

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

**OPPOSITION TO TRADE MARK APPLICATION NO.: 303115421**

**MARK:**   
RONGBAOZHAI

**CLASSES:** 14, 16, 35, 36, 41, 42 and 43

**APPLICANT:** WAN JIANXIA

**OPPONENT:** RONG BAO ZHAI

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**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 27 August 2014, Wan Jianxia (“the Applicant”) filed an application (“the subject application”) under the Trade Marks Ordinance (Cap. 559) (“the Ordinance”) for registration of the mark  “RONGBAOZHAI” (“the subject mark”).
2. Registration is sought in respect of “Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments; all included in class 14”, “Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks; all included in class 16”, “Advertising; business management; business administration; office functions; all included in class 35”, “Insurance; financial affairs; monetary affairs; real estate affairs; all

included in class 36”, “Education; providing of training; entertainment; sporting and cultural activities; all included in class 41”, “Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; all included in class 42” and “Services for providing food and drink; temporary accommodation; all included in class 43” (“the subject goods and services”).

3. Particulars of the subject application were published on 2 April 2015. Rong Bao Zhai (“the Opponent”) filed on 19 June 2015 a notice of opposition to the subject application and a Chinese statement of grounds of opposition. An English translation of the Chinese statement of grounds of opposition was filed on 27 July 2015. A counter-statement was filed by the Applicant on 26 October 2015 (“Counter-statement”) in response to the notice of opposition filed. Subsequently, with the leave of the Registrar, the Opponent filed on 11 February 2016 an amended notice of opposition, an amended Chinese statement of grounds of opposition together with its English translation (“Amended Grounds”).
4. As evidence in support of the opposition, on 11 February 2016 the Opponent filed under Rule 18 of the Trade Marks Rules (Cap.559, sub. leg.)(“the Rules”) a statutory declaration, together with exhibits, made by Yuan Ye (“Yuan’s SD”). The Applicant filed on 10 May 2017 a statutory declaration, together with exhibits, made by Wan Jianxia (“Wan’s SD”) in support of the subject application.
5. The opposition hearing took place before me on 23 October 2018. The Opponent was represented by Mr. Wong Kang Man of the Opponent. Ms. Valerie Suen of Alan & Associates (Hong Kong) Intellectual Property Agency Limited appeared for the Applicant.

### **The Amended Grounds**

6. The Opponent gives a brief account of its history and business in the Amended Grounds. The Opponent's predecessor Song Zhu Zhai was founded in 1672 and

the Opponent was established as its branch in 1894 which inherited all the business of Song Zhu Zhai. The Opponent together with its predecessor have a history of over 300 years. The Opponent became a state-owned enterprise in 1952 and is now under the administration of the China Publishing Group Corporation. The calligraphy of the Chinese words “” was written by the famous Chinese author Guo Moruo (郭沫若) and has been used and registered as a trade mark of the Opponent ("the Opponent's Mark"). It was first used in 1955 on the wrapping paper for the Opponent's goods and was printed on the Opponent's mounted calligraphy and paintings and packaging of stationery.

7. Since ancient times, the Opponent has already been in the trade of antiques, stationery, calligraphy and paintings, woodblock printing works, and also in the business of publishing, auction, mortgage, exhibition, education and promotion of Chinese traditional culture and art. It has rich antique collections and been acclaimed as the "Folk Palace Museum" (民間故宮). In 1963, the Opponent donated a piece of very valuable calligraphy work from Song Dynasty to the Beijing Palace Museum. The Opponent is also in the business of mounting and restoration of calligraphy and paintings. It has made great contribution in the rescue of national treasures and cultural works, such as the masterpiece of "Riverside Scene during the Qingming Festival" (清明上河圖) from Song Dynasty.
8. The Opponent applied for in 1990 and obtained in 1991 registration of the Opponent's Mark for Chinese paper, postcard and published matters, etc. in class 16 and has further registered the Opponent's Mark in many different classes in 2001 in the Mainland China. With extensive and long-term use and publicity, the Opponent's Mark has not only become a famous historical trade name, but also a well-known trade mark in the Mainland China. The Opponent's Mark has also been registered in various jurisdictions, such as Australia, Benelux, Germany, France, Britain, Korea, Singapore, Thailand, Malaysia, Taiwan, Macau, New Zealand, Singapore, etc.
9. The Opponent has now 23 subsidiaries with an annual sales revenue of over CNY

1 billion. The national leaders and celebrities from all walks often paid visits and gave inscriptions to the Opponent. The Opponent has long been enjoying reputation in the Mainland China and abroad as a representative of Chinese traditional culture, and was designated as a time-honoured enterprise in the Mainland China. The Opponent's Mark was designated as a well-known trade mark in the Mainland China in 2006. The Opponent's techniques in woodblock printing craft and the mounting and restoration of artwork were listed as national non-tangible cultural heritage. The Opponent was named as the leading enterprise in Chinese cultural innovation industries and protected as an enterprise of non-intangible cultural heritage. The Opponent's Mark is one of the ten most recognized historical and cultural brand in the century.

