

TRADE MARKS ORDINANCE (CAP. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 300186192

MARK : 

CLASS : 9

APPLICANT : ASAHI KASEI MICROSYSTEMS KABUSHIKI KAISHA
(ASAHI KASEI MICROSYSTEMS CO., LTD.)

OPPONENTS : AKM INDUSTRIAL CO., LTD. and
AKM ELECTRONICS INDUSTRIAL (PANYU) LTD.

STATEMENT OF REASONS FOR DECISION

Background

1. On 27 March 2004 (the “Application Date”), Asahi Kasei Microsystems Kabushiki Kaisha (Asahi Kasei Microsystems Co., Ltd.) (the “Applicant”) filed an application (the “subject application”) for registration of the mark above (the “subject mark”) in respect of “electronic components, chips, large-scale integrated circuits; electrical apparatus and instruments; calculating machines, data processing machine or equipment and their components; electrical communication apparatus or instruments” (the “subject goods”) in Class 9 under the Trade Marks Ordinance (Cap. 559) (the “Ordinance”).
2. Particulars of the subject application were published on 7 May 2004. AKM Industrial Co., Ltd. (the “First Opponent”) and AKM Electronics Industrial (Panyu) Ltd. (the “Second Opponent”) (collectively, the “Opponents”) filed a notice of opposition to the subject application on 6 October 2004.
3. The opposition hearing took place before me on 18 and 25 April 2008. Mr. Felix H. Pao, Counsel, instructed by Messrs. Wilkinson & Grist appeared for the Applicant. Mr. Gary Kwan, Counsel, instructed by IP ImPetus Consultants Ltd. appeared for the Opponents.

Grounds of opposition

4. Although a number of grounds were pleaded, the Opponents only relied on the grounds of opposition under the following sections of the Ordinance at the hearing:
 - (i) sections 3(1), 11(1)(a), 11(1)(b); and
 - (ii) section 12(5).

Counter-statement and evidence

5. The Applicant filed a counter-statement on 4 March 2005 in response to the Opponents' notice of opposition.
6. The Opponents' evidence consists of: -
 - (a) a statutory declaration of Lam Sau Yan declared on 3 November 2005 ("Lam's First Declaration"); and
 - (b) a second statutory declaration of Lam Sau Yan declared on 2 January 2007 ("Lam's Second Declaration").
7. The Applicant's evidence consists of a statutory declaration of Koichi Nakayama declared on 28 April 2006 ("Nakayama Declaration").

Preliminary issue

8. By a letter dated 10 April 2008, the solicitors for the Applicant indicated that the Applicant would be seeking leave at the commencement of the substantive hearing on 18 April 2008 to file as further evidence three statutory declarations, including a statutory declaration of Lee Ka Po declared on 10 April 2008 ("Lee's First Declaration"). The other two statutory declarations were later abandoned by the Applicant on 14 April 2008. The Applicant also filed a second statutory declaration of Lee Ka Po declared on 11 April 2008 ("Lee's Second Declaration") in support of its application for leave to file further evidence.

9. At the outset of the hearing on 18 April 2008, Mr. Pao for the Applicant applied for leave under rule 20(3) of the Trade Marks Rules (Cap. 559A) (the “Rules”) to file Lee’s First Declaration as further evidence.
10. According to Lee’s Second Declaration, the declarant received instructions in late 2007 from the Applicant to instruct Counsel to review the papers and evidence in these proceedings. After Counsel was instructed in December 2007, he sought clarifications on various aspects of the evidence in February 2008. The declarant then sought further instructions from the Applicant and consulted commercial investigation firms on the possibility of market surveys. She also conducted searches over the Internet and obtained company search records in relation to various companies, which were then incorporated in Lee’s First Declaration.
11. Lee’s First Declaration includes the following exhibits:
 - (i) Exhibit “LKP-1” : an extract from the prospectus of the First Opponent issued in August 2004 shortly before its being listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “First Opponent’s Prospectus”);
 - (ii) Exhibit “LKP-2” : copies of the certificate of incorporation, certification of incorporation on change of name and various annual returns for the years ending in December 1994, 1995, 1996, 1999, 2000, 2001, 2002 and 2003 of the First Opponent;
 - (iii) Exhibit “LKP-3” : copies of the certificate of incorporation and annual returns for the years ending in January 1993, July 1994 and July 2004 of Alpha Luck Industrial Limited (“Alpha Luck”);
 - (iv) Exhibit “LKP-4” : copies of the certificate of incorporation, annual returns for the years ending in December 1990 and June 2003, and documents in relation to the de-registration of Mustly Investments Limited (“Mustly Investments”);
 - (v) Exhibit “LKP-5” : copies of the certificate of incorporation, certificate of incorporation on change of name and annual returns for the years ending in July 2001 and 2004 of World Circuit Technology (Hong Kong) Limited (“World Circuit HK”); and

- (vi) Exhibit “LKP-6” : copies of the certificate of incorporation, certificate of incorporation on change of name and annual returns for the years ending in May 2001 and 2004 of World Resources Hong Kong Limited (“World Resources”).
12. In relation to Exhibit “LKP-1” to Lee’s First Declaration, the Applicant referred to the following statement in paragraph 10 of Lam’s First Declaration :
- “10. The predecessors of the Opponents comprise of three companies: (a) Alpha Luck Industrial Ltd (安利實業有限公司); (b) KFI Technology Corporation (捷美國際技術公司); and (c) Mustly Investments Ltd (提利投資有限公司). The trade mark or trade name “AKM” was chosen by taking the first letter of each of these 3 companies. The choice of the trade mark and trade name “AKM” was honest to represent the predecessors of the Opponents. There is now produced and shown to me marked “**LSY-4**” a copy of the joint-venture Agreement dated 6th December 1993, showing these three companies forming a joint-venture....”
13. The Applicant referred to pages 53 to 54 of the First Opponent’s Prospectus at Exhibit “LKP-1” which listed out the shareholders of the First Opponent since its incorporation. Amongst the shareholders named in those pages were Alpha Luck and Mustly Investments, but not KFI Technology Corporation. The Applicant said that the documents at Exhibit “LKP-2” to Lee’s First Declaration corroborate the shareholding information in the First Opponent’s Prospectus. The Applicant submitted that these documents show that “there was in fact no participation by any KFI Technology Corporation in [the First Opponent]”. The Applicant therefore doubted whether the Opponents’ claim that “*the choice of the trade mark and trade name “AKM” was honest to represent the predecessors of the Opponents*” was in fact true.
14. The joint-venture agreement in Chinese dated 6 December 1993 (the “JV Agreement”) appearing at Exhibit “LSY-4” to Lam’s First Declaration is stated to be made between:
- (i) 安利實業有限公司 (Alpha Luck) as Party A (甲方); and

(ii) 捷美國際技術公司¹ and 提利投資有限公司 (Mustly Investments) as Party B (乙方).

