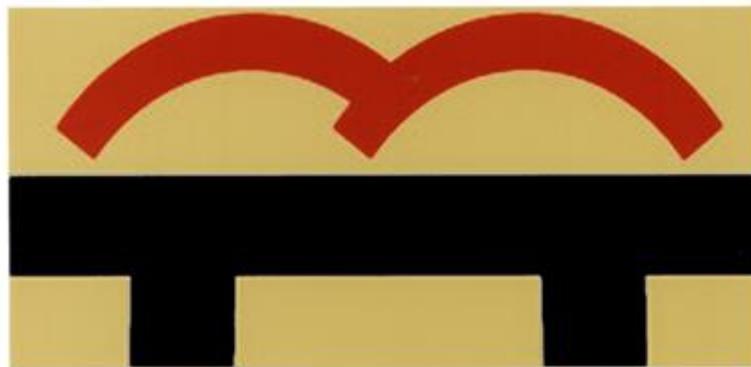


TRADE MARKS ORDINANCE (Cap. 559)

**OPPOSITION TO TRADE MARK APPLICATION NOS. 300698473, 300698482
and 300698491 (consolidated)**

MARKS:

极 前 寿 司
I T A M A E - S U S H I



CLASS: 29, 30, 43

APPLICANT: POON KA MAN JASON

OPPONENT: CHENG WAI TAO

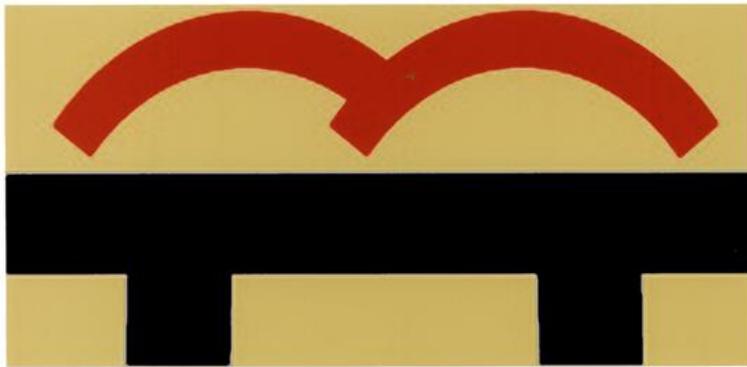
STATEMENT OF REASONS FOR DECISION

Background

1. On 9 August 2006, Fine Elite Group Limited (“Fine Elite”) filed respectively three applications (the “subject applications”), namely application nos. 300698473, 300698482 and 300698491 under the Trade Marks Ordinance, Cap. 559 (the “Ordinance”) for registration of the following marks:-

极前寿司

I T A M A E - S U S H I



(the subject marks).

2. Registrations are all sought in respect of the following goods (“subject goods”) in Classes 29, 30 and 43:-

Class 29

Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats.

Class 30

tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.

Class 43

Services for providing food and drink; temporary accommodation.

3. Particulars of the subject applications were all published on 10 November 2006. On 19 January 2007, Fine Elite assigned the subject applications to Poon Ka Man Jason (the “applicant”). On 8 February 2007, Cheng Wai Tao (the “opponent”) filed three notices of opposition, each includes a “Statement of Grounds of

Opposition”, in respect of the subject applications and the applicant filed the corresponding counter-statements on 25 April 2007.

4. The three opposition proceedings were formally consolidated on 1 June 2009 and are hereinafter collectively referred to as the “Opposition Proceedings”.

5. The opposition hearing took place before me on 25 February 2016. Mr. Gary Leung of Pang, Kung & Co. appeared for the opponent. The applicant did not appear at the hearing.

Grounds of opposition

6. Each Statement of Grounds of Opposition filed on 8 February 2007 was amended as per the Amended Statement of Grounds of Opposition filed in each of the Opposition Proceedings on 4 June 2008 (the “Amended Grounds of Opposition”). The opponent opposes registration of the subject marks under sections 11(5)(b) and 12(5)(a) of the Ordinance. It is useful to summarize here the case pleaded by the opponent under the Amended Grounds of Opposition.

- (i) The opponent has been operating and managing a Japanese style restaurant in Hong Kong for over 10 years.
- (ii) In or around early 2004, the opponent created the trade marks in Chinese as “板前寿司” and in English as “ITAMAE SUSHI” with the intention of forming and promoting a chain of Japanese sushi restaurants in Hong Kong. The opponent commissioned a Japanese designer and advertising executive, Mr. Sato Akira, to design for the opponent the artistic design for the Chinese characters “板前寿司”, the artistic design for the English words “ITAMAE SUSHI” and the associated logo. As the designed word marks and the associated logo are virtually the respective subject marks in these proceedings, their respective graphical representations have been set out here under paragraph 1 above, they are hereinafter collectively referred to as such.

