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Case Alert – *Hugo Boss Trade Mark Management GmbH & Co KG v Britain Boss International Co Ltd*

The interesting question of whether a trademark owner may mount a claim in Hong Kong based on trademark infringement and passing off against the owner of a website selling potentially infringing goods primarily in China was examined in case before the Hong Kong Court of Appeal.

I. BACKGROUND OF THE CASE

The Plaintiffs are members of a group of companies of the internationally well-known Hugo Boss manufacturer and retailer of luxury clothing and accessories. The group owns a number of registered trademarks in Hong Kong including "Hugo", "Boss", "雨果博斯".

The 1st Defendant is a company registered in Hong Kong. The 2nd Defendant is a director of the 2nd Defendant. The Defendants do not own any registered trademark in Hong Kong, but the 1st Defendant has registered the mark "BOSSUNWEN" (a mark with similar pronunciation to Hugo Boss's Chinese name) in mainland China. The 1st Defendant has been the licensor for use of the "BOSSCO", "BOSSUNWEN" and other registered trademarks in China for more than 10 year and owns around 400 stores in China in operation. The Plaintiff attempted to cancel the Defendant's "BOSSUNWEN" mark in mainland China but the attempt was otiose. The Plaintiffs then brought actions against the

Defendants in Hong Kong for trademark infringement and passing-off and obtained judgment in default. The Court of First Instance refused to set aside the judgment in default against the 1st Defendant on the basis that the 1st Defendant had no defence with a real prospect of success. Although the service on the 2nd Defendant was irregular, the Court of First Instance imposed conditions for setting aside the default judgment.

The Defendants lodged an appeal before the Court of Appeal and the appeal was allowed. The Court of Appeal held, amongst others, that (i) the Defendants' defence that some of the websites relied on by the Plaintiffs were not operated by them or their licensee had a real prospect of success; and (ii) for the website operated by the Defendants' licenses or related parties, they were not targeted at Hong Kong consumers and the Defendants had at least a real prospect of defending they were.

II. TEST PURCHASES DELIVERED TO HONG KONG ARE NOT SUFFICIENT

In order to mount a claim based on trademark infringement and passing off against the Defendants in Hong Kong, the Plaintiffs conducted test purchases from various websites including T-mall and Taobao which were delivered to their lawyers in Hong Kong. However, there is no evidence to link the sellers of the BOSSUNWEN products to the Defendants. Even if the products were originated from the Defendants, the Court observed that it did not suffice as it was legitimate for the Defendants as the registered trademark owner in China to sell them in China. The Court ruled that what was needed was to show that the Defendants had participated in or authorised the sales to Hong Kong.

III. WEBSITES NOT TARGETED AT HONG KONG CONSUMERS

The Court also examined the Plaintiffs' claims that the infringing acts were conducted through the various websites claimed to be associated with the Plaintiff. The Court of Appeal ruled that the websites were not targeted at Hong Kong consumers so as to give rise to liability for trademark infringement or passing off. The mere fact that the websites are or may be accessible to persons in Hong Kong does not necessarily mean that they are targeted at such persons. The Court took into consideration the following:-

- Texts on this website are in Simplified Chinese rather than Traditional Chinese characters;
- The goods offered for sale on the website were priced in RMB;
- The Defendants owns legitimate registered trademark rights in China over the marks used on these websites;
- The Defendants and their licensees have a substantial network of stores carrying goods under those marks in China;
- Lack of any operations of the defendants in Hong Kong; and
- Lack of evidence of the sales activity in relation to goods manufactured by the Defendants in Hong Kong.

TAKEAWAY

The Court of Appeal's decision provides a good guideline on the evidence required and factors to be considered for mounting a claim in Hong Kong against online infringing activities. Although the Plaintiffs failed in the context of resisting the application for setting aside the default judgment in this particular case, with appropriate evidence, enforcing the rights before the Hong Kong Court remains a good alternative option.