

TRADE MARKS ORDINANCE (CAP. 559)

OPPOSITION TO TRADE MARK APPLICATION NO. 301267894

MARK:



CLASS: 43

APPLICANT: WONG PAK WING

OPPONENT: LI MAN BUN

STATEMENT OF REASONS FOR DECISION

Background

1. On 6 January 2009, the Applicant filed an application for registration of the following mark (“the subject application”) under the Trade Marks Ordinance (Cap. 559) (“the Ordinance”):-



(“the suit mark”).

2. Registration is sought in respect of the following services in class 43:

“Restaurant services providing Chinese desserts, congee and noodles, weeds (condiment), confectionery, cream (ice), sago, puddings, sherbets (ices), eggs, tofu, fruit jellies, sweetened soups, honey drinks, tea, desserts, sweetened beverages, fruit drinks, syrups; cafe and bar services; fast-food

counter; delicatessen; catering services; provision of take away and food and drinks services; all included in Class 43.”

3. Particulars of the subject application were published on 6 February 2009. The Opponent filed a Notice of opposition with a “Statement of Grounds of Opposition” (“Grounds of Opposition”) on 3 July 2009. The Applicant filed a Counter-statement on 28 September 2009.

4. The hearing of the opposition took place before me on 20 May 2014. Ms. Chan Wai Ling of Winnie Leung & Co. appeared for the Applicant. The Opponent did not file a Form T12 to indicate the intention to appear and did not appear at the hearing.

5. I reserved my decision at the conclusion of the hearing.

Grounds of opposition

6. The Opponent based his opposition against the subject application on the grounds that the suit mark is similar to the Opponent’s 糖百府 mark (“the Opponent’s mark”), which has been used as the name of the Opponent’s business since 2008 and has gathered substantial goodwill and reputation in Hong Kong.¹ The Opponent relies on sections 11(4)(b) and 11(5)(b) for his opposition.

Relevant date

7. The relevant date for considering the opposition is 6 January 2009, the date of the subject application.

¹ The Opponent took out an application for registration of the Opponent’s mark in April 2009 (application no.301325673) in relation to restaurant and catering services under Class 43. The application was assigned to a Sui Sang Investment Limited in July 2012.

Evidence

8. Under Rule 18 of the Trade Marks Rules (Cap.559, sub. leg.)("Rule/s"), the Opponent filed his statutory declaration which was declared on 28 March 2011 together with exhibits ("Opponent's statutory declaration").

9. Under Rule 19, the Applicant filed his statutory declaration which was declared on 9 September 2011 together with exhibits ("Applicant's statutory declaration").

Opponent's statutory declaration

10. At the date of the statutory declaration, the Opponent was a director of Tong Pak Fu (Holdings) Ltd. and Rising Field Corporation Limited ("Rising Field").

11. According to the Opponent, he coined the Opponent's mark in early 2008 by a "play" of certain Chinese characters. He commenced use of the Opponent's mark in respect of restaurant services providing desserts and other food items at least since June 2008. At all material times, he had used or was using the mark via 11 dessert restaurants in Hong Kong.

12. The Opponent opened his first dessert restaurant in Mongkok under the Opponent's mark in June 2008. Within the next 8 months, 6 other dessert restaurants were established. He had 10 dessert restaurants throughout Hong Kong at the time when the statutory declaration was made.

13. From around June 2008 up to April 2009, the Opponent used the Opponent's mark via Rising Field. Since about May 2009, the mark has been used via Tong Pak Fu (Holdings) Limited. Exhibit LMB-1 includes copies of business registration certificates showing use of "糖百府" or "糖百府 TONG PAK FU" as the business name. The earliest certificate shows the registration of Rising Field in respect of the "糖百府" catering business operated at Hak Po Street, Mongkok, with the commencement date of 20 June 2008. Subsequent certificates relate to Rising Field or

other companies which are licensees and sub-licensees.² Copies of some sample licence agreements for authorising the use of the Opponent's mark in dessert businesses are produced at Exhibit LMB-2.³

