

Application No. 824 of 2003

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

AND

IN THE MATTER of an application by
Kabushiki Kaisha World (World Co.,
Ltd.) to register the mark

in Part A of the Register in Class 25

AND

IN THE MATTER of an opposition
thereto by Next Retail Limited

**DECISION
OF**

Ms. Fanny Shuk Fan Pang acting for the Registrar of Trade Marks after a hearing on
26 February 2009.

Appearing : Mr Philips Wong instructed by Messrs. Hastings & Co. for the
applicant.

Mr Anthony Evans, the authorized representative of Messrs. Marks &
Clerk for the opponent.

Application for Registration

1. On 17 January 2003 (“the application date”), Kabushiki Kaisha World (World Co., Ltd.) (“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 25, the trade mark, a representation of which appears below :

(“the suit mark”).

2. The goods intended to be covered by the registration were “aprons; bandanas (neckerchiefs); beach clothes; belts; berets; blouses; boas (necklets); boots; brassieres; breeches; camisoles; caps; chemisettes (shirt fronts); clothing; clothing of imitations of leather; clothing of leather; coats; collar protectors; collars; combinations (clothing); corsets (underclothing); cuffs; drawers; ear muffs; footwear; frocks; furs; gaiters; garters; girdles; gloves; galoshes; half-boots; hats; headbands; headgear for wear; heels; hoods; hosiery; jackets; jerseys; jumpers; knitwear; lingerie; mittens; muffs; neckties; outerclothing; overalls; overcoats; pajamas; pants; parkas; pelerines; pelisses; petticoats; pullovers; pumps (footwear); ready-made clothing; sandals; scarves; shawls; shirt fronts; shirt yokes; shirts; shoes; singlets; skirts; slippers; slips (undergarments); smocks; socks; spats; sports jerseys; sports shoes; stockings; stoles; stuff jackets; suits; suspenders; sweat-absorbent underclothing (underwear); sweaters; swimsuits; tee-shirts; tights; topcoats; trousers; underclothing; underpants; vests; waistcoats; waterproof clothing; wristbands; all included in Class 25” (“the specified goods”). The Registrar of Trade Marks (“the Registrar”) accepted the suit mark for registration in Part A of the register. The application was advertised in the Government of the Hong Kong Special Administrative Region Gazette on 6 June 2003.

Pleadings and evidence

3. On 5 September 2003, Next Retail Limited (“the opponent”) filed notice of opposition to the application. The grounds of opposition state that the opponent is

a company organized and existing under the laws of the United Kingdom. The opponent has extensively used and registered its trade mark “NEXT” both in Hong Kong and in numerous other countries throughout the world in relation to a very broad range of goods. The opponent has obtained in Hong Kong registration for the mark “NEXT” in classes 14, 18 and 25. By reason of the long and extensive use of the opponent’s mark in Hong Kong and elsewhere, the opponent has acquired a substantial and valuable reputation and goodwill in and to the opponent’s mark.

4. The opponent avers that the suit mark nearly resembles the opponent’s mark as to be likely to deceive or confuse the trade and purchasing public into the belief that the applicant’s goods emanate from, or are connected with, or are otherwise approved of or sponsored by, the opponent.

5. The grounds of opposition comprise sections 2, 9, 10, 12(1), 13(1), 20 and 23 of the Ordinance.

6. In the applicant’s counter-statement, save and except that the applicant’s own application for registration of the suit mark is admitted, each and every allegation in the grounds of opposition is either denied or not admitted. It is the applicant’s case that since at least as early as in 1997, the applicant has continuously and extensively promoted and used the suit mark in Japan. The suit mark was coined by the applicant in no later than 1997 and the design of the suit mark was made by an independent graphic design company.

7. The applicant asserts that the suit mark is different from the opponent’s mark visually, phonetically and conceptually. By incorporating the distinctive word “DOOR” in the suit mark, the suit mark is readily distinguishable from the opponent’s mark on the overall. The applicant denies that the common word in the suit mark and the opponent’s mark being “NEXT” is the most prominent and distinctive feature in the suit mark for the purpose of comparison as to conflict. The trade mark significance of the common word “NEXT” is not strong. On the register in respect of class 25 goods, there is co-existence of various marks registered in the names of different proprietors comprising the common word “NEXT” including but not limited to the registration of the trade marks “Nexteye” and “Next Body”. The applicant avers that consumers will not be confused or misled into thinking that the applicant’s goods emanate from, or are connected with, or are otherwise approved of or sponsored by, the opponent.

