

TRADE MARKS ORDINANCE (CAP. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 300261170



CLASS : 36

APPLICANT : VPC (HK) Limited

OPPONENT : GREATER CHINA RETAIL CONSULTANT LTD.

STATEMENT OF REASONS FOR DECISION

Background

1. On 3 August 2004, VPC (HK) Limited (the “Applicant”) filed an application (the “subject application”) for registration of the mark above (the “subject mark”) in respect of “real estate agency services; real estate appraisal; real estate brokers; real estate management; and rental of estate” in Class 36 under the Trade Marks Ordinance (Cap. 559) (the “Ordinance”).
2. Particulars of the subject application were published on 24 September 2004. Greater China Retail Consultant Ltd. (“the Opponent”) filed a notice of opposition to the subject application on 8 November 2004.
3. The opposition hearing took place before me on 30 July 2007. The Applicant did not appear at the hearing. Mr. Lee Shue Shing, an agent authorised by the Opponent, attended the hearing on behalf of the Opponent.

Grounds of opposition

4. The Opponent essentially opposes the subject application on the ground that the Applicant was not entitled to apply for registration of the subject mark. In other words, the opposition is made under section 11(5)(b) on the ground that the subject application was made in bad faith. This is the only ground of refusal in the Ordinance under which issues of proprietorship can be raised¹.

Counter-statement

5. The Applicant filed a counter-statement on 8 February 2005 in response to the Opponent's notice of opposition.

Evidence

6. The Opponent's evidence consists of :
 - (a) an affirmation by Mr. Albert Chan Kar Chai ("Mr. Chan"), a director of the Opponent, made on 30 June 2005 ("Chan's First Affirmation"); and
 - (b) an affirmation by Mr. Chan made on 3 April 2006 ("Chan's Second Affirmation").
7. The Applicant's evidence consists of an affirmation by Mr. Lam Siu Yu Philip ("Mr. Lam"), a director of the Applicant, made on 29 December 2005 ("Lam's Affirmation").

History of events

8. The following is the history of events according to the accounts given by the Applicant and the Opponent in their respective evidence.
9. Both Mr. Lam and Mr. Chan used to work for Vigers Hong Kong Limited and its group ("Vigers"). Both gentlemen subsequently left Vigers at different points of time in or about 2003 and set up their own respective companies.

¹ *c.f.* UK Trade Marks Act section 3(6); *Kerly's Law of Trade Marks and Trade Names* (14th edition) paragraph 8-243.

At all material times, Mr. Lam was a director of Land Asia Management Limited and Land Asia Property Consultant Limited (collectively, the “Land Asia Companies”). According to Mr. Chan, after he left Vigers in February 2003, he sub-rented the space of a few desks at the office which was the registered office of the Land Asia Companies².

10. In about March 2004, according to Mr. Chan, he was introduced by a Mr. Stan Wong to a group of Southeast Asian professionals in estate business and learnt that they were think of forming an alliance to be named VPC Asia-Pacific Alliance (the “Alliance”) comprising estate business people to support each other in business. According to Mr. Chan, he was invited to join the Alliance and he agreed. Mr. Chan attended the first regional meeting of the Alliance on 26 March 2004 in Bangkok, Thailand (the “Bangkok Meeting”)³.
11. According to Mr. Lam, he and Mr. Chan had, in or around early 2004, discussed and decided that each of their property consultant companies should join as a member of the Alliance. Mr. Lam said that he was also invited to the Bangkok Meeting; but as he had other engagements and knowing that Mr. Chan was also invited to attend the meeting, he requested Mr. Chan to also represent Land Asia Property Consultant Limited to attend the meeting⁴.
12. At the Bangkok Meeting, a memorandum of agreement (the “Memorandum”) was made by various representatives from different countries. The Memorandum stated as follows :

**“MEMORANDUM OF AGREEMENT AMONG REPRESENTATIVES OF
COUNTRIES USING THE VPC MARK**

The Memorandum of Agreement is made by the authorized representative of the respective parties whose signatures appear below;

- *That we are real estate practitioners in our respective countries.*
- *That we are owners of the trademark of VPC in our own country for the above purpose.*
- *That we undertake to protect the said mark by upholding high ethical and*

² Chan’s First Affirmation, paragraph 3.

³ Chan’s First Affirmation, paragraph 5.

professional standards.

