


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

**OPPOSITION TO TRADE MARK APPLICATION NO. 300528110**

**MARK:** 

**CLASS:** 30

**APPLICANT:** WANG JING

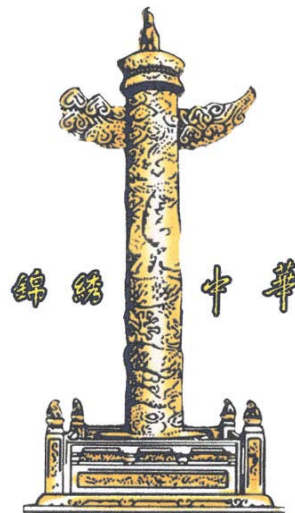
**OPPONENT:** SHANGHAI TOBACCO (GROUP) CORPORATION

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**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 11 November 2005 (“Application Date”), Wang Jing (“Applicant”) filed an application under the Trade Marks Ordinance (Cap. 559) (“Ordinance”) for the registration of the following mark (“suit mark”) –



Registration is sought in respect of the following goods in Class 30 –

“coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice”

The Applicant has not made any claim of priority in respect of the subject application.

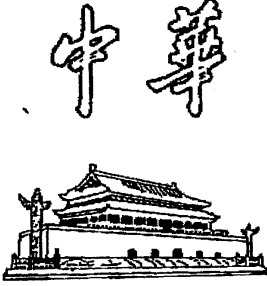
2. Particulars of the subject application were published on 10 February 2006. On 9 May 2006, Shanghai Tobacco (Group) Corporation (“Opponent”) filed a notice of opposition against the subject application together with a statement of the grounds of opposition. In response to the notice of opposition filed, the Applicant filed a counter-statement on 31 July 2006. The Opponent subsequently sought and was granted leave to amend the statement of grounds of opposition (“Amended Statement”). The Applicant did not file any amended counter-statement.


3. As evidence in support of the opposition, the Opponent filed a statutory declaration made by Xu Hulier (“Xu Declaration”). The Applicant did not file any evidence.

4. The opposition was fixed to be heard on 26 October 2010. Only the Opponent filed a notice of intention to appear at the hearing and Mr. Liu Bufa of China & Hong Kong Law Service Limited appeared on behalf of the Opponent. The Applicant did not appear at the hearing but filed written submissions prior to the hearing.

### Grounds of opposition

5. The grounds of opposition stated in the Amended Statement are those set out in sections 11(4)(b), 11(5)(b), 12(3), 12(4) and 12(5)(a) of the Ordinance. According to the Amended Statement, the Opponent seeks to rely on its ownership in the two trade marks below –

Trade Mark No.	Trade Mark	Class	Specification
2001B06363 (“Mark A”)		34	tobacco; smokers' articles; matches; all included in Class 34

2004B04943 ("Mark B")		34	cigarettes; tobacco, cigars, snuff, cigarette paper, cigarette pipes, cigarette holders, pocket apparatus for rolling cigarettes; ashtrays, not of precious metal, matches; lighters, not of precious metal; all included in Class 34
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Mark A and Mark B are hereafter collectively referred to as the "Opponent's Marks".

### Opponent's evidence

6. The Xu Declaration was made by Xu Hulie, Vice President of the Opponent. According to the Xu Declaration, the Opponent was formed by the restructure of the original Shanghai Tobacco Company and its parent enterprise in 1993. Its core business is cigarettes, but it is also involved in tobacco storage and transportation, printing, machinery, materials etc. as well as commercial business, food processing, real estate, finance and insurance and hotel industry. In 2005, the realized tax of the Opponent was RMB 21.1 billion and the profit amounted to RMB8.1 billion<sup>1</sup>, with the net assets reaching RMB38.422 billion.

7. As averred to in the Xu Declaration, the Opponent sell its cigarettes under the brand names of "Chunghwa (中華)", "Panda (熊猫)", "Happiness (紅双喜)", "Peony (牡丹)" and "Zhong Nan Hai (中南海)" etc. These products sell well in the whole country as well as in overseas markets, and the Opponent received many awards in mainland China for its products over the years. The Opponent has also invested significant advertising and promotional expenses for the marketing of its products.

8. In relation to cigarettes sold under the "Chunghwa (中華)" brand, the Xu Declaration indicates that the first sales of tobacco products bearing the mark "中華" or "Chunghwa", whether standing alone as a word mark or in conjunction with what are referred to by the Opponent as the "Pillar" device and/or the "Tian An Men" device ("Chunghwa Marks"), begun more than 50 years ago. The date of first sale of such tobacco products in Hong Kong is, as mentioned in the Xu Declaration, in about 1954. This brand has become very famous in mainland China and the

<sup>1</sup> This figure, as given in paragraph 3 of the Xu Declaration, does not tally with the figure set out in paragraph 10 of the Xu Declaration but I am prepared to accept it as it is, despite the absence of any explanation from the Opponent.

