

Application No. 04838 of 2002

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

AND

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



in Part A of the Register in Class 25 by Hon
Man Ching

AND

IN THE MATTER of an opposition thereto by
Hongdou Group Corporation

**DECISION
OF**

Miss Lavinia Chang acting for the Registrar of Trade Marks after a hearing on 31
May 2005.

Appearing : The applicant in person.

Ms Yu Tung Mui of CLT Patent & Trademark (HK) Ltd for the
opponent.

1. These proceedings arise out of an application made on 9 April 2002 (the “application date”) under the provisions of the now repealed Trade Marks Ordinance, Cap 43 (the “Ordinance”) by Mr Hon Man Ching, of Unit 1205, 12/F Sinoplaza, 255 Gloucester Road, Causeway Bay, Hong Kong to register, in Part A of the register, the mark a representation of which appears below:



(the “suit mark”). The application is made in respect of “clothing, footwear, headgear” in Class 25 (the “specified goods”). The suit mark was duly accepted after examination, and was advertised in the Government of the Hong Kong Special Administrative Region Gazette on 4 October 2002 for opposition purposes.

Pleadings

2. A notice of opposition was filed on 3 December 2002 by Hongdou Group Corporation, an enterprise incorporated and registered under the laws of the People’s Republic of China (the “opponent”). The opponent claims proprietorship in the trade mark “紅豆 hongdou” (“opponent’s trade mark”), which it has registered in respect of Class 25 goods in 20 jurisdictions. The grounds of opposition pleaded comprise section 2 of the Ordinance as the suit mark is not capable of indicating a connection in the course of trade between the suit mark and the applicant; sections 9 and 10 as the suit mark is neither adapted to nor capable of distinguishing the applicant’s goods from those of the opponent; section 12 in that the use of the suit mark would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law; section 13 in that the applicant is not entitled to be registered as proprietor of the suit mark; section 23 as the suit mark closely resembles “紅豆 hongdou”, which is registered for the same goods or the same description of goods in a country or place from which such goods originate; and in the exercise of the Registrar’s discretion under section 13(2) of the Ordinance. The opponent seeks refusal of the application and costs against the applicant.

3. The applicant filed a counter-statement on 23 January 2003. He pleads the term 紅豆 has a traditional Chinese meaning for true love which was the reason for his choice of the mark. He pleads ignorance of the opponent’s overseas registrations for the mark 紅豆 HONGDOU or any commercial activities it might have conducted in Hong Kong.

Evidence rounds

4. The opponent's evidence comprises two statutory declarations of Mr Zhou Yao Ting with exhibits, in his capacity as President of the opponent, filed under Trade Mark Rules 25 and 27 of Cap 43A respectively. The applicant's evidence comprises a statutory declaration of Mr Hon Man Ching himself along with exhibits filed under Rule 26. I briefly summarise the parties' evidence below and shall refer to it again in the course of this decision.

5. Mr Zhou deposed, among other things, that the opponent first used its mark, “紅豆 hongdou”, on garments, shorts, underwear, caps, hats and shoes in 1991. The opponent's mark was registered as a trade mark in China, its home country, in 1992. It was ranked among the top ten brand names in China in 1994, and was awarded the status of a well-known trade mark (馳名商標) by the Trade Mark Office in the Mainland on 9 April 1997. It has been registered in altogether 20 countries and regions. The opponent is one of the key enterprise groups in Jiangsu Province and a market leader in the clothing industry. Its main products include western-style suits, shirts, underwear, fashion garments, T-shirts, jackets, ties, lingerie garments and woollen sweaters. Mr Zhou said the opponent's annual turnover reached RMB 2.238 billion in 2000 and RMB 2.87 billion in 2001.

6. In the applicant's statutory declaration, Mr Hon repeated that the suit mark, meaning red beans, stands for “true love” in its traditional Chinese meaning. He claimed the suit mark was chosen in the hope of fostering notions of true love and steadfastness in marriage among young people of Hong Kong.

7. He said that he was unaware of the opponent's foreign trade mark registrations for “紅豆 HONGDOU” and had never witnessed any commercial activities relating to the opponent's mark in Hong Kong. He put in evidence a copy of a script for a tourist guide 邕城游 which he wrote in 1984 in which he referred to the notion of 相思豆 or red beans as symbolizing steadfast love, and as idealized in the poem 紅豆詞 written by the poet 王維 in the Tang Dynasty. He also put in evidence what he termed a “social survey” which he conducted among 36 persons to reflect ignorance of the opponent's mark among Hong Kong people.

