

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

**OPPOSITION TO TRADE MARK APPLICATION NO. 303103677**

MARK:

泛海

CLASS: 35, 36, 37, 39, 41, 43

APPLICANT: ASIA STANDARD MANAGEMENT SERVICES LIMITED

OPPONENT: CHINA OCEANWIDE HOLDINGS GROUP COMPANY  
LIMITED (中国泛海控股集团有限公司)

**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 15 August 2014, Asia Standard Management Services Limited (the “applicant”) filed an application (the “subject application”) under the Trade Marks Ordinance, Cap. 559 (the “Ordinance”) for registration of the following mark:-

泛海

(“the suit mark”)

2. Registration is sought in respect of the following services (“subject services”) in Classes 35, 36, 37, 39, 41 and 43:-

Class 35

Advertising; Advisory services for business management; Business appraisals; Business information; Business inquiries; Business management assistance; Business management of hotels; Business organization consultancy; Business research; Commercial or industrial management assistance; Economic forecasting; Import-export agencies;

Marketing research; Organization of trade fairs for commercial or advertising purposes; Professional business consultancy; Public relations; Rental of advertising space; Rental of advertising time on communication media; Secretarial services; all included in class 35.

#### Class 36

Accommodation bureau [apartments]; Apartment house management; Brokerage; Business liquidation services, financial; Capital investments; Charitable fund raising; Clearing-houses, financial; Financial analysis; Financial consultancy; Financial evaluation [insurance, banking, real estate]; Financial management; Financing services; Fund investments; Guarantees; Instalment loans; Insurance consultancy; Insurance consultancy; Lease-purchase financing; Leasing of real estate; Loans [financing]; Mortgage banking; Mutual funds; Real estate agencies; Real estate appraisal; Real estate brokers; Real estate management; Rental of offices [real estate]; Renting of apartments; Renting of flats; Securities brokerage; Stocks and bonds brokerage; Trusteeship; all included in class 36.

#### Class 37

Building construction supervision; Building insulating; Building sealing; Construction; Construction consultation; Construction information; Demolition of buildings; Factory construction; Rental of construction equipment; Wallpapering; Warehouse construction and repair; all included in class 37.

#### Class 39

Arranging of cruises; Arranging of tours; Boat rental; Booking of seats for travel; Bus transport; Car parking; Car transport; Ferry-boat transport; Freight brokerage [forwarding (Am.)]; Freight forwarding; Freight [shipping of goods]; Pleasure boat transport; Railway transport; Rental of warehouses; Sightseeing [tourism]; Storage of goods; Transport reservation; Travel reservation; all included in class 39.

#### Class 41

Amusement parks; Amusements; Arranging and conducting of concerts; Booking of seats for shows; Bookmobile services; Club services [entertainment or education]; Entertainer services; Entertainment; Health club services [health and fitness training]; Night clubs; Organization of sports competitions; Party planning [entertainment]; Presentation of live performances; Production of shows; Providing amusement arcade

services; Providing casino facilities [gambling]; Providing golf facilities; Providing sports facilities; Rental of sports grounds; all included in class 41.

#### Class 43

Accommodation bureau [hotels, boarding houses]; Bar services; Cafés; Cafeterias; Canteens; Food and drink catering; Hotel reservations; Hotels; Motels; Rental of meeting rooms; Rental of temporary accommodation; Restaurants; Self-service restaurants; Snack-bars; Tourist homes; all included in class 43.

3. Particulars of the subject application were published on 31 October 2014. China Oceanwide Holdings Group Company Limited (中国泛海控股集团有限公司) (the “opponent”) filed a notice of opposition which includes a statement of the grounds of opposition (“Grounds of Opposition”) on 14 January 2015.

4. The opposition hearing took place before me on 16 January 2018. Mr. Philips B.F. Wong of Counsel, instructed by Stephenson Harwood, represented the applicant. Mr. Ling Chun Wai, Counsel, instructed by Ella Cheong & Alan Chiu, Solicitors & Notaries, represented the opponent.

#### **Grounds of Opposition**

5. In the Amended Grounds of Opposition (which amended the Grounds of Opposition with effect from 9 February 2015), the opponent alleges that the suit mark is confusingly similar to the number of marks including the mark “中国泛海集团 CHINA OCEANWIDE GROUP” which the opponent had developed during the course of trade and which had been used extensively in many parts of the world including Hong Kong.

6. The opponent opposes registration of the suit mark under sections 3, 11(1)(a), 11(4)(b), 11(5)(b), 12(4) and 12(5)(a) of the Ordinance.

#### **Counter-statement**

7. The applicant filed a Counter-statement on 24 April 2015 (the “Counter-Statement”), denying all the grounds of opposition and alleging that the opponent has

copied the suit mark and incorporated it in the opponent's marks.

### **The opponent's evidence in support of the opposition**

8. The opponent's evidence comprises two statutory declarations of Liu Hongwei, the one dated 13 January 2016 ("Liu's first statutory declaration") was filed as evidence in support of the opposition, the other one dated 29 December 2016 ("Liu's second statutory declaration") was filed as evidence in reply to the applicant's evidence. Mr. Liu is the director of the opponent and has been associated with the opponent for about 26 years. He was authorized by the opponent to make these statutory declarations on its behalf in opposition to the subject application.

9. According to Mr. Liu, the opponent is a company incorporated under the laws of the People's Republic of China in 1985 with a registered capital of 7.8 billion RMB, since then it has developed and expanded to a diversified business structure covering, among other things, financial business, real estate, electric power and capital investment, and has formed a unique corporate culture and management mode, operating in various major cities in China including Beijing, Shanghai, Shenzhen and in other regions or countries such as Hong Kong, the United States, Australia and Indonesia.

10. It is said that the opponent has extended its business in Hong Kong since 2003, continuously and actively using its trade marks "泛海", "泛海集团", "中国泛海" and other marks containing the words "泛海" as the trade marks and trading name(s) through its group of companies including China Oceanwide Holdings Limited (a company listed on the Stock Exchange of Hong Kong with stock code numbered 00715.HK), China Oceanwide International Investment Company Limited, China Oceanwide Group Limited and China Oceanwide Power Co., Limited. It is alleged that these trade marks and trade name(s) are originated, created and owned by the opponent and have been used in mainland China since 1980s.

11. In Hong Kong, according to Mr. Liu, the opponent maintains the operation of the following: investing and operating in real estate, energy and power plant, commodities trading, fund management and listed company, and differentiated portfolio management in terms of the securities in both primary and secondary market.

Liu's first statutory declaration gives the annual business turnover figures of the opponent's business in mainland China from 2009 to 2014 in the range of 3.8 billion to 8.9 billion RMB, and that for Hong Kong from 2011 to 2014 from about 4 million to 166 million Hong Kong Dollars.

12. Liu's first statutory declaration lists out a total of 13 trade mark registrations the opponent has maintained in China. Exhibit "LHW-1" to Liu's first statutory declaration contains copies of the registration particulars of these registered marks in China.

13. It is alleged that over the years, the opponent has invested substantial amounts in the advertisement and promotion of the opponent's trading name(s) and trade marks on a diversified scope of goods and services. Liu's first statutory declaration also lists out the expenses the opponent had incurred in China and in Hong Kong (without differentiating between the two) from 2009 to 2014, in the annual amount from 45 million to 146 million RMB, in promoting and marketing the opponent's marks and trading name(s) which include "泛海", "泛海集团" and "中国泛海". Exhibit "LHW-2" to Liu's first statutory declaration contains samples or records of the accolades, awards, advertising and marketing materials of the opponent which are listed out in the body part of the statutory declaration. I can see that all these materials are China related or occurred in China, and not essentially related to the opponent itself but the associated or related corporations of the opponent's. These materials are said to be depicting the use of the opponent's marks and trading name(s), with substantial goodwill having been established in them as a result, and members of the public have come to identify the opponent's marks and trading name(s) exclusively with the opponent.