10. The Opponent's Hong Kong branch and flagship store ("Hong Kong Branch") was established in 1987. It is situated at 3/F Cheung Kong Centre, Central, with an area of 880 square metres. Its business includes traditional stationery, paintings, calligraphy, woodblock printing works and auction. The Hong Kong Branch has been using the Opponent's Mark on signboard and auction catalogues. The Opponent's Mark was first used in Hong Kong on 12 November 1987 on the invitation card of an exhibition preview of Chinese calligraphy and paintings, etc. It was also printed on the manuals and materials for the first Modern Chinese Painting and Calligraphy Auction held in November 1989 which had a transaction volume of HKD 20 million. The Opponent's Mark has been subsequently and continuously used on other products or services. The Hong Kong Branch has held many large scale auctions and exhibitions of famous calligraphy and paintings with big success in 1994 to 1996 and 2013 to 2015 which received public recognition and media attention in Hong Kong. The Opponent's Mark was prominently displayed at the said auctions and exhibitions.
11. The Opponent's mark “榮寶齋” has very strong distinctiveness and has been used as a business name and trade mark for over hundred years. Some bad enterprises and people had pre-empted the Opponent in registering the Opponent's Mark in Hong Kong, Mainland China or overseas. Such vicious trade mark registrations have been cancelled and their use been prohibited in the Mainland China.

12. The Opponent pleads that the subject mark is a reproduction, an imitation or a translation of the Opponent's Mark which is well-known and registered in the Mainland China, the respective goods or services concerned are identical or similar, and the public would be misled that the subject mark is the same as the Opponent's Mark; the subject application has damaged the Opponent's prior right and was maliciously made by unfair means and would deceive the public in Hong Kong and the Mainland China. It is also pleaded that the Opponent and the public would suffer from great reputation and economic loss.
13. The Opponent also refers to a number of exhibits in the Amended Grounds but the exhibits are in fact attached to Yuan's SD instead. The Opponent does not specify which section(s) of the Ordinance are relied upon.

#### **Counter-statement**

14. It is pleaded that the Applicant is a shareholder of Wuhan Rongbaozhai (武漢榮寶齋) and the wife of its legal representative, Lu Jing. The Applicant was authorized by Wuhan Rongbaozhai to register the subject mark in Hong Kong. A brief introduction of the history and business of Wuhan Rongbaozhai is provided and the same is repeated in Wan's SD.
15. The Applicant avers that the Opponent's Hong Kong Branch was not in operation from 1990s to early 2014 and that the Opponent only used "Rong Bao Zhai" as its company name but not trade mark. It is also averred that the Opponent's auction and exhibition services are not identical or similar to at least some of the subject goods and services, including but not limited to all the subject goods in class 14 and all the subject services in classes 35, 36, 42 and 43, as well as the subject goods such as "paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other

classes); printers' type; printing blocks" in class 16 and the subject services such as "education; providing of training; entertainment; sporting activities" in class 41.

16. The Applicant denies all statements, claims and allegations in the Amended Grounds. It is pleaded that the Opponent has not registered any trade mark in Hong Kong, the Opponent's Mark is not entitled to protection under the Paris Convention as a well-known trade mark, and therefore the Opponent's Mark does not constitute an earlier trade mark and the subject mark shall not be refused for registration. The Applicant also denies that the Opponent's Mark has any earlier rights in Hong Kong. Moreover, the Applicant avers that it has used the subject mark continuously in Hong Kong since 2004 and has never received any complaints on possible confusion or misrepresentation of the Opponent's Mark. Therefore, it is pleaded that there has been honest concurrent use of the subject mark with the Opponent's Mark, and the subject application is made in good faith.
17. The Applicant requests that the opposition be dismissed with costs be awarded against the Opponent.

### **Relevant date**

18. Despite the Applicant's assertion of use of the subject mark in Hong Kong since 2004, there is no evidence of actual use of the subject mark in Hong Kong. Hence, the relevant date for considering the opposition is 27 August 2014, that is the filing date of the subject application.

### **The Opponent's evidence**

19. With regard to Yuan's SD, Ms. Suen submits that the weight of evidence is diminished as the declarant Yuen Ye has not stated his capacity and how the documents and exhibits came into his possession. I note that the said issue is

only raised for the first time at the hearing and the Applicant does not in Wan's SD dispute or challenge the facts deposed in Yuan's SD. I also note that Yuen Ye has stated himself as "legal executive" and the content deposed by him is largely collaborated or supported by the exhibits to Yuan's SD. Accordingly, I do not find the weight of the Opponent's evidence is diminished.

20. According to Yuan's SD, Wuhan Rongbaozhai, founded on 27 July 1934 as a branch of the Opponent, was closed and disconnected from the Opponent in 1939. Wuhan Rongbaozhai or Rong Bao Zhai Shouji was not authorized by the Opponent to use the name "榮寶齋 (Rong Bao Zhai)".
  