8. In reply to the applicant's evidence, Mr Zhou said it was inconceivable that the applicant was unaware of the opponent's mark, given the proximity of Hong Kong and the Mainland in terms of geography and commercial trade, and especially since he claimed to be engaged in garment manufacture, the same line of business as the opponent.

9. In support of the opposition Mr Zhou exhibited a magazine to show coverage in Hong Kong of the opponent company in an article of an interview with him as the president of the opponent, the opponent's volume of export sales, various 海關出口貨物報關單 (customs clearance certificates for export goods) and copy receipts for advertising expenses incurred for promotion on the Mainland.

Decision

10. 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.

11. At the hearing Ms Yu indicated it was the opponent's intention to proceed on all of the grounds of opposition pleaded. I will consider these in turn.

Opposition under sections 2, 9 and 10 of the Ordinance

12. Ms Yu did not explain why registration of the suit mark would be contrary to sections 2(1), 9 and 10. The notice of opposition merely repeats the statutory provisions. In the circumstances, I can only assume that objection is taken under these provisions because of the alleged similarity between the suit mark and the opponent's mark, “紅豆 hongdou”.

13. It is generally understood that similarity with the opponent's mark is examined in an opposition under section 12(1) and section 23 among others (see Footnote 2 to paragraph 10-01, at page 143, *Kerly's Law of Trade Marks and Trade Names* (12th edition)).

14. In *NUCLEUS Trade Mark* [1998] RPC 233 it was explained that because the United Kingdom equivalent of section 22 of the Ordinance in Hong Kong permits registration of identical marks in the ownership of different proprietors, the essential or inherent qualities of the suit mark and proprietorship issues should be kept separate. It has accordingly been the practice of the Registrar to determine opposition under sections 2, 9 and 10 without reference to the opponent's mark.

15. Since no registrability issue under sections 2 or 9 in this case (other than the alleged deceptive similarity of the suit mark to the opponent's mark) has been raised, I have no reason to depart from the examination finding that the suit mark is a trade mark relating to goods and one that qualifies for registration in Part A of the register. The opposition based on section 10 is misconceived as the suit mark was accepted and advertised for registration in Part A, not Part B of the register.

Article 6^{bis} of the Paris Convention

16. This ground was not pleaded in the notice of opposition but was only first raised in the opponent's written submissions dated 26 May 2005. At the hearing, Ms Yu with some reluctance conceded that the opponent was not seeking to add a new ground of opposition as such. I need say no more than that Article 6^{bis} of the Paris Convention does not constitute a separate ground of opposition under the Ordinance. Instead, the provisions of sections 12(1), 13(1), 20(1), 23 of the Ordinance and the law of passing off combine to afford adequate protection to a foreign well-known mark without recourse to international treaties.

Opposition under section 23

17. Section 23, which is unique to Hong Kong, affords protection to overseas opponents from piracy of its foreign registered mark in priority to a Hong Kong pending application. Section 23 provides:

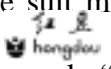
“(1) Subject to subsection (3), the Registrar may refuse to register any trade mark relating to goods in respect of any goods or description of goods if it is proved to his satisfaction by the person opposing the application for registration that such mark is identical with or nearly resembles a trade mark which is already registered in respect of –


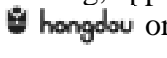
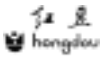
- (a) the same goods;
- (b) the same description of goods; or
- (c) ...

in a country or place from which such goods originate.

(2)

- (3) No application to register shall be refused under this section –
- (a) if the applicant proves that he or his predecessors in business have in Hong Kong, in relation to such goods or services, continuously used the trade mark for the registration of which he has made application from a date anterior to the date of the registration of the other mark in such country or place of origin; or
 - (b) if the opponent does not give an undertaking to the satisfaction of the Registrar that he will, within 3 months from the giving of the notice of opposition, apply for registration in Hong Kong of the trade mark so registered in the country or place of origin, and will take all necessary steps to complete such registration.”

