

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

**OPPOSITION TO TRADE MARK APPLICATION NO.: 302077263**

<sup>A</sup> 佳德

<sup>B</sup> 佳  
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**MARK:**

**CLASS: 16, 35 and 45**

**APPLICANT: BRIAN Z LEE**

**OPPONENTS: CHRISTIE MANSON & WOODS LIMITED**

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**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 7 November 2011, Brian Z Lee (“the Applicant”) filed an application (“the subject application”) under the Trade Marks Ordinance (Cap. 559) (“the

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Ordinance”) for the registration of the series marks “ 德 ” (“the subject marks”).

2. Registration is sought in respect of “Rubbish sacks; bubble packaging; packaging; bags of paper or plastics; hanging basket liners of paper or card; plant label of plastics, paper or card; plants ties; tree ties” in Class 16, “auctioneering services; all included in Class 35” and “Legal services; security services for the protection of property and individuals; personal and social services rendered by others to meet the needs of individuals” in Class 45 (“the subject goods and services”).

3. Particulars of the subject application were published on 25 May 2012. On 24 August 2012, Christie Manson & Woods Limited (“the Opponent”) filed a notice of opposition to the subject application together with a statement of grounds of opposition (“Notice of Opposition”). In response to the Notice of Opposition filed, a counter-statement and its English translation (“Counter-statement”) were filed by the Applicant on 24 December 2012 and 11 October 2013 respectively.
4. As evidence in support of the opposition, on 7 November 2014 the Opponent filed under Rule 18 of the Trade Marks Rules (Cap.559, sub. leg.)(“the Rules”) a statutory declaration made by Shum Wing Yum, Audrey, the Head of Legal, Asia of Christie’s Hong Kong Limited, together with exhibits (“the Opponent’s SD”). The Applicant did not file under Rule 19 of the Rules any evidence in support of its application.
5. The opposition hearing took place before me on 15 June 2016. The Opponent was represented by Mr. Philips Wong, Counsel instructed by Baker & McKenzie. The Applicant did not appear.

### **Grounds of opposition**

6. The grounds on which the Opponent opposes registration of the subject marks as stated in the Notice of Opposition are under sections 11(5)(b), 12(3), 12(4) and 12(5)(a) of the Ordinance.

### **Counter-statement**

7. The Applicant asserts in the Counter-statement that the subject marks, each with only two Chinese characters, are distinguishable from the Opponent’s trade mark “佳士得” which consists of three Chinese characters and would not cause any confusion to consumers.

## **Relevant date**

8. The relevant date for considering the opposition is 7 November 2011, that is the filing date of the subject application for registration.

## **The Opponent's evidence**

9. The Opponent is the primary UK trading entity of the Christie's International group of companies ("Christie's"). Christie's was founded in 1766 in London and is a world famous auction house specializing in auctions of fine and decorative arts, antiques, jewellery, wine and other valuable collectables. Christie's currently runs a range of services including real-time bidding services, estates, appraisals & valuation services, heritage & taxation advisory services, fine art storage services, and art transport services, etc. Exhibit 1 to the Opponent's SD contains printouts from the Christie's website setting out details of Christie's.
10. Christie's has received extensive exposure in the worldwide media over the years. Exhibit 2 to the Opponent's SD contains copies of selected articles published in The Telegraph, Los Angeles Times, BBC News, The New York Times, The Wall Street Journal, Forbes, etc. in 2011, 2013 and 2014.
11. The Opponent's Hong Kong office was incorporated in 1986 under the name of Christie's Hong Kong Limited ("Christie's HK"). Christie's HK has a number of specialist's departments dealing with different kinds of goods, such as contemporary art, Chinese ceramics and works of art, Chinese classical and modern paintings, jewellery, watches and wristwatches, and wine. The average revenue generated by Christie's HK in 2007 to 2011 was about HK\$830 millions per annum.
12. The Opponent is the creator and proprietor of the trade marks "CHRISTIE'S" ("the Opponent's English Mark") and "佳士得" ("the Opponent's Chinese Mark") (collectively referred to as "the Opponent's Marks"). The Opponent has obtained registrations worldwide for the Opponent's Marks. Exhibit 3 to the Opponent's SD includes copies of selected registration certificates for the

Opponent's Chinese Mark in mainland China, Singapore and Taiwan and Exhibit 4 contains a list of the Hong Kong registrations for trade marks which incorporate the Opponent's Chinese Mark.

