for removal to be allowed to raise the new arguments based on alleged trafficking at this very late stage in the proceedings.

9. Paragraphs 5 and 7 of the applicant for removal's skeleton arguments state that at the date the application for registration of the suit mark was filed, that is, 19 December 1997, the suit mark did not qualify for registration under sections 9 and 10 of the Ordinance. The suit mark is not prima facie distinctive and no evidence has been filed to establish that the mark has become distinctive through use.

10. Similarly, Mr. Yan submitted that the argument that the suit mark is not prima facie distinctive has never been previously raised, whether in the statement of case or the statutory declaration filed on behalf of the applicant for removal. The case which was pleaded in the statement of case was not an allegation that the suit mark is not prima facie distinctive. Instead, the pleaded case was that "by reason of the foregoing", the suit mark does not qualify for registration under sections 9 and/or 10 "because it is neither adapted to nor capable of distinguishing the goods of [the registered proprietor] from the goods of the applicant for removal". Read in conjunction with paragraphs 1 to 3 of the statement of case, the applicant for removal's case as pleaded was not one that the suit mark is not prima facie distinctive but that the suit mark was not distinctive because it is confusingly similar to the applicant for removal's marks.

11. It was Mr. Yan's submission that the applicant for removal never having pleaded or argued a case that the suit mark is not prima facie distinctive, cannot and should not now be allowed to raise the argument and in particular, to argue that the registered proprietor has not filed evidence to establish the distinctiveness of the suit mark – the registered proprietor has not filed such evidence simply because the argument was never raised.

12. In reply, Ms Gibbons submitted that paragraph 3(a) of the statement of case expressly mentions section 2 of the Ordinance whereas sections 9 and 10 of the Ordinance are referred to in paragraph 3(b). Section 13 of the Ordinance is covered by paragraph 3(d) of the statement of case. Ms Gibbons submitted that the parties do not have the opportunity of discovery of documents and therefore do not have evidence of proprietorship and actual use. Ms Gibbons contended that the registered proprietor has responded to the objection raised under the various sections by putting into evidence of proprietorship [sic] and factual distinctiveness of the suit mark.

13. Mr. Yan contended that though the statement of case refers to sections 2, 9, 10 and 13, the issue is not just the setting out of the sections. The objection under sections 2, 9, 10 and 13 is made on the matters pleaded in paragraphs 1 to 3 of the statement of case. By virtue of the use of the wording "by reason of the foregoing" at the beginning of page 2 before the setting out of the relevant sections in the following sub-paragraphs, every objection in sub-paragraph 3(a) to (g) is limited to matters raised in paragraphs 1 to 3 of the statement of case. In paragraphs 1 to 3, there is no assertion that the registered proprietor was trafficking in the suit mark or the suit mark was indistinctive on a prima facie basis. It appears from the facts pleaded in paragraphs 1 to 3 of the statement of case that the application for removal proceeds on the basis of the alleged confusing similarity between the suit mark and the Texwood marks and the prior use of the Texwood marks in Hong Kong by the applicant for removal. In paragraph 3(a) of the statement of case, the applicant for removal pleads that the suit mark is not a trade mark relating to goods within the meaning of section 2 of the Ordinance in that it is not capable of indicating a connection in the course of trade between the goods applied for and Phillip Morris [the registered proprietor] who does not have the right to use the suit mark in Hong Kong. The applicant for removal pleads in paragraph 3(b) that the suit mark does not qualify for registration under sections 9 and/or 10 of the Ordinance because it is neither adapted to nor capable of distinguishing the goods of Phillip Morris [the registered proprietor] from the goods of the applicant for removal. Mr. Yan submitted that is the case the registered proprietor came to meet and file its evidence [sic].

14. I accept the submissions of Mr. Yan which have been set out above. As the applicant for removal has never pleaded nor addressed in its pleadings or evidence the grounds of removal set out in paragraphs 4, 5 and 7 of its skeleton arguments filed with the registry two days before the hearing, it would be highly unsatisfactory and most unjust to allow the applicant for removal to raise the new arguments at the hearing. However, I am of the view that it is vital that I take into account all the relevant matters in considering the removal proceedings in order to do justice between the parties and more importantly to protect the public interest. I therefore indicated to Ms Gibbons at the hearing that if the applicant for removal is minded to apply for leave to amend the statement of case to add in the new grounds of removal, I would adjourn the present proceedings to allow the applicant for removal to tidy up the case and give directions to the parties for the filing of evidence, if necessary, subject to an order of costs thrown away by the adjournment against the applicant for removal in favour of the registered proprietor. In response to my indication, Ms Gibbons requested me to stand the case down for ten minutes for her to take the applicant for removal's instructions as to the way forward. On the resumption of the hearing, Ms Gibbons indicated to me that the applicant for removal did not intend to apply for leave to amend its statement of case and therefore there was no need to adjourn the present proceedings. The applicant for removal would proceed with the present proceedings on the basis of sections 12(1), 20 and 22 of the Ordinance.

