

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

**OPPOSITION TO TRADE MARK APPLICATION NO. 302238624**

**MARK:** WORK. REST. KARMA  
**CLASS:** 25  
**APPLICANT:** A. W. Chang Corporation  
**OPPONENT:** Karma Athletics Ltd.

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**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 30 April 2012, A. W. Chang Corporation (“the Applicant”) filed an application under the Trade Marks Ordinance (Cap. 559) (“the Ordinance”) for registration of the mark below (“the application”) -

**WORK. REST. KARMA** (“the suit mark”)

in respect of “Footwear; Clothing; Hats; Clothing of leather; Neckties; Bathing Suits; Scarfs; Shirts; Socks; Vests” in Class 25 (“the applied for goods”).

2. Particulars of the application were published on 27 July 2012. On 24 December 2012, Karma Athletics Ltd. (“the Opponent”) filed a Notice of Opposition with a Statement of Grounds of Opposition against the application (“the subject proceedings”). On 12 March 2013, the Applicant filed a Counter-statement in Chinese which is not the language of the subject proceedings, together with an Answer to Notice of Opposition in English. On 19 April 2013, the Applicant filed an English translation of the Counter-statement.

3. The opposition hearing took place before me on 11 September 2015 (“the

hearing”). The Applicant, represented by HONGKONG VOSON IP FIRM, did not file a Form T12 to indicate its intention to appear. Mr Charles Ho of Barron & Young Intellectual Property Limited (“Mr Ho”) appeared for the Opponent. I reserved my decision at the conclusion of the hearing.

### **Grounds of opposition**

4. According to the Statement of Grounds of Opposition, the Opponent, a Vancouver based company, designs, manufactures and supplies athletic clothing and products. The Opponent claimed to have been using the mark “Karma” continuously and extensively on its goods and services. Apart from the mark “Karma”, the Opponent is also the owner of various marks embodying the word “Karma” (collectively “the Opponent’s marks”) said to have been registered in jurisdictions including Canada, the United States, Europe, Singapore, Taiwan and Hong Kong. Having designed, manufactured and sold a wide range of athletic wear in Hong Kong as well as other regions worldwide, the Opponent was said to have invested extensively in advertising and promoting its goods and services bearing the Opponent’s marks in the countries/regions of registration, be it through the Opponent’s website or those of its on-line retailers. It was claimed that, through such activities, the Opponent has established substantial reputation and goodwill in its business around the world including Hong Kong.

5. Based on alleged close resemblance between the suit mark and the Opponent’s marks and between the applied for goods and the Opponent’s goods and/or services, the Opponent opposes the application under sections 11(5) and 12(5) of the Ordinance on the grounds that the application was made in bad faith and that the use of the suit mark on the applied for goods would constitute passing off against the Opponent’s marks.

### **Counter-statement**

6. The Applicant, a company based in the United States, essentially denied all allegations by the Opponent and averred that the suit mark was unique and

distinctive from the Opponent's marks and there was no bad faith on the Applicant's part in seeking the application.

### **Opponent's evidence**

7. The Opponent's evidence comprised a statutory declaration of Darrell Kopke ("Mr Kopke"), its President and Chief Executive Officer dated 12 December 2013 ("DK's SD") with Exhibits "A" to "E".

8. Mr Kopke's evidence seeks to show that -

- (a) the Opponent is a Vancouver based company that designs and sells athletic clothing. It is the owner of 10 trade marks registered in Canada, the United States, Europe, Taiwan and Singapore;
- (b) the Opponent's marks have been used by the Opponent in Hong Kong on clothing since at least 2005; and
- (c) as a result of the use by the Opponent, the Opponent's marks are well known to the general public, buyers and users in the Hong Kong market such that they are uniquely associated with the Opponent and distinguish the clothing sold by the Opponent from those of others.

9. The five exhibits to DK's SD are noted to contain the following -

Exhibit	Content
"A"	Nine copy certificates of registration of the Opponent's marks in Canada, US, Taiwan and Singapore. The certificate of registration in Europe was not adduced.
"B"	Copy extract of one clothing catalogue entitled "karma •Summer Catalog'08" which according to Mr Kopke was published to the Hong Kong market.