8. Trade Marks Rules, Cap. 43, Sub. Leg. (“Rule/s”) 25 evidence consists of a statutory declaration from Andrew John Robert McKinlay, the company secretary of the opponent, together with exhibits, which was declared on 17 December 2004 (“McKinlay’s statutory declaration”). Under Rule 26, the applicant filed a statutory declaration of Izumi Onishi who worked in the intellectual property and legal affairs department of the applicant, together with exhibits, which was declared on 20 March 2006.

Decision

9. Though, by 26 February 2009, the date the matter was heard, the Trade Marks Ordinance Cap. 559 had come into operation, by virtue of section 10(1) and (2) of Schedule 5, an application for registration still pending as of 4 April 2003 and an opposition to the application are to be determined under the provisions of the repealed Ordinance, Cap. 43.

10. Although a number of grounds were pleaded in the notice of opposition, Mr. Evans for the opponent indicated at the hearing that the opponent only relies on the grounds under sections 12(1), 20 and 13(2) of the Ordinance for the present opposition proceedings.

Under section 12(1)

11. Before an opponent can invoke section 12(1), it must establish a certain degree of reputation in Hong Kong of its mark. At its very highest, it is a question of a substantial proportion of the interested public being aware of its mark, and at its very lowest, the question relates to the significance of the numbers in relation to the market for particular goods. In any event, the reputation of the opponent must be something more than *de minimis* (*Re Da Vinci Trade Mark* [1980] 9 RPC 237). The date at which this reputation in its mark or marks is to be established is the date of the application to register the suit mark, namely 17 January 2003 – *NOVA Trade Mark* [1918] RPC 357 at 360.

12. Mr Evans tried to establish the reputation of the opponent’s “NEXT” mark in respect of clothing, footwear and headgear in Hong Kong on two separate grounds. First, Mr Evans submitted that according to paragraph 10 of McKinlay’s statutory declaration, the opponent has used and applied the mark “NEXT” continuously in Hong Kong on men’s, ladies’ and children’s clothing, footwear and

headgear since at least 1985. The opponent's goods bearing the mark "NEXT" were manufactured in various countries, including the People's Republic of China and Hong Kong, and shipped to the opponent in the United Kingdom via Hong Kong. Such goods were exported by the opponent's subsidiary in Hong Kong, Next (Asia) Limited and a number of other Hong Kong exporters. Sample sales invoices and shipping documents verifying the exports of the opponent's goods under the mark "NEXT" from Hong Kong are attached to McKinlay's statutory declaration as exhibit "AJRM-5". The export values of the clothing, footwear and headgear goods bearing the opponent's mark "NEXT" between 1996 and 2002 were very substantial ranging from about £15 million in 1996 to £243 million in 2002. By virtue of the exports, Mr Evans submitted that the opponent had generated substantial goodwill and reputation in the names Next Retail Limited, Next Plc and Next (Asia) Ltd and the mark "NEXT" in Hong Kong as at the application date.

13. Mr Evans referred me to an unreported decision of the Registrar in *Macy's & device Trade Mark*, 30 August 2001. In this case, the Hong Kong branch of the opponent was established in August 1959 through which it placed orders with Hong Kong manufacturers and suppliers for a wide variety of products with emphasis on garments, items of apparel and accessories. Through the branch, the opponent placed orders with Hong Kong manufacturers and suppliers for a sum exceeding US\$96 million in the year preceding the application date which the Registrar considered was not *de minimis* trading. A list of the top 15 suppliers which were mainly garment manufacturers and accounted for over 60% of the total purchases was produced. The Registrar further observed that "it is also possible to deduce that as the 16th supplier and downwards supplied goods to a value less than the 15th supplier on the list, the number of suppliers which would make up the remaining percentage of sales would be correspondingly greater, though I will not speculate as to the approximate number". Based on those Hong Kong purchases exceeding \$96 million made under the trade name "Macy's", it was held that the opponent had established a sufficient reputation in Hong Kong to mount an opposition under section 12(1) as the name "Macy's" was known to a significant number of manufacturers and suppliers in Hong Kong.