Decision

15. Though, by 21 August 2003, the date the matter was heard, the Trade Marks Ordinance, Cap. 559, had come into operation, by virtue of section 17(1) of Schedule 5, an application made under section 48 of the repealed Ordinance, Cap. 43 still pending as of 4 April 2003 is to be determined under the provisions of the repealed Ordinance, Cap. 43.

Aggrieved person

16. The applicant for removal must first satisfy me, pursuant to section 48(1)(a) of the Ordinance, that it is a "person aggrieved". This phrase has been very liberally construed, and except, perhaps, in the case of a mark consisting of a name, it would be difficult to find any person engaged in the trade concerned, or any allied or connected trade, who is prevented by the qualification which it requires from moving to rectify the Register. The persons who are aggrieved are, it has been held, all persons who are in some way or other substantially interested in having the mark removed – where it is a question of removal – from the Register; including all persons who would be substantially damaged if the mark remained, and all trade rivals over whom an advantage was gained by a trader who was getting the benefit of a registered trade mark to which he was not entitled (paragraph 11-07 of *Kerly's Law of Trade Marks and Trade Names,* 12th Edition and *Daiquiri Rum* [1969] RPC 600 (H.L.), per Lord Pearce at 615).

17. Based upon the statutory declaration of Ms Teresa Tam, I find that the applicant for removal is a limited liability company incorporated in Hong Kong. It manufactures and sells a range of clothing, in particular jeans and sports wear. The applicant for removal has registered the Texwood marks in Class 25 in respect of "jeans, skirts, jacket, vests, shirts and shorts" as of 16 March 1990 in Hong Kong. The applicant for removal pleads in its statement of case "that registration of the Marlboro mark [the suit mark] would unfairly prejudice the

business of the applicant for removal, devalue the Texwood marks and registration should have been refused by the Registrar in the exercise of his discretionary power. The applicant for removal is therefore a person aggrieved by Registration No. 4391 of 2000 [the suit mark]".

18. I am satisfied that the registered proprietor and the applicant for removal are engaged in the same trade and the applicant for removal is a trade rival over whom an advantage was gained by the registered proprietor who was getting the benefit of the suit mark to which it was not entitled if the rectification action succeeds. Therefore I conclude that the applicant for removal is a "person aggrieved" and entitled to bring these proceedings.

<u>The ground for removal based on section 20</u>

19. I would first determine whether by reason of section 20, the suit mark ought never to have been registered on 19 December 1997 and therefore is an entry made in the register without sufficient cause.

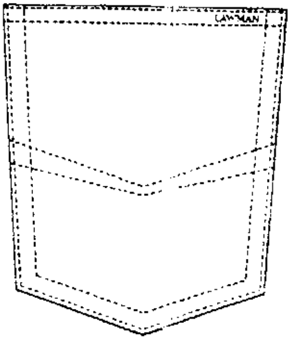
20. Section 20 of the Ordinance, in so far as it relates to goods, provides :

> "20 Prohibition of registration of identical and resembling trade marks
>
> (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) …."

21. Ms Gibbons submitted that the Registrar erred in not having cited the Texwood marks against the suit mark during the application stage. Ms Gibbons contended that the suit mark nearly resembles the Texwood marks and covers the same goods or goods of the same description in respect of which the Texwood marks are registered. Therefore, objection should have been raised under section 20 of the Ordinance by the Registrar to the suit mark during the application stage based on the prior registrations of the Texwood marks by the applicant for removal.

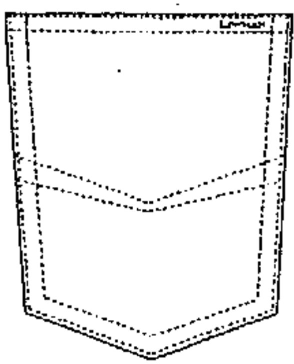
22. Ms Gibbons submitted that the Registrar did cite registration nos. B1362 of 1992 and 7361 of 1995 for a "V" stitching device owned by Lawman International Limited against the suit mark during the application stage. Ms Gibbons said this indicated that the registry had failed to cite the Texwood marks in error as the Texwood marks are more similar

to the suit mark than the Lawman marks. Representations of the Lawman marks appear below :



B1362 of 1992

(The mark consists of a rectangular label bearing the word "LAWMAN" when affixed to the outside face of a pocket on a garment as shown in the representation of the mark attached to the form of application.)



