

IN THE MATTER of the Trade Marks Ordinance
and

IN THE MATTER of an Application by Mr. Vashi
Sobhraj Hathiramani and others trading as
Essardas & Sons to register the "SONIKO"
and device mark in respect of wrist
watches and watchbands and parts and
fittings thereof in Class 14 in Part A of
the Register

and

IN THE MATTER of an Opposition thereto
by Sony Corporation.

DECISION OF

Mr. P. Murphy, acting for the Registrar of the Trade Marks
Hearing on 28th November 1980

Mr. A. Rogers, instructed by Messrs. Wilkinson & Grist
representing the Opponents

The Applicants were not represented

On 4th March 1975 Mr. Vashi Sobhraj Hathiramani, Mr. Lachman
Sobhraj Hathiramani and Mrs. Lachmibai Sobhraj Hathiramani trading as
Essardas & Sons of 706, Queen's Building, 74 Queen's Road Central,
Hong Kong (hereinafter referred to as "the Applicants") submitted
an Application to the Registrar of Trade Marks (hereinafter referred to
as "the Registrar") for the registration in Part A of the Register of
the "SONIKO" and device trade mark in Class 14 in respect of "watches and
accessories thereof; clocks and watchbands". A photocopy of the mark is

annexed in Schedule 1.

In the supporting Statutory Declaration, Mr. Hathiramani stated inter alia (a) that the mark had been used by the Applicants in Madrid, Spain in respect of the said goods since January 1971 (b) that the mark had been used by them in Hong Kong in respect of the goods since December 1970 and (c) that the mark was not at the date of the Declaration registered anywhere.

On 27th March 1975 the Registrar wrote to the Applicants stating that the mark applied for was unacceptable for registration for the following reasons :-

"(1) The word "SONIKO" conflicts with "SONY" Trade Mark No. 303 of 1970 registered in respect of "precious metals and their alloys and goods in precious metals or coated therewith (except cutlery, forks and spoons); jewellery, precious stones, horological and other chronometric instruments", in the name of SONY KABUSHIKI KAISHA (also known as Sony Corporation), of No. 7-35, 6-chome, Kitashinagawa, Shinagawa-Ku, Tokyo-To, Japan."

(I omit reason (2) because it was in respect of a conflicting pending application by a third party which was subsequently abandoned and which I consider to be irrelevant in the present proceedings.)

(3) The word "SONIKO" is considered to be too close to "SONY" Trade Mark No. 580 of 1961 registered in respect of "radio and television receiving sets

and parts thereof, batteries, electric vacuum tubes, loud speakers, radio-phonographs, amplifiers, recording machines, converters, (rectifier units for operation of battery radio), pickups, sound recording machines (wire type), magnetized recording wires, electric communicating apparatuses, dictating machines, hearing aids, tape-recorders, tapes for tape-recorder, recorded tapes, transistors, record-players, electrophones and also parts thereof", in the name of SONY KABUSHIKI KAISHA (also known as Sony Corporation), of No. 7-35, 6-chome, Kitashinagawa, Shinagawa-Ku, Tokyo-To, Japan.

The said "SONY" mark is well-known in Hong Kong and the use of a similar mark on goods of other manufacturers even in other classes, would lead to confusion or deception.

- (4) The word "SONIKO" is phonetically indistinguishable from "SONY CO." which is the name of a company not represented in a special or particular manner. Registration is unavailable under Section 9(1)(a) of the Trade Marks Ordinance.
- (5) The "Sj Device" has been covered by the registration of Trade Mark No. 1516 of 1974 in the name of your firm."

A correspondence followed during which, in summary, the Applicants submitted that they were entitled to registration of the mark on the basis of honest concurrent user, as provided for in section 22 of the Trade Marks Ordinance (hereinafter referred to as "the Ordinance").

Ultimately, the Registrar wrote to the Applicants on 27th June 1975 stating that he was prepared to allow the mark to proceed under section 22 of the Ordinance, that the period of concurrent user should be a minimum of 5 years prior to the date of the application and that he would also waive the objection to the mark under section 12(1) of the Ordinance.

The Applicants replied on 10th July 1975 pointing out that the first date of their user was December 1970 and that they would therefore only have the necessary 5 year user in December 1975. They asked that the Application be kept pending until the end of 1975 when they would file a new application and abandon the existing one.

In June 1976, Messrs. Johnson Stokes & Master, Solicitors, acting on behalf of the Applicants, duly submitted a new application and asked that the one previously submitted in 1975 be treated as withdrawn.

