

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

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK  
REGISTRATION NO. 300053469**

MARK:



CLASS: 30

APPLICANT: WHITE CAFE SDN. BHD

TRADE MARK REGISTERED PROPRIETOR: AIK CHEONG COFFEE ROASTER SDN BHD

**STATEMENT OF REASONS FOR DECISION**

1. On 31 December 2004, White Cafe Sdn. Bhd (the “applicant”) applied under the grounds mentioned in section 53 of the Trade Marks Ordinance, Cap. 559 (the “Ordinance”) for a declaration of invalidity of registration of the trade mark “AIK CHEONG 3 IN 1 ORIGINAL OLD TOWN WHITE COFFEE TARIK 老街拉咖啡 老街拉白咖啡” represented below:



of registration no. 300053469 (the “suit mark”), registered under the name of Aik Cheong Coffee Roaster Sdn Bhd (the “registered proprietor”). The suit mark is registered in respect of “coffee, tea, preparations made from cereals, pastry, biscuits, confectionery, snack foods, haw and melon seeds (processed), sugar, ices, puddings, rice, honey, condiments; all included in Class 30” (the “registered goods”). The date of registration for the suit mark, as deemed under section 48 of the Ordinance, is 26 July 2003.

2. The registered proprietor did not file a counter-statement within the 3-month period prescribed under rule 41(1), as applied by virtue of rule 47, of the Trade Marks

Rules, Cap. 559A (the “Rules”). By rule 41(3) of the Rules, the application for declaration of invalidity had since been treated as unopposed by the registered proprietor. But by virtue of a decision issued on 29 March 2007 by the Registrar, the registered proprietor was given permission to file a counter-statement on or before 19 April 2007 and to take part in the substantive hearing. A counter-statement was eventually filed by the registered proprietor on 19 April 2007.

3. A hearing on the application took place before me on 19 July 2007. At the hearing, Ms. Winnie Tsui, counsel, instructed by Angus Tse, Yuen & To, Solicitors, appeared for the applicant, and Mr. Philips B.F. Wong, counsel, instructed by Benny Kong & Peter Tang, Solicitors, appeared for the registered proprietor.

### **Grounds for invalidation**

4. The applicant contends that the suit mark should not have been registered and its registration should be declared invalid under section 53(3) or 53(5) of the Ordinance by virtue of the following grounds:

- (a) the suit mark is very similar to the applicant’s registered trade marks to be mentioned below and the registration of it was in contravention of 12(3);
- (b) the suit mark is likely to deceive the public and the registration of it was in contravention of section 11(4)(b);
- (c) the application for registration was made in bad faith and the registration of the suit mark was in contravention of section 11(5);
- (d) the use of the suit mark would constitute the tort of passing off and the registration of the suit mark was in contravention of section 11(5)(a) and 12(5)(a) ; and
- (e) the suit mark is incapable of distinguishing goods of the registered proprietor from the goods of the applicant and the registration of it was is in contravention of section 11(1)(a) read together with section 3(1).

5. The applicant also seeks an award of costs.

### **The Applicant's marks**

6. The applicant is the owner of the following registered trade marks:

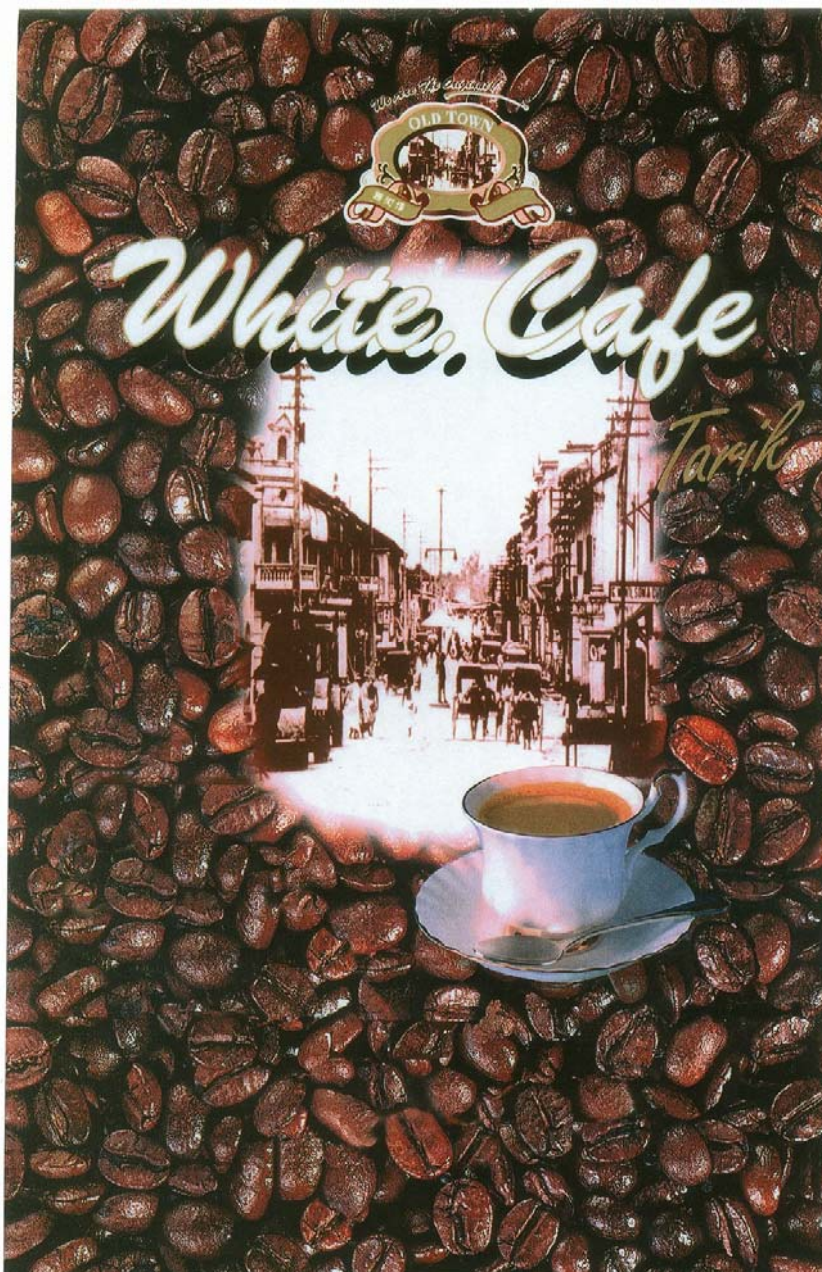
(a)