21. The Opponent was designated as a time-honoured enterprise by the Ministry of Commerce and the Opponent's Mark as a well-known trade mark in 2006 by the State Administration for Industry and Commerce in the Mainland China. A booklet and a book of the Opponent introducing its history and business are displayed at exhibit YY-3 to Yuan's SD, in which it is stated that the Opponent's business scope includes the purchasing and selling of paintings, calligraphy, antiques, stationery, woodblock printings, books of fine arts, mounting of paintings and calligraphy, metal and stone carvings, and arts and crafts articles. It is also in the business of mounting and restoration of calligraphy and paintings, the publishing of books and magazines of fine art, and the production of articles of stationery and woodblock printing, replicas of works of calligraphy and painting, cultural souvenirs and Chinese tea under the Opponent's Mark. There is also a Rong Bao Zhai Academy of Painting founded in 2004 in Beijing which provides training courses in the study of Chinese traditional culture and art. Also included at exhibit YY-3 are photographs proving the aforesaid designations of time-honoured enterprise and well-known trade mark, photographs of the Opponent's shops and products in the Mainland China, a sample of the Opponent's wrapping paper showing the Opponent's Mark, a copy of business certificates of the Opponent and its related companies including the Hong Kong Branch. A copy of the Opponent's wrapping paper in 1955 marked with the Opponent's Mark is also displayed at exhibit YY-4. Exhibit YY-5 contains a copy of photographs showing the inscriptions of the name "榮寶齋" by Guo Moruo and another celebrity. Exhibit YY-6 includes a copy of trade mark

registration certificates of the Opponent's Mark and other marks of the Opponent in various classes of goods and services in the Mainland China and some other jurisdictions.

22. The three trade marks (Trade marks no. 1745724, 1764565 and 1744594), containing the words “榮寶齋” and device, owned by Wuhan Rongbaozhai in the Mainland China, were cancelled in 2006. Exhibit YY-7 contains a copy of the relevant judgments and online records showing the cancellation of Rongbaozhai (Asia) Investment Limited's registrations of the mark “榮寶齋” in classes 36, 37 and 40 in the Mainland China.
23. Rongbaozhai (Asia) Investment Limited filed an application for registration of the subject mark in class 16 (Trade Mark no. 300155970) in Hong Kong on 10 February 2004. The said trade mark registration was assigned to Wuhan Rongbaozhai on 31 July 2015. The name of Rongbaozhai (Asia) Investment Limited was revoked by the Companies Registry in Hong Kong. The Opponent has also raised objection to the Companies Registry with regard to two other companies “Rongbaozhai (International) Auction Limited” and “Wingbouzaai Tea Industry Limited” in Hong Kong. Exhibit YY-7 contains a record showing the change of name of Rongbaozhai (Asia) Investment Limited consequent upon its failure to comply with the change of name direction issued by the Registrar of Companies in Hong Kong, and company records of Rongbaozhai (International) Auction Limited and Wingbouzaai Tea Industry Limited in Hong Kong.
24. The Opponent's Hong Kong Branch was established in 1987. Exhibit YY-1 contains a copy of Certificate of Incorporation of “Rong Bao Zhai (H.K.) Company Limited 榮寶齋(香港)有限公司”. The Hong Kong Branch's business was suspended for some time during the Asian financial crisis and was resumed in 2013. The Hong Kong Branch has held large scale auctions and exhibitions of famous painting and calligraphy. The Opponent is the first one to use the name “Rong Bao Zhai” and the Opponent's Mark in Hong Kong, although without registration of the mark. The Applicant was alleged to have made the subject application maliciously. Exhibit YY-2 includes a copy of invitation cards for exhibitions held in Hong Kong in 1987 and 2013, a copy of various

Hong Kong auction catalogues in 1992, 1994, 1995, 1996, 1997, 2008 and 2013 showing works of calligraphy, paintings and ceramics, a copy of photographs of the re-opening of the Hong Kong Branch, online articles dated December 2013 and April 2014 on the Hong Kong Branch's business, a copy of various news articles in the Mainland China and Hong Kong about the exhibitions held in Hong Kong in November 1989, November 2013 and June 2014. The Opponent's name and the Opponent's Mark are prominently shown on the above exhibits.

### **The Applicant's evidence**

25. According to Wan's SD, the Applicant is a shareholder and the financial director of Wuhan Rongbaozhai (武漢榮寶齋) and also the wife of its legal representative, Lu Jing. She was authorized by Wuhan Rongbaozhai to register the subject mark in Hong Kong. Included at exhibit WJX-1 to Wan's SD are a printout of the company registration of Wuhan Rongbaozhai, a copy of the Applicant's marriage certificate, a copy of certification of the Applicant's shares and her position as the Financial Director in Wuhan Rongbaozhai, and a copy of authorization issued by Wuhan Rongbaozhai to the Applicant.
  
26. Wuhan Rongbaozhai mainly engages in retail and wholesale of paintings and stationery, mounting of paintings, and organization of cultural exhibitions, under the subject mark. Wuhan Rongbaozhai was founded on 27 July 1934 as a branch of Beijing Rongbaozhai. During the Japanese invasion of China in the early 20th century, Wuhan Rongbaozhai was disconnected from Beijing Rongbaozhai and closed for business. Subsequently, Zhao Huamin, who worked in Wuhan Rongbaozhai, together with another business partner acquired all the goods in Wuhan Rongbaozhai and resumed business in the name of Rongbaozhai Shouji (榮寶齋壽記). Rongbaozhai Shouji was operated on its own and became independent from Beijing Rongbaozhai, with its business mainly focused in collection and sale of paintings and calligraphy of celebrities and other traditional works of art, and framing of paintings and calligraphy. In 1956, Rongbaozhai Shouji was merged into Xinjin cultural goods shops (新進文化用品

商店). In 1957, the state-operated Rongbaozhai was established. It was designated to be led by Wuhan Art and Industrial Company (武漢市工藝美術工業公司) in 1966 and renamed to Hongqi Art Service Department (紅旗工藝美術服務部). In 1979, the use of the brand name Rongbaozhai was resumed and it has been in use continuously since then.

