

TRADE MARKS ORDINANCE (Cap. 559)

APPLICATION NO.: 300126800AA

APPLICANT: CHEONG KEE SHOES CO., LTD.

CLASS: 25

MARK:



STATEMENT OF REASONS FOR DECISION

Background

1. On 12 December 2003, Cheong Kee Shoes Co., Ltd. filed an application (application no. 300126800) to register the above mark (in series: mark A on a grey rectangular background and mark B on a light green rectangular background) ('the subject mark') in respect of the following goods and services under the Trade Marks Ordinance ('the Ordinance'):

Class 25

Footwear; shoes; boots; sneakers; sandals; sports shoes; all included in Class 25.

Class 35

Retailing of footwear, shoes, boots, sneakers, sandals, sports shoes; all included in Class 35.

2. At the examination stage, objections were raised under section 11(1)(b) and (c) of the Ordinance on the basis that the word 'Milan' and the Chinese characters '米蘭' are geographical indications. The applicant sought to overcome the objections by filing evidence of use for the purpose of establishing a case of acquired distinctive character under section 11(2) of the Ordinance. The evidence comprises solely of a Statutory Declaration of Tam King Sum dated 22 February 2005 ('the SD').

3. The applicant subsequently divided the application into two separate applications, i.e. 300126800AA (in respect of goods in Class 25) and 300126800AB (in respect of services in Class 35), pursuant to rule 27 of the Trade Marks Rules. On the basis of the evidence filed, application no. 300126800AB proceeded to publication and registration, but objections were maintained against application no. 300126800AA ('the subject application').

4. The applicant called for a hearing in respect of the subject application which took place on 9 May 2005. Mr Peter Tang of Messrs Benny Kong & Peter Tang appeared on behalf of the applicant. I reserved my decision at the end of the hearing.

5. At the hearing Mr Tang indicated that the applicant would not pursue the application on a *prima facie* basis but would proceed on the basis of the evidence filed under section 11(2) of the Ordinance.

The Trade Marks Ordinance

6. Section 11(1) of the Ordinance is as follows:

- (i) Subject to subsection (2), the following shall not be registered –
 - (a) ...
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks which consist exclusively of signs which may serve, in trade or business, to designate the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or rendering of services, or other characteristics of goods or services; and
 - (d) ...
- (ii) A trade mark shall not be refused registration by virtue of subsection (1)(b), (c) or (d) if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.

Decision

7. The subject mark comprises the word ‘Milan’ and the Chinese characters ‘米蘭’ (which are the Chinese transliteration for ‘Milan’). These are placed against a rectangular background in grey (in mark A) and light green (in mark B).

8. I agree with the objections raised under section 11(1)(b) and (c) during the examination stage in that the subject mark is not registrable on a *prima facie* basis because it is devoid of any distinctive character and it consists exclusively of signs which may serve to designate the geographical origin of the applied for goods in Class 25.

9. The applicant is seeking to overcome the objections by establishing that before the date of application for registration, i.e. 12 December 2003, the subject mark had in fact acquired a distinctive character as a result of the use made of it, under section 11(2) of the Ordinance.

10. In the SD Mr Tam states that he is the General Manager of the applicant, and that the applicant has been using the subject mark in respect of the applied for goods (and services in Class 35 claimed under application no. 300126800AB) since 16 November 1979. The SD refers to the following exhibits:

- Exhibit A is a paper carrier bag with the subject mark printed on both sides.
- Exhibit B consists of 4 merchant copies of credit card payment records regarding two transactions that took place in September 2000. Each copy contains a representation of the subject mark (with minor differences) in the lower left corner.
- Exhibit C consists of 12 colour copies of photographs of the applicant’s shops. These photographs show that shoes are sold in the shops, and that a large representation of mark B of the subject mark is placed on a wall in each of the shops. Except for the second photograph which is dated 21 June 2001, all the other photographs are undated.
- Exhibit D is a sample discount card issued to customers.
- Exhibit E is described as a ‘sample “合格証” issued by the applicant

for its products'. It is a paper card in Chinese which appears to be used as a sign that the goods comply with the applicant's quality control system, although there is no information on how the card is used by the applicant. Mark A of the subject mark appears in the corner on one side of the card.

- Exhibit F is an envelope bearing mark B of the subject mark.
- Exhibit G consists of two copies of newspaper advertisements for the 10th and 12th anniversaries of Sogo Department Store. One is dated 19 November 1995, and the other appears to be dated 30 April 1997. The applicant appears to be a sponsor on both occasions, and the advertisements only show the subject mark without any reference to the applicant's goods or services.
- Exhibit H is a copy of a letter in Chinese issued by the applicant to the winner of a lucky draw. It is undated but probably issued sometime in 1998. The winner could collect a pair of '意大利名廠皮鞋' ('leather shoes from a well known Italian manufacturer') from '米蘭皮鞋專門店' ('Milan Leather Shoes Specialist Store') inside Sogo Department Store. The subject mark appears in the top right hand corner as part of the letterhead.

