

Application No. 11555 of 2001

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

AND

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

鳄 尔 玛

e e m

in Part A of the Register in Class 25 by EEM (Hong
Kong) Development Limited

AND

IN THE MATTER of an opposition thereto by
Crocodile Garments Limited

DECISION

OF

Miss Lavinia Chang acting for the Registrar of Trade Marks after a hearing on 9 September 2005.

Appearing: Mr Martin W H Wong, of counsel, instructed by Messrs Chong & Partners, on behalf of the Applicant

Mr Ling Chun Wai, of counsel, instructed by Messrs Lee Chan Cheng, on behalf of the Opponent

and supplemented, at the Registrar's direction, by written submissions filed on 16 September 2005 by the Applicant and 15 September 2005 by the Opponent respectively.

1. These proceedings arise out of an application made on 19 July 2001 (the “application date”) under the provisions of the now repealed Trade Marks Ordinance, Cap. 43 (the “Ordinance”), by EEM (Hong Kong) Development Limited (the “applicant”) to register in Part A of the Register, the mark a representation of which appears below:

鳄 尔 玛
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(the “suit mark”). The goods sought to be protected are “clothing, footwear and headgear, ready-made linings for clothing, belts and scarves (clothing), ties, socks, gloves, hats, swimsuits; all included in Class 25” (the “specified goods”). The suit mark was accepted after examination and advertised on 23 November 2001 in the Government of the Hong Kong Special Administrative Region Gazette for opposition purposes.

Pleadings and evidence

2. A notice of opposition was filed on 22 January 2002 by Crocodile Garments Limited, a Hong Kong limited liability company (the “opponent”). The opponent is part of the Lai Sun Group of companies in Hong Kong. It is engaged in the manufacturing and retail sales of garments in Hong Kong, the PRC and other countries in Asia, and through exports to other parts of the world.

3. It pleads among other things, that it has long used the name or trade mark “鱷魚” and “鱷魚 & Crocodile Device” in respect of its garment manufacturing and retail sales business. It has registered these marks and other derivative marks in Hong Kong and elsewhere. The opponent pleads the suit mark bears a close resemblance to its marks including “鱷魚” and “鱷魚 & Crocodile Device,” and that registration of the suit mark is contrary to section 12(1) and section 20 of the Ordinance. Alternatively it pleads that registration of the suit mark should be refused in the exercise of the Registrar’s discretion. It seeks costs against the applicant.

4. The applicant filed a counter-statement on 28 March 2002. The applicant asserts proprietorship in the suit mark which was invented and designed by the applicant’s director. The applicant denies near resemblance between the suit mark and the opponent’s marks such as to be likely to cause confusion among the purchasing public. It puts the opponent to proof of its alleged use of its marks, the extent of such use and the promotion conducted in relation to its marks. The applicant seeks registration of the suit mark and that costs be awarded against the opponent.

5. Both parties filed evidence. The opponent's evidence consists of a statutory declaration, dated 10 March 2003, of Lam Kin Hong, Matthew, in his capacity as Executive Director of the opponent, together with exhibits. Mr Lam says, amongst other things, that the opponent began business in Hong Kong since 1952 in the manufacture, distribution and sale of items of clothing under the marks CROCODILE and/or 鱷魚. Since then the opponent has created more trade marks including CROCODILE, 鱷魚, and 鱷魚恤, with or without a crocodile device, and has registered these marks for goods and services in Hong Kong and elsewhere. It is the registered proprietor of over 50 registered crocodile trade marks in Hong Kong.

6. Mr Lam says the opponent has always used one or more crocodile devices whether a realistic, caricature or pictorial representation for its goods and services since 1952 together with the word CROCODILE, 鱷魚, 鱷魚恤.

7. The opponent has established a chain of retail outlets in Hong Kong and worldwide in the last 40 to 50 years. Mr Lam gives the opponent's annual sales turnover for the period 1990 to 2000 for products sold under the trade marks 鱷魚恤, 鱷魚, "CROCODILE" and "crocodile device," which show a substantial growth from just under HK\$203 million in the year August 1990 to July 1991 to HK\$504 million in August 1999 to July 2000.

