

TRADE MARKS ORDINANCE (CAP. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 300981595

MARKS:



CLASS: 30

APPLICANT: HONG TAI CHANG CO., LTD.

OPPONENT: KO LAI LEE

STATEMENT OF REASONS FOR DECISION

Background

1. On 27 October 2007 (“Application Date”), Hong Tai Chang Co., Ltd. (“Applicant”) filed an application (“Application”) under the Trade Marks Ordinance (Cap.559) (“Ordinance”) for registration of the following marks as a series of marks (collectively, “suit marks”):



(“Mark A”)



(“Mark B”)

2. The Applicant claimed the colour red as an element of Mark A in the Application.
3. Registration of the suit marks is sought in respect of the following goods in Class 30:

Tea, tea leaves, tea leaves compressed into cake form, tea products; all being produce of Yunnan, China.

4. Particulars of the Application were published on 6 June 2008. Since then, the following documents were filed by the parties to the current proceedings in respect of the Application:
 - (a) Notice of Opposition together with a statement of the reasons for objection (“Reasons for Objection”) filed by Madam Ko Lai Lee (“Opponent”) on 27 August 2008;
 - (b) Counter-statement filed by the Applicant on 26 November 2008;
 - (c) Declaration made by the Opponent on 17 August 2009 (“Ko’s Declaration”) together with an attestation certificate filed on 29 July 2009 in support of the opposition. The English translation of the relevant documents were filed on 21 October 2009;
 - (d) Statutory Declaration made by Mr. Lam Sai To (“Mr. Lam”) on 21 October 2010 (“Lam’s Declaration”) and filed on 21 October 2010 in support of the Application; and
 - (e) Statutory Declaration made by Mr. Vichit Suppipat (“VS”) on 22 October 2010 (“VS Declaration”) together with a notarial certificate filed on 27 October 2010 in support of the Application.
5. The opposition was fixed to be heard on 29 April 2013. The Opponent did not file a notice of intention to appear at the hearing (Form T12) within the prescribed period and is therefore treated as not intending to appear at the hearing under Rule 74(5) of the Trade Marks Rules (Cap.559A)(“Rules”). However, the Opponent’s agent, Good News Knowledge Trademark International (HK) Limited, filed written submissions on behalf of the Opponent on 10 April 2013 (“Opponent’s Submissions”). I will take into account the Opponent’s Submissions in my decision below.
6. Mr. Philips Wong, Counsel, instructed by the Applicant’s agent Rebecca Lo & Co., appeared for the Applicant at the hearing.

Grounds of Opposition

7. Although the Opponent has pleaded various grounds in the Reasons for Objection, she only relied on sections 11(5)(b), 12(5)(a) and 12(5)(b) of the Ordinance in the Opponent's Submissions.

The relevant date

8. For the purpose of the subject opposition, the relevant date is the Application Date (i.e. 27 October 2007).

The suit marks and the Opponent's marks

9. I will start by examining the respective trade marks of the Applicant and the Opponent.
10. The suit marks have been reproduced in paragraph 1 above. They are identical in every respect except that Mark A is represented in red. Each suit mark consists of a circular decorative border with seven groups of Chinese characters (of varying sizes) and two pairs of straight lines inside. More specifically, the Chinese characters inside the circular border are as follows:
 - (a) The words “鸿泰昌” are the most prominent as the font used is larger than that of the other words. These words are placed vertically in the upper part of the circle.
 - (b) Immediately below “鸿泰昌” and aligned horizontally are the words “云南七子饼茶”. The Yunnan province in Mainland China is renowned for the growing and production of tea leaves, particularly Pu ‘Er tea. “七子饼茶” has no dictionary meaning. However, references located from the internet explained that “七子饼茶” is a type of Pu ‘Er tea originated from the Yunnan Province.

