

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

**OPPOSITION TO TRADE MARK APPLICATION NO. 300256923**

MARK :



CLASS : 25

APPLICANT : CHINA'S FRONTIER (INTERNATIONAL) HOLDINGS LIMITED

OPPONENT : MARINO ORLANDI

**STATEMENT OF REASONS FOR DECISION**

1. On 27 July 2004, China's Frontier (International) Holdings Limited (the "applicant"), a company with a British Virgins Islands address, filed an application for registration (the "subject application") of the mark above (the "subject mark") in Class 25 for "clothing, footwear, headgear and belts" (the "applied for goods"), under the Trade Marks Ordinance, Cap. 559 (the "Ordinance").

2. Particulars of the subject application were published on 29 October 2004. The opponent filed a notice of opposition to the application on 11 March 2005.

3. A date for hearing the opposition was set to take place before me on 27 May 2008. However, the opponent has indicated in writing that he would not attend the hearing, and the applicant having failed to file any Form T12 is treated as not intending to appear at the hearing under Rule 74(5) of the Trade Marks Rules Cap 559 sub leg (the "Rules"). In the event, by virtue of Rule 75(b) of the Rules, the Registrar may decide the matter without a hearing.

4. This decision under the Ordinance is therefore made only on the pleadings and evidence filed by the parties under the Rules. The pleadings and evidence are

the opponent's notice of opposition under rule 16, the applicant's counter-statement under rule 17 and the opponent's evidence under rule 18. The applicant did not file evidence in the proceedings.

### **The opponent and the grounds of opposition**

5. The opponent, Marino ORLANDI, is an Italian citizen having a residence address at Piediripa (MC), Italy.

6. He opposes registration of the subject mark under sections 11(1)(a), 11(5)(a), 11(5)(b), 12(2), 12(3), 12(4) and 12(5) of the Ordinance.

### **The applicant and counter-statement**

7. The applicant filed a counter-statement on 9 June 2005, denying all claims in the grounds of opposition.

8. In the counter-statement, the applicant further avers that the mark described as "Marino Orlandi & device" was originally and independently created, designed and used, without knowledge of or reference to the opponent or his alleged mark, by the applicant's predecessor-in-title 東莞厚街沙塘立基皮具工藝廠 ("Dongguan Factory") since at least as early as July 1994 as trade mark for its goods in the People's Republic of China ("PRC"). The applicant states that a mark comprising that mark and some Chinese characters underneath was registered with the PRC Trade Marks Registry in Classes 18 and 25 by the Dongguan Factory in the following form : -



(hereinafter referred to as the "PRC registered mark").

9. It is alleged that the PRC registered mark was assigned to a company known as Value-Added Commercial Co., Ltd (廣州市高卓商貿有限公司) in about May

2002. The applicant states that the extensive use of the mark described as “Marino Orlandi & device” and the PRC registered mark by the Dongguan Factory and by Value-Added Commercial Co., Ltd in PRC, as well as the use and applications for registration of the “Marino Orlandi & device” in Hong Kong and elsewhere, were made in good faith without any knowledge or imitation of or reference to the opponent’s marks.

### **Opponent’s evidence**

10. The opponent’s evidence is the only evidence in the proceedings. This comprises a statutory declaration made by Mr. Marino Orlandi, the opponent himself.

11. Mr. Orlandi, an Italian citizen, is the sole owner of a firm known as Pelletteria Orlandi Marino (“the opponent’s firm”) set up by him in 1983 in Macerata – Frazione Piediripa. Since 1983, he has been carrying on business as a designer, manufacturer, merchant of high-quality leather products and clothing. Included in his leather products are leather belts, leather purses, hand-bags, traveling-bags, umbrellas, parasols and leather key-rings.

12. Mr. Orlandi claims that since 1983, he has adopted his own name “Marino Orlandi” as a trade mark for his goods, first in Italy and soon after throughout the world. Apart from that, since 1988 a logo mark has also been used on his goods. A representation of the logo mark is reproduced below : -



(this mark is hereinafter referred to as the “Logo Mark”)

13. The Logo Mark was registered with the Hong Kong Trade Marks Registry on 26 July 1989 under trade mark no. 19903736 in Class 18 for “leather and

imitations of leather, and goods made of these materials; leather belt, leather purse, hand-bags, travelling-bags; umbrellas, parasols, leather key-ring”.