11. Mr Tam also states that the applicant has been selling the applied for goods bearing another mark, i.e. 'MILAN & CO.'. Exhibit I consists of 4 colour photographs of shoes which bear the words 'Milan & Co.' on the insoles of the shoes.

12. Paragraph 7 of the SD gives annual sales figures for the years 1999 to 2003. The average annual sales figure for that period was approximately HK\$50 million. According to paragraph 9 of the SD, the average annual promotional expenditure for the years 1999 to 2003 was HK\$150,686.

13. Turning to section 11(2) of the Ordinance, its equivalent, i.e. Article 3(3) of the First Council Directive 89/104/EEC, was considered by the European Court of Justice in the '*Windsurfing Chiemsee*' case [1999] ETMR 585. The relevant principles are as follows:

'- a trade mark acquires distinctive character following the use which has been made of it where the mark has come to identify the product in respect of which registration is applied for as originating from a

particular undertaking and thus to distinguish that product from goods of other undertakings;

- in determining whether a trade mark has acquired distinctive character following the use which has been made of it, the competent authority must make an overall assessment of the evidence that the mark has come to identify the product concerned as originating from a particular undertaking and thus to distinguish that product from goods of other undertakings;

- if the competent authority finds that a significant proportion of the relevant class of persons identify goods as originating from a particular undertaking because of the trade mark, it must hold the requirement for registering the mark to be satisfied.’ The ‘Windsurfing Chiemsee’ case at paragraph 54.

14. The issue of whether a mark has acquired a distinctive character through use requires an overall assessment of the ability of the mark to distinguish in fact. The overall assessment is made taking into account the presumed expectations of the average consumer of the category of products concerned who is deemed to be reasonably well-informed and reasonably observant and circumspect (*Kerly’s Law of Trade Marks and Trade Names, 13th edition, para. 7-93*). In the context of this application, where the goods are general merchandise, such consumers are essentially members of the general public.

15. Whether the use is sufficient to establish a case of acquired distinctive character is a question of fact and degree. On the basis of the evidence filed, the Registrar has already accepted that the mark has become distinctive of the applicant’s retailing services in Class 35. The question I have to determine now is whether applicant’s use of the subject mark has made it distinctive in respect of footwear in Class 25.

16. In Hong Kong it is not uncommon for a retailer of footwear to sell a variety of shoes which originate from different producers. Such a retailer would select and offer for sale shoes made by other undertakings. There are also retailers who sell shoes which bear their own trade marks. Some retailers sell both – shoes bearing their own trade marks and also shoes bearing marks of other undertakings. Shopping experience therefore tells customers in Hong Kong that in the footwear industry, a retailer is not necessarily an undertaking linked to other undertakings involved in other

parts of the supply process, such as producers or wholesalers of the goods. Depending on the facts, consumers in Hong Kong would normally draw a distinction between a mark used for retailing of footwear and a mark for footwear itself.

17. The applicant claims in the SD that it has been using the subject mark in the manufacturing and selling of footwear since November 1979. While the Exhibits to the SD show that the subject mark is used as the name of the applicant's shops, and on carrier bags and credit card receipts, there is no indication in the evidence that the applicant applies the mark directly on the goods, i.e. footwear, or advertises the mark specifically for footwear, as opposed to advertising retail premises where it provides its services. Although Exhibit I suggests that the applicant might have been involved in the production of a line of footwear under the name 'Milan & Co', the evidence in this regard lacks detail and involves a different mark.

18. Exhibit C shows that the subject mark has been used as a shop name in the applicant's shops. The photographs however do not show any use of the subject mark directly on the goods. Further, some of the photographs in Exhibit C show that posters containing a number of word marks, i.e. 'LECO'S', 'IXUS', 'SIMON BAY', 'SANGRADINO' etc., were placed in the applicant's shops. These posters do not contain the subject mark, and they suggest that the applicant's shops sold footwear bearing those marks but not the subject mark. In this regard and on the evidence I find that average consumers would be likely to consider that those marks actually on the goods are the trade mark for those goods, and that the name of the shop indicates and is the mark for retailing services.