27. Wuhan Rongbaozhai has been using the subject mark for decades under the approval and recognition of the Chinese government since its first establishment in 1934. By virtue of long and extensive use and promotion of the subject mark, it has acquired substantial reputation and goodwill worldwide. Exhibit WJX-2 to Wan's SD includes a copy of an excerpt on the history of Wuhan Rongbaozhai from the book "Wuhan City Records" (武漢市志), a copy of registrations of Wuhan Rongbaozhai with various industrial and commercial associations in Wuhan in 1940, a copy of Wuhan Rongbaozhai's business registration with the Wuhan Administration for Industry and Commerce in 1981, a detailed description of the history of Wuhan Rongbaozhai, a copy of an advertisement of Wuhan Rongbaozhai in early 1970s, a copy of Wuhan Rongbaozhai's envelop and letterhead, a copy of photographs and posters of selected events held by Wuhan Rongbaozhai from 2003 to 2014 in the Mainland China and overseas, photographs of awards including "Wuhan Time-honoured brand" received by Wuhan Rongbaozhai from 2010 to 2013, printout of Wuhan Rongbaizhai's website, a copy of a magazine article published in 2012 about Wuhan Rongbaozhai, and photographs showing paintings and calligraphy from various artists given to Wuhan Rongbaozhai.
28. Since 2004, Wuhan Rongbaozhai has authorized the Applicant to use the subject mark in Hong Kong with a view to expand its business to Hong Kong. It is averred that the Applicant has been using the subject mark continuously in Hong Kong since then and has never received any complaints on possible confusion or misrepresentation of the Opponent's Mark; and by virtue of long and extensive use and promotion of the subject mark, the Applicant has acquired substantial reputation and goodwill for the subject mark in Hong Kong. The subject application is made in good faith to protect the Applicant's rights in the subject

mark.

### **The Issue of Pleadings**

29. Ms. Suen submits that it is trite practice that the statement of grounds of opposition must precisely identify the section and subsection upon which the opposition is based and the Opponent's evidence must be able to substantiate the identified grounds. She contends that the Amended Grounds, without identifying any section and subsection of the Ordinance upon which the opposition is based, is defective and inadequate so that there is no opposition case for the Applicant to answer and the opposition must fail. She also submits that in the event the Registrar disagrees with the above, the grounds of opposition under sections 12(1), 12(2), 12(3), 12(4), 12(5)(a) and 11(5)(b) may be indirectly inferred from the facts pleaded in the Amended Grounds.

30. It is true that the Opponent has not identified any section or subsection of the Ordinance upon which the opposition is based. However, I do not find the Amended Grounds totally lacks particulars and does not reveal any grounds of opposition at all. The Opponent pleads, *inter alia*, in the Amended Grounds the following: -

“Rong Bao Zhai is a renowned enterprise with a history of hundred years and is protected by the public. But some bad enterprise and people seek illegitimate interests by damaging the reputation<sup>1</sup> of the time-honoured brand. They forestalled the trademark Rong Bao Zhai in Hong Kong, China and at home and abroad”, “the application of trademark registration by the opposed party has damaged the prior right of the opponent. They register the trademark that already has some influence by the unfair means. The trademark they applied for registration in identical or similar goods or services shall not be registered and their use shall be prohibited, because it is a reproduction, an imitation or a translation of the well-known mark which is registered in China, misleads the

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<sup>1</sup> The phrase “商譽” is actually used in the Chinese version of the Amended Grounds.

public, and the interests of the registrants of the well-known trademark are damaged by such use”, and “In conclusion, the opposed party registered the

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trademark RONGBAOZHAI for the unfair interests, which is subjective malicious and deceive the public in Hong Kong and the mainland. If the opposed trademark was granted the registration and not prohibited, the public would be

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misled that the trade mark RONGBAOZHAI of the opposed party Wan Jianxia and that of the opponent are the same one. That would make the opponent and the public suffer from a great loss of reputation and economy.”