15. According to Article 10 (第十條) of the JV Agreement, Party A and Party B were to contribute to the registered capital of the First Opponent in the proportion of 80% to 20%. The JV Agreement also sets out various obligations of Party A and Party B. The obligations of Party B as set out in Article 15 (第十五條) of the JV Agreement include, *inter alia*, contributing to the share capital of the First Opponent, selection and purchase of equipment from overseas, training of management and technical personnel, and sales of products overseas. It is not clear from the JV Agreement how the two companies constituting Party B shared out between themselves these responsibilities of Party B, including whether each of them were to contribute to the share capital of the First Opponent. It is also not entirely clear whether there were any trust arrangements between the various parties to the JV Agreement and the shareholders named in the First Opponent's Prospectus. One cannot, therefore, conclude merely from the fact that KFI Technology Corporation was not named as a shareholder in the First Opponent's Prospectus that "there was in fact no participation by any KFI Technology Corporation" in the First Opponent. Exhibits "LKP-1" and "LKP-2" to Lee's First Declaration cannot therefore negate the fact that a joint venture agreement was signed in December 1993 between the parties referred to in paragraph 14 above shortly before the incorporation of the First Opponent. Those exhibits are not inconsistent with the Opponents' claim about the choice of the trade mark "AKM" referred to in paragraph 12 above. Those two exhibits are irrelevant to the issue of whether or not the adoption of the mark "AKM" by the Opponents was honest.

16. The Applicant further referred to paragraph 9 of the Grounds of Opposition which stated as follows:

"The sales volume of the Opponent's goods and services being [*sic*] the trade mark and/or trade name "AKM" in Hong Kong and worldwide is substantial."

17. The Applicant disagreed with this statement, and submitted the following by reference to various parts of the First Opponent's Prospectus:

¹ KFI Technology (H.K.) Limited (捷美技術(香港)有限公司) signed the JV Agreement on behalf of 捷美國際技術公司.

- (a) The statement in the First Opponent's Prospectus that "*marketing and promotional activities such as advertising are also expected to be conducted to promote products of the Group [i.e. the First Opponent and its subsidiary]*" indicates that up till the time of the Prospectus, i.e. August 2004, the First Opponent had not been engaged in any marketing and promotional activities.
- (b) Statements to the effect that sales by the Opponents to their top five customers accounted for more than 70% of their turnover, and that the Opponents relied heavily on the PRC market which accounted for around 90% of their turnover, are relevant to the issue of whether the sales volume of the Opponents' goods bearing the mark "AKM" in Hong Kong was substantial.
- (c) The statements that "*the Group is not involved in any part of the design process for its FPC [i.e. flexible printed circuit] production*" and that "*individual customers of the Group normally design and provide the Group with their respective product designs and specifications for production by the Group*" indicate that the Opponents were only an original equipment manufacturer (OEM), and it is doubtful whether the Opponents were entitled to put their mark on their products.

18. Whether the Opponents had sufficient goodwill and reputation arising from use of their mark in Hong Kong, including whether there were sufficient sales and promotion of goods bearing the mark, is a question of fact which has to be determined on the basis of all evidence filed in these proceedings. I cannot simply rely on the statements in the First Opponent's Prospectus referred to in paragraphs 17(a) – (b) above in arriving at the conclusion. Moreover, use of a mark would include use in relation to the relevant goods in advertising and promotional materials, and is not limited to use on the goods themselves. In relation to the argument referred to paragraph 17(c), the fact that the Opponents manufactured products to the design and order of their customers does not necessarily mean that they could not use their mark in relation to their goods for the purpose of indicating the trade origin of those goods. As said, the extent to which the Opponents have used their mark in Hong Kong in relation to their goods before the relevant date is a matter I have to determine on the evidence filed in these proceedings.

19. Other than that it was supposed to corroborate the shareholding information in

the First Opponent's Prospectus referred to in paragraph 13 above, the Applicant did not say that Exhibit "LKP-2" to Lee's First Declaration is relevant to any other issues in these proceedings.

20. Mr. Pao stated that Exhibit "LKP-3" to Lee's First Declaration was there to show the Chinese name of Alpha Luck. I consider that as the Chinese name of Alpha Luck already appears in the JV Agreement, Exhibit "LKP-3" is superfluous.
21. In relation to Exhibit "LKP-4" to Lee's First Declaration, Mr. Pao stated that it indicated that Mustly Investment was de-registered after contributing the letter "M" to the mark "AKM".
22. I note that Mustly Investment was incorporated in June 1989, the JV Agreement was entered into in December 1993 shortly before the incorporation of the First Opponent, and Mustly Investment was de-registered in 2004. Mustly Investment therefore continued to exist for more than 10 years after the incorporation of the First Opponent. I do not consider Exhibit "LKP-4" to Lee's First Declaration to be of any relevance to any issue in these proceedings.
23. In relation to Exhibits "LKP-5" and "LKP-6" to Lee's First Declaration, Mr. Pao referred me to *Brands Inc. Ltd. v. Kabushiki Kaisha Regal Corp* [2006] HKEC 2313 (HCMP 754/2006), a non-use revocation case under section 52(2)(a) of the Ordinance. The facts of that case were succinctly summarized by Barma J as follows:

"2. *The evidence at the hearing was not seriously in dispute. It was common ground that there were no sales of goods bearing the Mark in Hong Kong during the period of at least three years prior to the application for revocation, which was made on 4 February 2004. The Owner contended, however, that it had used the Mark in Hong Kong by transshipping footwear products, manufactured in China pursuant to orders placed by it with manufacturers in Hong Kong, through Hong Kong in the course of shipment from the factories in China (where the footwear was produced) to itself in Japan (where the footwear was to be sold). The Mark was stamped on the insoles of shoes, and also printed on the individual packaging for each pair of shoes and on the outside of the shipping cartons containing boxes of the shoes, all of this having apparently been done in China. The Applicant did not dispute this, but contended that*

these activities did not amount to genuine use of the Mark in Hong Kong so as to defeat the application.

...

