Application No. 200300327

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 18 by Wing Yick Industries Limited

AND

IN THE MATTER of an opposition by G-Star International Limited

**DECISION**

**OF**

Miss Lavinia Chang acting for the Registrar of Trade Marks after a hearing on 28 April 2006.

Appearing: Ms Fung Yuen Chun, authorized representative of the applicant Wing Yick Industries Limited

No appearance recorded by the opponent (agent: Lloyd Wise & Co)

1. These proceedings arise out of an application made on 9 January 2003 (the "relevant date") under the provisions of the now repealed Trade Marks Ordinance, Cap 43 (the "Ordinance"), by Wing Yick Industries Limited ("the applicant") to register in Part A of the Register, the mark a representation of which appears below:

(the "suit mark"). The goods sought to be protected are "leather shoulder belts; bags; leather bands; leather boxes; briefcases; leather cases; handbag frames; fur; handbags; pocket wallets; purses; schoolbags; shopping bags; suitcases; travelling bags; all included in Class 18" (the "specified goods"). The suit mark was accepted after examination and advertised for opposition purposes in the Government of the Hong Kong Special Administrative Region Gazette on 13 June 2003.

*Pleadings*

2. A notice of opposition was filed on 15 August 2003 by G-Star International Limited (the "opponent"). The opponent avers it is the registered proprietor of the following mark:

(the "opponent's mark") registered in respect of goods in Classes 3 (No. 1996B08019), 18 (No. 1996B08055) and 25 (No.1996B11432) in Hong Kong. The opponent avers that it first began use of its mark in 1995. In the case of Hong Kong use of its mark commenced in 1996, and specifically in respect of Class 18 goods, in 1999. The opponent claims to have acquired substantial goodwill in its mark in Hong Kong and worldwide through use. It alleges the applicant's specified goods are the same as the opponent's goods and the suit mark nearly resembles or is confusingly similar to the opponent's mark. It pleads that

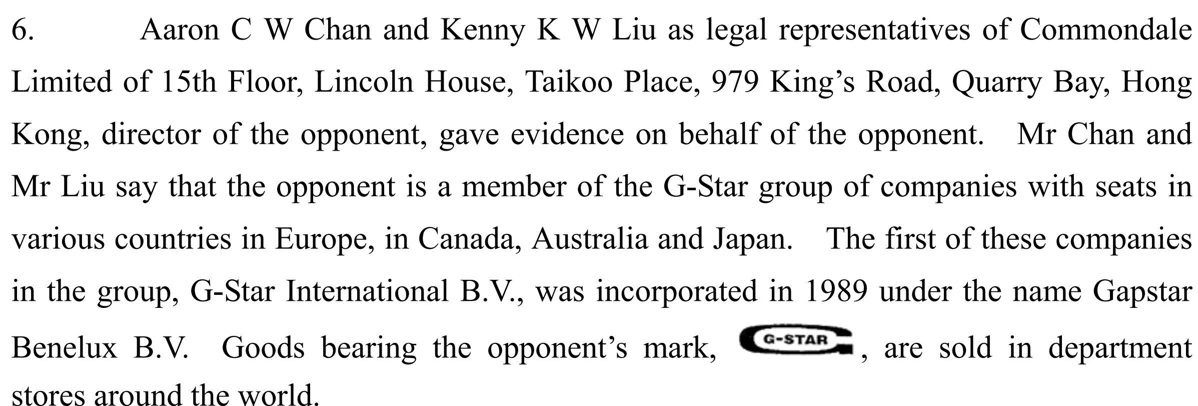
registration of the suit mark should be refused under sections 2, 9, 10, 12, 13 and 20 of the Ordinance, and in the exercise of the Registrar's discretion under section 13(2) of the Ordinance for adversely affecting the legitimate business interests of the opponent. It seeks costs against the applicant.

3. The applicant filed a counter-statement on 4 December 2003, in which it denies knowledge of the opponent's registrations and goodwill and puts the opponent to strict proof.

4. The applicant asserts proprietorship in the suit mark. It avers it has used the suit mark in Hong Kong for the specified goods and there has been no complaint of confusion or deception.

5. It alleges the G device is commonplace there being many registered trade marks and applications which incorporate the letter G. It denies the opponent has acquired goodwill in its G device, which in any event lacks trade mark distinctiveness. It points out that the opponent has as a condition of its registrations disclaimed the exclusive right to use the letter "G". It pleads the parties' marks are visually, phonetically and conceptually different, and the opponent has not shown how use and registration of the suit mark would be likely to deceive or would be disentitled to protection in a court of justice or would adversely affect the legitimate business interests of the opponent.

