

Application No. 17117/2002

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

AND

IN THE MATTER of an application by
Disney Enterprises, Inc to register the
marks

迪 士 尼
迪 士 尼

in Part A of the Register in Class 39

AND

IN THE MATTER of an opposition
thereto by D Land Travel Limited (迪 士
尼 旅 遊 有 限 公 司)

**DECISION
OF**

Ms. Fanny Shuk Fan Pang acting for the Registrar of Trade Marks after a hearing on
11 October 2007.

Appearing : Mr John Yan, SC instructed by Messrs. Baker & McKenzie for the
applicant.

Mr Yip Wing San Roy Bowie instructed by Messrs. Kelvin Cheung &
Co. for the opponent.

Application for registration

1. On 31 October 2002 (“the application date”), Disney Enterprises, Inc (“the applicant”) applied to register, pursuant to the provisions of the Trade Marks Ordinance Cap. 43 (“the Ordinance”), in Part A of the register in Class 39, the trade marks, representations of which appear below :

迪 士 尼
迪 士 尼

(“the suit marks”).

2. The services intended to be covered by the registration were “agency services for arranging travel, arranging of cruises and tours, travel reservation, booking agency services for travel, provision of travel information, tourism sightseeing, tourist offices (except for hotel reservation), transport reservation, provision of transportation information, transport of travelers, escorting of travelers, vehicle rental, car parking services; advisory and consultancy services relating to travel and transportation; all included in Class 39” (“the specified services”). The Registrar of Trade Marks (“the Registrar”) accepted the marks for registration in Part A of the register. They are registered under section 26 of the Ordinance as a series of trade marks. The application was advertised in the Government of the Hong Kong Special Administrative Region gazette on 25 April 2003.

Pleadings and evidence

3. On 19 June 2003, D Land Travel Limited (迪士尼旅遊有限公司) (“the opponent”) filed notice of opposition to the application. The grounds of opposition state that the opponent is a company registered and incorporated in Hong Kong on 22 November 1999. It was admitted as a member of the Federation of Hong Kong Chinese Travel Agents Limited in 2000 and has been a full member of Travel Industry Council of Hong Kong since 2002. The opponent under its present name and as a trade name has been granted a travel agents licence since 7 March 2000.

4. In the counter-statement, the applicant pleads that it has no knowledge of the claims set out in the grounds of opposition. The opponent is put to strict proof of

the claims. The applicant pleads that even if the claims are true which are strongly denied, they are irrelevant to the opposition. The applicant avers that it is an international renowned company. It has engaged in various businesses including entertainment, theme parks, production of films, movies, video cassettes and DVD, broadcasting, vacation clubs, education, publication of books and magazines, catering, production and sale of consumer goods and so on. The applicant claims that it has enjoyed a long standing international reputation in its business and has acquired a significant clientele around the world.

5. Trade Marks Rule/s Cap. 43, Sub. Leg (“Rule/s”) 25 evidence consists of a statutory declaration from Mak Wai Yin, the director of the opponent, together with exhibits, which was declared on 22 April 2004. Under Rule 26, the applicant altogether filed three statutory declarations. The first one is from Pang Chau Sheung, Rosa, an associate of Messrs. Baker & McKenzie, together with exhibits, declared on 21 April 2005. The second statutory declaration is from Yan Chiu Fan, the vice president of Buena Vista International which is a division of the Walt Disney Company (Asia Pacific) Ltd, a wholly owned subsidiary of the applicant and is the film distribution arm of the Walt Disney Studios in Asia Pacific, together with exhibits, declared on 23 August 2005. The last statutory declaration is from Marsha L. Reed, the vice president and assistant secretary of the applicant, together with exhibits, declared on 30 August 2005. Under Rule 27, the opponent filed a statutory declaration by the same Mak Wai Yin, together with exhibits, which was declared on 28 November 2005.