It is produced by compressing tea leaves into a round cake and then packing seven cakes of tea into a pack.¹

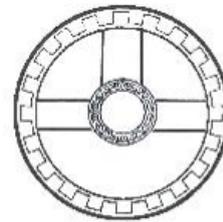
- (c) The other expressions “正山名茶”, “驰名遐迩”, “精工揉造”, “味淳清香” and “消滞解暑” essentially mean that the product is a well-known native tea. It is fine and fragrant and can help to ease indigestion and relieve “summer heat”.

On the whole, “鸿泰昌” is the most distinctive group of characters inside the decorative border since the other words and expressions in the suit mark are merely descriptive.

11. The trade marks allegedly used by the Opponent were set out in Ko’s Declaration. They are reproduced below:



(“Opponent’s word mark”)



(“Opponent’s device”)

(collectively, the “Opponent’s marks”)

12. The Opponent’s word mark consists of two sets of Chinese characters, namely “鸿泰昌” and “云南七子”. The words “鸿泰昌” are placed vertically within a rectangular border. “云南七子” is placed horizontally immediately below the rectangular box. “鸿泰昌” is the more prominent and distinctive feature in the mark.
13. The Opponent’s device consists of a decorative circular border and a small concentric circle in the middle which is joined to the border by three pairs of straight lines.

¹ <http://joyo.salala.com.cn/show.php?code=LPSWCY0107>

14. Upon examination of the suit marks and the Opponent's marks, it becomes obvious that the suit marks have incorporated almost the entirety of the Opponent's word mark and the Opponent's device except that (i) the suit marks do not have a small concentric circle in the middle; and (ii) the three pairs of lines in the Opponent's device appear to converge in the middle to form two pairs of lines in the suit marks. The above similarities could not be merely coincidental. I shall now turn to examine the grounds of opposition raised by the Opponent.

Opposition based on section 11(5)(b) of the Ordinance

The Law

15. Section 11(5)(b) of the Ordinance is phrased as follows:

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

(a); or

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

16. “Bad faith” is not defined in the Ordinance. However, reference could be made to the interpretation given in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*² based on a statutory provision in the United Kingdom that is similar to section 11(5)(b) of the Ordinance.³ The following extract from *Gromax* is of particular relevance:

“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 behavior observed by reasonable and experienced men in the particular area being examined.”

17. Furthermore, in determining whether an application was made in bad faith, the courts have applied a test that involves both subjective and objective elements.

² [1999] R.P.C. 367 at 379.

³ Section 3(6) of the UK Trade Marks Act 1994 provides:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

The test is summarized in *BRUTT*⁴ 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 standard of honest people, the defendant’s own standards of honesty being irrelevant to the objective element…….”

18. Applying the above principles to the facts of this case, I need to ascertain what the Applicant knew and then decide whether the Applicant’s conduct would be regarded as dishonest based on the standards of reasonable and experienced men in the trade.

Evidence of the Opponent

19. The evidence of the Opponent was set out in Ko’s Declaration. According to the said declaration, the Opponent designed the Opponent’s word mark on 8 August 2002 and applied for its registration in Mainland China on 4 December 2003 in respect of goods in Class 30 (covering tea, tea drinks, tea substitutes, flour products, coffee, honey, bread, rice, edible starch, spices).
20. On 15 December 2005, the Opponent further applied for registration of the Opponent’s device in Mainland China in respect of goods in Class 30.
21. The Opponent stated that the Opponent’s word mark was printed on the packaging of tea products and was widely used all over the world (including Hong Kong). However, no evidence was produced to show use of the Opponent’s marks in Hong Kong or elsewhere before the Application Date. There was also no evidence on the sales volume of tea products sold under the Opponent’s marks. The only evidence produced were printouts from the International Trade Mark Website and Hong Kong Trade Mark Website⁵ which show advertisements of the Opponent’s word mark on the above websites. These copies were printed on 29 July 2008 (i.e. after the

⁴ [2007] R.P.C. 19.