4. *The appeal thus raises a short point – whether transshipment of goods bearing a registered trade mark through Hong Kong, when there is no evidence or suggestion of sales of such goods to anyone in Hong Kong (other than the registered owner of the trademark), can amount to genuine use of the trademark in Hong Kong for the purpose of section 52(2)(a) of the Ordinance.”*

24. Barma J later referred to *Ansul BV v Ajax Bradbeveiliging BV* [2005] Ch 97, wherein it was stated, *inter alia*, as follows:

- ‘35. ... *“Genuine use” ... means actual use of the mark. ...*
36. *“Genuine use” must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.*
37. *It follows that “genuine use” of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned....’*

25. Having considered some further authorities, Barma J stated that:

- “18. *I think that it is clear from these authorities that Mr Wong is right in submitting that what is essential (leaving aside section 52(3)(b) of the Ordinance) is that the Mark should have been used by being exposed to third parties (other than the Owner or his licensees or agents) on a market in Hong Kong for goods of a type in respect of which the Mark was registered. The need for exposure on such a market follows from the fact that to be used as a trade mark, the mark must be used in such a way as to act as a badge of origin, or guarantee of the source or origin of the goods to which it is affixed. The Owner of the Mark, and his licensees and agents, would not rely on the Mark for this purpose, and thus, the*

utilisation of the Mark on goods which are seen by them only, and not by any third party purchaser or potential purchaser, whether wholesale or retail, cannot constitute a use of the Mark as a trade mark. The mere fact that some third party might have seen the Mark in the course of transshipment would equally not be sufficient, as they would not then have done so in the context of a market for the goods in question, in which the Mark would be serving its essential function.”

26. Relying on the above *Brands v Regal* case, the Applicant submitted that, contrary to the Opponents’ claim that the sales volume of the Opponents’ goods and services under the trade mark “AKM” in Hong Kong were substantial, there were in fact only very limited sales of the Opponents’ goods in Hong Kong, which were mostly sales to related companies. In particular, the Applicant submitted that Exhibits “LKP-5” and “LKP-6” are relevant in that they show that any use of the Opponents’ “AKM” mark in relation to supply of goods to World Circuit HK and World Resources was “internal use” by the Opponents.
27. In relation to World Circuit HK, I note that Exhibit “LSY-8” to Lam’s First Declaration includes, *inter alia*, invoices issued by the Second Opponent to World Circuit HK in Hong Kong in 2000 and 2001. Exhibit “LKP-5” to Lee’s First Declaration indicates that World Circuit HK was, during at least part of that time, a wholly-owned subsidiary of World Circuit Technology, Inc. (“WCT”), which in turn, according to the First Opponent’s Prospectus, beneficially owned 10% of the issued share capital of the First Opponent. According to Lam’s First Declaration, the Second Opponent was the wholly-owned subsidiary of the First Opponent. The relevant sales from the Second Opponent to World Circuit HK were thus sales from a wholly-owned subsidiary of the First Opponent to a wholly-owned subsidiary of a 10% shareholder of the First Opponent.
28. In the *Brands v Regal* case, there were no sales in Hong Kong of goods bearing the relevant mark to anyone in Hong Kong (other than the registered owner of the mark itself). There was only transshipment of goods manufactured in China to the orders of the owner, through Hong Kong, to the owner itself in Japan. There was no purchaser or potential purchaser in Hong Kong. The mark there was not performing its essential function as a badge of origin in Hong Kong. The situation there is very different from the sales from the Second Opponent to World Circuit HK in the present case. World Circuit HK in Hong Kong purchased the goods from the Second

Opponent. There can be no doubt that the use of the mark in such sales was use in Hong Kong as a badge of origin to guarantee the source or origin of the goods to which it is affixed. I do not agree that use of the mark in such sales was “internal” use. The mark was performing its essential function of distinguishing the Opponents’ goods from those of other undertakings.

29. In relation to World Resources, the Applicant essentially submitted that, according to the information contained in Exhibits “LKP-5” and “LKP-6” to Lee’s First Declaration, World Resources and World Circuit HK were related companies in that they had a common shareholder, Lim Kian Wee; and World Circuit HK was a wholly-owned subsidiary of WCT, which in turn was a shareholder of the First Opponent.

30. According to Exhibit “LKP-5” to Lee’s First Declaration, Lim Kian Wee ceased to be a shareholder of World Circuit HK in August 2000. The sales from the Second Opponent to World Resources as evidenced by invoices at Exhibit “LSY-8” to Lam’s First Declaration took place no earlier than 2001, i.e. after Lim Kian Wee had ceased to be a common shareholder of World Circuit HK and World Resources. The Second Opponent and World Resources therefore had no relationship whatsoever in terms of shareholding, whether direct or indirect, at the time of the relevant sales.

31. Taking into account the foregoing, I consider that Exhibits “LKP-5” and “LKP-6” to Lee’s First Declaration are no support for the proposition that use of the Opponents’ mark in relation to sales of goods by the Second Opponent to World Circuit HK and World Resources as per the relevant invoices included in Exhibit “LSY-8” to Lam’s First Declaration was internal use by the Opponents and not as a badge of origin.

32. In Lee’s First Declaration, the declarant referred to paragraph 14 of the Grounds of Opposition, which stated, *inter alia*, that:

“Being a public company, [the First Opponent] is well-known and is often referred to as “AKM” by the general public. Owing to the well-known status of the Opponents’ trade mark and trade name “AKM”, it is entitled to protection under the Paris Convention ...”

33. In Lee’s First Declaration, the declarant pointed out that the First Opponent was only listed on the Growth Enterprise Market of the Hong Kong Stock Exchange in August 2004, approximately four and a half months after the

Application Date. The First Opponent's Prospectus serves to verify that the listing date of the First Opponent was in August 2004.

34. I do not consider that the mere fact that the First Opponent is listed on The Hong Kong Stock Exchange Limited has any bearing on the question of whether or not the mark "AKM" is a well-known trade mark within the meaning of section 4 of the Ordinance. Evidence as to the date when the First Opponent was listed on The Hong Kong Stock Exchange Limited is therefore irrelevant to the main issues in these proceedings.
35. Having regard to all of the foregoing, I conclude that the evidence proposed to be filed by the Applicant by way of Lee's First Declaration is of no or marginal relevance to the issues in this case.
36. I have already referred to in paragraph 10 above the Applicant's reasons for the delay in submitting Lee's First Declaration. I note that all of the exhibits to Lee's First Declaration were documents available at the time when the Applicant filed its evidence in 2006 under rule 19 of the Rules. It would appear that the delay in submitting these materials was mainly caused by the fact that the Applicant was not focused on these materials when it filed its evidence under rule 19. Moreover, if leave were granted to the Applicant to file Lee's First Declaration, I consider that the Opponents should be given an opportunity to file evidence in reply thereto. It would follow that the hearing on the substantive issues would have to be adjourned.
37. Having regard to all the relevant circumstances of the matter, I consider that leave for the Applicant to file Lee's First Declaration would not be justified. Leave was therefore refused. I awarded costs of the application for leave to file further evidence to the Opponents.

Opposition under sections 3(1), 11(1)(a) and 11(1)(b) of the Ordinance

38. Section 3(1) of the Ordinance provides as follows :

"In this Ordinance, a "trade mark" (商標) means any sign which is capable of distinguishing the goods or services of one undertaking from those of other undertakings and which is capable of being represented graphically."

39. Section 11(1) of the Ordinance provides, *inter alia*, as follows :

“Subject to subsection (2), the following shall not be registered-

(a) *signs which do not satisfy the requirements of section 3(1) (meaning of "trade mark");*

(b) *trade marks which are devoid of any distinctive character;*

...”

