

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

**APPLICATION FOR REVOCATION OF TRADE MARK 200302479**

**MARK :**



**CLASS : 25**

**APPLICANT : HYX CHINA (GROUP) CO., LTD.**

**REGISTERED PROPRIETOR : HON MAN CHING**

**STATEMENT OF REASONS FOR DECISION**

1. HYX China (Group) Co. Ltd. (“the applicant”) applied to the Registrar of Trade Marks on 21 June 2006 to revoke the registration of the trade mark “HENG YUAN XIANG 恒源祥 & devices” in class 25 under the Trade Marks Ordinance (Cap. 559) (“the Ordinance”) on the ground of non-use. The trade mark was registered, at the time the application for revocation was filed, in the name of Hon Man Ching of Unit 1205, 12/F., Sinoplaza, 255 Gloucester Road, Causeway Bay, Hong Kong (“the registered proprietor”).

2. The hearing of the application took place before me on January 7 and 14 of 2010. Mr. Philips B.F. Wong, counsel, instructed by Messrs. Robin Bridge & John Liu, appeared for the applicant. The registered proprietor, Mr. Hon Man Ching, appeared at the hearing by himself.

### **Ground for revoking the trade mark**

3. The application for revocation is made under section 52(2)(a) of the Ordinance on the ground that the trade mark has not been genuinely used in Hong Kong by the registered proprietor or with his consent, in relation to the goods or services for which it is registered, for a continuous period of at least 3 years, and there are no valid reasons for non-use (such as import restrictions on, or other governmental requirements for, goods or services protected by the trade mark).

### **Registration**

4. The registration that the applicant applies to revoke is the trade mark:



registration number 200302479 (the “subject mark”), registered in class 25 in respect of “clothing, footwear, headgear” (the “specification”). The actual date of registration is 20 February 2003.

### **Evidence in support of the application**

5. Filed with the applicant’s application for revocation, besides the Statement of Grounds of Revocation, was a statutory declaration of Grecki Kathleen Jane, declared on 13 June 2006, as evidence in support of the application. Ms. Jane is the director of Intellect Consultancy Limited, a firm of investigators specializing, among other things, in investigation and management of intellectual property cases. Ms. Jane’s firm received instruction from the applicant’s agent to conduct investigations in Hong Kong for the

purpose of ascertaining the status and use of the subject mark. Ms. Jane's statutory declaration sets out the results of the investigations.

6. Ms. Jane claims that on the 18<sup>th</sup> and 19<sup>th</sup> of May, 2006, an extensive market survey was conducted in busy shopping areas of various district regions across Hong Kong — 4 regions on the Hong Kong Island, 5 in Kowloon and 2 in the New Territories — with a total of 30 shops and outlets being visited. The following questions were asked during the visits on persons who were presumably experienced and employed in the garment/footwear industry<sup>1</sup>:-

- Do you recognise the trademark and device 恒源祥 HENG YUAN XIANG?
- Have you seen the trademark 恒源祥 HENG YUAN XIANG on clothing, footwear, headgear sold in Hong Kong?
- If yes, where and on what products?
- How long have you been aware of this brand?
- When did you last see it?
- Any other information you can provide on this brand of clothing, footwear, headgear?

7. The survey results, which are exhibited as "Appendix B" to Ms Jane's statutory declaration, show that none of the people interviewed at those 30 shops and outlets recognised the so called 恒源祥 HENG YUAN XIANG mark nor had seen the mark on clothing, footwear and headgear sold in Hong Kong.

8. Investigation had also been conducted on wholesalers and distributors of clothing, footwear and headgear found from the Internet and telephone directory records. Ten wholesalers and distributors were chosen and on 20 May 2006, telephone calls were made and the same questions that were asked during the shops and outlets visits were put to them. Similar results were obtained as in the shops and outlets survey.

---

<sup>1</sup> Ms. Jane claims that they were looking for people being employed in the garment/footwear industry for over 3 years, though as the information on the questionnaires reveals, not all of the people interviewed had such experience. Many had only two years experience, but there were some with over twenty years experience.

9. That concludes my review of the applicant's evidence, as the applicant did not file any additional evidence pursuant to Rule 38 of the Trade Marks Rules, Cap. 559A (the "Rules"). But the applicant did apply to cross-examine Mr. Hon Man Ching in relation to his statutory declaration that was filed as the registered proprietor's evidence of use (which shall be discussed below).