- *That we agree to adopt a common branding and standardisation of office practices.*
- *That we agree to insure ourselves with appropriate professional indemnity insurance.*
- *That we agree to work together with other VPC offices in other countries via cross-referrals and other means for mutual benefits.*
- *That we agree to share our experiences and technical expertise with one another.*
- *That we adhere to common decisions and goals adopted in our meetings.*
- *That we take turn to be the co-ordinator of VPC regional offices.*
- *That we agree to contribute our share for common expenses.”*

13. The Memorandum was signed by representatives of “VPC Australia”, “VPC China”, “VPC Hong Kong”, “VPC Indonesia”, “VPC Malaysia”, “VPC Singapore” and “VPC Thailand”. Mr. Chan signed for “VPC China” and “VPC Hong Kong”. The Memorandum was dated 26 March 2004.
14. Mr. Lam said that after Mr. Chan had come back from Bangkok, Mr. Chan notified Mr. Lam that Mr. Chan had executed the Memorandum on behalf of Mr. Lam, and both Mr. Lam’s and Mr. Chan’s respective companies had joined as a member of the Alliance⁵. This was disputed by Mr. Chan, who said that he was the only person who represented the China area (incorporating Hong Kong) to attend the Bangkok Meeting of the Alliance and that he was not asked to and did not represent Mr. Lam’s company at the Bangkok Meeting⁶.
15. According to Mr. Lam, some time in March or April 2004, Land Asia Property Consultant Limited received an instruction from the property owner of No. 9 Black’s Link to invite public tender for the property.⁷ He considered it a good opportunity to publicize the existence of the Alliance

⁴ Lam’s Affirmation, paragraphs 4 and 5.

⁵ Lam’s Affirmation, paragraph 6.

⁶ Chan’s Second Affirmation, paragraph 2.

⁷ Lam’s Affirmation, paragraph 8.

through Land Asia's promotional campaign. Mr. Lam said that at that time, the Alliance had not come up with any decision on the design and the particulars of the VPC trade mark. He decided to "create" the subject mark for Land Asia Property Consultant Limited to adopt and the mark was first used by Mr. Lam in April 2004⁸.

16. Mr. Chan said that the letters "VPC" were never Mr. Lam's creation as alleged⁹. Mr. Chan said that in or about April 2004, shortly after he participated in the Bangkok Meeting, he verbally allowed Mr. Lam to use the mark VPC for Mr. Lam's companies of Land Asia Property Management Limited and Land Asia Property Consultant Limited since Mr. Chan was in good terms with Mr. Lam and Mr. Lam had all along been aware of Mr. Chan's connection with the Alliance. Mr. Chan said that that permission was given on an entirely gratuitous basis without any consideration given by Mr. Lam¹⁰.
17. Copies of some brochures and flyers appearing at Exhibit "LSYP-1" to Lam's Affirmation show that Land Asia Property Consultant Limited had used the following mark during the period from shortly before 1 May 2004 to around November 2004 :



18. In May 2004, the Alliance issued the first issue of its newsletter, "VPC NEWS" (the "Newsletter"). On page 1, under the title "BIRTH OF VPC REAL ESTATE GROUP", it describes the events and discussions during the period from December 2003 to early 2004 that led to the bringing together of partners from various countries to the Alliance and to the Bangkok Meeting. In the course of describing those events and discussions, it is stated as follows :

⁸ Lam's Affirmation, paragraphs 8 and 9.

⁹ Chan's Second Affirmation, paragraph 5.

¹⁰ Chan's First Affirmation, paragraph 7.

“Stan Wong and Albert Chan who were previously with Vigers Hongkong and now practising as Greater China Retail Consultants had expressed interest to join VPC. Although Stan Wong could not make it, Albert made it to Bangkok and added Hong Kong and China into the VPC map.”

19. On page 2 of the Newsletter, the Memorandum signed in Bangkok on 26 March 2004 is reproduced in full. It is stated to be signed by representatives of VPC of six countries, including “Albert Chan for Hongkong/China”.
20. On page 5 of the Newsletter, the following mark appears prominently at almost the centre of the page:



The text surrounding the mark is about brand building and ways which companies can use to maximize brand equity.