8. Mr Lam says the opponent has extensively promoted its products through various media and has as a result acquired a substantial reputation both in Hong Kong and internationally. He gives the opponent's estimated annual advertising expenses for Hong Kong which peaked in the year August 1997 to July 1998 at over HK\$4.4 million, declining in subsequent years to approximately HK\$0.65 million between August 2000 to July 2001.

9. Mr Lam exhibits a list of the opponent's 20 retail shops in Hong Kong which shows a broad, even distribution of business presence throughout the territory. Evidence of newspaper media coverage is produced at LKHM-7 in support of the opponent's reputation in Hong Kong and the Mainland.

10. The applicant's evidence consists of two statutory declarations, one by Chan Chung Wai, Philip in his capacity as Administrative Manager of the applicant and the other by Ho Yam Fai, Manager of Credit Information Support Company. Mr Chan says the applicant, EEM (Hong Kong) Development Limited 鱷爾瑪(香港)發展有限公司 was incorporated with liability company in Hong Kong on 11 July 2001 with a business address at Room 3512, The Center, No. 99 Queen's Road Central, Hong Kong. Mr Chan says the suit mark is an invented word designed by the applicant. It consists of Chinese characters and Roman letters of the alphabet which correspond to the applicant's company name,

except that the Chinese character component takes the form of simplified Chinese characters.

11. In reply to the opponent's evidence Mr Chan disputes that the opponent's evidence shows exclusive use of the Chinese character “鱷” by the opponent or that it enjoys exclusive use of the idea of a crocodile. In any case, the suit mark is made up of word components only in Chinese and English with no crocodile device at all. Mr Chan says the opponent's evidence does not demonstrate similarity between the suit mark and the opponent's marks, or that registration of the suit mark will likely cause confusion amongst the general public.

12. The applicant's second deponent, Ho Yam Fai, gives evidence on a market survey conducted on the applicant's behalf to assess the likelihood of confusion of the suit mark with the opponent's marks.

Hearing

13. The opposition came on for hearing before me on 9 September 2005, at which Mr Martin Wong, of counsel, appeared for the applicant and Mr Ling Chun Wai, of counsel, appeared for the opponent. At my direction during the course of the hearing, counsel for the parties also filed supplemental written submissions.

Decision

14. Although the hearing took place after 4 April 2003, the commencement of the Trade Marks Ordinance, Cap. 559, by virtue of section 10(2) of Schedule 5 to Cap. 559, oppositions still pending as of 4 April 2003 remain to be dealt with under the provisions of the repealed Trade Marks Ordinance, Cap. 43.

15. The opponent relies on sections 12(1) and 20(1) of the Ordinance. For section 12(1), Mr Ling refines the basis for the opposition to be the opponent's reputation through use of a large number of marks containing the Chinese characters 鱷魚. For section 20(1), the opponent specifically relies on two of the opponent's registered marks, namely, No. 771 of 1973, a representation of which appears below:



registered in respect of “articles of clothing but not including boots, shoes and slippers”; and No. 8690 of 1994, a service mark, a representation of which appears below:

鱷魚恤

registered in respect of “retail services for clothing, footwear, headgear, articles of luggage, watches and fashion accessories but not including footwear, headgear, articles of luggage made of crocodile leather; all included in Class 42” (collectively the “opponent’s marks”).

16. It is common ground that the applicable tests under sections 12(1) and 20(1) were laid down in *Smith Hayden & Co’s Application* (1946) 63 RPC 97. Adapted to the present case, they are, in respect of the enquiry under section 12(1),

“Having regard to the reputation acquired by the opponent’s marks, is the Registrar satisfied that the suit mark, if used in a normal and fair manner in connection with any goods covered by the registration proposed will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?”

and in respect of the enquiry under section 20(1),

“Assuming user by the opponent of the opponent’s marks in a normal and fair manner for any of the goods covered by the registrations of those marks (and including particularly goods also covered by the proposed registration of the suit mark) is the tribunal satisfied that there will be no reasonable likelihood of deception or confusion among a substantial number of persons if the applicant also uses the suit mark normally and fairly in respect of any goods covered by its proposed registration?”

