

TRADE MARKS ORDINANCE (Cap. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 302980387AA

MARK:

- a. **W WATCH**
- b. **W Watch**
- c. **W watch**
- d. **w watch**

CLASS: 9, 14

APPLICANT: LG JEON ZA JOO-SIK-HOI-SA (LG ELECTRONICS INC.)
(now known as LG Jeonja Joo-Sik-Hoi-Sa (LG Electronics Inc.))

OPPONENT: SWATCH AG (SWATCH SA)(SWATCH LTD.)

STATEMENT OF REASONS FOR DECISION

Background

1. On 30 April 2014, LG Jeon za Joo-sik-hoi-sa (LG ELECTRONICS INC.) (the “applicant”) filed an application (the “subject application”) under the Trade Marks Ordinance, Cap. 559 (the “Ordinance”) for registration of the following mark:-

- a. **W WATCH**
- b. **W Watch**
- c. **W watch**
- d. **w watch**

(“the suit mark”)

2. Registration is sought in respect of the following goods (“subject goods”) in Classes 9, 10 and 14:-

Class 9

Smart phones; Television receivers; Monitors for computers; Lap Top computers; Computers; Digital Versatile Disc players; Portable hard disk drives; Apparatus for recording, transmission or reproduction of sound or images; Computer application

software for mobile phones; Audio Receivers; Colour printers; Tablet personal computers; Settop boxes; Mouses for computers; Cameras; Wearable computer; Smart phones in glasses form; Wristband for portable digital electronic media players; Computer software for wireless data communications for receiving, processing, transmitting and displaying the information of exercise, body fat and body mass index; Portable electronic terminals for personal use for recording, organizing, transmitting, controlling or reviewing the health and health care information, and receiving the text, data, images and audio files; Scanners; Projectors; Network monitoring cameras; Digital signage; Car speakers; Universal serial bus drives; MPEG audio layer-3 players; Telephone sets; Wireless Telephone sets; Portable communications apparatus namely handsets, walkie-talkies, satellite telephones and personal digital assistants [personal digital assistants]; Television remote controllers; Chips for improvement of Television image quality; Digital media broadcasting players [DMB]; Headsets for mobile phones; Portable Chargers for electric batteries; Electronic Albums; Digital Picture Frames; Apparatus for recording, transmission or reproduction of sound or images for use in telecommunications; Electric audio and visual apparatus and instruments; Computer application software for televisions; Computer application software for personal computer monitors; Computer application software for home appliances; Computer application software for refrigerators; Computer application software for clothes washing machines; Computer application software for vacuum cleaners; Computer application software for dish washers; Computer application software for ovens; Computer application software for microwave ovens; Computer application software for clothes management machines; Computer application software for air purifiers; Computer application software for water purifiers; Digital Versatile Disc players for home theaters; Speakers for home theaters; Audio-Video receivers for home theaters; Projectors for home theaters; Integrated circuits; Electronic toll collection systems; Electronic terminals equipped in vehicles for electronic commercial transactions; Closed-Circuit Television Cameras; Thermal printers; Laser printers; Ink jet printers; Recorded computer programmes; Downloadable computer programs; Personal Computer Cameras; Digital voice recorders; Videocassette recorders; Network monitors; Computer software for education; Electronic Notepads (E-Note); Interactive white board; Downloadable image files accessible via the Internet; Electronic downloadable publications; Video conference system; Monitors for video conference; Cameras for video conference;

Speakers for video conference; Three dimensional eyeglasses for television receivers; Car broadcasting tuners; Car cassette players.

Class 10¹

Massage apparatus for medical purposes; Bed vibrators; Massage apparatus; Electric massage apparatus for household use; Diagnostic apparatus for medical purposes; Medical apparatus and instruments; Massage apparatus for human body; Electric massage chairs for household use; Pulse measuring devices; Heartbeat measuring apparatus.