14. Besides, Mr. Orlandi has obtained registrations of the mark “Marino Orlandi” and the Logo Mark in either his own name or in the name of the opponent’s firm, in different places over the world. As regards Hong Kong, Mr. Orlandi had sought registration under application no. 5921 of 1989 for the mark “Marino Orlandi” in respect of “leather and imitations of leather, and goods made of these materials : leather belt, leather purse, hand-bags, travelling-bags; umbrellas, parasols, leather key-ring in Class 18”, but that application was later abandoned “due to a commercial decision in early 1992”, according to Mr. Orlandi. On 10 March 2005, Mr. Orlandi filed afresh another application, under application no. 300383517, in respect of the same mark and for the same goods as well as “clothing, footwear, headgear” in Class 25. That application is of course pending the resolution of the present matter.

15. I shall discuss in detail the evidence of use of Mr. Orlandi’s mark or marks in Hong Kong in the latter parts of this decision.

## **Decision**

16. Various grounds of opposition had been pleaded by the opponent. It is apparent that not all of the grounds are well-founded. I shall first deal with those that could be readily disposed of.

### **Section 11(1)(a) of the Ordinance**

17. Section 11(1)(a) stipulates that signs which do not satisfy the requirements of section 3(1) (meaning of “trade mark”) shall not be registered. Section 3(1) defines a “trade mark” (商標) to mean 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.

18. It is apparent from the opponent’s pleadings and evidence that the basis of

his objection to the applicant's application is not that the subject mark is by its nature incapable of distinguishing the goods or services of one undertaking from those of other undertakings, nor that it cannot be represented graphically. Rather the opponent's contention is that the applicant does not have the right to the mark as he should have. Section 11(1)(a) is obviously not the proper avenue for such a contention, hence this opposition must necessarily fail.

### **Section 11(5)(a) of the Ordinance**

19. Section 11(5)(a) provides that a trade mark shall not be registered if, or to the extent that, its use is prohibited in Hong Kong under or by virtue of any law. The basis for this ground, as pleaded, is that use of allegedly the opponent's mark by the applicant "would be prohibited in Hong Kong by virtue of law, namely the law of passing off".

20. However, I note that section 11(5)(a) is intended to apply where the prohibition by law arises from the mark itself. As noted by Kerly's Law of Trade Marks and Trade Names ("*Kerly*"), 14<sup>th</sup> Edition, paragraph 8-212, in discussing section 3(4) of the UK Trade Marks Act 1994 (which is similar to our section 11(5)(a) of the Ordinance) -

"This is an absolute ground for refusal and, as indicated above, is concerned with the trade mark itself. An objection that use of the mark would cause passing off arises under s.5(4)(a) of the 1994 Act [*which is similar to our section 12(5)(a) of the Ordinance*] and not under this subsection."

21. This is also consistent with the heading of section 11 of the Ordinance which is entitled "Absolute grounds for refusal of registration" and is to be contrasted with section 12 of the Ordinance which deals with the "relative" rights of the applicant and other parties. Consequently, the opponent cannot succeed in this section based upon an allegation of passing off. The right place to consider this issue, as pointed out by *Kerly*, should be section 12(5)(a), which expressly specifies prohibition by virtue of the law of passing off as a basis for refusing registration. In fact the opponent has already pleaded section 12(5) as a ground of opposition.

## Sections 12(2), 12(3) and 12(4) of the Ordinance

22. Sections 12(2), 12(3) and 12(4) of the Ordinance all require the existence of an earlier trade mark in relation to the subject mark. In this regard, section 5 of the Ordinance has the following provision :

- “(1) In this Ordinance, “earlier trade mark” (在先商標), in relation to another trade mark, means-*
- (a) a registered trade mark which has a date of the application for registration earlier than that of the other trade mark, taking into account the priorities claimed in respect of each trade mark, if any; or*
  - (b) a trade mark which, at the date of the application for registration of the other trade mark or, where appropriate, at the date of the priority claimed in respect of that application for registration, was entitled to protection under the Paris Convention as a well-known trade mark.*
- (2) References in this Ordinance to an earlier trade mark shall be construed as including a trade mark in respect of which an application for registration has been made under this Ordinance and which, if registered, would constitute an earlier trade mark under or by virtue of subsection (1)(a), subject to its being so registered.*
- (3) A trade mark which is an earlier trade mark under or by virtue of subsection (1)(a) shall continue to be taken into account in determining the registrability of a later trade mark for a period of 1 year after the date on which its registration expires unless the Registrar is satisfied the trade mark has not been used in good faith in Hong Kong during the 2 years immediately preceding that date.”*

23. The opponent has listed a number of trade mark registrations with overseas registries in the grounds of opposition as well as in the statutory declaration of Mr.