7361 of 1995

(The mark consists of a rectangular label bearing the word "LAWMAN" when affixed to the outside face of a pocket on a garment as shown in the representation affixed hereto.)

("the Lawman marks").

23. Ms Gibbons submitted that the Registrar cited the Lawman marks against the suit mark during the application stage even though the word "Lawman" appears in an obscure position in the Lawman marks. The Registrar considered that the "V" stitching device in the Lawman marks is confusingly similar to the suit mark and therefore raised objection under section 20 of the Ordinance. The registered proprietor therefore had to put in evidence under section 22 of the Ordinance to overcome the objection in order to get the suit mark registered. Ms Gibbons contended that the Registrar took the view correctly as the word "Lawman" is not

an essential feature in the suit mark. The Registrar therefore erred in not having cited the Texwood marks against the suit mark during the application stage.

24. Ms Gibbons submitted that a comparison of the Texwood marks and the suit mark confirms that they nearly resemble each other. As regards trade mark no. 3882 of 1996 of the Texwood marks, the mark consists of double lines of stitching as shown in the representation which is to be applied to pockets of the g covered by the specification including jeans and shorts. Ms Gibbons argued that the “ ” part in the suit mark is identical to trade mark no. 3882 of 1996. When one imagines a pocket device together with trade mark no. 3882 of 1996, they are identical to the suit mark.

25. So far as trade mark no. 3883 of 1996 of the Texwood marks is concerned, it consists of double lines of stitching as shown in the representation which is to be applied to pockets of the goods covered by the specification including jeans and shorts. Ms Gibbons pointed out that the “ ” part in the suit mark is identical to trade mark no. 3883 of 1996. Once again, she said that if one imagines a pocket device together with trade mark no. 3883 of 1996, they are identical to the suit mark.

26. Ms Gibbons submitted that although the words “Marlboro Classics” appear in the suit mark, they are obscure and not discernable particularly when they appear on the pocket of clothing. Furthermore, the inclusion of a house mark to a registered trade mark owned by somebody else is not sufficient to distinguish the marks. If it were, then anyone can use another’s registered trade mark simply by including his own house mark (*De Cordova & Others v. Vick Chemical Co.* [1951] 68 RPC 103).

27. In reply, Mr. Yan submitted that one must not lose sight of the nature of these proceedings which is an application to expunge a registered trade mark. The onus of proof rests on the applicant for removal. It has to show that the suit mark should not have been registered because of section 20 of the Ordinance as at 19 December 1997. The registration of the suit mark is prima facie deemed to be valid under section 29 of the Ordinance.

28. Mr. Yan submitted that one cannot speculate what the Registrar may or may not have done in considering the application for registration of the suit mark at 19 December 1997. Ms Gibbons submitted that the Registrar had overlooked the Texwood marks in allowing registration of the suit mark. Mr. Yan submitted that this is pure speculation. There is no evidence that the Registrar overlooked the Texwood marks and therefore had failed to cite them in the registered proprietor’s application for registration of the suit mark. The Registrar might well have had regard to the Texwood marks and correctly taken the view that they should not be cited against the suit mark during the application stage.

29. In response to Ms Gibbons’ submission that when the Texwood marks are applied to the pockets of jeans and shorts, they will be identical to the suit mark, Mr. Yan argued that this submission was made on the assumption that every pocket looks like the pocket in the suit mark. Mr. Yan said that pockets can have different shapes. For example, they can be of triangular and round shapes. Ms Gibbons also speculated that the Registrar took the view that the two words “Marlboro Classics” in the suit mark are obscure and not discernible. As shown by the certificate of registration of the suit mark, Mr. Yan submitted, the

two words "Marlboro Classics" are not obscure and indiscernible. There is a disclaimer of the word "classics" and the pocket device in the suit mark.

30. Mr. Yan submitted it is the applicant for removal's case that the suit mark should not have been registered since it offended against section 20 of the Ordinance. The issue to be considered is, accordingly, whether the applicant for removal can satisfy the Registrar, the onus being on it, that assuming user by the applicant for removal of the Texwood marks in a normal and fair manner for jeans, skirts, jackets, vests, shirts and shorts, that there will be a reasonable likelihood of deception and confusion amongst a substantial number of people if the registered proprietor also uses the suit mark normally and fairly in respect of jeans and trousers.