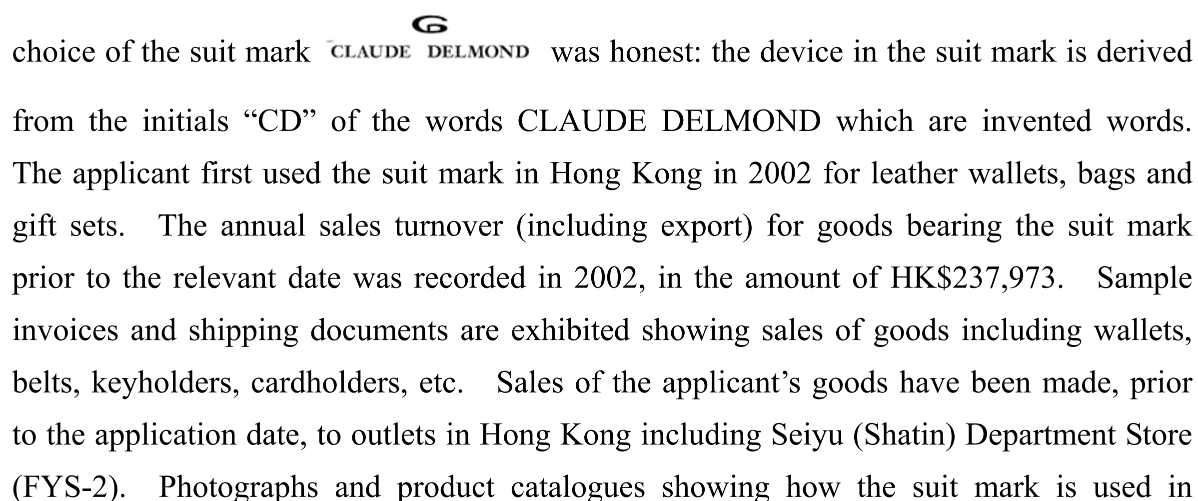
*Evidence*

6. Aaron C W Chan and Kenny K W Liu as legal representatives of Commondale Limited of 15th Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, director of the opponent, gave evidence on behalf of the opponent. Mr Chan and Mr Liu say that the opponent is a member of the G-Star group of companies with seats in various countries in Europe, in Canada, Australia and Japan. The first of these companies in the group, G-Star International B.V., was incorporated in 1989 under the name Gapstar Benelux B.V. Goods bearing the opponent's mark, 

, are sold in department stores around the world.

7. The opponent's declarants say that goods bearing the G-Star mark have been imported and sold in Hong Kong since 1996, and these can be found at Seibu and Bauhaus stores in Hong Kong. Exhibit A shows examples of the manner in which the opponent's mark has been used in relation to various goods including but not limited to those falling within Class 18. This shows use of the opponent's mark on its own, or the word G-Star without the G device or with some other mark or device. Annual sales in Hong Kong, prior to the relevant date, of goods in Class 18 which bear the opponent's mark were €5,150.44 (for 386 pieces) in 1999, €8,842.50 (for 656 pieces) in 2000, €7,317.23 (for 408 pieces) in 2001, and €760.20 (for 38 pieces) in 2002. Sample invoices showing sales of G-Star branded goods to companies in Hong Kong such as I.T. Ltd and Hong Kong Seibu Enterprise are at Exhibit D. It is not clear on the face of these invoices however, whether they relate to goods in Class 18 or in other Classes such as items of clothing in Class 25.

8. The opponent's declarants also state the advertising and promotional budgets in connection with goods marketed under the opponent's mark but no breakdown is given showing the portion allocated to the Hong Kong market or actual advertising and promotional expenses incurred. Sample advertisements in foreign magazines are exhibited (Exhibit C).