Trade mark no. 2003B02373, registered in respect of “artificial coffee, coffee-based beverages, cocoa-based beverages, chocolate-based beverages, flavourings for beverages (other than essential oils), cocoa, cocoa beverages with milk, cocoa products, coffee, unroasted coffee, coffee beverages with milk, coffee flavourings, vegetal preparations for use as coffee substitutes, confectionery, condiments, cookies, frozen yogurt, ice-cream, ices, fruit jellies, marzipan, waffles; all included in Class 30”; date of application and registration 5 December 2000

(this mark is hereinafter referred to as the “We Are The Original! OLD TOWN White. Cafe 舊街場 mark”); and

(b)



Trade mark no. 2004B05302, registered in respect of “artificial coffee, coffee-based beverages, cocoa-based beverages, chocolate-based beverages, flavourings, other than essential oils, for beverages, cocoa, cocoa beverages with milk, cocoa products, coffee, unroasted coffee, coffee beverages with milk, coffee flavourings, vegetal preparations for use as coffee substitutes, confectionery, condiments, cookies, frozen yogurt, ice-cream, ices, fruit jellies, marzipan, waffles; all included in Class 30”; date of application and registration 5 December 2000

(this mark is hereinafter referred to as the “White.Cafe OLD TOWN 舊街場 mark”).

## **Registered Proprietor and counter-statement**

7. The registered proprietor did not file any evidence on the substantive issues in the proceedings. In the Registrar's decision issued on 29 March 2007, the registered proprietor was allowed to take part in the proceedings but only to the extent as set out in paragraph 2 above, which does not include filing of evidence.

8. In the counter-statement, the registered proprietor pleads that the suit mark was originally designed in or about 1996 by a Mr. Sam Wong of ArtCom Creative Consultant Sdn Bhd, a company incorporated in Malaysia, on commission basis for the registered proprietor. The registered proprietor further pleads that it has been using the suit mark in Hong Kong since at least 2001 and coffee products bearing the suit mark have been sold to various shops, stores, department stores and supermarkets in Hong Kong through the registered proprietor's distributors in Hong Kong. Annual sales figures and expenses for promotion and advertisement of the coffee products, from 2001 to 2006 (up to June), are given in the counter-statement.

9. All the aforesaid information is, due to the peculiar circumstances of the present proceedings, not being sworn to and not supported by evidence, though the registered proprietor indicated in the counter-statement that relevant invoices and promotional or advertising materials can be inspected upon prior appointment with their solicitors. I was informed that no inspection had taken place.

## **Applicant's evidence**

10. The applicant's evidence is the only evidence filed on the substantive issues in the proceedings. This comprises a statutory declaration filed on 29 March 2006 made by Mr. Goh Ching Mun, the managing director of the applicant since 1999.

11. According to Mr. Goh, the applicant is a corporation organized and existing under the laws of Malaysia with its principal place of business at Hala Bercham Timur 11, Bercham Heights, 31400 Ipoh, Perak, Malaysia. As early as 1958, the applicant started operating a coffee shop in Ipoh Old Town, a small city in the northern part of Malaysia. As part of the effort to satisfy the tastes of discerning coffee lovers, the

applicant developed the “3-in-1 white coffee product” under the trade mark “Old Town White Café” in 1999. It is claimed that the applicant has now become the largest producer of 3-in-1 instant white coffee in Malaysia and in memory of the place where the applicant first started its business, the applicant specifically devised the trade marks “We Are The Original! OLD TOWN White.Cafe 舊街場” and “White.Café OLD TOWN 舊街場” for use in respect of coffee, coffee-based and cocoa-based products. Such products of the applicant have been made available for sales in many places around the world, including Hong Kong since 2001, and the applicant has spent a lot of efforts and resources on promotions and advertisements and obtaining registration for the said trade marks in those places.

12. Mr. Goh exhibits copies of the following to his statutory declaration:

Exhibit A – articles on the history of the applicant and its trade marks.

Exhibit B – certificates of registration of the applicant’s trade marks in various places of the world.

Exhibit C – sales invoices of the applicant covering the years 2002 to 2004 for products sold to companies in New York, Canada and Singapore.

Exhibit D – advertising and promotional materials of the applicant’s products circulated in Malaysia and invoices billed to the applicant in Malaysia.

Exhibit E – sales invoices of the applicant covering the years 2001 to 2004 for products sold to various companies in Hong Kong.