⁵ Annexes 6 and 7 of Ko’s Declaration.

Application Date) but the actual date(s) of publication of the advertisements was unknown.

22. The Opponent also declared that she had established the following businesses in Mainland China:

- (a) Simao Cuiyun Hong Tai Chang Pu 'Er Tea Factory (思茅市翠雲區鴻泰昌普洱茶廠) in Yunnan Province ("Opponent's factory") on 17 November 2004; and
- (b) Yunnan Yiwu Tongqing Tea Co., Ltd. (雲南易武同慶茶業有限公司) on 18 December 2006.

23. Copies of the business licence and sanitation licence of the Opponent's factory were produced. However, there was no further evidence on the factory or the business referred to in paragraph 22 above.

Evidence of the Applicant

24. I shall now turn to consider the Applicant's evidence. According to the VS Declaration, VS was the proprietor of the Applicant and he obtained the suit marks from Mr. Na Hou Yong (納浩然)("Mr. Na") who originally lived in the Yunnan Province of Mainland China. Mr. Na has been producing Pu 'Er tea leaves picked in Yunnan and he packaged them in cake form under the brand "鴻昌" through his company "鴻利公司".

25. Mr. Na emigrated from Yunnan to Chiang Mai of Thailand in 1950. A year later, Mr. Na moved the production operation of Yunnan Pu 'Er tea to the Fang Province of Chiang Mai. There, he continued to produce Yunnan Pu 'Er tea package in cake form ("Goods") but changed the brand name of the tea to "鴻泰昌". The addition of the word "泰" was to reflect that the brand was related to Thailand. The Goods were sold to Hong Kong and other parts of East Asia and according to VS, "鴻泰昌" has become well-known in respect of the Goods.

26. VS went on to state that since 1983, the Goods produced by Mr. Na were no longer exported to other countries. Instead, tea dealers from South East Asia (including Hong Kong) would go to Mr. Na's factory and bought the Goods there directly. All along, Mr. Na used the suit marks to package the Goods.
27. In 2003, Mr. Na transferred his business and the goodwill in the suit marks to VS and acted as a consultant in the Applicant. There was no documentary evidence provided on the above transfer of business. There was also no evidence showing the use of the suit marks by Mr. Na or the Applicant in respect of the Goods.
28. Regarding the history of tea produced under the name of “鸿泰昌” (“Hong Tai Chang tea” or “Hong Tai Chang Pu ‘Er tea”), VS produced a copy of an article published on the website of Yunnan Daily (雲南日報網) in June 2006.⁶ The article sets out the history of Pu ‘Er tea produced under the brand names of “鸿昌” and “鸿泰昌” and the circumstances under which the tea production business was shifted from Mainland China to Thailand.
29. As evidence of his relationship with Mr. Na, VS produced a copy of a letter (“referral letter”) which appeared to be written by Mr. Na in Chinese in June 2007 to Mr. Li Pui (李陪)(“Mr. Li”) of “鸿華和記茶號”.⁷ According to VS, the purpose of the referral letter was to introduce VS to Mr. Li when VS visited Hong Kong in 2007. It appears from the contents of the referral letter that Mr. Na and Mr. Li had known each other since at least 1982 and Mr. Li has in the past helped Mr. Na to distribute his Hong Tai Chang Pu ‘Er tea in South East Asia. The referral letter mentioned that VS was also in the business of producing Pu ‘Er tea and he has invited Mr. Na to join his business. However, Mr. Na considered that due to his old age, he would rather act as a consultant in VS's business if such arrangement was agreeable to VS. Mr. Na guaranteed to Mr. Li that the products produced by VS's business would be the same as those previously supplied by him. He further requested Mr. Li's help in promoting and selling VS's products. At the end of the referral letter, Mr. Na described himself as the responsible manufacturing person at 鸿利公司 situated at Chiang Mai.

⁶ Exhibit “VS-1” of VS Declaration.