31. It appears to me that the Opponent has mixed up the grounds under different sections or subsections of the Ordinance. But I could still collate from its pleadings the Opponent’s case that the application for registration of the subject mark, which is identical or similar to the Opponent’s Mark, for goods or services which are identical or similar to those under the Opponent’s Mark, would mislead the public that the subject mark is the same as the Opponent’s Mark and would damage the goodwill or reputation or well-known status of the Opponent’s Mark and that the subject application was maliciously made with an intention to deceive the public. I therefore concur with Ms. Suen that the grounds of opposition under sections 12(1), 12(2), 12(3), 12(4), 12(5)(a) and 11(5)(b) may be indirectly inferred from the pleadings.
32. Further, I note that the Applicant denies in the Counter-statement that the Opponent’s Mark is subject to protection under the Paris Convention as a well-known trade mark and that the Opponent’s Mark has any earlier rights in Hong Kong. The Applicant also pleads that it has used the subject mark continuously in Hong Kong since 2004 and has never received any complaints on possible confusion or misrepresentation of the Opponent’s Mark so that there has been honest concurrent use of the subject mark; and the subject application is made in good faith.
33. After considering the pleadings of both the Opponent and the Applicant, I am of the view that the Applicant was able to apprehend and has already addressed in

some way in the Counter-statement the Opponent's intended reliance on sections 12(1), 12(2), 12(3), 12(4), 12(5)(a) and 11(5)(b) of the Ordinance as the basis of the opposition.

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

34. Section 12(5) of the Ordinance provides, *inter alia*, as follows:

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

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

(b) ...”

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

(a) the Opponent enjoys *goodwill* attached to the goods which it supplies in the mind of the purchasing public by association with a trade mark under which its goods are offered to the public, such that the trade mark is recognized by the public as distinctive specifically of the Opponent's goods;

(b) the Applicant has made a *misrepresentation* to the public leading or likely to lead the public to believe that the subject goods offered by it are the goods of the Opponent; and

(c) the Opponent suffers, or is likely to suffer, *damage* by reason of the erroneous belief engendered by the Applicant's misrepresentation that the source of the Applicant's subject goods is the same as the source of goods offered by the Opponent.

36. To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

37. In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.<sup>2</sup>

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<sup>2</sup> *Halsbury's Laws of Hong Kong* (2<sup>nd</sup> Edition) Vol. 33, para. 225.021; *Oasis Stores Ltd. 's Trade Mark Application* [1998] R.P.C. 631 at 642.

## *Goodwill*

38. It is deposed in Wan's SD that the Applicant has been using the subject mark continuously in Hong Kong since Wuhan Rongbaozhai has authorized the Applicant to use the subject mark in Hong Kong in 2004. However, there is lack of detail on the use of the subject mark in Hong Kong and I note from the exhibits to Wan's SD that most of the Applicant's activities were actually held in the Mainland China, with a few overseas, but none in Hong Kong. As there is no actual evidence that the Applicant has used the subject mark in Hong Kong before the date of the subject application, the relevant date for determining whether the Opponent has established the necessary goodwill is the date of the subject application.
39. From the Opponent's evidence as summarized in paragraphs 19 to 24 above, I note that the Opponent has a very long history of business and the Opponent's Mark was designated as a well-known trade mark in the Mainland China. However, it is the Hong Kong market that I must consider if the Opponent's Mark has established any goodwill in relation to its business. There is lack of any sales or advertising figures, but I note from the Opponent's evidence that the Opponent has set up the Hong Kong Branch in 1987 and there has been actual business in Hong Kong. The Opponent's Mark was used in Hong Kong by the Opponent for its exhibition invitation cards in 1987 and 2013 and for various auctions and exhibitions in 1989, 1992, 1994 to 1997, 2008, November 2013 and June 2014. There are news reports in Hong Kong of the said Hong Kong exhibitions and auctions. I also bear in mind the flagship store in Hong Kong and its business in traditional stationery, paintings, calligraphy, woodblock printing works, etc. I do not agree with the Applicant that the words "榮寶齋" or "Rongbaozhai" are mostly used as part of the company names and not as trade marks. As evidenced by the various exhibits to Yuan's SD, there are many examples that the Opponent's Mark has been used either independently, or with its company name, in the trade mark sense. Although the Opponent's business was suspended for some years in Hong Kong, I note that its business has already been resumed about a year before the relevant date and I do not find such suspension would have extinguished all the goodwill that the Opponent has

established so far in Hong Kong. After considering the period and extent of use of the Opponent's Mark in Hong Kong and the scope of the Opponent's business, I accept that there has been goodwill established in the Opponent's Mark in Hong Kong in relation to the exhibition, auction and trade of goods of calligraphy, paintings, antiques, stationery, ceramics, printed matters of fine arts, etc. ("the Opponent's Business") before the relevant date.

### *Misrepresentation*

40. In order for the Opponent to succeed under the section 12(5)(a) ground, the Opponent has to show that the subject mark is similar to the Opponent's Mark in order to demonstrate a misrepresentation by the Applicant to the public leading or likely to lead the public to believe that the goods and services it offered are the goods and services of the Opponent or are connected to the Opponent.
41. The subject mark consists of the Chinese words “榮寶齋” and its English translation “RONGBAOZHAI”. In other words, the subject mark includes the Opponent's Mark, although in different calligraphic style, as its dominant and distinctive element. I have no doubt to find that the subject mark is highly similar to the Opponent's Mark.
42. In an action for passing off there is no requirement that there be “a common field of activity” in which both parties conduct their businesses, that is to say, the Opponent and the Applicant need not be competing traders in the same line of business. Nonetheless, as put by Millet L.J. in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 at 714 (citing *Annabel's (Berkeley Square) Ltd v G Schock (trading as Annabel's Escort Agency)* [1972] RPC 838 at 844), in deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration in assessing misrepresentation to find out whether there is any kind of association, or could be in the minds of the public any kind of association, between the fields of activities of the opponent and of the applicant.
43. In the case of *Lego System A/S v Lego M. Lemelstrich Ltd.* [1983] FSR 155, Falconer J. acted on evidence that the public had been deceived into thinking that

the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. In other words, what the plaintiff in an action for passing off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