Class 14

Watches with the function of wireless communications with electronic terminals namely smartphones, tablet computers, personal digital assistants, computers; Watch bands with the function of wireless communications with electronic terminals namely smartphones, tablet computers, personal digital assistants, computers; Wristwatches with the function of mobile communications; Clocks; Wristwatches; Electronic clocks and watches; Dials {clock and watch making}; Watch crystals; Watch chains; Watch cases; Parts for watches; Watch pouches; Necklaces {jewelry}; Bracelets {jewelry}; Key rings [trinkets or fobs] of precious metal; Wire of precious metal {jewelry}; Rings {jewelry}.

3. Particulars of the subject application were published on 27 June 2014. Swatch AG (Swatch SA)(Swatch Ltd.) (the “opponent”) filed a notice of opposition which includes a statement of grounds of opposition (the “Grounds of Opposition”) on 26 September 2014.

4. Opposition hearing was originally scheduled to take place before me on 24 May 2017. The opponent filed within the prescribed time Form T12 indicating its intention to attend the hearing. The applicant had not filed any Form T12. But then on 10 May 2017, the opponent’s agent, namely Wilkinson & Grist (“W&G”) wrote in a letter saying that they understood that the applicant “has already applied” to delete all goods in Class 14 and the goods under opposition in Class 9 namely

¹ After the opposition was commenced against application no. 302980387 on 26 September 2014, that application was divided into the subject application (application no. 302980387AA) which comprised Classes 9 & 14 and application no. 302980387AB which comprised Class 10.

“Wearable computer; Wristband for portable digital electronic media players; Portable electronic terminals for personal use for recording, organizing, transmitting, controlling or reviewing the health and health care information, and receiving the text, data, images and audio files” (“Opposed Goods in Class 9”) from the specification of goods of the subject application, and since the applicant did this voluntarily after they received the notice of opposition in which the opponent specifying that they opposed to all goods under Class 14 and the Opposed Goods in Class 9, the opponent thereby applied for an order that the applicant pays the opponent costs and incidental to this opposition.

5. On 11 May 2017, the applicant’s agent, namely Ruby Yeung & Co. (“Ruby Yeung”) wrote in a letter saying the applicant “confirms to amend the specification of goods/services” which in effect amounts to deletion of all goods in Class 14 and the Opposed Goods in Class 9.² On that same day, the Trade Marks Registry (the “Registry”) issued a letter to Ruby Yeung confirming that they received the “request to amend” the specification of the subject application, and indicating that the Registrar is prepared to accept the proposed amendments, subject to publication and objection (if any) under rules 25 and 26 of the Trade Marks Rules Cap 559 sub leg (the “Rules”).

6. Also on 11 May 2017, the Registry issued a letter to W&G referring to their letter of 10 May 2017 and said that the Registrar would only consider the issue of costs upon receipt of a request made by a party after the conclusion of the opposition proceedings pursuant to section 87 of the Ordinance, hence the Registrar would not comment on the issue of costs at that stage and reminded the opponent that if they wished to withdraw the opposition they should confirm it in writing. The letter also gave a reminder to the parties that the hearing on 24 May 2017 would proceed as scheduled.

7. On 12 May 2017, Ruby Yeung wrote in a letter to the Registrar confirming that the parties agreed to vacate the scheduled hearing on 24 May 2017. But then on 13 May 2017, Ruby Yeung wrote in another letter saying that they understood that “unless the opponent withdraws the subject opposition, the hearing returnable on 24

² On 27 September 2017, the Registry issued a letter accepting the applicant’s request to amend the specification of the goods as per Ruby Yeung’s letter of 11 May 2017.

May 2017 shall continue”, but went on saying that “in light of the opponent’s agreement to not to incur unnecessary costs in preparing and attending the opposition hearing”, they requested the Registrar “to order the hearing on 24 May 2017 be vacated or be adjourned sine die with liberty to restore so as to allow sufficient time for the parties and the Registry to deal with the outstanding issues, if any”.

8. On 15 May 2017, the Registrar issued a letter to both parties advising them that “if the parties need further time to deal with the outstanding issues, they should jointly apply to the Registrar for the substantive hearing fixed for 24 May 2017 to be adjourned sine die”. In response to that letter, the parties jointly applied to the Registrar, by way of a letter issued by Ruby Yeung dated 17 May 2017, for the substantive hearing fixed for 24 May 2017 to be adjourned for 4 months from 24 May 2017 with leave to either party to restore earlier upon giving the other party and the registrar at least 1 month’s prior notice in writing. By a letter dated 17 May 2017, the Registrar ordered as such.