13. The Opponent's Marks were first used in Hong Kong in the late 1980's and the Opponent's first auction sale in Hong Kong was held in 1986. The Opponent's sales in Hong Kong have consistently been conducted by reference to the Opponent's Marks. Exhibit 5 to the Opponent's SD includes copies of selected Chinese press releases in relation to Christie's HK between 2008 and 2012, showing use of the Opponent's Marks. And Exhibit 6 contains copies of the Opponent's advertisements in Hong Kong in 2007 to 2011 bearing the Opponent's Marks. The average advertising and promotional expenses incurred during the period for Hong Kong was about HK\$13.5 millions per annum.
14. The Opponent's auction sales in Hong Kong have also received worldwide media exposure. Exhibit 7 to the Opponent's SD includes copies of selected articles in Bloomberg Businessweek, The Telegraph and The Wall Street Journal, etc. in 2013.
15. According to the Opponent, the Opponent's Marks have acquired substantial goodwill and reputation amongst consumers in Hong Kong as a result of widespread promotion and prolonged and extensive use.
16. While the Opponent is a well-known international auction house, the Applicant is or was the shareholder of the auctioneering company "Chritrs (Group) Limited 佳士德(集團)有限公司" ("Chritrs"). The Opponent referred to the judgment of the Hong Kong Court of First Instance for a trade mark infringement and passing off action commenced by the Opponent and Christie's HK against Chritrs and the Applicant (High Court Action No. 1418 of 2011) ("the High Court Action") which concerned the use of the signs "佳士得" and/or "佳士德" and "Chritrs" by the Applicant and Chritrs in relation to auctioneering services. A copy of the said judgment dated 14 November 2012 is displayed at Exhibit 8 to the Opponent's SD.
17. Further, the Opponent has opposed to the Applicant's application for registration

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of the series marks “ ” (Application no. 302339208).

### **Opposition under section 11(5)(b) of the Ordinance**

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

“(5) 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.”

19. The term “bad faith” is not defined in the Ordinance. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 at 379, Lindsay J. said in relation to section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of the Ordinance):

“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.”

20. In *Harrison v Teton Valley Trading Co (CHINAWHITE)* [2005] F.S.R. 10, the English Court of Appeal said (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.”

21. Further, in *Ajit Weekly Trade Mark* [2006] R.P.C. 25, the Appointed Person stated as follows:

“The subjective element of the test means that the tribunal must 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.”

22. The above legal principles have been applied in *深圳市德力康電子科技有限公司 v LG Corporation & Anor* HCMP 881/2013, 26 March 2014.

23. An allegation that a trade mark has been applied for in bad faith is a serious allegation. It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference (*ROYAL ENFIELD Trade Marks* [2002] R.P.C. 24 at paragraph 31). Cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith (*Brutt Trade Marks* [2007] R.P.C. 19 at paragraph 29).

24. At the hearing, Mr. Wong submitted that if the marks under comparison are very similar to each other, the Registrar can be forgiven to conclude that one is derived from the other unless there is acceptable evidence to the contrary (*Mila Schon Group SpA v Lam Fai Yuen (t/a Tung Kwong Co)* [1998] 1 HKLRD 682 at 697; *Dora & Sheeps & Device Trade Mark*<sup>1</sup>, paragraph 41). And the drawing of an inference of copying for the bad faith opposition does not have to be premised upon the identity or similarity between the entire mark complained of and the entirety of the earlier mark relied on (*GOLDEN HARE 金火兔 Trade Mark*<sup>2</sup>; *Dora & Sheeps & Device Trade Mark*). It is also submitted that in civil

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<sup>1</sup> Decision of the Registrar of Trade Marks, 23 August 2013.

<sup>2</sup> Decision of the Registrar of Trade Marks, 4 June 2009.

proceedings, if a prima facie case is made out, and if there is evidence available to the party against whom the case is established which could displace the prima facie case, and he omits to call such evidence, an inference could be drawn; and if an inference is to be drawn, it would be an inference that such available evidence, even if adduced, would not displace the prima facie case (*Ip Man Shan Henry v Ching Hing Construction Co. Ltd. (No. 2)* [2003] 1 HKC 256, paragraph 155).