Orlandi. As they are not applications for registration being made under the Ordinance, they do not constitute earlier trade marks in relation to the subject mark.

24. As regards application no. 5921 of 1989 filed with the Hong Kong Trade Marks Registry, the fact that it had been withdrawn before it had ever matured into registration means that it could not be an earlier trade mark.

25. The opponent's current application no. 300383517 was filed on 10 March 2005; that is after the date the applicant filed the subject application. It cannot be an earlier trade mark in relation to the subject mark either.

26. It follows that the only possibility that any one of the marks mentioned in the grounds of opposition could ever constitute an earlier trade mark is that it was entitled to protection under the Paris Convention as a well-known trade mark at the date the applicant filed the present subject application.

27. In determining whether a mark is well known in Hong Kong, I have to take into account any factors from which it may be inferred that the mark is well known in Hong Kong (section 1(1) of Schedule 2 to the Ordinance). I shall consider any information submitted in this regard, including, but not limited to, information concerning the degree of knowledge or recognition of the trade mark in the relevant sectors of the public; the duration, extent and geographical area of any use of the trade mark; the duration, extent and the geographical area of any promotion of the trade mark and of any registrations or applications for registration of the trade mark, to the extent that they reflect use or recognition of the trade mark (section 1(2), Schedule 2 to the Ordinance). In this connection, I would like to refer to the analysis and conclusion in respect of the use and reputation of the opponent's marks in Hong Kong in paragraphs 33 to 54 below. It is obvious that none of the opponent's marks qualifies as a well-known trade mark in the context of the statutory provisions under the Ordinance.

28. There being no earlier trade mark in relation to the subject mark, the grounds of opposition under sections 12(2), 12(3) and 12(4) therefore do not have a basis to

proceed.

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

29. 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) by virtue of an earlier right other than those referred to in paragraph (a) or in subsections (1) to (4) (in particular, by virtue of the law of copyright or registered designs),

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.”

30. The pleadings and evidence of the opponent only support a cause of action under paragraph (a) but not the other paragraph of the subsection. I shall therefore only consider section 12(5)(a).

31. 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.”

32. 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). 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 subject mark despite the pleadings in the counter-statement that the applicant has been using the subject mark in PRC since as early as July 1994, the relevant date is the date on which the application to register the subject mark was made, i.e. 27 July 2004 (the “relevant date”).

***Goodwill***

33. 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.”

34. Mr. Orlandi claims that the mark “Marino Orlandi”, adopted from his own name, has been used on his goods since 1983, first in Italy and soon after throughout the world, and the Logo Mark has also been used on his goods since 1988. It is said that the marks have been used extensively in Hong Kong and elsewhere in respect of high quality leather products and clothing. Exhibit B to Mr. Orlandi's statutory declaration contains photographs of leather products such as bags and belts, and clothing items such as caps, hats and gloves, on which the mark “Marino Orlandi” and the Logo Mark, either alone or together, can be seen to have been affixed or engraved. But there is no hint of where and when these goods were up for sale. Mr. Orlandi gives some impressive figures of its worldwide sales for the years 1998 to 2004 in his statutory declaration.

35. I note, and this is quite important for this case, that the mark “Marino Orlandi” combined with the Logo Mark would in effect constitute the entirety of the subject mark. For convenience, I shall hereinafter refer to the composite mark used by the opponent combining the mark “Marino Orlandi” and the Logo Mark as the “Combined Mark”.

36. Mr. Orlandi further claims that by virtue of the use of the Combined Mark in advertising, promotion and sales of the goods, the mark has acquired substantial goodwill and reputation in Hong Kong and elsewhere. Figures of the opponent's worldwide expenses for advertising and promotion of the mark for the years 1998 to 2004 are given. However, since these figures have no breakdowns for Hong Kong, they are not useful hints of the efforts spent in promoting the mark in Hong Kong.