40. As stated in *MESSIAH FROM SCRATCH Trade Mark* [2000] R.P.C. 44 at 47, a case under the UK Trade Marks Act 1994 (the “1994 Act”), section 3(1)(a) of the 1994 Act (which is similar to section 11(1)(a) of the Ordinance) is an overriding provision which prevents registration of a mark which is so descriptive or so lacking in content capable of performing the function of a trade mark that it cannot be registered; and section 3(1)(b) of the 1994 Act (similar to section 11(1)(b) of the Ordinance) prevents from registration, without proof of distinctiveness, trade marks which are not so wholly lacking in trade mark content as to be registrable at all, but which, without evidence of use, do not display a sufficiently distinctive content. For a mark to possess distinctive character within the meaning of section 11(1)(b) of the Ordinance, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from products of other undertakings. Such distinctiveness must be assessed by reference to, first, the goods or services in respect of which registration is sought and, second, the perception of the relevant persons, i.e. the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect (*Nestlé SA’s Trade Mark Application (HAVE A BREAK)* [2004] F.S.R. 2, applying *Linde AG v Deutsches Patent- und Markenamt* [2003] R.P.C. 45).

41. In the Grounds of Opposition, the Opponents state that they have used the trade mark and trade name “AKM” in relation to electronic components and integrated circuits for electronic products, and that the Second Opponent’s application for registration of the mark “AKM & device” in Classes 9 and 35 had been blocked by the subject application. The Opponents say that by virtue of long and substantial use of the trade mark and trade name “AKM”, the Opponents have acquired substantial worldwide and local reputation in the

mark, which had “long distinguished” the Opponents’ goods and services from like goods and services of other manufacturers and traders.

42. The Opponents continued in the Grounds of Opposition as follows :

“11. The Applicant’s proposed mark “AKM” and the Opponents’ trade mark and trade name “AKM” are identical and resemble each another visually, phonetically and conceptually.

12. Both the Opponents’ goods/services and goods covered by the Applicant’s proposed mark are the same goods or goods of the same description, by reason of which the use of the proposed mark “AKM” by the Applicant in relation to the goods in respect of which the application is made, is calculated to deceive or would [*sic*] likely to deceive or cause confusion in the trade and the public by leading people to believe that:

(a) the Applicant’s goods and the Opponents’ goods are from the same source; or

(b) the Applicant’s goods are associated with the Opponents and/or manufactured under licence with its approval and/or otherwise endorsed or approved by the Opponents.

13. By reason of the above, the Applicant’s proposed mark “AKM” is not a sign which is capable of distinguishing the Applicant’s goods and registration thereof will be contrary to Section 3(1) and should be refused under Section 11(1)(a) and (b) of the Trade Marks Ordinance.” (*emphasis added*)

43. The Opponents’ case under section 11(1)(a) and (b) of the Ordinance as pleaded in the Grounds of Opposition is therefore essentially that, by reason of the Opponents’ “AKM” mark, use by the Applicant of the subject mark in relation to the subject goods is likely to deceive the public into believing that the Applicant’s goods and the Opponents’ goods come from the same source or that the Applicant’s goods are otherwise associated with the Opponents; that therefore the subject mark is not capable of distinguishing the Applicant’s goods from those of other undertakings and registration should be refused under section 11(1)(a) and (b) of the Ordinance.

44. Section 11 of the Ordinance sets out absolute grounds for refusal of

registration of marks, and is to be contrasted with section 12 of the Ordinance which deals with the “relative” rights of an applicant and other parties. Each trade mark must be considered on its own merits for the purposes of determining whether it meets the requirements of section 3(1) of the Ordinance. It has been held that the presence on the register of other marks of other proprietors does not have a bearing on whether the subject mark is capable of distinguishing the goods or services of one undertaking from those of other undertakings (*QS by S. Oliver Trade Mark* [1999] R.P.C. 520). By the same token, whether or not other proprietors of unregistered marks would be able to make out a case that an applicant’s use of the mark applied for would be likely to cause confusion with another’s mark does not have a bearing on whether an applied-for mark is devoid of distinctive character and incapable of distinguishing the goods of one undertaking from those of other undertakings for the purpose of section 11(1)(a) and (b) of the Ordinance. The Opponents’ case under section 11(1)(a) and (b) of the Ordinance as pleaded therefore necessarily fails.

45. Mr. Kwan for the Opponents, however, took a very different line of argument in his skeleton arguments and at the hearing. He essentially submitted that by virtue of the fact that the letters “AKM” “*have frequently and continuously been used as abbreviations of a lot of customary and descriptive words and normal names*”, the general public would not regard the subject mark as a sign that indicates the commercial origin of the goods without first having been educated of such function of the sign; the subject mark is therefore devoid of any distinctive character and is incapable of distinguishing the goods of the Applicant from those of other traders.
46. In *FSS Trade Mark* [2001] R.P.C. 40, the Appointed Person referred to Practice Amendment Circular 5/00 in relation to the UK Registrar’s approach to the examination of letters put forward for registration as trade marks under the 1994 Act, including the following :

“Letters and Numerals

1. *Section 1(1) of the Act states that trade marks may consist of letters or numerals². Such signs are not therefore excluded from registration per se. Whether a letter or numeral mark can be registered prima facie will depend upon whether the average consumer of the goods/services at issue*

² c.f. section 3(2) of the Ordinance.

would expect all such goods/services offered for sale under the sign to originate from a single undertaking. If the sign does not possess the character necessary to perform this essential function of a trade mark, it is 'devoid of any distinctive character'.

Descriptive letters or numerals and those customary in the trade

2. *Letters or numerals which designate characteristics of the goods/services, or which are customary in the trade, are excluded from registration by section 3(1)(c) or (d) ...*
3. *Such signs will be subject to objection under section 3(1)(b), (c) and (d) of the Act³ ...*

Random letters/numerals more distinctive

4. *The more random and atypical the letters or numerals are, the more likely it is the sign will have the necessary distinctive character. Accordingly, the more a letter or numeral mark resembles signs commonly used in the relevant trade for non-trade mark purposes, the less likely it is to be distinctive.*

Well known practices of trade to be considered

5. *In all cases the distinctive character of the sign must be assessed in relation to the goods/services specified in the application. Account may be taken of facts that are considered to be well known ...*
6. *However, unless research or general knowledge shows that there is a history of non-trade mark use of similar combinations of letters/numbers in a particular trade, the application will be examined on the assumption that the letters/numbers are sufficiently random. The matter may be re-considered in the event of observations or opposition.*

Three letter marks

7. *Marks consisting of three letters will be accepted unless there is a specific reason to believe that the particular letters will not be taken, by the*

³ c.f. section 11(1)(b), (c) and (d) of the Ordinance.

average consumer, as a trade mark.