21. On page 6 of the Newsletter is a section with the title “PROFILE OF THE MONTH Our Man from China”, giving details of Mr. Chan’s background, including the following :

“Albert Chan is the Managing Director and founder of Greater China Retail Consultant Limited, a firm specializing in retail consultancy and marketing in China and Hong Kong In April 2004, GCRC has re-branded to VPC China/Hong Kong.”

22. Under the heading “Other senior staff in VPC China” are listed the names of seven individuals, including “Stan Wong” and “Philip Lam”.
23. Mr. Chan said that the Newsletter was shown to Mr. Lam shortly after it was issued and Mr. Lam did not say anything¹¹. On the other hand, regarding the fact that in the Newsletter Mr. Lam was stated to be a senior staff of VPC China, Mr. Lam said that he presumed that was an acknowledgment of his

¹¹ Chan’s First Affirmation, paragraph 6.

membership status to the Alliance¹².

24. On 3 August 2004, the Applicant filed the subject application.
25. It is common ground that the relationship between Mr. Lam and Mr. Chan deteriorated in early September 2004¹³, and Mr. Chan moved out of the office which was the registered office of the Land Asia Companies.
26. On 1 October 2004, another meeting of the Alliance (the “Second Meeting”) was held in Australia. Mr. Lam said that he decided to send his staff, Mr. Ken Li, to attend the meeting on his behalf, and that the accommodation of Mr. Ken Li was arranged by the Alliance¹⁴. Mr. Chan said that shortly before the Second Meeting, he realized that Mr. Lam would be sending a representative to attend the meeting. Mr. Chan said to avoid embarrassment, he offered a joint representation by himself and Mr. Lam’s delegate to attend the Second Meeting but the offer was rejected by Mr. Lam. Mr. Chan said he therefore had to face the embarrassment of asking for a ruling on his representation at the Second Meeting¹⁵.
27. After the Second Meeting, on 11 October 2004, Mr. Tan Beng Sooi (“Mr. Tan”), Regional Director of the Alliance, wrote an email to Mr. Lam. Mr. Tan indicated, *inter alia*, that as Regional Director of VPC Group, it was his duty to inform Mr. Lam that Mr. Chan was the original signatory of the Memorandum signed at the Bangkok Meeting; since at that time Mr. Chan had an interest in Land Asia in Hong Kong, they thought it was not incorrect for Land Asia to advertise itself as being affiliated with VPC; but after the breakup of Mr. Chan with Mr. Lam, the Executive Board of the Alliance had deliberated on the matter in the Second Meeting, and had unanimously agreed to recognise only Mr. Chan’s company (i.e. the Opponent) or nominee as the legitimate affiliate of VPC network. Mr. Tan also asked Mr. Lam to remove from his website, name card and from other media any notions of Land Asia associating itself with VPC, and to give up the company “VPC (HK) Ltd.” (i.e. the Applicant).

¹² Lam’s Affirmation, paragraph 6.

¹³ Chan’s First Affirmation, paragraph 8; Lam’s Affirmation, paragraph 16.

¹⁴ Lam’s Affirmation, paragraph 16.

¹⁵ Chan’s First Affirmation, paragraph 9.

28. In his email of 11 October 2004 in reply to Mr. Tan, Mr. Lam indicated, *inter alia*, that Mr. Chan signed the Memorandum on behalf of VPC Hong Kong and on behalf of Land Asia upon Mr. Lam's consent; that Land Asia had by various means in the previous 6 months indirectly advertised VPC, both as a network affiliation, and as a single entity, VPC Hong Kong, from which Mr. Lam considered the Alliance as a whole should have benefited. Mr. Lam also suggested that to the Alliance as a whole, given the staff size and annual turnover of Land Asia, as compared with the Opponent, it would make commercial sense for the Alliance to have a representative like Land Asia in Hong Kong. Mr. Lam also stated that he would not give up the Applicant and that no other party could use the name VPC in Hong Kong without Mr. Lam's consent.
29. On 8 November 2004, the Opponent filed its notice of opposition to the subject application.

Section 11(5)(b) – the relevant law

30. Section 11(5)(b) of the Ordinance provides that :

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

...

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

31. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 at 379, in relation to section 3(6) of the U.K. Trade Marks Act 1994 (equivalent to section 11(5)(b) of the Ordinance), Lindsay J. stated as follows:

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

regard to all material surrounding circumstances.”