19. The evidence does not explain how the discount card and 'quality assurance card' (Exhibits D and E) are used by the applicant. There is no evidence to link the discount card with the applicant's goods. While the quality assurance card may suggest that the applicant operates a quality control system for its goods, and it contains a statement to the effect that the applicant is a dealer or distributor of imported Italian footwear, there is no evidence to show that the subject mark is applied to footwear sold or distributed by the applicant. Further, there is a lack of information on how the card is used, e.g. whether it is placed together with footwear on display, or simply placed in the carrier bag with the goods after a customer has made a purchase. Without additional information or evidence on use of the cards, they fail to show a direct connection between the subject mark and the applicant's goods.

20. The advertisements (Exhibit G) only show use of the subject mark in the context of the 10th and 12th anniversary of Sogo Department Store. It is used together with a number of third party marks, and there is no indication of a link between the applicant's footwear and the subject mark in those advertisements.

21. The applicant does not explain in the SD how the carrier bags and credit card receipts were used, but presumably they were issued to customers after they had made their purchases. In the circumstances, I find that the carrier bags and credit card receipts, although displaying the subject mark, reinforce consumers' perception of the applicant as a retailer, and consumers are unlikely to make the assumption that the mark has become distinctive for footwear.

22. The other Exhibits, i.e. Exhibits F and H, clearly do not assist. I also note that the evidence does not show any other means of affixing the mark on the goods, e.g. hang-tags bearing the mark and attached to the goods.

23. The sales figures provided in the SD are substantial. Generally sales figures would be significant in the assessment of acquired distinctive character of a mark if the evidence showed that the goods carry the mark. However, in this application the evidence does not show any use of the mark directly on footwear, and the sales figures merely indicate that there were many customers for the applicant's retailing services. In this regard, the subject mark has already been accepted as distinctive of retailing services related to footwear in Class 35.

24. It is clear from the evidence filed that the applicant has used the mark in respect of retailing services, but there is no evidence of use of the mark directly on footwear itself. As a result consumers are unlikely to perceive the mark as a badge of trade origin for footwear.

25. At the hearing Mr Tang contended that the use made by the applicant as shown in Exhibits A to H should be treated as use of the subject mark 'in relation to' the applied for goods, which according to Mr Tang is the 'central question' in this application. Mr Tang cited sections 6 and 18(5) of the Ordinance, and also *Stichting Greenpeace Council v Income Team Limited T/A Green Peace and Others* [1996] 1 HKLR 269 to support his argument.

26. The effect of section 18(5) is clearly limited to infringement cases. While section 6 gives an inclusive meaning to ‘use as a trade mark’, it has been suggested that ‘use’ may be different in different provisions :

‘It may well be that the concept of “use in relation to goods” is different for different purposes. Much may turn on the public perception of the use. For instance, if you buy Kodak film in Boots and it is put into a bag labeled “Boots”, only a trade mark lawyer might say that Boots is being used as a trade mark for film. Mere physical proximity between sign and goods may not make the use of the sign “in relation to” the goods. Perception matters too...’: Euromarket Designs Inc. v Peters and Crate & Barrel Ltd [2001] FSR 20, per Jacob J.

27. In the *Greenpeace* case, the court was construing the phrase “use in relation to goods” in the context of an infringement action under the now repealed Trade Marks Ordinance (Cap. 43). Determination of whether there was ‘use in relation to goods’ was an important issue in that case because of the wording of sections 2 and 27 of Cap. 43. The case was not about acquired distinctiveness through use. In the present case, the question before me is whether a mark has in fact acquired a distinctive character as a result of the use made of it under section 11(2) of the Ordinance. The question is not answered by construing what ‘use in relation to the goods’ means. I have to assess the evidence in this case and determine whether as a result of the use made of the mark, the mark has in fact become distinctive of the applicant’s Class 25 goods. I do not find the *Greenpeace* case to be of assistance here.

28. I should point out that registration for retail services has been available in Hong Kong since 1992, and the subject mark has already been accepted for registration in respect of retail services related to footwear on the basis of the applicant’s evidence. The question I have to consider here is whether the same evidence establishes a case of acquired distinctive character for goods that the applicant retails. For reasons indicated above, my assessment of the evidence filed is that it fails to show a direct connection between the subject mark and the applicant’s goods, and that there is an absence of evidence to show that the mark has in fact acquired a distinctive character in respect of footwear.

29. As the applicant has failed to establish that the subject mark had, by the application date, acquired the necessary distinctive character, it follows that the mark is excluded from registration by section 11(1)(b) and (c) of the Ordinance.

Conclusion

30. In this decision I have considered all the documents filed by the applicant and all the arguments submitted in relation to this application. For the reasons given I refuse the application under section 42(4)(b) as the subject mark is excluded from registration by section 11(1)(b) and (c) of the Ordinance.

Andy Lau
for Registrar of Trade Marks
11 November 2005