...”

47. The Appointed Person considers that the above represents the correct approach to, *inter alia*, the registrability of three letter marks under the 1994 Act as currently interpreted. He went on to say that :

‘57 *I find it quite impossible to accept, in the light of the considerations noted above, that the designation FSS was at the relevant date (January 31, 1995) incapable of distinguishing the “personal computers and computer software for use in the field of financial services” of one undertaking from those of other undertakings. In my view, the application for registration in Class 9 was not objectionable under section 3(1)(a) of the 1994 Act. The principal hearing officer said in paragraph 44 of his decision (with emphasis added): “I do not consider that a mark can be regarded as incapable of distinguishing within the meaning of section 1(1) of the current Act merely because the mark in question consists exclusively of three letters.” I agree with that observation.’*

48. Accordingly, the fact that the subject mark consists exclusively of three letters does not necessarily mean that it is incapable of distinguishing the goods of one undertaking from those of others. I also note that the chapter on “Letters and numerals” in the Work Manual of the Trade Marks Registry in Hong Kong states, *inter alia*, that two or more letters are registrable, unless the letters designate a characteristic of the goods or services of the application or are devoid of any distinctive character. This is in line with paragraph 7 of the UK Practice Amendment Circular 5/00 referred to above, which the Appointed Person in the *FSS Trade Mark* case considers to represent the correct approach.

49. I refer to the Opponents’ line of argument referred to in paragraph 45 above. I note that the Opponents have filed no evidence in support of this argument.

50. Mr. Kwan essentially submitted that there are many common words and names that begin with the letters “A”, “K” and “M” respectively; and that the English translation of some Chinese names may begin with the letters “A”, “K” and “M”.

51. As pointed out above, the distinctiveness of a mark must be assessed by reference to, first, the goods or services in respect of which registration is

sought and, second, the perception of the relevant persons, i.e. the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect. I have to consider the perception of the average consumer of the Class 9 goods applied for, and determine whether the subject mark would, to such consumer, serve to identify the subject goods as originating from a particular undertaking, and thus to distinguish those goods from goods of other undertakings.

52. There is nothing to suggest that “AKM” is a known abbreviation for anything which is descriptive of the subject goods or any of their characteristics. Whereas, for example, “XL” may designate the size of clothing items and therefore descriptive and indistinctive of those goods, there is nothing to suggest that the combination of letters “AKM” stands for anything that describes or is otherwise indistinctive of the subject goods. There is no specific reason to believe that the letters “AKM” as a whole will not be taken by the average consumer as a trade mark. The average consumer would not break up the subject mark into its letters, and ask himself what names and words he can form with those letters separately as initial letters. The average consumer would perceive the subject mark as a whole as a combination of letters that bear no meaning in relation to the subject goods. When used in relation to the subject goods, the subject mark serves to distinguish the subject goods of one undertaking from those of other undertakings. It is therefore not devoid of distinctive character for the purpose of section 11(1)(b) of the Ordinance, and is not incapable of distinguishing the goods of one undertaking from those of other undertakings for the purpose of sections 3(1) and 11(1)(a) of the Ordinance.
53. I have already pointed out that the Opponents’ line of argument referred to in paragraph 45 above is very different from their pleaded case referred to paragraphs 41 to 43 above. I find that quite apart from the fact that it has not been properly pleaded, the Opponents’ line of argument referred to in paragraph 45 above would, for the reasons given in paragraphs 46 to 52 above, necessarily fail.
54. I should mention that the Opponents have included in their list of authorities, *inter alia*, a list, compiled from sources unknown, of Chinese names, with their English transliteration each consisting of three words beginning with the letters “A”, “K” and “M” respectively; articles printed in April 2008 from the Internet and an extract of a company name search conducted in April 2008

against companies registered with the Company Registry in Hong Kong with the letters “AKM” in their names. Mr. Pao for the Applicant strongly objected to the inclusion of such “new evidence dressed up as authorities”.

55. According to the Osborn’s Concise Law Dictionary, the word “authority” means (so far as it is relevant here) “a decided case, judgment, textbook of repute or statutory enactment cited as an exposition or statement of the law.” I was as surprised as Mr. Pao to find the items referred to in paragraph 54 above in the Opponents’ list of authorities. In any event, none of those items, even if admitted, would have assisted the Opponents’ case.

Opposition under section 12(5) of the Ordinance

56. The Opponents’ case under section 12(5) of the Ordinance is that, use of the subject mark by the Applicant would constitute an act of passing-off and registration of the subject mark should therefore be refused. This is essentially an opposition under section 12(5)(a) of the Ordinance.

57. Section 12(5)(a) 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) ...

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.”

58. The relevant question is whether normal and fair use of the subject mark for the purpose of distinguishing the subject goods from those of other undertakings was liable to be prevented at the Application Date by an action for passing off.

59. A helpful summary of the elements of an action for passing off can be found in *Halsbury's Laws of Hong Kong Volume 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.”

60. Further guidance is given at paragraph 225.020 of the same volume as follows:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and*
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.*

While it is helpful to think of these two factual elements as two successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) *the nature and extent of the reputation relied upon;*
- (b) *the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;*
- (c) *the similarity of the mark, name etc used by the defendant to that of the plaintiff;*
- (d) *the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and*
- (e) *the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.*

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

61. The first issue I need to consider is whether the Opponents have established a goodwill or reputation and, if so, the nature and extent of the reputation relied on. In *REEF Trade Mark* [2002] R.P.C. 19, Pumfrey J observed that:

“27 *There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent’s reputation extends to the goods comprised in the applicant’s specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act*⁴ (see *Smith Hayden*

⁴ c.f. section 12(1) of the repealed Trade Marks Ordinance (Cap 43).

& Co. Ltd's Application (OVAX) (1946) 63 R.P.C. 97 as qualified by BALI Trade Mark [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28 *Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur."*

62. According to Lam's First Declaration, the First Opponent is a company incorporated under the laws of Hong Kong in December 1993. The Second Opponent is the wholly-owned subsidiary of the First Opponent with a place of business in Panyu, Guangzhou, and was incorporated under the laws of the People's Republic of China in 1994. The Opponents say that they are "manufacturer and distributor [*sic*] of electronic components and integrated circuits for electronic products" (paragraph 11 of Lam's First Declaration). According to Exhibit "LSY-7" to Lam's First Declaration, the specific goods the Opponents manufacture and sell are flexible printed circuits (FPC) (the "Opponents' Goods").