32. In *AJIT WEEKLY Trade Mark* [2006] R.P.C. 25, it was held that bad faith is to be judged according to the combined test of dishonesty for accessory liability to breach of trust set out by the majority of the House of Lords in *Twinsectra Ltd v Yardley* [2002] 2 A.C. 164, with *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 providing the appropriate standard, namely acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined. The subjective element of the test means that the tribunal must first ascertain what the defendant knew about the transaction or other matters in question; it must then be decided whether in the light of that knowledge, the defendant’s conduct is dishonest judged by ordinary standards of honest people, the defendant’s own standards of honesty being irrelevant to the determination of the objective element.

33. In the case *BRUTT Trade Marks* [2007] R.P.C. 19, B contended that the marks BRUTT HELICAL, BRUTT, BRUTT BAR, BRUTT BOND (“marks in issue”) had been invalidly registered, arguing that they had been applied for by T in bad faith. The Appointed Person found that at the date of application for registration of the marks in issue, T was engaged in a joint venture with a Mr. Gunter Brutt to manufacture and market certain products using the vehicle of the jointly-owned company Brutt Helical Kft (the “joint venture”). These products were marketed under trade marks which included the marks in issue. Two of the marks reflected the name of the joint venture which had been chosen by Mr. Gunter Brutt and, although the other two were coined by T, they were also derived from the Brutt family name. Neither the joint venture nor the Brutt family consented to T applying to register the marks in issue. T had given no explanation of the timing of its applications despite the challenge laid down on this point in B’s evidence. There was the irresistible inference that T anticipated that the relationship between the parties was likely to come to an end soon when it applied to register the marks in issue. The Appointed Person held that as at the date of application for registration of the marks in issue, the party which could properly have applied to register the marks was the joint venture. As a joint owner of that company through its parent, T would have been entitled to share in the benefit of the registrations,

but instead its parent chose to sell its shareholding in the joint venture. For T to attempt to monopolize the trade under the marks in issue by registering them in its own name was illegitimate. Accordingly, it was held that T's action in applying to register the marks fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced businessmen.

34. Section 11(5)(b) of the Ordinance is equivalent to section 3(6) of the UK Trade Marks Act 1994, which in turn implements the optional provisions of Article 3(2)(d) of the First Council Directive 89/104 of 21 December 1998 of the Council of the European Communities (the "Directive").
35. In *DAAWAT Trade Mark* [2003] R.P.C. 11, it is considered that Article 3(2)(d) of the Directive exists for the purpose of ensuring that the opportunity to apply for registration is not abused by applicants claiming protection which they could not in good faith request or invoke, in relation to the relevant mark and specification of goods or services, in the circumstances existing at the date of application for registration.
36. In the case *DAAWAT Trade Mark* (supra), the applicant for declaration of invalidity of the mark in question was a rice producing company based in India and had used the mark DAAWAT in India since 1989 in relation to a trade in basmati rice. The sales director of the registered proprietor of the mark in question had visited India in March and August 1995 and had indirect contact with the applicant via a third party. The registered proprietor applied to register the mark DAAWAT in the United Kingdom on 5 September 1995. In October 1995, the sales director of the registered proprietor visited the applicant in India and a business relationship developed. On 12 February 1996 the registered proprietor agreed in principle to transfer the trade mark application to the applicant provided the parties could "clarify our future understanding with regard to the DAAWAT brand and how we intend to work together". The business relationship broke down in July 1997. The hearing officer, acting on behalf of the Registrar of Trade Marks, held that the sales director of the registered proprietor was aware of the applicant's DAAWAT brand in India at the date of the UK application; that it was not merely coincidental that the application to register had been made about one month

before the first meeting with the applicant; that, on the evidence, the application was a tool used by the registered proprietor in order to improve his bargaining position with the applicant and that, viewed objectively, this course of action, although falling short of outright dishonesty, was unacceptable commercial behaviour and was unfair to the point of bad faith.

37. In order to determine whether the subject application was made in bad faith, I have to ascertain what the Applicant knew about the transaction or other matters in question; and then to decide whether in the light of that knowledge, the Applicant's conduct falls short of the standards of acceptable behaviour observed by reasonable and experienced businessmen in the relevant field. In this assessment, I must have regard to all material surrounding circumstances of this case.