Opponent has been awarded numerous awards for it. Figures for products sold in Hong Kong by reference to the Chunghwa Marks as well as promotional expenditure for such marks in Hong Kong have been given for the years 2001-2006.

9. It is clear from the materials submitted though that they relate to tobacco products in the main and there is nothing among them that shows use of the marks of the Opponent on other goods or services. I shall come to the other details regarding the sales of the “Chunghwa (中華)” brand cigarettes by the Opponent later.

### **Section 12(3)**

10. Section 12(3) of the Ordinance provides that –

*“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*

*(a) the use of the trade mark in relation to those goods or services is likely to cause confusion on the part of the public.”*

11. This ground of objection is based on the existence of an “earlier trade mark”, a term defined in section 5 of the Ordinance. Extracts of the relevant parts of section 5 read as follows –

*“(1) In this Ordinance, “earlier trade mark”, in relation to another trade mark, means –*

*(a) a registered trade mark which has a date of application for registration earlier than that of the other trade mark, taking into account the priorities claimed in respect of each trade mark, if any; or*

*(b) a trade mark which, at the date of the application of 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.”*

12. Under rule 16(2) of the Trade Marks Rules (Cap. 559A) (“Rules”), an opponent is required to give in the notice of opposition certain particulars of the earlier trade marks that it wants to rely on as the basis of the opposition. These

particulars for the Opponent's Marks have been set out in paragraph 3 of the Amended Statement.

13. As pointed out in the above, apart from the Opponent's Marks, the Amended Statement has, in paragraph 4, mentioned the use of other marks comprising “中華” or “Chunghwa” in various forms, referred to as the Chunghwa Marks, in relation to the products of the Opponent. A categorical statement as to how many such other marks there are or how they look like cannot be found, but at the end of paragraph 4 of the Amended Statement, there is a list of a few other marks of the Opponent which are registered in mainland China, with an indication of the class of the goods for which the marks are registered. There is no statement in the list though indicating the goods and/or services in respect of which the marks in this list have been used, as required by rule 16 of the Rules. Furthermore, in the discussions about the extent of use and the similarity of the marks in paragraphs 7 and 8 of the Amended Statement, only the Opponent's Marks have been referred to. More importantly, in paragraph 9(i) of the Amended Statement where the ground of objection under section 12(3) of the Ordinance is formulated, the only marks mentioned as the basis for this ground of opposition are the Opponent's Marks. I can therefore only consider the opposition under section 12(3) as being based on the Opponent's Marks as earlier trade marks.

14. Section 12(3) is modeled on section 5(2) of the UK Trade Marks Act 1994<sup>2</sup>, which in turn implements Article 4(1)(b) of the European Trade Marks Directive<sup>3</sup>. That being the case, the principles stated in a number of the cases of the European Court of Justice (ECJ) on the application of Article 4(1)(b) of its Directive are therefore relevant on the construction of section 12(3).

15. According to the case of *Sabel BV v Puma AG* [1998] R.P.C. 199, the

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<sup>2</sup> Section 5(2) of the UK Trade Marks Act 1994 provides as follows –

- “(2) A trade mark shall not be registered if because –
- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
  - (b) it is similar to an earlier trade mark and is to be registered for goods or services identical or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

<sup>3</sup> Article 4(1)(b) of the European Trade Marks Directive 89/104/EEC of 21 December 1988 provides –

- “(1) A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:
- .....
- (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

likelihood of confusion must be appreciated globally, taking into account all relevant factors. The matter has to be judged through the eyes of the average consumer of the goods or services in question who normally perceives a mark as a whole and does not proceed to analyse its various details. Furthermore, the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impression created by the marks bearing in mind their distinctive and dominant components. In the case of *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77, the average consumer is said to be one who is deemed to be reasonably well informed and reasonably observant and circumspect – but who rarely has the chance to make direct comparison between different marks and instead rely upon the imperfect picture of them he has kept in his mind.

16. In addition, in assessing the likelihood of confusion, I have to be mindful of the principle established in the case of *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* [1999] R.P.C. 117; that is, a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods or services, and vice versa. The *Sabel BV v Puma AG* case, *supra*, also suggests that there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character either *per se* or because of the use that has been made of it.

17. To determine whether registration of the suit mark is prohibited under section 12(3) of the Ordinance, I have to consider whether the suit mark would likely cause confusion on the part of the relevant consumers as a result of it being similar to either of the Opponent's Marks and because it is to be registered in respect of goods that are the same as or similar to the goods in respect of which either of the Opponent's Marks is registered. In doing so, I must consider the similarities between the suit mark and the Opponent's Marks and the similarities in the goods. In assessing the likelihood of confusion, I have to bear in mind the provisions of section 7(1) of the Ordinance as well, which states as follows:-

*“For greater certainty, in determining for the purposes of this Ordinance whether the use of a trade mark is likely to cause confusion on the part of the public, the Registrar or the court may take into account all factors relevant in the circumstances, including whether the use is likely to be associated with an earlier trade mark.”*

Thus, I have to take into account all factors that are relevant in the circumstances.