Exhibit F – advertising and promotional materials of the applicant’s products circulated in Hong Kong.

Exhibit G – a decision of the Taiwan Economic Bureau in which the applicant is the opponent in a trade mark application for registration case.

## Decision

13. Though various grounds had been pleaded by the applicant to justify the application for a declaration of invalidity of registration of the suit mark pursuant to section 53(3) or (5) of the Ordinance (as set out in paragraph 4 above), at the hearing on 19 July 2007, Ms. Winnie Tsui, counsel for the applicant, indicated that the applicant only wished to pursue the grounds based on sections 11(5)(b), 12(3) and 12(5)(a) of the Ordinance. I shall first consider section 12(3).

### Section 12(3) of the Ordinance

14. Section 12(3) of the Ordinance provides as follows:

*“(3) 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.”*

15. Under section 7(1) of the Ordinance, 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.

16. Each of the applicant’s registered marks, namely, the “We Are The Original! OLD TOWN White. Cafe 舊街場 mark” and the “White.Cafe OLD TOWN 舊街場 mark” depicted in paragraph 6 above, has a date of application for registration earlier than that of the suit mark. According to section 5(1)(a) of the Ordinance, each of them is an earlier trade mark in relation to the suit mark.

17. As the “We Are The Original ! OLD TOWN White. Cafe 舊街場 mark” is actually embodied in the “White.Cafe OLD TOWN 舊街場 mark”, and they are registered for identical goods, Ms. Tsui has, sensibly in my view, indicated that the applicant only needs to rely on the “White.Cafe OLD TOWN 舊街場 mark” which, for convenience, is hereinafter referred to as the Applicant’s Mark.

18. Section 12(3) of the Ordinance is similar in effect to section 5(2) of the U.K. Trade Marks Act 1994, which implements Article 4(1)(b) of the First Council Directive 89/104 of 21 December 1998 of the Council of the European Communities (“the Council Directive”). In interpreting Article 4(1)(b) of the Council Directive, the European Court of Justice (“ECJ”) has formulated the “global appreciation” test, the principles of which can be found in the ECJ decisions of *Sabel BV v Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [1999] E.T.M.R. 690 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 561.

19. According to these cases:

- (i) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*, paragraph 22;
- (ii) the matter must be judged through the eyes of the average consumer of the goods or services in question; *Sabel BV v Puma AG*, paragraph 23, who is deemed to be reasonably well informed and reasonably circumspect and observant – but who 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*, paragraph 26;
- (iii) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*, paragraph 23;
- (iv) the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV*

*v Puma AG*, paragraph 23;

- (v) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods or services, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, paragraph 17;
- (vi) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character either *per se* or because of the use that has been made of it; *Sabel BV v Puma AG*, paragraph 24;
- (vii) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Article 4(1)(b); *Sabel BV v Puma AG*, paragraph 26;
- (viii) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG*, paragraph 41;
- (ix) but if the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, paragraph 29.

20. I consider that the principles laid down by the ECJ, followed by the U.K. courts and the U.K. Trade Marks Registry, provide useful guidance to determine objection under section 12(3).

#### *Comparison of goods*

21. Both the suit mark and the Applicant's Mark are registered in respect of Class 30 goods, the suit mark for "coffee, tea, preparations made from cereals, pastry, biscuits, confectionery, snack foods, haw and melon seeds (processed), sugar, ices, puddings, rice, honey, condiments", and the Applicant's Mark for "artificial coffee,

coffee-based beverages, cocoa-based beverages, chocolate-based beverages, flavourings, other than essential oils, for beverages, cocoa, cocoa beverages with milk, cocoa products, coffee, unroasted coffee, coffee beverages with milk, coffee flavourings, vegetal preparations for use as coffee substitutes, confectionery, condiments, cookies, frozen yogurt, ice-cream, ices, fruit jellies, marzipan, waffles”.

22. It is to be noted that products “coffee”, “confectionery”, “ices” and “condiments” exist under both of the registrations. Therefore, those products are identical. Although the products “artificial coffee, coffee-based beverages, cocoa-based beverages, chocolate-based beverages, flavourings, other than essential oils, for beverages, cocoa, cocoa beverages with milk, cocoa products, unroasted coffee, coffee beverages with milk, coffee flavourings, vegetal preparations for use as coffee substitutes” in the registration of the Applicant’s Mark, and “tea” in the registration of the suit mark, are not coffee, they are nevertheless intended for the same use since they simulate the characteristics of that product or are common alternatives to coffee. They are, therefore, similar products. As to the products “preparations made from cereals, pastry, biscuits, snack foods, haw and melon seeds (processed), sugar, puddings, rice, honey” in the registration of the suit mark, although they are not the same products as “cookies, frozen yogurt, ice-cream, fruit jellies, marzipan, waffles” in the registration of the Applicant’s Mark, they are similar products as they are in the nature of snack foods or desserts, or the ingredients used in the preparation of them. I consider all products in the respective registrations to be either identical or similar. I also note that they are all products that would be sold through the same retail outlets such as supermarkets or department stores.

#### *Distinctiveness of the Applicant’s Mark*

23. The distinctive character of a trade mark must be taken into account when determining whether the similarity between the goods or services covered by the two marks is sufficient to give rise to the likelihood of confusion. A mark may be particularly distinctive either *per se* or because of the reputation it enjoys with the public. The more distinctive an earlier mark, the greater will be the likelihood of confusion (*Sabel BV v Puma AG*).

