

TRADE MARKS ORDINANCE (CAP. 559)

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK
REGISTRATION NO. 301388908**

MARK :



CLASS : 43

APPLICANT : FULL SURE LTD

REGISTERED OWNER : CHEUNG KA HO (張家豪)

STATEMENT OF REASONS FOR DECISION

Background

1. On 25 August 2010, Full Sure Ltd (“Applicant”) filed with the Registrar of Trade Marks an application (“Application”) under the Trade Marks Ordinance (Cap. 559) (“TMO”) for a declaration of invalidity of the registration of Trade Mark No. 301388908 (“subject mark”). A representation of the subject mark is set out below:



2. Registration of the subject mark was applied for on 21 July 2009 (“Filing Date”), and it is registered as of that date in respect of the following services (“subject services”):

Class 43

services for providing food and drink; temporary accommodation.

3. The subject mark is registered in the name of Cheung Ka Ho (張家豪) (“Registered Owner”).
4. The Registered Owner filed a counter-statement on 25 November 2010 (“Counter-statement”).
5. The Applicant’s evidence consists of a statutory declaration of Ho Wai Hung made on 9 May 2011 (“Ho’s Declaration”).
6. The Registered Owner did not file any evidence.
7. The hearing in respect of the Application took place before me on 3 July 2013. Mr. Tang Ka Lun, authorized representative of the Applicant, appeared at the hearing. The Registered Owner did not appear.

Ground

8. The Applicant seeks a declaration of invalidity of the registration of the subject mark on the basis that it is the Applicant’s mark, and that the Registered Owner by applying to register the subject mark in his own name is appropriating the Applicant’s property. An application for registration of a mark made by someone not entitled to the mark is made in bad faith.¹ The Applicant is essentially seeking a declaration that the registration of the subject mark is invalid on the ground that it has been applied for in bad faith within the meaning of section 11(5)(b) of TMO.

The parties and their dealings

9. The Applicant is a company incorporated on 13 September 2007. As at 17 June 2009, it was controlled by Choi Fook Group Company Limited (“CFGCL”). The shareholders and directors of CFGCL were (i) the Registered Owner, (ii) Mr. Cheung Ka Kei, brother of the Registered Owner, (iii) Mr. Ho Wai Hung, who made the Ho’s Declaration, and (iv) Mr. Ho Chi Keung, brother of Mr. Ho Wai Hung ((i) and (ii) collectively, the “Cheung’s”; (iii) and (iv) collectively, the “Ho’s”).

¹ *Fine Elite Group Ltd v. Cheng Wai Tao* (HCA1269/2008) [2013] HKEC 804 at [57].

10. As at 17 June 2009, CFGCL owned eight companies (“Branch Companies”) which in turn owned and operated various restaurants as follows:

	<i>Branch name used in the Settlement Agreement</i>	<i>Corporate name, trading name & address</i>
(i)	Tai Po Branch	Surplus Link Limited trading as Choi Fook Seafood Restaurant at Level 2, Plover Cove Garden, 3 Plover Cove Road, Tai Po, New Territories.
(ii)	Hunghom Branch	Profit Bright Development Limited trading as Choi Fook Royal Banquet at No.858 Level 8, The Metropolis Mall, Hung Hom, Kowloon.
(iii)	Mongkok Branch	Step Up Corporation Limited trading as Choi Fook Royal Banquet at 1/F, Pioneer Centre, 750 Nathan Road, Mongkok, Kowloon.
(iv)	North Point Branch	Choi Fook Seafood Restaurant Limited trading as Superior Choice Restaurant at 1/F, Cheong Ming Building, 480 King’s Road, North Point, Hong Kong.
(v)	Jordan Branch	Full Sure Limited (the Applicant) trading as Choi Fook Royal Banquet and EKY’S Banquet at 2/F, Novotel, 348 Nathan Road, Jordan, Kowloon.