Preliminary issue

6. At the commencement of the hearing on 11 October 2007, the opponent applied for an adjournment of the present opposition hearing. Mr Yip for the opponent submitted that in or about August 2007, the directorship and shareholding of the opponent have undergone significant changes. One Mr So Chi Ming through the introduction of one Mr Ricky Chung became the director and shareholder of the opponent. With a view to entering into the business of Macau hotel industry by carrying out hotel booking business in Macau for the Hong Kong residents and Mainland travellers, Mr So and his business partners acquired the shares of the opponent in or about August 2007. Mr Yip contended that after Mr So and his business partners had become members and directors of the opponent, they realized that the opponent is involved in the High Court Action No. 3864 of 2001 in which

both the applicant and opponent are the parties to the action. In this High Court action, the applicant in the present case, being the plaintiff therein, sues the opponent, being the defendant therein, for the tort of passing off. The trial date has been fixed for 12 November 2007 with 19 days reserved. Mr Yip said that it was only until mid-September 2007 that the new management personnel of the opponent was aware of the present opposition proceedings which was fixed to be heard on 11 October 2007. Since then, the opponent has been seeking legal advice. Mr Yip submitted that the opponent should in all the circumstances be given more time to prepare for the opposition hearing and the applicant's position would not be prejudiced.

7. Furthermore, Mr Yip said that negotiations were then conducted between the applicant and opponent to settle both the High Court action and the present opposition proceedings. However, no settlement agreement has been reached so far. If, at any stage of trial, the parties are able to settle their disputes, it is more than probable that the settlement terms would include the present opposition.

8. Alternatively, Mr Yip submitted that even if no settlement could be reached for the court proceedings, the present opposition hearing should in any case be adjourned pending the outcome of the High Court action. It is the contention of Mr Yip that there are some common questions of law and/or facts in both sets of proceedings. He said that the trial judge in the High Court action would have 19 days to hear lengthy submissions by both parties. If the present opposition is heard after the High Court action has been determined, both parties would have the benefit of the findings of facts made by the trial judge which would significantly save time and costs for the present opposition hearing. Mr Yip asked that the opposition hearing be adjourned *sine die* with liberty to restore.

9. In reply, Mr Yan for the applicant submitted that the two sets of High Court and opposition proceedings have been going on in parallel for a long time. It is incredible for the opponent to allege that they were not aware of the opposition proceedings until mid-September 2007. A pre-trial review of the High Court action was conducted in early September 2007. The same solicitors acting for the opponent in the present opposition proceedings appeared at the pre-trial review. They would have informed their client of the existence of these opposition proceedings. In any event, even if the opponent became aware of these opposition proceedings in mid-September 2007, one whole month has lapsed since then. Mr Yan contended that the longer the applicant's application is held in abeyance, the longer is the

applicant deprived of the protection of the suit marks. This is the greatest prejudice to the applicant.

10. Regarding the possibility of an amicable settlement, Mr Yan said that the settlement negotiations between the parties are getting nowhere and at present there is no hope of settling the proceedings.

11. To counter the last point raised by Mr Yip, Mr Yan contended that there are no common questions of law and facts between the two sets of proceedings in the court and registry. In the High Court action, Mr Yan pointed out that the claim is passing off by the applicant (the plaintiff) against the opponent (the defendant). What is contended by the applicant (the plaintiff) is that it enjoys very substantial reputation in its mark “迪士尼” and the opponent’s (defendant’s) use of its marks or names containing “迪士尼” would likely to mislead members of the public. The relevant date in the passing off proceedings is 1999 when the opponent (the defendant) first started its business in Hong Kong. In the High Court action, the opponent’s (the defendant’s) defence is not that it itself has gained substantial reputation in the mark “迪士尼”. They do not try to run a case of concurrent goodwill. The defence upon which they rely is that there would be no confusion because they are so small, just a small shop in Mongkok. However, it is clear from Mr Yip’s written submissions that the present opposition is based on section 23 of the Ordinance. The main questions to be decided under section 23 are whether the opponent has a registration abroad and whether the applicant has copied the opponent’s mark. The opposition is clearly unmeritorious. Mr Yan submitted that there is no reason why the present opposition hearing should be adjourned. The adjournment application was made right on the day of the hearing and was based on spurious grounds. The whole application for adjournment is a waste of time and costs. It appears that the opponent would like to delay the matter so that they could have some leverage in the settlement negotiations.