9. The applicant has filed evidence by way of a statutory declaration of Fung Yuk Shu, director of the applicant. The applicant was incorporated in Hong Kong on 24 July 1987. It carries on business as a trading and retail/wholesale dealer. Mr Fung says the choice of the suit mark


was honest: the device in the suit mark is derived from the initials "CD" of the words CLAUDE DELMOND which are invented words. The applicant first used the suit mark in Hong Kong in 2002 for leather wallets, bags and gift sets. The annual sales turnover (including export) for goods bearing the suit mark prior to the relevant date was recorded in 2002, in the amount of HK$237,973. Sample invoices and shipping documents are exhibited showing sales of goods including wallets, belts, keyholders, cardholders, etc. Sales of the applicant's goods have been made, prior to the application date, to outlets in Hong Kong including Seiyu (Shatin) Department Store (FYS-2). Photographs and product catalogues showing how the suit mark is used in

relation to the specified goods are exhibited FYS-3. This shows that the applicant uses the suit mark either as a whole, or the words CLAUDE DELMOND and the CD device separately, embossed on the goods, or on small metal plaques attached to the goods, or printed on packaging and promotional material. Advertising expenses incurred in relation to the suit mark for the year 2002 (i.e. prior to the relevant date) was in the amount of HK$41,804.

10. The opponent's patent and trademark agent, Tsang Chin Wah of Lloyd Wise & Co, put in evidence in the form of a statutory declaration in reply, on behalf of the opponent. The statutory declaration consists mainly of submissions and argument in relation to section 12(1) which I consider later in this decision.

*Decision*

11. By a letter dated 26 April 2006, two days before the hearing was due to take place, the agents acting for the opponent indicated the opponent would not be represented at the hearing but would rely on the pleadings and evidence filed.

12. Though the hearing took place after the commencement of the Trade Marks Ordinance, Cap. 559 on 4 April 2003, 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.

13. At the hearing Ms Fung Yuen Chun appeared as authorized representative on behalf of the applicant.

14. As pleaded in its notice of opposition, the opponent relies on sections 2, 9, 10, 12, 13 and 20 of the Ordinance as grounds for refusal of the application, or alternatively that the application should be refused in the exercise of the Registrar's discretion. It will be convenient to first consider the opposition under section 13(1).

*Section 13(1) – proprietorship objection*

15. As a prerequisite to obtaining registration, the applicant must be the proprietor in fact of the suit mark on 9 January 2003, the relevant date (*Hong Kong Caterers Ltd* v *Maxim's Ltd* [1983] HKLR 287 at 297-298). The opponent disputes the applicant's proprietorship.

16. For the issue of proprietorship to arise it is well-established that, the parties' marks must be identical or virtually identical (*Re Wowi & Device Trade Mark* [1998] 3 HKC 221 at 236). The test to be applied can be found in *Re Wowi* (at 229):

> "… for the question of proprietorship to arise at all the parties must be claiming the same mark or at least marks which are so nearly identical as to be virtually the same mark: *Kendall Co* v *Mulsyn Paint and Chemicals* (1963) 109 CLR 300; *Tavefar Pty Ltd* v *Life Savers (Australia) Ltd* (1988) 12 IPR 159. The question is not whether the mark are so alike as to be deceptively similar, which is obviously a relevant consideration under sections 28 [our section 12(1)] and 33 [our section 20]. In deciding whether the marks are substantially identical I think I am entitled to compare the marks side by side. This would seem to follow from what the High Court has said in relation to the question whether conflicting marks are substantially identical in terms of section 33: *Shell Co (Aust) Ltd* v *Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407. I think it is clear when the applicant's and opponent's marks are compared side by side that there are very obvious differences to the extent that it cannot be said that they are the same mark or so similar as to be in effect the same mark."

17. A claim of proprietorship of the one mark extends to another only if a total impression of similarity emerges from the comparison between the two marks. In *Shell* referred to in *Re Wowi,* Windeyer J opined:

> "… the marks are to be compared side by side, the similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison …" (*supra,* at 414-415)

18. In a side-by-side comparison, although both are word-and-device composite marks, the respective word components, namely, CLAUDE DELMOND in the suit mark and "G-STAR" in the opponent's mark are clearly visually disparate. The respective devices take different forms and are positioned differently. The G-device in the opponent's mark is shown in bold type encasing the word G-STAR, the prominent part of the mark being the word G-Star, accentuated by being presented in the plaque-like G-device. There is little doubt that the total impression that emerges from a comparison of the marks is one of dissimilarity. As the marks are neither identical nor virtually identical to each other, a claim to proprietorship of the one could not be extended to the other. The suit mark belongs therefore to the applicant. The opposition under section 13(1) fails.