Findings of fact and application of the law to the facts

38. At the time of the filing of the subject application, i.e. 3 August 2004, what did Mr. Lam of the Applicant know about the matters in question?
39. The Memorandum was signed on 26 March 2004. Mr. Lam said that after Mr. Chan had come back from the Bangkok Meeting, Mr. Chan notified Mr. Lam that Mr. Chan had executed the Memorandum (paragraph 14 above), although there is a dispute as to the capacity in which Mr. Chan signed the Memorandum. Mr. Lam claimed that Mr. Chan had told him that he had signed the Memorandum on behalf of Mr. Lam and that both Mr. Lam's and Mr. Chan's companies had joined as a member of the Alliance. Mr. Chan, however, said that he was not asked to and did not represent Mr. Lam's company at the Bangkok Meeting. In any event, I am satisfied that Mr. Lam did know about the signing of the Memorandum by Mr. Chan after Mr. Chan returned from the Bangkok Meeting.
40. I refer to paragraph 15 above. Having considered the evidence as a whole, I am satisfied that before Mr. Lam first used the subject mark in the promotional materials of Land Asia Property Consultant Limited in April 2004, Mr. Lam was aware of the existence of the Alliance and the Memorandum. I am not satisfied that Mr. Lam "created" the subject mark in

the sense that he originally created the combination of letters “VPC”. Details of the design of the mark might still be in the process of being worked out, but the combination of letters “VPC” appeared many times in the Memorandum, and I am satisfied that Mr. Lam was aware of it. I prefer Mr. Chan’s account in this respect, namely that in April/May 2004, he was in good terms with Mr. Lam, and he at that time allowed Mr. Lam to use the mark “VPC” for Mr. Lam’s Land Asia Companies.

41. The Newsletter was issued in May 2004. Mr. Chan said that the Newsletter was shown to Mr. Lam shortly after it was issued (paragraph 23 above). The mark reproduced in paragraph 20, which appears on page 5 of the Newsletter, is similar to the subject mark. Both marks include the letters “VPC” in yellow against a blue background. Given the striking similarity between the mark reproduced in paragraph 20 and the subject mark, I regard it as too much of a coincidence if Mr. Lam had created the subject mark independently and without having seen the Newsletter and the Memorandum. I am satisfied that Mr. Lam had been shown the Newsletter before his company, the Applicant, applied for registration of the subject mark. Mr. Lam also must have been aware of the terms of the Memorandum, which are recorded in full in the Newsletter. It is stated in the Memorandum that the parties to the Memorandum are owners of the trade mark “VPC” in their own country. Mr. Chan signed the Memorandum for “VPC China” and “VPC Hong Kong”. The Newsletter refers to the Opponent both on page 1 and on page 6 (paragraphs 18 and 21 above), and states that the Opponent has re-branded to VPC China/Hong Kong in April 2004. At the time of the filing of the subject application in August 2004, therefore, Mr. Lam was fully aware of Mr. Chan’s and the Opponent’s interests in the mark “VPC”. There is no mention of the Land Asia Companies or the Applicant in the Memorandum or the Newsletter. Mr. Lam’s name only appeared in the Newsletter as a senior staff of VPC China. There is no documentary evidence which supports Mr. Lam’s claim that Mr. Chan had signed the Memorandum on behalf of Mr. Lam and that both Mr. Lam’s and Mr. Chan’s respective companies had joined as a member of the Alliance.

42. I do not think it was mere coincidence that the subject application was filed in August 2004 shortly before the relationship between Mr. Lam and Mr. Chan

deteriorated in early September 2004. At the time of the filing of the subject application, Mr. Lam was well aware of the interests of Mr. Chan and the Opponent in the mark “VPC” under the Memorandum. Securing registration of the subject mark in the name of the Applicant would mean that neither Mr. Chan nor the Opponent would be able to use the subject mark or a mark similar to it in relation to the Class 36 services applied for in Hong Kong without the consent of the Applicant. The Applicant has abused the opportunity to apply for registration of the subject mark thereby claiming protection which it could not in good faith request or invoke. The action of the Applicant in applying to register the subject mark falls short of the standards of acceptable behaviour observed by reasonable and experienced men in the relevant business. I therefore find that the subject application was made in bad faith.

Refusal

43. For the above reasons, the subject application is refused under section 11(5)(b) of the Ordinance.

Costs

44. 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.
45. 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 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 4) as applied to trade mark matters, unless otherwise agreed between the parties.

(Finnie Quek)
for Registrar of Trade Marks
23 August 2007