⁷ Exhibits “VS-2” and “VS-3” of VS Declaration.

30. In addition to the VS Declaration, the Applicant also produced Lam's Declaration to support its case. Mr. Lam worked in the Food Sector of Yue Hwa Chinese Products Emporium Limited ("Yue Hwa") from 1959 up to his retirement in 2003. He declared that he had known "Hong Tai Chang" tea for nearly 20 years and such tea was available for sale in Yue Hwa for a long period before his retirement. Mr. Lam further declared that he could not recall that he had ever seen the Opponent's word mark.
31. It is obvious from the above that the alleged origin of "鸿泰昌" in the Opponent's evidence is completely different from that of the Applicant's. In short, it is the Opponent's case that she was the designer of the Opponent's word mark and Applicant has copied and combined the Opponent's word mark and the Opponent's device to form the suit marks with the intent to mislead the public into thinking that the Applicant's goods are produced by the Opponent. On the other hand, it is the Applicant's case that the suit marks were owned and used by its predecessor (Mr. Na) since the 1950's in respect of tea products. It is thus important for me to analyze the details of the evidence produced to verify the allegations put forward by each party.

Analysis of evidence produced

32. The Opponent's Submissions emphasized that the following acts were done prior to the Application Date :
- (a) the filing of the applications for registration of the Opponent's word mark and the Opponent's device in Mainland China in 2003 and 2005 respectively; and
 - (b) the establishment of the Opponent's factory in 2004.
33. The Opponent also declared that she designed the Opponent's word mark in August 2002. However, she did not elaborate on how she designed the said mark and in particular, the meaning or ideas behind the words "鸿泰昌". As for the Opponent's device, the Opponent did not even declare that she designed the figurative device or name the person who designed it. The Opponent's device looks like a decorative background and, on the face of it,

does not appear to be used on its own. However, no details were provided on how it was actually used or intended to be used.

34. The Opponent further claimed that the Opponent's mark and Opponent's device were well known in the business circle and among the public in Mainland China, Hong Kong and other foreign countries. However, there was no concrete evidence to substantiate the above claim. No sales figures, contracts or samples of invoices, receipts or promotion expenses were produced. Furthermore, the Opponent did not produce any evidence to show the actual use of the Opponent's marks on tea or other goods specified in the Mainland trade mark applications, whether in Hong Kong or elsewhere.
35. I note that the Opponent's factory was established and a sanitation licence for the factory was issued in 2004. However, these documents could not show that the Opponent's factory has in fact commenced production. In respect of the advertisements published on the International Trade Mark Website and Hong Kong Trade Mark Website,⁸ the actual date(s) of publication of these advertisements was not known and I will not take them into account. Thus, based on the evidence before me, I am not satisfied that the Opponent has an established reputation in the Opponent's word mark or Opponent's device in respect of tea products in Hong Kong as claimed in Ko's Declaration.
36. On the other hand, I note that the article published in Yunnan Daily (paragraph 28 above) in June 2006 contained independent information on the history of Hong Tai Chang Pu 'Er tea. As I will discuss in further details in paragraphs 37-39 below, the information revealed in the article casts doubt on the evidence of the Opponent. In response, the Opponent's Submissions simply stated that the article should not be adopted as it was irrelevant to the Applicant. This point was not further elaborated. I should mention here that the Opponent has had the opportunity to file evidence in reply to the Applicant's evidence under Rule 20 of the Rules but the Opponent has not done so. Thus, it appears that the Opponent did accept the history of Hong Tai Chang Pu 'Er tea contained in the above article but she did not agree that the Applicant was the proprietor of the business that produced Hong Tai Chang Pu 'Er tea.

⁸ Paragraph 21 above.

