

Application No. 200209743

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 Class 9 in Part A of the Register by
Zhanjiang Rongli Rubber Products
Company Limited

AND

IN THE MATTER of an opposition by
Guangzhou Guangxiang Enterprises
Group Co., Ltd. Double One Latex
Factory

**DECISION
OF**

Mr. Frederick Wong acting for the Registrar of Trade Marks after a hearing on 11 December 2006.

Appearing: Ms. Jennifer Tsang, counsel, instructed by Messrs Vincent Luk & Associates for the applicant Zhanjiang Rongli Rubber Products Company Limited.

Ms. Sandra Gibbons of Messrs Lloyd Wise & Co for the opponent Guangzhou Guangxiang Enterprises Group Co., Ltd. Double One Latex Factory.

1. These proceedings arise out of an application made on 26 June 2002 (“the application date”) by Zhanjiang Rongli Rubber Products Company Limited of 32 Jin Chuan Road, Ma Zhang, Zhanjiang, Guangdong Province, The People’s Republic of China (the “applicant”) to register in Part A of the register, pursuant to the provisions of the Trade Marks Ordinance Cap 43 (the “Ordinance”), the trade mark, a representation of which appears below :



(the “suit mark”) in Class 9 in respect of “latex gloves for industrial use for protection against accidents”. The mark was accepted for registration in Part A after examination and advertised for opposition purposes in the Government of the Hong Kong Special Administrative Region Gazette on 24 October 2003.

2. Guangzhou No.11 Rubber Factory filed a notice of opposition on 21 January 2004. On 2 March 2005, leave was granted to Guangzhou Guangxiang Tyre Enterprises (Group) Corporation Guangzhou No. 11 Rubber Factory to substitute it for Guangzhou No.11 Rubber Factory as the opponent in the proceedings and continue the proceedings in its name. On 11 July 2006, Guangzhou Guangxiang Tyre Enterprises (Group) Corporation Guangzhou No. 11 Rubber Factory was recorded to have changed name to Guangzhou Guangxiang Enterprises Group Co., Ltd. Double One Latex Factory (the “opponent”).

Pleadings

3. The opponent is a state enterprise organised and existing under the laws of the People’s Republic of China having its address at 90 Industry Avenue, North, Guangzhou, People’s Republic of China. The opponent claims to be the creator and proprietor of the following trade mark which is represented below:



(the “opponent’s mark”) and has applied to register that mark in Class 9 in respect of “industrial latex gloves for protection against accidents” almost two years prior to the

application date of the subject application. The opponent has also registered its mark in China for gloves and other items in 1984 and in USA for latex gloves in 1989.

4. The opponent claims that as it has used the opponent's mark since 1962 in the People's Republic of China and commenced to export to Hong Kong in 1964 industrial and household gloves bearing the mark. Considerable reputation of the opponent's mark and substantial goodwill in Hong Kong has been acquired.

5. The opponent claims that the suit mark nearly resembles its mark and covers the same goods or same description of goods, the suit mark is therefore a substantial reproduction of the opponent's mark. As such any use of the suit mark by the applicant in Hong Kong without the permission of the opponent has been dishonest or in bad faith, does not qualify for honest concurrent use under section 22 of the Ordinance, and is likely to deceive the public that the applicant's goods are those of the opponent's or are associated with the opponent's. It pleads that registration of the suit mark should be refused under sections 12(1) and 13 of the Ordinance. It seeks costs against the applicant.

6. The applicant filed a counter-statement on 4 May 2004. It denies the grounds of objection, and avers that it had no knowledge of the alleged creation of the opponent's mark. It claims that the suit mark was designed by one of its employees in 1995 and the applicant had through long and extensive use of the suit mark in Hong Kong established reputation and distinctiveness of the mark in relation to "plastic gloves for industrial purposes, gloves for protection against x-rays for industrial purposes, gloves for protection against accidents, gloves for divers, gloves for household purposes". Alternatively, the applicant pleads honest concurrent use of the suit mark with the opponent's mark.

Preliminary issue

7. The hearing was originally fixed to take place on 6 July 2006. But due to the late attempt by the applicant to seek to file further evidence, that hearing turned out to be a hearing of arguments in that connection, details of which I need not recite here. As a result, the hearing on the substantive issues of these proceedings was adjourned, and leave was given under Rule 28 for the applicant to file further evidence in relation to the issue of commercial honesty in adopting the suit mark and for the opponent to file any evidence in reply thereafter. I also awarded the costs of the hearing on 6 July 2006 and the costs for the filing of further evidence to the opponent.

8. The applicant filed further evidence on 27 July 2006, and the opponent filed evidence in reply on 16 August 2006. The opponent had raised objections to the contents and scope of the further evidence filed by the applicant. Having considered the objections, the Registrar gave a preliminary ruling on 11 September 2006 that the further evidence filed by the applicant is within the scope of the order made on 6 July 2006 and is admissible as evidence of the applicant. The opponent was given an opportunity to call for a hearing to dispute the preliminary ruling but it did not call for any hearing. The ruling was thus made a formal ruling on 28 November 2006. Hearing on the substantive issues of these proceedings was resumed on 11 December 2006 before me.