31. It was Mr. Yan's contention that the suit mark is clearly so very different from the Texwood marks that the Registrar cannot be satisfied that the suit mark, if used in a normal and fair manner in connection with jeans and trousers, will be reasonably likely to cause deception amongst a substantial number of persons.

32. First, in comparing the marks, the Registrar must consider whether as a whole, the suit mark is substantially different from the Texwood marks (paragraph 17-07, *Kerly's, supra*). Clearly, the suit mark, Mr. Yan submitted, as a whole, is completely different from the Texwood marks. The Texwood marks consist merely of lines of stitching with no word element. Conversely, the suit mark is a combined device and word mark consisting of a device of a typical jeans pocket coupled with the word mark "Marlboro Classics".

33. Mr. Yan went on to compare the ideas conveyed by the marks. He contended that the idea of the suit mark is very different from that of the Texwood marks. The Texwood marks merely convey the idea of lines of stitching. Conversely, the suit mark conveys the idea of a device of a typical jeans pocket and the word mark "Marlboro Classics".

34. Mr. Yan argued that the "Marlboro Classics" element of the suit mark is prominent and highly distinctive. The applicant for removal's argument that the "Marlboro Classics" element of the suit mark is "obscure and not discernible" is contrived and entirely without merit or foundation. Far from being obscure or not discernible, the words "Marlboro Classics" are located at exactly the position where, typically, most jeans manufacturers place the brand names of their products and where consumers would look to ascertain the brand names of the jeans or trousers. When one imagines what size the words "Marlboro Classics" would be on an actual pocket of jeans, the words "Marlboro Classics" are prominent.

35. Mr Yan pointed out that another important distinction between the Texwood marks and the suit mark is that whereas the Texwood marks each consists merely of a visual element, with no aural element, the suit mark includes an important aural element which consumers will no doubt use to refer to the registered proprietor's goods.

36. In comparing the respective marks, Mr. Yan submitted, regard must also be had to the appearance they would present in actual use when fairly and honestly used (paragraph 17-17, *Kerly's,* supra). In actual use, the Texwood marks are invariably used on products on

which the applicant for removal's word mark "texwood" appears in close proximity to the marks (paragraph 8 of Ms Teresa Tam's statutory declaration and exhibit "TT-5"). This will again ensure that there would be no likelihood of deception caused by the use of the suit mark which prominently features the registered proprietor's famous "Marlboro Classics" word mark in a correspondingly similar position.

37. Consumers seeing jeans and trousers marked with the suit mark will no doubt refer to them as "Marlboro Classics" jeans and trousers as opposed to the applicant for removal's goods which will no doubt be referred to as "texwood" jeans and trousers. Consumers will accordingly clearly not be deceived into thinking that the registered proprietor's "Marlboro Classics" jeans and trousers are in any way related to or originate from the applicant for removal. This is particularly so given the fact that as at 19 December 1997, the registered proprietor's "Marlboro Classics" mark enjoyed very substantial reputation throughout the world and in Hong Kong (paragraphs 4 to 16 of Mr. Eck's statutory declaration). The registered proprietor's evidence relating to the very substantial reputation and recognition of the "Marlboro Classics" mark is unchallenged.

38. It was Mr. Yan's contention that it is well established that in considering whether the use of the suit mark would be likely to cause deception and confusion, all the circumstances of the case and of the trade including the customs and usages of the trade must be considered (paragraphs 17-07 and 17-21, *Kerly's supra*). In the present case, the relevant circumstances are :

(a) The sales avenues of the applicant for removal's and the registered proprietor's goods marked with their respective marks are completely different. The applicant for removal's evidence shows that its goods are sold through its own "APPLE SHOPS" and to wholesalers (paragraph 10 of Ms Teresa Tam's statutory declaration and exhibit "TT-3"). Conversely, the registered proprietor's goods are sold only at the registered proprietor's dedicated "Marlboro Classics" boutiques and dedicated "Marlboro Classics" counters (paragraph 10 of Mr. Eck's statutory declaration). There is accordingly no likelihood at all that any one seeing the registered proprietor's goods at these boutiques and counters would be deceived into thinking that the registered proprietor's products marked with the suit mark originate from or are in any way related or connected with the applicant for removal.

(b) It is the custom and usage of the trade to place the brand name of jeans in exactly the same position where the "Marlboro Classics" element of the suit mark is located. On the applicant for removal's goods, the word mark "texwood" appears in this position (albeit on the opposite side).