“C”	Copy photographs showing exemplar labels and hang tags bearing one of the Opponent’s marks.
“D”	Copy photograph showing exemplar clothing bearing one of the Opponent’s marks (the one as in Exhibit “C”).
“E”	Seven copy invoices/order forms and one copy order cancellation form, each bearing the mark “karma”, from customers in Hong Kong in respect of clothing for the period between January 2008 and June 2009.

10. I say on the outset that the 10 registered trade marks cited in DK’s SD (paragraph 4 thereof) are in fact three distinct marks each of which contains the word “karma” either as a word or the sole element. Furthermore, none of the 10 trade mark registrations was obtained in Hong Kong.

11. To facilitate a proper consideration of the subject proceedings, I sought Mr Ho’s indication at the hearing of which of the three said distinct marks the opposition was based upon. Mr Ho pinpointed the mark “**karma•**” (“the opposing mark”). It is convenient here to set out the particulars of the registration of the opposing mark as given in the Opponent’s evidence -

Country	Registration No.	Date of application / registration <sup>1</sup>
Canada	TMA769921	3 February 2006 / 16 June 2010
	TMA761454	4 August 2006 / 11 March 2010
United States	3,918,906	15 February 2011
	3,319,351	23 October 2007
	3,875,261	16 November 2010

The five registrations of the opposing mark are observed to cover goods including clothing, sports equipment and/or accessories and/or services relating thereto for use in the yoga sport (“the Opponent’s goods/services”).

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<sup>1</sup> If the two dates were different.

## **Applicant's evidence**

12. The Applicant did not adduce any evidence.

## **Relevant date**

13. The relevant date for considering the subject proceedings is 30 April 2012, the date of the application (“the relevant date”).

## **Suit mark and opposing mark**

14. The suit mark “**WORK. REST. KARMA**” is a composite mark made up of three words “work”, “rest” and “karma” in sequence with a device “.” separating the three words, one each on the left and right sides of the word “rest” in the middle. The word element of the suit mark is expressed in plain font in the upper case without any stylization. The three words are dictionary defined. “Work” is an “*activity involving mental or physical effort done in order to achieve a result*”, “rest” is to “*cease work or movement in order to relax, sleep, or recover strength*” and “karma” in Hinduism and Buddhism means the “*sum of a person's actions in this and previous states of existence, viewed as deciding their fate in future existences*”.<sup>2</sup> The suit mark would be pronounced as “work-rest-kar-ma”. Despite the presence of the device element “.”, I believe the average consumer would perceive the three words “work rest karma” as together and being capable of constituting a meaningful expression, and that expression would be the dominant element when the suit mark is viewed as a whole.

15. The opposing mark “**karma.**” is also a composite mark. It is made up of one word “karma” and a device “.” in sequence. The word element is expressed in plain font in the lower case without any stylization. The opposing mark would be pronounced as “kar-ma”. As far as I am aware and lacking any evidence to the contrary, the word “karma” is neither descriptive nor

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<sup>2</sup> <http://www.oxforddictionaries.com/definition/english/>

non-distinctive for the goods in question. Taking the opposing mark as a whole, the word element “karma” is the dominant element.

16. As far as possible resemblance is concerned, the suit mark fully incorporates the dominant element “karma” of the opposing mark. However, “karma”, as virtually the entirety of the suit mark, would only be perceived as part and parcel of the expression “work rest karma” in the opposing mark and hence is unlikely to retain an independent distinctive role there. Given this perspective, comparing “karma”, as virtually the sole element of the suit mark, with the dominant element “work rest karma” in the opposing mark, I opine that this would render the two marks readily distinguishable. In sum, the degree of similarity between the two marks is only low to moderate.

17. I will now consider the two grounds of opposition, starting with the allegation of bad faith.

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

18. Section 11(5)(b) of the Ordinance states –

- “(5) A trade mark shall not be registered if, or to the extent that -
- (a) ...
  - (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, Lindsay J. stated the following 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’s Trade Mark Application** [2005] F.S.R. 10, the English Court of Appeal held that -

*“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. In determining whether an application for registration was made in bad faith, the courts have applied a test which involves both subjective and objective elements. In the case of **Ajit Weekly Trade Mark** [2006] R.P.C. 25, the Appointed Person formulated a test (at paragraph 44 of the decision) 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. An allegation of bad faith is a serious allegation which must be distinctly alleged. It was held in **ROYAL ENFIELD Trade Marks** [2002] R.P.C. 24 at paragraph 31 that such an allegation 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. Given the seriousness of the allegation cogent evidence is required and 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).