### *Comparison of marks*

18. The goods applied for are general food and drinks items which are consumed all the time by members of the general public. They are therefore the relevant consumers of the goods in question. They can be expected to exercise an average level of care and attention in their selection of such goods but they do not pay attention to every detail.

19. Mark A is registered subject to a disclaimer that the registration of the mark shall give no right to the exclusive use of the Chinese characters “中華”, which means “China”. Following the principle laid down in the case of *Torremar Trade Mark* [2003] RPC 199, the disclaimed element in a mark should not be taken into account when comparing the mark in issue with the earlier mark. If the Chinese characters “中華” in Mark A are discounted in the comparison between the suit mark and Mark A, the only resemblance between them is the pillar device that appears in both. However, the obvious fact is that the depiction of the pillar is not the same in the two marks. The base of the pillar is subsumed as part of the building in Mark A. Further, unlike the suit mark where the relative size and the position of the pillar render it a very prominent feature, the pillars (there are two) in Mark A are relegated to the two corners of the building in the Tian An Men device. Given that the average consumer is a member of the general public who does not pay attention to details, it is fair to say that, without any prompting, this average consumer may not even notice the presence of the pillars in Mark A.

20. In addition, the suit mark has the Chinese characters “錦繡” on the left of the pillar and the Chinese characters “中華” on its right. The Chinese characters “錦繡中華” mean “beautiful China”. I stress again that the similarity of these characters with the disclaimed element in Mark A is not to be counted. As a whole, the relevant consumers will recall the suit mark as a composite mark with word elements and a pillar device. On the other hand, in view of the disclaimer and the prominence of the Tian An Men device, Mark A will be recalled as the Tian An Men device mark. Visually, the two marks are highly dissimilar.

21. Aurally, without taking into account the disclaimed Chinese characters in Mark A, the suit mark can be pronounced while Mark A cannot. Conceptually, the message conveyed by the Tian An Men device in Mark A is also at variance from that communicated by the pillar device and the Chinese characters in the suit mark. There can therefore be no justification in finding the two marks to be similar to each

other.

22. Mark B is also subject to a disclaimer, whereby its registration shall give no right to the exclusive use of the word “Chunghwa”. Unlike Mark A, the pillar device in Mark B does not form part of a building but is singularly and independently presented. The pillar device in the suit mark appears to be the same as that in Mark B. Although the suit mark comprises the additional Chinese characters of “錦繡中華”, there is still some degree of similarity in the appearance of the two marks. Aurally, because of the disclaimer, Mark B cannot be pronounced while the suit mark will be pronounced as “錦繡中華”. Conceptually, the Chinese characters in the suit mark will cast a conceptual dimension that is quite distinct and separate from that aroused by the pillar device that is common to both marks. There is thus commonality only in the appearance of the two marks. Nonetheless, I am prepared to proceed on the basis that Mark B and the suit mark are similar.

#### *Comparison of goods*

23. For comparison of goods, the principles stipulated in the case of ***British Sugar v James Robertson and Sons Ltd*** [1996] R.P.C. 281(at page 296-7) are relevant. In that case, Jacob J set out the factors that should be taken into account when considering the similarities between goods and/or services. They are :

- (c) The respective uses of the respective goods or services;
- (d) The respective users of the respective goods or services;
- (e) The physical nature of the goods or acts of services;
- (f) The respective trade channels through which the goods or services reach the market;
- (g) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves; and
- (h) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

24. The specification of Mark B is a bit more detailed but the goods covered are actually almost the same as those covered by the registration of Mark A; namely



tobacco products and smokers' articles ("Opponent's Goods"). These goods are of interest to only a particular group of the general public, that is, smokers and they are, in Hong Kong, not the majority. This is in contrast with the users of the goods applied for which are, save where constrained by health reasons or personal preferences, intended for consumption by every member of the public.

25. The use that the Opponent's Goods are meant for is also in stark contrast from the goods now under application. The food and drinks items for which registration is now sought are for satisfying hunger, quenching thirst or enjoyment by the users, and are alternatives for a necessity for staying alive. The Opponent's Goods, on the other hand, are not required for subsistence but are consumed or purchased largely as a result of an addiction, although to some of the users, enjoyment can also be derived. The two categories of goods are not in competition with each other at all.

26. In terms of trade channels, there are also substantial differences between the two trades. The sale and marketing of cigarette products are highly regulated. Sale of tobacco products to a person under 18 is prohibited (and thus, unlike food and drinks items, they cannot be sold as self-serve items) and advertisements for such products are no longer allowed. Moreover, health regulations also require health warnings to be displayed on packaging of tobacco products, not only in the form of words, but also in the form of realistic biological pictures of the human anatomy to emphasize the damage to the lungs or perhaps other parts of the body. As there are no such prohibitions or regulations relating to the food and drinks items under consideration at all, these products are considered by the purchasing public as different from tobacco products.

27. Having assessed the matter with reference to the factors stipulated in the *British Sugar* case, *supra*. I do not consider the Opponent's Goods to be similar to the goods applied for.