24. In determining the distinctive character of an earlier trade mark, I must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (*Windsurfing Chiemsee v Huber and Attenberger* [1999] E.C.R. I-2779; *Lloyd Schuhfabrik Meyer v Klijsen Handel* [1999] E.T.M.R. 690).

25. The Applicant's Mark is largely made up of the following three elements superimposed on a photo-background of coffee beans:-

- a mark which is the same as the "We Are The Original! OLD TOWN White. Cafe 舊街場 mark" (save the words "White. Cafe" are much larger in size);
- a photograph of an old town or old street; and
- a photographic figure of a cup of coffee on a saucer with a spoon lying aside.

26. There is a stylized word "Tarik" on the right side of the mark. But because it is brown in color and set against the dark brown coffee beans background, the view of it is somewhat obscured.

27. The coffee beans background of the mark is descriptive of coffee and coffee-based beverages and products.

28. The mark which I said is the same as the “We Are The Original! OLD TOWN White. Cafe 舊街場 mark” but for the size of the words “White. Cafe” at the bottom is, in itself, composed of three parts: - at the top is the expression “We Are The Original!” with the last word stylistically underlined, in the middle is a badge-like device and at the bottom is the expression “White. Cafe”. The expression “We Are The Original!” is laudatory, more so with the emphatic underlining of the last word. The badge-like device is engraved with the words “OLD TOWN” at the top, a photograph of an old town at the centre and the Chinese characters “舊街場” at the left bottom. They will obviously arouse in the minds of consumers a sense of nostalgia for all things in connection with old town or old street. That, in my view, does not necessarily or naturally transpose into an association with coffee or coffee-based beverages and products, and neither party before me had indeed submitted that the words or the photo image bears any reference or relation to such kind of products. I am therefore not prepared to assume that such an association exists, and consider each of these verbal or pictorial elements to have inherent distinctiveness. That said, as they are relatively small in size and being engraved on the badge-like device which itself is modestly sized and positioned in the Applicant’s Mark, they are not the most prominent part of the mark.

29. As to the expression “White. Cafe”, according to the online Cambridge Advanced Learner's Dictionary, cafe is a restaurant where only small meals and drinks that usually do not contain alcohol are served, and according to the online Compact Oxford English Dictionary, this word has the French origin meaning ‘coffee or coffee house’. I think even among people who do not understand French, “cafe” would mean to them a place where coffee, among other light meals and drinks, would be served. “White. Cafe” could refer to “white coffee” which I trust is not an extraordinary item in the menu of restaurant or cafe. I consider the expression “White. Cafe” to be of low distinctiveness in relation to coffee or coffee-based beverages and products.

30. The photographic figure of a cup of coffee on a saucer with a spoon lying aside has a direct reference to coffee or coffee-based beverages and products.

31. The photograph of an old town at the centre of the Applicant’s Mark is in fact the same photograph embedded in the badge-like device, but in much larger size

and occupies a prominent position. Likewise it has inherent distinctiveness in relation to the goods for which it has been registered. Anyone looking at the mark would be drawn to it by its prominence and size, and impressed by the panoramic shot of the scene it captured. The photographic image of an old town or old street at the centre is thus the dominant and identifying feature of the whole mark. The overall idea and impression of the mark conveyed to and retained by the average consumers is therefore that of a nostalgic old town or old street.

### *Comparison of marks*

32. The suit mark is also a composite mark with a photo-background of coffee beans. Superimposed on such background are the following:-

- at the top of the mark is the words “AIK CHEONG” encased in a capsule-like shape, with the expression “3 IN 1” immediately underneath;
- at the centre of the mark is a square photograph with an undulating margin, capturing a panoramic shot of an old town or old street;
- the Chinese characters “老街” in prominent size, accompanied by three stylised characters “拉咖啡” underneath the character “街”, overlaying the top of the square photograph;
- at the lower right corner of the square photograph is overlaid with a photographic figure of a cup of coffee on a saucer;
- on the left side of the cup of coffee are the words “40GM × 10 SACHETS” encapsulated in an oval shape; and
- running horizontally across the mark at the bottom is the expression “.ORIGINAL OLD TOWN WHITE COFFEE TARIK – 老街拉白咖啡.”.

33. At the outset, I would like to point out that the overall layouts of the marks are very similar. Both share the same structure of having a photograph of coffee

beans as its background, some verbal expressions and a device at the top, a photograph of an old town at the centre, and a photographic figure of a cup of coffee on a saucer at the lower right corner of the photograph of an old town.

34. Both the suit mark and the Applicant's Mark are complex trade marks. It has been held in *Shaker Di L. Laudato & C. Sas v. Office for Harmonisation in the Internal Market* Case T-7/04 [2006] E.T.M.R. 51, which in turn relied on the authority of *Case T-6/01 Matratzen Concord v OHIM -- Hukla Germany (MATRATZEN)* [2002] E.C.R. II-4335 (confirmed on appeal by order of the Court of Justice of 28 April 2004 in *Case C-3/03 P Matratzen Concord v OHIM* [2004] E.C.R. I-0000), that a complex trade mark, a component of which is identical or similar to another mark, cannot be regarded as being similar to that other mark unless that component forms the dominant element within the overall impression created by the complex mark. That is the case "where that component is likely to dominate, by itself, the image of that mark which the relevant public keeps in mind, with the result that all the other components of the mark are negligible within the overall impression created by it." The court went on to say:-

**52** In the assessment of the dominant character of one or more given components of a complex trade mark, account must be taken, in particular, of the intrinsic qualities of each of those components by comparing them with those of the other components. In addition and accessorially, account may be taken of the relative position of the various components within the arrangement of the complex mark (MATRATZEN, cited at [38] above, at [35]).