23. The Opponent's case on bad faith is that -<sup>3</sup>

*“By reason of the matters [summarised in paragraph 4 above], the Opponent and the [opposing mark has] acquired considerable reputation in North America. The Applicant, a U.S. based clothing company, must have the knowledge of the Opponent, the [opposing mark] and the Opponent's [goods/services]. Therefore, the Opponent has good reasons to believe that the application of the [suit mark] is made in bad faith.....”*

24. The allegation is serious but the Opponent was unable to adduce even a single thread of evidence on how the Applicant's purported knowledge of the opposing mark and/or the Opponent's goods/services could have come about. Even if I were to accept the Opponent's belief that the Applicant's mere place of business (albeit not in Canada) alone had given rise to such deemed knowledge, the Opponent has yet to demonstrate that the knowledge of the Applicant was such that its decision to apply for registration of the suit mark would be regarded as in bad faith by persons adopting proper standards.

25. I explicitly enquired with Mr Ho at the hearing whether the Applicant's purported deemed knowledge alone would be sufficient in proving bad faith in the circumstances. Mr Ho conceded that deemed knowledge alone would not discharge the Opponent's burden of proof on the issue of bad faith but the Opponent unfortunately held little evidence in support of this ground.

26. Taking into account all the relevant circumstances of this case including primarily the low similarity found above between the suit mark and the opposing mark, I do not find that there is any basis for concluding that the Applicant's decision to apply for registration of the suit mark in respect of the applied for goods would be regarded as in bad faith by persons adopting proper standards. The ground of opposition under section 11(5)(b) of the Ordinance therefore fails.

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<sup>3</sup> Statement of Grounds of Opposition, §8.

## Opposition under section 12(5)(a) of the Ordinance

27. Section 12(5) of the Ordinance provides, *inter alia*, that -

*“(5) ... a trade mark shall not be registered if, or to the extent that, its use in Hong Kong is liable to be prevented –*

*(a) by virtue of any rule of law protecting an unregistered trade mark or other sign used in the course of trade or business (in particular, by virtue of the law of passing off); ...*

*and a person thus entitled to prevent the use of a trade mark is referred to in this Ordinance as the owner of an “earlier right” in relation to the trade mark.”*

28. The Opponent’s case under section 12(5)(a) of the Ordinance is that -<sup>4</sup>

*“By reason of the matters [summarised in paragraph 4 above], the [opposing mark] has acquired substantial reputation and goodwill in Hong Kong and worldwide after the extensive promotion and use by the Opponent. Any use of the [suit mark] by the Applicant in relation to the [applied for goods] would be likely to deceive the public that the [applied for goods] are those of the Opponent or are associated with the Opponent, and such use would therefore constitute an infraction of the Opponent’s rights in the [opposing mark]. Furthermore, the use of the [suit mark] by the Applicant would constitute passing off against the [opposing mark] and the goods or services provided by the Opponent....”.*

29. The relevant question is whether normal and fair use of the suit mark for the purpose of distinguishing the applied for goods from those of other undertakings was liable to be prevented at the relevant date by an action of passing off.<sup>5</sup>

30. The requisite elements for establishing a passing-off action were

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<sup>4</sup> Statement of Grounds of Opposition, §9.

<sup>5</sup> *WILD CHILD Trade Mark* [1998] R.P.C. 455.

formulated in the case of *Reckitt & Colman Products v. Borden Inc* [1990] R.P.C. 341. These elements have been repeatedly relied upon by the courts in Hong Kong including the Court of Final Appeal in *Re Ping An Securities Ltd* (2009) 12 HKCFAR 808 (FACV 26/2008). In essence, in the present context, the Opponent has to establish that -

- (a) the Opponent enjoys *goodwill* attached to the goods or services which it supplies in the mind of the purchasing public by association with a trade mark under which its goods or services are offered to the public, such that the trade mark is recognized by the public as distinctive specifically of the Opponent's goods or services;
- (b) the Applicant has made a *misrepresentation* to the public leading or likely to lead the public to believe that the subject services offered by it are the services of the Opponent; and
- (c) the Opponent suffers, or is likely to suffer, *damage* by reason of the erroneous belief engendered by the Applicant's misrepresentation that the source of the Applicant's subject services is the same as the source of goods or Services offered by the Opponent.