- (iii) The opponent has since August 2004 licensed the subject marks for the use of various companies of which he is a director for the operation of Japanese restaurants which used the subject marks in various locations in Hong Kong. The restaurants carried on a sushi food service under the name “Itamae” as well as the subject marks and have done so since 2004.
- (iv) Between June and August 2004, the applicant’s company, Design Union Interior Contracting Limited (“Design Union”) was engaged by the opponent to carry out decoration works for its first shop in Tsim Sha Tsui, including the erection of signage bearing the subject marks; the applicant was similarly engaged through Design Union to carry out works at the remaining shops of the opponent between 2004 and 2006.
- (v) As at 19.4.2007, the applicant was a shareholder of one of the companies which operated the Itamae shop in Tsim Sha Tsui, namely, Smart Wave Limited (駿濤有限公司).

7. The Amended Grounds of Opposition also mentions that the opponent has filed applications for registration of the subject marks under application numbers 300748486, 300748440 and 300748503 respectively. Application for four related marks, which are in effect shortened, extended or mixed versions of one or more of the subject marks, have also been made under application numbers 300748459, 300748477, 300748495 and 300748512.

8. In the Amended Grounds of Opposition, it is further alleged that the applicant was a director of the company Ajisen (China) Limited which was listed on the Hong Kong Stock Exchange on 30 March 2007; and that in making disclosure of the applicant in the documentation required for the listing of Ajisen, it was wrongly stated in the global offering prospectus that the applicant had transferred all of his shareholding in Smart Wave Limited (“Smart Wave”) to Fine Elite on 15 March 2006, whereas the annual return of Smart Wave filed with the Companies Registry in Hong Kong on 30 March 2007 showed that the applicant was still holding his interest.

9. Further, as so disclosed in the prospectus, the applicant had given an undertaking that he would dispose of all his interests whatsoever in Itamae, which he

held through Fine Elite, to independent third parties prior to the listing date, and made a declaration that he would not re-invest or engage in similar business as Itamae in the PRC, Hong Kong and Macau.

10. The applicant is alleged to have acted in bad faith in applying to register the subject marks prior to the opponent.

Counter-statement

11. The applicant filed, in respect of each of the Opposition Proceedings, an amended counter-statement on 3 September 2008 in response to the Amended Grounds of Opposition. The following is the pleaded case of the applicant:-

- (i) Shortly before the commencement of the renovation work on the first shop of the opponent in Tsim Sha Tsui for which the applicant's company was engaged, the staff of the applicant's company took up the responsibility for the design of the subject marks which were claimed by the applicant to be his original work. The applicant disputes any right of the opponent to license any of the subject marks to any party and for any purpose, and he has no knowledge of the alleged licences granted by the opponent.
- (ii) The applicant was a shareholder of Smart Wave from 2004 until March 2006, holding 1,000 shares out of the 10,000 paid up shares; on 15 March 2006, the applicant transferred the beneficial interest in his 1,000 shares in Smart Wave to Fine Elite, however, the transfer has not been registered by Smart Wave despite presentation being made for such purpose and written request was sent in early 2008 to Smart Wave. The matter was then the subject of an ongoing court proceedings.
- (iii) The applicant admitted that he had given the undertaking and made the declaration as alleged by the opponent (see paragraph 8 above), the undertaking was implemented by sale of the applicant's interest in Fine Elite to Got'A Holdings Limited on 7 March 2007 and the declaration remained true.

12. The applicant denies that the registration of the subject marks is contrary to sections 11(5)(b) and 12(5)(a) of the Ordinance.

The opponent's evidence in support of opposition

13. The opponent's evidence in support of opposition comprises a statutory declaration of Cheng Wai Tao made on 26 February 2009, a statutory declaration of Ota, Katsumi made on 2 March 2009 and a statutory declaration of Sato, Akira made on 2 March 2009, all filed with the Registrar on 2 March 2009.

The applicant's evidence in support of application

14. The applicant's evidence comprises a statutory declaration of Poon Ka Man Jason made on 30 November 2009 and filed with the Registrar on the same day.

The opponent's evidence in reply

15. The opponent's evidence in reply comprises a second statutory declaration of Cheng Wai Tao made and filed with the Registrar on 20 September 2010.