9. For the next six months, there were correspondence between the parties themselves, and between the Registrar and either of the parties (copied to the other party of course) or both parties. I do not propose to summarize them here, suffice to say that the issues of costs and how the proceedings is to be disposed of were the main contentious issues that remained unresolved. As a result of the stalemate, Ruby Yeung wrote in a letter on 30 November 2017 requesting that the opposition hearing be restored and re-fixed to allow the parties to make submissions on what orders should be made to conclude the matters and representation on costs. The Registrar thereby gave notice to the parties to restore and re-fix the hearing to take place before me on 30 January 2018. The applicant then filed Form T12 indicating its intention to attend the hearing.

10. Hence the opposition hearing took place before me on 30 January 2018. Ms. Esther Ho of W&G represented the opponent. Mr. Benjamin Lam of Counsel, instructed by Ruby Yeung, represented the applicant.

Grounds of opposition

11. In the Amended Grounds of Opposition (which amended the Grounds of Opposition with effect from 3 October 2014), the opponent opposes registration of the suit mark under sections 3(1), 11(4), 11(5), 12(3), 12(4) and 12(5) of the Ordinance.

12. Under paragraph 8 of the Amended Grounds of Opposition, the subject goods comprising the entirety of the specification is set out, followed by the statement below:-

The items “wearable computer; wristband for portable digital electronic media players; portable electronic terminals for personal use for recording, organizing, transmitting, controlling or reviewing the health and health care information, and receiving the text, data, images and audio files” in the above Class 9 Specification and all the goods in the above Class 14 Specification are hereinafter collectively referred to as “the Applicant’s Goods under Opposition”

13. At the end of the Amended Grounds of Opposition, namely paragraph 16, it was pleaded that registration of the suit mark in respect of “the Applicant’s Goods under Opposition” in Classes 9 and 14 contravenes the law and would unfairly prejudice the legitimate interests of the opponent, the opponent requests that the subject application in Classes 9 and 14 be refused registration in respect of “the Applicant’s Goods under Opposition” and an order for costs against the applicant be made.

Counter-statement

14. The applicant filed a counter-statement on 24 December 2014, denying all the grounds of opposition.

Opponent's Submissions at the hearing

15. Ms. Esther Ho, representing the opponent at the hearing, highlighted the following facts:

- (i) Right from the beginning, per paragraphs 8 and 16 of the Grounds of Opposition or Amended Grounds of Opposition,³ the opponent was only opposing the subject application in respect of all goods under Class 14 and the Opposed Goods in Class 9 (as defined in paragraph 4 above) in the specification.
- (ii) In the counter-statement, the applicant put the opponent to strict proof of the grounds of opposition.
- (iii) The opponent filed evidence in support of the opposition on 14 March 2016.
- (iv) The applicant did not file evidence in support of the application, despite it is said in paragraph 7 of the counter-statement that the applicant intended to use the suit mark substantively for its products in the foreseeable future in Korea, Hong Kong and worldwide, full particulars of which would be provided at the evidential stage of the proceedings.
- (v) The sequence of events which I have set out in paragraphs 4 to 10 above, together with disclosure of some correspondence between the parties from April 2017 onwards which had not been copied to the Registrar before the hearing. I do not propose to go into detail about those correspondence at this point, suffice to say that in gist, the position of the opponent is that all along, there has been no agreement to delete the goods in the specification of the subject application, and there has been no agreement of settlement between the parties as to how to round up the proceedings, given the context that what the opponent requested from the applicant was of two parts, namely, the deletion of all the goods under opposition and payment of the costs. It is pointed out that the applicant replied in October 2017 saying that it would not pay the

³ The notice of opposition in form T6 filed by the opponent on 26 September 2014 had at its box 01 put down for the classes to which the opposition related the following:- "Class 9(in respect of some of the goods in the specification, please see Grounds of Opposition) and Class 14".

amount stated in the breakdown of costs (which the opponent had provided it) or at all, and did not want to negotiate with the opponent on the issue of costs.