14. The rest of Liu's first statutory declaration is devoted to analysis of the subject application and the suit mark. I do not propose to summarize it here but may refer to the relevant parts if the context requires later in this decision.

15. Liu's second statutory declaration was filed as evidence in reply to the applicant's evidence, namely, Lun's statutory declaration, to which I will turn to before reverting back to discuss Liu's second statutory declaration.

## **The applicant's evidence in support of the application**

16. The applicant's evidence comprises a statutory declaration of Lun Pui Kan dated 29 June 2016 ("Lun's statutory declaration"). Mr. Lun is the director of the applicant and is authorized by the applicant to make the statutory declaration on its behalf. Mr. Lun made the statutory declaration either from his own personal knowledge or derived the facts from the applicant's records to which he has access.

17. According to Mr. Lun, the applicant is a wholly owned subsidiary of Asia Standard International Group Limited ("ASIGL") which was listed on the Hong Kong Stock Exchange with Stock Code 129 in 1992 with a ticker name Asia Standard Group/泛海集團. In 2000, ASIGL spun off one of its subsidiary companies named Asia Standard Hotel Group Limited ("ASHGL") which was listed on the Hong Kong Stock Exchange with Stock Code 292 with a ticker name Asia Std Hotel/泛海酒店.

18. The applicant provides business management and administration services to the various companies within the Asia Standard Group of companies (this group of companies is referred to as "the Asia Standard Group") which includes 14 companies, most of which use the Chinese characters "泛海" (being the suit mark) as part of their individual company names. The only companies that do not use "泛海" as part of the company name are those incorporated in Bermuda because at the time of incorporation it was not possible to register a company name in Chinese characters in Bermuda. Exhibit "LPK-1" to Lun's statutory declaration contains true copies of the certificates of incorporation of the companies within the Asia Standard Group; exhibit "LPK-2" contains true copies of screenshots of the Securities and Futures Commission's website showing the Chinese ticker symbols of ASIGL and ASHGL as being 泛海集團 and 泛海酒店 respectively.

19. It is alleged that in addition to using the suit mark for business management and administration services which the applicant provides to the Asia Standard Group, the applicant has licensed the suit mark to the Asia Standard Group.

20. The history of the use of the suit mark is said to date back to July 1988 when the applicant's predecessor-in-title, Asia Standard Development (Holdings) Limited ("ASDHL") commenced use of the mark and licensed it to the Asia Standard Group.

In 1995, the suit mark was assigned by ASDHL to the applicant together with the transfer of all management services provided to the Asia Standard Group. Mr. Lun claimed that although a written assignment recording the transfer of the suit mark to the applicant was executed by him in or around December 1995, he had been unable to locate the document which appeared to have been misplaced, and despite the search efforts by his staff, the document as well as other documents which were prepared to effect the partial transfer of the business from ASDHL to the applicant could not be found. Mr. Lun believed that the documents may have been destroyed given that there was no legal obligation to retain them for longer than 12 years.

21. Exhibit “LPK-3” to Lun’s statutory declaration contains copies of audited reports of the applicant for the years ending 2005 to 2014, with the Statement of Income and the notes thereto showing that the applicant’s revenue is derived from Management Fees which it provided to the Asia Standard Group. It is said that these are significant in the region of HK\$30 million each year for the last 5 years.

22. Mr. Lun alleges that the suit mark is the key identifier of the applicant and the companies within the Asia Standard Group. The applicant has used it as a trade mark on its advertising materials in conjunction with the Chinese characters “集團” (representing the “Group”) where it wanted to show that the goods and services being advertised originated from the Asia Standard Group rather than solely from the applicant. Exhibit “LPK-4” contains letters from Hong Kong companies conveying their recognition of the suit mark. These companies include estate agents, hotel and catering suppliers, tour operators, printers and publishers.

23. The suit mark has also been used as the name of the Asia Standard Group’s flagship property at 59-65 Queen’s Road Central known as 泛海大廈 for over 25 years. Exhibit “LPK-5” contains a true copy of photographs and advertisements of property agents showing the Asia Standard Tower as being available for leasing, and page 3 of the exhibit is the Land Registry search for the property, showing that the name 泛海大廈 has been in use since 1989.

24. It is claimed that the value attached to the suit mark is substantial, and the suit mark appeared prominently in the press in advertisements placed by the applicant and also on the Annual Reports of the listed companies whose company name contains the

suit mark. Exhibits “LPK-6” and “LPK-7” contain copies of the Annual Reports of the listed companies for the years ending 2001, 2007 and 2014 of ASIGL and 2002, 2007 and 2014 ASHGL.

25. Both ASIGL and ASHGL have been using the suit mark since their incorporation. They have large scale businesses which not only employ a significant number of people in Hong Kong and elsewhere but also work with a large number of Hong Kong and mainland Chinese businesses. It is alleged that employees, business partners, suppliers and customers of these companies within the Asia Standard Group which used the suit mark as licensees are all aware through the long established use of the suit mark and their dealings with the entities that the suit mark is an identifier of the services of the applicant and its licensees.

26. Exhibit “LPK-8” contains copies of a ledger setting out the expenses incurred by the applicant between 1999 to August 2015, and some documents evidencing the contracts which the applicant had made for publishing its adverts between 2009 and 2015. The advertisements, which all feature the suit mark, were said to have been placed and published by the applicant on behalf of the Asia Standard Group, but the applicant has not kept a record of which advertising expenses relate to which type of goods or services it was marketing as, Mr. Lun explained, this is not a usual accounting requirement.

27. “LPK-9” contains a copy of newspaper advertisements published in various Hong Kong newspapers dating back to 1997. The advertisements show use of the suit mark combined with the characters “集團” meaning a “group” as well as other trade marks used by the applicant, as shown at the bottom of each advertisement.

28. It is alleged that the suit mark is the distinctive element of the name of each company within the Asia Standard Group, and the suit mark has been used on name cards and stationery by the companies in the group. “LPK-10” contains copies of letters and name cards of the applicant and other members of the Asia Standard Group where the suit mark is used as part of the company name. “LPK-11” contains copies of newspaper publications, press release invitations and press releases placed by the applicant in the press on behalf of ASIGL and ASHGL which feature the suit mark.

29. The applicant operates various websites to advertise its services and provide information to investors and customers about the Asia Standard Group. “LPK-12” contains copies of screenshots of the applicant’s websites showing use of the suit mark.

30. The applicant and the Asia Standard Group have been engaging in development of properties on their own or with other property developers in Hong Kong for decades. “LPK-13” contains copies of sales brochures of properties, both commercial and residential, all of which contain the suit mark. “LPK-16” contains copies of photographs showing a building site where the property known as Grosvenor Place was being built, it was alleged that the crane at the site can be seen to have a banner down the length of it showing the suit mark. “LPK-17” contains copies of awards and recognition which the applicant and the Asia Standard Group has received in relation to the properties which they have developed.

31. Mr. Lun alleges that by virtue of the extensive use, advertisement and promotion of the suit mark by the applicant over the years the suit mark has acquired substantial goodwill and reputation in Hong Kong in respect of its goods and services and those of its licensees. A selection of various licenses, documents and contracts evidencing the use by the applicant of the suit mark through its name and those of the group members is produced at “LPK-14”. “LPK-15” contains copies of a selection of newspaper reports dating from 2 May 1997 to 7 June 2015 which show that the applicant and companies within the Asia Standard Group are referred to by the suit mark, Mr. Lun alleged that this indicates the public recognise the suit mark as denoting the goods and services of the applicant and its licensees.

32. The applicant and the Asia Standard Group have been recognized also for the charitable work they had carried out. “LPK-18” contains copies of documents highlighting the charitable work which the applicant had carried out in Hong Kong and China and the awards they have received in respect of the same.