The new application was, of course, in respect of the same mark and was in the same terms as the 1975 application except that the specification of goods read "watches, clocks and watchbands" i.e. the reference in the 1975 specification to "and accessories thereof" after "watches" had been deleted. Similarly, the supporting Statutory Declaration by Mr. Hathiramani was in the same terms as that enclosed with the 1975 application. The Applicants also enclosed a further statutory declaration by him giving additional information to support the claim for registration under section 22 of the Ordinance. The information in the two declarations was, in summary, that -

- (a) The Applicants adopted and first used the mark applied for, in Hong Kong in relation to the goods covered in the Application in December 1970 and had used the mark in Spain in relation to the said goods since January 1971;
- (b) The approximate annual total values of sales of the said goods manufactured in Hong Kong and exported abroad under the mark since 23rd December 1970 were as follows :-

<u>YEAR</u>	<u>APPROXIMATE ANNUAL TOTAL SALES OF THE SAID GOODS MANUFACTURED IN HONG KONG</u>
23rd December 1970 to 31st December 1970	HK\$ 16,437.50
1971	HK\$ 327,012.50
1972	HK\$1,607,308.80
1973	HK\$1,736,606.96
1974	HK\$2,288,687.00
1975	HK\$1,693,265.00
January 1976 to March 1976	HK\$ 43,790.00

(i.e. a total of HK\$7,713,107.76 during the $5\frac{1}{3}$ year period, averaging \$1,446,207.14 per annum)

- (c) During the time the Applicants had used the mark on the said goods, no objection, either oral or written, had ever been raised by any other trade mark proprietor to such user;
- (d) The Applicants had not advertised the mark in any local or overseas publications in relation to the said goods but by virtue of the use which the Applicants had made of the trade mark in respect of the said goods in Hong Kong, the Declarant believed that the trade mark had become well-known

in Hong Kong as indicating to the trade and public the products of the Applicants exclusively.

On 30th July 1976 the Registrar wrote to Messrs. Johnson, Stokes & Master to the effect that he was of the opinion, that on the basis of the evidence so far submitted, the Applicants had discharged the burden of proof as required under section 22 of the Ordinance and could therefore proceed to registration of the mark in Part A of the Register, subject to the following :-

- (1) The specification of goods to be amended to read "wrist watches and watch bands and parts and fittings therefor, all being goods exported from and sold outside Hong Kong";
- (2) The mark to be used in relation only to goods for export to and sale in Spain;
- (3) The letter "S" to be disclaimed;
- (4) The mark to be registered in association with the Applicants' existing mark No. 1516 of 1974 ("SANIKO").

The mark was duly advertised in the Gazette of 27th August 1976, page PN 1735.

In October 1976, Sony Corporation of 7-35 Kitashinagawa, 6-chome, Shinagawa-ku, Tokyo 141, Japan (hereinafter referred to as "the Opponents") gave notice through their agents Messrs. Wilkinson & Grist of their intended Opposition to the Application. Formal notice of Opposition was filed on

25th March 1977. The grounds of Opposition to the mark were given as follows :-

"We are a joint stock company incorporated under the laws of Japan with our principal place of business at 7-35 Kitashinagawa, 6-chome, Shinagawa-ku, Tokyo 141, Japan.

We are the registered proprietor of numerous "SONY" Trade Mark registrations in Hong Kong, particularly the following :-

<u>Number</u>	<u>Mark</u>	<u>Date</u>	<u>Class</u>	<u>Goods</u>
303 of 1970	SONY	3/6/69	14	Precious metals and their alloys and goods in precious metals or coated therewith (except cutlery, forks and spoons); jewellery, precious stones, horological and other chronometric instrument.

The Opponents' said mark was advertised in the Gazette on the 28th day of November 1969.

The mark applied for, "SONIKO" with device, so nearly resembles the Opponents' mark "SONY", is in respect of the same goods or goods of the same description as to be likely to deceive or cause confusion.

The Opponents' said mark has been in continuous and extensive use in Hong Kong by reason of which the same has become well-known in Hong Kong, and was the basis for registration of the aforesaid Defensive Trade Mark No. 303 of 1970. By reason of such reputation, use of the mark applied for would be deceptive and confusing and would be disentitled to protection in a Court of Justice.