25. It is the Opponent's case that the subject application is made in bad faith with the deliberate intention to cause confusion and deception amongst members of the public as the subject marks are confusingly similar to the Opponent's Chinese Mark. The subject marks could not have been coined without copying the Opponent's Chinese Mark, as submitted by Mr. Wong.
26. Mr. Wong pointed out at the hearing that in spite of the serious allegation of bad faith, the Applicant did not explain on oath how the subject marks are derived. Neither did the Applicant offer any explanation as to the origin of the subject marks in the Counter-statement. And the Applicant did not challenge the reputation and goodwill of the Opponent's Chinese Mark. Mr. Wong also said that the subject application must be considered in the light of the judgement of the High Court Action. In particular, he indicated that the Applicant had actually admitted on oath in that case that Christie's is very famous and the Court had found that the Opponent's Marks enjoyed goodwill and well-known status in Hong Kong.
27. Mr. Wong argued that, given their reputation and well-known status, the Applicant must have knowledge of the Opponent's Marks at the relevant date and the Applicant had not denied such knowledge. It is his assertion that, by copying the Opponent's Chinese Mark which is well-known, the Applicant clearly wants to make use of or exploit its enormous reputation and goodwill in conducting business or to mislead members of the public that his business is somehow related to Christie's. Mr. Wong submitted that the Applicant's conduct clearly falls short of standards of acceptable commercial behaviour observed by reasonable and experienced men in the trade.

28. In the present case, the Applicant has not filed any evidence in support of the subject application or to rebut the Opponent's case and evidence. It is the Applicant's case, as pleaded in the Counter-statement, that the subject marks and the Opponent's Chinese Mark are distinguishable and should not cause any confusion to consumers as the marks are only identical in the first characters and differ in the total number of characters.
29. Each of the subject marks consists of two Chinese characters “佳德” while the Opponent's Chinese Mark “佳士得” is composed of three Chinese characters. Each of the subject marks and the Opponent's Chinese Mark are identical in the first characters. And their last characters share the same radical of “彳”. Hence, the subject marks and the Opponent's Chinese Mark are similar visually to some degree. Aurally, I consider they are similar to a high degree as the pronunciation of the first and last characters of the subject marks are identical to that of the Opponent's Chinese Mark. Conceptually, the subject marks and the Opponent's Chinese Mark are dissimilar as neither of them carries any dictionary or descriptive meaning. Overall, I find the subject marks are moderately similar to the Opponent's Chinese Mark.
30. For the present case, I note from the evidence filed that the Opponent has obtained registration of the Opponent's Chinese Mark (together with its English name of CHRISTIE'S) in Hong Kong in 1990 and generated an average annual revenue of about HK\$830 millions in 2007 to 2011 from auction sales under the Opponent's Marks in Hong Kong. The Opponent has also advertised and promoted its auction sales in Hong Kong under the Opponent's Marks and incurred an average annual expenditure of about HK\$13.5 millions during the period. I therefore accept that the Opponent has acquired substantial goodwill and reputation amongst consumers in Hong Kong well before the Applicant filed the subject application.
31. I also pay heed to the fact that the Applicant did not file any evidence or offer any explanation as to how he devised the subject marks, which are moderately similar to the Opponent's Chinese Mark, in spite of the serious allegations of bad faith and the evidence filed by the Opponent. And the Applicant did not deny

knowing the Opponent's Chinese Mark before he made the subject application and that he is or was the shareholder of Chritrs which is or was in the auctioneering business. In fact, the Applicant must have known at the relevant date the Opponent's Chinese Mark from their past dealings in relation to the High Court Action. Further, I note that the Opponent has applied for

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registration of the series marks “ 德 ” which are highly similar to the Opponent's Chinese Mark.

32. After considering all the relevant circumstances in this case, I find that the Applicant must have known at the relevant date the Opponent's Chinese Mark together with its reputation and goodwill and that the subject marks, which are moderately similar to the Opponent's Chinese Mark, are copied from the Opponent's Chinese Mark. In my view, the Applicant's decision to apply for registration of the subject marks in respect of the subject goods and services would be regarded as in bad faith by persons adopting proper standards. The ground of opposition under section 11(5)(b) of the Ordinance has been made out.

### **Opposition under other sections of the Ordinance**

33. Since the opposition against the subject application succeeds under section 11(5)(b), I am not required to consider further the other grounds of opposition under other sections of the Ordinance.

### **Costs**

34. As Mr. Wong submitted that there have been some “without prejudice” communications between the parties which may justify the award of costs on a higher scale and therefore asked for a direction to make written submissions as to costs within 21 days from the date of this decision, I will reserve my decision on costs and invite the parties to make written submissions to me within 21 days

from the date of this decision.

(Connie Law)  
for Registrar of Trade Marks

30 September 2016