39. Mr. Yan said that the applicant for removal seeks to argue, relying on the *De Cordova* case, that the suit mark is deceptively similar to the applicant for removal's registered inverted V stitching device under registration no. 3883 of 1996 (see paragraph 2 above) because the suit mark is merely the applicant for removal's registered inverted V stitching device with the registered proprietor's house mark added. Mr. Yan contended that the marks and the facts in *De Cordova* are very different from the marks and the facts in the present case.

That case was decided on its own facts and on the evidence as filed in the case. It is clearly distinguishable from the present case and is not authority for any general proposition that the inclusion of a house mark to a registered trade mark is not sufficient to distinguish the marks.

40. Mr. Yan contended that it is also highly significant that notwithstanding the unchallenged evidence (see paragraphs 4, 10, 11 & 17 of Mr. Eck's statutory declaration and it is the applicant for removal's own case that the registered proprietor commenced use of the suit mark in 1986 – see paragraph 3 of the statement of case) of the long and substantial use of the suit mark in Hong Kong (since at least 1987), there is no evidence of even a single instance of deception or even confusion.

41. In response to Mr. Yan's submission that the Texwood marks as registered do not show the shape of the pocket devices which could be different from the shape of the pocket device in the suit mark, Ms Gibbons submitted in reply that registration of the suit mark give no right to the exclusive use of the device of a pocket. Therefore, the shape of the pocket device is not an issue. Ms Gibbons said that she agreed the size of the suit mark in actual use is relevant to the comparison under section 20. However, she contended that in actual use, the words "Marlboro Classics" in the suit mark are still obscure and not discernable. Similarly, the word "Texwood" in the Texwood marks are, in actual use, also obscure. It is because of the fact that the words as appearing in actual use on the pockets of the jeans are obscure that the registered proprietor and the applicant for removal would like to apply for registration of the stitching devices on the pockets of their jeans products.

42. In any event, Ms Gibbons submitted that under section 20, the Texwood marks as appearing on the register which consists of merely stitching devices without the word "Texwood" must be the focus. She drew support from the following passage on page 152 of *Shanahan's Australian Law of Trade Marks and Passing Off*, 2nd Edition :

> "The statutory rights of use must be compared rather than the actual modes of use and indeed neither mark need have been in use at all. Thus it will not avail an applicant that the goods or services proposed for registration are not "of the same description" as the particular products for which the cited mark is actually used if the cited registration covers other goods or services that are "of the same description". The applicant's proper course in that case is to seek a restriction of the cited registration for non-use pursuant to section 23. Similarly, the applicant must justify registration not only for the particular usage that is planned but for all manners of use within the scope of the registration sought. Differences extraneous to the marks themselves, such as differences in get-up, price, quality and manner of sale or promotion, should have no relevance under section 33, and nor should the fact that the actual products sold are not competitive."

43. Lastly, Mr. Yan submitted it is well established that in cases where an applicant for removal of a registered mark relies on the ground that the mark sought to be attacked is calculated to deceive, delay on the part of the applicant for removal in taking action is strong evidence against the applicant for removal , especially if no case of actual deception is proved (see paragraph 11-37, *Kerly's,* supra).

44. In support of his submission, Mr. Yan referred me to the case of *Re Talbot's Trade Mark* (1894) 11 RPC 77. In this case, the owners of a trade mark "*Molliscorium*" for a

dressing for softening harnesses, moved to expunge from the register of trade marks, a mark for a similar preparation of which *Emolliolorum* was the prominent feature. This last mark was registered in 1886, and the applicants for removal complained of the use of it in 1890, but did not take any further steps. One of the grounds of the application for removal was that the second mark, by its resemblance to the first mark, was calculated to deceive. The respondents contended that as there was no evidence of deception, though the mark had now been used for seven years, the mark was therefore not calculated to deceive. It was held that looking to the time the mark had been on the register, and the absence of any evidence of deception, the mark was not calculated to deceive. Stirling J. said at page 81 :

> "The grounds on which the mark is sought to be removed from the register are : firstly, that it is calculated to deceive; and, secondly, that it is a descriptive word which ought not to be on the register. Now, as to the first ground, I cannot treat it as established. The applicants, at least as early as 1890, were aware of the existence of that mark. Then they complained of it. They took no steps for three years, and no explanation was given of that long delay. No evidence is given of anyone having been deceived during the seven years which have passed since the respondents' mark was first registered. It seems to me, having regard to that, I cannot come to the conclusion of fact that it is calculated to deceived."