44. Hence, what I need to consider is whether there is any kind of association between the fields of activities of the Opponent and the Applicant, and the likelihood of confusion among their customers. It is clear from the evidence that the Opponent and the Applicant are actually in the same or very similar fields of activities in the Mainland China. However, in addition to goods and services which are identical or similar to the Opponent's, the Applicant has included in the subject application some goods and services which are very different. There is no actual evidence of use of the subject mark by the Applicant in Hong Kong. I have found above that the Opponent's Mark has established a goodwill in Hong Kong in respect of the Opponent's Business. After considering the goodwill of the Opponent's Business, the kind of customers and the nature of the goods and services concerned, I find there could be in the minds of the customers some kind of association between the Opponent's Business and the Applicant's subject goods and services in classes 14, 16 and 41 (other than "sporting activities") ("the Objectionable Goods and Services") and it is likely that a substantial number of customers knowing the Opponent's Mark would be mistaken by the Applicant's use of the subject mark that the Objectionable Goods and Services are the goods and services of or in some way connected with the Opponent. While the subject goods in class 14 may be different from calligraphy and paintings, etc., it is common for them to be featured and traded in exhibitions and auctions. On the other hand, I find the goodwill of the Opponent's Business is not wide enough to create any kind of association in the minds of the customers of the Applicant's subject goods and services in classes 35, 36, 41 ("sporting activities" only), 42 and 43 (collectively, "the Other Goods and Services), and there is unlikely any kind of confusion among their customers.

### *Damages*

45. The claimant does not have to prove actual damage (still less special damage) in order to succeed in an action for passing off. A misrepresentation that the defendant's goods or business are those of the claimant is intrinsically likely to damage the claimant if the fields of business of the claimant and the defendant are reasonably close (*The Law of Passing-Off*, Christopher Wadlow, 4<sup>th</sup> edition, 4-011 and 4-013).
46. There is no actual evidence of use of the subject mark in Hong Kong. The Opponent therefore needs only show that it is likely to suffer damage by reason of the erroneous belief engendered by the misrepresentation that the source of the subject goods and services of the Applicant is the same as the source of those offered by the Opponent.
47. In the present case, in view of the goodwill of the Opponent's Mark in the Opponent's Business, the association of the Opponent's Business and the Applicant's Objectionable Goods and Services, and that a substantial number of customers are likely to mistakenly infer from the Applicant's use of the subject mark that the Objectionable Goods and Services offered by the Applicant are from the Opponent or are connected with the Opponent, damage to the Opponent's goodwill is a reasonably foreseeable consequence of use of the subject mark.
48. As all the elements for showing that the use of the subject mark in relation to the Objectionable Goods and Services is liable to be prevented by virtue of the law of passing off have been established, the opposition under section 12(5)(a) therefore succeeds in respect of the Objectionable Goods and Services. As there is lack of association between the Opponent's Business and the Other Goods and Services of the Applicant, the opposition under section 12(5)(a) must fail in relation to the Other Goods and Services. I will further consider whether the opposition in respect of the Other Goods and Services would succeed by relying on the other grounds of opposition.

### **Honest Concurrent Use**

49. It is pleaded that there has been honest concurrent use of the subject mark as the Applicant has used the subject mark continuously in Hong Kong since 2004 and has never received any complaints on possible confusion or misrepresentation of the Opponent's Mark.
50. As indicated in paragraph 38 above, despite the assertion of the Applicant's use of the subject mark in Hong Kong since 2004, there is lack of any actual evidence of use of the subject mark in Hong Kong. In the circumstances, I find that there has not been an honest concurrent use of the subject mark and the Opponent's Mark for the purpose of section 13 of the Ordinance.

### **Opposition under section 12(1), (2) and (3) of the Ordinance**

51. Section 12 of the Ordinance provides as follows:

“(1) A trade mark shall not be registered if–

- (a) the trade mark is identical to an earlier trade mark; and
- (b) the goods or services for which the application for registration is made are identical to those for which the earlier trade mark is protected.

(2) A trade mark shall not be registered if–

- (a) the trade mark is identical to an earlier trade mark;
- (b) the goods or services for which the application for registration is made are similar to those for which the earlier trade mark is protected; and
- (c) the use of the trade mark in relation to those goods or services is likely to cause confusion on the part of the public.

(3) A trade mark shall not be registered if–

- (a) the trade mark is similar to an earlier trade mark;
- (b) the goods or services for which the application for registration is made are identical or similar to those for which the earlier trade mark is protected; and
- (c) the use of the trade mark in relation to those goods or services is likely to cause confusion on the part of the public.”