### **Opponent's reputation and goodwill**

31. The Opponent's case on passing off is premised on it having allegedly acquired substantial reputation and goodwill after its extensive promotion and use of the opposing mark. As mentioned in paragraph 8 above, DK's SD seeks to show, inter alia, that the Opponent's marks (including the opposing mark) have been used by the Opponent in Hong Kong on clothing since at least 2005. During the course of the hearing, in examining the five exhibits to DK's SD, I observed that -

- (a) Exhibit "B" concerns but only one catalogue of the Opponent's goods/services and the catalogue was for one season in 2008;

- (b) although Mr Kopke said that the catalogue was published to the Hong Kong market,<sup>6</sup> Mr Ho acknowledged that such alleged publication could not be discerned from Exhibit “B” itself nor any other part of the Opponent’s evidence;
- (c) the photographs in Exhibits “C” and “D” were undated and in any case did not show the opposing mark;
- (d) the seven invoices/order forms and one order cancellation form in Exhibit “E”, each bearing the opposing mark, evidenced the Opponent’s sale of its goods in Hong Kong in the period between January 2008 and June 2009, i.e. some 18 months only. None of these materials, however, reflects the Opponent’s use of the opposing mark on clothing in Hong Kong in or around 2005; and
- (e) evidence in any form on the Opponent’s promotion of the opposing mark in Hong Kong or otherwise was completely lacking despite such promotion being described as “extensive”.

32. Having combed through DK’s SD and the five exhibits, Mr Ho said that the invoices/order forms etc in Exhibit “E” were the Opponent’s “best evidence” in establishing the section 12(5)(a) ground of opposition. I then took a closer look at Exhibit “E” with Mr Ho and deduced the following -

Invoice date	Opponent’s customer in Hong Kong	Sales (CAD)
Jan 2008	Shantih Yoga Athletica	2 567.00
Feb 2008	Jennie Cheung (Simply Yoga)	1 191.60
Oct 2008	Jennie Cheung (Simply Yoga)	2 889.00
Nov 2008	Shantih Yoga Athletica	16.50
Feb 2009	Jennie Cheung (Simply Yoga)	981.00

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<sup>6</sup> DK’s SD, §7.

Apr 2009	Jennie Cheung (Simply Yoga)	680.40
Apr 2009	Jennie Cheung (Simply Yoga) - cancellation of order	-4 142.00
Jun 2009	Jennie Cheung (Simply Yoga)	1 140.00
Total sales :		CAD 5 323.50

33. In a final attempt to make good the Opponent's case, Mr Ho submitted that the yoga sport has not gained huge popularity in Hong Kong which in turn has rendered sales of clothing and the like geared for the sport insubstantial in the trade generally.

34. Be that as it may, when considering the subject proceedings I can only have regard to the evidence adduced herein. The Opponent's sales figures of clothing presented in Exhibit "E" are most telling. First, they do not support use of the opposing mark by the Opponent on clothing in Hong Kong from at least 2005. Second, the Opponent only received orders from two customers in Hong Kong in that period of 18 months which was not approximate to the relevant date. Third, the use of the opposing mark in merely 18 months yielding a total sales of CAD 5,323.50 cannot, by any standard, be regarded as anywhere near substantial.

35. Based on the analysis above, there is no evidence before me to demonstrate that as at the relevant date the Opponent has established reputation and goodwill in Hong Kong attached to the goods/services it supplied in the mind of the purchasing public by association with the opposing mark to mount a passing off action.

36. As the Opponent fails to pass the first requisite hurdle in *Ping An* (supra), I need not proceed with the consideration of the issue of passing off further. The only logical conclusion open to me is that the Opponent's section 12(5)(b) ground also fails.

## **Conclusion and costs**

37. I have considered each of the grounds of opposition advanced by the Opponent and found that none of them has been made out. The opposition therefore fails.

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

( Elsie Tse )  
*for* Registrar of Trade Marks  
30 October 2015