Evidence

9. The opponent's evidence is by way of a statutory declaration of Wang Xiang Dong and a statutory declaration of Li Changen.

10. Mr. Wang's statutory declaration was originally filed on 9 November 2004. But to resolve a technical point concerning its execution, a re-executed statutory declaration of Mr Wang, in exactly the same form and content but dated 13 July 2006, was filed with leave to replace the original one.

11. According to Mr. Wang, the opponent was established in 1956 as the eleventh rubber factory in mainland China. It began to manufacture latex industrial gloves in 1958 and latex household gloves in 1963, and these goods had been sold under the opponent's mark in Hong Kong since 1964. Mr. Wang avers that the opponent's mark was created in 1962, the number and words "11 Double One" were chosen to refer to "quality first, customer first" and the opponent's name.

12. Mr. Wang exhibits copies of:

Annexure A - invoices issued by two PRC corporations which acted as the opponent's exporting agents for Hong Kong in 1990 and 1991.

Annexure B - certificate of approval for a PRC joint venture corporation, Guangzhou Sunreach International Rubber Industrial Co. Ltd ("Sunreach"), which exported the opponent's goods bearing the opponent's mark to Hong Kong since 1992.

- a trade mark licence between the opponent and Sunreach.

- Annexure C - extracts of documents filed with the Companies Registry in Hong Kong since 1992 in relation to a company, Sunny Rubber and Plastics Co Ltd (“Sunny”), set up by the opponent in Hong Kong for distribution of the opponent’s goods under the opponent’s mark in Hong Kong.
- Annexure D - invoices issued by Sunreach and other documents which evidence sales of the opponent’s goods bearing the opponent’s mark to various businesses in Hong Kong for the years 1992 to 2003.
- Annexure E - two letters issued by two local business entities about their dealings in the 1970s in Hong Kong of the opponent’s goods bearing the opponent’s mark; and a distributorship agreement which concerns, among other things, sale in Hong Kong of latex industrial gloves under the opponent’s mark for the period from November 1988 to November 1991.
- Annexure F - the results of product trial tests conducted by the Consumer Council of Hong Kong as published in the “CHOICE” magazine in 1988, in which gloves under the opponent’s mark feature as one of the products under the trial tests.
- Annexure G - proofs of advertisements being placed in the Hong Kong magazine “百花周刊” in 1983.
- Annexure H - trade mark registration certificates of the opponent’s mark in PRC and in USA.
- Annexure I - record of the opponent’s mark registered in Class 17 in the Hong Kong register, showing Sunny as the registered owner. The opponent avers that the registration was sought in order to protect its mark, but in the process Sunny had inadvertently made the application in its own name and in Class 17, rendering it necessary for the opponent to now file applications for registering the mark in Classes 9 and 21 to put the matter right.
- Annexure J - five packets bearing the opponent’s mark used for storing the opponent’s goods together with five packets bearing the suit mark used for storing the applicant’s goods.

13. Mr. Wang gives the sales figures of the opponent’s goods in Hong Kong for the period between 1992 and 2000 in paragraph 7 of his statutory declaration.

14. The remainder of Mr. Wang's statutory declaration consists in the main of submissions in relation to the marks and the similarities between the packaging of the opponent's and the applicant's goods. I do not propose to summarize them at this point.

15. Mr. Li's statutory declaration dated 11 August 2006 was filed as evidence in reply to the applicant's further evidence under Rule 28. I find Mr. Li's statutory declaration consists in the main of comments and submissions, not evidence. I do not propose to summarize them.

16. The applicant's evidence is by way of a statutory declaration of Lin Shuqi dated 8 August 2005 and a second statutory declaration of him dated 25 July 2006. Mr. Lin has been the managing director of the applicant since 1991 and has been associated with the applicant for 14 years by the time he made the first statutory declaration in 2005.

17. In his first statutory declaration, Mr. Lin avers that since 1995 the applicant had been using a mark containing the Chinese characters “双七” (meaning “double seven”) against the background of a fan design in relation to “plastic gloves for industrial purposes, gloves for protection against x-rays for industrial purposes, gloves for protection against accidents, gloves for diving, gloves for household purposes, polishing gloves”. Mr. Lin further avers that the suit mark was designed and created by one of the applicant's employees at or around the beginning of 1995, and the reason for choosing the Chinese characters “双七” as the main feature of the mark was that the characters could be pronounced loudly; and in order to make the mark “more eye-catching, fanciful and more accessible to non-Chinese speakers”, the number equivalent and English translation of the Chinese characters were added to the mark.

18. Mr. Lin gives the business turnover figures of the applicant's goods under the mark and exhibits a number of sales contracts and invoices in that connection.

19. As the remainder of Mr. Lin's first statutory declaration consists in the main submissions, not evidence, I need not summarize them here.