33. The rest of Lun’s statutory declaration is devoted to discussing why the applicant considers the opponent’s opposition was made in bad faith, and some passages defending against the claims of passing off and confusion to the public. I do not propose to summarize them here but may discuss them in the latter parts of this decision if appropriate.

## **The opponent's evidence in reply**

34. Liu's second statutory declaration was filed as evidence in reply to the applicant's evidence, namely Lun's statutory declaration. Nevertheless, it started by supplementing information given in paragraphs 3 to 8 of Liu's first statutory declaration with Mr. Liu further asserting that the opponent's trade names including "China Ocean", "Oceanwide", "中泛", "泛海", "泛海集团", "泛海國際" and/or "中国泛海" are originated, created and owned by the opponent and have at all material times been extensively used by the opponent and/or its group companies in Hong Kong and/or in the PRC, that the opponent's trade names "泛海", "泛海集团", "中国泛海" have been used in the PRC as early as in 1985 since the date of incorporation of the opponent, and that the opponent has extended its business in Hong Kong under the name "泛海" since 1998 and using the name "中国泛海" in Hong Kong since 2003.

35. Exhibit "LHW-3" to Liu's second statutory declaration contains copies of the Certificates of Incorporation of companies which Mr. Liu alleged to contain in their trade names the Chinese characters "中泛", "泛海" or "中国泛海" and/or the English words "Oceanwide", "China Ocean". Exhibit "LHW-4" contains copies of the 2014 to 2015 Annual Reports of the Oceanwide Holdings Co. Limited. Exhibit "LHW-5" contains extracts of the website of China Oceanwide Holdings Limited (Stock Code:715) showing its background information, business scope and recent development of this company; Exhibit "LHW-6" contains copies of its Annual Reports.

36. Exhibit "LHW-7" contains copies of certificates of registration of trade marks and trade mark records in Hong Kong, USA, UK and Macau of trade marks which the opponent had sought to register them in other places besides the PRC. Exhibit "LHW-8" contains copies of the Certificate of Global Top Level Domain Name to show that the opponent registered Chinese domain names "泛海.cn", "泛海集团.com" since 3 July 2013 and "中国泛海.com" since 21 November 2016.

37. The opponent is said to have operated a WeChat public account under the account name "中国泛海" with WeChat ID: chinaoceanwide to advertise and promote its business and services on the social media, not only in China and Hong Kong but elsewhere over the world. Exhibit "LHW-9" contains screencaps of the WeChat account pages on the mobile phone; Exhibit "LHW-10" contains some internet printout

of the online media reports on the business and activities of the opponent and/or the opponent's group in Hong Kong; and Exhibit "LHW-11" contains copies of extracted advertising and marketing materials and invoices showing part of the total expenses for promoting and marketing the opponent's goods and services under the opponent's marks and trade names in the PRC in 2015.

38. It is alleged that the opponent has established substantial goodwill and reputation under the opponent's marks and trade names, as a result, the opponent's marks and trade names have become well-known in Hong Kong and are widely accepted by the local public and business entities as a badge of origin of the goods and services offered by the opponent's group. It is claimed that the opponent and the opponent's group has all along been using the terms "中国泛海" and "China Oceanwide" very extensively.

39. Mr. Liu then laid out in his second statutory declaration why he disagreed that the suit mark is by itself distinctive enough to be capable of distinguishing one's goods or services from the others. I do not propose to summarize or analyze Mr. Liu's submission in this respect, suffice to list out the exhibits he referred to in the statutory declaration:

"LHW-12" – copy of page 929 of the Chinese dictionary 《漢語大典第五卷》 suggesting that the Chinese characters "泛海" are in fact a dictionary word meaning "across the sea" ("乘船過海，渡海").

"LHW-13" – copies of printout of company names incorporating the Chinese term "泛海" obtained from the Companies Registry.

"LHW-14" – copy of a recent Macau court decision in a trade mark opposition proceedings in which the court held in favour of the opponent.

40. The rest of Liu's second statutory declaration was devoted to refuting many of the claims made in Lun's statutory declaration. I do not propose to summarize them here but would deal with them as and when the arguments arise in the latter part of this decision.

## **Decision**

41. In the Grounds of Opposition (as amended by the Amended Grounds of Opposition), the opponent opposes registration of the suit mark under sections 3, 11(1)(a), 11(4)(b), 11(5)(b), 12(4) and 12(5)(a) of the Ordinance. But at the hearing, Mr. Ling Chun Wai, counsel for the opponent, made it clear that the opponent would only rely on the absolute ground set out in section 11(5)(b). Mr. Philips Wong, counsel for the applicant, expressed surprise at the applicant's sole reliance on bad faith given that there is no prior warning of that before the hearing, and raised a pleading point that the bad faith ground Mr. Ling would wish to rely on, as set out in the "Skeleton Argument for the Opponent" which was filed on 10 January 2018 (six days before the hearing), is new and not having been pleaded, or properly pleaded, in the Grounds of Opposition or Amended Grounds of Opposition. Mr. Wong submitted that as a matter of law as well as a matter of justice and fairness, it is not open to the opponent to run such a "new and unpleaded" bad faith case at the last minute.

42. While I saw the force of Mr. Wong's submission, as Mr. Ling had confirmed that the opponent thereby abandoned all grounds of opposition other than the bad faith ground, and was prepared to proceed on the basis of what Mr. Wong alleged to be a "new and unpleaded" bad faith case without seeking any amendment to the pleadings, nor filing of any further evidence, trying instead to impress upon me that the bad faith case he ran at the hearing is compatible with the opponent's pleaded case, I proceeded with the hearing on the basis that I would treat the opposition based on the other pleaded grounds as no longer being pursued by the opponent, and go on to deal with the case of opposition based solely on section 11(5)(b) of the Ordinance, bearing in mind that I would have to deal with the pleading point raised by Mr. Philips Wong and to decide upon it as part of my substantive decision on section 11(5)(b).

### **Section 11(5)(b)**

43. Section 11(5)(b) of the Ordinance provides that a trade mark shall not be registered if the application for registration of the trade mark is made in bad faith. The term "bad faith" is not defined in the Ordinance.

44. 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 U.K. 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.”

45. In *Harrison v Teton Valley Trading Co (CHINAWHITE)* [2005] F.S.R. 10, the Court of Appeal in the United Kingdom 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.” (Emphasis added)

46. Further, in *Ajit Weekly Trade Mark* [2006] RPC 25, the Appointed Person said,

“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.”

47. The position is further summarized in the following passage in *Melly’s Trade Mark Application (Oppositions of Fianna Fail and Fine Gael)* [2008] E.T.M.R. 41, where it is said:

“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)

48. In essence, bad faith is a serious allegation that must be proved. An allegation of bad faith should not be lightly made unless it can be fully and properly pleaded and should not be upheld unless it is distinctively proved and this will rarely be possible by a process of inference (*ROYAL ENFIELD Trade Marks* [2002] R.P.C. 24 at para. 31).

49. In paragraph 10.4 of the Amended Grounds of Opposition (as well as in the same paragraph of the Grounds of Opposition), the opponent pleads the bad faith ground based upon the following allegation: “the application for registration of the Applicant’s Mark is made in bad faith in that application for registration of the Applicant’s Mark was made with knowledge of the Opponent’s reputation in the Opponent’s Mark and/or that the Applicant is trying to ride on the goodwill and reputation of the Opponent and/or the Opponent’s Mark. Registration of the Applicant’s Mark by the Applicant would unfairly prejudice the legitimate business interest of the Opponent. Accordingly, registration of the Applicant’s Mark should be refused under Section 11(5)(b) of the Ordinance.”