37. To summarise, the article in Yunnan Daily states that in the early 1930's, the long established Hong Chang Tea Shop (鴻昌號茶莊) set up its first Pu 'Er tea shop, Hong Tai Chang Shop (鴻泰昌號), in Thailand. Subsequently, it also set up agents in Hong Kong and other South East Asian countries. At the initial stage, Hong Tai Chang Shop in Thailand was responsible for distributing the Pu 'Er tea produced by Hong Chang Tea Shop in Yunnan. As its sales grew, Hong Tai Chang Shop also started to produce Pu 'Er tea using young tea leaves in Chiang Mai.
38. With the outbreak of the Second World War, the export of Yunnan Pu 'Er tea was blocked and there was no communication between the Yunnan-based Hong Chang Tea Shop and Hong Tai Chang Shop in Thailand. Later when the People's Republic of China was established, Hong Chang Tea Shop ceased to be privately owned and became operated by a cooperative enterprise. Soon afterwards, the operations in Yunnan were finally closed down. At this point, Hong Tai Chang Shop has to develop its business independently in Thailand. It used young tea leaves from the northern part of Vietnam, Thailand and Myanmar (previously Burma) to produce Hong Tai Chang Pu 'Er tea and exported it to other countries. Nowadays, the Hong Tai Chang tea is distributed to Hong Kong, Macau and other South East Asian countries and the majority of consumers are Chinese that live abroad.
39. The above information clearly shows that Hong Tai Chang Pu 'Er tea has been produced in Thailand for a fairly long time. The exact year when production and distribution commenced was not reported but it appears to be shortly after the People's Republic of China was established. The tea produced was also distributed to South East Asia.
40. Another piece of third party evidence that casts doubt on the Opponent's evidence is Lam's Declaration. Having 44 years of experience working in the food sector of Yue Hwa, he confirmed that Hong Tai Chang tea was available for sale in Yue Hwa for a long time before his retirement in 2003. Moreover, he has no recollection of having seen the Opponent's word mark.
41. Thus, I have before me two pieces of evidence from persons who are not parties to these proceedings. They show that Hong Tai Chang tea has been

produced in Thailand and distributed in Hong Kong for a long period before the alleged design of the Opponent's word mark in 2002. At the same time, I note that there is no concrete evidence of use of the Opponent's marks by the Opponent before the Application Date, whether in Hong Kong or elsewhere. On the evidence before me, I am therefore not convinced that the Opponent was the designer of the Opponent's marks or the originator of the name “鴻泰昌”. However, for the reasons discussed in the paragraphs below, I also consider that there is inadequate evidence in the present proceedings for me to determine whether the Applicant is the proprietor of the suit marks.

42. In Mr. Na's referral letter of June 2007,⁹ he expressed his gratitude to Mr. Li for distributing the Hong Tai Chang Pu 'Er tea that he produced in the past. Although Mr. Na recommended that the Pu 'Er tea produced by VS's business would be just as good as the tea he supplied previously, he did not mention anything about the alleged transfer of his business which, according to VS Declaration, should have taken place in 2003. Instead, Mr. Na only mentioned that VS has invited him to join his business. Furthermore, Mr. Na mentioned that he would be willing to be a consultant of VS's business if this was agreeable to VS. Thus, it appears that Mr. Na has not transferred his business and was not yet a consultant of VS's business at that point in time (i.e. June 2007). Also, there is no other documentary evidence before me to substantiate the Applicant's claim that Mr. Na was the previous owner of the suit marks and that he transferred the business and suit marks to VS or the Applicant.
43. To sum up, I consider that there is inadequate evidence before me to prove that the Applicant is the successor or proprietor of the Hong Tai Chang tea production business or the suit marks.

Burden of proof

44. Neither party to the present proceedings has submitted adequate evidence to support his or her allegations. However, I have borne in mind that the present opposition was initiated by the Opponent and the burden is on the Opponent to show that the grounds of opposition are made out.

⁹ See paragraph 29 above.

