

**TRADE MARKS ORDINANCE (CAP. 559)**

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK  
REGISTRATION NO. 300012031**

**MARK :**



**CLASSES :** 9, 11

**APPLICANT :** HILTI AKTIENGESELLSCHAFT

**REGISTERED OWNER :** CLIPSAL ASIA LIMITED

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**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 6 December 2004, **HILTI AKTIENGESELLSCHAFT** (“Applicant”) made an application (“Application”) under the Trade Marks Ordinance (Cap. 559) (“Cap. 559”) for a declaration of invalidity of the registration of the following mark (“subject mark”):



(Trade Mark No. 300012031).

2. Registration of the subject mark was granted on an application for registration made on 29 April 2003 (“Filing Date”). The subject mark is registered in the name of **CLIPSAL ASIA LIMITED** (“Registered Owner”) in respect of various goods in Classes 9 and 11 as set out in **Annex A**.
3. The Registered Owner filed a Counter-Statement on 5 March 2005 (“Counter-Statement”) in response to the Application.

4. The Applicant's evidence consists of:
  - (a) a statutory declaration dated 13 February 2006 of Roland Wildi, ("Wildi's 1st Declaration"); and
  - (b) a second statutory declaration dated 21 February 2008 of Roland Wildi ("Wildi's 2nd Declaration").
5. The Registered Owner's evidence consists of a statutory declaration dated 16 February 2007 of LEUNG, Fu Ming David ("Leung's Declaration").
6. The hearing in respect of the Application took place before me on 21 February 2011. Mr. Colin Shipp, Counsel, instructed by Messrs. Wilkinson & Grist appeared for the Applicant. Mr. Ling Chun Wai, Counsel, instructed by Messrs. Victor Chu & Co. appeared for the Registered Owner.
7. Pursuant to an undertaking given by the Registered Owner at the hearing, the Registered Owner filed on 22 February 2011 a notice of surrender of the registration of the subject mark in respect only of the following goods in Class 9 ("Partial Surrender") :

Class 9

*electrical apparatus and instruments **except** dimmers, remote controllers, radio frequency repeaters, transmitters and receivers, LCD touch screens.*

8. The remaining goods covered by the registration of the subject mark after the Partial Surrender are as follows ("subject goods") :

Class 9

*dimmers, remote controllers, radio frequency repeaters, transmitters and receivers, LCD touch screens; electric switches; remote control switches; sockets; plugs; adaptors; fuses, fuse links; electrical connectors; infra red switches; batteries, battery chargers, LED displays, electronic bill boards, apparatus for recording, transmission or reproduction of sound or images; speakers; electrical cables.*

Class 11

*lighting apparatus and installations; remote control lighting apparatus;*



*luminous tubes for lighting; torches, light diffusers; electric fans for personal use; flashlights; battens for electric and fluorescent lights.*

9. The Partial Surrender takes effect on 22 February 2011.
10. It has been agreed at the hearing that I am to decide on the Application on the basis of the registration of the subject mark as it stands, i.e. registered in respect of the subject goods.

### **Grounds of the Application**

11. Although the Applicant pleaded a number of grounds when it filed the Application in December 2004, at the hearing, the Applicant only relied on the grounds under the following sections of Cap. 559 :
  - (i) sections 53(5)(a) and 12(3); and
  - (ii) sections 53(3) and 11(5)(b).

### **The Applicant**

12. According to Wildi's 1st Declaration, the Applicant is a company organized and existing under the laws of Liechtenstein. Founded in 1941, the Applicant is involved in developing, manufacturing and marketing products for professional customers in the construction industry and in building maintenance.
13. According to paragraph 7 of Wildi's 1st Declaration, the Applicant is the owner of the mark "HILTI" and its variants "" and "" (collectively, the "Applicant's Marks"). The mark "HILTI" originates from the names of the Applicant's founders, i.e. the brothers Martin and Eugen Hilti.
14. The Applicant claims to have used the Applicant's Marks in Hong Kong since 1969, and to have set up Hilti (Hong Kong) Limited, its wholly owned subsidiary in Hong Kong, in 1974.

15. Listed at paragraph 16 of Wildi's 1st Declaration are those of the Applicant's Marks which are registered in Hong Kong. The list is reproduced at **Annex B** hereto. It is noted that these registrations together cover goods and services in Classes 1, 6, 7, 8, 9, 13, 17 and 37.
16. For the purpose of the Application, the Applicant relies on the following mark ("Cited Mark") :



(Trade Mark No. 200016538) registered as of 29 July 1999 in respect of the following goods ("Cited Goods") :

Class 9

*electric, electronic, magnetic, optical and/or laser measuring, signalling, inspecting, aligning, positioning, detecting and controlling devices and instruments; stands and holders adapted for use with the aforesaid goods, viewfinders and beam catchers; all included in Class 9.*

17. Set out in paragraph 14 of Wildi's 1st Declaration are approximate annual sales figures of the "Applicant's goods" (not defined) provided under the "HILTI" mark and the Applicant's Marks from 1997 to 2005. Figures for the amounts spent by Hilti (Hong Kong) Limited in advertising and promoting the Applicant's Goods and Services<sup>1</sup> under the Applicant's Marks from 1999 to 2001 are also given in paragraph 15 of Wildi's 1st Declaration. Although these sales and advertising/promotion figures are substantial, there is no breakdown to show which part thereof relates to the Cited Goods.
18. Produced at exhibit "RW-4" to Wildi's 1st Declaration are copies of invoices issued by Hilti (Hong Kong) Limited from 1997 to 2005, said to be in respect of sales of the "Applicant's goods" under the "HILTI" mark and the Applicant's Marks. Whereas the invoices refer to goods such as drills, fasteners, anchors, chisels and tool kits, Mr. Shipp has not referred me to any invoice that refers specifically to any of the Cited Goods.