### **Counter-statement and registered proprietor's evidence**

10. The registered proprietor filed a counter-statement on 20 December 2006, denying or refusing to admit that there exists any grounds for revocation, and alleging that the subject mark had been genuinely used in Hong Kong from and since August 2004.

11. The registered proprietor's evidence of use, which was filed together with the counter-statement, consists of a statutory declaration of Mr. Hon Man Ching declared on 20 December 2006.

12. Mr. Hon Man Ching is the registered proprietor himself. Mr. Hon claims that he devised the subject mark in early 2002 intending to apply it in his trading business in Hong Kong for clothing, footwear or headgear. He applied for registration of the mark in 2002, and the actual date of registration is 20 February 2003. The limited company Heng Yuan Xiang Development Limited (恒源祥投資發展有限公司) ("the Company"), of which Mr. Hon was both the major shareholder and director, was incorporated in Hong Kong on 30 September 2002 for conducting Mr. Hon's trading business in Hong Kong for clothing, footwear or headgear. Company search records conducted in respect of the Company are exhibited at "HMC-1" to Mr. Hon's statutory declaration.

13. As stated in Mr. Hon's statutory declaration, advertisement of the Company's trading business of clothing with the mark  in Wen Wei Po (文匯報) for the period 10 August 2004 to 9 September 2004 was made. However, what appears as the

registered proprietor's mark, in the Wen Wei Po advertisements exhibited at "HCM-2" to Mr. Hon's statutory declaration is the following mark:-



14. On the other hand, exhibited at "HCM-4" to Mr. Hon's statutory declaration are, as described by Mr. Hon, the "sewn-in labels and hang tags of the Company's trading business of clothing, footwear or headgear since August 2004". I reproduce below the first page of exhibit "HCM-4", which shows the sewn-in labels and hang tags that had been used on articles of clothing appearing also in that exhibit:-

SEWN-IN LABELS (布唛)



HANG TAGS (吊牌)



15. Mr. Hon averred that advertisement leaflets with the mark  printed thereon were distributed in Hong Kong in or about 2004. The advertisement leaflet was exhibited at “HCM-5” to Mr. Hon’s statutory declaration.

16. A photo catalogue was allegedly made in 2006 setting out various styles of Chinese traditional clothing with the mark  printed thereon. The photo catalogue was exhibited at “HCM-6” to Mr. Hon’s statutory declaration. What I could see on the catalogue was the Chinese characters “恒源祥” being aligned vertically on the front page but not on the other pages.

17. Mr. Hon further says that about 500 pieces of desk calendar for the year 2006 with the photos of Chinese traditional clothing and the mark “恒源祥” printed thereon were provided to customers of the Company in Hong Kong. The calendar was exhibited at “HCM-7” to Mr. Hon’s statutory declaration. What I can see is that the Chinese characters “恒源祥”, with the characters “華服薈萃” (meaning a gathering of beautiful costumes) in smaller font below them, are aligned vertically on each page of the calendar.

18. Exhibited at “HCM-8” to Mr. Hon’s statutory declaration are copies of various invoices<sup>2</sup> of the Company. The subject goods of these invoices are described as “恒源祥長裙/長褲/短袖衫” or “HYX 裙/衫”. Mr. Hon says that the Company has been conducting its trading business of clothing, footwear, handbags, etc. in Hong Kong since 2004 on a small scale. The invoices exhibited show dates spanning two years from September 2004 to July 2006.

19. The names of customers appearing on the invoices suggest they are all individuals, and Mr. Hon acknowledged in his statutory declaration that he only knew the surname of “customers”. Mr. Hon states in his statutory declaration that as the quantities of each order

---

<sup>2</sup> Mr. Hon described these documents in his statutory declaration as “Sales and Delivery Notes (銷售出貨單)”. But judging from the nature of these documents which are in Chinese without any English translation, they should be more appropriately referred to as invoices. The Compact Oxford English Dictionary of Current English (free online edition) describes invoice as “a list of goods or services provided, with a statement of the sum due”, this is exactly what the documents exhibited are about.

is relatively small, sometimes the customers would simply pick up the goods at the Company's office whilst sometimes he himself would arrange to deliver the goods to the customers personally; nonetheless, he alleges that it is his understanding that the Company's goods would be sold at the customers' retail shops in Hong Kong. Exhibited at "HCM-10" to Mr. Hon's statutory declaration are two confirmation letters signed by two customers confirming that they ordered clothing with the mark "恒源祥 HENG YUAN XIANG" attached from Mr. Hon or the Company for the period September 2004 to March 2006.