Both the Opponents' mark and the mark applied for are in respect of

the same goods or goods of the same description by reason of which use of the mark applied for would be deceptive and confusing, and such use would be disentitled to protection in a Court of Justice.

Although it is a condition of registration of the mark applied for that the same shall only be used in relation to goods for export to and sale in Spain, the extensive use and advertisement of the Opponents' mark in many countries of the world including Spain and the reputation and goodwill acquired as a result of such would still render any use of the mark applied for deceptive and confusing and disentitled to protection in a Court of Justice.

The mark applied for is not a registrable mark within the meaning of section 9 of the Trade Marks Ordinance.

The nature of the use of the mark applied for is such that the Registrar should in his discretion refuse the application with costs against the applicant."

(At the Hearing, Mr. Rogers pointed out that the Opponents' said mark No. 303 of 1970 was a normal registration, not a Defensive Trade Mark.)

The counter statement filed on 24th November 1977 by the Applicants set out the grounds on which the Applicants relied as supporting their Application as follows :-

"We do not admit and/or deny the correctness or the validity of all and singular the various statements allegations and submissions made and contained in the Notice of Opposition to our said trade mark application (hereinafter called "the Application") which are not a matter of record and

which are inconsistent with what is contained herein as if the same were specifically set out herein and traversed. Without prejudice to the generality of the foregoing denial, we say as follows :-

We deny paragraph 3 of the Notice of Opposition in which the opponents contend that the trademark "SONIKO & Device" so nearly resembles the opponents' trademark "SONY" as to be likely to deceive or cause confusion. We would also say that visually a six-letter word could never be mistaken for a four-letter word. Furthermore, the mark SONIKO is applied on our goods with a device whilst the opponents' goods bear the mark "SONY" alone. As such, the opponents' allegation of similarity cannot stand. We also deny the allegation in the same paragraph in relation to the description of goods covered by the Application and the opponents are put to strict proof that they have used their mark in Hong Kong in respect of "wrist watches and watchbands and parts and fittings therefor" or products similar thereto.

We do not admit the opponents' allegations in paragraph 4 of the Notice of Opposition and would submit that the trademark "SONIKO & Device" has been adopted and used in Hong Kong in connection with "wrist watches and watch bands and parts and fittings therefor" by way of manufacture in the Colony and exportation abroad since 23rd December 1970. Since that time to the present date the trade mark has been continuously used upon our goods and has become widely recognised especially by the public in Spain. We deny the opponents' allegation that the application of the mark "SONIKO & Device" could cause deception as well as confusion and the opponents are put to strict proof thereof. To our knowledge no instances of deception have occurred and no complaint has ever been received by us from the opponents previously relative to our sales of "wrist watches and watch bands

and parts and fittings therefor" in Spain.

We are prepared to restrict our use of the "SONIKO & Device" trademark to "wrist watches and watch bands and parts and fittings therefor". We also deny the allegation in paragraph 5 that the use of the said trade mark will result in deception and confusion for the public and the opponents herein are put to strict proof thereof.

We confirm the opponents' statement in paragraph 6 that the mark "SONIKO & Device" shall only be used in relation to goods for export to and sale in Spain. We would also emphasize that the trademark "SONIKO & Device" has been used continuously by our firm on the said goods in Spain since January 1971 and consequently has come to denote our goods exclusively."

The evidence filed by the Opponents in support of their Opposition consisted of two statutory declarations by Mr. Mitsuo Takahashi, Assistant General Manager of Contracts and Licensing of the Opponents dated 22nd May 1979 and 7th May 1980 respectively.

The Applicants' evidence consisted of a statutory declaration by Mr. Vashi Sobhraj Hathiramani dated 3rd September 1979.

Neither party filed any evidence from any independent trader or any member of the public.

At the Hearing, Mr. Rogers submitted, in the first place, that the mark applied for is not a registrable mark. I am satisfied, however, that it is registrable within the meaning of section 9(1)(c) of the Ordinance,

i.e. that it is "an invented mark" in the technical sense, and that if there were no valid objections to it from a third party it could proceed to registration.

Mr. Rogers then proceeded in his usual persuasive and lucid manner to explain that his client's Opposition was based on section 12 of the Ordinance, and to give the detailed reasons for the opposition. I agree that section 12 is relevant and also consider that section 20 has to be taken into account in view of the existing registration of "SONY" in respect of inter alia "horological and other chronometric instruments" which I regard as being the same as, or at least being goods of the same description as, watches and watch-bands.