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<sup>1</sup> The term "Applicant's Goods and Services" is defined in paragraph 8 of Wildi's 1st Declaration as including but not limited to drilling and demolition, direct fastening, diamond and anchoring systems, firestop and foam systems, installation, measuring and screw fastening systems, cutting and sanding systems as well as the repair, maintenance and advisory services related thereto.

19. At exhibit “RW-5” are brochures and product catalogues of the Applicant dated between 1997 and 2005. At the hearing, Mr. Shipp referred me to a catalogue for 1997/98, listing out seven categories of products of the Applicant. They include (i) powder-actuated fastenings, (ii) drilling and chiselling systems, (iii) diamond drilling and cutting systems, (iv) anchors, (v) screw fastening systems, (vi) installation systems, electrical fastening systems and (vii) construction chemicals. None of those categories struck Mr. Shipp as covering any of the Cited Goods. At the hearing, Mr. Ling for the Registered Owner also referred me to the Applicant’s catalogue, presumably for the year 1999, where there was some mention of positioning systems which can be used for, *inter alia*, measuring distances and aligning installations and components. I also note some mention of steel reinforcement detection systems in the same catalogue. One could hardly make much more out of the Applicant’s evidence on the extent of use of the Cited Mark in relation to the Cited Goods. There is no specific evidence as to how many of those goods were sold in Hong Kong, if at all, before the Filing Date or the relevant turnover.

### **The Registered Owner**

20. According to Leung’s Declaration, the Registered Owner is a limited company incorporated under the laws of Hong Kong since December 1980, and carries on the business of research and development of electrical switches and lighting control systems, consultation on related technology, and the designing, manufacturing, marketing and distribution of electrical switches, sockets and lighting control systems. The Registered Owner is a wholly-owned subsidiary of Clipsal Asia Holdings Limited (“CAHL”), and CAHL is a joint venture company formed in 2003 in Hong Kong by CIH Limited of Singapore and Schneider Electric SA of France. In 2006, Schneider Electric SA became the sole owner of CAHL.
21. In Leung’s Declaration, companies directly or indirectly owned by or associated with the Registered Owner, CAHL or CIH Limited are collectively referred to as the Clipsal group of companies. According to paragraph 5 of Leung’s Declaration, trade marks owned, registered and/or used by the Clipsal group of companies include the Registered Owner’s “ULTI”, “Ulti” and “**ULTI**” marks, their Chinese version “奧智”, “CLIPSAL” and other marks.

22. According to paragraph 9 of Leung's Declaration, in about 2000, the Registered Owner, its predecessor-in-title and/or the Clipsal group of companies started to conduct researches and experiments to develop a new line of electrical switches and controls, and a series of sophisticated wireless control lighting products were subsequently invented and produced. According to paragraph 13 of Leung's Declaration, the marks "ULTI" and "Ulti" were first independently created and chosen by the Registered Owner in about early 2002 for the purpose of using them as trade marks in respect of the said new range of sophisticated electrical and lighting products and accessories. According to paragraph 14 of Leung's Declaration, with a view to further characterizing and distinguishing the letter mark "ULTI" / "Ulti", the Registered Owner commissioned and engaged Kan & Lau Design Consultants ("Kan & Lau"), who came up with the creation and design of the subject mark in about mid-2002.
23. I will return to the Registered Owner's evidence later in this Decision.

#### **The material date**

24. The material date at which validity of the registration of the subject mark is to be determined is the Filing Date, i.e. 29 April 2003.

#### **The ground under sections 53(5)(a) and 12(3) of Cap. 559**

25. In paragraph 11 of the statement of grounds filed with the Application ("Statement of Grounds"), the Applicant claims as follows :

"11. The [subject mark] is at least visually and phonetically similar to the Applicant's Marks. Taking into account that prior to the registration date of the [Registered Owner's] Registration, the Applicant has already registered and acquired substantial reputation in the Applicant's Marks, use and/or registration of the [subject mark] by the [Registered Owner] would inevitably cause confusion and give rise to the mistaken belief that the goods bearing the [subject mark] also emanate from the Applicant. Such possibility is further enhanced by the fact that the goods registered under the [Registered Owner's] Registration are goods identical or similar to those provided by the

Applicant. ... By virtue thereof, the [Registered Owner's] Registration is in contravention of Sections 12(3) ... of the Trade Marks Ordinance and should be declared invalid under Section 53(5)(a) ... thereof."