20. The second statutory declaration of Mr. Lin was filed pursuant to my order of giving leave for the applicant to file further evidence in relation to the issue of commercial honesty in adopting the suit mark (see paragraph 7 above). The following information was given about the applicant:- The applicant was a joint venture company set up in 1991 by Zhanjiang Mazhang Latex Products Manufactory (“Mazhang”) and 香港榮勝企業.

Mazhang, of which Mr. Lin claims to be a founder, was incorporated in mainland China in 1988. In order to develop the business plan of Mazhang for overseas expansion of its manufacturing and sales industries with respect to candles, plastic products, rubber and latex products, the applicant was incorporated in mainland China on 25 July 1991. Under the terms of operation sanctioned by the Foreign Economic Trade Committee of Countryside, Zhanjiang (湛江市郊區對外經濟貿易委員會), the applicant should manufacture household and latex industrial gloves for overseas and local sales in the proportion of 90% to 10%.

21. Mr. Lin avers that the applicant has become one of the 500 largest private enterprises in mainland China. Rubber gloves bearing the suit mark had passed the quality control sampling check of the Guangdong Quality Supervision Bureau, Zhanjiang Branch for a consecutive 8 years (up to 2001), were commended to be the Best Exhibition Product at the 1999 Zhanjiang Economic Trade Expo, and had been awarded Guangdong Province Award of High Standard of Excellence of Product.

22. Mr. Lin then gives a detailed account of how the suit mark was created. I do not propose to summarize it here but will deal with it in the latter part of this decision.

Decision

23. Although the hearing on 11 December 2006 took place after the commencement of the Trade Marks Ordinance, Cap 559, by virtue of section 10(2) of Schedule 5 of Cap 559, oppositions that are pending at the commencement date, 4 April 2003, remain to be dealt with under the provisions of the repealed Trade Marks Ordinance, Cap 43.

24. The grounds of opposition are sections 12(1) and 13. I shall deal with section 12(1) first.

Objection under section 12(1)

25. Under section 12(1) ‘it shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive’ In its notice of opposition the opponent claims that by reason of the long and extensive use of its marks,

the use of the suit mark in Hong Kong would be likely to deceive. The opponent's evidence emphasizes the widespread use of the suit mark in the mainland of China, Hong Kong and internationally.

26. It is well-established that before an opponent can mount a section 12(1) opposition, it must first establish, as a threshold question, that its mark is known to a substantial number of persons in Hong Kong – see *Re Arthur Fairest Ltd.'s Application* (1951) 68 RPC 197 at 200. The date at which this cognizance or reputation is to be established is the date of the application to register the suit mark (*NOVA Trade Mark* (1968) RPC 357 at 360), which in the present case is 26 June 2002. The reputation in the opponent's mark must be more than de minimis to bring section 12(1) into operation the reason being, if the opponent's mark is unknown in Hong Kong, deception or confusion is unlikely to arise (*Da Vinci Trade Mark* (1980) RPC 237). Only if the opponent discharges this burden does the onus shift to the applicant to satisfy the tribunal that there is no reasonable likelihood of deception among a substantial number of persons if the suit mark proceeds to registration (*Eno v Dunn* (1890) 15 App Cas 252 at 261).

27. Reputation in the local market may be established through user of the mark in its widest sense including advertisements if the goods are available to be traded in Hong Kong or even if they are not, through the spill-over of foreign goodwill and reputation into Hong Kong (*Hong Kong Caterers Ltd v. Maxim's Ltd* [1983] HKLR 287. See also *Sans Souci Trade Mark*, unreported decision of the acting Registrar M W Fox dated 28 May 1991).

28. The opponent's use counts from the date of first use to the date of the filing of the application. The opponent claims that its latex industrial gloves have been sold in relation to the suit mark in Hong Kong since 1964. The applicant made no challenge to this claim in its evidence in reply. I have summarized the evidence filed by the opponent at paragraph 12 above.

29. Annexure E to Mr. Wang's statutory declaration exhibits two letters issued by two local business entities concerning their dealings in the 1970s in Hong Kong of the opponent's goods. The one dated 11 December 2000 appeared to have been solicited for the purpose of these proceedings rather than being contemporaneous, spontaneously generated document. As such it has little evidential value. The other letter was dated 18 July 1978 and appears to be issued by a local wholesaler to certain retailer(s) which do not appear in the copy letter exhibited. Latex industrial gloves and household gloves were sold by reference to the brand “双一牌” and their wholesale prices were mentioned

in the letter. As there is no addressee shown and it is not clear whether the goods concerned were to be dealt with or sold in Hong Kong, I find the letter to be of little evidential value in so far as use of the opponent's mark in Hong Kong is concerned.

30. The earliest direct evidence of use of the opponent's mark in Hong Kong is the advertisement placed with the weekly magazine "百花周刊" which was distributed with the local newspaper Wen Wei Po (Annexure G to Mr. Wang's statutory declaration). The insertion order indicates that the advertisement was to be placed in ten issues of the weekly magazine from December 1983 to February 1984. The opponent's mark can be clearly seen with the characters "双—牌" immediately beneath it in the advertisement which concerns both latex industrial gloves and latex household gloves imported from mainland China.