**53** Specifically, that means that the Board of Appeal had to consider which component of the trade mark claimed was apt, by virtue of its visual, phonetic or conceptual characteristics, to convey, by itself, an impression of that mark which the relevant public keeps in mind, with the result that all the other components of the mark are negligible in that respect. As stated at [51] and [52] above, the outcome of that examination may be that a number of components must be regarded as dominant.

**54** However, if the trade mark claimed is a complex mark which is visual in nature, the assessment of the overall impression created by that mark and the determination as to whether there is any dominant element must be carried

out on the basis of a visual analysis. Accordingly, in such a case, it is only to the extent to which a potentially dominant element includes non-visual semantic aspects that it may become necessary to compare that element with the earlier mark, also taking into account those other semantic aspects, such as, for example, phonetic factors or relevant abstract concepts”

35. I have assessed the dominant character of the Applicant’s Mark, and shall do the same with respect to the suit mark.

36. Similar to the Applicant’s Mark, the photo-background of coffee beans and the photographic figure of a cup of coffee on a saucer in the suit mark are descriptive of the registered goods and therefore are indistinctive. As to the two encapsulated words “AIK CHEONG”, neither word carries any meaning in English. The expression “3 IN 1” lacks distinctiveness. As a whole “AIK CHEONG 3 IN 1”, being placed at the top in relatively modest size, is not prominent in the overall perception of the mark.

37. The words “40GM × 10 SACHETS” encapsulated in an oval shape are clearly non-distinctive; “sachet” means “a small sealed bag or packet containing a small quantity of something”, according to the online Compact Oxford English Dictionary.

38. As to the long expression at the bottom, namely, “.ORIGINAL OLD TOWN WHITE COFFEE TARIK – 老街拉白咖啡.”, white coffee as discussed in paragraph 29 above is of low distinctiveness in relation to coffee or coffee-based beverages and products, and so is its Chinese equivalent “白咖啡”. As a whole the two phrases, one in English and one in Chinese, are to a certain extent descriptive: - the English expression may give an impression that the products are about white coffee that originated from an old town, and the Chinese expression may suggest the way how and where the white coffee is prepared and originated. In any event, the two phrases occupy an inconspicuous position and are relatively negligible elements in the suit mark. They are unlikely to be fixed in the memory of the purchasers.

39. The Chinese characters “老街” and the photograph at the centre of the suit mark both convey the idea of an old town or old street that, as I have expounded above, is distinctive of the goods for which the mark has been registered. Moreover, given their large size and position right at the centre of the mark, they give a quite particular visual attraction. In my view they are the distinctive and dominant components of the suit mark. The Chinese characters, meaning literally “old street”, would reinforce the panoramic image one gets from the photograph and make him or her to remember that the mark is all about an old town or old street. Therefore the overall idea and impression left in the minds of the average consumers is also that of a nostalgic old town or old street.

40. Now turning back to the comparison of the two marks, although a critical comparison might disclose a number of points of difference, e.g., “老街” versus “White. Café” as the more prominent verbal contents of the marks, the badge-like device versus the “AIK CHEONG” capsule together with the expression “3 IN 1” occupying the top parts of the marks, they are merely differences that can be revealed by a side by side comparison of the two marks, which is not the right test. As already pointed out above, the visual, aural and conceptual similarities of the marks is to be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components.

41. Conceptually, as analyzed above, both marks convey the same and peculiar idea and impression: - all things that can be said of a nostalgic old town or old street.

42. Visually, the very images of the old town or old street that would be left in the minds of the consumers are very much the same, whether they have taken a look at the Applicant’s Mark or at the suit mark. This is because both photographs at the respective centres of the marks were shot from an angle that captures the main street of an old town or old street, with two-storey residential-business complex on either side; people on the street were dressing in traditional oriental style and vehicles were not modern cars but carts or rickshaws. The visual images conveyed are strikingly similar. I bear in mind that the distinctive and dominant components of the suit mark also include the Chinese characters “老街”, but in the imperfect recollection of the average consumer the visual impact of the characters would only be to reinforce

the very image of an old town or old street. I find visually the two marks are very similar.

43. Phonetically speaking, the suit mark having the Chinese characters “老街” as one of its distinctive and dominant components would naturally be referred to as the mark of “老街”, or if one could not read Chinese but speak English, he or she would refer it by reference to the old town or old street image and call it the mark of “old town” or “old street”. As for the Applicant’s Mark, although the most visible verbal content should be the words “White. Cafe”, given that they are descriptive and non-distinctive in relation to the products concerned, people would not remember and use the words to refer to the mark. Instead they would call the mark by reference to its distinctive and dominant component being the picture of an old town or old street, that is, the mark of “old town” or “old street” if one speaks English, or the mark of “老街” if one speaks Chinese. Furthermore, next to “White. Cafe”, the words “OLD TOWN” engraved on the badge-like device should be the second most eye-catching verbal element in the Applicant’s Mark, so people would still call it the “old town” mark if people knowing English happen to refer to the mark by its verbal element. Therefore, the oral references to the two marks are also closely similar.