52. In order to be caught by section 12(1), (2) or (3), there must be an earlier mark which is identical or similar to the subject mark. The Opponent’s Mark is the only mark that has been pleaded and relied on by the Opponent in the Amended Grounds. As the Opponent’s Mark is not a registered trade mark or an applied-for mark in Hong Kong which has an application date earlier than that of the subject mark, it is not an earlier mark under section 5(1)(a) of the Ordinance. Moreover, as I do not consider the Opponent’s Mark is a well-known trade mark (see paragraph 58 below), it would not be considered as an earlier trade mark under section 5(1)(b) of the Ordinance.

53. As there is no earlier mark that the Opponent could rely on in support of its opposition under section 12(1), (2) or (3) of the Ordinance, the Opposition in respect of the Other Goods and Services on this ground is bound to fail.

#### **Opposition under section 12(4) of the Ordinance**

54. Section 12(4) of the Ordinance provides, *inter alia*, as follows:

“... a trade mark which is–

- (a) identical or similar to an earlier trade mark; and
- (b) proposed to be registered for goods or services which are not identical or similar to those for which the earlier trade mark is protected,

shall not be registered if, or to the extent that, the earlier trade mark is entitled to

protection under the Paris Convention as a well-known trade mark and the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.”

55. The meaning of “well-known trade mark” is defined in section 4 of the Ordinance and the Registrar or the court shall have regard to Schedule 2 of the Ordinance in determining whether a trade mark is well known in Hong Kong. Section 5(1)(b) of the Ordinance provides that an “earlier trade mark” includes a trade mark which, at the date of the application for registration of the other trade mark or, where appropriate, at the date of the priority claimed in respect of that application for registration, was entitled to protection under the Paris Convention as a well-known trade mark. And it is provided in section 63(1) of the Ordinance that the owner of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark is entitled to restrain by injunction the use in Hong Kong of a trade mark which, or the essential part of which, is identical or similar to his trade mark, in relation to identical or similar goods or services, where such use is likely to cause confusion on the part of the public.
56. In other words, to succeed under section 12(4) of the Ordinance, the Opponent has to establish that:
- (a) the Opponent’s trade mark is an earlier trade mark which is entitled to protection under the Paris Convention as a well-known trade mark;
  - (b) the subject mark is identical or similar to an earlier trade mark of the Opponent; and
  - (c) the use of the subject mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.
57. It is pleaded, *inter alia*, that the Opponent’s Mark was designated as a well-known trade mark in 2006 in the Mainland China and is entitled to protection as well-known trade mark under the Paris Convention. In deciding whether the Opponent’s Mark is entitled to protection under the Paris Convention

as a well-known trade mark, the Registrar shall take into account any factors from which it may be inferred that the trade mark is well-known in Hong Kong (section 1(1), Schedule 2 to the Ordinance), including information concerning the matters referred to in section 1(2), Schedule 2 to the Ordinance. They include the degree of knowledge or recognition of the trade mark in the relevant sectors of the public; the duration, extent and geographical area of any use of the trade mark; the duration, extent and the geographical area of any promotion of the trade mark and of any registrations or applications for registration of the trade mark, to the extent that they reflect use or recognition of the trade mark and so on.

58. Although I have accepted in paragraph 39 above that the Opponent's Mark has established goodwill in the Opponent's Business in Hong Kong before the relevant date, taking into account all information concerning the matters referred to in section 1(2), Schedule 2 to the Ordinance, I do not consider the Opponent's Mark has become well-known in Hong Kong at or before the relevant date.
59. As the requirement under paragraph 56(a) above is not met, it is not necessary for me to make a finding on the requirements under paragraph 56(b) and (c). The opposition under section 12(4) of the Ordinance in respect of the Other Goods and Services must fail.

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

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

“(5) A trade mark shall not be registered if, or to the extent that –

...

(b) the application for registration of the trade mark is made in bad faith.”

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

11(5)(b) of the Ordinance):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context: how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

62. In *Harrison v Teton Valley Trading Co (CHINAWHITE)* [2005] F.S.R. 10, the English Court of Appeal said (at paragraph 26):

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

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

“The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant’s conduct is dishonest judged by ordinary standards of honest people, the defendant’s own standards of honesty being irrelevant to the determination of the objective element.”

64. An allegation that a trade mark has been applied for in bad faith is a serious allegation. It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible

by a process of inference (*ROYAL ENFIELD Trade Marks* [2002] R.P.C. 24 at paragraph 31). Cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith (*Brutt Trade Marks* [2007] R.P.C. 19 at paragraph 29).