One English case dealing with honest concurrent user which I have found very useful is Spillers Ltd.'s Application 1952 69 RPC 327.

I propose to approach the present case in the same way as the original hearing officer did in the Spillers case as reported at page 329, i.e. I propose in the first instance to deal with the objections on the basis, contrary to fact, that the Applicants are seeking registration of a new or unused mark.

Section 20 of the Ordinance is for all practical purposes the same as section 12(1) of the UK's 1948 Act. The question which I have to ask myself was set out by Evershed J. in Smith Hayden & Co. Ltd.'s Application (1946) 63 RPC 97 at page 101 and is reproduced at section 10-02 and pages 172 and 173 of "Kerly's Law of Trade Marks and Trade Names 10th Edition" (hereinafter referred to as "Kerly"). It can, I think, be paraphrased

as follows :-

"Assuming user by Sony K.K. of their trade mark "SONY" in a normal and fair manner for any of the goods covered by the registration of that mark (and including particularly goods also covered by the proposed registration of the mark "SONIKO"), am I satisfied that there will be no reasonable likelihood of deception and confusion amongst a substantial number of persons if Essardas and Sons also use their mark "SONIKO" normally and fairly in respect of any goods covered by their proposed registration?"

Kerly also sets out at section 17-07, page 456 the onus of proof in relation to the "reasonable likelihood" referred to in the preceding paragraph as summed up by Parker J. in Pianotist Co. Ltd.'s Application (1906) 23 RPC 774 at page 777, viz :-

"You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks"

As is further pointed out in section 10-06, page 176, of Kerly: "It is well settled that the onus of proving that there is no reasonable probability of deception is cast on an applicant for registration of a mark."

However, before considering whether the onus has been met in the

present case, I have to deal with the point that the mark applied for is to be restricted to goods for export to and sale in Spain. At the Hearing, Mr. Rogers referred me to a number of interesting cases, notably Bale (Marcos) y Hnos Application (1948) 65 RPC 17 and Hassan-el-Madi's Application (1954) 71 RPC 281 & 348, which have satisfied me that, as stated in section 19-29, page 504 of Kerly, if confusion between trade marks used in the export trade is alleged, the test is whether there is a danger of confusion in Hong Kong. The cases further, I think, lay down that in a case like the present one where the applicant's goods are not sold at all in the country of manufacture, this means a danger of confusion in the export market in Hong Kong "i.e. those persons who are concerned in the handling of the goods between the manufacturer and the despatch from this country, e.g. merchants, middle-men, transport officials, exporters and shipping agents" (Decision of the Assistant Comptroller as quoted at page 284 of Hassan-el-Madi's Application). Footnote 50 page 181 of Kerly also states with reference to the two cases: "Presumably the public, for an export mark, is amongst those engaged in the export trade".

(The cases also satisfy me that any decisions which might be issued at any time by the Spanish courts on the dispute between the Applicants and the Opponents could not, in the absence of evidence as to Spanish Law, be used as evidence in the present proceedings. As the Assistant Comptroller, Chisholm, said at page 24 in the Bale (Marcos) y Hnos Application :-

"With reference to the judgments given in the Argentina Courts, although undoubtedly these Courts were considering a similar question to that which I have had to resolve, I have no evidence that the relevant law of that country is the same as in this country, and therefore I do not consider

that these judgements can strictly be utilised as evidence in these proceedings."

However, the point is not really relevant in the present case since, although a reference was made to proceedings in Spain between the parties, no copy of any court decision was produced.)

To return to the application of the principles in the Pianotist Limited's Application, I have, in comparing the two marks, kept in mind the statement at section 17-20, page 467 of Kerly :-

"It has been accepted in several reported cases that the first syllable of a word mark is generally the most important. It has been observed in many cases that there is a 'tendency of persons using the English language to slur the terminations of words'."

I agree with Mr. Rogers' contention at the Hearing that the pronunciation of the mark applied for will be "Sony-Ko". I think that this could easily be mistaken for meaning "Sony Co".

There is, of course, the device element in the mark but, as Mr. Rogers pointed out, this will not be used when the mark is spoken. It is, in any event, not a particularly striking device and the letter 'S' which forms a substantial part of it, is to be disclaimed.