14. The main attack on the evidence launched by Mr Wong, counsel for the applicant, is that, first, it is difficult to tell what trade mark was applied to the goods as covered by the export invoices produced by the opponent. In addition, as shown by the invoices, there were only two Hong Kong exporters which exported goods to the opponent in the United Kingdom via Hong Kong prior to the application date.

So far as other exporters as shown in the invoices are concerned, there is no information as to whether they are Hong Kong exporters. The exportation figures mentioned in paragraph 10 of McKinlay's statutory declaration are mere allegations without any supporting documents. In any event, Mr Wong submitted that such exported goods cannot generate any required reputation of the opponent's mark amongst the public in Hong Kong. There was no local sales of the goods in Hong Kong. In fact the opponent itself admits that there has been no local advertising of such goods (paragraph 8 of McKinlay's statutory declaration). As the goods were not sold in Hong Kong, the public in Hong Kong was not exposed to any of the opponent's goods bearing the mark "NEXT". The opponent was not able to pass the threshold for an opposition under section 12(1).

15. In reply, Mr Evans submitted that, maybe, it is correct to say that there was limited exposure of the mark or name "NEXT" to the public in Hong Kong. However, to establish reputation, there is no need to show retail sales at all. If the mark or name was known by suppliers in Hong Kong which constitute a sufficient sector of the public in Hong Kong at the application date, that is sufficient.

16. In my judgment, reputation associated in trade or business with a name is recognized in law for trade mark purposes whether such reputation is based on what in Hong Kong law would be regarded as trade mark user or not (*Hong Kong Caterers Ltd v Maxim's Ltd* [1983] HKLR 287 at 291). Though the remarks in this case were not made strictly in the context of the extent of the opponent's reputation needed before a section 12(1) opposition could be triggered, it would seem that the case is authority for the proposition that reputation can be acquired even though there is no actual trade mark user in Hong Kong.

17. In the New Zealand Court of Appeal case in *Pioneer Hi-Bred Corn Co. v Hy-Line Chicks Pty Ltd* [1979] RPC 410, section 16 of the New Zealand Trade Marks Act 1953 which is similar in terms to section 12(1) of the Ordinance was considered. In that case, the opponent could not establish trade mark use within New Zealand but it was held that reputation could be established through advertising at international poultry conferences and in poultry periodicals circulated in New Zealand, thereby a significant number of New Zealand poultry farmers had become aware of its mark. Hence, reputation could be acquired through advertising alone.

18. The last legal principle that I would like to set out before I go into a detailed analysis of the evidence in the present case is that the opponent's reputation

need not be in respect of the applicant's specified goods to trigger section 12(1) (*Re Omega* [1995] 2 HKC 473 and *Re Gay Giano Trade Mark* [1996] 2 HKC 646). The fact that reputation is not in respect of the particular goods is a factor to be taken into account in assessing confusion, not a pre-condition for opposing the registration of a mark under section 12 (unreported decision of the Registrar in *Tiffany Lunettes Srl's Application*, 17 December 1999).

19. Taking an overall fair appraisal of the opponent's evidence, I find that the opponent's clothing products bearing the "NEXT" mark were, prior to the application date, shipped to the opponent or Next Plc in the United Kingdom via Hong Kong. According to paragraphs 4 and 10 of his statutory declaration, Mr McKinlay states that Next Group Plc, the parent company of the opponent, operated a subsidiary company in Hong Kong, Next (Asia) Limited, which was responsible for sourcing products and arranging shipment of goods bearing the mark "NEXT". The opponent's goods were exported by Next (Asia) Ltd and no other exporters were mentioned by Mr McKinlay in his statutory declaration.