16. Ms. Ho submitted that as a result of the last minute amendments of the specification of the subject application just before the original hearing was to take place, what was opposed by the opponent no longer exists, this is the same outcome of a fully successful opposition, in the premises, the appropriate order to conclude the matter is that the opposition be deemed successful in respect of “the Applicant’s Goods under Opposition”.

17. Alternatively, Ms. Ho submitted, the opponent may seek an order that the subject application in Class 14 be withdrawn and the subject application in Class 9 be withdrawn in respect of “wearable computer; wristband for portable digital electronic media players; portable electronic terminals for personal use for recording, organizing, transmitting, controlling or reviewing the health and health care information, and receiving the text, data, images and audio files”, in that case the opposition would automatically fall away by the withdrawal of the application with no other steps or orders being needed to conclude the opposition.

18. Ms. Ho emphasized that that is not an application for discontinuance of the opposition proceedings by the opponent, since it is not the opponent taking any steps to discontinue the opposition which it initiated.

19. As regards the costs, Ms. Ho submitted, in any event the costs of the opposition and the costs of this hearing should be awarded to the opponent, as the applicant conceded to the opponent’s claim (save to costs) only after the applicant filed a counter-statement and when the opponent has incurred substantial costs to proceed with the opposition.

20. Ms. Ho also drew my attention to section 87(1) of the Ordinance, which provides that the Registrar may by order award to any party such costs as he may consider reasonable and direct how and by what parties they are to be paid, and rule 85(2) of the Rules that in the event of an opposition to the registration of a trade mark being uncontested by the applicant for registration, the Registrar in deciding whether costs should be awarded to the opponent shall consider whether proceedings might

have been avoided if reasonable notice had been given by the opponent to the applicant before the notice of opposition was filed.

21. Ms. Ho contrasted the conduct of the applicant with that of the opponent's in the handling of the proceedings, details of which I do not propose to summarize here, and submitted that as the opposition is contested, it is obvious that even if notice had been given by the opponent to the applicant before the opposition was filed, the opposition would not have been avoided.

Applicant's Submissions at the hearing

22. Mr. Benjamin Lam, Counsel representing the applicant, had not disputed that there was no agreement as to costs between the parties, and that the deletion of all goods in Class 14 and the Opposed Goods in Class 9 from the specification of the subject application was the unilateral action taken by the applicant. Nonetheless, Mr. Lam submitted, as a result of the deletion of goods, the opposition was no longer being pursued, leaving only the issue of costs as outstanding issue to be decided upon for the purpose of the hearing before me.

23. Mr. Lam then addressed me on the applicable legal principles on the question of costs in circumstances where there is no agreement as to costs. I will deal with Mr. Lam's submissions in the decision part that follows.

Decision

24. The opponent opposes registration of the suit mark under sections 3(1), 11(4), 11(5), 12(3), 12(4) and 12(5) of the Ordinance. It has been stated clearly in the notice of opposition which includes the opponent's pleading that the opponent was only opposing the subject application in respect of all goods under Class 14 and the Opposed Goods in Class 9 (as defined in paragraph 4 above) in the specification of the subject application. The applicant put the opponent to strict proof of the grounds

of opposition in the counter-statement, and said in paragraph 7 of the counter-statement that the applicant intended to use the suit mark substantively for its products in the foreseeable future in Korea, Hong Kong and worldwide, full particulars of which would be provided at the evidential stage of the proceedings. The opponent filed evidence in support of the opposition on 14 March 2016. But the applicant did not file any evidence in support of the application.

25. Substantive hearing was then fixed for 24 May 2017. On May 10 and 11, 2017, the representatives of the parties respectively wrote in to the Registrar informing that the applicant applied to amend the specification of goods by deletion of all goods in Class 14 and the Opposed Goods in Class 9, which application to amend was formally accepted by the Registrar on 27 September 2017.