#### *Likelihood of confusion*

28. As noted in paragraphs 14-17 above, in considering whether there is a likelihood of confusion, I am to apply the global appreciation test, taking into account all relevant factors. In doing so, I have to consider the normal and fair use of the Opponent's Marks as they are. Further, according to the *Sabel v Puma* case, *supra*, there is a greater likelihood of confusion where the earlier trade mark has a highly

distinctive character, either *per se* or through use; and according to the *Canon Kabushiki Kaisha* case, *supra*, a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods or services, and vice versa.

29. The Opponent has not addressed me on the inherent distinctiveness of the Opponent's Marks but the un-disclaimed elements in them, the Tian An Men device and the Pillar device, have nothing to do with tobacco products. They are thus *per se* distinctive of such goods.

30. As regards the distinctive character that may be acquired through use, the Opponent has also not made any specific suggestions on the point. Nonetheless, the Opponent claims long and extensive use of both Mark A and Mark B. I have briefly set out in paragraphs 6-9 above the evidence about the background of the Opponent and its tobacco products manufacturing business. Sales figures relating to the tobacco products of the Opponent under the Chunghwa Marks in Hong Kong for the years 2001-2006<sup>4</sup> are set out in the Xu Declaration, with sample invoices provided to support the sales claimed. Promotional expenses for the Chunghwa Marks in Hong Kong have also been given in the Xu Declaration, with sample advertisements exhibited.

31. I should mention that there is no breakdown of the data relating to the extent of sales and promotional activities carried out by the Opponent for each of the Opponent's Marks. However, since it is clear from the sample use materials provided that the two marks both appear on the package of the cigarettes marketed by the Opponent under the "Chunghwa (中華)" brand, I consider it safe for me to form a view of the distinctiveness of the two marks on the basis of those figures. The sales figures are indeed impressive and hence the Opponent's Marks do have enhanced distinctiveness through the use that has been made of them.

32. Nonetheless, it is apparent from the materials submitted that the production of tobacco products is the core business of the Opponent. Although the Opponent has pointed out a few other ancillary businesses that it is involved in, there is nothing before me which indicates the scope of such businesses and the extent to which they have been carried on, whether in the mainland China, Hong Kong or other places.

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<sup>4</sup> The Opponent has set out a set of export figures for its tobacco products bearing the Chunghwa Marks in respect of Hong Kong in paragraph 15 of the Xu Declaration and a different set of sales figures for its tobacco products in Hong Kong in paragraph 16 of the Xu Declaration. Assessment of the distinctiveness of the Opponent's Marks owing to the use made of them has been carried out on the basis of the figures in paragraph 16 of the Xu Declaration.

The invoices, advertisements, awards and other information submitted relate only to tobacco products and not any other businesses of the Opponent. Thus, the distinctive character of Mark A and Mark B, as enhanced as a result of the use made of them, is limited to tobacco products only, and does not extend to the goods now applied for.

33. Notwithstanding the added distinctiveness of Mark A, whether *per se* or as a result of its use, in light of the great disparity between Mark A (with the disclaimed Chinese characters disregarded) and the suit mark and between tobacco products and the goods applied for, I do not consider there to be a likelihood of confusion.

34. As regards Mark B, there is indeed high similarity in its outlook with that of the suit mark. However, the significant aural and conceptual divergences between them tilt the balance back a bit. Despite the distinctiveness of Mark B, whether *per se* or as enhanced through use, when the great differences between tobacco products and the food and drinks items applied for are also taken into account, the similarity between the two marks is more than offset by the divergence between the goods applied for and the tobacco products. Having taken a global appreciation of all the relevant factors, the inevitable conclusion is that confusion is unlikely.

35. The opposition under section 12(3) of the Ordinance is thus unsuccessful.

#### **Section 12(4)**

36. Another ground of opposition relied on is that under section 12(4) of the Ordinance. It reads 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.”*

37. In paragraph 9(ii) of the Amended Statement, when pleading the opposition

under section 12(4) of the Ordinance, the Opponent has also only relied on the Opponent's Marks as the basis for the opposition. Hence, I can only consider the case with them as the earlier trade marks. To succeed on this ground of opposition, the Opponent has to show three conditions:-

- (i) the suit mark is identical or similar to the earlier trade mark, and
- (ii) the earlier trade mark is entitled to protection under the Paris Convention as a well-known trade mark; and
- (iii) the use of the suit mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark.

38. Although the requirement that the marks in question have to be identical or similar is found both in section 12(3) and 12(4) of the Ordinance, it is clear from the case of *Adidas-Salomon and Adidas Benelux v Fitnessworld Trading Ltd* [2003] ECR I-12537 (a decision on the interpretation of Article 5(2) of the European Trade Marks Directive<sup>5</sup> regarding infringement) that, for the purpose of section 12(4), the degree of similarity between the marks does not have to result in there being a likelihood of confusion between them on the part of the relevant section of the public. It is sufficient if the marks are similar to the extent that the relevant consumers establish a link between them. Further, the existence of such a link is to be assessed globally, taking into account all factors relevant to the circumstances of the case. In addition, according to the case of *Intel Corporation Inc v CPM United Kingdom Ltd*. [2009] RPC 15 ("the *Intel* case"), at paragraph 64, the fact that the earlier mark has a huge reputation for certain specific types of goods or services does not necessarily imply that there is such a link.