26. Section 53(5)(a) of Cap. 559 provides, *inter alia*, as follows:

*"...the registration of a trade mark may also be declared invalid on the ground-*

*(a) that there is an earlier trade mark in relation to which the conditions set out in section 12(1), (2) or (3) (relative grounds for refusal of registration) apply;"*

27. Section 12(3) of Cap. 559 provides that:

*"A trade mark shall not be registered if-*

*(a) the trade mark is similar to an earlier trade mark;*

*(b) the goods or services for which the application for registration is made are identical or similar to those for which the earlier trade mark is protected; and*

*(c) the use of the trade mark in relation to those goods or services is likely to cause confusion on the part of the public."*

28. Section 12(3) of Cap. 559 essentially prohibits the registration of a trade mark which would be likely to cause confusion on the part of the public as a result of its being similar to an earlier trade mark and because it is to be registered in respect of goods or services the same as or similar to those the subject of the earlier trade mark. A trade mark which has been registered in contravention to section 12(3) of Cap. 559 may be declared invalid under section 53(5)(a) of Cap. 559.

29. According to section 7(1) of Cap. 559, in determining whether the use of a trade mark is likely to cause confusion on the part of the public, the Registrar may take into account all factors relevant in the circumstances, including whether the use is likely to be associated with an earlier trade mark.

30. The Cited Mark has a date of application for registration which is earlier than that of the subject mark. According to section 5(1)(a) of Cap. 559, the Cited Mark is an earlier trade mark in relation to the subject mark.

31. The basic principles regarding the assessment of similarity between signs and the likelihood of confusion between them can be found in *Sabel BV v Puma AG* [1998] R.P.C. 199, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] F.S.R. 77 and *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] R.P.C. 117, and have been adopted in *Guccio Gucci SpA v Gucci* [2009] 5 HKLRD 28. They are as follows:

- (a) The likelihood of confusion must be appreciated globally, taking account of all the relevant factors.
- (b) The matter must be judged through the eyes of the average consumer of the goods in issue, who is deemed to be reasonably well informed and reasonably observant and circumspect.
- (c) In order to assess the degree of similarity between the marks concerned the court must determine the degree of visual, aural or conceptual similarity between them and, where appropriate, evaluate the importance to be attached to those different elements taking into account the nature of the goods in question and the circumstances in which they are marketed.
- (d) The visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components. The perception of the marks in the mind of the average consumer plays a decisive role in the overall appreciation of the likelihood of confusion.
- (e) The average consumer normally perceives a mark as a whole and does not proceed to analyze its various details.
- (f) There is a greater likelihood of confusion where the earlier trademark has a highly distinctive character, either *per se* or because of the use that has been made of it.
- (g) The average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; further the average consumer's level of attention is likely to vary according to the category of goods in question.
- (h) Appreciation of the likelihood of confusion depends upon the degree

of similarity between the goods. A lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and *vice versa*.

- (i) Mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purpose of the assessment.
- (j) But the risk that the public might believe that the goods come from the same or economically linked undertakings does constitute a likelihood of confusion within the meaning of the section.

#### *The relevant public*

32. The subject goods and the Cited Goods are respectively set out in paragraphs 8 and 16 above. They include certain electrical apparatus and instruments of various degrees of sophistication, as well as lighting apparatus and installations. The average consumers of these goods include people with the relevant technical knowledge as well as ordinary members of the public. They are deemed to be reasonably well informed and reasonably observant and circumspect. The degree of attention the average consumer places on the marks used in relation to these goods may vary with the level of sophistication of these goods and their prices.

#### *Comparison of marks*

33. I refer to the background for creation of the subject mark referred in paragraph 22 above. Although the subject mark may be intended to be read as “ULTI”, because of the “broken” right limb in what is meant to be the letter “U”, the subject mark would more likely be read as “LiLTI”. Except for the “i”, all the letters in the subject mark are in block capitals. They are in a dark colour set against a light background.
34. The Cited Mark consists of the letters “HILTI” in block capitals. They are in a light colour set against a dark background.
35. Visually, the subject mark and the Cited Mark have the last three letters “LTI” in block capitals in common. On the other hand, the subject mark starts with

the letter “U” with a broken right limb which would likely be read as “Li”, whereas the Cited Mark starts with the letters “HI” in block capitals. There is nothing unusual about the proportion between the width and the height of the letters in the subject mark, and they look like normal letters. This contrasts with the letters in the Cited Mark which look rather “short” and “fat”. The Cited Mark as a whole looks as if it has been vertically compressed or horizontally stretched. The letters in the subject mark are in a dark colour set against a light background, whereas those in the Cited Mark are in a light colour set against a dark background. Despite the common letters “LTI” in block capitals in the latter part of the marks, there are very substantial differences in the frontal parts of the subject mark and the Cited Mark and in the way letters in those two marks are presented. I bear in mind that the average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind. He normally perceives a mark as a whole and does not proceed to analyze its various details. Taking into account all these factors, I consider that the overall visual impression given by the subject mark is very different from that given by the Cited Mark.

36. Aurally, the subject mark would more likely be pronounced as “lil-ti” than “ul-ti”. The Cited Mark would be pronounced as “hil-ti”. Each mark consists of two syllables and they share the same last syllable “ti”. If the subject mark is pronounced as “ul-ti”, the first syllable of the subject mark is completely different from that of the Cited Mark. If the subject mark is pronounced as “lil-ti”, the first syllable of the subject mark and that of the Cited Mark would have the same vowel “i”, although they start with a different consonant, i.e. “l” and “h” respectively. Overall, there is a certain degree of aural similarity between the subject mark and the Cited Mark. On the other hand, given the nature of the subject goods and the Cited Goods, it is unlikely that the average consumer of these goods would rely only on aural communication when making a purchase and could be expected to take reasonable care in examining the goods.
37. Conceptually, neither the subject mark nor the Cited Mark has any meaning.
38. Having regard to the visual, aural and conceptual similarities and differences between the subject mark and the Cited Mark, I find that the overall

impression created by the subject mark is very different from that created by the Cited Mark. I find that the subject mark is not similar to the Cited Mark.