20. However, when one goes to the pre-application date invoices and shipping documents in the exhibit "AJRM-5" to McKinlay's statutory declaration, one can find the reference to a number of other exporters including Tamarind International Limited, Bodum Export Ltd, Li & Fung (Trading) Limited and Susie Radin Limited. The former three should be Hong Kong exporters according to the Hong Kong addresses stated in the relevant documents whereas Susie Radin Limited appears to be a company in London as per the address stated in the invoice. Out of the three aforesaid Hong Kong exporters, I would disregard Li & Fung (Trading) Limited as the goods covered by the shipment cannot be identified from the invoice at all.

21. Hence, with respect to the export invoices for clothing products, a total of three Hong Kong exporters can be identified, namely Tamarind International Limited, Bodum Export Limited and the opponent's Hong Kong subsidiary Next (Asia) Limited before the application date. When a deeper analysis is made, I find that the opponent's goods were exported by Tamarind International Limited in 1998, 1999 and 2001 and Bodum Export Limited in 2000. The exports closest to the date of application in February and April 2001 were all made by Next (Asia) Limited. Consistent with what is stated in paragraph 10 of McKinlay's statutory declaration, I find that in the year preceding the date of application, the opponent's clothing products were mainly exported by the opponent's subsidiary in Hong Kong, Next

(Asia) Limited. Very substantial figures were set out in paragraph 10 of McKinlay's statutory declaration which relate to the value of goods despatched from Hong Kong. It seems to me that the despatch was mainly done through the opponent's own subsidiary, Next (Asia) Limited.

22. Apart from the export invoices, I find that exhibit "AJRM-5" contains a number of other invoices as well. There were four invoices issued by Multitex Ind Limited (M. Asia) (HKD) with no address, Kammy Town Ltd (N. Asia) (HKD) (OLD) with a Hong Kong address at Taikoo Shing, Precieux Gmt Fty (N. Asia) (HKD) and Tom Tack Knitting Ltd (N. Asia) (HKD) without any address for both. They were invoices all issued to Next Plc in the United Kingdom in respect of some purchase orders for apparently clothing items. Contrary to what was submitted by Mr Evans, it is clear to me that they are not export invoices but appear to be invoices for purchases placed by Next Plc in the United Kingdom with a supplier in Hong Kong and three other suppliers with unknown address.

23. I consider that the facts of the present case are clearly distinguishable from those of the case of *Macy's & Device Trade Mark*, supra. As pointed out in paragraph 11 above, before an opponent can invoke section 12(1), it must establish a certain degree of reputation in Hong Kong of its mark. At its very lowest, the question relates to the significance of the numbers in relation to the market for particular goods. Even if I take the market concerned in this case as the export market of clothing items in Hong Kong, I do not consider that a significant number of traders in the Hong Kong export market of clothing items had become aware of the opponent's trading name or mark "NEXT" at the application date as the evidence shows. The exports were mainly done by the opponent's own subsidiary. Only two other Hong Kong exporters could be shown.

24. Regarding whether the mark or name "NEXT" was known by a significant number of suppliers of clothing products or items in Hong Kong as in the *Macy's & Device Trade Mark* case, the evidence before me is very scanty as I was shown only four invoices which I suppose concerning suppliers, not to mention that only one of them appears to be a Hong Kong supplier. McKinlay's statutory declaration is completely silent on the details of purchases made with Hong Kong manufacturers or suppliers under the trade name "NEXT", if any. In the circumstances, I incline to find that the mark or name "NEXT" was not known by a significant number of Hong Kong manufacturers or suppliers at the application date.

25. The second ground relied on by Mr Evans in establishing the reputation of the opponent's name or mark "NEXT" in Hong Kong at the application date is the overflow of the reputation of the trade mark or name "NEXT" from the United Kingdom to Hong Kong. Mr Evans submitted the evidence of McKinlay shows that the opponent's business originated in the United Kingdom in 1912 under the name Hepworths. It first adopted the mark "NEXT" as a trade mark for clothing in 1982 and as part of its company name Next Retail Limited in 1986. It sources its products from the People's Republic of China through a sister company in Hong Kong called Next (Asia) Limited. Both the opponent and Next (Asia) Limited are subsidiaries of Next Group Plc which is a public-listed United Kingdom company.