18. There appear to have been registrations in different forms of the opponent’s mark, but I will accept that the mark with which the suit mark may be considered nearly resembling for the purpose of section 23 is  hongdou . The suit mark shares two out of the three features of the opponent’s mark “紅豆” and “hongdou”. The word elements “紅豆” and “hongdou” must be regarded the leading features of the mark since words are by comparison more readily recalled than devices in sequential or imperfect recollection. To all intents and purposes, the goods of interest to the parties are the same or of the same description.

19. Since there is no evidence of use by the applicant of the suit mark in Hong Kong in relation to the specified goods whatsoever, sub-section (3)(a) does not apply. As regards the proviso in sub-section (3)(b), the three-month period since filing the notice of opposition had long expired but the opponent has not by the date of the hearing, applied for registration in Hong Kong of any of its marks, that is to say, ,  hongdou or  . I note Mr Zhou says at paragraph 6 of his first SD:

“... originally, Hongdou Group wants to file the Trade Mark application in Hong Kong, but our company found that an application of ‘Hongdou’ had been filed by the applicant. Therefore, we file the application to oppose the registration of the Trade Mark Application No 2002 04838. A Trade Mark application of mark “紅豆 Hongdou” will be filed by our company as soon as the applicant’s application is refused.”

That decision could cost the opponent dearly. What if the opposition is unsuccessful? The opponent could potentially lose out to a subsequent applicant second in line behind this applicant. What is even more surprising at the hearing is that Ms Yu did not even seem to be aware of the proviso in section 23(3). The position before the Registrar therefore is that the opponent has neither given the requisite undertaking nor applied to register its mark in Hong Kong. As the opening words of subsection (3)

are mandatory, I have no discretion but to rule that the opposition based on section 23 does not even get off the ground.

Opposition under section 13(1) of the Ordinance

20. To show proprietorship, the opponent must establish prior use in Hong Kong of a mark identical to or virtually identical to the suit mark in respect of the relevant goods. The first difficulty the opponent faces is that it has not produced any evidence of user in Hong Kong. This point is well explained in a number of Australian cases. In *Aston v Harlee Manufacturing Co* (1960) 103 CLR 391 at 400, Fullager J was of the opinion that:

“[P]rior use by the foreign proprietor negatives the claim of the Australian applicant to authorship. But the user must be user in Australia: the most extensive user by another person in foreign countries will not avail by itself to defeat an applicant for registration in this country. It has been said however, that the Courts frown on these borrowings from abroad, and very slight evidence of user in Australia has been held sufficient to protect the proprietor of the foreign trade mark.”

21. The position for Hong Kong has been elucidated in *Mila Schön Group SpA v Lam Fai Yuen (t/a Tung Kwong Co)* [1998] 3 HKC 221, adopting the approach taken in *Hong Kong Caterers Ltd v Maxim's Ltd* [1983] HKLR 287. On the meaning of reputation, Recorder Robert Kotewall SC said, at page 236 of the judgment:

“Speaking for myself, on the question of proprietorship, I would adopt Hunter J’s reasoning and hold that an applicant for rectification may succeed in challenging an assertion of proprietorship by an applicant for registration by showing reputation in fact within the jurisdiction, even if such reputation was not derived from business activity within the jurisdiction.

But there has to be such reputation within the jurisdiction and evidence as to how such reputation spilt or flowed into the jurisdiction is necessary...”

22. The reputation that Hunter J spoke of in *Maxim's* must be reputation of the opponent’s mark within the jurisdiction, not in the Mainland as the country of origin, or elsewhere, and so evidence as to how that reputation has spilt into Hong Kong is necessary. To the extent that this requirement overlaps with that under section 12(1), I propose to deal with this aspect under section 12(1).

Opposition under Section 12(1)

23. The opponent relies in the alternative on section 12(1) on the likelihood of deception. Before an opposition can be launched under this section, the opponent must first establish that its mark is known to a substantial number of persons in Hong Kong (*Re Arthur Fairest Ltd's Application* [1951] 68 RPC 197 at 200), for if the mark is relatively unknown, deception or confusion is unlikely to arise. This reputation must be established by the application date (*NOVA Trade Mark* [1968] RPC 357 at 360). Only if the opponent discharges this burden does the onus shift to the applicant to satisfy the tribunal that there is no reasonable likelihood of deception arising among a substantial number of persons if the suit mark proceeds to registration (*Eno v Dunn* [1980] 15 App Cases 252 at 261).