37. Nonetheless, in his statutory declaration, Mr. Orlandi do give annual sales figures for Hong Kong in respect of goods bearing the Combined Mark as follows : -

<u>Year</u>	<u>Sales (US Dollars)</u>
1991	64,071.00
1992	218,728.00
1993	70,501.00
1994	18,535.00
1995	49,247.00
1996	(no sale)
1997	6,066.00
1998	(no sale)
1999	(no sale)
2000	(no sale)
2001	1,580.00
2002	(no sale)
2003	(no sale)
2004	(no sale)

38. Interestingly, Mr. Orlandi also points to a chart, contained in Exhibit E to his statutory declaration, that he said shows the annual sales figures for Hong Kong of his goods bearing his mark from 1985 to 1990. The figures are denoted in the currency sign € meaning euro which, I trust to be within common knowledge, had its debut to world financial markets in 1999. Given this dubious nature and the lack of affirmation that the figures are authentic, I do not give any evidential weight to this chart. On the other hand, Exhibit E also contains a set of sales invoices, all except one dated 1997 and one dated 2001 were issued on dates spanning 1988 to 1995, in respect of products described as “leather bags”, “leather wallets”, “leather goods”, etc. It can be seen at the top left hand corner of each of these invoices the Combined Mark in prominent size. All the addresses sent were Hong Kong addresses and the receivers of the goods all seem to be Hong Kong companies.

39. I should mention that there is another set of evidence in Exhibit E which consists of only a few invoices, spanning 1985 to 1988, with a mark comprising the word “Sabina” encapsulated in an oval device at the top left side. As this set of invoices do not show the Combined Mark, I do not consider them relevant to the

present proceedings.

40. Mr. Orlandi avers that although there were no sales for the years 1996, 1998 to 2000, and 2002 to 2004, he had extensively advertised the Combined Mark in Hong Kong and had participated in some trade fairs in Hong Kong. Exhibit F is said to contain copies of advertising materials as well as materials and brochure showing the trade fairs which Mr. Orlandi had attended and participated. As I find it, most of the advertising materials are extracted from the magazine ARPEL, and a few from the magazines PELLE and ARS. Within Exhibit F there is also a letter issued in 2005 by the Ars Arpel Group, publisher of ARPEL, to the opponent's firm, confirming that the magazine is "dedicated to the world of leather bags, luggage and clothes in leather", and that the opponent's firm had advertisements in the magazine since 1991. The letter also states that the magazine "is distributed through our representatives in more than 185 countries, therefore also to Hong Kong". Regarding the advertisements in the magazines, I find them to be featuring bags, leather bags and accessories of the opponent's firm. The Combined Mark can be seen in those advertisements which are predominantly in the Italian language, but occasionally, English words "LEATHER GOODS", Chinese characters "皮革製品" or "皮革製品店" and Japanese characters are also seen.

41. Exhibit F also contains materials and brochure in connection with some trade fairs. The opponent's firm is one of the three exhibitors on the exhibition list for bags, leather bags and accessories in the "Bella Italia 'the quality of life'" exhibition hosted by Grand Hyatt Hong Kong in Hong Kong in 2002. The exhibition is said to be promoting well known "Made in Italy" products and was held in an official context under the auspices of certain Italian ministries as well as the Italian Consulate General in Hong Kong. The opponent or the opponent's firm also seems to have participated in the "SCAM/FOOTWEAR/HANDBAGS EXHIBITION" in 1993, the "Asia Pacific Leather Fair 95" and the "Asia Pacific Leather Fair 97". I discount evidence relating to the other trade fairs shown in Exhibit F as I have doubt that they had taken place in Hong Kong.