### *Comparison of goods*

39. The well known tests for assessing similarity in goods are found in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* (supra) and *British Sugar Plc v James Robertson & Sons Ltd.* [1996] R.P.C. 281. These require considerations of all relevant factors relating to the goods including, *inter alia*, their nature, intended purpose, method of use, whether the goods are in competition with each other or are complementary, as well as their users and the channels through which they reach the market.
40. To the extent that the specification of goods or services in respect of two marks overlap, identical goods or services are involved for the purpose of section 12(3)(b) of Cap. 559<sup>2</sup>.
41. The Cited Goods are set out in paragraph 16 above. At the hearing, Mr. Shipp relied in particular on “electric detecting and controlling devices and instruments” covered by the Cited Goods. He considers that these are identical or similar to all of the subject goods. In relation to “lighting apparatus and installations” covered by the subject goods, Mr. Shipp considers that they are similar to “electric detecting and controlling devices”, because any lighting apparatus or installation would have electric detecting and controlling devices within it. Mr. Ling, however, considers that it cannot be that everything that has a switch becomes an electric controlling device, and it cannot be that because all of the subject goods must have a switch or a fuse for them to work, they must be similar to “electric detecting and controlling devices and instruments” covered by the Cited Goods.
42. The mere fact that a particular good is used as a part, element or component of another does not suffice in itself to show that the finished goods containing those components are similar since, in particular, their nature, intended purpose and the customers for those goods may be completely different (*Les*

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<sup>2</sup> In *Galileo Trade Mark* [2005] R.P.C.22, it was held that overlapping specifications satisfy the test for identical goods or services in section 5(1) of the UK Trade Marks Act 1994 (equivalent to section 12(1) of Cap. 559), and there is no necessity for such specifications to co-extend. The term “identical goods or services” in section 12(3)(b) of Cap.559 should be construed accordingly.

*Editions Albert René Sàrl v OHIM* [2009] E.T.M.R. 21 at pages 427, 433). I do not accept the argument that any item of the subject goods which contains an electric controlling device as a component would necessarily be similar to “electric controlling device” covered by the Cited Goods. According to the authorities referred to in paragraph 39 above, all relevant factors relating to the goods must be considered.

43. Having regard to all the above principles, I consider that the subject goods include a range of goods which are, at one end, identical to the Cited Goods, and at the other end, not similar to the Cited Goods. For example, the item “remote controllers” covered by the subject goods overlaps with the item “electric controlling devices” covered by the Cited Goods. They therefore involve identical goods. On the other hand, goods such as “torches”, “electric fans for personal use” and “speakers” covered by the subject goods are very different from “electric controlling devices and instruments” and the other Cited Goods. They are very different in their nature, intended purpose and method of use, they are not complementary to each other, and although they may share some common channels through which they reach the market, they are on the whole not similar.

#### *Distinctiveness of the Cited Mark*

44. The Cited Mark consists of the word “HILTI” in block capitals. Although “Hilti” is the surname of the founders of the Applicant, the word would unlikely be perceived as a surname by the average consumers of the relevant goods in Hong Kong and would have no meaning to them. The Cited Mark is inherently distinctive in respect of the Cited Goods.
45. I have considered the Applicant’s evidence in paragraphs 12 to 19 above. Given the limited evidence in respect of the Applicant’s use of the Cited Mark in Hong Kong in relation to the Cited Goods, it is insufficient to show that the distinctiveness of the Cited Mark has been enhanced through use.

#### *Likelihood of confusion*

46. Applying the global appreciation test and taking into account all relevant factors, I find that despite the fact that the Cited Mark is inherently distinctive

and that some of the subject goods are identical to the Cited Goods, the overall impression created by the subject mark is so very different from that created the Cited Mark that when the subject mark is used in relation to those subject goods which are identical to the Cited Goods, the average consumer of those goods would not be confused to thinking that those goods of the Registered Owner and the Applicant's Cited Goods come from the same undertaking or economically-linked undertakings. *A fortiori* such confusion would not exist when the subject mark is used in relation to those of the subject goods which are not identical to the Cited Goods.

47. I find that the ground under sections 53(5)(a) and 12(3) of Cap. 559 is not made out.

**The ground under sections 53(3) and 11(5)(b) of Cap. 559**

48. Section 53(3) of Cap. 559 provides as follows:

*“The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in contravention of section 11 (absolute grounds for refusal of registration).”*

49. Section 11(5)(b) of Cap. 559 provides that :

*“(5) A trade mark shall not be registered if, or to the extent that –*

*... (b) the application for registration of the trade mark is made in bad faith.”*

50. In *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* (Case C-529/07) [2009] E.T.M.R. 56, the Court of Justice of the European Union considered that in order to determine whether there was bad faith, consideration must be given to the applicant's intention at the time when he filed the application for registration. The applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.
51. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 at 379, Lindsay J. stated the following in relation to section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of Cap. 559):

*“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context: how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”*

52. In *Harrison’s Trade Mark Application (CHINAWHITE)* [2005] F.S.R. 10, the Court of Appeal in the United Kingdom held (at paragraph 26) that:

*“The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”*

53. Bad faith is an absolute, hence free-standing, ground for refusal of registration. The focus of attention is the propriety of the applicant’s conduct – not generally, but specifically in relation to his request for protection of a trade mark for the goods or services in question in the particular circumstances of the disputed application for registration. The expression “bad faith” has moral overtones which appear to make it possible for an application to be rendered unacceptable by behaviour otherwise involving no breach of any duty, obligation, prohibition or requirement that is legally binding on the applicant (*Melly’s Trade Mark Application* [2008] E.T.M.R. 41).