39. The case of *Torremar Trade Mark*, *supra* is a case on section 5(2) of the UK Trade Marks Act 1994 and it is not clear whether it has any application to the comparison of marks for the purpose of section 5(3) of the UK Trade Marks Act<sup>6</sup>, the

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<sup>5</sup> Article 5(2) of the European Trade Marks Directive 89/104/EEC of 21 December 1988 provides –

“2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

<sup>6</sup> Section 5(3) of the UK Trade Marks Act 1994 provides as follows –

“A trade mark which is identical or similar to an earlier trade mark shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC), in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

provision upon which section 12(4) of the Ordinance is modeled. Without making any finding on this point, for considering whether either of the Opponent's Marks is similar to the suit mark for this ground of opposition, I am prepared to proceed by taking into account the disclaimed elements in both Mark A and Mark B.

40. In the case of Mark A, the Chinese characters “中華” are prominently displayed. Although the Chinese characters “中華” are also found in the suit mark, its inclusion in the suit mark is as a component of the term “錦繡中華”. The addition of “錦繡” in the frontal part not only affects the visual impressions that consumers will have of the two marks but also imports a conceptual signification of some auspicious tidings which is absent in the case of Mark A where only the term “中華” and not the phrase “錦繡中華” is used. This adds to the distance between the two marks visually, aurally as well as conceptually. When each of the two marks is considered as a whole, despite the inclusion of the Chinese characters “中華” in Mark A, the presence of the equally-dominant pictorial part of that mark means that the overall impression that relevant consumers have of it is very different from that of the suit mark. There is no basis at all to consider the two marks as similar. The opposition under section 12(4) of the Ordinance that is based on Mark A as the earlier trade mark therefore fails.

41. The position with Mark B is different if the disclaimed word “Chunghwa” is taken into account in comparing it with the suit mark. In each of the two marks, the same pillar device is the prominent and dominant element. Although “Chunghwa” is an English word, it is the transliteration of the term “中華”. The two marks should be regarded as similar. It is thus necessary to consider whether the relevant consumers would establish a link between them.

42. In the *Intel* case, the court indicated, at paragraph 42 of the judgment, that the factors to be considered in assessing whether such a link exists include the degree of similarity between the conflicting marks, the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public, the strength of the reputation of the earlier mark, the distinctive character of the earlier mark, whether inherent or acquired through use, and the existence of the likelihood of confusion on the part of the public.

43. I have already remarked upon the great divide between the goods in respect of which Mark B is registered and the goods for which registration is now sought for

the suit mark. I am also of the view that even if the disclaimed element in Mark B is accounted for in the comparison of the two marks, there will not be a likelihood of confusion on the part of the public when the goods of concern are at such variance. Mark B is indeed distinctive of tobacco products but the reputation of Mark B, if any, is clearly restricted only to tobacco products. Hence, after taking into consideration all these matters in the global assessment that should be made and notwithstanding the similarity between Mark B and the suit mark, I do not think the relevant consumers of the goods applied for will make a link between the two marks.

44. Lest I be wrong on this point, to succeed in the opposition under section 12(4) of the Ordinance, the Opponent still has to show that the other two conditions are satisfied; namely Mark B is a well-known trade mark in Hong Kong and that the use of the suit mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of Mark B. On the former of these two conditions, according to section 4 of the Ordinance, the factors listed in Schedule 2 of the Ordinance are relevant. The Xu Declaration has however only given information on the sales and advertising expenses relating to the Chunghwa Marks on tobacco products. There is not much else for me to form a view on a number of the factors in Schedule 2 in respect of Mark B. I am prepared nonetheless to proceed on the assumption that Mark B is a well-known trade mark in Hong Kong. Although I have only addressed the position relating to Mark B in the analysis below, since the case presented by the Opponent for Mark A is the same as that presented for Mark B, the situation with Mark A cannot fare better.

45. The Opponent has not particularized on how use of the suit mark by the Applicant on the goods applied for would take unfair advantage of, or be detrimental to, the distinctive character or repute of Mark B. This is not something for me to fill in on behalf of the Opponent, on whose shoulders the burden of proof squarely rests. In the case of *Spa Monopole v OHIM* [2005] ECR II-1825 (“the *SPA-FINDERS* case”), the court said that although the owner of the earlier mark was not required to demonstrate actual and present harm to his mark, he had to adduce *prima facie* evidence of a future risk, which was not hypothetical, of unfair advantage or detriment. I shall therefore examine whether the Opponent has made out a case under this ground of opposition.