(vi)	Fortress Hill Branch	Gain Harbour Limited trading as Choi Fook Seafood Restaurant at 3/F, Olympia Plaza, 255 King's Road, Fortress Hill, Hong Kong.
(vii)	Tsimshatsui Branch	Million Talent Limited trading as Choi Fook Royal Banquet at 2/F, London Plaza, 219 Nathan Road, Tsimshatsui, Kowloon.
(viii)	Causeway Bay Branch	Vast Rainbow Limited trading as Choi Fook Royal Banquet at 5/F, Lee Theatre Plaza, 99 Percival Street, Causeway Bay, Hong Kong.

11. The Jordan Branch was constructed with two chambers, one of which was named “欣宴 EKY’S BANQUET”, and the other was named “彩福皇宴 CHOI FOOK ROYAL BANQUET”. The two branch registration certificates issued under the Business Registration Ordinance appearing at Parts (F) and (G) of Exhibit L to Ho’s Declaration each shows “成富有限公司 FULL SURE LIMITED” (i.e. the Applicant) as the name of the business/corporation, and “2/F Novotel Nathan Road, 348 Nathan Road KL” as the address. The “Business/Branch Name” appearing on those two certificates were “欣宴 EKY’S BANQUET” and “彩福皇宴 CHOI FOOK ROYAL BANQUET” respectively.

12. Whereas the Cheung’s and the Ho’s were all directors of the Applicant since 6 January 2009,² the Cheung’s and the Ho’s later decided to go their separate ways. By an agreement (和解方案協議) (“Settlement Agreement”)³ dated 17 June 2009 (“Agreement Date”), the Cheung’s and the Ho’s agreed, *inter alia*, that:

- (i) the eight Branch Companies were to be allotted to the Cheung’s and

² Part (J) of Exhibit L to Ho’s Declaration.

³ Part (M) of Exhibit L to Ho’s Declaration.

the Ho's by the drawing of lots: four of the Branch Companies shall henceforth be owned by the Cheung's and the other four by the Ho's;⁴

- (ii) the Cheung's and the Ho's shall, before noon on 19 June 2009 and in accordance with the results of the drawing of lots, complete the share transfers and resignation and change of directors procedures in respect of the eight Branch Companies;⁵
- (iii) the Cheung's and the Ho's may operate their respective Branch Companies under the original respective trade names of those companies;⁶
- (iv) after the drawing of lots on 17 June 2009, the Cheung's and the Ho's shall direct CFGCL to execute the terms of the Settlement Agreement on or before 17 July 2009 ("Transaction Date");⁷ and
- (v) the Cheung's and the Ho's were to apply, on or before the Transaction Date, for winding up CFGCL.

13. Pursuant to the drawing of lots provided for under the Settlement Agreement, the ownership and management of the Applicant (i.e. the Jordan Branch) was granted to the Ho's.

14. On 19 June 2009, each of the Registered Owner and Mr. Cheung Ka Kei resigned from his office as director of the Applicant.⁸ On 3 July 2009, the Registered Owner transferred his one share in the Applicant to Mr. Ho Wai Hung, which instrument was stamped on 24 July 2009.⁹

15. Meanwhile, the Registered Owner applied for registration of the subject mark in his own name on 21 July 2009. In the Counter-statement, the Registered Owner claimed to be the rightful owner of the subject mark. He stated that he was the creator and inventor of the subject mark; that the subject mark was derived from the name of

⁴ Settlement Agreement, Clause 1.

⁵ Settlement Agreement, Clause 17.

⁶ Settlement Agreement, Clause 27, which reads, "張氏和何氏將可仍以該分店的商號經營。".

According to the *Lin Yutang's Chinese-English Dictionary of Modern Usage* (CUHK) (林語堂《當代漢英詞典》電子版), "商號" means, in the context, "name of shop or firm".

⁷ Settlement Agreement, Clause 1.

⁸ Parts (P) and (R) of Exhibit L to Ho's Declaration.