42. Given that the above evidence are unchallenged, and having discounted the irrelevant or dubious ones as I have indicated above, I am reasonably satisfied that before the opponent's entry into the Hong Kong market, which I take it to be no later

than 1991, the opponent through his self good name and the name of the opponent's firm had established a substantial international goodwill or reputation attached to bags, leather bags and fashion accessories which he or the opponent's firm supplied by association with the Combined Mark, and by the early 1990s the opponent has successfully established such goodwill in the mind of the purchasing public in Hong Kong. However, since 1996, no sales had been recorded except for a modest amount in 1997 and an even smaller amount in 2001. The opponent readily admits he did not sell goods bearing the mark since 1996 except for these two years. No explanation has been offered for the absence from the Hong Kong market, but the opponent points to the effort spent on advertising and participating in trade fairs here throughout. The question I have to consider is whether the Combined Mark has retained a residual renown in Hong Kong, which as to be discussed below is an asset protectable from damage by passing off proceedings, as denoting the opponent's goods over the years when the opponent made no imports.

43. *Ad-Lib Ltd v. Granville* [1972] R.P.C. 673 is a case in which Ad-Lib club, a well-known nightclub which commenced trading in 1964, was forced to close in 1966 as a result of a permanent injunction granted against it relating to the prevention of noise. At the time of its closure in 1966 it had 4,000 members. In November 1970, almost five years later, the defendant announced his intention to reopen the club in that name. The plaintiff said he had never given up the hope of finding alternative premises for his business, and had been seeking premises unsuccessfully. He sued in passing off. Pennycuik V.-C. granted an interlocutory injunction. In his judgment he explained the circumstances in which a non-trading plaintiff could succeed in a passing-off action :

“The question which is raised by the present action is simply whether by the interval of some five years which has passed since the plaintiff company's club was closed the plaintiff company must be regarded as having ceased to have any goodwill to which his name could fairly be said to be attached. The matter is put in *Halsbury's Laws of England* (3rd ed.), Volume 38, page 39 in these terms :

“Since the right of action for passing off is based on injury to goodwill,

a person who has ceased to carry on the business in which a mark or name was used, or has discontinued the use of a name or mark in his business, cannot maintain an action for passing off in respect of the name or the mark, unless, it seems, he can prove that the name or mark retains a residual renown as denoting his goods.”

44. Later the Vice-Chancellor said :

“It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time the goodwill attached to that business. Indeed, it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business, he must also be able to enforce his rights in respect of any name which is attached to the goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business shall be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.

In the present case it is quite true that the plaintiff company has no longer carried on the business of a club, so far as I know, for five years. On the other hand, it is said that the plaintiff company on the evidence continues to be regarded as still possessing goodwill to which this name, AD-LIB CLUB, is attached” (*page 677*).

45. In *Sutherland v. V2 Music Ltd* [2002] E.M.L.R. 28, the judge (Laddie J.) referred to the *Ad-Lib* case in these words : - “Not only has it been accepted as good authority for more than 30 years, it is, with respect, clearly right. As long as a claimant has not chosen to abandon his goodwill, it remains as an asset protectable from damage by passing-off proceedings”.

46. *Sutherland* itself is a case about a music band known as “Liberty” which had kept low profile for three years (but never ceased operation) did succeed in suing another music band adopting subsequently the same band name. In summarizing the

application of passing off principles in cases such as the *Ad-Lib* case, Laddie J. said : -

“They [*referring to the old cases*] do not seek to avoid the need to show damage : rather they make it clear that damage to the goodwill itself will invoke the protection of the court. Goodwill is of value, not only in respect of current business, but also because of future business opportunities it will nurture. It is its power to support and improve future business which gives it its value and makes it saleable. It is acquired by trading and advertising in the past but its value is in the way it promotes future business.” (*at paragraph 21*)

47. I therefore have to ask, in the instant case, whether the opponent has proved on a balance of probabilities that the Combined Mark has sufficient reputation, most of it residual from mid-1990s, to support a claim of passing off as of the relevant date in 2004. There is no fixed and fast rules as to how long a goodwill will survive, each case must be decided upon its own facts. In *Jules Rimet Cup Ltd v Football Association Ltd* [2008] E.C.D.R. 4 (also [2008] F.S.R. 10), it was held that the goodwill established by the Football Association in the name and character World Cup Willie during the 1966 World Cup hosted in England had survived almost 40 years since the last activities which created the goodwill, and was sufficient for a passing off action in 2005. But in *Knight v. Beyond Properties Pty Ltd* [2007] F.S.R. 34, although the claimant had established that by the end of 1993 he had acquired a reputation in connection with the use of the word Mythbusters to describe the investigation of myths for a children's audience of primary school age, it was found that this reputation had diminished significantly by 1996; and by November 2003 the claimant was found to have “no more than a trivial reputation” in the Mythbusters name. The claimant’s claim therefore failed.