It is clear from the advertising and sales figures in the evidence submitted by the Opponents that their "SONY" mark is well-known. I am satisfied that there are very few people in Hong Kong who do not know the mark as a result of its use on the consumer electronic products manufactured

by the Opponents. It was interesting to learn from Mr. Takahashi's first statutory declaration that the Opponents only used "SONY" on clocks and watches distributed in Hong Kong in 1975 for advertising/gift purposes. However, I agree with his view that in Hong Kong, it is not uncommon to find that a shop which sells radios and electronic instruments also sells watches, and that in the ten years previous to the statutory declaration, the technology used in watches and clocks had progressed until electronics had become commonly used in time-keeping devices such as watches. I myself owned a Sony clock/radio combination for a good many years until a short time ago. I agree with Mr. Takahashi that the public in Hong Kong have become accustomed to associating watches with electronics and that it would come as no great surprise to members of the public that a manufacturer who was previously associated with electronics has started manufacturing time-keeping devices and watches. In my opinion, this is particularly true with the big Japanese manufacturers, many of whom produce an astonishing variety of goods.

A few years ago one would have expected a person buying a watch to take considerable time and care with the purchase because the cost of a reasonably accurate and reliable mechanical watch was usually fairly high. With the invention of the electronic quartz watch, however, that situation has changed greatly. Nowadays an accurate reliable watch can be had at what would have been regarded as a very low price a few years ago and a purchaser does not, in my opinion, exercise the same degree of care as formerly. I consider therefore that an ordinary member of the public contemplating buying an electronic watch would not exercise the same degree of care as he would with a more expensive product and might easily mistake the applicant's mark for that of the Opponent's.

But, of course, for the purposes of the present case I am not considering the likelihood of deception of ordinary members of the public. It appears that none of the watches have been offered for sale in Hong Kong and the proposed registration is restricted to watches only for export to Spain. As previously stated, therefore, I think that I have to consider the likelihood of deception of members of the export market here, i.e. such people as the "merchants, middlemen, transport officials, exporters and shipping agents" referred to in the original Assistant Comptroller's decision in the Hassan-el-Madi's application. I have found this point more difficult to decide than usual. On the one hand, it can be argued that such people have a better knowledge of the trade than ordinary members of the public and, knowing that the Opponents have not yet actually started to make watches for sale, would not confuse the marks. However, I have reached the conclusion that with Hong Kong being, and having been for a good number of years, a thriving centre for the manufacture and export of watches, it is too much to expect that the individuals referred to above should be familiar with all manufacturers engaged in the trade and their marks. I have reached the conclusion that, in practice, a substantial proportion of those engaged in the export market would, on seeing the Applicant's mark, either confuse it with "SONY" or notice the difference but assume that it is another of the Opponents' marks, perhaps used by a watch manufacturing subsidiary either here or in Japan, with the goods being shipped through Hong Kong.

In summary, I am satisfied that there is a more than reasonable, indeed considerable, likelihood of deception and confusion among a substantial number of persons in the export trade here.

Turning now to section 12(1) of the Ordinance, this is, as is evident from the marginal note, based on section 11 of the UK's 1938 Act

and, in my opinion, it was intended to have the same effect in spite of differences in the wording (I annex at Schedule 2 a copy of an extract from a previous trade marks decision in which I set out my reasons for this view). The question which I have to ask myself is, as in the case of the question which has to be asked under section 20, set out by Evershed J. in *Smith Hayden & Co. Ltd.'s Application* and is reproduced in section 10-02, page 172 of *Kerly*. I consider that, incorporating the amendments to the opening part of the question suggested by *Kerly* at page 173, the question can be paraphrased as follows :-

"Having regard to the user of the name "Sony", am I satisfied that "Soniko", if used in a normal and fair manner in connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?"

It is true that the Opponents have only used "Sony" to a very limited extent on watches in Hong Kong i.e. for advertising/gift purposes in 1975. However, it is well settled that section 12(1) applies even to cases where the Opponents' mark has been used only upon goods of a different description from those for which registration of the Applicants' mark is sought (section 10-03, page 173 of *Kerly*). I have already said that I doubt whether there is anyone in Hong Kong who does not know the "Sony" trade mark through its use on the wide range of consumer goods produced by the Opponents. It follows that, as in the case of section 20, I am satisfied that there is a more than reasonable, in fact a considerable, likelihood of deception and confusion among a substantial number of persons in the export trade in Hong Kong.