45. On the evidence before me, I am not convinced that the Opponent was the proprietor of the mark “鴻泰昌” which was applied to tea products or that she has used the Opponent’s word mark or the Opponent’s device on tea products prior to the Application Date, whether in Hong Kong or elsewhere. On the contrary, there was evidence from third parties which showed that Hong Tai Chang tea was produced in Thailand and distributed in Hong Kong long before the Opponent’s word mark and the Opponent’s device was allegedly created and used by the Opponent. Furthermore, the Opponent has not produced adequate evidence to prove that, on balance of probabilities, the Application was made by the Applicant in bad faith. This being the case, I am of the view that the Opponent has not made out the ground of opposition under section 11(5)(b) of the Ordinance.

Opposition based on section 12(5)(a) of the Ordinance

46. Section 12(5)(a) of the Ordinance provides as follows:

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

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

47. A helpful summary of the elements for a passing off action can be found in *Halsbury’s Laws of Hong Kong*.¹⁰ It takes into account the decision of *Reckitt & Colman Products Ltd v Borden Inc*¹¹ and *Erven Warnink BV v J Townend & Sons (Hull) Ltd*,¹² and is as follows :

“The House of Lords has restated the necessary elements which a plaintiff has to establish in an action for passing off:

(1) the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some

¹⁰ Vol 15(2) at paragraph 225.001.

¹¹ [1990] R.P.C. 341.

¹² [1979] A.C. 731.

distinguishing feature;

- (2) *there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and*
- (3) *the plaintiff has suffered or is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation.”*

48. As I have mentioned earlier, the Opponent has not adduced any evidence of use of the Opponent’s marks in Hong Kong in respect of tea products before the Application Date. In the absence of such evidence, I am not satisfied that the Opponent has established the goodwill or reputation required for a passing off action. Thus, the Opponent has not made out the ground of opposition under section 12(5)(a) of the Ordinance.

Opposition based on section 12(5)(b) of the Ordinance

49. Section 12(5)(b) of the Ordinance provides as follows:

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

- (a) *.....; or*
- (b) *by virtue of an earlier right other than those referred to in paragraph (a) or in subsections (1) to (4) (in particular, by virtue of the law of copyright or registered designs),”*

50. The Opponent’s Submissions stated that the Opponent has independently designed and published the Opponent’s word mark and the Opponent’s device in 2002 and 2005 respectively. Since China is a member of the Berne Convention and Universal Copyright Convention, the works designed by the Opponent should be protected by copyright.

51. To establish copyright infringement, the Opponent needs to establish the following:
- (a) copyright subsists in the works relied on;
 - (b) the Opponent is the owner of such copyright; and
 - (c) the suit marks (or any one of them) are infringing copies of the Opponent's works.
52. Insofar as the Opponent's device is concerned, the Opponent did not even identify the designer of the said device in the Ko's Declaration. She only mentioned that she filed an application for registration of the Opponent's device in Mainland China in December 2005. Furthermore, no evidence whatsoever was put forward to prove the elements set out in paragraph 51 above.
53. In relation to the Opponent's word mark, the Opponent declared that she designed it in August 2002. However, she did not produce any drawings or other evidence to show that she was the designer of the said word mark. In the absence of any proof of copyright subsistence and ownership, the Opponent has not made out the ground of opposition under section 12(5)(b) of the Ordinance.

Conclusion

54. Since the Opponent was not able to make out any of the grounds of opposition put forward in the Opponent's Submissions, her opposition fails.
55. I also wish to mention here that the Application was allowed for registration by the Registrar of Trade Marks subject to the condition that the goods set out in the specification and to which the suit marks will be applied are the produce of Yunnan, China. Failure to comply with this condition may constitute a ground for revocation of the suit marks.

Costs

56. The Applicant has sought costs and there is nothing in the circumstances or conduct of this case which would warrant a departure from the general rule that the successful party is entitled to its costs. I accordingly order the Opponent pays the costs of these proceedings.

57. 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.

(Maria K. Ng)
for Registrar of Trade Marks
14 June 2013