24. Although in his first statutory declaration (SD), Mr Zhou said the opponent was keen to protect its mark and intended to export its products all over the world including Hong Kong, by the application date it still had not used its mark in Hong Kong. There was no pre-existing business presence to speak of.

25. In his second SD, Mr Zhou pointed out that any purported earlier use of the suit mark by the applicant was pre-dated by the incorporation of the Hongdou Group in 1983. This criticism is misguided since the issue is not simply a question of who was the one, as between the parties, who happened upon the mark *per se* in the first place, but who has proof of earlier use of the mark in respect of the specified goods. Mr Zhou was correct when he said the important thing is who has first used this term as a mark on “clothing, footwear, headgear”.

26. Mr Zhou has put in evidence copy sales invoices and copy 海關出口貨物報關單 (customs clearance certificates for export goods) to show that use of the opponent's mark extended to foreign markets. This does not however advance the opponent's case, since none of the documents serve to show that a sufficient degree of cognizance in the opponent's mark had been established in Hong Kong by the application (relevant) date.

27. In fact, among the evidence filed by the opponent, only Exhibit EV-I to Mr Zhou's second SD relates to use in Hong Kong. Exhibit EV-I is a magazine named Bauhinia, a magazine published and circulated in Hong Kong. In its December 2003 issue (Issue No 158) there was an article reporting on an interview with Mr. Zhou Yao Ting. The article is an exposition of Mr Zhou's corporate vision and the culture of the Hongdou group of companies. It does not support or point to evidence of the opponent's commercial activities in Hong Kong. The article itself was published in December 2003, 18 months after the relevant date. If this was the

opponent's best evidence of cognizance in Hong Kong, it was tangential, *de minimis* and above all, irrelevant as it post-dates the date of application.

28. A number of invoices entitled 江蘇增值稅專用發票 relate to items of clothing bearing the Opponent's mark 紅豆, but they also post-date the application date. Exhibit EV-II to the second SD provides evidence of the annual sales revenue of the garment and clothing arm of the Hongdou Group of companies, but despite having recorded very impressive sales, these sales pertain only to sales within the Mainland internal market. Among the evidence there are also copy customs clearance certificates for export of the opponent's garments to Australia, Japan and France. All these certificates post-dated the application date and it is not apparent whether the goods exported bore the opponent's mark in any of the forms I have highlighted. At best they go to show trade presence in those jurisdictions, not in Hong Kong.

29. The opponent also exhibited internet printouts of listings and directories of, among other things, manufacturers, exporters, factories, traders and producers of textiles and garments, some with a brief description of the types of garments manufactured by the Jiangsu Hongdou I/E Co Ltd, a branch of Hongdou Group, as well as copy invoices for advertising expenses in various provinces of China. Only two out of these latter eight invoices were dated before the application date, in 1996 and 1997, respectively. However, taken at their highest they go to show that the opponent's goods have been the subject of advertisement in Beijing. The opponent's contention is that their advertising presence on CCTV (中央電視台) could have "spilt over" into the neighboring provinces and even further afield to Hong Kong. I do not exclude that possibility but it would be a great leap to reach that conclusion.

30. In my view, the opposition based on section 12(1) is misconceived. The authorities are clear that as a pre-requisite to launching an opposition under section 12(1), the opponent bears the burden of establishing that its own mark was known to a substantial number of persons in Hong Kong. The date by which this reputation has to be established is the application date, namely, 9 April 2002. The mere fact that the opponent's mark has been registered elsewhere does not, of itself, go to show that there is cognizance in Hong Kong. The fact that the opponent has been listed on garment manufacturers' directories and similar lists, without attendant proof that the Hong Kong public are familiar with these directories, or that such directories and lists are frequented by members of the Hong Kong internet-using population, is of no assistance to the opponent. I do not doubt the opponent has made substantial use of its mark 紅豆 HONGDOU in the Mainland, but any argument that reputation or goodwill associated with such use in China has spilled over to Hong Kong is not borne out by the evidence. As I am not satisfied that there is sufficient cognizance of the opponent's marks in Hong Kong as at the application date to trigger an opposition under section 12(1), the onus does not shift to the applicant and I need not rule on the probative value of the applicant's "social survey" of public awareness of the

opponent's mark. Suffice it to say that no meaningful conclusion can be drawn from the survey result by reason simply, that a survey sample size of 36 persons, selected at random, could scarcely be a representative sample of the relevant market, that is to say, potentially all of the Hong Kong population who purchase items of clothing, footwear and headgear.