31. The opponent's mark had featured in the Choice magazine published by the Consumer Council (in Issue No. 141 published on 15 July 1988) where the branded latex industrial gloves "雙— Double One" were compared with 2 other latex industrial gloves and 12 latex household gloves in a product trial tests conducted by the Consumer Council (Annexure F to Mr. Wang's statutory declaration). All gloves tested were said to be bought from supermarkets. In one of the pictures appearing in the magazine, the opponent's mark can be seen on a packaging of the gloves. The fact that the opponent's latex gloves were chosen in the product trial tests conducted by the Consumer Council in 1988 suggests that products bearing the opponent's mark had been in the Hong Kong market before 1988.

32. The opponent has exhibited invoices issued by its export agent Sunreach and some customs clearance documents to show that latex industrial gloves and latex household gloves had been sold by the opponent to various business entities in Hong Kong for the years 1992 to 2003 (Annexure D to Mr. Wang's statutory declaration). "双—牌" is mentioned in the invoices. I have also in mind the distributorship agreement dated November 1988 entered into by the opponent, another Chinese corporation and a Hong Kong company (exhibited in Annexure E to Mr. Wang's statutory declaration) whereby the opponent and the Chinese corporation appointed the Hong Kong company as their agent in Hong Kong to deal in the latex industrial gloves and latex household gloves exported by the opponent and the Chinese corporation to Hong Kong for the period from November 1988 to November 1991. Latex industrial gloves of the brand "双—牌" as well as latex household gloves of another brand were mentioned in the agreement.

33. The applicant has not challenged the sales figures for the period from 1992 to

2000 (November) given by the opponent at paragraph 7 of Mr. Wang's statutory declaration. Taking into account the evidence discussed above, I have no reason to doubt the validity and accuracy of these figures.

34. Having thus considered the totality of the opponent's evidence, I am satisfied that use of the opponent's mark had occurred and sustained for a substantial period of time and extent from 1980s up to the date of the filing of the application.

35. I am satisfied that the opponent has established a reputation in the opponent's mark in the Hong Kong market of latex industrial gloves prior to the application date sufficient to mount an opposition under section 12(1).

36. The onus thus shifts to the applicant to satisfy me that use of the suit mark will not be reasonably likely to cause deception and confusion amongst a substantial number of persons. The classic expression of the question to be decided is in *Smith Hayden & Co.'s Application* (1946) 63 RPC 97 which, if adapted to the present case, is as follows:

“Having regard to the reputation of the opponent's mark in respect of latex industrial gloves, is the tribunal satisfied that the mark applied for, if used in a normal and fair manner in connection with any goods covered by the registration proposed, will not be likely to cause deception and confusion amongst a substantial number of persons? May a number of persons be caused to wonder whether goods under the respective marks come from the same source? Is there a real tangible danger of confusion if the applied for mark is put on the register?”

37. The comparison is between the opponent's mark as it has in fact been used and the suit mark in notional fair use.

38. The opponent points to the following common features in the respective marks:-

- (i) the numerals “11” and “77” appear in the same style whereby the numeral “7” could be mistaken for the numeral “1”;
- (ii) the words “DOUBLE SEVEN” are written in a similar font to the words “DOUBLE ONE”, both rising upwards at a similar angle;
- (iii) the Chinese characters “双—” and “双七” appear in each mark in the same position; and

- (iv) both marks have a border background in a similar position although of slightly different shape.

39. I agree that visually the marks are similar. I also agree that, since both marks use the concept of expressing a two-digit recurring number in the form and sequential order of a numeral (11 and 77), English words (“Double One” and “Double Seven”) and Chinese characters (“双—” and “双七”), conceptually the marks are similar. Aurally, the opponent’s mark may be referred to as the “双—” mark or the “Double One” mark, and the suit mark as the “双七” or the “Double Seven” mark. I think most people would pay more attention to the first words spoken, which are in common between the respective marks whether they are referred to in Chinese or in English. Moreover, when the second Chinese character “—” and “七” are pronounced in Cantonese in a bit compressed way, they could easily be mistaken for one another. So aurally I also find the marks similar. I conclude that the suit mark is similar to the opponent’s mark.

40. The specified goods covered by the registration proposed are “latex gloves for industrial use for protection against accidents”. I find they are the same goods or of the same description of goods as the opponent’s latex industrial gloves.

41. From the opponent’s evidence, the opponent’s goods under the opponent’s mark had been advertised to the general purchasing public and would be sold to them through retail outlets such as supermarkets. In any event, the fact that the applicant’s applied for goods are the same as or of the same description as the opponent’s goods mean that they are likely to be distributed through the same trade channels to the same kinds of customers, no matter they are end-users or retailers.

42. In the circumstances, I consider the applicant has not discharged its onus that there is no reasonable likelihood of confusion or deception if the applied for mark is put on the Register. As the opponent succeeds, registration should be refused.