63. The Opponents say that the Second Opponent has applied for registration of 'the trade mark "AKM & device"' in Hong Kong in respect of the Class 9 goods and Class 35 services set out in the Schedule hereto (the "Opponents' applied-for goods and services"). The Opponents claim to have used the trade name "AKM" as their company names since their incorporation and in respect of their business of manufacturing and distributing electronic components and integrated circuits for electronic products, although use in relation to the Opponents' Goods only since March 1996 can be verified from the exhibits to Lam's First Declaration. Exhibits "LSY-5", "LSY-6" and "LSY-7" to Lam's First Declaration also indicate that the actual mark which has been used on the Opponents' Goods and packaging and promotional materials therefor is the following mark (the "Opponents' Mark"):



It is not in dispute that the Opponents' Mark is highly similar to the subject

mark.

64. In paragraph 12 of Lam’s First Declaration, the Opponents give, *inter alia*, the following annual sales figures for the Opponents’ applied-for goods and services provided under ‘the trade name or trade mark “AKM”’ in Hong Kong:

<u>YEAR</u>	<u>SALE FIGURES</u> <u>HONG KONG (HK\$)</u>
1996	5,713,177
1997	2,652,765
1998	3,888,939
1999	752,661
2000	8,366,140
2001	12,376,355
2002	8,452,154
2003	9,731,868
2004	19,267,579

65. Figures of the Opponents’ advertising expenditure between 1995 and 2004 spent on promoting the Opponents’ applied-for goods and services are given in paragraph 13 of Lam’s First Declaration. I find them to be modest. Moreover, the only actual example given by the Opponents of use of the Opponents’ Mark in promotional materials of the Opponents appears at Exhibit “LSY-7” to Lam’s First Declaration. This is a brochure of the First Opponent. From a page with the title “Company Profile” in this brochure, various milestone dates of the development of the Opponents are given, including dates in 2005. This shows that the brochure was prepared in or after 2005, i.e. after the Application Date. There is no evidence of use of the Opponents’ Mark, or the mark “AKM”, before the Application Date in any advertisements or promotional materials for any of the Opponents’ applied-for goods and services.

66. Exhibit “LSY-8” to Lam’s First Declaration includes invoices issued by the

Second Opponent between March 1996 and the Application Date. These invoices indicate that the Second Opponent has sold goods to the following companies in Hong Kong:

- (a) Alpha Luck;
- (b) Ikejiri Electronic (H.K.) Co., Ltd.;
- (c) World Circuit HK;
- (d) World Resources;
- (e) Sheen Rich Development Limited;
- (f) Ontime Electronics Company Limited; and
- (g) FDK Hong Kong Ltd.⁵

67. The Applicant submitted that a substantial proportion of those invoices relates to “internal” sales to shareholders or entities related to shareholders of the First Opponent, including (i) Alpha Luck, (ii) World Circuit HK and (iii) World Resources.

68. There is no suggestion that any of the companies referred to in paragraph 66(b), (e), (f) and (g) has any relationship with the Opponents. I have already rejected the Applicant’s argument that use of the Opponents’ Mark in relation to supply of goods from the Second Opponent to World Circuit HK and World Resources was internal use of the mark by the Opponents. Although Alpha Luck was a joint venture party constituting the First Opponent and probably a shareholder of the First Opponent at the time of the relevant sales, I consider that use of the Opponents’ Mark in the sale of goods from the Second Opponent, a wholly-owned subsidiary of the First Opponent, to Alpha Luck, a shareholder of the First Opponent, in the circumstances indicated by the relevant invoices in Exhibit “LSY-8” to Lam’s First Declaration was not “internal use” of the mark by the Opponents. The relevant question is not whether Alpha Luck would have any rights in the Opponents’ Mark upon the winding up of the First Opponent (as suggested by

⁵ FDK Hong Kong Ltd. is named in one invoice together with Alpha Luck as buyers of goods from the Second Opponent.

Mr. Pao), but whether the use of the Opponents' Mark in the sales of the Second Opponent's goods to Alpha Luck was use of the mark as a badge of origin enabling the purchaser, Alpha Luck, to distinguish the Opponents' Goods from those of other undertakings. I have no doubt that the Opponents' Mark did so function as a badge of origin in those sales.

69. Having regard to the foregoing, I do not consider that use of the Opponents' Mark in any of the sales evidenced by the invoices at Exhibit "LSY-8" to Lam's First Declaration was "internal use" by the Opponents in the sense of that term in the *Brands v Regal* case.
70. On the other hand, I have to consider the extent of the Opponents' goodwill and reputation in the context of the goods in respect of which the Opponents' Mark has been used and the relevant trade. I note that except (i) a single invoice issued to Ikejiri Electronic (H.K.) Co., Ltd. for a modest sum of less than HK\$5,000 and (ii) a single invoice issued jointly to Alpha Luck and FDK Hong Kong Ltd., all of the invoices included in Exhibit "LSY-8" to Lam's First Declaration issued between March 1996 to the end of 1999 were addressed to Alpha Luck. Moreover, all invoices in Exhibit "LSY-8" issued during the period from January 2000 to September 2001 were to World Circuit HK. The client base of the Opponents during those periods, therefore, was rather narrow. It is only after September 2001 that the other customers, namely World Resources, Sheen Rich Development Limited and Ontime Electronics Company Limited, came into the picture.
71. I have to bear in mind the nature of the Opponents' Goods and the relevant market involved. The Opponents' Goods are flexible printed circuits for use in electronic products. Exhibit "LSY-7" to Lam's First Declaration indicates that the Opponents' Goods are mainly for application in mobile phones, cameras, PDAs (personal digital assistants) and notebook computers. The purchasers of the Opponents' Goods are therefore likely to be manufacturers of these electronic products or traders of electronic components for these electronic products. One would not, therefore, expect there to be as many different customers in the market for the Opponents' Goods as, e.g. for everyday consumer goods. Exhibit "LSY-8" to Lam's First Declaration includes more than 60 invoices issued between March 1996 and the Application Date. Most of these invoices each covers thousands of pieces of flexible printed circuits products.
72. Having considered the totality of Opponents' evidence, I find that the

Opponents first used the Opponents' Mark in March 1996 in relation to the Opponents' Goods, and have by the Application Date acquired in Hong Kong a goodwill or reputation in respect of the manufacture and supply of the Opponents' Goods which, although not overwhelming, was not merely of trivial extent, and is known by the Opponents' Mark.

73. On the issue of misrepresentation, the Applicant accepts that the subject mark and the Opponents' Mark are very similar, but claims to have prior right over the subject mark.

74. It is well established that the relevant date in a passing off action is the date of the commencement of the conduct complained of: *Cadbury-Schweppes Pty Ltd v The Pub Squash Co Ltd* [1981] RPC 429. The objection under section 12(5)(a) of the Ordinance must, however, be assessed as at the date of application for registration of the mark in question. An opponent's right to prevent the use of an applied for mark must have existed at the date of the application for registration of that mark. An opponent could have had no such right if the applicant's use was itself protected in Hong Kong from an earlier date or if, by the relevant date, the applicant had established its own actionable goodwill or reputation. Thus Oliver L.J. in *Habib Bank Ltd. v Habib Bank A.G. Zurich* [1982] R.P.C. 1 stated that:

"where you find that two traders have been concurrently using in the United Kingdom the same or similar names for their goods or businesses, you may well find a factual situation in which neither of them can be said to be guilty of any misrepresentation. Each represents nothing but the truth, that a particular name or mark is associated with his goods or business."