26. In the meanwhile, the hearing was adjourned to allow the parties time to negotiate for an agreement or settlement as to the issues of costs and how the proceedings is to be disposed of. The parties having failed to reach any agreement or settlement in that connection, the hearing was restored and re-fixed to take place before me on 30 January 2018.

27. I think the facts and all circumstances are clear and the parties did not have disputes about them, what requires me to decide upon pursuant to the hearing is only two issues, namely the issue of how the proceedings is to be disposed of, and what order as to costs, or no order as to costs, should I make in the circumstances. The second would, of course, depend on the first, and that is the reason why the Registrar had all along refused to even give any comment in respect of the issue of costs in the absence of any agreement or consensus as to how the proceedings is to be disposed of.

28. I will deal with the issue of how to dispose of the proceedings first.

Issue of disposing of the proceedings

29. Ms. Ho submitted that the appropriate order to conclude the matter is that the opposition be deemed successful in respect of “the Applicant’s Goods under Opposition”; alternatively, Ms. Ho accepted that an order may be sought that the subject application in Class 14 and the Opposed Goods in Class 9 be withdrawn.

30. Mr. Lam did not seem to be bothered with this issue, as he was of the view that as a result of the deletion of goods, the opposition was no longer being pursued, leaving only the issue of costs as outstanding issue to be decided upon for the purpose of the hearing before me.

31. I think how the proceedings is to be disposed of might have a bearing on the issue of costs. Even Mr. Lam had argued, in his submissions in relation to the issue of costs, that the first task of the Registrar is to ask whether the materials placed before the Registrar in this case are sufficient to allow the Registrar to determine the merits, in the likely event that the Registrar finds herself not in a position to so find, the law sets out in clear terms that there should be no order as to costs. The way the proceedings is disposed of may have an implication on where the merits of the case might lie, even though merits had not actually been ruled upon.

32. As I see it, the applicant should have been clear right from the very beginning what kind of an opposition case it was facing and what goods in the specification of the subject application the opponent is objecting registration of. The applicant intended to defend the subject application vigorously, otherwise it would not have put the opponent to strict proof of the grounds of opposition in the counter-statement, and said in paragraph 7 of the counter-statement that the applicant intended to use the suit mark substantively for its products in the foreseeable future in Korea, Hong Kong and worldwide, full particulars of which would be provided at the evidential stage of the proceedings.

33. The opponent then filed a statutory declaration of Jeannine Aebi with 34 exhibits thereto on 14 March 2016, as evidence in support of the opposition. For unknown reasons the applicant did not file any evidence throughout the proceedings, and did not take any active step to resolve the matters until shortly before the fixed day of hearing it unilaterally applied to amend the subject application by deleting the goods in Classes 9 and 14 as above noted.

34. Mr. Lam had tried to justify the fact that the applicant did not file evidence in support of the application by pointing out that the burden of proof in establishing the likelihood of confusion lies with the opponent. Whilst the proposition about the burden of proof is true, be that as it may, this is not a good justification for the

applicant to decide not to file any evidence, if the applicant really sees merits in its case and intends to defend the opposition in an active way. Indeed, the applicant stated in the counter-statement that it would file evidence at the evidential stage of the proceedings. The applicant had apparently changed from a position, at least maintained at the pleading stage, of vigorously defending the subject application to a much more passive position since the evidence stage, just waiting for a chance to get away from the proceedings.

35. As I see it, the probable cause for the applicant to file no evidence and the probable cause for it to decide to delete the goods in dispute — even in the absence of agreement to settle the matters and just days before the hearing when the other side may have spent a great deal of money on preparing for the hearing — though may not necessarily be the same, they both reflect that the applicant did not see much merits in their case.