48. As said by the judge David Richards J. in *Knight v. Beyond Properties Pty Ltd*, “[t]he minimum size of goodwill required for this purpose is a matter of fact and degree”. Nonetheless, it is instructive to note that the judge in that case sees the determination of any residual goodwill as the interplay of a number of factors. The factors considered by the judge in that case are : - the extent of the original reputation, continuing promotion and other activities, the nature of the goods and the nature of the mark.

49. I have found that by the early 1990s the opponent has established a substantial goodwill or reputation attached to bags, leather bags and fashion accessories associated with the mark “Marino Orlandi”.

50. As to promotion and activities after 1995, the only features shown are these:- there were continued advertising in the Italian magazine ARPEL at least up to 2004, which circulation includes Hong Kong; there were participations in the “Bella Italia ‘the quality of life’” exhibition in 2002 as one of the three exhibitors for bags and leather accessories and the “Asia Pacific Leather Fair 97”; and there were occasional imports of a small amount of goods into Hong Kong, as evidenced by the sales figures and the two invoices for 1997 and 2001. No clue can be found why the opponent did the occasional imports – whether they were for specific purposes or for retail sales is not known, so it is difficult to say the low sales figures for 1997 and 2001 reflect that the reputation had significantly diminished among the purchasing public after the absence of the goods from the market for a certain period of time. As the opponent himself obviously did not run retail business in Hong Kong (the addressees appearing on the invoices are all corporate clients), I trust the records of no sales indicate no importation of the goods by the opponent during the relevant periods rather than a reflection of poor retail sale in Hong Kong.

51. As regards the nature of the goods, the judge in *Knight v. Beyond Properties Pty Ltd*, in response to one of the parties’ submission that children's books – which were goods involved in that case – were not consumables and as such would remain for years on the bookshelves of their owners reminding them of the Mythbusters name and reputation, considered that children's books would much more likely, after a few years, be either thrown away or given to jumble sales or charity shops, and found that there is no reason to suppose that many of the books were still on bookshelves by 2003. In the instant case, I would think that bags and accessories, especially those made of leather, are things that can last for years if used and stored properly; on the other hand, they are also fashionable items that may be disposed of or put to one side after being used for a certain period of time, even not having worn out. I do not think the nature of goods has any special bearing on residual goodwill in the instant case.

52. As to the nature of the Combined Mark, though I am not sure how common either of the words “Marino Orlandi” was as a name or as a surname in Italian speaking communities, I accept the mark is distinctive and memorable among the local purchasing public the majority of them, I presume, do not speak Italian.

53. I have also in mind the conclusion of Vice-Chancellor in the *Ad-Lib* case :

“When one comes to the balance of convenience, there is a balance which, as far as can I see--and I have only the plaintiff company's evidence before me--is wholly in favour of granting immediate interlocutory relief. It is pointed out and it is plainly right that if the defendant once opens his club under the name AD-LIB CLUB the plaintiff company's goodwill in that name will be gone and gone for good.”

54. I would say the same thing here that if the applicant gets registration of the subject mark, the opponent’s goodwill and reputation of the Combined Mark will be gone and gone for good. The balance of convenience is a factor which is in favour of the opponent.

55. Concluding from the above, I think the proper inference to be drawn is that the opponent has indeed a residual goodwill to which the Combined Mark is attached, at least among certain sector of the public, and that that goodwill is an asset of value in the hands of the opponent which it cannot be said to have abandoned and which he is entitled to exploit in the future, if he is so minded to reopen the business or he may wish to sell the products, as he has so demonstrated in the year 1997 and 2001.

### ***Misrepresentation***

56. 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).

57. As the applicant has chosen not to file any evidence, and the opponent does not show that the applicant has used the subject mark, I only have the appearance of the subject mark and the fact that the applicant has filed the subject application for registration of the subject mark to consider. Nonetheless, a misrepresentation likely to lead the public to believe that the goods offered by the applicant are goods of the defendant may be implied. As Lord Parker said in *AG Spalding & Bros v AW Gamage Ltd* (1915) 32 R.P.C. 273 at 283, ‘it has long been settled that actual passing-off of a defendant’s goods for the plaintiff’s need not be proved as a condition precedent to relief in equity’. Often the presence of a misrepresentation has to be inferred from the circumstances. Lord Parker further said at 284 : -

“The basis of a passing-off action being a false representation by the defendant, it must be proved in each case as a fact that the false representation was made. It 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. It would, however, be impossible to enumerate or classify all the possible ways in which a man may make the false representation relied on.”