12. The first matter before me is the opponent’s application for adjournment of the present opposition hearing on the ground that more time should be given to the opponent to prepare as they only became aware of the hearing in mid-September 2007 as a result of some changes in the directorship and shareholding of the opponent. I do not see there is any merit in Mr Yip’s submissions even if I take without any query that the new personnel of the opponent only became aware of the present opposition proceedings in mid-September 2007. Under Rule 30, the minimum notice to be given to the parties of the date for hearing is 14 days. I am of the view that there has

been more than sufficient time for the opponent to prepare for the present hearing. Notwithstanding the change in the directorship or shareholding, the opponent has all along been represented by the same law firm.

13. In my opinion, alternatively, the opponent is applying for a stay of the present opposition proceedings pending settlement negotiations or to avoid multiple proceedings. While the Registrar may allow a stay of proceedings upon a joint application by the parties for the purpose of allowing time for settlement negotiations, the same course of action is clearly not applicable to the present case. The previous settlement negotiations between the parties have failed to reach any settlement. In fact, it was confirmed by Mr Yan on behalf of the applicant at the hearing that at present, there is no hope of settling the matter. The applicant would like to proceed to the substantive opposition hearing in order to dispose of the matter as soon as possible.

14. As to the need of avoiding multiple proceedings, I agree it is undesirable to have different proceedings before the court and the Registrar which involve contests between the same parties on issues which are essentially the same. A complete identity of issues between any two proceedings is not essential, nor is it essential for one to be determinative of the other. However, there must be a real prospect that the stay would save costs and judicial time (*Sears plc v Sears, Roebuck & Co* [1993] RPC 385).

15. On the one hand, the opponent has not submitted the pleadings in the court to me and identified the common questions of law and facts between the two sets of proceedings. On the other hand, based on the submissions of Mr Yan, I agree that there are no common questions of law and facts between the proceedings in the court and registry. I am not convinced that there is a real prospect that the stay would save unnecessary expense and the waste of judicial time.

16. I also take into consideration the lateness of the opponent's application, the inevitable delay and possible prejudice to the applicant that would be caused if I grant the application. In all the circumstances, I refused the opponent's application for adjournment of the opposition hearing and the stay of the present opposition proceedings pending the parties' settlement negotiations and the outcome of the High Court action.

Decision

17. Though, by 11 October 2007, the date the matter was heard, the Trade Marks Ordinance Cap. 559 had come into operation, by virtue of sections 10(1) and 10(2) of Schedule 5, oppositions to registrations still pending as of 4 April 2003 are to be determined under the provisions of the repealed Ordinance, Cap. 43.

18. Mr Yip for the opponent indicated at the hearing that the opponent only relies on the grounds under section 23 of the Ordinance for the present opposition proceedings.

Under Section 23

19. Section 23 is a provision peculiar to Hong Kong affording protection to foreign trade marks in priority to a Hong Kong pending application. Therefore the first thing that section 23 requires is a foreign trade mark which is registered in respect of the same or same description of services or goods which are associated with the services in a country of place from which such goods or services originate. No foreign registration has been identified in the opponent's grounds of opposition or evidence filed in these proceedings. What is stated in the grounds of opposition and the opponent's evidence is that the opponent was admitted as a member of a federation of travel agents, has been a full member of a statutory body and granted a travel agents licence. All these of course do not amount to a foreign registration which substantiates the opposition under section 23. To conclude, section 23 is not an available ground of opposition.

20. In the result, the opposition under section 23 fails.

Under section 13(2)

21. The exercise of discretion pursuant to section 13(2) arises when opposition under section 23 fails and the mark is acceptable for registration under either section 9 or 10. I remind myself that the register has been created by the Ordinance for the purpose of enabling marks to be entered therein. If no proper reason can be advanced as to why registration should be refused for a qualifying mark, the exercise of discretion should not be adverse to the applicant. I therefore decline to exercise my discretion adversely to the applicant.

Costs

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

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

Original Signed

(Ms Fanny Pang)
p. Registrar of Trade Marks
18 October 2007