20. Mr. Hon avers that the Company does not employ any staff and he himself was the one responsible for the daily management of the Company including receiving order, marketing, book keeping and delivery of goods. Exhibited at "HCM-9" to Mr. Hon's statutory declaration is the front and back view of Mr. Hon's name card. I reproduced the copy below to show what mark(s) is/are being used on the name card:-

Front side



Back side



21. The above evidence had been tested in the cross-examination of Mr. Hon, details of which I will later discuss in this decision.

**Preliminary issue – leave to file further evidence**

22. The registered proprietor sought leave to file further evidence by enclosing a statutory declaration made by Kwong Mei Yee dated 27 November 2009 (“Kwong’s statutory declaration”) under cover of an undated letter delivered to the Registrar on 6 January 2010, just one day before the date on which the substantive hearing was scheduled to take place. I dealt with this as a preliminary issue at the beginning of the hearing on 7 January 2010.

23. Mr. Hon, the registered proprietor who appeared at the hearing by himself, tried to explain away the lateness for filing Kwong’s statutory declaration by saying that since the deponent of that statutory declaration was a business person who did not understand the rules, it took a lot of time to convince her to come forth to make the statutory declaration.

24. I did not find such an explanation convincing. Mr. Philips Wong, counsel for the applicant, opposed the application for leave to file further evidence and pointed out that there is no good reason offered as to why Kwong’s statutory declaration could not be filed in November 2009 when it was made. Mr. Wong further submitted that the admission of Kwong’s statutory declaration at this very late stage would necessarily prejudice the applicant, and that the relevance of this statutory declaration is very doubtful, given that the materials exhibited thereto are indeed the materials that have been exhibited under Mr. Hon’s statutory declaration (which has been discussed above).

25. I agreed with Mr. Philips Wong on each of the reasons he advanced for me to refuse the leave application. I therefore gave a ruling refusing the grant of leave under Rule 38(4) of the Rules for the filing of Kwong’s statutory declaration, and proceeded to the substantive hearing immediately thereafter.

## **Decision**

26. Revocation of the registration of a trade mark is provided for under section 52 of the Ordinance. In particular, section 52(2)(a) provides that the registration of a trade mark may be revoked where “the trade mark has not been genuinely used in Hong Kong by the owner or with his consent, in relation to the goods or services for which it is registered, for a continuous period of at least 3 years, and there are no valid reasons for non-use”.

27. Section 52(8) provides that for the purposes of subsection (2)(a), the 3-year period may begin at any time on or after the actual date on which particulars of the trade mark were entered in the register under section 47(1), i.e., the actual date of registration of the trade mark.

28. In the present case, the actual date of registration of the subject mark is 20 February 2003. The applicant requests that revocation takes effect from 21 June 2006, which is the date of the application for revocation. In other words, I need to look at the three-year period beginning on 21 June 2003 to ascertain whether or not the subject mark has been “genuinely” used in Hong Kong.

29. Section 82(1) of the Ordinance states: ‘if in any civil proceedings under this Ordinance in which the owner of a registered trade mark is a party, a question arises as to the use to which the trade mark has been put, the burden of proving that use shall lie with the owner’. It is not in dispute by the parties in the present application that the onus of proof of use is on the registered proprietor.

### *The hearing*

30. The hearing on January 7 opened with the cross-examination of Mr. Hon. The cross-examination of Mr. Hon was conducted entirely in English, the language of the

proceedings, without the need of interpretation. Submissions of the parties were made and heard on the other day of the hearing on January 14.

*Cross-examination of Mr. Hon*

31. I have outlined in sufficient detail the evidence of use of the registered proprietor, as contained in Mr. Hon's statutory declaration, at paragraphs 11 to 20 above. The cross-examination of Mr. Hon began with enquiries about the business operation of the Company and the adoption of the subject mark by Mr. Hon. Mr. Hon claimed himself to be a businessman owning two companies in Hong Kong, one of which was the Company. It seems what the Company had in Hong Kong was only a registered address situate at an office unit at Sino Plaza, Gloucester Road, Causeway Bay, and which was shared with other companies, but Mr. Hon said that the Company could well operate its business from that premises.