46. First to be considered is whether the use of the suit mark on the goods applied for will cause detriment to the distinctive character of Mark B. In paragraph

29 of the *Intel* case, *supra*, such detriment was said to be caused when the ability of the earlier mark to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and service for which it is registered, is no longer capable of doing so.

47. There is no evidence from the Opponent on how the grip that Mark B has on the consumers of its tobacco products can be weakened by the use of the suit mark on the food and drinks items applied for. Nor can I find any justification for me to draw any such inference from the facts presented when the divergence between the business of the Opponent and that of the Applicant is so vast and significant. It is therefore my finding that the Opponent has not made out a claim of any future, as opposed to hypothetical, risk of detriment to the distinctive character of Mark B.

48. As for detriment to the repute of the earlier trade mark, an explanation on what amounts to such detriment can be found in the case of *L'Oreal SA v Bellure NV* [2010] RPC 1, at paragraph 40. It essentially means the detriment that is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the power of attraction of the earlier trade mark is reduced. The likelihood of such detriment may arise in particular from the fact the goods or services offered by the other party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.

49. Again, there is no evidence from the Opponent which shows that the repute of Mark B will be negatively affected by the use of the suit mark on food and drinks items. To borrow the words of the court in the *SPA-FINDERS* case, there is no antagonism between the goods covered by Mark B and those covered by the suit mark which might be detrimental to the repute of Mark B. Given the negative image of smoking in the Hong Kong society, any tarnishing of image will, in my view, only happen the other way round.

50. That leaves the taking of an unfair advantage of the distinctive character or repute of the earlier trade mark. In the *L'Oreal* case, *supra*, the court has this to say about what is meant by unfair advantage, at paragraph 41 –

*“As regards the concept of ‘taking unfair advantage of the distinctive*

*character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.”*

51. The Opponent has not shown that Mark B carries with it a particular image or that it projects any particular characteristics. As the use of Mark B has been confined to tobacco products, I do not see what advantage there is for the Applicant to take if it seeks to transfer an image projected by Mark B, which has long been associated with products that are harmful to health, to the food and drinks items to be sold under the suit mark. As the Opponent has not addressed me on any other unfair advantage that may have been or will be taken by the Applicant through the use of the suit mark, I have to find in favour of the Applicant on this point as well.

52. As the conditions for establishing the opposition under section 12(4) of the Ordinance have not been met, the opposition based on this ground is unsuccessful.

#### **Section 12(5)(a)**

53. The ground of opposition under section 12(5)(a) of the Ordinance is worded as follows –

*“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); or...”*

54. On the circumstances under which a passing off action can be established, the following passage from the decision of the House of Lords in **Reckitt & Colman Products Ltd v Borden Inc** [1990] RPC 341 has been adopted by the Hong Kong Court of Final Appeal in the case of **Ping An Securities Limited v 中國平安保險(集團)股份有限公司** (FACV No. 26 of 2008) –

*“The law of passing off can be summarised in one short general proposition,*



*no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely on a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Third, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."*

55. The protection afforded by the common law action of passing off is not dependent on the registration of the mark. Thus, an objection under section 12(5)(a) of the Ordinance can be based upon the Opponent's ownership of registered as well as unregistered marks. However, it is clear from paragraph 9(iii) of the Amended Statement that the objection under this ground of opposition is also based on the goodwill and reputation of the Opponent's Marks and not any of the other marks of the Opponent. I shall therefore consider the objection on such premises.

56. To constitute passing off, the Opponent has first to establish that its products have acquired a goodwill or reputation in the market and are known by some distinguishing feature. In the above analysis of the evidence filed by the Opponent for the opposition under section 12(3) of the Ordinance, I have set forth my views about the nature and extent of the reputation of the tobacco products of the Opponent. I am satisfied that Mark A and Mark B have both attained a reputation in respect of

tobacco products. Despite the Opponent's claim of its involvement in other businesses, there is no evidence before me to find that the reputation of Mark A or Mark B extends beyond the sale of tobacco products.

57. Next to consider is whether the use of the suit mark by the Applicant will likely lead to the deception of the public. According to Buckley L.J. in *H. P. Bulmer Ltd v J Bollinger SA (No. 3)* [1978] R.P.C. 79 (at page 99), the representation required to found an action of passing off has to consist of conduct "*such as to mislead members of the public into a mistaken belief that the goods or services of the defendant or the defendant's business are or is either (a) the goods or services or business of the plaintiff or (b) connected with the plaintiff's business in some way which is likely to damage the plaintiff's goodwill in that business*".

58. There is no evidence before me of any actual use of the suit mark. Nonetheless, since section 12(5)(a) of the Ordinance refers to the use of the mark applied for being liable to be prevented by virtue of the law of passing off, the requirement can be satisfied where, as at the Application Date, the fair and notional use of the suit mark would constitute passing off.