Section 22

43. There is, however, exception provided by section 22 of the Ordinance. It has been established that section 22 of the Ordinance, like section 20 of the Ordinance does, is capable of overriding section 12(1), though section 20 of the Ordinance makes express reference to the exception provided by section 22 whereas section 12(1) does not (see, for

instance *CHELSEA MAN Trade Mark* [1989] R.P.C. 111; *In Re Hunters Leatherwares Ltd.* [1994] HKDCLR 55; *Re Borsalini Trade Mark* [1993] 1 HKC 587).

44. Section 22 of the Ordinance is equivalent to section 12(2) of the United Kingdom Trade Marks Act 1938 and decisions on section 12(2) of the 1938 Act are relevant to section 22 of the Ordinance and it can be considered on much the same basis as section 12(2) of the 1938 Act. Section 22 of the Ordinance reads as follows:-

“In case of honest concurrent use, or of other special circumstances which in the opinion of the Court or of the Registrar make it proper to do so, the Court or the Registrar may permit the registration by more than one proprietor, in respect of-

- (a) the same goods or services;
- (b) the same description of goods or services; or
- (c) goods and services or descriptions of goods and services which are associated with each other,

of trade marks that are identical or nearly resemble each other, subject to such conditions and limitations, if any, as the Court or the Registrar, as the case may be, may think it right to impose.”

45. The applicant for registration of a trade mark must bring himself within either "honest concurrent use" or "special circumstances" or both to justify the exercise of discretion under section 22 (see *Budweiser Trade Marks* [2000] R.P.C. 906). Guidance about the basis on which this discretion should be exercised is provided by Lord Tomlin in *Pirie's Application* [1933] 50 R.P.C. 147 at 159. They are as follows:

- (1) The honesty of the concurrent use;
- (2) The extent of use in time and quantity and the area of the trade;
- (3) The degree of confusion likely to ensue from the resemblance of the marks which is to a large extent indicative of the measure of public inconvenience;
- (4) Whether any instances of confusion have in fact been proved; and
- (5) The relative inconvenience which would be caused if the mark in suit were registered, subject if necessary to any conditions and limitations.

46. I shall consider these five factors in turn, bearing in mind the caution stated in the *Budweiser* case that these factors do not represent a reworking of the statutory

provision sufficient to cover every case where the court or the tribunal is considering whether to exercise its discretion in favour of registration.

The honesty of the concurrent use

47. Honesty of use of the mark was said to be a prerequisite to the court exercising its discretion under section 22 (*Bali Trade Mark (No.2)* [1978] FSR 193). The burden of proof in establishing honest use was on the applicant for registration of a trade mark (*Lam Soon Marketing Services Ltd v Lam Mei Hing (t/a Yat Hing Trading Co)* [1994] AIPR 317, [1994] HKLY 685).

48. The opponent directly challenges the bona fides of the applicant's use of the suit mark, alleging that by virtue of the substantial reputation of the opponent's mark in Hong Kong and China, the applicant must have been aware of the opponent's mark when it designed and created the suit mark and selected it for use on goods sold to Hong Kong and applied for its registration in Hong Kong. The basis of the allegation is that the similarity between the opponent's mark and the suit mark is of such a high degree that they cannot be co-incidental. It signifies that one had to be copied from the other. In this regard, the opponent's mark being created and used first must have been the one being copied. It is further alleged that the applicant did this in order to take unfair advantage of the goodwill and reputation of the opponent's mark.

49. According to Mr. Wang, president of the opponent, the opponent was established in 1956 as the eleventh rubber factory in mainland China, and the opponent's mark was created in 1962, adopting the number and words "11 Double One" to refer to "quality first, customer first" and the opponent's name. It began to manufacture latex industrial gloves in 1958 and latex household gloves in 1963, and these goods had been sold under the opponent's mark in Hong Kong since 1964. I have summarized the evidence filed by the applicant at paragraph 13 above.

50. The applicant has not challenged the aforesaid evidence. I have found that use of the opponent's mark in Hong Kong had occurred and sustained for a substantial period of time and extent from as early as the 1980s up to the date of the filing of the application (see paragraphs 28 to 34 above). On the other hand, the applicant claims that the suit mark was designed by one of its employees at or around the beginning of 1995 and on evidence, goods bearing the suit mark only began selling and shipping to various Hong Kong business entities in mid-1995.

51. Nonetheless, as the allegation of copying here is not substantiated with direct evidence but is merely raised as an inference of circumstantial evidence, it can be refuted by a convincing explanation of how the applicant came upon the suit mark and why a high degree of similarity exists with the opponent's mark. The applicant attempted this under the guise of Mr. Lin via his two statutory declarations dated 8 August 2005 and 25 July 2006.