26. It was the contention of Mr Evans that all the opponent's products have at all times since 1982 been marked "NEXT" and sold through its numerous "NEXT" stores in the United Kingdom and elsewhere. Advertising and sales in respect of "NEXT" goods in the United Kingdom have been substantial and continuous since at least 1997 but there was no advertising in Hong Kong before the application date. However, Mr Evans contended that the opponent's substantial sales and advertising over many years, especially in the United Kingdom, has resulted in "spillover" reputation in Hong Kong for its name and trade mark "NEXT". As at the application date, there were about three hundred "NEXT" stores in the United Kingdom, with a store in almost every town and city. A substantial proportion of the population of Hong Kong has either lived in or visited the United Kingdom and other countries in which "NEXT" stores have been established and will have seen "NEXT" stores and the goods being sold there under and by reference to the "NEXT" trade mark.

27. To counter, Mr Wong submitted that the use of the mark "NEXT" by the opponent in the United Kingdom is not relevant since there is no evidence of spill-over of that reputation from the United Kingdom to Hong Kong. The opponent cannot just rely on the fact that people travel between Hong Kong and the United Kingdom to establish the overflow of reputation. The opponent needs to adduce evidence of public awareness of the "NEXT" mark in Hong Kong such as reports in newspapers or reviews on internet circulated within Hong Kong even if there was no use in Hong Kong.

28. In my judgment, I do not see there is any evidence of spill-over of reputation in respect of the opponent's mark "NEXT" from the United Kingdom to Hong Kong. Without the finding of specific evidence of spill-over in individual

cases, one cannot establish the spill-over of foreign reputation simply on the general ground that people are travelling all around the world.

29. In conclusion, I am not satisfied that the opponent has established a reputation in the name or mark “NEXT” in respect of its clothing products in Hong Kong at the application date.

30. The opponent is therefore not able to overcome the threshold to trigger section 12(1) of the Ordinance. I therefore find that the opposition under section 12(1) of the Ordinance fails.

Under section 20(1)

31. At the application date, section 20(1) of the Ordinance insofar as it relates to goods provided :

“20. Prohibition of registration of identical and resembling trade marks

(1) Except as provided by section 22, no trade mark relating to goods shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a trade mark belonging to a different proprietor and already on the register in respect of –

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

32. Section 2(4) of the Ordinance, which is relevant to the definition of “nearly resembles”, provides a near resemblance of marks is a resemblance “so near as to be likely to deceive or cause confusion”.

33. The following registered mark is relied on by the opponent in mounting the opposition under section 20(1) :

Trade Mark	Registration No.	Class	Part	Goods	Date of registration
N E X T	2161/1993	25	A	clothing for men and women	15.3.1990

34. Under section 20(1), the first question for me is whether the goods for which the suit mark is sought to be registered are the same goods or description of goods as those of the opponent's registered mark. At the hearing, Mr. Wong on behalf of the applicant conceded that the specified goods are the same or of the same description as those of the opponent's registered mark. I therefore find that the opponent is able to overcome the first limb of section 20(1).

35. It follows that the second issue for my determination is whether the suit mark so nearly resembles the opponent's registered mark as to be likely to deceive or cause confusion.

36. The accepted test to be applied under section 20(1) of the Ordinance is that stated by Evershed J. in *Smith Hayden & Co.'s Application* [1946] 63 RPC 97. Adapted to the matter in hand, the test may be expressed as follows :

“Assuming user by the opponent of its mark “ **N E X T** ” in a normal and fair manner for any of the goods covered by the registration, is the tribunal satisfied that there will be no reasonable likelihood of deception or confusion amongst a substantial number of persons if the applicant also uses its mark “ **N E X T DOOR** ” normally and fairly in respect of any goods covered by its proposed registration?”

37. The onus is on the applicant to satisfy the Registrar that the trade mark applied for is not reasonably likely to deceive or cause confusion. In cases in which the tribunal considers that there is doubt as to whether deception is likely the application should be refused (*Kerly's Law of Trade Marks and Trade Names*, 12th Edition, paragraph 17-03).

38. The established test for the comparison of word marks is that promulgated by Parker J. in *Pianotist Co. Ltd.'s Application* (1906) 23 R.P.C. 774 at 777.

“You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those marks is used in a normal way as a trade mark for the goods of the respective owners of the marks.”