44. I conclude that the two marks are visually, aurally and conceptually very similar.

#### *Disclaimer*

45. Mr. Philips Wong, however, pointed out that registration of the Applicant’s Mark is subject to the following disclaimer: - “Registration of this Trade Mark shall give no right to the exclusive use of the words “We Are The Original”, “OLD TOWN” and “White Café”, the Chinese characters “舊街場”, the devices of coffee beans, a cup of drink, a saucer and a teaspoon”. Mr. Philips Wong submitted that the disclaimed matter is not to be regarded as in itself distinctive of the trade origin of the applicant’s products or services, and in the circumstances use of the disclaimed matter by the registered proprietor, as a trade mark, cannot, without other similarities, be sufficient to give rise to a likelihood of confusion with the Applicant’s Mark (adopting from *Paco/Paco Life in Colour Trade Marks* [2000] RPC 451 at 467).

46. Whilst the legal position as stated above does not seem to be subject to dispute, the significance of the disclaimer has to be assessed carefully. The hearing officer of the UK Registry who gave the decision in *Paco/Paco Life in Colour Trade Marks* later further explained the significance of disclaimers in another case *NOVOPHARM Trade Mark* (BL No. O/532/01 of the UK Trade Mark Decisions):-

“Disclaimers operate negatively. They identify the elements of the mark that the proprietor admits are not distinctive. It would therefore be inequitable to allow a registered proprietor to assert that there is a likelihood of confusion with a later mark based solely upon the presence in the later mark of some feature which is the same or similar to the feature of the earlier mark that was disclaimed at the time of registration. Disclaimers do not have the positive effect of identifying the element(s) in a mark that are distinctive.”

47. In *L’Oreal SA v Bellure NV* [2007] R.P.C. 14, it is said that the effect of a disclaimer is that the trade mark owner recognises that that which is disclaimed is not in itself distinctive of the origin of the goods or services in question, accordingly there will be no infringement of the trade mark where the only similarity between the mark and the sign consists of a similarity to those features that have been disclaimed.

48. In the instant case, the two marks involved are composite marks each consisting of a number of distinctive and non-distinctive elements. Whilst it is true that the disclaimer identifies certain descriptive and non-distinctive elements of the Applicant’s Mark, and these elements do constitute a source of similarity with the suit mark, they are not the only similarity and I would say, not the major similarity. Apparently from the analysis I have detailed above, all of the subject matters included in the disclaimer are not significant in the overall perception of the Applicant’s Mark. I have to confess that I do not understand why “OLD TOWN” and “舊街場” have been disclaimed, and no explanation has been advanced as to their inclusion in the disclaimer. Obviously it is not due to the reason that the idea or concept of an old town is descriptive or non-distinctive in relation to the products concerned, otherwise the photograph of an old town would also have to be disclaimed. In my view “OLD TOWN” and “舊街場” are distinctive in relation to the registered products, but that does not matter because I do not think their inclusion or non-inclusion in the disclaimer makes any difference for the present purposes as neither of them features as a prominent component in the overall assessment of the Applicant’s Mark.

Moreover, although each of the items in the disclaimer in itself should be disregarded for the purpose of comparison, the similarity in the respective structures of the marks (see paragraph 33 above) should not.

49. Ignoring all the disclaimed matters, as a whole the two marks are still similar in conveying the same idea of a nostalgic old town or old street.

50. I conclude that the two marks share a very high degree of similarity.

#### *Likelihood of confusion*

51. As decided in the ECJ cases referred to above, there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character *per se* or because of the use that has made of it. I have decided that the Applicant's Mark has inherent distinctive character. Now I shall examine whether it has acquired a reputation through use.

52. It is claimed that products of the applicant have been made available for sales in many places around the world including Hong Kong since 2001. Exhibit E to Mr. Goh's statutory declaration contains sales invoices spanning 2001 to 2004 in respect of products described as "3 IN 1 WHITE COFFEE", "White Café 3 in 1", etc., sold to various companies all with a Hong Kong address, which include well known local retailers like PARKnSHOP, Circle K, etc. There are in fact two sets of invoices in this exhibit. The first set comprises invoices of a company called Advance City Limited (煒城有限公司), which had a particular Hong Kong address between October 2001 and April 2002 and another Hong Kong address between June 2003 and November 2004, issued to what seem like local retailer companies. Ms. Winnie Tsui submitted that Advance City Limited is the distributor of the applicant, but Mr. Philips B.F. Wong contended that there is no evidence to prove that. At the top left corner of these invoices is imprinted in dominant size the "We Are The Original! OLD TOWN White. Cafe 舊街場 mark", which no doubt identifies the goods as originating from the applicant.

53. The second set comprises invoices issued by White Café Marketing Sdn Bhd in Malaysia to Advance City Limited at the same two Hong Kong addresses corresponding to the different periods as mentioned above. White Café Marketing Sdn Bhd with a Malaysian address is obviously a Malaysian company. From an advertisement in Exhibit A, White Café Marketing Sdn Bhd is stated to be the chief distributor of the applicant's products, and invoices contained in Exhibit C, which cover products described to be "Old Town White Café 3 IN 1", "Original White Café 3 IN 1", etc. sold to companies in New York, Canada and Singapore, were also issued by this company. As evidenced by exhibit D which contains advertisement invoices billed to White Café Marketing Sdn Bhd, this company also undertook promotion and advertising of the "Old Town White Café" products in Malaysia.

54. Considering the whole circumstances, it is reasonable for me to infer that Advance City Limited had imported the applicant's products from the applicant's chief distributor in Malaysia, namely, White Café Marketing Sdn Bhd., to Hong Kong and distributed the products further to various local retailer companies.