50. At the hearing, Mr. Ling indicated that the opponent would only be relying on

the first part of that allegation, viz., the application for registration of the Applicant's Mark was made with knowledge of the opponent's reputation in the opponent's mark, and alleged that in so far as the applicant makes a materially false statement (under section 38 of the Ordinance) regarding his use or intended use of the mark in relation to the goods and services in respect of which it is sought to be registered, the application is made in bad faith.

51. That appeared to turn the bad faith case of the opponent from one which was pleaded generally to a case based on the specific question of "intention to use". Mr. Wong pointed out that the opponent has completely departed from its pleaded grounds of opposition and submitted that as a matter of law as well as a matter of justice and fairness, it is not open to the opponent to run such a "new and unpleaded" case at the last minute.

52. Mr. Ling rightly conceded that the opponent had not pleaded or alleged that there is a lack of intention to use the suit mark, but disagreed with Mr. Wong that the case should fall away on that basis.

53. Mr. Wong cited a number of authorities to support his proposition that the opponent should not be permitted to run a bad faith case as set out in Mr. Ling's "Skeleton Argument for the Opponent" which was alleged to have departed from the pleaded case. Before deciding whether Mr. Ling's case is such a case, I would have a look at the authorities cited by Mr. Wong first.

54. First, cases of general principles were cited. In *Kwok Chin Wing v 21 Holdings Ltd* (2013) 16 HKCFAR 663, the Court of Final Appeal emphasized the importance of pleadings and that it is not acceptable for unpleaded issues to be raised out of the evidence which is to be or has been adduced. Ma CJ stated the following:-

"21. It should by now really be quite unnecessary to issue yet another reminder on the rationale behind pleadings. The basic objective is fairly and precisely to inform the other party or parties in the litigation of the stance of the pleading party (in other words, that party's case) so that proper preparation is made possible, and to ensure that time and effort are not expended unnecessarily on other issues: *Wing Hang Bank Ltd v Crystal Jet International Ltd*. It is the pleadings that will define the issues in a trial and dictate the course of proceedings both before and at trial. Where witnesses

are involved, it will be the pleaded issues that define the scope of the evidence, and not the other way round. In other words, it will not be acceptable for unpleaded issues to be raised out of the evidence which is to be or has been adduced. As the Court of Appeal remarked in *Wing Hang Bank Ltd v Crystal Jet International Ltd*:

(2) In a trial, particularly where evidence is given by witnesses, it becomes extremely important that each side knows exactly what are the live issues. Where issues are sought to be introduced that have not been adequately or properly pleaded, amendments must be sought unless the consent of the other party or parties has been obtained. It will simply not do for unpleaded issues to be "slipped in" when evidence is being given in the hope that the other side is not sufficiently alert to object.

22. In the present case, much reliance was placed on the Plaintiff's testimony given in cross-examination to evidence the assertion made before us to the effect that the Rockapetta Group companies accepted a joint and several liability in respect of the Plaintiff's loans. It is simply not permissible for an issue to be raised in this way: one does not sift through the evidence adduced in a trial in the hope that something was said that can conceivably found a cause of action. Issues, I would reiterate, must be properly pleaded unless for some reason the pleadings have assumed a less significant role in the proceedings. I would perhaps also observe here that in any event the said passage from the Plaintiff's testimony at best indicates only a subjective intention on his part. This is not admissible to establish the terms (or even the existence) of an agreement." [footnotes omitted]

55. Mr. Wong submitted that the present is exactly a case of unpleaded issues being raised out of the evidence, and is unacceptable. To emphasize the difficulty one has to face on a case of unpleaded issues, he turned to *Sinoearn International Ltd v Hyundai-CCECC Joint Venture* (2013) 16 HKCFAR 632, another Court of Final Appeal case, in which Ribeiro PJ in rejecting counsel's argument that gaps in the evidence could be approached on the basis that "the point was not disputed", pointedly asked, "How could one expect the other side to dispute, or to come ready with evidence to refute, a point that has not been pleaded or even formulated in draft?" The judge then went on to say, "Pleadings are not mere formalities. They impose a necessary discipline and are fundamental to enabling every procedural facet of the adversarial system to operate fairly."

56. Mr. Wong then went on to cite cases which dealt specifically with bad faith

claims. Besides citing *ROYAL ENFIELD Trade Marks* to emphasize that an allegation of bad faith should not be lightly made unless it can be fully and properly pleaded, the following passage extracted from “*BRAIN RESEARCH UK*” *Trade Marks* (case no.O-350-12, Decision of the UK Trade Marks Registry, 17 September 2012 at para 37) was highlighted:

“Pleadings should be explicit, not implicit. It is the pleadings which contain the allegations which the other side answers (by admitting or denying them) in its counterstatement and by putting in evidence to meet. It is unfair to move the goalposts at a later stage, certainly as late as at the hearing.”

“*SWATCH ONE MORE THING & ONE MORE THING*” *Trade Marks* (Case no.O-531-17, Decision of the UK Trade Marks Registry, 19 October 2017 at paras 46, 51-57) and “*VITAGREEN*” *Trade Mark* (Decision of the Trade Marks Registry, 13 February 2014 at paras 14-19) were also cited to support that.

57. Another passage, given by the Appointed Person of the UK Registry in “*CEM 11+*” *Trade Mark* (Case no.O-464-16, Decision of the UK Trade Marks Registry, 30 September 2016 at para 40), has the following to say:

“Unless and until a cogent and compelling case is put forward by the party alleging bad faith which amounts to a prima facie case that there was no intention to use, there is no reason why the proprietor should be expected to advance positive evidence of such an intention. As I have noted above..., the law is clear that the burden is on the applicant for invalidity and the burden is a heavy one.”

58. Mr. Ling did not seriously dispute these principles, instead he wished to impress upon me that what he set out to do in respect of the bad faith claim was within the scope of the opponent’s pleaded case. Whilst acknowledging that the opponent had not pleaded lack of intention to use the suit mark in the bad faith claim, he tried to play down the importance of that, pointing out that bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case, and lack of pleading of “no intention to use a mark” is not fatal to one’s case (*Chocoladefabriken Lindt v Franz Hauswirth GmbH* [2010] Bus LR 443 “*SWATCH ONE MORE THING & ONE MORE THING*” *Trade Marks*).

59. With respect, I do not think the two cases Mr. Ling relied upon are authorities for saying that lack of pleading of “no intention to use a mark” would attract no consequence. If anything, they just remind us the importance of pleadings having to meet the types of arguments put forward, as the concept of bad faith cannot be confined to a limited category of specific circumstances such as the existence of a particular kind of prior right, a lack of intention to use the mark or actual or constructive knowledge of the existing use of a similar mark. I set out paragraphs 54 to 56 of “*SWATCH ONE MORE THING & ONE MORE THING*” *Trade Marks* hereunder:-

“54. Mr Conway submitted there was no general broad bad faith claim put forward by Apple and that its case against Swatch was crystallised in paragraph 9 of the pleading (which mirrors my summary above) and that any other type of bad faith case was therefore excluded. He also submitted that it would be a great stretch to construe the word “parody” as encompassing trolling or blocking given that a “parody would normally, typically, be a bit of a humorous reference, some kind of send-up perhaps, but not the type of malicious behaviour, shall we say, that one might expect of a passing troll which, for example, in the IP sector that one would consider to be associated with the term “trolling””.

55. The pleading itself is a long one. Therefore, whilst I had reservations about the pleaded case and its relationship with the primary arguments which appeared in Mr Riordan’s skeleton, I approached the manner in the following way:

i) I would decide the pleadings issue as part of my substantive decision.

ii) I therefore heard the submissions that Mr Riordan had prepared, but I indicated that he should also cover the types of argument that were clearly in scope of the pleaded case.

iii) I refused leave to amend the pleaded case (which, after taking instruction, Mr Riordan stated he would seek if I was against him on point i)) as there was no good reason why a pleading matching the type of arguments now put forward could not have been made earlier, and, further, we were now at the point of the substantive hearing.