52. As mentioned before, Mr. Lin has been the managing director of the applicant since 1991 and has been associated with the applicant for 14 years by the time he made the first statutory declaration in 2005. In his first statutory declaration, Mr. Lin avers that the suit mark was designed and created by one of the applicant's employees at or around the beginning of 1995, and the reason for choosing the Chinese characters “双七” as the main feature of the mark is to make the mark easily remembered and pronounced loudly and clearly; and in order to make the mark “more eye-catching, fanciful and more accessible to non-Chinese speakers”, the number equivalent and English translation of the Chinese characters were added to the mark. In his second statutory declaration, after reciting the background history of the applicant which I have summarized at paragraph 20 above, Mr. Lin gave, in my view, another account of how the suit mark was created, which is full of personal attributes of Mr. Lin himself. First, as to why “双七” is chosen as an element of the suit mark, he said (at paragraphs 7 and 8 of the second statutory declaration):-

“I was born in 1961. When I established Mazhang in 1988, I was twenty seven years old. “27” in Chinese can be pronounced separately as “two” and “seven” (二七). “Two” in Chinese is synonymous with “double”, i.e., 双; hence 双七.....It is a big event for a young man to be able to establish his own business at such a relatively young age. In addition, the pronunciation of “7” in Putonghua is “qi”, which is also how the last character of my name (Lin Shui Qi) is pronounced. Finally, “7” is my lucky number. As many other businessmen would agree, it is also a commonly recognized “whole” and lucky number (it being indivisible). Hence, there is *triple significance* for me to use a pun of my own name as the brand name for my product. (*emphasis added*)

I have exhibited as “LS-4” in my earlier statutory declaration the certificates of registration of the applicant's mark in China which was dated 1995. Since Mazhang was established in 1988, it was the 7th year of operation of my glove business. It was therefore a conscious adopting of the number “7” as the brand name on my part as all these numbers fitted so nicely together.”

53. And for the English words, he said (at paragraph 9 of the second statutory declaration):-

“...As 双七 was developed as a mark for the overseas market, it necessarily entails an accompanying English name. The simple yet direct transliteration of “Double Seven”, which was able to incorporate the idea of my age, my name and the years of operation of gloves business until registration of the applicant’s mark in China, was therefore an obvious choice for me and my colleagues at top management.”

54. As to the “fan” device, Mr Lin said (at paragraphs 11 and 12 of the second statutory declaration):-

“We thought that the fan is an all encompassing figure which symbolizes the expansion from a narrow point (the pointed bottom) upward and outward. This tallies with our vision of expanding locally to overseas, to move out of China and to encompass the whole world. The gradual expansion of the fan shape is also symbolic of business development and success, starting from humble beginnings and gaining strength and prominence (走出國內，輻射全球，興旺發達).

The fan is also pictorial of the outstretched hand, with five fingers spreading out. Bearing in mind that the latex gloves will be worn, we felt a particular correlation of the fan to the hand.....”

55. Finally, regarding the arrangement of the numeral, English words, Chinese characters and the device, Mr Lin said (at paragraphs 12 and 13 of the second statutory declaration):-

“... Since the numerals “77” are most easily recognizable, for peoples speaking different tongues, it was given most prominence in the design, hence it is placed at the top. As the middle section of the fan is the widest part, artistic and aesthetic considerations dictate the placing of the long string of English alphabets in the middle, hence the words “Double Seven” below “77”. Although the gloves are aimed for overseas market which may be non-Chinese speaking, the Chinese characters 双七 are indispensable as they convey the origins of the applicant’s mark as explained above. As the characters 双七 take up the least space, they are placed at the bottom part nearest to the narrow tip, i.e., the origin of the gloves, China.

We deliberately placed the numerals “77” at the top and had about half of it protruding outside the fan background. This is to express the idea of moving out of China and dashing into the world (衝向世界). The “77” is also stylized and drawn to appear as bold and dynamic, which is the corporate vision of the applicant. Further, there is another phonetic significance of the number “7” here. In Putonghua, “7” is pronounced exactly as the word “eat” (qi 吃). According to Chinese business

philosophy, to be able to “eat” fortunate and money from all four corners (吃四方財) is vital to any business venture, hence the “77” at the top is to reinforce the vision of expansion and making profit.”

56. The opponent submits that the explanation provided by the applicant as to how it had devised and created the suit mark is not plausible. The opponent alleges that the pieces of explanation offered are only parodies of other cases; that the applicant must have known of the opponent’s mark as the opponent and the applicant were in the same business in China. The opponent further submits that the similarities between the two marks cannot be co-incidental, it signifies that the suit mark must have copied from the opponent’s mark as the opponent’s mark is the one being created and used first. It is alleged that if the suit mark is registered, the applicant would not use it in a normal or fair manner in the ordinary course of the applicant’s business.

57. On my part, although Mr. Lin has put forward a number of reasons or explanations to the adoption of “双七”, “Double Seven” and “77”, the major reason, as I gather from the contents and the way of presentation of his second statutory declaration, seems to be the adoption of the characters 双七 by reference to the personalized “triple significance” (in the words of Mr. Lin at paragraph 7 of his second statutory declaration). “Double Seven” and “77” were added to the mark just as the equivalents of 双七 in English words and in numerical form. The other reasons and explanations seem general and superfluous.