17. At the hearing, counsel for the applicant conceded, properly in my view, the reputation of the opponent in relation to the opposition under section 12(1); and, in relation to both grounds of opposition, that the parties’ respective goods of interest were the same or of the same description.

18. That being the case, the only issue under both grounds of opposition is whether the extent of similarity, if any, between the suit mark and the opponent's marks would reasonably cause confusion or deception among a substantial number of persons. The only difference is that under section 20(1), the comparison assumes notional fair use of the respective parties' marks on all of the goods covered by the registration or application. Under section 12(1), the comparison is between the opponent's mark as used and the suit mark in notional fair use.

19. The authorities have established the following general principles to guide the tribunal in finding whether two marks so nearly resemble each other that there is a tangible risk of confusion. In the comparison, the resemblance between two competing marks must be considered with reference to the ear as well as the eye. Because it is essentially a question of first impression, marks should be compared as a whole, not as if they appear side by side, and so too detailed an examination should not be made. In the context of this opposition, the target purchasers are purchasers of clothing, footwear and headgear, ready-made linings for clothing, belts and scarves (clothing), ties, socks, gloves, hats and swimsuits. Because the specified goods are in the nature of everyday consumer items, in their purchase the target purchaser is reasonably expected to be of average intelligence, to exercise normal care, but no more. Such a purchaser remembers marks by general impression or by some significant feature rather than by a photographic recollection of the whole.

20. Ultimately the question of whether one mark too nearly resembles another is a question of fact for the tribunal, not an exercise of discretion.

Section 20(1) of the Ordinance

21. Under section 20(1) of the Ordinance, as a starting point it is the opponent's mark as *registered* and the suit mark as *advertised* that form the basis of the comparison, but both in any fair and normal use that may be made of the marks in the ordinary course of business in respect of any goods for which they are respectively registered or sought to be registered (*Smith Hayden, supra*, at 101).

22. The opponent's marks for the purpose of section 20(1) are No. 771 of 1973 and No. 8690 of 1994 (paragraph 15 above).

23. In his main submissions, Mr Ling argues that only visual and aural similarity are relevant here, of which aural similarity is the most important, as the suit mark has no

meaning obvious to the average person. He says that in speech the suit mark will be referred to by the Chinese character component without the “eem” component. He says that *short* marks with similar prefixes but different suffixes are liable to be confused in imperfect recollection. He contends that where a mark consists of a meaningless string of characters, people’s attention will focus on the first character. He says that the older generation is prone to mispronounce the second character of the suit mark 尔(yee) as 魚(yu). Given that the opponent has a portfolio of marks consisting of the characters 鱷魚, both alone or in combination with other characters, and assuming mispronunciation of the middle character, the suit mark can easily be misheard as “鱷鱼玛”.

24. Put shortly, the opponent’s case for likelihood of confusion is premised on the combined effect of the common first character “鱷”, the possible mispronunciation of the second character “尔” as “魚”, and overall imperfect recollection in the minds of the purchasing public.

25. Mr Wong submits it is only a matter of common sense to see the distinction between the suit mark and the opponent’s marks, and therefore the likelihood of confusion and deception is at best minimal and theoretical. He compares the marks visually, aurally and conceptually. According to Mr Wong, the three Roman letters “eem” of the mark are the Putonghua pinyin initials of the Chinese characters “鱷尔玛” of the mark. The opponent’s marks, on the other hand, consist solely of Chinese characters. The only shared element, namely the first Chinese character, is presented in a different form: it appears as 鱷 in the suit mark whilst in the opponent’s marks it appears as 鱷. Mr Wong submits that visually, the marks are clearly different.