58. *Halsbury’s Laws of England 4th edition volume 48 (1995 reissue) at paragraph 184*, states similarly, that ‘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 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.'

59. Looking at the subject mark, it is immediately apparent that it is virtually identical to the Combined Mark used by the opponent.

60. As regards the goods concerned, the applied for goods are "clothing, footwear, headgear and belts; all included in Class 25", it must be presumed that the applicant intends to use the subject mark for all of them. The opponent, on the other hand, as I have found above, has enjoyed a reputation in the bags, leather bags and fashion accessories market. On the face of it, it seems the opponent's business activities are different from those of the applicant's. In the English case laws there once were doubts about the existence of the requirement of the "common field of activity" — an expression coined by [Wynn-Parry J. in \*McCulloch v. May\* \(1948\) 65 R.P.C. 58](#), when he dismissed the plaintiff's passing off claim for want of this factor. Such doubt was dispelled by Millet L.J. in *Harrods Ltd v Harrodian School Ltd* [1996] *RPC* 697, at 714, where he said:-

"There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff's business. ... This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd. v. John Griffiths Cycle Corporation Ltd.* (1898) 15 R.P.C. 105 (cameras and bicycles); *Walter v. Ashton* [1902] 2 Ch. 282 (The Times newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing off would lie although "the plaintiff and the defendant were not competing traders in the same line of business". In the *Lego* case Falconer J. acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What

the plaintiff in an action for passing off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration

"...whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant": *Annabel's (Berkeley Square) Ltd. v. G. Schock (trading as Annabel's Escort Agency)* [1972] R.P.C. 838 at page 844 per Russell L.J."

61. Hence, all I need to see is whether there is any kind of association between the field of activities of the opponent and that of the applicant. As I have found, the market the opponent has built a reputation on is in respect of bags, leather bags and clothing accessories, something I would call the fashion market. This market, in my view, may well cover goods which have been applied for by the applicant under Class 25, namely, clothing, footwear, headgear and belts. It is clear that although the respective uses of the goods concerned whilst being correlative or complementary to each other are different, the users will be more or less the same. Moreover, whilst the physical make up of the goods is different, the trade channels will probably be the same. The items would be found adjacent to each other if not on the same shelf. They may well also be in the same shop, whilst the goods are not in competition. I find the opponent's field of activities is very proximate to that of the applicant and they might even overlap in the fashion market. When in addition account is taken of the virtual identity between the Combined Mark and the subject mark, I consider a substantial number of persons are liable to be deceived by the normal and fair use by the applicant of the subject mark into believing that the applicant's goods are goods of the opponent, or alternatively, that the applicant's business is in some way connected with the opponent's business.

### ***Damage***

62. 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*).

63. As I have found there is an obvious risk of the applicant representing its goods or business as the goods or business of the opponent, damage to the opponent's goodwill and reputation is a reasonably foreseeable consequence of use of the subject mark. I do not need to repeat the quoted passage of Laddie J. in *Sutherland* as set out at paragraph 45 above.

64. 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.

65. As the opponent has succeeded on this grounds of opposition based on passing off, I do not think I need to go on to consider the remaining grounds based on bad faith under section 11(5)(b) as well.

## **Conclusion**

66. For the reasons stated above, the subject application is refused under section 12(5)(a) of the Ordinance. Section 87(1) of the Ordinance provides that the Registrar may, in proceedings before him under the Ordinance, by order award to any party such costs as he may consider reasonable.

67. As the opposition has succeeded, I award the opponent costs. Subject to any representations, as to the amount of costs or calling for special treatment, which either the opponent or the applicant may make within one month from the date of this

decision, costs will be calculated with reference to the usual scale in Part I of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4A) as applied to trade mark matters, unless otherwise agreed.

(Frederick Wong)  
for Registrar of Trade Marks  
26 September 2008