39. Mr Evans submitted that the suit mark and the opponent’s mark “NEXT” are confusingly and deceptively similar. The applicant has taken the whole of the opponent’s registered mark and incorporated it into the suit mark. It was the contention of Mr Evans that the first part of a mark is always the most important (*Kerly’s*, supra, paragraph 17-13). The word “NEXT” is prominent, striking and common to both marks.

40. To counter, Mr Wong submitted that conceptually, the idea given by the suit mark and the opponent’s mark “NEXT” is very different. The opponent’s mark simply contains the common adjective “NEXT”, meaning “something straight after”. The word itself is very common and possesses little inherent distinctiveness, if any. This is evidenced by the fact that the opponent only obtained the registration of the mark “NEXT” in class 25 on evidence of use by virtue of section 9(1)(e) of the Ordinance. On the other hand, the suit mark consists of the two words “NEXT DOOR” which mean adjacent room, housing. The addition of the noun “DOOR” gives a completely different perception on the mark, just like “NEXT CHAPTER”, “NEXT PERSON”, “NEXT GENERATION” – all convey different meanings.

41. Visually, Mr Wong contended, the two marks are also very different. The opponent’s mark consists of only one English word “NEXT” in plain form, whilst the suit mark consists of two English words “NEXT” and “DOOR” with the word “NEXT” represented in a special manner – the characters “E” and “X” are represented in a way which forms an arrow pointing to the right in the middle.

42. Mr Wong went on to submit that aurally, the two marks sound different as the suit mark consists of the additional word “DOOR”. The suit mark has two syllables whilst the opponent’s mark only has one.

43. In my judgment, the suit mark is a word mark consisting of the words “NEXT” and “DOOR” in two levels with “NEXT” above “DOOR”. The letters “E” and “X” in the word “NEXT” are represented with a minimal degree of stylization.

To my mind, notwithstanding the stylization in the two letters, the word “NEXT” can, no doubt, be recognized as such in the suit mark. The stylization does not add anything of significance and the suit mark is essentially a word mark comprising the two words “NEXT DOOR”.

44. Turning to the opponent’s mark, in my view, it is a simple word mark consisting of the sole word “NEXT” in block capitals without any stylization in presentation or lettering.

45. Conceptually speaking, although the opponent’s mark “NEXT” is fully incorporated in the suit mark, I consider that the meanings conveyed by the respective marks are distinct and clearly distinguishable. As to the opponent’s mark, the word “NEXT” is an ordinary English word with the dictionary meanings of “immediately following”, “immediately adjoining” and “closest to in degree” according to *Collins English Dictionary*, Millennium Edition. It broadly means something that is straight after in terms of time, space, order or degree and so on. The phrase “NEXT DOOR” which comprises the suit mark is a commonly used expression meaning “at, in, or to the adjacent house, flat, building, etc.” (*Collins English Dictionary*, Millennium Edition). The connotation is a nearby or an adjacent place of a very short distance away. Generally, where two words have dissimilar meanings, they will be more easily distinguished than will two words having no readily apparent meaning (*Shanahan’s Australian Law of Trade Marks and Passing Off*, 2nd Edition, page 175). I consider that the respective marks have clearly different specific meanings which the potential purchasers can grasp immediately on first impression. The marks are not conceptually similar.

46. Turning to aural comparison, with the addition of the word “DOOR” to the suit mark, the suit mark which will be referred to as “NEXT DOOR” as a whole sounds differently from the opponent’s mark the oral reference of which must be “NEXT”.

47. Visually, I consider that, with the principle of imperfect recollection in mind, the addition of the word “DOOR”, the overall arrangement of the words “NEXT” and “DOOR” in two levels and the stylization in the letters “E” and “X”, albeit minimal, in combination do contribute to a different visual impact from that of the opponent’s mark which consists of the word “NEXT” *simpliciter*.

48. Mr Evans drew my attention to some evidence of use by the applicant in

Japan and submitted that according to the evidence, the suit mark is proposed to be used in various ways and not only in the way as applied for. On the applicant's evidence of use in Japan, Mr Evans submitted that the words "NEXT DOOR" variously appear as one word "NEXTDOOR", two words side by side "NEXT DOOR" and two words (one above the other and with a slightly stylized capital "E"). Mr Evans contended that all such versions are likely to deceive or confuse but particularly the two-word version.