54. In paragraph 12 of the Statement of Grounds, the Applicant claims as follows :

“12. Additionally, the [Registered Owner’s] Registration is calculated to deceive and cause confusion and would lead the public into the mistaken belief that the [Registered Owner’s] goods are goods/services provided by the Applicant. The application for registration of the [subject mark] was made in bad faith. In the premises, the [Registered Owner’s] Registration is in contravention of

Section 11(4)(b) and (5)(b) of the Trade Marks Ordinance and should be declared invalid under Section 53(3) thereof.”

55. It is not clear from the above quoted paragraph what is the basis of the Applicant’s claim that the Registered Owner’s application to register the subject mark was made in bad faith. Given the first sentence in the above quoted paragraph 12 of the Statement of Grounds, one may wonder whether the bad faith claim relates to an allegation of deceptive resemblance between the subject mark and the Cited Mark.
56. After the Application (with the Statement of Grounds) was filed in December 2004, the Registered Owner filed the Counter-Statement in March 2005. The Applicant then filed Wildi’s 1st Declaration in February 2006 as evidence in support of the Application<sup>3</sup>, and the Registered Owner filed Leung’s Declaration in February 2007 as evidence in support of the Counter-Statement<sup>4</sup>. The Applicant then filed Wildi’s 2nd Declaration in February 2008 as evidence in reply under rules 44 and 47 of the Trade Marks Rules (Cap. 559A). Rule 44 provides that such evidence shall be confined to matters strictly in reply to the owner’s evidence.
57. It is stated in Wildi’s 2nd Declaration as follows :

“Bad Faith

2. In paragraph 9 of the Leung Declaration, the [Registered Owner] states unequivocally that the [subject mark] was intended to be used on “a new line of electrical switches and controls, and a series of sophisticated wireless control lighting products”. The Leung Declaration also shows unequivocally that the [subject mark] was used and intended to be used on the following goods: remote control, dimmer control, light switches, lighting receivers and transmitters.
3. In light of the foregoing *admissions* from the [Registered Owner], the specifications of goods in Classes 9 and 11 of the [Registered Owner’s] Hong Kong Trade Mark Registration No. 300012031 are too broad. In particular, the following specifications of goods should be invalidated:-

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<sup>3</sup> Under rules 42 and 47 of the Trade Marks Rules (Cap. 559A).

<sup>4</sup> Under rules 43 and 47 of the Trade Marks Rules (Cap. 559A).

- i) Class 9 – electrical apparatus and instruments; sockets; plugs; adaptors batteries, battery charges, LED displays, electronic bill boards, apparatus for recording, transmission or reproduction of sound or images; speakers.
- ii) Class 11 – luminous tubes for lighting; torches, light diffusers; electric fans for personal use; flashlights; battens for electric and fluorescent lights.” (*emphasis* added)

58. Mr. Shipp submitted that the Registered Owner had stated unequivocally that the subject mark was intended to be used on electrical lighting apparatus including electrical switches, light dimmers and remote control sockets operated under wireless application. Mr. Shipp submitted that as at the date of Leung’s Declaration on 16 February 2007, the Registered Owner had made no use of the subject mark on a vast range of the subject goods. He referred me to paragraph 8-282 of *Kerly’s Law of Trade Marks and Trade Names* (14<sup>th</sup> Edition), at which the learned authors consider that decisions made under section 3(6) of the UK Trade Marks Act 1994 (the equivalent of section 11(5)(b) of Cap. 559) fall into one of three broad categories: (i) ownership of the mark, (ii) intention to use and (iii) width of specification. Examples in each of those categories are then discussed in turn,<sup>5</sup> as they raise somewhat different, although sometimes overlapping issues. Mr. Shipp submitted that the ground relied on by the Applicant is (iii), i.e. that the specification of goods is unduly wide. He also referred me to *Mickey Dees (Nightclub) Trade Mark* [1998] R.P.C. 359, one of the examples given by *Kerly’s* (supra) under what is described as this third category.

59. Before turning to that case, I refer to paragraph 3 of Wildi’s 2nd Declaration set out in paragraph 57 above. To understand what “admissions” the Registered Owner has made, if at all, it is necessary to examine what was said in paragraph 9 of Leung’s Declaration in the context of these proceedings.

60. I have already referred to paragraph 12 of the Statement of Grounds in paragraph 54 above. In response thereto<sup>6</sup>, the Registered Owner at paragraph 6 of its Counter-Statement denied all those allegations, averring,

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<sup>5</sup> Paragraphs 8-283 to 8-287.

<sup>6</sup> Paragraph 6 of the Counter-Statement was in response to paragraphs 11 to 15, i.e. including paragraph 12, of the Statement of Grounds.