*Sections 2, 9 and 10 of the Ordinance*

19. The opponents pleads the suit mark is not a trade mark as defined in section 2 of the Ordinance as it fails to serve the purpose of indicating a connection in the course of trade between the applicant and its goods. Alternatively, the suit mark is not registrable under the Ordinance for being neither adapted to distinguish the applicant's goods from those of other traders under section 9, nor capable of distinguishing the applicant's goods from those of other traders under section 10.

20. The notice of opposition is a short document containing scarcely more than three pages. The basis for each of these grounds of opposition is unclear, but there are general allegations that the parties' marks are nearly resembling or confusingly similar, and that the applicant's goods are the same or of the same description as the opponent's.

21. In *NUCLEUS Trade Mark* [1998] RPC 233, it was held that objections under the equivalent of sections 9 or 10 of our Ordinance are conveniently treated separately from sections 12(1) or 20(1) of our Ordinance, particularly where identical marks had been used. Though I am not looking at identical marks here, the long standing practice of the Registrar is likewise to determine oppositions under sections 9 and 10, and section 2 for that matter, without reference to the opponent's mark.

22. That being the case, the opposition under these sections should be confined to the inherent registrability of the suit mark. That issue can be shortly disposed of. The relevant part of section 9 provides:

> "(1) A trade mark … to be registrable in Part A of the register shall contain or consist of at least one of the following essential particulars –
>
> (a) the name of a company, individual, or firm, represented in a special or particular manner;
>
> (b) …
>
> (c) an invented word or invented words;
>
> (d) …
>
> (e) any other distinctive mark …
>
> (2) For the purposes of this section, 'distinctive' means –
>
> (a) in the case of a trade mark relating to goods, adapted in relation to the goods in respect of which the trade mark is registered or proposed to be registered, to distinguish goods with which the proprietor of the trade mark is or may be connected, in the course of trade, from goods in the case of which no such connection subsists…"

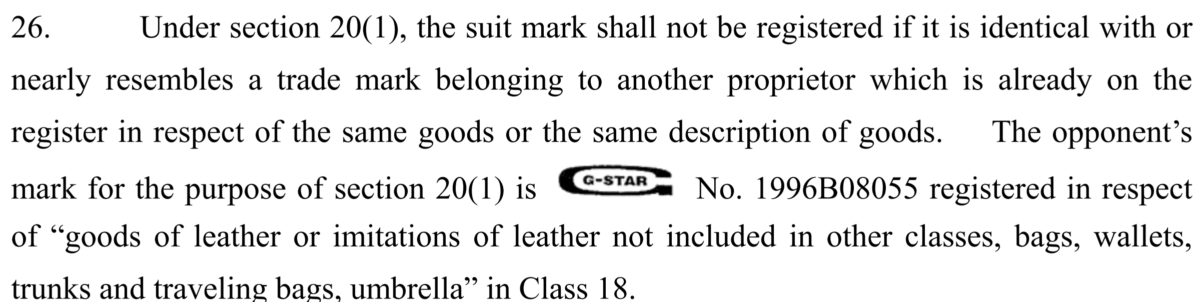
23. The suit mark comprises the words "CLAUDE DELMOND" which appear to be a male French name, together with a device which, according to the applicant's evidence, is

designed by conjoining the letters "C" and "D," the abbreviations for CLAUDE DELMOND. In my view the suit mark is registrable in Part A of the register under section 9(1). The opponent has shown no basis for me to depart from the Registrar's examination of the application.

24. Having found the suit mark to be inherently adapted to distinguish the applicant's goods under section 9(1), I need not consider whether it is capable of distinguishing the applicant's goods, under section 10(1) which provides for registrability in Part B of the register, a lower standard of distinctiveness. The direct consequence of finding the suit mark to be adapted to distinguish the applicant's goods from those of other traders under section 9 is that by definition it also comes within the meaning of a trade mark under section 2 of the Ordinance (the relevant part of which provides that a trade mark in relation to goods is one used or proposed to be used, for the purpose of indicating or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark).

25. Accordingly, the opposition under sections 2, 9(1) and 10(1) also fails.

*Section 20(1) of the Ordinance*

26. Under section 20(1), the suit mark shall not be registered if it is identical with or nearly resembles a trade mark belonging to another proprietor which is already on the register in respect of the same goods or the same description of goods. The opponent's mark for the purpose of section 20(1) is  No. 1996B08055 registered in respect of "goods of leather or imitations of leather not included in other classes, bags, wallets, trunks and traveling bags, umbrella" in Class 18.

27. 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 & Co's Application* (1946) 63 RPC 97 at 101).