14. The Opponent deposed that, through the extensive use and promotion of the Opponent's mark, he had developed and acquired a substantial goodwill and reputation in relation to the Opponent's mark in Hong Kong. Paragraph 7 of the statutory declaration set out the turnover figures achieved in 2008 and 2009. The turnover in 2008 was HK\$144,489, but the turnover increased to HK\$7.29 million in 2009. The annual advertising expenditures incurred from 2008 up to May 2010 were also provided, showing the expenditure of HK\$2,800 in 2008 and around HK\$212,000 in 2009. Copies of some sample invoices, daily sales summaries and a copy of an auditor report on Tong Pak Fu (Holdings) Limited are produced at Exhibit LMB-3. Exhibit LMB-4 comprises copies of a marketing quotation and a cooperative agreement for promotion and marketing services. Copies of promotional materials including extracts from catalogues, publications, newspapers and magazines showing the Opponent's mark are produced as Exhibit LMB-5.⁴

15. Exhibit LMB-6 consists of copies of awards and recognitions conferred in 2009 and 2010.

16. The rest of the statutory declaration concerned the Opponent's views on the similarity between the suit mark and the Opponent's mark and his arguments against the subject application which I do not intend to summarise here.

Applicant's statutory declaration

17. The Applicant averred that he had been a dessert cook for some years and considered starting his own dessert business at the end of 2005. He invented the suit mark using his name "Pak" in the business. Copies of the business registration

² The dates of commencement appearing on all these subsequent business registration certificates were after the date of the subject application.

³ The agreements were all dated February 2011, i.e. after the date of the subject application.

⁴ Among the materials which show printed dates, I note that the earliest article is one published in U Magazine on 19 December 2008. The rest of the promotional materials or articles either do not bear any printed dates or bear dates subsequent to the date of the subject application.

certificate of the business under the name “糖佰府 SWEET DESSERT” registered in December 2005⁵ and subsequent certificates issued between 2006 and 2010 are produced as Exhibit WPW-1.

18. The Applicant deposed that his dessert business in Tseung Kwan O commenced on 5 January 2006 and he had been using the suit mark for the business continuously. The suit mark had been used as business name and on signage, packaging of products, accessories and for marketing and promotional purpose.

19. The Applicant further produced Exhibits WPW-2, WPW-3, WPW-4 and WPW-5 which are respectively copies of general restaurant licences⁶, confirmation of application for electricity supply⁷, tenancy agreement⁸ and some receipts and invoices relating to the Applicant’s dessert business. These exhibits were produced to show that the Applicant has been using the trade name of 糖佰府 since December 2005, and the business has been operating since January 2006.

20. The rest of the statutory declaration covers mainly the Applicant’s observations on the Opponent’s use of his mark and the Opponent’s conduct in the proceedings. I do not intend to summarise them here.

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

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

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

...

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

⁵ The business registration certificate showed the date of commencement on 5 December 2005.

⁶ The licences were issued on dates from 2006 to 2010. The earliest one was dated 17 January 2006.

⁷ The confirmation was issued on 12 December 2005.

⁸ The tenancy agreement was dated 5 December 2005, and the term of tenancy commenced on 1 January 2006.

22. 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 said in relation to section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of the Ordinance) :

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

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

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

24. 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, the Appointed Person formulated the test (at paragraph 44 of the decision) 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."

25. It should be noted that an allegation of bad faith is a serious allegation which must be distinctly alleged. It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference (*ROYAL ENFIELD Trade Marks* [2002] R.P.C. 24 at paragraph 31). Cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith (*Brutt Trade Marks* [2007] R.P.C. 19 at paragraph 29).

26. The onus is on the Opponent to prove that the subject application was made in bad faith. The test for bad faith comprises both subjective and objective elements. The Opponent's allegation of bad faith on the part of the Applicant must be supported by evidence of dishonest activities or dealings or at the least commercial behaviour or activities that fall below the standard regarded as acceptable by honest people of proper standards.