36. With the benefit of the parties now choosing to disclose those “without prejudice save as to costs” letters exchanged between them before and after the applicant applied to delete the goods under opposition, I can see that in W&G’s letter to Ruby Yeung dated 25 April 2017, the applicant was drawn attention to my decision in another case in March 2017, namely trade mark application no. 302879047 for Classes 9 and 14 where the same parties as the one in the present proceedings litigated on another trade mark of the applicant’s and there the opponent relied upon much the same opponent’s marks as in the present proceedings. The result of that case is that the opposition is successful in respect of all the goods in Class 14 and the goods the same as the Opposed Goods in Class 9; moreover, the costs in that case were awarded to the opponent which is indeed the opponent in the present case. I believe the aforesaid had played an important part in the applicant coming to the decision to delete the goods in dispute, even in the absence of agreement to settle the matters and just days before the hearing. If the applicant saw no point of defending the suit mark by filing evidence at the evidential stage, by the time when it learnt of the result of that other case, it should see there was no chance that the defence of the suit mark in the present case could work out. In essence, the applicant saw no merits and no chance of success for its continual defending the suit mark in respect of the goods under opposition.

37. One of Ms. Ho's proposals for disposing of the proceedings is to make an order that the subject application in Class 14 and in Class 9 in respect of the Opposed Goods in Class 9 be withdrawn, liken this to a case where a one class application was being opposed in respect of all the goods, and when that application is withdrawn, the opposition would automatically fall away by the withdrawal of the application with no other steps or orders being needed to conclude the opposition.

38. I do not think this is a viable option, given that the applicant has every opportunity to withdraw the subject application in a way it likes after the commencement of the opposition proceedings, but it had not done so, instead it unilaterally applied to delete the relevant goods. If I now made the order as proposed by Ms. Ho, this is like feeding the applicant with an option which it had not seen fit to adopt.

39. I think the proper course to dispose of the proceedings is to follow the applicant's action to its logical end, i.e., let the tribunal to decide which party wins or loses. The subject matter being opposed is all goods in Class 14 and the Opposed Goods in Class 9 in the specification of the subject application, with the amendment of the specification by the deletion of the said goods being requested and pursued by the applicant and having completed, the subject matter of the proceedings just falls away, with the applicant seeing no merit in continual defending the case (except as regards the costs). I agree with Ms. Ho that this is the same outcome of a fully successful opposition. I conclude that the opposition is successful, and if there is any doubt of it due to the non-existence of the subject matter, I declare that it be deemed successful, in respect of all the goods under opposition.

Issue on costs

40. As the opposition has succeeded, the normal course for me is to award the opponent costs. But due to the peculiar circumstances of the case as discussed above, the parties are in contention on this.

41. Mr. Lam cited a number of legal authorities to support the proposition of legal principles which he thinks is relevant to the present situation.

42. First, §§5-60 and 9-03 of *Foskett on Compromise 8th Edition* was cited to put forward the legal principle that in the normal course of events, a settlement agreement will make specific provision in relation to the legal costs incurred; in the absence of such provision, the court will not imply a term in relation to costs.

43. With respect, I do not think the above legal principle has much relevance to the present case, given that it is not in dispute that there was no agreement as to costs between the parties. But Mr. Lam went on to say that the following passage extracted from *BCT Software Solutions Limited v C Brewer & Sons Limited* [2003] EXCA Civ 939, as said by Chadwick LJ said (at §23), lends support to that legal principle:

“The general rule, if the court decides to make an order about costs, is that the unsuccessful party will be ordered to pay the costs of the successful party— CPR 44.3(2)(a) . But the court may make a different order— CPR 44.3(2)(b) . Unless the court is satisfied that it has a proper basis of agreed or determined facts upon which to decide whether the case is one in which it should give effect to “the general rule”—or should make “a different order” (and, if so, what order)—it must accept that it is not in a position to make an order about costs at all. That is not an abdication of the court's function in relation to costs. It is a proper recognition that the course which the parties have adopted in the litigation has led to the position in which the right way in which to discharge that function is to decide not to make an order about costs.”

44. Whilst I have no disagreement with the above passage, I think if Mr. Lam wished to make use of that passage to drive home his point that I should make no order as to costs in the present case given there is no agreement as to costs, he missed the point of Chadwick LJ, for there Chadwick LJ was addressing the question whether the court is satisfied that it is in a position to make an order about costs at all, and if it is not, then the court should make no order as to costs. I shall explore below whether I see fit that the Registrar should make an order for costs in the present proceedings.