49. In my judgment, it is clear from the formulation of the test under section 20(1) in *Smith Hayden* (see paragraph 36 above) that I must have regard to the normal and fair use of the suit mark and the opponent's mark in the comparison. In my view, it must not be assumed against the applicant that he is going to use his mark unfairly, in the sense that he is going to use something different, by leaving out or obliterating any parts of the mark so as to make it more like that of the opponent, for the court presumes that a trade mark would be used fairly and without fraud. The presumption will be rebutted if there is evidence that the applicant does actually use, or intend to use his mark so altered as more nearly to resemble that of the opponent (*Kerly's*, supra, paragraph 17-20).

50. In the present case, there is no need for me to decide whether the use of the mark "NEXTDOOR" in one word and "NEXT DOOR" in two separate words side by side can be regarded as a normal and fair use of the suit mark for comparison purpose under section 20. In any event, even if I compare the opponent's mark "NEXT" with "NEXTDOOR" and "NEXT DOOR", my conclusion that the respective marks are not conceptually and aurally similar set out above applies equally with the same force. With respect to the visual comparison, I take the view that the addition of the word "DOOR" alone to the word "NEXT" is sufficient to counteract the visual similarity resulting from the common use of the word "NEXT" in the respective marks. For my part, the marks still do not resemble one another from a visual point of view.

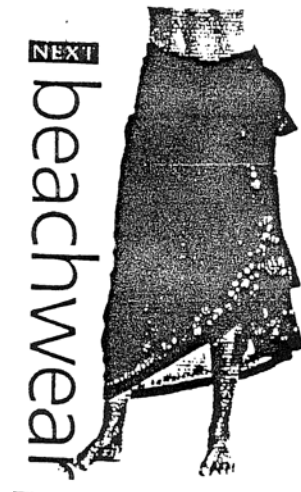
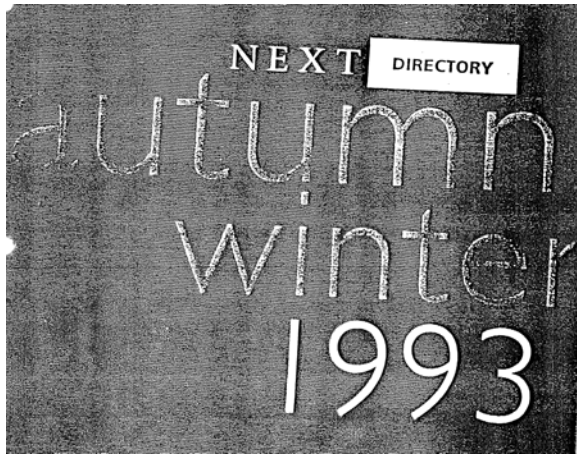
51. An additional line of argument advanced by Mr Evans is that the opponent uses "NEXT" on its own predominantly but also makes use of "NEXT DIRECTORY", "NEXT BASICS", "NEXT PETITE", "NEXT HOME" (but not for clothing), "NEXT socks", "NEXT beachwear" and "NEXT NINE MONTHS". It was the argument of Mr Evans that it is readily predictable that the purchasing public will assume that "NEXT DOOR", however represented, is simply a brand or product extension or "second line" of "NEXT" merchandise supplied by the opponent.

52. I suppose that Mr Evan's line of argument is based on a "series" objection. The "series" objection is discussed in paragraph 17-14 of *Kerly's, supra*, which states as follows :

"Where there are a "series" of marks, registered or unregistered, but in use, having a common feature or a common syllable and where all the marks in such a series belong to an opponent, these are generally circumstances adverse to an applicant for a mark containing the common feature, since the public might think that such a mark indicated goods coming from the same source; the strength of this "series" objection depending on how distinctive the common feature is. If the marks in the series are owned by different persons, this tends to negative any proprietorial signification of the common feature and so may assist the applicant, unless the common feature is descriptive of a class of goods narrower or different from the goods in respect of which registration is sought. If the marks in a series are merely on the Register, but are not shown to be in use and so known to the public, the above considerations do not apply, and such marks must be considered individually only."