45. Mr. Yan drew further support from the case of *Polarid Corporation v. Hannaford and Burton Ltd.* [1974] 1 NZLR 368. Beattie J. referred to the case of *Re Talbots* and observed at page 383 that :

> "Delay in this case is also a factor, although not a bar. In *Re Talbots Trade Mark* (1894) 11 RPC 77, Stirling J. criticised the applicants for a three year delay after being aware of the other mark. No evidence was given of confusion during the seven years after the mark was registered. The Judge having regard to these matters, could not come to a conclusion that the mark was calculated to deceive. In *McCaw, Stevenson and Orr Ltd. v. Lee Bros* (1905) 23 RPC 1, where the owners of a trade mark consisting of the word "Glacier" registered for transparencies sued for infringement by the use of the word "Glazine", and they had known of the defendant's use for at least four years, and no case of deception was proved, the action was dismissed. Here, the applicant from early 1969 was aware of the sale of Solavoid glasses, but this application for rectification was not filed for two years. All of the respondent's affidavits were filed by May 1972. This sequence leads to the conclusion that it is inconsistent with the claim of deception and confusion, when having regard to the large volume of sales, the situation called for promptitude."

Mr. Yan submitted that in the present case, the applicant admits that it became aware of the use by the registered proprietor of the suit mark as long ago as 1993 (paragraph 13 of Teresa Tam's statutory declaration). Yet, it did absolutely nothing until 1997 (paragraphs 15 and 16 of Teresa Tam's statutory declaration). Even when the negotiations with the registered proprietor soon broke down, the applicant for removal's response was feeble (paragraph 17 of Teresa Tam's statutory declaration). Further, even though the registered proprietor's solicitors had expressly told the applicant for removal that the registered proprietor was going to file an application to register the suit mark and had invited the applicant for removal to seek advice from its professional legal advisers (see the unchallenged evidence of paragraphs 4 to 6 of Mr. Eccles' statutory declaration), the applicant for removal did not oppose the registered proprietor's application. The applicant for removal did not take steps to apply to remove the suit mark until 2000. The applicant for removal's purported explanations for its inaction and delay in acting are contrived. In the circumstances, the applicant for removal's inaction and

delay is clearly strong evidence against it, evidencing that even the applicant for removal did not and does not genuinely believe that the suit mark is deceptively similar to its marks.

46. In reply, Ms Gibbons submitted that paragraph 11-37 of *Kerly's* refers to delay in filing the expungement action, not delay in taking infringement action which could be due to various reasons. She contended that there was no delay on the part of the applicant for removal to file this rectification action. When the opposition deadline was missed, the applicant for removal immediately filed these rectification proceedings. The certificate of registration for the suit mark was issued eight days after the deadline for the opposition had expired. Hence, the applicant for removal could not have applied for extension of time to file the notice of opposition.

47. Under section 20(1), the two issues for my determination are, whether the goods for which the suit mark is registered, the same goods or description of goods as those of the Texwood marks; and if so, does the suit mark so nearly resemble the Texwood marks as to be likely to deceive or cause confusion.

48. Both the specifications of the suit mark and the Texwood marks cover jeans and trousers (shorts). Therefore I find that the specified goods are the same as the applicant for removal's goods under the Texwood marks.

49. The remaining question is whether the suit mark so nearly resembles the Texwood marks as to be likely to deceive or cause confusion.

50. As rightly submitted by Mr. Yan, and not disputed by Ms Gibbons, under section 29 of the Ordinance, in all legal proceedings relating to a registered trade mark (including applications under section 48) the fact that a person is registered as proprietor of such trade mark shall be prima facie evidence of the validity of the original registration of such trade mark and of all subsequent assignments and transmissions therefor. It is trite law that the burden of proof in these applications is upon the applicant for removal to prove that the entry of suit mark had been made without sufficient cause as the suit mark offended against section 20 of the Ordinance. The relevant date for determining whether the suit mark was likely to deceive or cause confusion is the date of application for registration of the suit mark, that is, 19 December 1997 (see paragraph 17-04, *Kerly's*, supra).

51. At the outset, I wish to say that it is pointless for Ms Gibbons or Mr. Yan to speculate on why the Texwood marks had not been cited against the suit mark by the Registrar during the application stage. I am not bound by the Registrar's previous view and/or decision. I have to decide the matter *de novo* based on the pleadings and evidence filed in the rectification proceedings and the submissions made before me.

52. The accepted test to be applied under Section 20 of the Ordinance is that stated by Evershed J. in *Smith Hayden & Co.'s Application* [1946] 63 RPC 97. Adapted to the matter in hand, the test may be expressed as follows :

> "Assuming user by the applicant for removal of its marks " " and " " in a normal and fair manner for any of the goods covered by the registration, is the tribunal satisfied that there will be reasonable likelihood of deception or confusion amongst a substantial number of persons if the registered proprietor also uses its mark " " normally and fairly in respect of any goods covered by its registration?"