Discretion under section 13(2)

31. Since the opponent has failed under all of the grounds of opposition pleaded, I am obliged to consider if there are nevertheless reasons for refusing the application in my residual discretion.

32. The opponent's evidence shows that its mark has been substantially used in China. It has not commenced use in Hong Kong. The applicant has not begun use of the suit mark in Hong Kong either. The balance of convenience is evenly balanced.

33. Despite the fact that the opponent has not registered its mark in Hong Kong, I accept Mr Zhou's evidence that the opponent first used its mark “紅豆 hongdou” in the early 1990s in Mainland China mark for garments, shorts, underwear, caps, hats, shoes, etc. I am satisfied the evidence discloses a genuine and substantial business on the part of the opponent in their country of origin.

34. As noted above, the suit mark shares the elements “紅豆” and “hongdou” in the opponent's mark. In *Mila Schön, supra*, Recorder R Kotewall SC expressed the view that where the marks were very similar the court was entitled to conclude that one was derived from the other, unless there was acceptable evidence from the originator of the idea to the contrary. The applicant did give an explanation for his choice of the suit mark: he was prompted by the growing rate of divorce and single motherhood in Hong Kong to arrive at the choice of 紅豆 for the specified goods.

35. The suit mark shares two out of the three elements of the opponent's mark(s). Although they are not identical marks, I am mindful that in its ordinary signification “hongdou” is simply the English transliteration of the Putonghua pronunciation of the Chinese characters 紅豆.

36. As a speaker of the language, I accept it is reasonably well-understood among Chinese speakers, that the Chinese characters 紅豆 (literally “red bean), carry the literary connotation of love or longing. That love or longing is in any way

celebrated in the sense explained by the applicant by the use of 紅豆 on items of clothing, footwear and headgear is more difficult to fathom.

37. In my view, whether in its literal meaning (as “red beans”) or in its metaphoric meaning (as “love” or “longing”), “紅豆 HONGDOU” is inherently adapted to distinguish the specified goods. It would be surprising if someone else would quite independently happen upon the same mark, for the exact same goods. The applicant has not explained why he chose “HONGDOU” over “HUNGDAU” which appears to be the more obvious transliteration for use in Hong Kong given its predominantly Cantonese-speaking population. It seems too much of a coincidence that the applicant should have arrived at the exact same Chinese characters “紅豆”, and added to this the exact same English transliteration of the mark in Putonghua “HONGDOU”, and picked this combination as his mark.

38. The proper test to adopt in attempting to draw inferences from the evidence as regards honesty is the balance of probabilities (*Golden Crown TM* MP1579/94, unreported judgment of Mr Justice Mayo, as he then was, dated 27 September 1994). Observations on honesty in cases dealing with concurrent user under section 22 of the Ordinance are relevant to considerations under section 13(2) (*Minden International v Fujian Provincial Native Produce and Animal By-Products Import and Export Corp, Xiamen Branch*, [1994] AIPR 468).

39. Although I have found (at paragraph 30) there is insufficient evidence of cognizance among the average consumers of the opponent’s marks in Hong Kong, the applicant is not an average consumer, but an intended manufacturer/dealer of clothing. In his oral submissions, he indicated plans to manufacture in the Mainland. It would be fair to expect a prospective entrant to be reasonably informed of the market situation before embarking on his business venture including any basic information as regards the competition. It is inconceivable that as a prospective clothing dealer/manufacturer, the applicant would not have had prior knowledge of the opponent’s mark, given the opponent’s substantial commercial presence in the Mainland. Overall, I find there is an irresistible inference that the suit mark was copied from the opponent’s mark. For that reason I will exercise my residual discretion, and refuse registration of the suit mark.

Costs

40. The opponent has sought costs. As nothing in the circumstances or conduct of this case warrants a departure from the general rule that costs should follow the event, I order that the applicant pays the costs of and incidental to these proceedings.

41. 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 4) as applied to trade mark matters, unless otherwise agreed between the parties.

(Lavinia Chang)
p. Registrar of Trade Marks
8 July 2005