56. In relation to point i), it is worthwhile setting out, in exact terms, what was said by Apple in its notice of opposition. Following each paragraph of the statement of case, I will add (in bold) my view of what is indented to be taken from each paragraph. However, I observe before doing so, as has been highlighted in many

cases, that bad faith is a serious allegation which must not only be distinctively proven, but also distinctly alleged. In terms of the allegations, it is not enough, in my view, to make general references to the section of the Act and to the act of bad faith. Bad faith claims turn on the motivation for the making of the application, thus, the allegation must similarly be made on such a basis so that the other side may properly understand and defend it.”

60. As discussed above, Mr. Ling indicated that the opponent would only be relying on the first part of bad faith allegation contained in paragraph 10.4 of the Grounds of Opposition, viz., the application for registration of the Applicant’s Mark was made with knowledge of the opponent’s reputation in the opponent’s mark, and further alleged that in so far as the applicant makes a materially false statement (under section 38 of the Ordinance) regarding his use or intended use of the mark in relation to the goods and services in respect of which it is sought to be registered, the application is made in bad faith. Knowledge on the part of the applicant as regards the opponent’s mark is well within the pleaded case of the opponent, I would deal with it first.

61. Given that the opponent has extended its business in Hong Kong since 2003, and allegedly have been continuously and actively using its trade marks “泛海”, “泛海集团”, “中国泛海” and other marks containing the words “泛海” as the trade marks and trading name(s) through its group of companies including China Oceanwide Holdings Limited which is a company listed on the Stock Exchange of Hong Kong, one would naturally think that there should not be any problem relating to the knowledge of the opponent’s mark. I have briefly summarized the opponent’s evidence at paragraphs 8 to 15 and 34 to 40 above. It is alleged that the opponent maintains the following operations in Hong Kong: investing and operating in real estate, energy and power plant, commodities trading, fund management and listed company, and differentiated portfolio management in terms of the securities in both primary and secondary market, with annual business turnover figures of the opponent’s business in Hong Kong in the region between 4 million to 166 million Hong Kong Dollars from 2011 to 2014. On the face of it one would easily think that the opponent’s marks and trade names have become well-known in Hong Kong. But one should exercise extreme caution on this. The opponent’s mark or marks featuring “泛海” as an element, as far as the evidence filed could reveal, were predominantly used in mainland China with very scant evidence of their being used in Hong Kong (despite what is

alleged). On the other hand, it is the applicant's evidence that the applicant is a wholly owned subsidiary of Asia Standard International Group Limited, a listed company on the Hong Kong Stock Exchange, providing business management and administration services to the various companies within the Asia Standard Group which includes 14 companies, most of which use the Chinese characters “泛海” (being the suit mark) as part of their individual company names. One would wonder that, for however well-known “泛海” has become in Hong Kong, it may be due to the use of the opponent's mark, or it may be due to use of the suit mark by the applicant in Hong Kong; if the latter is the case, then it could not be said that the opponent's mark which features “泛海” has been widely accepted by the local public and business entities as a badge of origin of the goods and services offered by the opponent's group.

62. Another caution needed to be exercised is that what constituted the opponent's mark or marks is never clear. In the Grounds of Opposition or Amended Grounds of Opposition, the “Opponent's Mark” is defined to be “中国泛海集团 CHINA OCEANWIDE GROUP”. The Counter-Statement, adopting the same nomenclature used in the Amended Grounds of Opposition, denies that “the Opponent's Mark is well known to customers or that the Opponent has a reputation in the Opponent's Mark in Hong Kong.” It also alleges that the opponent has copied the suit mark and incorporated it in to the “Opponent's Mark”. When it comes to the evidence, the “Opponent's Marks” in Liu's first statutory declaration are those marks registered in China and listed out in paragraph 6 of the statutory declaration. These marks include “OWG 泛海集团公司 & device”, “泛海集团 OCEANWIDE GROUP” and “中国泛海集团 CHINA OCEANWIDE GROUP”. In Liu's second statutory declaration, it was stated that “the Opponent registered the trade marks listed out in Schedule 2 in Hong Kong, USA, UK and Macau (together with trade marks listed in paragraph 6 of my first Statutory Declaration, collectively ‘the Opponent's Trade Marks’)”. The marks listed out in Schedule 2 to Lun's second statutory declaration include a series of device mark, “泛海 OCEANWIDE” and “中国泛海 CHINA OCEANWIDE & device” registered in Hong Kong, UK, US or Macau. So whatever the “Opponent's Mark”, “Opponent's Marks” or “Opponent's Trade Marks” the opponent or Mr. Liu alleged to have become well-known in Hong Kong and widely accepted by the local public and business entities as a badge of origin of the goods and services offered by the opponent's group are, they would not be just featuring “泛海” alone but would essentially depicting

other elements such as “China Ocean”, “Oceanwide”, “中泛”, “泛海集团”, “泛海國際” and “中国泛海” as well. As such, they are different from the suit mark allegedly used by the group of companies within the Asia Standard Group in Hong Kong.

63. Looking again at the evidence filed by the opponent, as far as the opponent’s businesses are concerned, the only one that can be said to have a real Hong Kong focused or Hong Kong connection such that at least part of its operation may have to be carried out in Hong Kong and its business targeting Hong Kong is that of China Oceanwide Holdings Limited (Stock Code:715) which was a company acquired by 泛海控股國際有限公司, supposedly an opponent’s subsidiary,<sup>1</sup> in 2013 from Hutchison Harbour Ring Limited, a listed company with Hong Kong Stock Exchanges and Clearing Limited. This acquired company of the opponent’s was then renamed as “中泛控股有限公司 China Oceanwide Holdings Limited” and has been carrying on business at Bank of China Tower, 1 Garden Road, Hong Kong engaging in property investment, real estate development, energy and finance investment in the PRC, Hong Kong and the USA. Exhibit “LHW-5” to Liu’s second statutory declaration contains extracts of the website of this company; Exhibit “LHW-6” contains copies of its Annual Reports. However, the screenshot of the website show just the following device mark at the top left hand corner:



The Annual Reports of 2014 and 2015 show only this mark:



64. The knowledge on the part of the applicant as regards the opponent’s mark is therefore not due to the opponent’s reputation in the mark, in any event, it is not a matter of course even given the long history of use of respective marks featuring “泛海” by the opponent and the applicant, as the only circumstances of the opponent or the opponent's mark being related to Hong Kong or had a Hong Kong connection are the series of incidents arising from the acquisition of 中泛控股有限公司 China Oceanwide

---

<sup>1</sup> In Liu’s second statutory declaration, this 泛海控股國際有限公司 was said to be the “Applicant’s subsidiary”, but from the context it is believed to be a mistaken statement which in fact should refer to it as the Opponent’s subsidiary.

Holdings Limited as discussed above, which occurred just in 2013, with the change of name of the company from Hutchison Harbour Ring Limited to the present form “中泛控股有限公司 China Oceanwide Holdings Limited” as late as in December 2014<sup>2</sup>. One may argue that given both the applicant and the opponent are each part of a conglomerate of different corporations engaging in various business fields, some of which would invariably overlap or be inter-related with one another in China as well as in Hong Kong, it is unlikely that the applicant would have no prior knowledge of the opponent or its use of marks featuring “泛海”. I do not believe such an argument, for we are here talking about attribution of knowledge to corporations, whether in English law or in Hong Kong law, the separate entity of corporations is respected and knowledge of one corporation will not readily be imputed to another.

65. In any event, I do not have to delve into an enquiry of how knowledge of the opponent’s mark or marks could be imputed to the applicant, for the applicant, in paragraph 30 of Lun’s statutory declaration, states that on 11 August 2014, the applicant became aware that the opponent was using the suit mark when an announcement was made by Hutchison Harbour Ring Limited (HHR) in accordance with the Listing Rules of the SFC that 泛海控股國際有限公司 was planning to buy 71% of HHR’s issued shares, which in effect is to take over control of HHR. Then, as a matter of fact, on 15 August 2014, the applicant filed the subject application for registration of the suit mark.