32. Mr. Hon deposed in his statutory declaration that the subject mark was devised by him in 2002. But when being cross-examined on the question of how the name “恒源祥” – a prominent component of the subject mark – was conceived, Mr. Hon backtracked on his previous statement and claimed instead that he had asked a friend to design the mark, and thought that his friend had explained the idea of the mark in a statutory declaration which he wrongly believed to have been filed in the present proceedings. Mr. Hon admitted that he had not heard of the name “恒源祥” before 2002, and upon realising that his friend's statutory declaration was not in the evidence of the present proceedings, Mr. Hon took on the job of offering an explanation for the mark. Mr. Hon explained that “恒” means last forever (恆久, as Mr. Hon put it in Chinese), “源” means fortune forever (源源不絕 or 源泉, as Mr. Hon put it in Chinese), and “祥” is a common character used for textile companies. Mr. Hon alleged that the combination “恒源祥” is a common name and he was not surprised to learn that the applicant in the present proceedings also bears this name as its company name, as Mr. Philips Wong so revealed to him during the cross-examination. I record that later in the cross-examination, when Mr. Hon came across a page in the photo catalogue 2006 exhibited in “HMC-6”, he immediately on his own initiative pointed out

that the idea of the name “恒源祥” was taken from the following Chinese verses appearing there:-

“恒久中華  
源遠流長  
吉祥如意” (*emphasis added*)

33. When Mr. Philips Wong asked Mr. Hon about the presence of the number “1927” in the device occupying the bottom left part of the subject mark, Mr. Hon’s response was rather convoluted. What I can make out is that Mr. Hon had intended to put down the number “199” or the number “999” in the mark to convey a message of long history and “lasting forever”, however, as neither “199” nor “999” were eventually thought to be appropriate for adoption, “9” was replaced by “2+7” such that the numeral “1927” was eventually adopted. Mr. Philips Wong then put to Mr. Hon that the applicant company commenced business in 1927. Mr. Hon had no comment on this.

34. Mr. Hon deposed in the cross-examination that some of his goods were manufactured in mainland China and some in Hong Kong, but the subject mark was attached to the goods in Hong Kong. Mr. Hon further repeated what he had narrated in his statutory declaration that his goods were delivered to the customers by personal delivery and he got paid in cash. In this way, Mr. Hon asserted, there is no need for him to issue, nor for the customers to demand, any delivery notes or receipts.

35. Mr. Philips Wong then pointed to some copies of the invoices exhibited at “HCM-8” to Mr. Hon’s statutory declaration and asked Mr. Hon to explain how the invoice numbers on those notes had come about. Mr. Hon was not able to account for what the characters “XK” or the numerals “0001” within these invoice numbers stand for, he could only say that the invoice numbers were generated from the software in the computer and that the copies exhibited are only printouts after the event, though the contents thereof should be the same as the originals.

36. The cross-examination ended with a suggestion, by Mr. Philips Wong, of no use at all of the subject mark by the registered proprietor in relation to any goods of clothing. This was flatly denied by Mr. Hon.

*Evidence of use of the subject mark*

37. I now go back to Mr. Hon's evidence. I have gone to great lengths to set out the contents of Mr. Hon's statutory declaration at paragraphs 11 to 20 above, and in particular I have extensively printed out those marks which can be seen in the materials contained in the various exhibits to Mr. Hon's statutory declaration. What I want to show is that, as I observe, except in the two confirmation letters signed by two customers of the Company, there is nowhere else I can see that the mark concerned, despite the claim by Mr. Hon that it was the subject mark in use, is in the actual form in which the subject mark was registered. As a matter of fact, the subject mark is made up of four elements which can be described as follows:-

- the Chinese characters “恒源祥”,
- the English words “HENG YUAN XIANG”,
- a geometrical device with the numeral “1927” in it, which is represented below:



and

- a baby head or face device, which is represented below:



To facilitate the discussions below I shall refer to the above four elements that make up the entire subject mark as the “Four Elements”.

38. It is Mr. Hon’s case, as stated in his statutory declaration, that the subject mark had been genuinely used in Hong Kong from and since August 2004.