75. Rival claims fall to be determined on the basis set out by Geoffrey Hobbs QC, sitting as the Appointed Person, in *Croom's Trade Mark Application* [2005] RPC 2:

"45 *I understand the correct approach to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:*

(a) *the senior user prevails over the junior user;*

(b) *the junior user cannot deny the senior user's rights;*

(c) *the senior user can challenge the junior user unless and until it is inequitable for him to do so.*

46 *The statutory provisions carried forward in ss. 7, 11 and 12 of the Trade Marks Act 1938⁶ reflected these principles: see CLUB EUROPE Trade Mark [2000] R.P.C. 329 at pp. 342 to 344. The principles themselves are, in my view, deducible from:*

(a) *the right to protection conferred upon senior users at common law (see Sprints Ltd v Comptroller of Customs (Mauritius) (CHIPIE Trade Mark) [2000] F.S.R. 814 (PC) at pp. 818, 819 per Lord Clyde and AL BASSAM Trade Mark [1995] R.P.C. 511 (CA) at p. 522 per Morritt L.J.);*

(b) *the common law rule that the legitimacy of the junior user's use of the mark in issue must normally be determined as of the date of its inception (see J. C. Penny Co Inc v Penneys Ltd [1975] F.S.R. 367 (CA) at p. 381 per Buckley L.J., Cadbury Schweppes Pty Ltd v The Pub Squash Co Ltd [1981] R.P.C. 429 (PC) at p.494 per Lord Scarman; Anheuser-Busch Inc v Budejovicky Budvar NP [1984] F.S.R. 413 (CA) at p. 462 per Oliver L.J., p.471 per O'Connor L.J. and p. 473 per Dillon L.J.); and*

(c) *the potential for co-existence to be permitted in accordance with equitable principles (see GE Trade Mark [1973] R.P.C. 297 (HL) at pp. 325 et seq per Lord Diplock and Anheuser-Busch Inc v Budejovicky Budvar NP [2000] I.P. & T. 617 at pp. 629 and 630 per Peter Gibson L.J., pp. 632 and 633 per Judge L.J. and p. 637 per Ferris J.)”*

76. I turn to consider the Applicant's evidence. According to the Nakayama Declaration, the Applicant is a company organized and existing under the laws of Japan. Since 1983, the Applicant has based its corporate operation and development in customs and application-specific LSIs (Large Scale Integrated Circuits) (the "Applicant's Goods") in relation to information and communication systems. The Applicant's advertisements at Exhibit "KN-6" to the Nakayama Declaration indicate that the Applicant's Goods can be applied in, *inter alia*, digital cameras, PDAs, mobile phones, musical

⁶ c.f. sections 33(1), 12(1) and 20-22 of the repealed Trade Marks Ordinance (Cap. 43).

instruments, satellite broadcast receivers and audio-visual equipment. It is not disputed that the parties' fields of activity overlap or are very close, and conflict with each other.

77. The Applicant claims to have used the subject mark in Hong Kong and Japan since 1986 but use since that date in Hong Kong cannot be verified from the exhibits to the Nakayama Declaration. The Applicant says that its predecessor has since November 1989 circulated worldwide except in Japan the products guide (the "Products Guide") appearing at Exhibit "KN-4" to the Nakayama Declaration to promote its "AKM" trademarked goods. The Applicant says the first available documentary evidence of sale of the Applicant's "AKM" trademarked goods in Hong Kong is a purchase order placed by Realink Industries Ltd. ("Realink") on the Applicant's predecessor on 12 November 1992 (the "November 1992 purchase order").
78. Annual advertising figures of the Applicant's Goods under the subject mark from the year 2000 are set out in paragraph 12 of the Nakayama Declaration. Copies of advertisements of the Applicant's Goods are found in Exhibit "KN-6" to the Nakayama Declaration. They include advertisements of the Applicant's Goods under the subject mark in 1991, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2002, 2003 and 2004. Publications in which these advertisements appear include, *inter alia*, the Asian Electronics Engineer, Nikkei Electronics Asia, EDN Asia and Electronic Technology (無線電技術).
79. The following annual sales figures in Hong Kong of the Applicant's Goods provided under the subject mark are given in paragraph 13 of the Nakayama Declaration:

<u>YEAR</u>	<u>Hong Kong direct sales figure (Japanese Yen in millions)</u>
2002	922
2003	1,893
2004	1,587

80. From the above, the average annual Hong Kong sales of the Applicant's Goods for the years 2002 and 2003 (i.e. the last two calendar years before the Application Date) amounts to over ¥1,400 million (i.e. over HK\$90 million). This is much more than the average annual sales for 2002 and 2003 for the

Opponents' applied-for goods and services referred to in paragraph 64 above.

81. According to a research report compiled by IMS Research (Exhibit "KN-8" to the Nakayama Declaration), the Applicant was the top supplier of audio conversion integrated circuits for the 2004 world market, and had a market share of 25.6% in 2004.
82. Copies of invoices for sales of the Applicant's Goods under the subject mark are included in Exhibit "KN-7" to the Nakayama Declaration. They include a few invoices each year for the years 1998 to 2004. A total of more than a dozen different customers are named in those invoices. Although the number of invoices included are not very many, the quantities involved are mostly quite substantial, often covering thousands of pieces of products per invoice.
83. I have already found that the Opponents first used the Opponents' Mark in relation to the Opponents' Goods in March 1996. I turn to consider whether there is any evidence that the Applicant has a prior right over the subject mark.
84. The following pieces of evidence appear to relate to the period prior to March 1996:
 - (a) An advertisement placed in the October 1991 issue of the "Electronics Engineer" showing use of the following mark:



It would appear from an extract from the December 1996 issue of the "Electronics Engineer" that the full name of this publication is "Asian Electronics Engineer", and it describes itself as "Asia's first electronics engineering magazine addressing the information needs of electronics engineers and senior technical managers working in *Hong Kong*, Taiwan, South Korea, the ASEAN countries, and India" (emphasis added). It would therefore appear that this publication was targeted at, *inter alia*, electronic engineers and senior technical managers working in Hong Kong.

In addition to the name and contact details of the Applicant's

predecessor, the advertisement in the October 1991 issue of the Asian Electronics Engineer also lists the names and contact details of a few companies which potential customers could contact for further information on the products advertised. Amongst them were two Hong Kong companies, including one “Active Action Industrial Ltd.”.

- (b) The November 1992 purchase order placed by Realink, with an address in Hong Kong.