I should add that on a number of occasions at this and other hearings, Mr. Rogers has urged me to accept that when section 12(1) of our Ordinance was enacted, it was in fact intended by the legislature that the changes in the wording should introduce substantive changes in the law. As already indicated, I am not yet fully persuaded that this view is correct, but nevertheless acknowledge that I should also consider the case on the basis that it is indeed correct. Although this means that I cannot look to the UK cases for guidance, there is, fortunately, a considerable similarity between section 12(1) of the Ordinance and the corresponding New Zealand provision, section 16 of their Trade Marks Act 1953, which was considered in the case of Pioneer Hi-Bred Corn Co. v. Hy-Line Chicks Pty. Ltd. (1979) RPC 410. Section 16 reads as follows :-

"It shall not be lawful to register as a trade mark or part of a trade mark any scandalous matter or any matter the use of which would be likely to deceive or cause confusion or would be contrary to law or morality or would otherwise be disentitled to protection in a court of justice."

Richmond P. stated at p. 412 of the judgment :-

"At this point it is convenient to note that section 16 is worded in a different way from its statutory predecessors, the last of which was section 13 of the Patents, Designs, and Trade Marks Amendment Act 1939. That section, in common with section 11 of the United Kingdom Act of 1938, prohibited registration of any matter the use of which would "by reason of its being

likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice". The effect of that particular form of language was discussed by their Lordships in *Bali Trade Mark* (1969) RPC 472; (1969) 2 All ER 812 and in *GE Trade Mark* (1973) RPC 297; (1972) 2 All ER 507. It is however clear that in 1953 the legislature in New Zealand deliberately departed from the previous wording as found in section 13 of the 1939 Amendment Act. The result is that in this country the words "the use of which would be likely to deceive or cause confusion" are no longer governed by the words "would otherwise, be disentitled to protection in a court of justice". They should accordingly be given effect in accordance with their ordinary and natural meaning."

And at p. 413 he stated :-

"It can however be said quite accurately that the effect of section 16 is to declare by statute that 'any matter the use of which would be likely to deceive or cause confusion' is ipso jure something which is disentitled to protection in a court of justice. The only importance of the point is to emphasise that the latter words do not add some additional qualification or refinement."

As already indicated, I consider that on the basis of the test in Smith Hayden & Co. Ltd.'s application, there is a considerable likelihood of deception and confusion among a substantial number of persons in the export trade here and the application therefore also fails if Mr. Rogers' views on the interpretation of section 12(1) of the Ordinance are correct.

In summary, I have reached the conclusion that, if treated on the basis that the Applicants are seeking registration of a new or unused mark, the application fails under both section 12(1) and section 20.

However, following the example of the original hearing officer in the Spillers Ltd.'s Application previously referred to, I now return to the fact that the Applicants are claiming to be entitled to the benefits of section 22 of the Ordinance under which, in the case of honest concurrent user or of other special circumstances, the Registrar is given a discretion to register a mark that is identical to, or nearly resembles another mark registered for the same goods or description of goods.

Or to be more accurate, as explained at the beginning of this decision, when the Applicants originally applied for registration, the Registrar pointed out the objections under section 20 in respect of the existing registration of "SONY" and the Applicants then claimed the benefits of section 22. (The same circumstances applied in the case of the Spillers Ltd.'s Application.)

However, on considering the question of honest concurrent user in more detail, I found the following statement in Kerly, section 10-17,

page 186, regarding section 12(2) of the UK 1938 Act which is in almost exactly the same terms as our section 22 :-

"Similarly, section 12(2) cannot be applied if the mark offends against section 11" (i.e. against section 12(1) of our Ordinance).

Again, Kerly states at section 10-17, page 174 :-

"The case of "honest concurrent use", however, gives rise to considerable difficulty, since there is nothing in section 11 corresponding to section 12(2). On the one hand, it is now clear that any mark that is "likely to deceive or cause confusion" falls within the prohibition of section 11: there is no higher degree of deception or confusion needed to render the mark "disentitled to protection". On the other hand, section 12(2) shows a clear intention that in some cases of deception or confusion a concurrent mark should nevertheless be registrable. There must accordingly be some cases in which, despite the likelihood of deception or confusion, section 11 does not prohibit registration; but how this result is to be arrived at is not fully clear."