65. It is the Opponent's case that the subject application was maliciously made for unfair interest and would deceive or mislead the public in Hong Kong that the subject mark is the same as the Opponent's Mark.
66. Ms. Suen reiterates that the Applicant is affiliated with and authorized by Wuhan Rongbaozhai to make the subject application. Wuhan Rongbaozhai was affiliated with the Opponent in the past and their communication and business connection was interrupted due to factors beyond their control, such as war, conflict and amalgamation into separate state-owned entities in the Mainland China. She submits that the continued use of the “榮寶齋” mark by Wuhan Rongbaozhai is not dishonest and does not fall below acceptable commercial standards; Wuhan Rongbaozhai is entitled to authorize the Applicant to make the subject application; and it is Wuhan Rongbaozhai's plan to expand its business to Hong Kong. It is contended that the subject application is made in good faith.
67. Apparently, it is not disputed that both the Opponent's Mark and the subject mark actually have the same origin and that the Opponent's Mark forms the distinctive and dominant element of the subject mark. It is also not disputed that the English component of the subject mark is actually the English translation of “榮寶齋”. Further, the fact that Wuhan Rongbaozhai has been doing business under the name or mark of “榮寶齋” in the Mainland China for decades (paragraph 27 above) is not challenged by the Opponent. But the Opponent emphasizes that Wuhan Rongbaozhai was closed and disconnected from the Opponent in 1939 and denies that Wuhan Rongbaozhai or Rongbaozhai Shouji was authorized by the Opponent to use the name or mark of “榮寶齋 (Rong Bao Zhai)”.
68. In other words, the Opponent does not query the fact that the Applicant has been authorized by Wuhan Rongbaozhai to make the subject application but disagrees

that Wuhan Rongbaozhai has such authority.

69. I bear in mind the fact that Wuhan Rongbaozhai has been doing business under the name or mark of “榮寶齋” in the Mainland China for decades. And the Opponent has successfully invalidated or cancelled Wuhan Rongbaozhai’s registrations of a trade mark consisting of the words “榮寶齋” and device in different classes of goods and services in the Mainland China by reasons that the Opponent’s Mark has been recognized as a well-known trade mark in the Mainland China and the use of the said mark by Wuhan Rongbaozhai would mislead the public that it was connected to the Opponent and cause damages to the Opponent’s interest. I take note that the above reasons have nothing to do with the honesty or the intention of Wuhan Rongbaozhai in registering or using the mark concerned.
70. In *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd.* [2009] RPC 9 (“*Cipriani*”), the High Court rejected the proposition that “any party who seeks to take exclusively for himself a trade name which he knows he shares with others is acting in bad faith” after taking into account various factors, *inter alia*, that the community trade mark system worked on a first to file principle, and that notwithstanding that an applicant knew that third parties were using the same mark, it may be the case that the applicant believed that they had a superior right to registration and to use of the mark or may have believed they were entitled to registration in another way. The court also highlighted that a person is presumed to have acted in good faith unless the contrary is proved.
71. It was held by the European Court of Justice in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ETMR 56, paragraph 40 (“*Chocoladefabriken*” case) that “the fact that the applicant knows or must know that a third party has long been using... an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith. Consequently, consideration must also be given to the applicant’s intention at the time when he files the application for registration.” The *Chocoladefabriken* case concerns the use of similar marks in

the shape of chocolate bunnies and at the time when the application was filed, several producers were already using, on the market, identical or similar signs for identical or similar products. After all, in order to determine whether there is bad faith, consideration must also be given to the applicant's intention at the time when he files the application. And the applicant's intention is a subjective factor which must be determined by reference to the objective circumstances of a particular case. Each case must be considered on its own facts and circumstances.

72. Moreover, I note that the subject mark has been registered by a third party in class 16 in Hong Kong on 10 February 2004 and the said registration has been assigned to Wuhan Rongbaozhai on 31 July 2015. While the Opponent has taken issue with a number of companies which have a name similar to "Rongbaozhai", there is no evidence that any opposition or action has been taken against the said registration by the Opponent (see paragraph 23 above).
73. The mere fact that Wuhan Rongbaozhai and the Applicant must have known that the Opponent has already been doing business under the Opponent's Mark in Hong Kong is not sufficient, in itself, to permit the conclusion that the subject application was made in bad faith. In order to determine whether there is bad faith, consideration must be given to the Applicant's intention at the time when the subject application was filed. After considering all the evidence, in particular the facts that both the Opponent's Mark and the subject mark actually have the same origin, Wuhan Rongbaozhai has already been doing business under the name or mark of "榮寶齋" and co-existing with the Opponent in the Mainland China for decades, and that Wuhan Rongbaozhai has already successfully registered the subject mark in class 16 in Hong Kong, I do not find Wuhan Rongbaozhai's intention to expand its business and to seek registration of the subject mark in Hong Kong in various classes would be regarded as bad faith by persons adopting proper standards. I accept that the Applicant has been authorized by Wuhan Rongbaozhai to make the subject application and there is no reason for the Applicant to question such authority. I find that the Applicant may have believed she is entitled to registration of the subject mark on the basis of Wuhan Rongbaozhai's authorization.

74. I therefore do not accept that the Applicant's decision to apply for registration of the subject mark, with knowledge of the Opponent's Mark and its use in Hong Kong, would be regarded as in bad faith by persons adopting proper standards. The opposition under section 11(5)(b) of the Ordinance in respect of the Other Goods and Services must fail

### **Conclusion**

75. The Opponent succeeds in the opposition in respect of the Objectionable Goods and Services under section 12(5)(a) of the Ordinance, but fails in the opposition against the Other Goods and Services as none of the Opponent's grounds of opposition has been made out.

### **Costs**

76. The opposition only succeeds in about half of the subject goods and services, I consider each party should bear its own costs. I therefore make no order as to costs.

(Connie Law)  
for Registrar of Trade Marks

28 February 2019