⁹ Part (Q) of Exhibit L to Ho's Declaration.

his wife whose name in Chinese was “林凱欣” and whose alias in English was “Eky”; that his wife participated in the business of restaurant operator and was commonly referred to by her peers in the trade, business acquaintances and personal friends under the alias name “Eky”; that the text elements of the subject mark were coined and chosen by the Registered Owner, his wife and Mr. Cheung Ka Kei in or about July 2007 to be used as a trade name and trade mark for any one of their existing or new businesses, and that in or about June 2008, the Registered Owner and Mr. Cheung Ka Kei consented to lending such trade name and the subject mark to CFGCL for use as a trade name of the Jordan Branch. The Registered Owner stated that he and Mr. Cheung Ka Kei never intended to part with or pass the benefit of the said trade name and the subject mark to the Ho’s.¹⁰ The Registered Owner further averred that the Settlement Agreement did not touch upon the ownership and/or proprietary interests of the subject mark.¹¹

16. The Registered Owner did not file any evidence in support of any of his claims in the Counter-statement. In other words, the claims made in the Counter-statement were not supported by any evidence.

17. The Applicant’s case is that the subject mark is the Applicant’s mark. The Applicant’s evidence shows use of the subject mark by the Applicant before the Agreement Date. Exhibit K to Ho’s Declaration includes, *inter alia*, deposit receipts issued by the Applicant in each of the months from no later than December 2008 to June 2009. Each of the receipts shows the subject mark and the address “2/F, Novotel Kowloon Hong Kong, 348 Nathan Road, Kowloon”, and is in respect of deposit paid for wedding banquet to be held at that address. Many of those deposit receipts also bear the following chop:¹²



It is clear that before the Agreement Date, the subject mark and the trade name “欣宴 EKY’S Banquet” were used by the Applicant Full Sure Limited in respect of the services of providing food and drink at the address of the Jordan Branch.

¹⁰ Counter-statement, paragraph 5.

¹¹ Counter-statement, paragraph 9.

¹² Some of the receipts bear another chop with the name of CFGCL instead.

The material date

18. The material date at which validity of the registration of the subject mark is to be determined is the Filing Date, i.e. 21 July 2009.

The ground under section 11(5)(b) of TMO

19. Section 11(5)(b) of TMO 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.”

20. Section 53(3) of TMO provides as follows:

“The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in contravention of section 11 (absolute grounds for refusal of registration).”

21. In *Red Bull GmbH v Sun Mark Ltd* [2012] EWHC 1929 (Ch), Arnold J summarised the general principles underpinning section 3(6) of the UK Trade Marks Act 1994 (equivalent to section 11(5)(b) of TMO) as follows:

“Bad faith: general principles

130 A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act¹³/ Article 3(2)(d) of the Directive¹⁴ / Article 52(1)(b) of the Regulation¹⁵ are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, “Bad faith in European trade mark law” [2011] IPQ 229.)

131 First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

¹³ UK Trade Marks Act 1994.

¹⁴ The Trade Mark Directive (2008/95/EC).

¹⁵ Community Trade Mark Regulation (Council Regulation (EC) No 207/2009).

132 Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EHWc 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133 Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but 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: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/2007-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134 Fourthly, bad faith includes not only dishonesty, but 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”: see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135 Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136 Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors

relevant to the particular case: see *Lindt v Hauswirth* at [37].

137 Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138 Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

“41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089 , paragraph 48).”

22. A trade mark which has been registered in contravention of section 11(5)(b) of TMO may be declared invalid under section 53(3) of TMO.

23. I first turn to consider what the Registered Owner knew about the matters in question.

24. The subject mark consists of the stylized Chinese characters “欣宴” and the words “EKY’S BANQUET”, with a device above the Chinese character “欣”, all contained in a square. The Branch Registration Certificate issued under the Business Registration Ordinance in June 2008 appearing at Part (F) of Exhibit L to Ho’s Declaration shows “欣宴 EKY’S BANQUET” as a Business/Branch Name of the Applicant. The nature of its business was stated to be “restaurant” and the address “2/F Novotel Nathan Road, 348 Nathan Road, Kowloon”.