Nevertheless, footnote 16 on page 174 states :-

"In *Berlei (UK) Ltd. v. Bali Brassiere Co. Inc.* (1970) RPC 469, Megarry J. held, obiter, that "the specific case envisaged by section 12(2) permits registration despite the general prohibition of section 11". He so

held on the authority of *Bass v. Nicholson* (1932) 49 RPC 88. See also *Spillers' Application* ("Vivos") (1952) 69 RPC 327 at page 335 and *Pirie's Application* (1933) 50 RPC 147. (On appeal in the "Vivos" case, the point did not arise.) So far as applications to register are concerned, it may be taken that the court will interpret "disentitled to protection" so as to make the test for registrability under section 11 correspond closely with that under section 12(2). So far as applications to strike out a mark already registered are concerned, section 32 gives a discretion anyway. See also the doubts expressed in the "Bali" case, *supra*, by Lord Wilberforce at page 500."

In view of the doubts on the point as set out in footnote 16, I think that I should consider the case on the basis that I do in fact have open to me a discretion to register under section 22, notwithstanding my finding that the mark is objectionable under section 12(1) of the Ordinance. The general principles which I should take into account were laid down by Lord Tomlin in *Pirie's application* (1933) 50 RPC 147, and summarised in section 10-18, page 187 of *Kerly* as follows :-

"(1) The extent of use in time and quantity and the area of the trade; (2) the degree of confusion likely to ensue from the resemblance of the marks which is to a large extent indicative of the measure of public inconvenience; (3) the honesty of the concurrent use; (4) whether any instances of confusion have in fact been proved; and (5) the relative inconvenience which

would be caused if the mark were registered, subject if necessary to any conditions and limitations: but not the effect in foreign countries of registration in the United Kingdom. The discretion of the tribunal is unfettered and concurrent registration may be allowed even when the probability of confusion is considerable. Every case has to be determined on its own particular merits and circumstances."

Having considered these criteria, my views are as follows :-

- (1) The mark was used only in Spain for a period of about 5½ years prior to the application. This is not a particularly extensive area or period of time.

No money was spent on advertising.

The value of the watches sold per annum was quite impressive, but not exceptionally so.


- (2) I think that a considerable likelihood of confusion would be likely to ensue from registration of the mark.
- (3) With regard to honesty of the user, I would have been more impressed if the Applicants have given me an explanation as to how they came to decide on the mark.
- (4) There have been no instances of confusion proved.
- (5) No evidence has been presented as to the relative inconveniences which would be caused if the mark were registered.

In view of these circumstances, I have decided, though not without some hesitation, that I should not exercise the discretion (if I have one) in favour of the Applicants on the basis of honest concurrent use.

Nor have any arguments been presented to me by the Applicants which have persuaded me that there are other special circumstances within the meaning of section 22 which would justify me in exercising my discretion (if I have one) to register the mark.

Accordingly, even if I have a discretion under section 22 in the present case, and the general weight of authorities seems to be that I do not, I would not exercise it in favour of the Applicants.

I therefore uphold the objections made by the Opponents and find that the Applicants' mark should not be entered in the register of trade marks. I further find that the Opponents are entitled to an award of costs, that any representations which either party may wish to make as to the amount of these costs will be considered if received within one month from the date of this Decision and that failing such representations or subject to any representations calling for special treatment, costs will be calculated on the usual scale.



(P. Murphy)
Assistant Registrar General
31st March 1982

SCHEDULE 1

Photocopy of the mark applied for



SCHEDULE 2

Extract from previous trade mark Decision
discussing section 12(1) of the Ordinance

Before reviewing the facts of this case in some detail I must deal with a point which was raised at the Hearing by both Mr. Liao and Mr. Rogers (and also at a subsequent unconnected Hearing, by Mr. Rogers) i.e. the difference in wording between section 12(1) of the Ordinance and the corresponding section 11 of the 1938 Act. Our section 12(1) reads as follows :-

"It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law or morality, or any scandalous design."

Section 11 of the 1938 Act reads as follows :-

"It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design."

The marginal note to our section 12(1) refers to section 11 of the 1938 Act as its source notwithstanding the differences in wording.

Our original Trade Marks Ordinance was passed in 1910. The corresponding section there was section 11 which was (save, for one minor difference in punctuation) exactly the same as section 11 of the U.K.'s 1905 Act. Section 11 of the U.K. 1938 Act was almost the same as section 11 of the U.K. 1905 Act, the main difference being the addition of the words "or cause confusion".