58. In that connection, I cannot believe without undue stretch of the imagination that the “triple significance” indeed accounts for the creation of the suit mark. If, as claimed in paragraph 4 of Mr. Lin’s first statutory declaration, the suit mark was designed and created by one of the applicant’s employees at or around the beginning of 1995, the reference to Mr. Lin’s age at 1988 when he set up the body corporate Mazhang is very precarious. Not only is this very personal and significant only to Mr. Lin himself, but also this does not sit comfortably with the fact that the suit mark was designed for use not by Mazhang but by the applicant which was set up by Mazhang together with 香港榮勝企業 in 1991 as a joint venture company. Nor do I find the transition from “27” to “双七”, and the derivation of “七” from the last character of Mr. Lin’s name (which is “栖”), something natural and convincing. I also do not accept that “7” is the lucky number of not only Mr. Lin but also many other businessmen.

59. Mr. Lin does not produce any sketch of the design of the suit mark, nor is his evidence corroborated by independent witnesses. Inconsistent with the claim in his first

statutory declaration that the suit mark was designed and created by one of the applicant's employees, Mr. Lin mentioned at paragraph 10 of the second statutory declaration the names of several employees who together with himself had been responsible for the design and creation of the suit mark, but none of them has come forward to give evidence. This adds to the doubts I have about the authenticity of the account of creation of the suit mark.

60. Moreover, apart from the authenticity of each explanation offered, the whole account seems to me to be a collation of fragmented and unconnected pieces of stories trying to explain an accomplished fact, rather than a full and frank disclosure of how the applicant came upon the suit mark.

61. In the last paragraph of his second statutory declaration, Mr. Lin just maintains that the applicant had independently created the suit mark without reference to the opponent's mark, and faintly suggests that the similarity in design between the marks is mere coincidence.

62. In my view, mere coincidence could not account for such a high degree of similarity between the two marks. With a stretch of imagination one may, though I do not, accept that the idea of 双七 originated from a particular age of Mr Lin, but it goes beyond mere coincidences to also adopt the English words and numerical form equivalents, and to arrange all of these in such a style and sequence as discussed in paragraph 38 above and put them on top of a fan-like device as a background. I also note that the packaging of the applicant's goods is very similar in appearance to the opponent's packaging of its goods (Annexure J to Mr. Wang's statutory declaration).

63. Mr. Lin denies (at paragraph 6 of his second statutory declaration) that at the time of creation of the suit mark in 1995 the management of the applicant, including himself, had heard of the opponent's mark or its products. Acknowledging that this may sound surprising, Mr. Lin further says:-

“China is a vast country and there was little trade between Guangzhou and Zhanjiang at the time. Although it may seem that the applicant and the opponent are in the same line of business, they are not necessarily direct competitors as the applicant's main business was not local but overseas. As the applicant is primarily concerned with manufacture and leaves the sale of its latex gloves to its overseas distributors and agents, it is reasonable for it to have no awareness of the opponent at the material time. In fact, there has never been any report of instances of confusion between the applicant's gloves

and the opponent's gloves from our sale agents.”

64. The claim that the applicant's main business was “not local” (i.e., not in or for the market in mainland China) but overseas does not sit well on the facts, as the applicant boasts at paragraph 5 of Mr. Lin's second statutory declaration, that its rubber gloves bearing the suit mark have for a consecutive 8 years (up to 2001) passed the quality control sampling check of the Guangdong Quality Supervision Bureau, Zhanjiang Branch, were commended to be the Best Exhibition Product at the 1999 Zhanjiang Economic Trade Expo (湛江經貿博覽會) and have been awarded the Guangdong Province Award of High Standard of Excellence of Product (廣東省優質產品獎). Exhibit “LS-8” to Mr. Lin's second statutory declaration contains award certificates issued by some of the aforesaid authorities. In addition, there is also a certificate of quality product issued by the Zhanjiang Economic Trade Expo Consumer Council (湛江市消費者委員會). I do not believe that the applicant's products could have obtained all these awards if they were mainly for export and not for local markets in mainland China. It is also hard to believe that when the applicant started selling its products in Hong Kong in 1995, it was unaware of the opponent's mark which had by 1995 been used in Hong Kong for many years. Evaluating the whole evidence I do not find the claim that none of the management of the applicant had heard of the opponent's mark or its products at the time of creation of the suit mark in 1995 an inherently reliable one.

65. On the whole, I do not find that the applicant has provided a full and credible account of how the applicant designed and created the suit mark, and from the circumstances doubts remain high that the applicant in creating the suit mark had copied from the opponent's mark and is trying to take unfair advantage of the goodwill and reputation of the opponent's mark.

66. I am therefore not satisfied that the concurrent use of the suit mark has been honest. If honesty of use of the mark is a prerequisite to the court exercising its discretion under section 22 (*Bali Trade Mark (No.2)* [1978] FSR 193), that should accord me with sufficient reason not to exercise my discretion to allow registration under section 22 of the Ordinance. Nonetheless, in case I am wrong in my finding on this and the matter is taken further, I will go on to consider the other factors as well.

