

TRADE MARKS ORDINANCE (Cap. 559)

APPLICATION NO. : 300965467AB

MARK : COMPASS

APPLICANT : THREESIXTY SOURCING LTD.

CLASS : 35

STATEMENT OF REASONS FOR DECISION

Background

1. On 2 October 2007, ThreeSixty Sourcing Ltd (“the Applicant”) filed an application for the registration of COMPASS (“the subject mark”) pursuant to the provisions of the Trade Marks Ordinance (Cap.559) (“the Ordinance”). The application was in respect of various goods and services in Classes 9 and 35. The application was subsequently divided into two, one in respect of the goods in Class 9 and the other in respect of the services in Class 35. The application in respect of goods in Class 9 relates to “computer software for managing high volume, time-sensitive product sourcing exercises, and for providing on-line interactive access to provide order and information management” and has become registered. The subject application concerns only the services in Class 35. Such services are “business management services, namely, providing access to proprietary software for use in the management of sourcing exercises involving locating, competitively negotiating, and procuring for others buyer-specified products on a fully outsourced basis for consumer-branded hard goods companies; management of information relating to aforesaid sourcing programs (business information); and administrative processing of orders arising from aforesaid sourcing programs, all through use of proprietary software”.
2. At the examination stage, an objection was raised against this application under section 12 of the Ordinance on the basis of two registered trade marks. The citation of one of these was eventually waived and the objection was maintained

on the basis of the following remaining registered trade mark (“the cited mark”) :

Cited Mark

Trade mark : **COMPASS**
Registration no. : 300085482
Date of registration : 29 September 2003

The cited mark is registered in respect of various services in Classes 35 and 42. The services covered by the specification of Class 35 are set out below:

Class 35

business consultancy based on comparative analysis; business consultancy using analysis of a client's or third party's operations and performance relative to the operations and performances of other entities; business consultancy using comparative analysis of a client's or third party's performance; business consultancy using comparative analysis of a client's or third party's IT operations; business consultancy using a framework of mathematical models for analysis of a client's or third party's IT and business processes; consultancy relating to sourcing using analysis of a business entity's operations and performance relative to the operations and performances of other entities; consultancy relating to sourcing using comparative analysis of a business entity's performance

3. The Applicant requested a hearing on the registrability of the subject mark. The hearing was held before me on 10 November 2009. The Applicant did not file any evidence during the examination stage but prior to the hearing, it filed a statutory declaration made by a Matthew Lu (“Lu Declaration”) to show that there had been honest concurrent use of the subject mark. At the hearing, Ms. Helen Tang of Messrs. Jones Day (“the Agent”) appeared on behalf of the Applicant. I reserved my decision at the conclusion of the hearing.
4. Subsequent to the hearing, the decision of the Court of First Instance in the case of *C.S.S. Jewellery Company Limited v The Registrar of Trade Marks* (HCMP 2602/2008) (“the *CSS Case*”) was issued. As the decision of Cheung J in the *CSS Case* sets down clear principles on when registration of a mark can be allowed on ground of honest concurrent use, the Applicant was given the opportunity to make written submissions in light of the judgment. It did file

further written submissions in a letter from the Agent dated 17 February 2010.

Provisions of the Ordinance

5. The relative grounds for refusal of an application for registration of a trade mark are set out in section 12 of the Ordinance. The relevant provision, subsection (2), states that:

“(2) A trade mark shall not be registered if –

- (a) the trade mark is identical to an earlier trade mark;*
- (b) the goods or services for which the application for registration is made are similar to those for which the earlier mark is protected; and*
- (c) the use of the trade mark in relation to those goods or services is likely to cause confusion on the part of the public.*

6. The term “earlier trade mark”, as referred to in section 12(2), is defined in section 5 of the Ordinance, the relevant part of which states :

“(1) In this Ordinance, “earlier trade mark”, in relation to another trade mark, means –

- (a) a registered trade mark which has a date of application for registration earlier than that of the other trade mark, taking into account the priorities claimed in respect of each trade mark, if any.”*

As the cited mark has a date of application for registration earlier than that of the subject mark, it is an “earlier trade mark” in relation to the subject mark.