It might therefore have been expected that when the Bill of our present Trade Marks Ordinance was published in 1954, the equivalent of section 11 of the old Ordinance, re-numbered as clause 12(1), would have been the same as section 11 of the 1938 Act. The "Objects and Reasons" appendix to the Bill states inter alia "The Bill repeals and replaces the existing Trade Marks Ordinance (Cap. 43) and follows closely the lines of similar legislation in the United Kingdom In view of a number of changes in fundamental principle attention is invited to the clauses mentioned hereunder". However, no reference is made to clause 12(1) as being different in principle from section 11 of the U.K.'s 1938 Act and indeed, as already remarked, the marginal note refers to section 11 of the 1938 Act as being its source.

My researches indicate that the sequence of events leading to the differences in wording between the 1938 Act section 11 and our section 12(1) was as follows :-

- (i) As already mentioned, section 11 of our original Ordinance, enacted in 1910, was the same as section 11 of the U.K.'s 1905 Act.

- (ii) In 1934 the Report of a Departmental Committee on the Law and Practice relating to Trade Marks in the U.K. ("The Goschen Report") was issued. Paragraph 65 of the Report recommended a rewording of section 11 of the 1905 Act. As copies of the Report are not now readily available in Hong Kong, I annex a copy of page 19, containing paragraph 65, as Appendix 5. As can be seen from the context, the Committee regarded this revision as being for the purpose of clarifying the wording of section 11 of the 1905 Act, which they regarded as "cumbersome", and not for the purpose of introducing any substantive change. If they had intended the latter I think it is obvious that they would have made their intention clear. As can also be seen, the recommended rewording is almost exactly the same as our present section 12(1).
- (iii) When the 1938 Act was drafted, the U.K. Draftsman, for reasons which I do not know (but which I suspect were based largely on simple conservatism) opted to ignore the Goschen Committee's recommendation and adhered to the wording of section 11 of the 1905 Act, subject to the following changes :-
- (a) substitution of "likely" for "calculated" (which had also been recommended in the Goschen Report); and
 - (b) addition of "or cause confusion".

The reasons for (b) are not known to me and it seems that the textbook writers at the time were not clear about them either. For example, "The Trade Marks Act 1938", Bray and Underhay, commented : "The words 'or cause confusion' occur throughout the Act as an addition to the words 'likely to deceive' e.g. sections

11 and 12. The effect of adding these words is not very clear." (page 7) Also, "This section corresponds to section 11 of the Act of 1905, the only change being the addition of the words "or cause confusion", as to which see note, page 7. As the change in wording is not likely to produce any considerable change in the practice, the treatment of the subject of deceptive marks in Kerly, p.p. 266-320, may still be regarded as authoritative." (Page 17)

In Kerly, 6th edition, pages 613 and 614, it is stated with regard to section 11 and 12(1) of 1938 Act: "The words 'or cause confusion' are new. They occur throughout the 1938 Act as an addition to the words 'likely to deceive'. Their effect is not very clear."

In the G.E. case, (1973) RPC 297, Diplock L. stated at page 334: "Sections 11, 35, 40 and 41 of the Act of 1905 were re-enacted in the Act of 1938 where they became sections 11, 32, 46 and 13 respectively. The minor differences in wording do not, in my view, affect their meaning. In section 11, 'calculated to deceive' became 'likely to deceive or cause confusion'. In saying, in my judgement in the BALI Trade Mark case (1968) RPC 426 in the Court of Appeal, that this involved a change in the meaning of the section, I was mistaken."

I think that these comments from the textbook writers and the Bench show a general consensus that section 11 of the 1938 Act was not in any significant way different from section 11 of the 1905 Act.

(iv) It appears from Hong Kong Government records which I have examined that when our present Ordinance was being drafted in 1954, the officers concerned were aware of criticism in the U.K. of the wording of section 11 of the 1938 Act. After some debate, it appears that they reached the conclusion that, in fact, the revised version of section 11 of the 1905 Act recommended by the Goschen Committee was preferable to that used in section 11 of the 1938 Act. Like the Goschen Committee, it is clear that they thought that this rewording was for the purposes of clarification and did not involve any departure from the substantive provisions of section 11 of the 1905 Act as repeated in section 11 of 1938 Act. This was why the marginal note to our section 12(1) still refers to section 11 of the 1938 Act as its source.

On this basis, I am satisfied that it was intended that our section 12(1) should embody the same substantive provisions as section 11 of the 1938 Act and that the differences in wording are only for the purposes of clarification. I therefore propose, as suggested by Mr. Liao, to interpret our section 12(1) on the same basis as the U.K.'s section 11 and to regard U.K. decisions on section 11 as being suitable precedents for me to follow.