The order was placed on the Applicant’s predecessor through “Active Action Ind. Ltd” referred to in paragraph 84(a) above. The payment terms for this purchase order are stated to be “L/C at site to **AKM**” (emphasis added). The purchase order referred to a product described as “AK93C67F 4K BIT EEPROM”. This product is also referred to in the Products Guide. The mark **AKM** appears prominently on the cover page of the Products Guide.

- (c) Advertisements bearing the mark **AKM** or **AKM** placed by the Applicant or its predecessor in the July 1994, April 1995, May 1995 and June 1995 issues of the publication “Nikkei Electronics Asia”.

Although this publication may, prior to July 1994, be published elsewhere, according to the extract from the July 1994 issue, this publication was “published monthly by Nikkei Business Publications Asia Ltd, 26th Floor, Wing On Centre, 111 Connaught Road, Central, *Hong Kong*” (emphasis added). It was also stated in that issue that the magazine “*is distributed free to a limited number of qualified traders. Paid subscriptions are available for non-qualified readers*”. It then went on to list the subscription prices for Asia, Pacific, Europe, North America and the Middle East regions.

85. Mr. Kwan for the Opponent pointed out that the November 1992 purchase order was signed only for and on behalf of the purchaser, Realink, but not the seller. He therefore submitted that the November 1992 purchase order is no evidence of actual sale of goods under the subject mark.

86. Although the November 1992 purchase order was not signed by the

predecessor of the Applicant as seller, it shows that a customer in Hong Kong (Realink) of the predecessor of the Applicant recognized “AKM” as the source of the goods it wished to order. The code for the goods it ordered appears in the Products Guide. Although the claim in paragraph 10 of the Nakayama Declaration that the Products Guide “was circulated worldwide except in Japan since November 1989” was rather vague, in view of the fact that Realink quoted a relevant product from this Products Guide in the November 1992 purchase order, I consider it likely that at least in November 1992, the Products Guide was available to some Hong Kong customers or potential customers of the Applicant’s predecessor, although it is impossible to tell the extent of circulation of the Products Guide in Hong Kong.

87. It has been held that advertising directed at a specific market in actual preparation for trading does generate sufficient goodwill to support an action for passing-off (*Pfizer v Ultrasound* [2000] HKEC 514 (HCA 2712/1999)). The existence of a trading reputation in Hong Kong for passing off purposes is a question of fact to be determined on the evidence as a whole (*Hong Kong Caterers Ltd. v Maxim’s* [1983] HKLR 287 at 296).
88. Although each of the items (a), (b) and (c) in paragraph 84 above may not be conclusive on its own, taking them together, I consider it reasonable to infer that by March 1996, there had been some advertising in Hong Kong of the Applicant’s Goods under the subject mark and that the subject mark is recognized by Realink, a customer of the Applicant’s predecessor, as a badge of origin. Taking the evidence as a whole, I find that the Applicant has protectable goodwill in the subject mark prior to the Opponents’ user.
89. Mr. Kwan for the Opponents pointed out that no sales figures in relation to the Applicant’s Goods before 2002 had been provided. On the other hand, I note that the Applicant has produced a few invoices for each of the years from 1998 to 2004 issued by the Applicant (or its predecessor) to companies in Hong Kong. The subject mark has also been advertised by the Applicant (or its predecessor) during the years referred to in paragraph 78 above including in publications targeted at people engaged in the electronics industry. In addition to the Asian Electronics Engineer and the Nikkei Electronics Asia referred to in paragraphs 84(a) and 84(c) above, the publication “EDN Asia” (referred to in paragraph 78 above) describes itself as a “Design Magazine of the Electronics Industry in Asia”. Extracts from the publication “Electronic Technology” (無綫電技術) indicate that that publication was established in 1969, and it bore a price in HK Dollars, which would suggest that it was sold

in Hong Kong. I have already pointed out that there is no evidence that the Opponents have used the Opponents' Mark in any advertisement or promotional materials in respect of the Opponents' Goods prior to the Application Date.

90. Having considered all of the evidence filed in these proceedings, I consider that although the Opponents have acquired by the Application Date a goodwill or reputation in respect of the manufacture and supply of the Opponents' Goods and is known by the Opponents' Mark, I find that the Applicant had protectable goodwill in the subject mark prior to the Opponents' user in the area of conflict. I see no basis on which the Opponents (as junior user) could have denied the right of the Applicant (as senior user) to make normal and fair use of the subject mark in relation to the subject goods.
91. As the Opponents lack any entitlement to prevent the use of the subject mark in Hong Kong by the Applicant by virtue of the law of passing off, the Opponents' opposition under section 12(5)(a) fails.

Costs

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

(Finnie Quek)
for Registrar of Trade Marks
3 July 2008

Schedule

Opponents' applied-for goods and services

Class 9

flexible printed circuits, printed circuit boards, integrated circuits; hybrid integrated circuits; electronic integrated circuits; integrated circuit chips, test clips and memories; computer programs for integrated circuit diagnostics; smart cards; glass wafers for integrated circuits; plates with integrated circuits; readers for integrated circuit cards; reading machines for integrated circuit cards and cartridges; sockets for testing integrated circuits; test probe assemblies for integrated circuits; test sockets for integrated circuits; wafer steppers for adjusting, controlling and monitoring the production of integrated circuits; masks for making integrated circuits; photomask substrates for integrated circuits; mechanical apparatus for the examination, exposure and projection of films for integrated circuits; pre-programmed integrated circuit memory devices bearing computer programs; parts and fittings for electric, electronic, measuring, signaling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; calculating machines; data processing equipments and computers; radio; time recording apparatus; transformers; transistors; transmitters of electronic signals; wire and cables; all included in Class 9.

Class 35

wholesaling, distributing and retailing services of flexible printed circuits, printed circuit boards, integrated circuits, hybrid integrated circuits, electronic integrated circuits, integrated circuit chips, packages, test clips, boards, cards and memories, computer programs for integrated circuit diagnostics, smart cards, glass wafers for integrated circuits, plates with integrated circuits, readers for integrated circuit cards, reading machines for integrated circuit cards and cartridges, sockets for testing integrated circuits, test probe assemblies for integrated circuits, test sockets for integrated circuits, wafer steppers for adjusting, controlling and monitoring the production of integrated circuits, masks for making integrated circuits, photomask substrates for integrated circuits, mechanical apparatus for the examination, exposure and projection of films for integrated circuits, pre-programmed integrated circuit memory devices bearing computer programs, parts and fittings for electric, electronic, measuring, signaling, checking (supervision), life-saving and teaching apparatus and instruments, apparatus for recording, transmission or reproduction of sound or images, magnetic data carriers, recording discs, calculating machines, data processing equipments and computers, radio, time recording apparatus, transformers, transistors, transmitters of electronic signals, wire and cables; business appraisals; business consultancy; all included in Class 35.