53. I am persuaded by Mr. Yan's submissions above (paragraphs 32 to 35) that, visually, conceptually and aurally, the suit mark does not look like the Texwood marks as registered. According to the register, the suit mark consists of a five-sided device of double line stitching applied to the device of the pocket and a rectangular label bearing the words "Marlboro Classics" affixed to the outside face of a pocket. The specified goods are jeans and trousers. The use of the suit mark on an actual pocket of a pair of jeans or trousers must thus fall within the normal and fair use of the suit mark as registered. In such circumstances, I agree with Mr. Yan that the words "Marlboro Classics" in the suit mark can clearly be seen when one considers the actual size of the words as they appear on an actual pocket of a pair of jeans or trousers. I also accept Mr. Yan's submissions that the words "Marlboro Classics" in the suit mark are located at exactly the position where, typically, many jeans manufacturers place the brand names of their products and where consumers would look to ascertain the brand names which accord with my own general knowledge. The jeans and trousers of the registered proprietor will be referred to as "Marlboro" or "Marlboro Classics" jeans and trousers.

54. So far as the double line stitching device in the suit mark is concerned, I do not see that the stitching device " " in the suit mark which is essentially a five-sided device with a straight top edge of double line stitching plus an inverted "V" device of double line stitching in the centre is similar to the hexagonal device of double line stitching " " in registration no. 3882 of 1996 and the simple inverted "V" double line stitching device " " in registration no. 3883 of 1996 even when one imagines that all of them appear on a pocket of the same shape and the principle of imperfect recollection is taken into account. Ms Gibbons' submission that the Texwood marks if applied to the pockets of jeans and trousers are identical to parts of the stitching device of the suit mark (see paragraphs 24 and 25 above) does not assist the applicant for removal. Both the suit mark and the Texwood marks have to be compared as a whole.

55. Mr. Yan attempted to make out a case that a notional and fair use of the Texwood marks under section 20(1) of the Ordinance includes a use of the Texwood marks in conjunction with the word "Texwood" which would make the Texwood marks and suit mark more easily distinguishable (see paragraphs 36 and 37 above). In reply, Ms Gibbons submitted that under section 20, the Texwood marks as appearing on the register which consist of merely stitching devices without the word "Texwood" must be the focus. I do have reservation in accepting Mr. Yan's arguments that the use of the Texwood marks together with another distinctive word "Texwood" falls within the scope of notional and fair use of the registered Texwood marks under section 20(1) of the Ordinance. Mr. Yan further submitted that delay on the part of applicant for removal in taking action in the present case is strong evidence against the applicant for removal, especially if no case of actual deception is proved. Ms Gibbons submitted in response that paragraph 11-37 of *Kerly's* refers to delay in filing the expungement action, not delay in taking infringement action which could be due to various

reasons. I would supplement that the two cases cited by Mr. Yan also concern delay in filing the expungement action after the subject marks were put on the register and the applicant for removal had notice of the use of the subject marks subsequent to their registration. Turning to the present case, though the applicant for removal had notice of the use of the suit mark in 1993, the suit mark was actually put on the register on 16 March 2000 and it was on 7 April 2000 that the application for rectification was filed by the applicant for removal. Having said the above, I do not think that I need to resolve the conflicts between Mr. Yan and Ms Gibbons as I have already found that visually, conceptually and aurally, the suit mark does not look like the Texwood marks as exactly represented in the register.

56. I must also consider the goods and trade channels. The goods of the registered proprietor and the applicant for removal overlap as regards jeans and trousers. Mr. Yan submitted that the sales avenues of the applicant for removal's and the registered proprietor's goods marked with their respective marks are completely different. I am prepared to accept on the evidence that as at the date of application for registration of the suit mark, the applicant for removal's goods were sold through its own "Apple Shops" and to wholesalers whereas the registered proprietor's goods were sold only at the registered proprietor's dedicated "Marlboro Classics" boutiques and dedicated "Marlboro Classics" counters. However, in assessing the likelihood of confusion under section 20, I must, I think, have regard to the respective marks in fair and normal use, in other words, to all the uses of the respective marks which could fairly be made not only at the date of the application for registration of the suit mark but also in the future.