High Court Action and Stay of proceedings

16. At the same time of the present Opposition Proceedings, the parties and the related third parties have parallel actions in the High Court. On 9 July 2008, Fine Elite instituted HCA No.1269 of 2008 ("the High Court Action") against the opponent.

17. By its letter dated 3 May 2011, the applicant applied for stay of the

Opposition Proceedings pending judgment of the High Court Action. The application was granted by the Registrar on 28 October 2011 after hearing the parties' legal arguments. In gist, the Registrar was satisfied that there was substantial overlap of issues between the High Court Action and the Opposition Proceedings, and there was a real possibility that the High Court and the Registry might have different findings over the same issues and result in inconsistent verdicts in the two sets of litigation, which is highly undesirable, especially where the High Court is at a higher level in the judicial hierarchy than the Registry. There is the additional benefit of a real prospect that the stay would avoid additional and otherwise unnecessary expense and waste of judicial time. The Opposition Proceedings were ordered to be stayed pending the outcome of the High Court Action, and the Registrar further directed that the applicant should send to the Registrar, within 14 days after the decision of the High Court Action is delivered, a copy of the final order of the High Court Action, or advise the Registrar within 14 days of the discontinuance, if any, of the High Court Action.

18. Copies of the judgment made by the Hon. Mimmie Chan J (“the Learned Judge”) in respect of the High Court Action as well as HCA 304 of 2011 on 24 May 2013 (the “Judgment”), together with a subsequent decision of the Learned Judge and a Supplemental Notice of Appeal in respect of HCA 304 of 2011, were all served on the Registrar on 13 February 2014. The Opposition Proceedings were in effect stayed from 28 October 2011 until 18 December 2014 when the Registrar noted that the parties did not have further response to his proposed direction that the Opposition Proceedings be restored onto the pending hearings list, and direction was made accordingly.

Findings in the Judgment

19. Mr. Gary Leung, appearing for the opponent at the hearing, submitted that there were six issues decided in the Judgment, of which the first issue was at the heart of the present proceedings, namely, “whether Ricky is entitled to registration of the “ITAMAE SUSHI” “板前壽司” marks and the associated logo (collectively “**Service Marks**”)” (*paragraph 12 on page 9 of the Judgment*). In the Judgment,

Jason refers to Poon Ka Man Jason, the applicant in the present proceedings; and Ricky refers to Cheng Wai Tao, the opponent in the present proceedings.

20. The Learned Judge in paragraph 14 of the Judgment stated as follows:-

“I regard Jason’s evidence as to his alleged design and ownership of the Service Marks to be totally unconvincing and incredible. ... In the original Reply filed in HCA 1269/2008 in November 2008, it was claimed that the Service Marks were designed by Jason and that he was entitled to apply for registration of the Service Marks in his name. These pleas were abandoned when the Reply was amended in September 2009. At trial, Jason could only maintain in his testimony in Court that he had participated in deciding on the colour of the design or the Chinese characters, in the course of producing the signage for the restaurant. Nor could Jason give any clear answers when he was asked for details of which of his staff had designed the Service Marks, and how they had come up with the design. It is clear from Jason’s evidence that he or his staff had obtained the design of the Service Marks from the computer file sent by Mr Akira (“**Akira**”), who was instructed by Ricky.” (*paragraph 14 on page 10 of the Judgment*)

21. Mr. Leung pointed out that the Learned Judge, after going through the opponent’s testimony in Court, concluded that Jason (the applicant) through an agreement (“Hero Elegant Agreement”) made by his vehicle company “FINE ELITE GROUP LTD” with Ricky (the opponent) acknowledged and agreed that Ricky was entitled to apply for registration of the “Service Marks”. The Learned Judge, after considering that it is not necessary for her in the Court proceedings to make a conclusive ruling on the ownership of the Service Marks, stated in paragraph 16 of the Judgment that:-

“In my judgment, Fine Elite (and Jason and Daisy through it) is not in a position to deny that Ricky had the right to apply for registration of the Service Marks in his name. Whether or not Akira had rights in the design, which do not appear to have been asserted by him, Fine Elite expressly acknowledged and agreed in the Hero Elegant Agreement that Ricky was the person who was entitled to apply for registration of the Service Marks in

his name.” (*paragraph 16 on page 11 of the Judgment*)¹

22. The Learned Judge came to the final conclusion in paragraph 19 of the Judgment as follows:-

“I agree that reading the definition of Service Marks in clause 1 and clause 14.4 of the Hero Elegant Agreement together, the parties should be taken to have acknowledged and agreed that Ricky was the person entitled to apply for and to seek registration of the Service Marks in his name, ...” (*paragraph 19 on page 12 of the Judgment*)