7. On the interpretation of paragraph (c) of section 12(2), section 7(1) of the Ordinance is relevant. It provides that –

“For greater certainty, in determining for the purposes of this Ordinance whether the use of a trade mark is likely to cause confusion on the part of the public, the Registrar or the court may take into account all factors relevant in the circumstances, including whether the use is likely to be associated with an earlier trade mark.”

8. The provisions on honest concurrent use are set out in section 13 of the Ordinance and they read :

“(1) Nothing in section 12 (relative grounds of refusal of registration) prevents the registration of a trade mark where the Registrar or the court is satisfied –

(a) that there has been an honest concurrent use of the trade mark and the earlier trade mark or other earlier right; or

(b) that by reason of other special circumstances it is proper for the trade mark to be registered.

(2) The registration of a trade mark under or by virtue of subsection (1) shall be subject to such limitations and conditions as the Registrar or the court thinks fit to impose.”

Decision

Lu Declaration

9. At the hearing, Ms. Tang relied on the contents of the Lu Declaration in arguing the Applicant’s case on acquired distinctiveness as well as on the *prima facie* basis. It would therefore be convenient for me to first give a brief account of what has been deposed to in the Lu Declaration and then set out the other relevant details averred to when I come to the part on honest concurrent use.
10. The Lu Declaration has seven exhibits, numbered as “Exhibit ML-1 to 7”. A brief description of what the exhibits represent, according to the Lu Declaration, is set forth below:-

Exhibit ML-1	Copy certificate of registration of the subject mark in Class 9
Exhibit ML-2	Copy printout from the COMPASS System
Exhibit ML-3	Copy photographs of a pricing auction held in March 2007
Exhibit ML-4	Copy of extracts from quote presentations given to Aero Products International, Inc. and Cranium, Inc.
Exhibit ML-5	Copy of extracts from websites of the Applicant on how the

- Applicant has helped some of its customers
- Exhibit ML-6 Copy extracts from websites of third parties showing promotion of Applicant's services
- Exhibit ML-7 Copy extracts from Applicant's website showing use of the subject mark

11. As explained in the Lu Declaration, the Applicant is a leading global sourcing firm specializing in sourcing products for the consumers and commercial hard goods sectors. Further, the word "COMPASS" stands for "Customer Oriented Management Platform Advanced Sourcing Solutions", an acronym which was adopted by the Applicant as a trade mark for its business tool, a proprietary sourcing information system (the COMPASS System). It was averred that the subject mark had been continuously used by the Applicant in Hong Kong since 2002.
12. The functional operation and the workflow of the COMPASS System whereby customers of the Applicant have been receiving the services applied for from the Applicant are also accounted for in some detail in the Lu Declaration. The process starts with the receipt of a purchase requisition from a customer, upon which the Applicant will conduct the quoting exercise through the use of the COMPASS System. In the meantime, the Applicant will also send requests for quotations to different suppliers in order to maximize the gathering of market intelligence and pricing information. A summary of recommended quotes will then be sent to the customer. As and when a confirmed purchase order is received from the customer, the Applicant places the purchase order with the selected suppliers, monitors the production (including inspections of raw materials, work in progress and finished goods) and arranges shipment of the products. In addition, the Applicant keeps its customers informed of price movement of key commodities, provides showrooms and meeting places to its customers and arranges visas, transportation, supplier visits and accommodations for them.

Prima facie registrability

13. Section 12(2) of the Ordinance is similar in effect to section 5(2) of the UK

Trade Marks Act 1994¹, which implements Article 4(1)(b) of the European Trade Marks Directive². Appropriate guidance in considering the ground of objection to registration under section 12(2) of the Ordinance can therefore be gleaned from a number of decisions of the European Court of Justice relating to the application of the aforesaid Article 4(1)(b).