55. Exhibit F contains advertising and promotional materials of the applicant's products circulated in Hong Kong. Mr. Philips Wong, however, pointed out that even the earliest advertisement shown in Exhibit F came into being at a date later than the date the registered proprietor filed the application for registration of the suit mark, i.e., 26 July 2003.

56. Nonetheless, Mr. Goh has given sales figures of products bearing the "We Are The Original ! OLD TOWN White. Cafe 舊街場 mark" from 2001 to 2004, supported with sales invoices as early as 29 October 2001 and all the way up to 19 November 2004. The amounts of advertising expenditure incurred by the applicant in promoting its products to the public in Hong Kong from 2001 to 2004 are also given. Although these figures give no breakdown as to what proportions are to be attributed to the "We Are The Original ! OLD TOWN White. Cafe 舊街場 mark" and the Applicant's Mark individually, given the fact that the former mark is embedded in the latter mark, I would just take it that these figures implicate both marks which come as a whole.

57. From the sworn in sales figures, which started from HK\$47,400 in 2001 and dramatically jumped to HK\$1,192,539 in 2002, HK\$2,552,634 in 2003 and HK\$5,499,273 in 2004, the leap in sales does not seem to be lured by the gradual increase in amounts spent on advertising, which begins from a very modest HK\$1,570 in 2001 to HK\$9,000 in 2002, HK\$24,400 in 2003 and HK\$170,882 in 2004. This suggests that during the relevant period consumers might have come to know the applicant's products through means other than circulated advertisements and promotional materials, most probably by direct contact with the applicant's products that were openly displayed on shelves in supermarkets and retail stores.

58. Taking into account all the considerations, I find that the Applicant's Mark has acquired a reputation through use by the time the registered proprietor filed the application for registration of the suit mark.

59. I have no doubt that if someone in devising his mark takes the dominant and distinctive part of the Applicant's Mark, that is, a photograph depicting a panoramic shot of an old town or old street, and places the photograph at the centre and fixes it with a layout such as the one the suit mark has had in this case, there is a real likelihood that the public will wrongly believe that the respective goods come from the same or economically linked undertakings.

60. Having taken into account all relevant factors including the similarities between the marks, the overlap or similarity of the goods, and the reputation the Applicant's Mark has acquired through use, I come to the conclusion that the use of the suit mark in relation to the goods applied for would be likely to cause confusion.

61. It follows that the ground of opposition under section 12(3) is made out. The subject application for registration should have been refused.

62. Since I have found in favour of the applicant on the section 12(3) ground, it is not necessary for me to consider the other grounds of opposition. However, I have in mind the authority of *Antec International v South Western Chicks (Warren) Ltd* [1998] F.S.R. 738 at 745 which suggests that the existence of the disclaimer which

limited the scope of the registered rights in relation to a mark could not provide the defendant in an action of passing off with a defence it would not otherwise have possessed in answer to a claim for passing off. For the sake of completeness and lest I were wrong in the evaluation of the impact of the disclaimed matters in the Applicant's Mark, I will go on to consider the ground of opposition under section 12(5)(a).

### **Section 12(5)(a) of the Ordinance**

63. Section 12(5) of the Ordinance provides, inter alia, as follows:

“... a trade mark shall not be registered if, or to the extent that, its use in Hong Kong is liable to be prevented –

(a) by virtue of any rule of law protecting an unregistered trade mark or other sign used in the course of trade or business (in particular, by virtue of the law of passing off); or

(b) ....,

and a person thus entitled to prevent the use of a trade mark is referred to in this Ordinance as the owner of an “earlier right” in relation to the trade mark.”

64. A helpful summary of the elements of an action for passing off can be found in *Halsbury's Laws of Hong Kong Vol 15(2)* at paragraph 225.001. The guidance takes account of speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C. 341 and *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] A.C. 731, and is as follows :

“The House of Lords has restated the necessary elements which a plaintiff has to establish in an action for passing off:

- (1) the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods

or services offered by the defendant are goods or services of the plaintiff; and

- (3) the plaintiff has suffered or is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House of Lords. However, like the previous statement of the House of Lords, this latest statement should not be treated as akin to a statutory definition or as if the words used by the House of Lords constitute an exhaustive, literal definition of ‘passing off’, and in particular should not be used to exclude from the ambit of the tort recognized forms of the action for passing off which were not under consideration on the facts before the House of Lords.”

65. Ms Tsui argued that the applicant’s case has met the three essential elements of passing off, and that use of the suit mark is liable to be prevented by virtue of the law of passing off in relation to the rights subsisting in the Applicant’s Mark.

66. It is well established that the material or relevant date for passing-off is the date of the behaviour complained of (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9). Due to the particular circumstances of the instant case as detailed in paragraph 2 above, no evidence has been adduced as to the use of the suit mark despite the pleadings in the counter-statement that the registered proprietor has been using the suit mark in Hong Kong since at least 2001 and coffee products bearing the suit mark have been sold to various shops, stores, department stores and supermarkets in Hong Kong through the registered proprietor’s distributors in Hong Kong. For the purpose of section 12(5)(a), the relevant date cannot be after the date of application for registration of the subject mark under opposition. As there is no evidence of use of the suit mark, the relevant date is the date on which the application to register the suit mark was made, i.e. 26 July 2003 (the “relevant date”).

## ***Goodwill***

67. As said in *Reckitt & Colman*, a claimant in an action of passing off “must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.”