59. A matter to be addressed first is the similarity between the marks as used by the Opponent and by the Applicant. Since the protection of passing off is irrespective of registration, the disclaimed elements of Mark A and Mark B should no longer be disregarded. Based on the fair and notional use of the marks in question, I have carried out a comparison of the suit mark with Mark A, with the disclaimed element "中華" taken into account, as well as a comparison of the suit mark with Mark B, with the disclaimed element "Chunghwa" taken into account, in the above when dealing with the opposition under section 12(4) of the Ordinance. It is my finding that Mark B can be considered as similar to the suit mark, but not Mark A.

60. To ascertain the likelihood of deception, the closeness of the respective fields of activity in which the Opponent and the Applicant carry on business is another pertinent factor to consider. 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), 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.

61. In the discussions above, I have pointed out that although the Opponent claims to be involved in other businesses, the evidence filed only supports the manufacture and sale of tobacco products. The goods applied for by the Applicant relates to the food and drinks industry, a very different field of activity. Members of the public in Hong Kong do not associate the two with each other. There is no real risk that the public would be misled into believing that the food and drinks sold to them by the Applicant are in any way associated with the Opponent, a producer of tobacco products.

62. The above view is further reinforced upon examination of the manner in which the trade of the Applicant is carried on. Prepackaged food and drinks can be sold and consumed almost everywhere without fear of criminal sanction. There is also no restriction to whom the sales of such products can be made. Further, although prepackaged food items have to comply with labeling requirements, the requirements are for giving more information about the ingredients and nutritional value of the products.

63. That is not the case with tobacco products. The sale of tobacco products to a person under the age of 18 is a criminal offence. So is smoking in a lot of public places. The labeling of the tar and nicotine yields in tobacco products is meant to provide information to the users of the level of harmful matters in the products. The prescribed health warning required to be displayed is intended for discouraging people from buying or using the products.

64. The respective trades are really too far apart and hence, despite the similarity between Mark B and the suit mark, there is no reason at all for a buyer of the food and drinks items of the Applicant to be confused into thinking that what he is purchasing are products of the Opponent. Having considered all the relevant circumstances, it is my finding that the Opponent has not shown a liability of misrepresentation arising from the circumstances of the case. The ground of opposition under section 12(5) therefore fails.

#### **Section 11(4)(b)**

65. Section 11(4)(b) of the Ordinance reads as follows:-

*“A trade mark shall not be registered if it is –*

*(b) likely to deceive the public.”*

66. The pleading of this ground of opposition can be found in paragraph 9 (iv) of the Amended Statement. In essence, the Opponent claims that the suit mark is likely to deceive the public because it is substantially similar to the Opponent’s Marks and the goods applied for are similar or associated with the goods of interest to the Opponent and so use of the suit mark in relation to the goods applied for would be likely to deceive the public into believing that they are the goods of or associated with or licensed or approved or sponsored by the Opponent.

67. An objection under this ground of opposition is not concerned with deception that arises from the similarity of the suit mark with another registered or unregistered mark. That sort of deception is covered by the grounds of opposition under section 12(3), 12(4) and 12(5) of the Ordinance. Section 11(4)(b) deals with deceptiveness which is inherent in the mark itself. As noted by the judge in the case of *QS by S Oliver Trade Mark* [1999] RPC 520 at 524 –

*“I note that section 3(3)(b) is intended to apply where the deception alleged arises from the nature of the mark itself. This is consistent with section 3 of the Act which is entitled “Absolute grounds for refusal” and is to be contrasted with section 5 of the Act which deals with relative rights of the applicant and other parties.”<sup>7</sup>*

68. The objection as pleaded by the Opponent under this ground has therefore been dealt with in the parts relating to section 12(3), 12(4) and 12(5) above. As the Opponent has not submitted any other materials which suggest inherent deceptiveness of the suit mark, the opposition under section 11(4)(b) fails.

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

69. The ground of opposition under section 11(5)(b) of the Ordinance is phrased as follows:-

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<sup>7</sup> Reference to section 3(3)(b) of the Act is to the provision in the UK Trade Marks Act 1994, upon which section 11(4)(b) of the Ordinance is modeled and section 5 of the same Act is the provision upon which section 12 of the Ordinance is modeled.

*“A trade mark shall not be registered if, or the extent that –*

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

70. There is no definition of the term “bad faith” in the Ordinance. In ***Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*** [1999] RPC 367, Lindsey J had, at page 379, expressed his views on the meaning of the term, as follows:-

*“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.”*

71. In determining whether an application was made in bad faith, the courts have applied a test which involves both subjective and objective elements. In the case of ***Ajit Weekly Trade Mark*** [2006] RPC 25, at paragraph 44 of the decision, the test is formulated by the Appointed Person 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.”*

72. In the Amended Statement, the Opponent seeks to make out a case of bad faith on the basis that there is substantial similarity between the Opponent’s Marks and the suit mark, the huge efforts and expenses incurred by the Opponent in the promotion of the Opponent’s Marks and the resultant extensive goodwill and reputation enjoyed by the Opponent. It is the Opponent’s suggestion that in adopting the suit mark, the Applicant is seeking to take advantage of the reputation and goodwill of the Opponent’s Marks.