66. Knowledge as regards the opponent’s mark on the part of the applicant when it filed the subject application is therefore an admitted fact and is well within the pleaded case of the opponent. But that knowledge of the opponent’s mark did not come about because of the reputation in the opponent’s mark or marks but because of the incident of the acquisition of 中泛控股有限公司 China Oceanwide Holdings Limited, which incident is well within the evidence of the opponent’s and the applicant’s. In so far as the pleaded case of the opponent is concerned, I think that its alleged “knowledge of the Opponent’s reputation in the Opponent’s Mark” is neither here nor there. What is proved is knowledge acquired by the applicant based upon an incident, and that acquired knowledge then played an important role in the second part

---

<sup>2</sup> As stated in the Annual Report 2014 at its page 16, exhibited as Exhibit “LHW-5” to Liu’s second statutory declaration.

of the opponent's "new and unpleaded" bad faith case.

67. The "new and unpleaded" case of the opponent's has much to do with the following passages in Lun's statutory declaration, for clarity and convenience I set them out below in their entirety:-

"30. The Applicant became aware that the Opponent was using the Subject Mark on 11 August 2014 when an announcement was made by Hutchison Harbour Ring Limited in accordance with the Listing Rules of the SFC. According to the announcement the name of the potential purchaser was "泛海控股國際有限公司" and its holding company, "泛海控股股份有限公司". As both names contained the Subject Mark, the Applicant filed a complaint to Hong Kong Exchanges and Clearing Limited on the basis that the presence of the two other companies using the Subject Mark as part of its name in the Hong Kong stock market would cause confusion. The Applicant, through its solicitors asked the Exchange as regulator to disallow the use of the characters "泛海" for any shares or bonds or other securities of Hutchison Harbour Ring Limited in the event that the transactions mentioned in the Announcement were completed. There is now shown and produced to me marked Exhibit "LPK-19" a true copy of the Announcement dated 11 August 2014 and letters dated 15 and 22 August sent by the Applicant's solicitors to Hong Kong Exchanges and Clearing Limited. Although no written response was received from Hong Kong Exchanges and Clearing Limited, the Applicant believes that they did in fact accept the Applicant's complaint as the name of Hutchison Harbour Ring Limited was subsequently changes to "中泛控股有限公司". Pages 18-21 of Exhibit "LPK-19" contains a copy of the announcement of the change of the company name and Progress of Change of Company Name and Change of Stock Short Name.

31. Similar letters were sent to the Companies Registry by Messrs. Chan, Lau & Wai on behalf of the Applicant on 15 August 2014 complaining that one of the Opponent's subsidiaries, 泛海控股(香港)有限公司 Oceanwide Holdings (Hong Kong) Company Limited by using a name which incorporated the Subject Mark would cause confusion to the public and requested the Registry direct a change of name pursuant to section 108(a) of the Companies Registry. On 21 August 2014, the Companies Registrar requested further information in the business and business area of 泛海控股(香港)有限公司 Oceanwide Holdings (Hong Kong) Company Limited as well as evidence of confusion as to identity between the companies. A reply was sent to the Companies Registry on 10 September 2014. On 13 March 2015, the Companies Registry issued a letter stating that it agreed that the company, 泛海控股(香港)有限公司 Oceanwide Holdings (Hong Kong) Company Limited by using

the Subject Mark was too like that of 泛海國際有限公司 (Asia Standard International Limited) and 泛海控股有限公司 (CW Group Ltd) and directed 泛海控股(香港)有限公司 Oceanwide Holdings (Hong Kong) Company Limited to change its name. On 15 April 2015, the company changed its name to 中泛集團有限公司 China Oceanwide Group Limited. There is now shown and produced to me marked Exhibit "LPK-20" a true copy of the aforementioned letters as well as an extract from the Companies Registry showing the subsequent change of name.

32. The Opponent, by filing its application for the Subject Mark on 8 September 2014, after being complained of by solicitors representing several members of the Asia Standard Group regarding the confusion caused by its use of the characters 泛海, has filed the trademark application in bad faith. In deciding that the name of 泛海控股(香港)有限公司 Oceanwide Holdings (Hong Kong) Company Limited was too similar to 泛海國際有限公司 (Asia Standard International Limited) and 泛海控股有限公司 (CW Group Ltd), the Registrar considered the name was visually and/or phonetically similar to those of the Applicant's group companies and that 泛海 was the distinctive element of the name. It is clear that it must have believed that confusion would be caused to the public if the company was allowed to use the Subject Mark as part of the name, 泛海控股(香港)有限公司."

68. What Mr. Ling tried to make out from the above is that on the alleged basis of "no intention to use" the suit mark on the part of the applicant, the applicant's manifested intention in making the subject application is to prevent the entry into the Hong Kong market by the opponent and the companies in its group, which can be clearly inferred from the above quoted passages in Lun's statutory declaration.

69. Without going into detail here of how Mr. Ling justified the allegation against the applicant of its "no intention to use" the suit mark, in my view, the bad faith case Mr. Ling wished to rely upon is that the applicant with knowledge of the opponent's mark or marks gained from the incident mentioned in paragraph 30 of Lun's statutory declaration filed the subject application with a view to preventing the entry into the Hong Kong market by the opponent and the companies in its group. I agree with Mr. Wong that such a bad faith case is a "new and unpleaded" case raised at the last minute. There is a gap between on the one hand, knowledge of the opponent's mark because of the reputation in that mark and the intention to ride on that reputation or goodwill, and on the other hand, knowledge acquired through an incident which prompted one to act by filing an application for registration with a view to preventing the entry into the

Hong Kong market by an unwanted mark owner. The applicant is only prepared to defend the first case, as it had, in response to paragraph 10.4 of the Amended Grounds of Opposition, pleaded in paragraph 15 of the Counter-statement that “Given the widespread and consistent use of the Applicant’s Mark in Hong Kong, if there is bad faith then it has been committed by the Opponent in seeking to use in Hong Kong a mark that consumers would associate with the Applicant.” The applicant followed up with its defence by filing in evidence to show the senior use and reputation of its own mark, and paragraphs 30 to 32 of Lun’s statutory declaration is the applicant’s attempt to make good its saying that if there is bad faith then it was committed by the Opponent in seeking to use in Hong Kong a mark that consumers would associate with the Applicant. The applicant is totally unprepared and hence is left with no chance to file evidence to rebut the allegation that it has no intention to use the suit mark in respect of those business fields which it has so far not engaged.

70. If the opponent now feels it has been shut out from pursuing the bad faith claim which Mr. Ling had put forward at the hearing, it has to blame itself on how the bad faith claim was pleaded originally in the Grounds of Opposition. As The Vice Chancellor, Sir Richard Scott, said in *Julian Higgins’ Trade Mark Application (NASA)* [2000] R.P.C. 321, at 326:

“If the pleadings do not identify the right issues, the issues the parties propose to argue about, then it cannot be expected that with any consistency the right evidence will be adduced at the hearing. The pleadings are supposed to identify the issues to which evidence will be directed. If the pleadings do not properly identify the issues someone, sooner or later, is going to be taken by surprise.”

71. Given what I have said above, I come to the view that it is not appropriate to consider any arguments based on the applicant having no intention to use the suit mark. With this finding I reject any submission that the nature of the bad faith claim as framed by Mr. Ling at the hearing had at any stage been made clear to the applicant so that it had ample opportunity to file evidence to rebut any suggestion that it has no intention to use the suit mark in respect of any fields of business.