The extent of use in time and quantity and the area of the trade

67. Mr. Lin gives sales figures of goods sold under the suit mark which had been

shipped to Hong Kong and overseas countries from the mainland for sales in these places, for the period between 1995 and 2002 in paragraph 5 of his first statutory declaration dated 8 August 2003, and exhibits as “LS-2” to his first statutory declaration copies of sales contracts and invoices which are said to be copies “pertaining to shipment of the applicant’s goods under the suit mark to Hong Kong *for local sales*” (italic added). Although the goods are alleged by Mr. Lin to include “plastic gloves for industrial purposes, gloves for protection against x-rays for industrial purposes, gloves for protection against accidents, gloves for diving, gloves for household purposes, polishing gloves”, on the documents the goods are only described as “工业乳胶手套” or “工业橡胶手套” (both can be described as latex industrial gloves) and “家用橡胶手套” (can be described as latex household gloves).

68. On the face of the documents in “LS-2”, I can see that some of the buyers are local companies having an address in Hong Kong, whilst others are obviously overseas companies having an overseas address.

69. I am able to find that there are sales evidenced by documents as sales of latex industrial gloves under the suit mark to about nine local companies totalling 139,460 dozens, worth US\$503,871, over a period of about five years (from mid-1995 up to the application date). This if compared with the opponent’s sales figures for the period from 1992 to 2000 (November) given at paragraph 7 of Mr. Wang’s statutory declaration is not an impressive one.

The degree of confusion likely to ensue from the resemblance of the marks, which is, to a large extent, indicative of the measure of public inconvenience

70. As said in *Re Borsalini Trade Mark*, the most important consideration is the likelihood of inconvenience to the public. If there was very little likelihood of public inconvenience, there would be no good reason why registration of the mark in question should be refused. Although the respective marks are similar, they are not identical; this may lessen the possibility of confusion. However, even if confusion is likely to ensue from the concurrent use of the two marks, it is no bar to obtaining registration under section 22 of the Ordinance. As is said in *Kerly's Law of Trade Marks* (12th ed.) (1986), para. 10-18: "The discretion of the tribunal is unfettered and concurrent registration may be allowed even when the probability of confusion is considerable. Every case has to be determined on its own particular merits and circumstances."

71. It is also noteworthy that in *Star Trade Mark* [1990] RPC 522, the hearing officer of the UK registry expressed the view that the correct appraisal of the degree of confusion likely to ensue from the concurrent use of the marks must take account of what had occurred rather than what might occur; and in *Buler Trade Mark* [1975] RPC 275 at 289, Graham J. expressed the view that “the degree of likely confusion is relatively unimportant under [section 22] provided the honesty of the applicant is established and it is otherwise just in all the circumstances that this mark should be registered.”

72. What are the particular circumstances in the present case? I am not satisfied that the concurrent use of the suit mark has been honest. On the evidence, the opponent has used its mark at least since 1980s whilst the applicant has only begun to use the suit mark in Hong Kong since 1995; the volume of sales of the opponent’s goods in Hong Kong also seems to be more substantial than the applicant’s. All these weigh against allowing registration of the suit mark.

Whether any instances of confusion have in fact been proved

73. I note that in paragraph 16 of Mr. Wang’s statutory declaration, it is stated that in 1999, the opponent had received complaints from its customers that they are confused by the similarities between the opponent’s “Double One” trade mark and the applicant’s “Double Seven” trade mark and also between the packets. This is supplemented by a statement in Mr. Li’s statutory declaration dated 11 August 2006 that the customers have contacted the opponent to complain because they incorrectly believe that the applicant’s products were another sub-brand of the opponent. The applicant has raised objection, justly in my view, to the admission of the latter statement into evidence as this does not qualify as evidence in reply (in the context Mr. Li’s statutory declaration was filed). Regarding the statement of Mr Wang, it is not clear what is the nature of the complaints, what types of customers they are, whether actual confusion has been recorded and how it came about. I do not find instances of confusion have been proved.

The relative inconvenience which would be caused if the mark in suit were registered, subject if necessary to any conditions and limitations

74. As I have found above, the extent of use in time and quantity of the opponent’s mark far exceeds that of the suit mark. In the light of all the circumstances, I consider the inconvenience to the opponent, if the suit mark is registered, would be greater than the

inconvenience to the applicant if it is not.

75. Having considered all the evidence, and having weighed all the factors I have enumerated, even if discounting the issue of honesty, I will still come to the conclusion that the discretion conferred by section 22 ought not to be exercised in favour of registration of the suit mark.

76. Having thus found as above, there is no need for me to go on to consider objection based on section 13 of the Ordinance.

Costs

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

78. 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, unless otherwise agreed between the parties.

(Frederick Wong)
p. Registrar of Trade Marks
6 June 2007