28. Taking the goods first, there is considerable overlap between the applicant's specified goods and the opponent's goods, both consisting of goods of leather, bags, wallets, suitcases and traveling bags. As there is no suggestion of price differential or differences in the manner of sale it will be reasonable to assume these goods will be sold in the same or similar retail outlets. They are therefore the same goods or goods of the same description.

29. The parties' marks are clearly not identical and so the remaining issue under section 20(1) is whether the suit mark nearly resembles the opponent's mark, that is to say, whether they so closely resemble each other as to be likely to deceive or cause confusion.

30. The authorities have established the following general principles in assessing whether two marks so nearly resemble each other that there is a tangible risk of confusion. The competing marks must be considered with reference to the ear as well as the eye. Because it is essentially a question of first impressions, marks should be compared each as a whole, not as if they appear side by side such as in a proprietorship claim but according to the doctrine of imperfect or sequential recollection, that is to say, whether a person who sees the suit mark in the absence of the opponent's mark, and in view only of his general impression or recollection of what the nature or idea of the opponent's mark was, would be likely to be confused.

31. Ultimately the question of whether one mark too nearly resembles another is one of fact for the tribunal, not an exercise of discretion. To answer this question I have to have regard to the perceptions of the ultimate purchasers of the goods.

32. Because the parties' goods are common consumer items and accessories, I expect their target purchasers to be of average intelligence, and in their selection of such goods, to exercise normal but not excessive care. Such a purchaser remembers marks by general impression or by some significant feature rather than by a photographic recollection of the whole. It is axiomatic that pronounceable words and words with meanings are more readily recalled than devices. Hence the purchaser is likely, in imperfect recollection, to recall the opponent's mark as G-Star and the suit mark as CLAUDE DELMOND. Conceptually too, even if the average shopper for leather bags, wallets, suitcases and traveling bags in Hong Kong may not recall the exact words and details of the marks, they are likely to recall the opponent's mark as consisting of commonly recognisable English words, whereas the suit mark consists of unfamiliar "foreign" or "foreign-sounding" words.

33. For these reasons, the leading features of the competing marks are G-STAR in the case of the opponent's mark, and CLAUDE DELMOND in the case of the suit mark. These are the features by which the marks will be identified and recalled in imperfect recollection. Overall I do not find the suit mark to sufficiently resemble the opponent's mark so as to give rise to a likelihood of deception or confusion when used in relation to the same goods. Accordingly the opposition under section 20(1) also fails.

*Section 12(1) of the Ordinance*

34. It is well-established that before an opponent can launch an opposition under section 12(1), it must first establish, as a threshold question, the reputation of the opponent's mark in Hong Kong. If the opponent's mark is unknown in Hong Kong, deception or confusion is unlikely to arise. The reputation in the opponent's mark must be more than *de minimis* (*Da Vinci Trade Mark* [1980] RPC 237). The date at which this reputation is to be established is the date of the applicant's application to register the suit mark, in this case, 9 January 2003 (*NOVA Trade Mark* [1968] RPC 357). 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* (1890) 15 App Cas 252 at 261).

35. It is asserted that the G-Star Group enjoyed yearly turnover of over €82m in 1999/2000, over €95m in 2000/2001 and over €115m in 2001/2002 (para 7, opponent's SD). Sales have been made in Hong Kong since 1999 of Class 18 goods bearing the opponent's G-Star mark. Annual sales figures for these goods are however only a tiny fraction of its worldwide turnover (see paragraph 7 above), and in any case, it is doubtful if the opponent's invoices at Exhibit D substantiate the sale of Class 18 goods (see paragraph 38 below).

36. Advertising and promotional expenses are given, but there is no breakdown for the portion attributable to Hong Kong. Excerpts from magazines, brochures and other materials in which the opponent's mark is used or appears are exhibited (Exhibit C) but

there is no evidence as to the extent of circulation and readership that these publications enjoy in Hong Kong. It seems to me that these various magazines are geared towards readers in Austria, Germany, Switzerland, Singapore, Taiwan and Korea. The opponent also makes reference to its attendances at international fashion fairs at Paris, Cologne and Florence. Again, there is no indication though of how those attendances may have translated into reputation associated with the opponent's mark in Hong Kong.