39. I have analysed the various materials contained in the exhibits to Mr. Hon’s statutory declaration and the various forms of use of allegedly the subject mark on them. I set out below a table that shows the various forms of use I found from those exhibited materials against the dates of use that can be verified directly therefrom (as opposed to mere assertions of Mr. Hon in his statutory declaration) and any remarks I have:-

| Exhibit | Mark         | Date                 | Use of mark on or in  | Remarks   |
|---------|--------------|----------------------|---|---|
| HMC-2   |              | 10.8.2004 – 9.9.2004 | Advertisements in newspapers about various clothing items and textile products for bedding                    | The advertisements appeared in newspapers everyday throughout the period                      |
| HMC-3   | No mark used | 5.8.2004             | Advertisement notice issued by Wen Wei Po   | The Chinese characters “恒源祥” appears in the notice under the description column of the notice |
| HMC-4   | (i)          | Undated              | (i) On Chinese traditional female clothing, bags made of textile materials and lady’s suits or outer clothing | (i) as sewn-in labels on clothing and hang tags on bags                                       |
|         | (ii)         | Undated              | (ii) on T-shirts, dresses, trousers, lady’s suits or outer clothing, jackets                                  | (ii) as sewn-in labels on clothing  |
|         | (iii)        | Undated              | (iii) dresses and lady’s suits or outer clothing  | (iii) as sewn-in labels on clothing   |
|         | (iv)  and    | Undated              | (iv) jackets  | (iv) each of the mark as hang tags attached to the  |

| Exhibit | Mark  | Date                | Use of mark on or in  | Remarks  |
|---------|---|---------------------|-----------------------|--|
|         |   |                     |                       | jackets which in themselves have the  mark as Sewn-in label |
| HMC-5   | the Chinese characters “恒源祥” and the English words “HENG YUAN XIANG”  | Undated             | Advertisement leaflet |  |
| HMC-6   | the Chinese characters “恒源祥”  | Undated             | catalogue             | the Chinese characters “恒源祥” only appear on the front page   |
| HMC-7   | the Chinese characters “恒源祥”  | 2006                | Calendar              | See description at paragraph 17 above  |
| HMC-8   | the Chinese characters “恒源祥”  | 11.9.2004—10.7.2006 | Invoices              | See description at paragraph 18 above and questions raised at the cross-examination at paragraph 35 above                                      |
| HMC-9   |  and  | Undated             | Name card             | See description at paragraph 20 above  |

40. From the above, it is clear that the registered proprietor had not used any mark on footwear and headgear at all. I shall make this a finding of fact on the items of footwear and headgear in the specification.

41. Of the various marks used on clothing items, only the use on newspaper advertisements, invoices and the 2006 calendar have credible dates for verification. For the various clothing items shown in “HMC-4”, Mr. Hon only asserted that he had applied the marks to “the sewn-in labels, hang tags of the Company’s trading business of clothing, footwear or headgear since August 2004”, but the photographs of the clothing items bearing the labels or hang tags do not show any dates, there is therefore no obvious way of verifying the accuracy of that statement of Mr. Hon at least in so far as the date of use is concerned. Given that no footwear and headgear were found to have been involved from the entire evidence, the credibility of that statement of Mr. Hon, including the assertion about the date of use of the various labels and hang-tags, is cast in doubt. Mr. Philips

Wong further commented that it had not been asserted that the use of the marks had taken place in Hong Kong.

42. Another point I wish to highlight with respect to the evidence above is that in the last three photographs shown in exhibit “HMC-4”, jackets with sewn-in label  were also attached with hang-tags of  and , this means that the registered proprietor might have had used more than one mark (or more than one form of use) to identify a particular type of goods, which in this case is jackets. I shall have more to say on this later when evaluating whether the forms of use are acceptable variant form of use of the subject mark.

43. Above all, as obvious from the discussions so far, the registered proprietor has various forms of use of allegedly the subject mark, on or in relation to the goods of clothing. Given the state of the evidence filed, namely, there is no breakdown of the otherwise unimpressive turnover figures<sup>3</sup> as between these variant forms of use, it is impossible for me to say, and I believe even Mr. Hon himself is not in a position to say, with respect to each form of use, the place, time and extent of sale. Underlie this is therefore a more fundamental issue I need to determine first, viz., whether all, or only some, or none at all, of the various forms of use shown could be treated as acceptable variant form(s) of use of the subject mark.