45. Anyway, Mr. Lam went on to say that Chadwick LJ's view has been endorsed in *Gossage v Bishton* [2012] EWCA Civ 717 by Jackson LJ and Lewison LJ. The following passages by Lewison LJ (at §10 and 11) were cited:

“..... Prima facie if a party goes to court and gets everything which he asked for in his claim form then it may well be that he should have his costs, but even in such cases there may be cases in which the defendant to the claim simply decides that the costs of defending his position are not worth it in view of the nature of the dispute; and the court must be astute to prevent a defendant from being bullied into accepting a solution which was not in fact within the claimant's legal rights.

That is not this case. This is a case in which there has not been total success. There has been what Mr Slithers, appearing for Mr and Mrs Gossage, describes as sufficient success to entitle the Gossages to the whole or at least part of their costs. However, once we depart from the position resulting from total success there is rather more room for discretion. In the present case District Judge James made no order for costs up to the date of the Tomlin order.”

46. As I see it, the whole point of Lewison LJ making these comments, and to a lesser extent Master of the Rolls Lord Justice Jackson made later in the judgment (at §15), is no more than that parties should be encouraged to try and settle the issue of costs, but if they cannot do so, then they should appreciate that there is a real risk that the court will make no order for costs. Given the circumstances of the present case, I think the parties in taking their respective actions and positions have each given their due assessment of the risk that there be no order for costs.

47. But Mr. Lam kept returning to the same theme he wished to make by citing some local cases. *Anmol Kumar Sawlani v Yeshma Gobindram Sawlani* (unreported, 9 May 2013, HCA 2231/2011, §15 per Recorder Shieh SC) was cited to support the proposition that if the parties were not to go to trial to resolve a costs dispute in an application for leave to discontinue, then the normal rule should apply, namely a discontinuing plaintiff should pay costs unless it can be demonstrated, without the need to go to trial, that his case is so strong that he is bound to win had it gone on to trial and therefore he was justified in commencing the action in the first place. I note, however, we are here dealing with a case in which the opponent is not discontinuing the opposition, and the applicant is not withdrawing from the proceedings either.

48. The other local case cited by Mr. Lam is *Wong Hing Cheong & Another V Wah E Investment Ltd & Another* [2002] 3 HKC 59 (as per Rogers VP at §31-33), again to put forth his observation of what seemed to be amounting to a legal principle: “even where a claim, which the court accepted to be of very strong merits, was

discontinued following an erroneous decision by the court on point of jurisdiction, the Court of Appeal was still willing to uphold the finding of no order as to costs.”

49. With respect, I find the relevant passage of Rogers VP in that case as merely doing justice to the parties in view of a wrong judicial decision, rather than lending support to Mr. Lam’s proposition of the law as set out above. To do fairness to Rogers VP’s passage, I set it out below in its entirety:

“31. The action was one in which, to put it at its lowest, as expressed by the Judge, the plaintiffs' case had substantial merits. Indeed, Ms Lan, on behalf of the defendants, did not seek to argue otherwise. For my part, I find it difficult to see how any tribunal could allow a situation to exist where a person can be deprived of legitimate access to its own premises.

32. Importantly, for the purposes of this case, the discontinuance of the proceedings by the plaintiffs, was as a result of what was, in effect, a judicial decision, which was erroneous in point of law. A consideration of the transcript of the proceedings of 22 February 2001, can only lead to the conclusion that the plaintiffs' solicitor was put in a position where he felt obliged to conduct his clients' case before the Lands Tribunal. Since, on the Judge's view of the law, the District Court had no jurisdiction in the matter, it could not therefore transfer the matter to another tribunal and hence, the mechanism of discontinuance and commencement of other proceedings was, in effect, the equivalent. In my view, the fair order to make on the discontinuance of the action, in the circumstances of this case, was that there should be no order as to costs.

33. At the conclusion of the appeal, the Court reserved its decision as to the costs of this appeal. Although the defendants succeeded in obtaining the award of costs in respect of the interlocutory injunction application, they have failed to disturb the order of no order as to costs in respect of the main action. Those costs would undoubtedly have been substantial. Taking all matters into consideration, the fair order on this appeal is, in my view, that there should be no order as to costs.”