73. The proof required to establish this ground of opposition was considered in the case of *ROYAL ENFIELD Trade Marks* [2002] RPC 24, where an application was opposed to under section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of the Ordinance). At paragraph 31 of the judgment, the Appointed Person said this in relation to an allegation of bad faith under section 3(6) of the UK Act –

*“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.”*

74. The Opponent has not addressed this ground of opposition in the Xu Declaration. I can find no distinct proof of bad faith on the part of the Applicant, nor are there any materials before me which would justify the drawing of any inference that the application was made in bad faith. The evidence of use submitted by the Opponent only supports a case of use in relation to tobacco products and it is my finding that they are not similar to the goods applied for. That being the case and in the absence of evidence showing otherwise, even if the Applicant had known about the Opponent’s Marks before the date of filing of this application, the adoption of the suit mark by the Applicant for use on goods of such diverse nature from tobacco products could not have been regarded as having fallen short of the ordinary standards of honest people. The ground of opposition under section 11(5)(b) therefore fails.

### **Other matters**

75. I have not made any references to the written submissions of the Applicant or the submissions made by Mr. Liu at the hearing in the above and I should give an account for not doing so. The written submissions filed by the Applicant on 21 October 2010 were in Chinese. As the language of proceedings is English and it is not clear whether the Opponent had been provided a copy of those submissions, the Registry wrote to the Applicant, on the same date and copying the Opponent, asking the Applicant to provide an English translation of the submissions and to send a copy of the submissions to the Opponent. No reply has been received from the Applicant. In the letter of the Registry, it is clearly stated that the Registrar, as a tribunal, is bound by the rules of natural justice and cannot take into account materials submitted by one party without affording the opposite party an opportunity to make submissions thereon.

76. As for the Opponent, apart from telling me that the Opponent's Marks are very well-known, Mr. Liu made no other substantive submissions at the hearing. As is apparent from the analysis above, even if the Opponent's Marks were to be considered as well-known in Hong Kong, that would not be of assistance to the Opponent. Mr. Liu also proposed to read out the Xu Declaration at the hearing but after I had assured him that I would fully consider what have been set out there, he said he had no further submissions to make.

77. There is one other matter brought up by Mr. Liu at the hearing though. He indicated that the Opponent intended to file additional evidence to show that the marks of the Opponent were well known marks, both in mainland China and in Hong Kong. This he said was important because the application was not in respect of goods in Class 34 (the class to which tobacco products belong). However, he did not show me the further evidence to be submitted, nor did he file the further evidence at the hearing. He simply said he would write further to the Registry to present the additional evidence. When asked the reason for the delay in the Opponent's attempt to file further evidence, Mr. Liu did not have a sure answer but he speculated that it was because of the lack of understanding by the Opponent of the procedure for the opposition proceedings.

78. Mr. Liu did file a document with further submissions on 25 November 2010, which on the face of it, had not been copied to the Applicant. As the Opponent's agent was copied on the letter from the Registry mentioned in paragraph 75 above, Mr. Liu would no doubt be aware that I cannot take into account the fresh materials unless and until I am satisfied that the Applicant has had an opportunity to make submissions on them.

79. What is more crucial is that there is no legal basis for me to consider the additional submissions made. An opposition proceeding is an *inter partes* proceeding and its conduct and procedure are regulated by the Ordinance and the Rules to ensure fairness. The parties first each has a chance to set out the framework of its case, either in the statement of grounds of opposition or the counter-statement. They then are allowed to rally support for their cases by filing evidence. The various rounds of evidence that can be filed in an opposition proceeding are clearly prescribed in rules 18-20 of the Rules and as stipulated in rule 20(3) of the Rules, when these rounds are completed, neither party can file any further evidence except with the leave of the Registrar. This state of event was clearly drawn to the attention of both parties in the letter from the Registry to them dated 28 January 2008, more than two

years ago. After all these stages have been gone through, a hearing on the dispute between the parties will be fixed. The hearing represents the very last stage of the proceeding before the Registrar for the parties to present their cases. There are no additional rounds for doing so. Variation to the procedure is possible but only if due cause is shown and the prejudice to the affected parties duly addressed. In the present case, I cannot see any justification in allowing Mr. Liu to draw up his own timetable for filing documents.

80. There is one other side issue which I would want to draw to the attention of the Opponent. Under rule 79 of the Rules, evidence may be admitted by the Registrar in any proceedings if filed by way of a statutory declaration or affidavit. As the fresh materials submitted by Mr. Liu do not comply with this requirement, they would not have had any evidentiary value even if the filing of them were to be permitted.

81. In the premises, I have not gone through the additional materials submitted by Mr. Liu in November 2010. Nonetheless, I wish to point out that if those materials are for showing that the Opponent's Marks are really well-known in respect of tobacco products in Hong Kong, that is something already addressed in the decision arrived at in the above.

### **Costs**

82. As the opposition has failed, I award the Applicant costs. Subject to any representations, as to the amount of costs or calling for special treatment, made by either party 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.

Caroline Chow  
For Registrar of Trade Marks  
15 December 2010