23. Mr. Leung submitted that the present opposition should succeed for the following reasons:-

- (a) both the applicant and the opponent gave testimony under oath in the witness box before the Learned Judge at the trial of the High Court Action;
- (b) the applicant abandoned his pleas that he was entitled to apply for registration of the Service Marks in his name in his Amended Reply filed with the Court;
- (c) the Learned Judge found from the applicant’s own evidence that he or his staff obtained the design of the Service Marks from the computer sent to them by the opponent;
- (d) the Learned Judge in her Judgment opined that the opponent is the person entitled to apply for and to seek registration of the Service Marks (which are indeed the subject marks) in the present Opposition Proceedings.

¹ As stated in the Judgment, Jason is Daisy’s brother, so Daisy is the applicant’s sister. The Judgment began with this statement: Jason Poon (“Jason”), Daisy Poon (“Daisy”) and the defendant Cheng Wai To (“Ricky”) were business partners engaged in the operation as franchisees in Hong Kong of a successful chain of Japanese style noodle restaurants under the trade name “AJISEN RAMEN” and “味千拉麵” .

Decision on grounds of oppositions

24. Although I think Mr. Leung's submission do point to a strong case that I should just pronounce success for the opponent in the Opposition Proceedings relying on the findings in the Judgment as identified above, and this is especially so given that the applicant was absent from the hearing and gave no indication that he wished to continue defending against the opposition, I still have to fulfil my part to examine whether and on what ground(s) of opposition, namely section 11(5)(b) or section 12(5)(a) of the Ordinance as pleaded by the opponent in the Amended Grounds of Opposition, should entitle the opponent to a success.

25. I have set out the opponent's pleaded case in paragraphs 6 to 10 above, in essence, the opponent claims that the subject marks were created by himself and Mr. Sato Akira upon his commission in or around early 2004 and he has since then licensed the marks for the operation of Japanese restaurants in various locations in Hong Kong; Design Union, the applicant's company, was merely engaged by the opponent to carry out decoration works and erect signage for the opponent's shops. The opponent alleges that the applicant's applications to register the subject marks were made in bad faith and would lead to passing off in contravention of sections 11(5)(b) and 12(5)(a) of the Trade Marks Ordinance.

26. The applicant's answer to the opponent's case is that it was the staff of the applicant's company who took up the responsibility for designing the subject marks, and the marks should be considered to be the original work of the applicant, and he disputes any right of the opponent to license any of the subject marks to any party.

27. It is clear that the core issue of the bad faith claim pleaded by the opponent in all the present Opposition Proceedings is whether the applicant, or for that matter Fine Elite, has the right to apply for registration of the subject marks. This would involve examining the authorship and ownership of the subject marks, and what actions had been taken by and between the parties up to the date of application for registration of the subject marks, namely, 9 August 2006.

28. In the High Court Action, although the Learned Judge considered that it is not necessary for her to make a conclusive ruling on the ownership issue of the

Service Marks (which are virtually the subject marks), paragraph 14 of the Judgment is clear about what kind of involvement, if any, Jackson had in the creation of the marks in question:- Jason could only maintain in his testimony in Court that he had participated in deciding on the colour of the design or the Chinese characters, in the course of producing the signage for the restaurant, and from Jason's evidence he or his staff had obtained the design of the Service Marks from the computer file sent by Mr Akira who was instructed by Ricky. The Learned Judge found that, in paragraph 16 of the Judgment, neither Fine Elite nor Jason is in a position to deny that Ricky had the right to apply for registration of the Service Marks in his name.

29. Hence even though the authorship and ownership issue was not expressly decided in the Judgment, the corollary to the aforesaid findings is that neither Fine Elite nor Jason is in a position to apply for registration of the Service Marks in its or his name; and in case they did, Ricky has the right to oppose, as it is in the present Opposition Proceedings.