26. Aurally also, because of these differences, Mr Wong submits that suggestion of aural similarity beyond the character “鱷” is far-fetched. He says that although the first Chinese character of both parties’ marks is pronounced the same way, because both marks are short, when they are read and recalled each will be read and recalled as a whole. And although the opponent claims that speakers of the Cantonese dialect are liable to mispronounce the suit mark and confuse “尔” with “魚”, Mr Wong points out this is merely speculative of the risk of mispronunciation since no evidence has been adduced in support. In any case *Smith Hayden* requires the likelihood of confusion to be tested against a substantial number of persons, not simply against some persons who might mispronounce the mark.

27. At this juncture I should mention that even though the applicant had adduced evidence of a market survey (statutory declaration of Ho Yam Fai) to assess the likelihood of confusion between the parties’ marks, as counsel for the applicant indicated at the

hearing that no reliance was sought to be made on the results of this survey, I need say no more on this.

28. Visually, the opponent's marks and the suit mark share very little in common, apart from the first Chinese character of each mark, 𪛗 in the suit mark, and 𪛘 in the opponent's mark. Strictly, 𪛗 and 𪛘 are not identical. Is the fact that the marks are presented in different forms of the Chinese character material in the overall comparison? Counsel for the parties are diametrically opposed on this.

29. On the issue of the different form of the first character 𪛗/𪛘, Mr Ling submits that as a matter of general principle, the concept of notional fair use under sections 12 and 20 encompasses any normal and fair use which as registered proprietor the applicant would be entitled to make of the mark in the ordinary course of business in respect of the goods of the class for which it is registered. And so if the applicant uses the traditional form of the character, namely 𪛘, in lieu of the simplified form 𪛗, that is quite simply another way of writing the same word or character, and is analogous to adopting a different script or font or upper-lower case for the same English word, which would be covered by the scope of notional fair and normal use. The same applies in relation to use to which the opponent's registered marks may be put.

30. The applicant argues the contrary, that use of the suit mark in traditional Chinese characters would constitute notional *unfair* use, relying on *Montres Tudor SA v Concord Watch Co S.A.* (HCMP 5789/2000, unrep., dated 25 July 2001, Sakhrani J). As a fallback, the applicant offers to limit the use of the suit mark to the simplified Chinese character form. I will return to this later.

31. In my view, the applicant's argument of notional unfair use is untenable in the context of Hong Kong at the application date that is, 19 July 2001, four years after the return of sovereignty over Hong Kong to the Mainland. Conditions may well be different in jurisdictions where Chinese is a wholly foreign language and where Chinese characters are likely to be regarded as unpronounceable pictograms or devices so that presentation in simplified form may be seen as a mark distinct from its traditional form. I agree with Mr Ling's submission that it would be wholly artificial and unreal in the linguistic, social and business context of Hong Kong to consider the use of traditional characters as being outside the normal and fair use which the applicant would be entitled to make of the mark, assuming that it is registered, in simplified characters, in the ordinary course of business in respect of the goods or services for which it is registered.

32. The issue in *Montres Tudor* was different. There the Honourable Mr Justice Sakhrani was considering a specific manner of advertising used by the opponent when he opined that notional fair use would not embrace use of the mark in a manner which was confusingly similar to the manner in which the opponent has used the mark. It clearly related to matters extraneous to the mark itself.

33. Be that as it may, the marks still have to be compared each as a whole. The fact that the opponent's marks consist wholly of Chinese characters must at least visually set them apart from the suit mark. This visual difference has an important bearing on the idea conveyed by the mark. The idea suggested by a mark is more likely to be recalled under the "doctrine of imperfect recollection" than the precise details of the mark. Here the opponent's mark is manifestly "crocodile". The suit mark on the other hand consists of an unusual combination of Chinese characters and Roman alphabets. Whilst it is unlikely to be recalled precisely, it is equally unlikely that in that imperfect recollection it will be recalled as "the crocodile brand". I draw support for this view from *Shanahan's Australian Law of Trade Marks and Passing Off*, 3rd ed where, at paragraph 7.85, the authors state:

"Generally, where two words have dissimilar meanings, or one has a meaning and the other none, they will be more easily distinguished than will two words having no readily apparent meaning. Where one of two words is in a foreign language, this may also assist in distinguishing those words, and for similar reasons invented words may be more likely to be confused with one another than will English words or an English word and an invented word."