50. No order as to costs in the case was termed as “the fair order on this appeal”.

51. Mr. Lam summed up his position as follows: In light of the leading authorities cited above, the first task of the Registrar is to ask whether the materials placed before the Registrar in this case are sufficient to allow the Registrar to

determine the merits, and in the likely event that the Registrar finds himself not in a position to so find, the law sets out in clear terms that there should be no order as to costs.

52. As I have discussed above, I do not find the authorities cited by Mr. Lam as essentially laying down such a strong or definitive rule of law as put forth by Mr. Lam, and even if they did, the circumstances invoking such an application of the legal rule or principle do not exist in the present case, for the present case is one where the opposition is fully successful. As I have concluded above, due to the unilateral application by the applicant to delete the goods which form the subject matters of the proceedings from the subject application, with no agreement whether as to costs or how the proceedings is to be disposed of having been reached between the parties, the opposition is fully successful in terms of what the opponent claimed from the very beginning. If the above legal principles are relevant at all, it is that I see the need to make an order about costs in the present case, and the general rule to follow. The general rule is that the unsuccessful party will be ordered to pay the costs of the successful party.

53. Lastly, I wish to say that argument about whether there was any pre-action letter, and if there were whether proceedings might have been avoided, in the context of rule 85(2) of the Rules in considering costs, is neither here nor there, because that subsection only deals with the event where an opposition to the registration of a trade mark was being uncontested by the applicant for registration, which is not the factual circumstance of the present case.

54. Taking into account all the circumstances of the case, I do not consider that the opponent was unreasonable in pursuing their claims by instigating the present proceedings, and to pursue it to its very end. They had done their part in filing evidence in support for the opposition, and whilst diligently prepared for the hearing set down to take place on 24 May 2017, they had taken the chance to write to the applicant's representative pointing out the existence of a very unfavourably decision against the applicant by the Registrar — which came out just in March 2017, in respect of another marks in dispute between the same parties here, in relation to more or less the same goods or kinds of goods — and indicating their willingness to negotiate for a reasonable settlement including the costs issue. The applicant only

took heed of part of that negotiation – applied to the Registry to have all the goods under opposition deleted from the specification of the subject application – but failed to agree to pay the opponent costs. As the opponent viewed the whole thing of applying to delete the goods in question and agreeing to pay them costs as one indivisible package, which in my view is a reasonable stand on the part of the opponent, the failure by the applicant to agree to pay the opponent costs thus means that no agreement or settlement whatsoever was reached.

55. I want to add that from the now disclosed “without prejudice” correspondence between the parties in April and May 2017, it seemed that the applicant was not that firm or decisive in rejecting the proposal to pay the opponent costs, it was in fact the quantum of the bill of costs that caused them much difficulty to come to an agreement. As I see it, the quantum of the costs is only a taxation matter which can be negotiated or adjudicated upon after a costs order. It was a pity that the parties could not first reach an agreement on a costs order leaving the issue of the quantum of the costs that one has to pay to the other to be sorted out by taxation.

56. As I have ruled that the opposition is successful, I should follow the rule that costs generally follow the event. (*Re Elgindata Ltd (No 2)* [1992] 1 WLR 1207; Order 62 rule 3(2) of Rules of the High Court). I am aware that the discretion to depart from the general rule shall be approached with due circumspection. (*Commissioner of Inland Revenue v HIT Finance Ltd (No 2)* [2014] 4 HKLRD 412; *Kinetics Medical and Health Group Company Limited v Dr Tse Ivan Cheong Yau* unreported, [2014] HKEC 598), in respect of which I as discussed above do not find any undue situations where the successful party has acted improperly or unreasonably in raising issues. I therefore order that costs be awarded to the opponent.

Conclusion

57. I have concluded that the opposition is successful, and if there is any doubt of it due to the non-existence of the subject matter, I declare that it be deemed successful, in respect of all the goods under opposition. I have also ordered that costs be awarded to the opponent.

58. 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
26 July 2018