

## Intellectual Property & Technology

### **TWG vs. TWG: Case Study on Rights in a Mark under Trade Marks Ordinance and Common Law (Part II)**

#### **The Verdict**

In [\*TWG vs. TWG: Case Study on Rights in a Mark under Trade Marks Ordinance and Common Law \(Part I\)\*](#), we introduced the trademark battle between Tsit Wing and TWG Tea. Tsit Wing sued TWG Tea at the High Court in Hong Kong for trademark infringement and passing off over the latter's use of their logo bearing the acronym "TWG", which Tsit Wing has registered and used as their trademark. TWG Tea's logo has not yet been registered with the Hong Kong Trade Marks Registry as Tsit Wing had filed an application to oppose TWG's application for registration.

The results of the brewing battle between Tsit Wing and TWG Tea on trademark infringement and passing off are now out. The High Court ruled that TWG Tea had infringed Tsit Wing's trademark rights and passed off their logo as Tsit Wing's mark.

#### **Just Using My Own Name**

At the High Court proceeding, TWG Tea put forward a defence arguing that it was using its own name for honest practices in commercial matters. This was however rejected by the Court after an examination of the facts. When TWG Tea changed its name from "The Wellness Group" to "TWG Tea Company Pte Ltd" in or about October 2007, Tsit Wing had already registered its marks containing the "TWG" acronym in various places such as Australia, Hong Kong, the PRC, Taiwan and Singapore. Evidence showed that TWG Tea's trademark applications in the US and Australia had met with citations of Tsit Wing's registered marks in those jurisdictions on the basis that TWG Tea's mark is similar to Tsit Wing's, thus preventing TWG Tea from registering their marks. As it was found that TWG Tea had relied on a well-known boutique law firm of Singaporean trademark lawyers to deal with its trademark applications, the Court concluded that it was unlikely that TWG Tea's trademark lawyers would not have advised TWG Tea about these citations. Furthermore, TWG Tea had negotiated and signed a co-existence agreement allowing both its and Tsit Wing's marks to coexist in South Korea in 2011, which pointed to TWG Tea's awareness of Tsit Wing's marks which also contained the "TWG" acronym. Judging from these circumstances, the Court rejected the defence that TWG Tea had been using its own name in "honest" commercial practice.

## **Trademark Infringement**

In assessing whether TWG Tea's sign infringed Tsit Wing's registered mark, the Court had to assess the similarity of the marks and the likelihood of confusion arising from the use of the alleged infringing sign.

### Looking Alike

In terms of similarity, the Court held that the dominant feature of Tsit Wing's marks and TWG Tea's sign is the acronym "TWG". As one of the principles in assessing similarity between the registered mark and the alleged infringing sign is that words "speak louder" than the surrounding design, the Court held that the English and French words around the acronym "TWG" in TWG Tea's logo do not differentiate TWG Tea's use of the acronym "TWG" from Tsit Wing's. This is especially so since these words are meaningless to Chinese speaking people and are non-distinctive. As such the competing logos are both identical in how they are spoken and heard, making them similar.

### And Likely to be Confused...

In assessing confusion, the Court ruled that confusion was likely. Tsit Wing had called five witnesses, amongst them long-time friends of Tsit Wing's Chairman, customers and Tsit Wing's banker, who had testified that they had mistaken TWG Tea's tea shop to be opened by Tsit Wing. The Court accepted their confusion as genuine. On the other hand, the Court did not accept the evidence of TWG Tea's witnesses that there was no confusion as these witnesses were not aware of the use of the acronym "TWG" by Tsit Wing. In those circumstances their evidence on potential confusion could not be relied on. Weight was also accorded to the citations from the Hong Kong trademark registry and its counterparts in the US, Australia and the Philippines. These citations were refusals to register TWG Tea's sign because of Tsit Wing's prior mark. It was held that these citations in opposition were powerful evidence of potential confusion as these different independent trademark authorities had reached the same conclusion. Due to the similarity of the logos and the evidence as to confusion, trademark infringement was established.

## **Passing Off**

Tsit Wing had been using its "TWG" logo extensively on its tea and coffee products and, since its rebranding in 2006, on thousands of invoices. This comprehensive use was more than sufficient to establish goodwill in the goods and services Tsit Wing supplied which are identified under its logo. As for misrepresentation, given the evidence of actual confusion of Tsit Wing's witnesses, the likelihood of misrepresentation was established. The Court did not accept TWG Tea's argument that, as they operated at the top end of the market, they were in a different sphere from Tsit Wing's broader and less expensive part of the retail market decreasing the chance of misrepresentation. The Court pointed out that TWG Tea supplies restaurants which, though of a decent quality, were not considered luxurious. The Court

concluded that TWG Tea would supply any customer who desired to purchase their wares and thus it did not strictly confine itself to the luxury goods sector. In this event, damage to Tsit Wing due to diversion of business to TWG Tea would be inevitable. The Court cited the example that TWG Tea currently made its products available in Taiwan's CitySuper. If allowed to, TWG Tea may supply CitySuper in Hong Kong, thus coming into direct competition with Tsit Wing.

## Watch What Happens

The verdict is out but there are still loose strands to tie regarding relief. Now that Tsit Wing has succeeded at first instance in its actions on trademark infringement and passing off, it has sought an injunction restraining TWG Tea from using its marks containing the acronym "TWG" and a declaration that TWG Tea has infringed Tsit Wing's marks. The question of relief was dealt with at a separate and later hearing. For the present, TWG Tea intends to appeal the ruling on trademark infringement and passing off. Stay tuned for more news of this ongoing trademark battle.

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**Important:** The law and procedure on this subject are very specialised and complicated. This article is just a very general outline for reference and cannot be relied upon as legal advice in any individual case. If any advice or assistance is needed, please contact our solicitors.

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