72. Mr. Ling at some stage during the hearing had tried to deny that the opponent was really running a case based on “no intention to use” the suit mark, or that he was merely relying on “no intention to use” as a ground. Be that as it may, I note it is

clearly alleged in the Skeleton Argument for the Opponent that in so far as the applicant makes a materially false statement (under section 38 of the Ordinance) regarding his use or intended use of the mark in relation to the goods and services in respect of which it is sought to be registered, the application is made in bad faith. This, together with the submissions as made in the Skeleton Argument for the Opponent and which I have set out in paragraph 82 of this decision below, I cannot see what a bad faith case Mr. Ling was trying to run other than one based on allegation of no intention or no actual intention to use the suit mark.

73. Mr. Wong's submission, supported with the authorities discussed above, that as a matter of law as well as a matter of justice and fairness, it is not open to the opponent to run such a "new and unpleaded" case at the last minute is, in my view, well grounded, and should be acceded to. Mr. Ling at the hearing has not tried to run the opponent's case on its originally pleaded ground, I would therefore hold that the ground of opposition under section 11(5)(b) fails.

74. That should be sufficient to dispose of the case of the opponent's. But for the sake of completeness, and in case this case should go on appeal and I was found wrong in rejecting Mr. Ling's case just on the pleading point basis without having examined also its merit, I would like to go on to express my opinion in that respect.

75. In gist, Mr. Ling's allegation of "no intention to use" is based on the following:-

(i) In paragraph 11 of the Counter-statement, the applicant claimed that it and its predecessor in title, namely ASDHL have used the suit mark in respect of the services in the Classes being applied for, which Mr. Ling alleged were described simply as "management services" in paragraph 10. But as a matter of fact, as evidenced by the certificates shown in Exhibit "LPK-1" to Lun's statutory declaration, the applicant only changed name from a pure English name "Asia Standard Management Services Limited" to a name comprising Chinese and English, namely "Asia Standard Management Services Limited 泛海管理服務有限公司" on 22 August 2014, which is one week after the filing of the subject application.<sup>3</sup> In relation to all this, Mr. Ling did not accept mere inclusion of the

---

<sup>3</sup> Mr. Ling has helpfully prepared a list of the 14 companies in the Asia Standard Group with their

suit mark in the Chinese name of a company could constitute use of the suit mark, nor did he accept that “泛海” as part of a building’s name could (referring to the photographs and advertisements in Exhibit “LPK-5” showing that the Asia Standard Tower, which in Chinese is known as 泛海大厦, was being available for leasing); Mr. Ling did not even accept composite mark containing “泛海” as an element together with some descriptive words and a logo to constitute use of the suit mark, or use of the suit mark by the applicant.

(ii) In paragraphs 6 and 7 of Lun’s statutory declaration, the nature of the services is further explained, it is asserted that the applicant has provided “business management and administration services” to the Asia Standard Group since 1995; prior to that, ASDHL had used the suit mark since 1988. Mr. Ling drew my attention to the Auditor’s Reports of the applicant contained in Exhibit “LPK-3” to Lun’s statutory declaration, trying to show that the applicant is merely a subsidiary of the holding company of the Asia Standard Group providing management services to its fellow members of the group, but not to the parent company of the group that was really engaged in property development and hotel management services. This is alleged to contradict what Mr. Lun had said in his statutory declaration that the applicant provides business management and administration services to the various companies within the Asia Standard Group of companies.

(iii) Mr. Ling viewed the above as leaving open the following questions:-

(1) Was there any “genuine use” of the suit mark by the applicant, a concept which clearly excludes internal use by the proprietor? On this Mr. Ling was making reference to the fact that the applicant was merely providing management services to its fellow members of the Asia Standard Group;

(2) What exactly were the so-called “business management and administration

---

English names setting against their respective Chinese names (whether the formal Chinese names or the business names) and their respective dates of adoption of the Chinese name (whether in Hong Kong, Bermuda or elsewhere). It can be seen that there are 3 companies which have no Chinese names, otherwise all have “泛海” in Chinese and “Asia Standard” in English as their common elements threading through their names. These companies all belong to the Asia Standard Group of which the applicant is part of it and provides services to its various companies.

services”?

- (3) How did they relate to the services applied for in Class 35 (advertising etc.), 36 (accommodation bureau [apartment], etc.), 37 (building construction supervision, etc.) and 43 (accommodation bureau [hotels, boarding houses], etc.)?
- (4) Was the suit mark used in relation to the provision of those services?

76. Mr. Ling commented that none of the documentary evidence in Exhibits “LPK-3” to “LPK-18” to Lun’s statutory declaration could shed any meaningful light on these questions, or if anything, they just showed that the applicant had not used the suit mark at all in relation to many of the applied for services. Mr Ling further alleged that the applicant was forced to rely on the activities of other companies within the Asia Standard to buttress its case on use, which involved ASDHL made a written assignment of the suit mark to the applicant in 1995 and the applicant licensed other members of the Asia Standard Group to use the suit mark, but in respect of which no documentary proof can now be found. Mr. Ling was dissatisfied with the explanation offered in Lun’s statutory declaration as to no documentary proof being found.

77. Up to this point I wish to echo Mr. Wong’s saying that Mr. Ling had tried to turn the present proceedings into a revocation application against the suit mark on the ground of non-use. The queries raised by Mr. Ling that the applicant has no intention to use the suit mark in respect of the services applied for do not seem to have been based on any facts other than that the applicant had through its history never used the suit mark by itself on many of the applied for services or activities. I agree with Mr. Wong that the applicant is not expected to have answered in any way the queries raised by Mr. Ling, as they are neither in the pleadings nor in the evidence filed by the opponent. Moreover, having no prior use is not the same thing as having no intention to use. The opponent could have no complaint that the applicant did not advance positive evidence of an intention to use the suit mark in respect of any services, as the following which was said by the Appointed Person of the UK Registry in “*CEM 11+*” *Trade Mark* (also cited as *Alpha-Tek Associates Ltd v University of Durham*) may also be said in relation to the present case:-

“39 Before me Mr Bragiel primarily relied on the fact that the CEM mark had been applied for in relation to services which had not yet been provided by the University and yet the University had chosen to put in no evidence as to its intention to use the mark in respect of those services.

40 It seems to me that this argument is essentially seeking to reverse the burden of proof in a case of this nature. Unless and until a cogent and compelling case is put forward by the party alleging bad faith which amounts to a prima facie case that there was no intention to use, there is no reason why the proprietor should be expected to advance positive evidence of such an intention. As I have noted above at para 37(ii), the law is clear that the burden is on the applicant for invalidity and the burden is a heavy one. Having signed the TM3 with its accompanying declaration, the proprietor has stated its intention and the tribunal will presume in the first instance that this was done bona fide .

41 It is of course possible for the burden to be shifted if an applicant for revocation can point to particular facts or circumstances which are plainly inconsistent with an intention to use across the whole scope of the application. For example the applicant might have gone on record stating that it does not have any intention in the foreseeable future of ever entering a particular field or of licensing the use of its trade mark in that field. I would also suppose that a prima facie case of bad faith might be made out against a small trader in a limited area of business who had applied to register its mark across an unfeasibly wide range of goods and services in almost every single class. However, unless such facts or circumstances are identified, the proprietor is in my view under no obligation to ‘prove’ its intentions.”

78. Besides submitting the above, Mr. Wong had at the hearing dealt with the queries raised by Mr. Ling by pointing out that the very purpose of the applicant adducing evidence as it did through the filing of Lun’s statutory declaration and the exhibits thereto is to prove that the applicant is the senior user of the suit mark in Hong Kong, this is to defend against the passing off case and the bad faith case as they were originally pleaded in the Amended Grounds of Opposition. The fact that the applicant did not file evidence specifically in relation to the licensing of use of the suit mark to other members of the Asia Standard Group is because it is not in the opponent’s original case that the applicant is alleged to have no intention to use the suit mark. As to the written assignment which should evidence ASDHL’s assignment of the suit mark to the applicant in 1995, Mr. Lun had gone on oath to explain that he has been unable to locate the document which appears to have been misplaced, or may have been destroyed, if

Mr. Ling wanted to challenge Mr. Lun's evidence in this respect, he should at least give prior notice of that and can apply to cross-examine Mr. Lun.