34. By the same token, in the Hong Kong context a Chinese term which carries meaning will more easily be distinguished from one with no meaning or one which is an invented word.

35. I am not convinced that the mark "鳄鱼玛" is likely to give rise to a connotation of 鱷魚 (registered) or 鳄鱼 (as covered by notional fair use) or a contextual connection with the opponent through use. Even if the character 鳄 alone, positioned as it is at the front of the mark, will have an inherent connotation of 鳄鱼, I am not convinced that that connotation is strong enough to overshadow the rest of the mark. In fact the contrary is true since the "suffix" "--尔玛 eem" is highly distinctive. In my view this "suffix" takes attention away from the usual connotation of 鳄. Overall the suit mark gives the visual impression of a transliterated, meaningless, invented word whereas the

opponent's mark is a known term in everyday language. The suit mark does not share the essential feature of the opponent's marks.

36. I note Mr Ling's submission that in speech the older generation and non-native Cantonese speakers of the public, are liable to mispronounce the character “尔” and to confuse it with “魚”. No evidence has been adduced to substantiate this. The answer I believe has to be found with reference to the target customers. The applicant's specified goods do not suggest they are other than everyday consumer items and I would postulate their target customers to be all of the consuming public in Hong Kong. Mr Ling's argument may be true in respect of particular sectors of the public, but the Hong Kong population remains predominantly Cantonese speaking as the native or mother tongue. For speakers of the Cantonese dialect, the suit mark would be pronounced as 鰐(ngok)尔(yee)玛(ma), as opposed to the opponent's marks, 鰐(ngok)魚(yu) and 鰐(ngok)魚(yu)恤(sird). It appears to me that “yee” and “yu” are only likely to be confused by non-native speakers or in very careless speech. The question of confusion in the *Smith Hayden* test in any case requires that a substantial number of persons be confused, and cannot turn merely on the perception of particular groups of persons considered in isolation.

37. I have already considered the impression conveyed by the marks visually, aurally and conceptually in the context of the specified goods and likely customers. It remains for me to consider the scope of notional fair use that may be made of the suit mark to decide whether there is a tangible risk of confusion.

38. Mr Ling attempts to play down the significance of “eem” in the suit mark in imperfect recollection (paragraph 23 above). The suit mark, in the form as advertised, consists of *both* Chinese characters and Roman alphabets. The Chinese characters are approximately twice the size of the Roman letters, but the latter are not so insignificant that I can discount them in considering fair and notional use of the suit mark. Although the concept of fair and notional use would permit the use of colour or a change in upper/lower case or typeface, it would not extend to the deletion of a complete element (*Miss Elaine*, unreported decision of Mr K S Kripas acting on behalf of the Registrar of Trade Marks dated 7 December 2001, at paragraph 56). Just as in *Miss Elaine* where the Registrar held that the Chinese character part of the earlier registered mark could not be disregarded as one might disregard mere decoration or an indistinctive device, likewise in the present case, the concept of notional and fair use cannot extend to the deletion of a component of the suit mark for it, too, adds distinctiveness to the suit mark.

39. Taking the sum total of the above, I find that the overall impression of the two marks, even allowing for imperfect recollection, is indeed very different. There is no

reasonable way in which the opponent's marks will be confused with the suit mark, taking into account notional fair use of the former as registered and the latter as applied for. Because of what I have said on the scope of notional fair and normal use of simplified/traditional Chinese characters, the applicant's offer to limit its mark to the simplified Chinese character form becomes irrelevant to the likelihood of confusion, since notional fair use of the opponent's marks would cover use of the marks in simplified Chinese character form.

Section 12(1) of the Ordinance

40. For this enquiry I must consider how the opponent's marks would be seen in actual use on the goods in question; the likely purchasers of the goods, and the respective trade channels, both now and in the future. Conceptual similarity may increase the likelihood of confusion, as may a reasonably held belief that both marks belong to the same family of marks.