68. The evidence of use of the Applicant's Mark in Hong Kong has been discussed at paragraphs 52 to 58 above. In conclusion, I am satisfied that as at the relevant date, the applicant had established in the mind of the purchasing public in Hong Kong a goodwill or reputation attached to the coffee or coffee-based beverages and products it supplied by association with the dominant and identifying feature of the Applicant's Mark.

## ***Misrepresentation***

69. For the purpose of this element of the action of passing off, the relevant representation must consist of conduct “such as to mislead members of the public into a mistaken belief that the goods or services of the defendant or the defendant's business are or is either (a) the goods or services or business of the plaintiff or (b) connected with the plaintiff's business in some way which is likely to damage the plaintiff's goodwill in that business” (per Buckley L.J., *H. P. Bulmer Ltd v J Bollinger SA (No. 3)* [1978] R.P.C. 79 at 99).

70. Deception is the gist of the tort of passing off, but it is not necessary for a plaintiff to establish that the defendant consciously intended to deceive the public if that is the probable result of his conduct (*Harrods Limited v Harrodian School Limited* [1996] R.P.C. 697 at 706).

71. There is no evidence before me to shed light on what the registered proprietor had done in relation to the suit mark before and after seeking registration of

the mark with the Hong Kong Trade Mark Registry. I note that the applicant has exhibited a decision of the Taiwan Economic Bureau in which the applicant is allegedly the opponent in a trade mark application for registration case (Exhibit G to Mr. Goh's statutory declaration). It is not clear from that decision whether the subject mark there is the same as the present suit mark, and in any event, I fail to see how that decision could be relevant to the present proceedings.

72. All that I have to go to is the very appearance of the suit mark in its application for registration – whether its resemblance to the Applicant's Mark, as I have found, constitutes a misrepresentation by the registered proprietor to the public (whether or not intentional), leading or likely to lead the public to believe that goods offered by it are the goods of the applicant. As said by Lord Parker in *A.G. Spalding & Bros v A.W. Gamage Ltd.* (1915) 32 R.P.C. 273 at 284:

“[False representation] may, of course, have been made in express words, but cases of express misrepresentation of this sort are rare. The more common case is, where the representation is implied in the use or imitation of a mark, trade name, or get-up with which the goods of another are associated in the minds of the public, or of a particular class of the public. In such cases the point to be decided is whether, having regard to all the circumstances of the case, the use by the defendant in connection with the goods of the mark, name, or get-up in question impliedly represents such goods to be the goods of the plaintiff, or the goods of the plaintiff of a particular class or quality, or, as it is sometimes put, whether the defendant's use of such mark, name or get-up is calculated to deceive.”

73. I have conclusively come to the view, when considering the ground of opposition under section 12(3), that even ignoring the disclaimer with which the Applicant's Mark is registered, there is a real likelihood that the public will wrongly believe that the respective goods of the applicant and the registered proprietor come from the same or economically linked undertakings. Now even the shield of protection offered by a disclaimer, if any, is to be taken away in consideration of an action for passing off (*Antec International v South Western Chicks (Warren) Ltd.*).

74. Many of the considerations applicable to a section 12(3) ground of opposition effectively apply to an action for passing-off as well. For example, for the law of passing off: - it is not to be supposed that the typical customer can precisely remember every detail of the name, mark or get-up of the goods he intends to buy (*The Law of Passing-Off, Christopher Wadlow, 3<sup>rd</sup> edition, 8–41*); it is therefore inappropriate to compare the marks or signs side-by-side (*De Cordova v Vick Chemical Co* (1951) 68 R.P.C. 103); allowance has to be made for the imperfect recollection of the purchasers.

75. Applying the analysis as I did under paragraphs 59 and 60, I come to the same conclusion that a substantial number of persons are liable to be deceived by the normal and fair use by the registered proprietor of the suit mark into believing that the registered proprietor's goods are goods of the applicant, or alternatively, that the registered proprietor's business is in some way connected with the applicant's business.

### ***Damage***

76. The claimant does not have to prove actual damage (still less special damage) in order to succeed in an action for passing off. A misrepresentation that the defendant's goods or business are those of the claimant is intrinsically likely to damage the claimant if the fields of business of the claimant and the defendant are reasonably close (*The Law of Passing-Off, Christopher Wadlow, 3<sup>rd</sup> edition, 4–11 and 4–13*).

77. The overlapping of the business fields is an undisputed fact in the instant case. Damage to the applicant's goodwill and reputation is a reasonably foreseeable consequence of use of the suit mark.

78. I conclude that the use of the subject mark would result in passing-off as at the relevant date and is liable to be prevented as at that date.

79. The applicant having succeeded on two grounds of opposition, I do not think I need to go on to consider the remaining grounds of opposition based on section 11(5)(b) as well, which is after all to be decided upon facts and legal principles very different from the ones I have deliberated above.

### **Conclusion**

80. For the reasons stated above, registration of the suit mark should be declared invalid under section 53(5)(a) on the ground that the suit mark was registered in contravention of section 12(3), and under section 53(5)(b) on the ground that the suit mark was registered in contravention of section 12(5)(a), in respect of all the goods for which the trade mark is registered.

81. As the invalidation has succeeded, I award the applicant costs. Subject to any representations, as to the amount of costs or calling for special treatment, which either the registered proprietor or the applicant 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, unless otherwise agreed.

(Frederick Wong)  
for Registrar of Trade Marks  
4 December 2007