27. The Opponent pleaded that in view of the visual similarity and the phonetic and conceptual identity between the suit mark and the Opponent's mark, the subject application was filed in bad faith.⁹ It was also alleged that, due to the substantial reputation and goodwill of the Opponent's mark, the Applicant's conduct in seeking to register the suit mark was calculated to deceive, and to divert business from the Opponent and his licensees, or to cause confusion between the two sources of businesses.¹⁰

28. The suit mark is constituted by three Chinese characters “糖佰府” superimposed on a largely rectangular background in black. The mark shows a border in gold colour but the border is not complete. The term “糖佰府” is no doubt the dominant and distinctive element of the suit mark. The characters “糖佰府” in the suit

⁹ Paragraph 8, Grounds of Opposition.

¹⁰ Paragraphs 13 and 14, Opponent's statutory declaration.

mark differ from “糖百府”, the Opponent’s mark, only in one respect, namely the second character is “佰” in the former whilst the character is “百” in the latter. The character “佰” is aurally and conceptually identical¹¹ to the character “百”, and visually there is also a high degree of similarity. In my view, the characters “糖佰府” of the suit mark are substantially similar to the Opponent’s mark.

29. The Opponent has produced evidence seeking to demonstrate the substantial goodwill and reputation generated by the operation of the business under the Opponent’s mark by the Opponent and the licensees. It should be noted that except the earliest business registration certificate which shows a commencement date of 20 June 2008, copies of the other certificates at Exhibit LMB-1 refer to commencement dates subsequent to the date of the subject application. It follows that when the subject application was filed, only one dessert shop of the Opponent was in operation for around 6 months. The turnover of HK\$144,489 and advertising expenditures of HK\$2,800 in 2008 are also relatively meagre. Thus, I do not agree that at the time the subject application was filed, substantial goodwill and reputation had been generated by the Opponent’s business.

30. The Applicant has adduced evidence to show use of the trade name “糖佰府” in his dessert business since January 2006. The dessert business had been in operation for 3 years by the time when the Applicant filed the subject application. There is no suggestion that the use of “糖佰府” in the Applicant’s dessert business since January 2006, i.e. more than 2 years before the Opponent’s mark was coined in 2008, has anything to do with the Opponent’s mark or the Opponent’s business which only commenced in June 2008.

31. As stated above, the Opponent bears the burden to prove that the Applicant has engaged in dishonest activities or dealings or at the least commercial behaviour or activities that fall below the standard regarded as acceptable by honest people of proper standards. In the present proceedings, the Opponent has not adduced any evidence to prove such conduct and hence failed to discharge its burden in demonstrating that the subject application was made in bad faith.

¹¹ Both “佰” and “百” mean “hundred” in Chinese.

32. The opposition under section 11(5)(b) fails.

Opposition under section 11(4)(b) of the Ordinance

33. Section 11(4) of the Ordinance provides, *inter alia*, that :

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

...

(b) likely to deceive the public.”

34. The Opponent’s case under section 11(4)(b) is that the adoption by the Applicant of the suit mark which is identical to the Opponent's mark would constitute a misrepresentation and cause confusion with the Opponent's mark and damage to the Opponent. Accordingly, registration of the suit mark is likely to deceive the public and is contrary to section 11(4)(b).¹²

35. Section 11(4)(b) is one of the grounds of objection under section 11 of the Ordinance which are the “Absolute grounds for refusal of registration”. It is concerned with deceptiveness which is inherent in the mark itself, as opposed to deception caused by the similarity of the mark to another (see *QS by S. Oliver Trade Mark* [1999] R.P.C. 520 at 524; *Kerly’s Law of Trade Marks and Trade Names* (15th Edition) para. 8-201).

36. As the Opponent has not put forward any evidence or argument to demonstrate that the nature of the suit mark is deceptive and should not be registered under section 11(4)(b), this ground of opposition is not made out.

¹² Paragraph 9, Grounds of Opposition.

Costs

37. The Opponent has failed in the opposition. 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 his costs. I accordingly order that the Opponent pays the costs of these proceedings.

38. 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.

(Miss Joyce Poon)
for Registrar of Trade Marks
25 September 2014