*Use in a form which differs in elements which do not alter the distinctive character of the subject mark in the form in which it was registered?*

44. Section 52(3)(a) of the Ordinance provides that for the purposes of revocation on the ground of non-use, use of a trade mark includes use in a form which differs in elements which do not alter the distinctive character of the trade mark in the form in which it was registered.

---

<sup>3</sup> As gleaned from the invoices exhibited at “HMC-8”, each order of sales involves only an amount of a few hundreds to thousands Hong Kong Dollars, the largest being HK\$3,146 but most are below HK\$1,000.

45. I will therefore begin my decision by examining the forms of use demonstrated by Mr. Hon in his statutory declaration, and then to assess whether they are acceptable variants; if I find that they are, I will return to the question whether such use amounts to genuine use under section 52(2)(a).

46. Mr. Philips Wong referred me to what has been perceived to be the leading English authority on the issue, namely, the Court of Appeal decision in *Budejovicky Budvar Narodni Podnik v Anheuser-Busch Inc (BUD)* [2003] RPC 25, and drew my attention particularly to paragraph 43 of that decision. I would, however, like to quote more extensively on what Lord Walker said in that case:

“43. ...The first part of the necessary inquiry is, what are the points of difference between the mark as used and the mark as registered? Once those differences have been identified, the second part of the inquiry is, do they alter the distinctive character of the mark as registered?

44. The distinctive character of a trade mark (what makes it in some degree striking and memorable) is not likely to be analysed by the average consumer, but is nevertheless capable of analysis. The same is true of any striking and memorable line of poetry:

‘Bare ruin’d choirs, where late the sweet birds sang’

is effective whether or not the reader is familiar with Empson’s commentary pointing out its rich associations (including early music, vault-like trees in winter, and the dissolution of the monasteries).

45. Because distinctive character is seldom analysed by the average consumer but is capable of analysis, I do not think that the issue of ‘whose eyes? - registrar or ordinary consumer?’ is a direct conflict. It is for the registrar, through the hearing officer’s specialised experience and judgment, to analyse

the ‘visual, aural and conceptual’ qualities of a mark and make a ‘global appreciation’ of its likely impact on the average consumer, who:

‘Normally perceives a mark as a whole and does not proceed to analyse its various details.’

The quotations are from para [26] of the judgment of the Court of Justice in Case C-342/97 *Lloyd Schuhfabrik Meyer GmbH v Klijsen Handel BV* [1999] E.C.R. I-3819; the passage is dealing with the likelihood of confusion (rather than use of a variant mark) but both sides accepted its relevance.”

47. More recently, the same issue has been considered by both the Court of First Instance (CFI) and the European Court of Justice (ECJ). These cases have been reviewed by Richard Arnold QC, sitting as the Appointed Person for the UK Trade Marks Registry, in *NIRVANA Trade Mark* (BL O/262/06) and *REMUS Trade Mark* (BL O/061/08). He summarised his review in *NIRVANA* (and reiterated it in *REMUS*) in the following way:

“33. .... The first question is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period....

34. The second question is whether the sign differs from the registered trade mark in elements which do not alter the latter’s distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all...”

48. In the *NIRVANA* and *REMUS* cases, Mr Arnold was considering whether use of a mark that consisted of two distinct words was sufficient to demonstrate use of only one of those words. The circumstances of those cases are slightly different to the current case and that of the *BUD* case. Nevertheless, the general principles as summarized by Mr Arnold should be relevant here and I would apply the formulated test to the present case.

49. The question I now have to address is this: in respect of each variant form of use, whether it differs from the subject mark in elements which do not alter the latter's distinctive character. This question, as suggested by Mr. Arnold in the passage quoted above, can be broken down into the following sub-questions:-

- (a) what is the distinctive character of the subject mark;
- (b) what are the differences between the mark used (or form of use) and the subject mark; and
- (c) do the differences identified in (b) alter the distinctive character identified in (a).

*What is the distinctive character of the subject mark?*

50. In terms of what constitutes the distinctive character of the registered mark, Mr. Philips Wong submitted that each of the Four Elements contribute to the overall distinctiveness of the mark. I will first examine each of their distinctiveness in relation to the goods concerned individually, and then the overall impression conveyed to the relevant public by them as a whole within the subject mark.