30. The Learned Judge further said that whether or not Akira had rights in the design, Fine Elite expressly acknowledged and agreed in the Hero Elegant Agreement that Ricky was the person who was entitled to apply for registration of the Service Marks in his name. The Hero Elegant Agreement featured in the statutory declaration of Cheng Wai Tao as well as the statutory declaration of Poon Ka Man Jason in the present proceedings. In the Judgment, the Learned Judge said about the agreement as follows:-

“In September 2006, the disputes between Ricky, Jason and Daisy in relation to their respective shareholding in the Itamae restaurants and the Ajisen restaurants were resolved, as part of the preparatory steps taken for the listing of the Ajisen Group. The compromise involved the execution by Ricky on the first part, and Daisy and Jason acting through their corporate vehicle Fine Elite Group Ltd (“Fine Elite”, the plaintiff in these proceedings) on the other part, of a shareholders’ agreement dated 16 September 2006 (“Hero Elegant Agreement”). The Hero Elegant Agreement governed the rights of Ricky, Daisy and Jason as shareholders of Hero Elegant Ltd (“Hero”). Under the Hero Elegant Agreement, Ricky

was to have 69% of the shares of Hero, whereas Fine Elite was to hold (on behalf of Daisy and Jason) 31% of the shares of Hero.” (*paragraph 7 on page 6 of the Judgment*)

31. The Learned Judge, after reading the definition of Service Marks in clause 1 and clause 14.4 of the Hero Elegant Agreement together, came to the final conclusion, in paragraph 19 of the Judgment, that the parties should be taken to have acknowledged and agreed that Ricky was the person entitled to apply for and seek registration of the Service Marks in his name. This just reinforces what I said in paragraph 29 above.

32. Given all these, and the fact that the evidence filed in the Opposition Proceedings overlap with the evidence in the High Court Action, it is inconceivable that this Tribunal would find that the applicant, or for that matter Fine Elite, did not know or did not have the knowledge about the rights and entitlement of the opponent in and to the subject marks when Fine Elite, or the applicant acted through it as his corporate vehicle, applied for registration of the the subject marks on 9 August 2006.² This befittingly is a bad faith case where the focus of attention is on the propriety of a party’s conduct in relation to his request for protection of the mark in question for the relevant goods or services. As said by the Court of Appeal in the United Kingdom in *Harrison v Teton Valley Trading Co (CHINAWHITE)* [2005] F.S.R. 10 (at paragraph 26):-

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

33. The essence of bad faith is succinctly summarised in the following passage in *Melly’s Trade Mark Application (Oppositions of Fianna Fail and Fine Gael)* [2008] R.P.C. 20, where it is said:

² It is noted that Fine Elite assigned the subject applications to Poon Ka Man Jason (the applicant) on 19 January 2007, and the applicant acknowledges that he sold his interest in Fine Elite to Got’A Holdings Limited on 7 March 2007 (see paragraph 11(iii) above).

“53 The mental element required for a finding of bad faith has been much discussed. The discussion has centred on the test for determining dishonesty in English law, that is to say the “combined test” as explained by the House of Lords in *Twinsectra Ltd v Yardley* and clarified by the Privy Council in *Barlow Clowes International Ltd (In Liquidation) v Eurotrust International Ltd*. In her decision in *Ajit Newspaper Advertising Marketing & Communications Inc’s Trade Mark* (No.2283796) Professor Annand considered whether the “combined test” makes it necessary to give effect to the applicant’s belief in the propriety of his own behaviour when deciding whether he applied for registration in bad faith. She said not, on the basis that his own perception of propriety could not provide a conclusive answer to the question whether he actually had applied for registration in bad faith. I agree with her analysis. It supports the view that the relevant determination must ultimately be made “on the basis of objective evidence” rather than upon the basis of evidence as to the beliefs and opinions of the applicant with regard to the propriety of his disputed application for registration. I note in this connection that in the *Harrison v Teton Valley Trading Co Ltd--CHINA WHITE* the Court of Appeal upheld the Hearing Officer’s finding of bad faith: (1) notwithstanding that the applicant for registration had deposed to the fact that he “recognised no bad faith in my decision to develop and market the drink CHINA WHITE” and was not cross-examined on the evidence he had given; and (2) notwithstanding that the Registrar’s Hearing Officer had accepted the applicant’s evidence and concluded that at the date of the disputed application for registration the applicant “saw nothing wrong in his own behaviour”.” (footnotes omitted)

34. Applying the test of dishonesty as discussed above, I have no doubt that the applicant’s conduct, or for that matter the conduct of Fine Elite, in filing the applications for registration of the subject marks falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the business or trade concerned.

35. I conclude that the applications for registration were made in bad faith.

Section 12(5)(a) of the Ordinance

36. As I have already held that the opponent succeeds under the ground of

opposition based upon section 11(5)(b) of the Ordinance, there is no need for me to go on to examine whether the opponent could also succeed under section 12(5)(a).

Conclusion

37. For the reasons stated above, the subject applications are refused under section 11(5)(b) 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.

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

(Frederick Wong)
for Registrar of Trade Marks
31 May 2016