57. In *GE Trade Mark* [1973] RPC 297 at 320-321 Lord Diplock said :

> "[The question whether the use of any matter as a trade mark would be likely to deceive or cause confusion] … looks to the future use of the matter as a trade mark and embraces any normal and fair use which as registered proprietor the applicant would be entitled to make of it in the ordinary course of trade in respect of goods of the class for which it is registered. Thus, in the case of BALI Trade Mark [1969] RPC 472, it was held by this House that although the current use of the Bali mark sought to be expunged was upon ready-made corsets which were not in competition for the same market as tailor-made corsets for which the Berlei mark was currently used, consideration must be given to the fact that registration of the two marks in respect of the same class of goods would entitle the proprietors of each of them to use their respective marks in the future on both ready-made and tailor-made corsets which would be in competition for the same markets."

58. The applicant for removal and the registered proprietor might not have sold goods under their respective marks in the same outlets, but that is not the issue for there is nothing in the specifications of the respective marks that would preclude the registered proprietor and the applicant for removal from selling their products through the same sales avenues in the future. The present application has to be considered on the basis that the parties might meet in the same market and have the same channels. However, purchasers of jeans will probably be fashion conscious and are less likely to not ensure they have bought the right label – the label is all. Most of them are acutely aware of the minor variations to stitching and identifying "in" jeans instantly just from the stitching. This helps to remove the risk of confusion. Coupled with the existence of the distinctive word "Marlboro" in the suit mark, the risk of confusion is further reduced to a material extent. In any event, in light of the visual, conceptual and aural differences between the suit mark and the Texwood marks as analysed above, I consider that there was no real tangible risk that the purchasing public would be

confused into believing that the goods of the parties come from the same source or might wonder whether or not that might be so.

59. I now turn to the lack of evidence of confusion argument raised by Mr. Yan. Whilst evidence of past confusion is persuasive, the absence of evidence of confusion is a circumstance which varies greatly in weight according to the nature of the case. Even where the proper inference to be drawn is that there has been no confusion, this cannot be conclusive by itself : the decision is for the court or tribunal, which cannot abdicate in favour of the witnesses (see paragraph 17-29, *Kerly's*, supra). It is the applicant for removal's own case that its goods and the registered proprietor's goods have been in the market respectively since 1972 and 1986 (paragraph 3 of the statement of case). In other words, the parties' goods with their respective marks had been co-existent in the market for 11 years as at the date of application for registration of the suit mark. In such circumstances, the fact that there is no evidence of confusion is, in my opinion, material and certainly a factor in favour of the registered proprietor though it is not conclusive.

60. Having taken into account all the above, I find that the applicant for removal has not discharged its onus to prove that the entry of suit mark had been made without sufficient cause, as the suit mark offended against section 20 of the Ordinance, as at the date of application for registration of the suit mark.

The ground of removal based on section 12(1)

61. It is clear from the applicant for removal's own evidence that in actual use on the pockets of jeans, the Texwood marks were invariably used with the word "Texwood". On most of the invoices for the sale of the applicant for removal's jeans and the advertising materials exhibited in "TT-3" and "TT-6" to Teresa Tam's statutory declaration respectively, apart from the word "Texwood", the Texwood marks were used in conjunction with an apple device wearing a pair of jeans. I have already found that the suit mark and the Texwood marks as registered are not confusingly and deceptively similar under section 20(1) of the Ordinance. The addition of the word "Texwood" and the apple device to the Texwood marks in actual use must make them more easily distinguishable from the suit mark. The level of deception and confusion required by section 20(1) is the same as that required for section 12(1). It follows that I also consider that the Texwood marks are not confusingly similar to the suit mark under section 12(1) of the Ordinance. As the marks are not similar in any event, there is no need for me to decide whether the applicant for removal has established a certain degree of reputation in Hong Kong of the Texwood marks. In the result, I find that the suit mark is not confusingly and deceptively similar to the Texwood marks so that the registration of the suit mark offended against section 12(1) of the Ordinance.

The ground of removal based on section 13

62. Although section 13 was raised in the grounds of opposition, Ms Gibbons did not address me on that objection at the hearing.

The ground of removal based on section 22

63. The applicant for removal having failed under sections 12(1) and 20, there is no need for me to consider section 22.

Costs

64. The registered proprietor has sought costs and there is nothing in the circumstances or conduct of this case which would warrant a departure from the general rule that the successful party is entitled to his costs. I accordingly order that the applicant for removal pays the costs of and occasioned by these proceedings.

65. Subject to any representations as to the amount of costs or calling for special treatment, which either party makes within one month from the date of this decision, costs will be calculated with reference to the usual scale in Part 1 of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4) as applied to trade mark matters, with one counsel certified unless otherwise agreed between the parties.

Signed

(Ms Fanny Pang)
p. Registrar of Trade Marks
29 September 2003