51. I start with the Chinese characters “恒源祥”. As Mr. Hon put it, “恒” has the meaning of lasting forever, and “源” also carries that meaning to a certain extent, though it refers to spring or origin of water. The third character “祥” means good luck or good omen, or peace. Whilst the combination of these three characters might arouse in the minds of consumers a sensibility of good and long fortune or peace, which in relation to the goods

for which the subject mark is registered could be a bit laudatory, it is a far cry from saying that the term lacks distinctiveness.

52. The words “HENG YUAN XIANG” is obviously a transliteration of “恒源祥” into English, and has at least the same level of distinctiveness as the Chinese term.

53. I now come to the graphic or pictorial elements in the subject mark, viz., the geometrical device and the baby head device. On the bottom left part of the mark is the geometrical device (with the numeral “1927” inside and near its bottom) which looks, in my own view, rather like a sheep’s head; on the bottom right part of the subject mark is a baby head device. Whilst I consider that the sheep-like device as well as the baby head device might to a certain extent be allusive or suggestive of clothing which is made of or contains wool and clothing for baby (which are within the specification of the subject mark) respectively, like the terms “恒源祥” and “HENG YUAN XIANG” which I found to be a bit laudatory, it does not necessarily equate to a finding that the graphic elements lack distinctiveness. I am here assessing whether each of the devices contributes a part to the distinctive character of the subject mark, to my mind they both have such impact and effect.

54. In terms of the overall assessment of the distinctive character of the subject mark, all of the Four Elements which make up the subject mark, as I have found above, plays a part in this even though they are not, and indeed none of them is, of the highest degree of distinctiveness. Generally speaking, words that have at least some degree of distinctiveness will normally speak louder than any accompanying graphical elements. But I also bear in mind what Sir Martin Nourse said in *Bud/Budweiser Budbrau* which I have quoted above<sup>4</sup>, at paragraphs 11 and 12:

“11 The judge also criticised Mr Salthouse for having sought to ascertain what was the central message of the mark. For myself, I do not think that that was what Mr Salthouse did. Paraphrasing somewhat, I understand him to have said that the distinctive feature of the mark was the words Budweiser Budbräu and that the different fonts and the underlining of the word Budbräu did

---

<sup>4</sup> See paragraph 46 of this decision.

not detract from, or add anything to, that distinctive feature. On that view of the matter Mr Salthouse was doing precisely what s.46(2) [*the UK equivalent of section 52(3)(a) of the Ordinance*] required him to do.

- 12 Mr Bloch accepted that, in relation to a particular mark, it is possible, as Mr Salthouse put it, for the words to speak louder than the device. However, he said that it does not necessarily follow that the entire distinctive character of the mark lies in the words alone. That too is correct. But there is yet another *possibility*. A mark may have recognisable elements other than the words themselves which are nevertheless not significant enough to be part of its distinctive character; or, to put it the other way round, the words have a dominance which reduces to insignificance the other recognisable elements. In my judgment, on a careful reading of Mr Salthouse's decision, it was into that category that he put the Budweiser Budbräu mark. ..." (*italic added*)

55. Does the subject mark in the present case fall into the *other-possibility* category as Mr. Salthouse's did in that case? I do not think so. Whilst the Chinese characters “恒源祥” and the words “HENG YUAN XIANG” are, in my view, likely to be the most memorable part to attract the greatest focus and I regard them as the most dominant and memorable part of the subject mark, they are not the only distinctive elements. The other distinctive elements, namely, the two graphical elements in the lower part of the subject mark, in this case are important too. The graphical elements are present in the subject mark, each is of a size and occupies a place visually as important as the Chinese characters, and even more so than that of the words. They are not simple background or embellishments, and they are not insignificant in the overall impression that the subject mark creates. Balancing respective factors, such as the degree of distinctiveness inherent in the Chinese characters and the words, and the impact and distinctiveness of the graphical elements, it is my view that the Chinese characters and the words do not dominate to insignificance the graphical elements of the mark.

56. Moreover, in my view, the graphical elements make the subject mark more distinctive than it otherwise would have been. In summary, the Chinese characters, the

English words and the graphical elements make a contribution to the distinctive character of the subject mark – in other words, every member of the Four Elements has a part in the overall distinctive character of the subject mark.

*What are the differences between the subject mark and the variant uses?*

57. As discussed, the subject mark is made up of the Four Elements, and the marks used by Mr. Hon were each made up of one, two or even three of the Four Elements, but never all of them as a mark. For easy analysis I divide up the variant forms of use as demonstrated by Mr. Hon’s evidence into the following five versions:-

Version 1



Marks containing only the term “恒源祥”.