25. The Registered Owner had been a director of the Applicant since 24 October 2007¹⁶ until he resigned on 19 June 2009.¹⁷ In an annual return dated 13 September 2008 filed by the Applicant under section 107(1) of the Companies Ordinance and signed by the Registered Owner,¹⁸ the business names of the Applicant were stated to be “EKY’S BANQUET 欣宴” and “CHOI FOOK ROYAL BANQUET 彩福皇宴”. The deposit receipts referred to in paragraph 17 above issued from no later than December 2008 up until the Agreement Date bear the subject trade mark which contains the text elements “欣宴” and “EKY’S BANQUET”. At the Filing Date, the Registered Owner must be fully aware of the use of the subject mark and the trade name “欣宴 EKY’S BANQUET” by the Applicant.

26. In accordance with the lots drawn pursuant to the Settlement Agreement dated 17 June 2009, the Applicant was granted to the Ho’s. According to the Settlement Agreement, the Applicant shall henceforth be owned by the Ho’s who may, pursuant to Clause 27 of that Agreement, operate the Applicant under the same business names which the Applicant was using at the date of the Settlement Agreement.¹⁹ The Registered Owner is party to the Settlement Agreement and must be fully aware of its terms. The Registered Owner had since ceased to be a director and shareholder of the Applicant.²⁰ Nonetheless, on the Filing Date, i.e. 21 July 2009, the Registered Owner applied for registration of the subject mark in his own name.

27. The owner of a registered trade mark has exclusive rights in the trade mark

¹⁶ Part (H) of Exhibit L to Ho’s Declaration.

¹⁷ Paragraph 14 above.

¹⁸ Part (N) of Exhibit L to Ho’s Declaration.

¹⁹ The Jordan Branch was referred to the Settlement Agreement as “成富有限公司 (FULL SURE LIMITED) (以商號彩福皇宴及欣宴經營於九龍佐敦彌敦道 348 號諾特富酒店 2 樓)”(*emphasis added*).

²⁰ Paragraphs 12(ii) and 14 above.

which are infringed by use of the trade mark in Hong Kong without his consent (section 14(1), TMO).²¹

28. Subject to sections 19 to 21 of TMO, a person infringes a registered trade mark if he uses in the course of trade or business (i) a sign which is identical to the trade mark in relation to goods or services which are identical to those for which it is registered;²² or (ii) a sign which is similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered where the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public.²³

29. The trade name “欣宴 EKY’S BANQUET” incorporates all the textual elements of the subject mark. Pursuant to the Settlement Agreement, the Applicant, which would henceforth be owned and operated by the Ho’s, may continue to trade under the trade name “欣宴 EKY’S BANQUET”. The Registered Owner’s intention at the time of the application for registration of the subject mark is a subjective factor which must be determined by reference to the objective circumstances of the particular case. In this case, it is clear that the Registered Owner’s intention at the time of filing the application for registration of the subject mark must have been to acquire rights to the subject mark by registration which would allow the Registered Owner to prevent use by the Applicant (and third parties) of the subject mark and the trade name “欣宴 EKY’S BANQUET” in relation to the services of providing food and drink and temporary accommodation without the Registered Owner’s consent. This is clearly inconsistent with Clause 27 of the Settlement Agreement, which allows the Ho’s to henceforth own and operate their four Branch Companies (including the Applicant) under their respective trade names without recourse to the Cheung’s, and vice versa.

30. Taking into account all the factors relevant to this case, I consider that the Registered Owner’s conduct of applying for registration of the subject mark in his own name falls short of the standards of acceptable commercial behaviour judged by ordinary standards of honest people. I find that the application for registration of the subject mark was made by the Registered Owner in bad faith.

²¹ Subject to the exceptions specified in sections 19, 20 and 21 of TMO (section 14(2), TMO).

²² Section 18(1), TMO.

²³ Section 18(3), TMO

Conclusion

31. Since I have found that the application for registration of the subject mark was made by the Registered Owner in bad faith, the registration of the subject mark is hereby declared invalid under sections 53(3) and 11(5)(b) of TMO.

(Finnie Quek)
for Registrar of Trade Marks
16 July 2013