37. The opponent's invoices show invoice and shipping addresses in Hong Kong. However, on the face of the invoices it is impossible to tell whether the invoices related to Class 18 goods at all. The opponent's declarants do not explain the contents of these invoices and the goods that they relate to. In fact descriptions of "bootleg", "jigger", "worker" and "dexter" and colour descriptions of "aged", "dark aged", "stone", "raw" and "damage wash" suggest these are items of clothing, e.g. jeans, rather than leather bags, wallets and suitcases.

38. On the evidence any reputation that the opponent's mark enjoyed in Hong Kong as at the relevant date for Class 18 goods must have been very limited, and must border on being *de minimis*, if not *de minimis*. But even if one took a generous view of the evidence, the success of the section 12(1) opposition is still dependent on a finding of deceptive similarity of the marks. In my view, the opponent is still bound to fail on this limb.

39. The test under section 12(1) requires there must be a real tangible risk, not just the possibility, of such deception arising, from a comparison between the actual use made of the opponent's mark, and the suit mark in notional fair use.

40. Evidence of the use which has been made of the opponent's mark is at Exhibit A. Exhibit A consists of labels for the opponent's goods and sundry brochures and promotional materials. They show that there are different variants of the opponent's mark: often the words "G-STAR", "G-STAR RAW", or "G-STAR RAW DENIM" are used on their own without the plaque-like G device. Sometimes an entirely different G device, as in

, is used on traveling bags and backpacks.

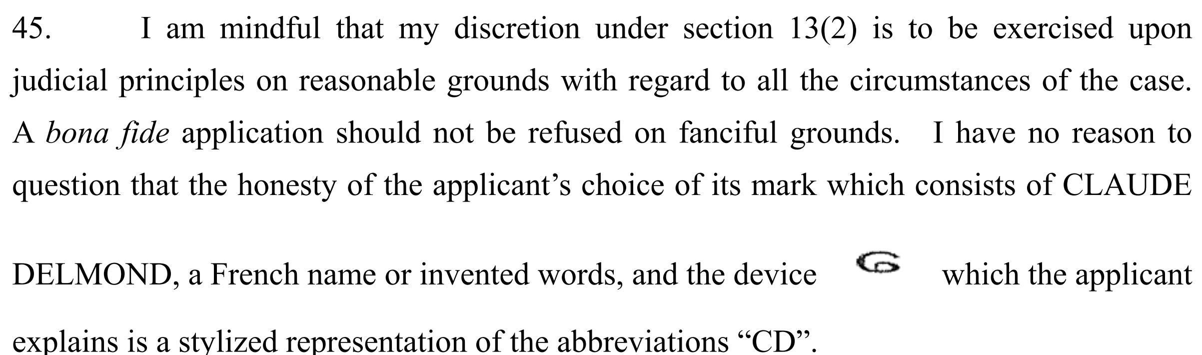
41. On the evidence, the conclusion which I arrived at with regard to section 20(1), i.e. that there is no tangible risk of confusion and deception, must apply with greater force here, the comparison being of the suit mark, and the opponent's mark as well as the other variants of the opponent's G-STAR mark which have been used.

42. Before I leave section 12(1), I note that Mr Tsang, the opponent's trade mark and patent attorney, alleges in his statutory declaration that use of the suit mark would be disentitled to protection in a court of justice, or contrary to law for its suggestion that it is a French brand ("法國品牌") in its promotional leaflet (CWT-1) when the applicant's business is based in Hong Kong. But disentitled to protection under which law, and contrary to which law? Mr Tsang does not even make that clear, not to mention making good such allegations.

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

*Discretion under section 13(2) of the Ordinance*

44. Although the opposition fails under sections 12(1) and 20(1), 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.



45. 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. I have no reason to question that the honesty of the applicant's choice of its mark which consists of CLAUDE DELMOND, a French name or invented words, and the device which the applicant explains is a stylized representation of the abbreviations "CD".

46. The opponent has alleged that registration of the suit mark would adversely affect the legitimate business interests of the opponent. Against this is my finding above that the

suit mark does not nearly resemble the opponent's mark so as to be likely to cause confusion and deception. Also, the applicant has adduced evidence of use, both in terms of promotional material and actual sales made in Hong Kong from the year 2002. I have no reason to doubt this was anything but genuine use. The fact that no instance of confusion has come to light is indicative that there is little or no likelihood of confusion between the parties' marks. In any event, the balance of convenience weighs in favour of the applicant since the suit mark has been in use prior to the relevant date and respectable sales have been made. I therefore see no reason for exercising my discretion against registration.

*Costs*

47. 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.

48. 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
18 May 2006