*inter alia*, that the subject mark and the Cited Mark were clearly and entirely distinct, the goods respectively covered by the two marks were not identical or similar, and that to the best of the Registered Owner's knowledge, there had been no reported instances of confusion, mistaken association or connection with the Applicant or its goods or services arising from the use of the subject mark. In paragraphs 29 and 31 of Leung's Declaration, the Registered Owner refuted the Applicant's claims of passing off and bad faith on the basis that the Registered Owner considered that there would not be any likelihood of confusion between the two marks and that the Registered Owner had shown no sinister motive or bad faith in registering the subject mark given that the mark was independently and professionally created and designed by Kan & Lau, and was used in relation to products which were totally different from the Applicant's goods and services. It would therefore appear that the Registered Owner had understood the Applicant's claim that the Registered Owner's application for registration of the subject mark was made in bad faith to be related to the first sentence in paragraph 12 of the Statement of Grounds. Up to the time of Leung's Declaration, there had been no mention by the Applicant that the basis of its bad faith claim was the width of the specification of goods covered by the registration of the subject mark.

61. In Leung's Declaration, it was stated, *inter alia*, as follows:

"6. The Clipsal group of companies has a significant presence across Asia Pacific, Middle East and South Africa, with manufacturing operations in China, Malaysia, Indonesia, Vietnam and the Middle East, and a sales and marketing network covering more than 15 countries in Asia Pacific, Middle East and South Africa. ... **"CLIPSAL" offers an extremely broad range of domestic, data, industrial and automation products.** ...

9. In about 2000, the [Registered Owner] and/or its predecessor-in-title and/or the Clipsal group started to conduct extensive researches and experiments to develop a new line of electrical switches and controls, and a series of sophisticated wireless control lighting products were subsequently invented and produced having avant-garde designs and unparalleled novelty, to be marketed and sold using the [Registered Owner's] Marks "ULTI", "Ulti" and **"ULTI"**.

In gist, the inventions covers, **inter alia**, the following features and products :

- (i) Elegant, slim portable remote control, - the [Registered Owner] has invented an innovative technology by using radio frequency signal for communication between various switches, dimmers and remote controls to bring about 360 degree control from anywhere in an indoor environment regardless of physical barrier;
- (ii) Dimmer control;
- (iii) Artful and ultra slim Light switch with changeable coverplates which will appeal to high end home owners, hotels and interior designers;
- (iv) Receiver and Transmitter for lighting;
- (v) True Retrofit – In contrast to traditional lighting control systems, ULTI products, by incorporating EZinstall technology, can replace ordinary switches and dimmers directly, without the hassle and huge cost of re-wiring or major renovation. Any consumer can easily upgrade his home to enjoy lighting control automation and a new lifestyle;
- (vi) Scene Control – At the touch of one button, any pre-programmed combinations of lighting scenes can be called upon to create the desired lighting mood. Programming of the scenes is as simple as tuning the radio and consumers can change the programmes for as many times as they like.

...

17. Towards mid or late 2002, the [Registered Owner] started to apply the Inventions to commercial production and manufacture the ULTI range of high-end luxurious electrical lighting apparatus, instruments and accessories for residential, office and commercial use, **including** switches, light dimmers, remote control and later, sockets operated under wireless application for intelligence building and home automation solution. First (commercial) use of the [Registered Owner's] Marks began in about late 2002 by the [Registered Owner] and/or the Clipsal group in Hong Kong. First official launch of ULTI products to the Hong Kong media and public took place on 17 January 2003 ...”(emphasis added)

62. Mr. Shipp invited me to infer from the “admissions” in paragraphs 9 and 17<sup>7</sup> of Leung’s Declaration that since the Registered Owner stated that the subject mark was intended to be used on electrical lighting apparatus including electrical switches, light dimmers and remote control sockets operated under wireless application, the Registered Owner had no intention to use the subject mark in relation to other subject goods including :

*Class 9 – “plugs; adaptors; batteries, battery chargers, LED displays, electronic bill boards, apparatus for recording, transmission or reproduction of sound or images; speakers”.*

*Class 11 – “luminous tubes for lighting; torches, light diffusers; electric fans for personal use; flashlights; battens for electric and fluorescent lights.”*

63. Mr. Ling drew my attention to the word “including” in paragraph 17 of Leung’s Declaration (set out in paragraph 61 above) and submitted that the declarant should not be taken to be giving an exhaustive statement of what the Registered Owner was producing, still less could he be taken to be giving an exhaustive list of all the goods in relation to which the Registered Owner wished to use the subject mark at the time the Registered Owner filed its application to register the subject mark.

64. An applicant for registration of a mark needs to confirm in the application form that the mark applied for is being used, by the applicant or with his consent, in relation to the goods or services indicated in the form, or the applicant honestly intends to use the trade mark, or allows it to be used, in relation to those goods or services (section 38(3), Cap. 559). In so far as the applicant makes a materially false statement in this regard, the application is made in bad faith.<sup>8</sup> A mark shall not be registered *to the extent that* the application for registration of the trade mark is made in bad faith, i.e. the refusal to registration may apply only to those goods and services where the ground exists.

65. An allegation of bad faith is a serious allegation which must be distinctly alleged and which should not be made unless it can be properly pleaded. It must be distinctly proved, and cogent evidence is required due to the

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<sup>7</sup> See paragraph 61 above.

<sup>8</sup> *Ferrero SpA's Trade Marks* [2004] R.P.C. 29.

seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith (*Brutt Trade Marks* [2007] R.P.C. 19).