79. In paragraph 21 of the Skeleton Argument for the Opponent, Mr. Ling had alleged that the specification in the subject application is too broad to bear any relationship with any business activities that the applicant is shown to be involved in. At the hearing Mr. Ling indicated that he would withdraw this point, but at some stage he seemed to be still arguing that the applicant's lack of intention to use the suit mark in many of the applied for services is evidenced by the broad specification in the subject application. In any event, Mr. Wong cited the English High Court case *Jaguar Land Rover Ltd v Bombardier Recreational Products Inc* [2017] E.T.M.R. 11 to deal with the point. The relevant passages of the case are extracted below:-

“47 In the present case, I have already said the bad faith alleged is premised on the fact that the claimant applied for registration for motor land vehicles and the like and the inference that it did not intend to use the mark DEFENDER on any other motor land vehicles than those which it had historically used it on. That is really an allegation that the claimant applied for too broad a specification. I will assume, contrary to the view I have already expressed, that it is arguable that deliberately applying for too broad a specification is evidence of bad faith. But it seems to me that before an applicant could be found to have acted in bad faith on the basis that he applied for too wide a specification of the goods, elementary principles of pleading require the person making such a charge to say in what respect it is too wide.

48 In the context of partial revocation for non-use, the task of the court is to arrive at what has been described as a fair specification, recently summarised by Kitchin LJ in the Court of Appeal in *Maier v ASOS Plc* [2015] EWCA Civ 220; [2015] F.S.R. 20 at [63] as follows:

“The task of the court is to arrive, in the end, at a fair specification and this in turn involves ascertaining how the average consumer would describe the goods or services in relation to which the mark has been used, and considering the purpose and intended use of those goods or services”.

49 Where what is alleged is that the claimant has acted in bad faith by applying for too broad a specification, that is, in such circumstances, really saying that the applicant should, if acting in good faith, have applied for a narrower specification.

That was in effect accepted by Mr Alkin. He said:

“So here, in circumstances where it must have been within the contemplation of the Claimant that the UK trade mark was over-broad in the light of the non-use provisions, to come along and say, ‘That is okay. I can fix that by just filing an EU mark with a very broad specification’, rather than saying, ‘What I should probably do is file my EU mark with a narrower specification in respect of which I can establish use’, that is a particular fact in this case which is absent in the other cases that we have looked at and which I rely on as part of the broad assessment of the facts.”

It is, I think, incumbent on the person making such an allegation to identify the, or at least a, narrower specification that he says ought to have been used and that would have sufficed to describe the claimant’s goods. Without such an alternative narrow specification I do not think the case gets off the ground, bearing in mind that the charge of bad faith is akin to dishonesty and must be “fully and properly pleaded.”

50 Unless the defendant can point to some narrower specification which can be characterised as a fair specification, I do not see how he can establish that the claimant in applying for a wider specification acted in bad faith, as the whole premise of the allegation is that he was acting in a way that fell short of standards of acceptable commercial behaviour observed by reasonable experienced men in the trade and although I can see the argument that if there is a narrower specification that would be regarded by reasonable experienced men as the appropriate specification to apply for, then it might be bad faith to deliberately claim a wider one (as that could be said to fall short of the standards of acceptable commercial behaviour), I do not see how the argument can run without there being such a narrower specification.”

80. It is noted that the opponent has not attempted or been able to point to some narrower specification which can be characterized as a fair specification for the applicant.

81. Coming back to the basic tenet of bad faith, Mr. Ling had tried, in my view without success, to infer a sinister intent (if not the “no intention to use the suit mark” claim) on the part of the applicant, from the following series of events:-

(1) On 11 August 2014, the applicant became aware that the opponent was using the suit mark when an announcement was made by HHR in accordance with the

Listing Rules of the SFC that 泛海控股國際有限公司 was planning to buy 71% of HHR's issued shares.

- (2) On 15 August 2014, the applicant's solicitors lodged a written complaint to Hong Kong Exchanges and Clearing Limited and demanded that the use of the words 泛海 be disallowed in the issue of any bonds or other securities by HHR, on the basis that "the presence of these two other 泛海 companies in the Hong Kong stock market creates misleading situations."
- (3) On the same day, a different firm of solicitors acting for the Asia Standard Group applied to the Companies registry for a direction that 泛海控股(香港)有限公司 change its name. It was claimed that the company carried on or intended to carry on businesses similar to those carried on by the Asia Standard Group, namely, in property investment, property development, building construction and operation of hotels in Hong Kong and mainland China.
- (4) Also on the same day, the applicant made the subject application for registration of 泛海 (i.e., the suit mark).

82. Mr. Ling submitted that the letters in (2) and (3) show that at the relevant date, the applicant was clearly and admittedly aware of the existence and business activities of the opponent's group companies and their actual and/or planned entry into the Hong Kong market, the subject application is a "blatant attempt to pre-empt [and] block their entry into the local market causing unfair prejudice to their legitimate business interests", and submitted that a reasonable and experienced person in the applicant's position and with its knowledge would not have made such a pre-emptive move in circumstances where (a) it has not in fact made any use of its own in relation to any or all of the claimed services and (b) to its knowledge, the opponent and other members of its group had a long history of using 泛海 as part of their corporate names in China and Hong Kong and operating in similar lines of business.

83. I have already dealt with the knowledge part of the above allegation. Putting aside for a moment whether lack of intention to use is in itself bad faith, the argument that making an application for registration of a trade mark used by one in order to prevent the entry into the Hong Kong market by another is bad faith is quite a strange

argument. Mr. Wong commented that all applications for registration of a trade mark are in a sense attempts to monopolize or prevent others from using the mark in the same market. Footnote 6 of “*BRAIN RESEARCH UK*” *Trade Marks* has dealt with similar argument:

“Even where an applicant knows of long use of the other side’s name/mark/sign (which is not the case claimed here), there may be no bad faith involved. It depends on more than that single fact: see the Court of Justice in the European Union’s judgment in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07. In *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2008] EWHC 3032(Ch) Arnold J held:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

84. Likewise, the applicant in the present case may believe that it has a senior right to registration and use of the suit mark which it and other members of the group of companies it belongs to have been using since 1988 or 1995 when it was assigned the mark. I fail to see there is any sinister intent on the part of the applicant in filing the subject application. The bad faith case premised upon the unpleaded case of “no intention to use the suit mark” or any sinister intent on the part of the applicant in filing the subject application, as discussed above, is not made out.

85. Lastly, I wish to say that even if the opponent wished to revert back to the original pleaded case of bad faith as set out in the Amended Ground of Opposition, given my finding above in respect of the knowledge on the part of the applicant about the opponent's mark at the time just before the filing of the subject application, the bad faith case that the applicant is trying to ride on the goodwill and reputation of the opponent and/or the opponent's mark would have no chance of success.

86. I think I have dealt enough with the merits of any possible bad faith claims in the current context. Given the ruling I gave above in respect of the pleading point, and my finding that there is no merit either in the pleaded case or unpleaded case(s) of bad faith, the ground of opposition under section 11(5)(b) must necessarily fail.

### **Conclusion**

87. Mr. Wong had asked me to make costs nisi first, as he may have submissions on costs depending on the decision. But given that the opponent has not succeeded in any of the grounds of opposition, I would invariably award costs to the applicant. So I would just make the costs order in the way the Registrar would normally do, the parties are free to apply as per the direction below.

88. As the opponent has not succeeded in any of the grounds of opposition, I award the applicant 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

13 July 2018