Version 2



Marks containing only the term “恒源祥” and the geometric sheep-like device.

Version 3



Marks containing only the term “恒源祥” and the words “HENG YUAN XIANG”.

Version 4



Marks containing only the term “恒源祥”, the words “HENG YUAN XIANG” and the geometric sheep-like device.

Version 5



Mark containing only the baby head device.

58. The primary difference between the subject mark and the five versions shown above is that at least one (and can be up to three) of the Four Elements that make up the subject mark is absent from these other forms of use. There are further differences, namely, in the positioning of the various elements but I do not think their importance is as much as the primary difference.

59. At this juncture, I would like to return to a point I raised at paragraph 42 above, viz., what to make of a clothing item, namely, jacket, that had been identified by one sewn-in label together with two hang tags at the same time; or more specifically, I pose this question to myself:- do I have to regard the label and the two hang tags as a unified whole and evaluate whether they together amount to a form of use which differs in elements which do not alter the distinctive character of the subject mark in the form in which it was registered?

60. This is not a situation where the mark in question is used alongside other marks jointly and autonomously and question arises whether the mark in question is used in a form different to the one under which it was registered.<sup>5</sup> Rather the converse is the case here, viz., whether the label and the hang tags, each being clearly an independent variant form of use which stands on its own, can be considered to constitute one whole and be assessed as such for the purpose of section 52(3)(a). There is no evidence that the label and the two hang tags were as a matter of course always be used together in such a manner, at least Mr. Hon had not asserted so. I must say I know of no precept in the trade mark system that obliges me to treat the label and the two hang tags as a unified whole under the circumstances. I must therefore treat each of them as an independent form of use, in respect of which I should assess individually for the purpose of section 52(3)(a).

*Do the differences alter the distinctive character of the subject mark?*

61. As Mr. Arnold pointed out in the quotation I have detailed above at paragraph 47, this is not a question as to whether the differences between the subject mark and the variant uses will be noticed by the average consumer. It is instead a question as to whether the distinctive character of the subject mark that I have identified in the above analysis is altered in the variant forms of use. Given my finding that each of the Four Elements plays a recognisable part in the make-up and distinctiveness of the subject mark, it follows that absence of any of the Four Elements from any variant forms of use must consequently alter its distinctive character.

62. The logical conclusion based on my above findings is that none of the five versions of variants depicted in paragraph 57 above are acceptable variants for the purposes of section 52(3)(a) of the Ordinance.

---

<sup>5</sup> Such a situation has been considered in the Court of First Instance (of the European Communities) in the case T-29/04 *Castellblanch SA v Office for Harmonisation in the Internal Market* [2005] ECR II-5309. It was held that it is possible that “two or more trade marks are used jointly and autonomously”.

### *Conclusion*

63. It follows that on evidence, the subject mark in the form it was registered has not been used, except on the two letters signed by two customers confirming that they ordered clothing with the mark “恒源祥 HENG YUAN XIANG” attached from Mr. Hon or the Company for the period September 2004 to March 2006 (exhibited at “HCM-10” to Mr. Hon’s statutory declaration). The two letters were dated 17 October 2006 and 18 December 2006. Both are in fact the same pro forma letter with the subject mark being pre-printed thereon, with the name, address and signature of the customer being filled in by hand. They were obviously solicited by the registered proprietor for the purpose of these proceedings rather than being contemporaneous, spontaneously generated documents. They are of dubious evidential value and should not be treated as evidence of use of the subject mark.

64. There is therefore no need for my further analysis and determination of the evidence of use, nor for that matter the cross-examination of Mr. Hon, though in respect of the latter I note on passing that at times, it is Mr. Hon’s honesty in registering the subject mark in the first place, rather than the evidence of use put forth by Mr. Hon, that seemed to be the target of the cross-examination.

65. In conclusion, I must find that there has been no use at all, let alone genuine use. The application for revocation is successful and registration of the subject mark is to be revoked for all goods with effect from 21 June 2006, the date of the application for revocation.

### **Costs**

66. The applicant has sought costs. As nothing in the circumstances or conduct of this case warrants a departure from the general rule that the successful party is entitled to his costs, I order that the registered proprietor pays the costs of and incidental to these proceedings.

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

(Frederick Wong)

for Registrar of Trade Marks

6 July 2010