66. It is necessary to consider whether what was stated in paragraphs 9 and 17 of Leung's Declaration could be taken as an "admission" that at the Filing Date, the Applicant had no intention to use the subject mark in relation to those of the subject goods that were not expressly referred to in those paragraphs.
67. I refer to paragraphs 54 and 55 above. It was not pleaded in the Statement of Grounds that the bad faith claim was on the basis that the Registered Owner did not have an honest intention at the Filing Date to use the subject mark in relation to some of the subject goods. It has not been distinctively proved that this is the case. At the time when Leung's Declaration was made, it had not been put to the Registered Owner that at the Filing Date, it had no honest intention to use the subject mark in relation to some of the subject goods. I could not see how paragraphs 9 and 17 of Leung's Declaration, or indeed any statement in that declaration, could be taken as an "admission" that the Registered Owner did not have such intention. Cogent evidence is required to prove the serious allegation of bad faith. I cannot find such cogent evidence in this case.
68. The Applicant submitted that at the time of the Leung's Declaration in 2007, some four years after the Filing Date, the Registered Owner had not used the subject mark in relation to some of the subject goods. That, the Applicant says, is sufficient objective evidence for the claim that the Registered Owner's application to register the subject mark in relation to those goods was made in bad faith.
69. Section 52 of Cap. 559 provides that where a trade mark has not been genuinely used in Hong Kong by the owner or with his consent in relation to some of the goods for which the mark is registered for a continuous period of at least three years, and there are no valid reasons for non-use, application may be made for revocation of that mark in relation to those goods with effect from a date after expiry of the 3-year period. The present Application is not made on the basis of section 52, and the Registered Owner accordingly has not had proper opportunity to address the issue of non-use. The Application is made on the basis that the registration of the subject mark should be declared invalid, and the registration would, to the extent that any of the

grounds listed in paragraph 11 above succeeds, be deemed never to have been made.<sup>9</sup> Even if it were proved that the subject mark, which was registered in April 2003, has not by 2007 been used in relation to some of the subject goods, that does not by itself necessarily mean that the Applicant did not have an honest intention at the Filing Date to use the subject mark in relation to those goods and that the application to register the subject mark in relation to those goods was made in bad faith.

70. Mr. Shipp also referred me to the case of *Mickey Dees (Nightclub) Trade Mark* [1998] R.P.C. 359. The case is summarised in paragraph 8-287 of *Kerly's* (supra) as follows :

“A singer, known professionally as Mickey Dee, was employed as manager and joint licensee of a nightclub, which was relaunched shortly after his recruitment as Mickey Dees. He secured registration of MICKEY DEES (NIGHTCLUB) in respect of “provision of nightclub services; presentation of live music performances”. The owner of the nightclub applied for a declaration of invalidity, alleging bad faith. The claim succeeded so far as the provision of nightclub services were concerned, because the proprietor of the mark could not claim to be able to provide the full range of services and because he knew the mark was being used by his employer. It was held that the proprietor of the mark was not entitled to claim ownership of the mark in respect of all the services claimed, but was given the opportunity to restrict his registration to “the provision of singing and musician services by an entertainer”.”

71. The hearing officer in that case found that the singer had no ownership rights in the nightclub which he managed and therefore he could not claim to be in a position to provide the full range of services listed in his registration. The hearing officer also found that at the time of application, the singer knew that the name MICKEY DEES was being used in relation to a business owned by, what might be loosely termed, his employer. The hearing officer therefore did not consider that the singer was entitled to claim to own the mark in respect of all the services listed in the registration.

72. The expression “bad faith” has moral overtones, and includes dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.

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<sup>9</sup> Section 53(9), Cap. 559.

Consideration must be given to the applicant's intention at the time when he filed the application for registration.

73. The *Mickey Dees* case is very different from the present case. The intention of the singer to claim ownership of a mark in respect of services to which he was not entitled was clear from the facts. His behaviour fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced man in the relevant field. Cogent evidence is required to prove the serious allegation of bad faith. I do not find that there is cogent evidence to support the claim that the Registered Owner in the present case made a materially false statement when it confirmed at the Filing Date on the application form that it honestly intends to use the subject mark, or allows it to be used, in relation to the subject goods as listed in the application form. I do not consider that the Registered Owner's decision to apply for registration of the subject mark in respect of any of the subject goods would be regarded as in bad faith by persons adopting proper standards.
74. I find that the ground under sections 53(3) and 11(5)(b) of Cap. 559 is not made out.

### **Conclusion**

75. As the Applicant has not succeeded in any of the grounds relied on in support of the Application, I award the Registered Owner costs.
76. Subject to any representations, as to the amount of costs or calling for special treatment, which either party may make 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, unless otherwise agreed.

(Finnie Quek)  
for Registrar of Trade Marks  
22 July 2011

**Annex A**




**Goods originally covered by the registration of the subject mark  
(Trade Mark No. 300012031)  
before the Partial Surrender filed on 22 February 2011**




<b>Class No.</b>	<b>Specification</b>
9	electrical apparatus and instruments; electric switches; remote control switches; sockets; plugs; adaptors; fuses, fuse links; electrical connectors; infra red switches; batteries, battery chargers, LED displays, electronic bill boards, apparatus for recording, transmission or reproduction of sound or images; speakers; electrical cables.
11	lighting apparatus and installations; remote control lighting apparatus; luminous tubes for lighting; torches, light diffusers; electric fans for personal use; flashlights; battens for electric and fluorescent lights.