41. Mr Ling points out that over the years the opponent has used a large number of marks containing the characters 鱷魚 in its main line of business, i.e. clothing and fashion accessories. In his skeleton submissions, he states that

“in actual use the opponent's marks are almost exclusively based on the 鱷魚 theme. They either contain those words or a pictorial manifestation of the reptile. Thus, the idea of the mark cannot be clearer.”

42. I find the opponent's marks are almost exclusively based on the 鱷魚 or crocodile theme, containing either the Chinese characters 鱷魚 or a pictorial representation of a crocodile. The suit mark, on the other hand, bears no apparent meaning when taken as a whole. It is not disputed that the first character in the suit mark denotes “crocodile”, even if not paired with “魚” but each mark must be considered and compared as a whole.

43. The following point was pleaded by the opponent, answered by the applicant as a “monopoly” argument, but not actually pressed by Mr Ling at the hearing. For the sake of completeness, I will deal with it briefly. The point is this: the undisputed common element between the parties' marks lies in the use of the Chinese character 鱷 or 鱷, no more. The evidence shows that the opponent's mark is 鱷魚, and it has used the mark as a prefix in relation to items of clothing and accessories, as in 鱷魚仔 and 鱷魚寶寶. But the suit mark consists of three distinct Chinese characters, which when looked at as a

whole, does not convey any obvious meaning.

44. The applicant does not dispute the common meaning of the first character 鱷 of the suit mark to mean “crocodile”. However, its position is that if the opponent should succeed despite visual, aural and conceptual differences, that would be tantamount to holding that all marks with the component 鱷 are to be blocked from registration because of the opponent’s prior registration and reputation in the same. The opponent would in effect enjoy the exclusive right to use the character “鱷”.

45. Although the first Chinese character in the suit mark 鱷 is the abbreviated form of and is synonymous with 鱷魚, the fact remains that the “prefix” which may form the basis, if any, of a “series” argument is in the combination 鱷魚 or even 鱷魚, not 鱷 or 鱷 *simpliciter*. If instead the opponent could establish use of a series of 鱷 or 鱷 prefixed marks for items of clothing and accessories, it would be open to the opponent to argue that persons already familiar with the opponent’s prefix might recognise the common element in the suit mark and associate the latter with the opponent’s series of marks. That however is not the case here.

46. In the result, the opposition under section 12(1) also fails.

Discretion under section 13(2) of the Ordinance

47. Although the opposition under section 12(1) fails, I must see if nevertheless grounds exists for refusing registration of the suit mark in the exercise of my discretion under section 13(2) of the Ordinance.

48. I am mindful that my discretion under section 13(2) is to be exercised upon judicial principles on reasonable grounds with regard to all the circumstances of the case. A *bona fide* application should not be refused on fanciful grounds or grounds which are unsubstantial in a business sense, but refusal will be justified if it is reasonable to infer that the applicant may seek to secure some improper advantage for themselves by registering the suit mark.

49. Mr Ling did not press refusal of the suit mark in the exercise of my discretion. He conceded that the opponent has no material on which to challenge the bona fides of the applicant in adopting the suit mark. He submitted that the factor weighing in favour of the opponent is that its mark has been in use for decades whereas the applicant have yet to begin use of the suit mark.

50. Mr Wong on behalf of the applicant explains that the applicant has refrained from using the mark pending outcome of these proceedings and because of threat of a lawsuit by the opponent for passing off. I have no reason to doubt the applicant's bona fides as to its intention to use the suit mark and I have no reason to exercise my discretion against the applicant.

Costs

51. The applicant has sought costs. I do not find that either the circumstances or conduct of this case would warrant a departure from the general rule that the successful party is entitled to his costs. I accordingly order that the opponent pays the costs of these proceedings.

52. 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 marks matters, unless otherwise agreed between the parties.

(Lavinia Chang)
p. Registrar of Trade Marks
24 October 2005