53. In my view, the "series" objection is primarily founded upon user, because the inference which the Registrar is asked to draw is that traders and the public have gained such a knowledge of the common element or characteristic of the "series" that when they meet another mark having the same characteristic they will immediately associate the later mark with the "series" of marks with which they are already familiar (*Beck, Koller & Co. Ltd.'s Application* (1947) 64 RPC 76 at 82).

54. With respect, I do not see any force in the so-called series objection raised by Mr Evans. The argument must fail on two grounds. First, I do not think that the "marks" quoted by Mr Evans amount to trade marks in series at all. When the word "NEXT" is used together with the descriptive words such as "directory", "basics", "petite", "home", "socks" and "beachwear", I consider that only the word "NEXT" is used in a trade mark sense to indicate trade origin in all those cases as the other words are merely descriptive of the types or nature of products sold under the "NEXT" trade mark. Some evidence of use of the so-called marks in series is reproduced below :



55. In any case, even taking the opponent's case to its highest by assuming that the "marks" quoted by Mr Evans constitute trade marks in series, there is no evidence that they had been in use in Hong Kong prior to the application date. All the evidence of use produced concerns use in the United Kingdom.

56. I do not overlook that quite apart from the "series" objections, it is also possible that two marks will share a common element that is inherently so distinctive that there will appear to be a series relationship even where there is in fact no series (*Shanahan's*, supra, at page 182). However, I do not consider that the common feature "NEXT" in the suit mark and the opponent's mark is inherently so distinctive that the respective marks appear to be related at all having regard to the meaning of the word "NEXT". In addition, given the conceptual, aural and visual differences between the marks, I do not see that the suit mark serves to suggest another line of clothing, headgear or footwear products of "NEXT".

57. I now move on to consider the nature and kind of customers who would be likely to buy the relevant goods and all the surrounding circumstances. As the goods of the proposed registration and the opponent's registration are the same or the same description, the goods can be sold and purchased through the same trade channels to the same class of purchasers paying the same price. Goods in the nature of the parties' goods which are clothing, headgear and footwear items are generally purchased with normal care and attention, and purchasers will make no more than averagely intelligent examination of the marks. However, in the light of the conceptual, visual and aural difference between the marks, I do not consider that there is a real tangible risk that the purchasing public would be confused into believing goods of the parties come from the same source or wondering whether or not that might be so if the marks are applied to the same goods or goods of the same description.

58. It follows that the section 20(1) opposition fails.

Under section 13(2)

59. Mr Evans submitted that if the opposition fails under sections 12(1) and 20, the opponent asks that the suit mark be refused in any event. The discretion under 13(2) is to be exercised judicially and may be invoked even if the suit mark is otherwise adjudged registrable. Mr Evans contended that in this case, it is readily apparent that the suit mark "NEXT DOOR" is phonetically indistinguishable in

normal speech from the expression “NEXT STORE”. There is a real tangible risk of public confusion and deception when the suit mark “NEXT DOOR” is used in combination with commercial terms such as “sale”, “promotion”, “bargains”, “clearance” and so on. For example, “NEXT DOOR” clearance sale sounds the same as “NEXT” store clearance sale, the scope for aural public confusion is evident.

60. I remind myself that the register has been created by the Ordinance for the purpose of enabling marks to be entered therein. I do not think that the reasons advanced by Mr Evans are proper reasons to refuse registration for a qualifying mark. The opponent’s mark in question in the present case consists of the sole word “NEXT”, not the words “NEXT STORE”. As submitted by Mr Evans, section 13(2) gives the Registrar a general discretion which he must exercise judicially (*Hong Kong Caterers Ltd v Maxim’s Ltd*, supra, at 301H). Though the Registrar in exercising his discretion is not limited to any particular type of consideration, he must exercise it judicially on reasonable grounds which are capable of being clearly stated (*Kerly’s*, supra, at paragraph 4-08). I decline to exercise my discretion adversely to the applicant.

Costs

61. 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 its costs. I accordingly order that the opponent pays the costs of these proceedings.

62. 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. 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
1 April 2009