**Annex B**

**Applicant's Marks registered in Hong Kong**

<b>Registration No.</b>	<b>Mark</b>	<b>Class</b>	<b>Goods</b>
1975B0364	<b>HILTI</b>	7	machine tools, power actuated tools, electrically-operated tools.
1975B0365	<b>HILTI</b>	8	hand tools, drill bits, chisels, plugs, anchors, nails, studs, cable-clips and clasps.
1975B0366	<b>HILTI</b>	13	explosive cartridges.
1977B1073	<b>HILTI</b>	6	anchors, nails and studs.
19781035	喜 利 得	6	anchors, nails, studs and metal dowels.
19810953	<b>HILTI</b>	7	machines and machine tools; motors (except for vehicles); machine couplings and belting (except for vehicles); large size agricultural implements; incubators.
19810954	<b>HILTI</b>	8	hand tools and instruments; cutlery; forks and spoons; side arms.
19810955	<b>HILTI</b>	13	firearms; ammunition and projectiles; explosive substances; fireworks.
19914032	喜 利 得	7	machines and machine tools; motors (except for land vehicles); machine coupling and belting (except for land vehicles); agricultural implements; incubators for eggs.
19914033	喜 利 得	1	chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesives used in industry.

Registration No.	Mark	Class	Goods
199200492	喜 利 得	13	firearms; ammunition and projectiles; explosives; fireworks.
200016536		1	organic and/or inorganic hardening single-component and multi-component primers, foams, sealants, mortars and adhesives, (also in the form of cartridges, containers, capsules, boxes, foil holders and foil containers for commercial purposes); adhesives in the form of strips, rods and profiled parts; organic and/or inorganic dimensionally stable, moulded, formable, foamed or foamable fire prevention compounds and masses and fire prevention compounds in the form of cartridges, containers, capsules, boxes, sachets, foil packs, foil holders, foil containers and accessories; all included in Class 1.
200016537		8	hand-held machines and tools, bolt and anil setting tools, powder-actuated tools, drilling machines, cutting tools, grinding tools, blade tools and saws; tools for dosing, dispensing, applying and injecting liquid, pasty and solid masses, primers, mortars and adhesives, tools for dosing, dispensing, applying and injecting primers, mortars and adhesives in the form of capsules, containers, boxes, cartridges, foil packs, foil holders, foil containers; spare parts and accessories for the aforesaid machines and tools; all included in Class 8.
200016538		9	electric, electronic, magnetic, optical and/or laser measuring, signalling, inspecting, aligning, positioning, detecting and controlling devices and instruments; stands and holders adapted for use with the aforesaid goods, viewfinders and beam catchers; all included in Class 9.

Registration No.	Mark	Class	Goods
200016539		13	power loads (propellants) and cartridges, power loads and cartridges for commercial use, for powder-actuated tools and equipment, and magazines for the aforesaid power loads and cartridges; caseless power loads, power loads ignited by an electric charge or impact; magazined cartridges and power loads; all included in Class 13.
200016540		37	advisory and implementation services rendered in the fastening demolition sector; repair services for fastenings cutting, measuring, positioning, drilling and chiselling and demolition tools and machines to maintain, improve or restore their proper functioning; all included in Class 37.
200109787		6	fastening, joining, insulation and installation components of metal, threaded studs, nails, cramps, screws, plugs, anchors, anchor rods, rivets, hooks, rings, pipe rings, couplings, sleeves, insulation anchors and fasteners, static mixers being metal tubes, formwork stops, angles, brackets, nail magazines, assembly rails, suspension components; all being fastening, joining, insulation and installation components of metal; ironmongery, small items of metal hardware; air ducts and trunking, pipes, conducts and fasteners, joining and installation elements therefor; all included in Class 6.

Registration No.	Mark	Class	Goods
200109788		7	<p>tools, electrically powered, powder-actuated, gas-operated, pneumatic or combustion-type, stationery or hand-held tools, powder-actuated tools for threaded studs and nails, air nailers, air staplers, tacking tools, electric screwdrivers, drilling machines, hammer drills, breaking hammers (demolition hammers), diamond coring and cutting machines, chiselling hammers, saws, slitting tools, grinders, vacuum cleaners; welding equipment, machines and tools for the working of stone, masonry and wood; tools for metering, dispensing, applying and injecting liquid, pasty and solid masses; spare parts and accessories for the aforesaid machines and tools, tool and machine suspensions, tool and machine stands; drive units, drill bits, diamond drill bits and core bits, saws, saw blades and grinding and cutting discs, chisels and bits; all included in Class 7.</p>
200109789		17	<p>plastic foils profiled parts; fasteners, joining and installation components made of plastic; studs, screws, plugs, anchors, rivets, hooks, rings, pipe rings, couplings, sleeves, insulation anchors and fasteners, static mixers, formwork stops, angles, brackets, assembly rails, suspension components; all being fastening, joining and installation elements made of plastics; plastic containers for machines and tools; plastic magazines and magazine strips; seals, packing materials, insulating materials, insulating strips, damping components, foamable insulating masses; plastic housings, plastic grip halves, air and cable ducts, profiled insulating parts, plastic guide rails; all included in Class 17.</p>