14. According to the case of *Sabel BV v Puma AG* [1998] R.P.C. 199, the likelihood of confusion must be appreciated globally, taking into account all relevant factors. The matter has to be judged through the eyes of the average consumer of the goods or services in question who normally perceives a mark as a whole and does not proceed to analyse its various details. In the case of *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77, the average consumer is said to be one who is deemed to be reasonably well informed and reasonably observant and circumspect – but who rarely has the chance to make direct comparison between different marks and instead rely upon the imperfect picture of them that he has kept in his mind.
15. In addition, in assessing the likelihood of confusion, I am mindful of the principle established in the case of *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* [1999] R.P.C. 117; that is, a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods or services, and vice versa. The *Sabel BV v Puma AG* case, supra, also suggests that there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character either *per se* or because of the use that has been made of it.

¹ Section 5(2) of the UK Trade Marks Act 1994 provides as follows –

- “(2) A trade mark shall not be registered if because –
- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
 - (b) it is similar to an earlier trade mark and is to be registered for goods or services identical or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

² Article 4(1)(b) of the European Trade Marks Directive 89/104/EEC of 21 December 1988 provides –

- “(1) A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:
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- (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

16. To determine whether registration of the subject mark is prohibited under section 12(2) of the Ordinance, I have to consider whether the subject mark would likely cause confusion on the part of the relevant consumers as a result of it being identical to the cited mark and because they are to be registered in respect of services the same as or similar to the services in respect of which the cited mark is registered. In assessing the likelihood of confusion, I may, according to section 7(1) of the Ordinance, take into account all factors relevant in the circumstances.

Comparison of marks

17. The subject mark is identical to the cited mark. The Applicant has not suggested to the contrary.

Comparison of services

18. Guidance on the comparison of goods and/or services can be found in the cases of *British Sugar v James Robertson and Sons Ltd* [1996] R.P.C. 281 and *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*, *supra*, where similar factors were considered to be relevant. To quote from the *British Sugar* case (at page 296-7), the factors that should be taken into account when considering the similarities between goods and/or services are :

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of services;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves; and
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for

industry, put the goods or services in the same or different sectors.

19. The first item of the services applied for is a specific type of business management services which involve the use of proprietary software for sourcing buyer-specified products. The other items are the management of information relating to such sourcing program and the administrative processing of orders arising from such sourcing program. Thus, all the services relate to the sourcing of products, albeit individual items of the services applied for are required by business entities at different stages of their business operations. Where a business wants to obtain a particular product, the services of the Applicant can, through the use of proprietary software, look for sources of the product, provide relevant information on the sources so identified and aid in the processing of the order for the product from the source selected from the identified ones.
20. The cited mark is registered in respect of various services in Class 35 which are, in the main, business consultancy services based on different modes of comparative analysis, including two items specifically mentioned as being related to sourcing. With these two items, the use of the services are the same as the services applied for, namely to promote efficiency in finding suppliers so as to help other parties do business. They have the same group of users too, that is, businessmen who need assistance in finding suppliers. The way such services are provided can also be the same as that by which the services applied for are provided. Although not so specified, the use of proprietary software can be involved in the provision of the services covered by the registration of the cited mark and the comparative analysis that may be carried out in the provision of such services can be related to the pricing of different suppliers. As regards the other items of services included in the specification of the cited mark, although not specified as being related to sourcing, they are of such general nature that they can also be provided for enterprises that are looking for services for sourcing products.
21. Hence, both the use and the users of the services applied for and those registered under the cited mark are the same. Not only is there commonality in these aspects, the acts to be undertaken in the provision of the services and the trade channels of the services that can be offered by both the Applicant and the owner

of the cited mark are also the same. Business management consultants like the owner of the cited mark are in the business of offering solutions to address the problems encountered by their clients in their operations, be they general in nature or related to sourcing in particular. The respective services are therefore in competition with one another. Thus, having applied the factors as expounded in the *British Sugar* case, *supra*, I find the services applied for to be closely similar to the services covered by the registration of the cited mark in Class 35.

22. Ms. Tang put forward a different case. According to her, even though the word “sourcing” is included in the specifications in both cases, the context in which the word is used has to be examined against the services actually provided. In both the skeleton arguments submitted and at the hearing, Ms. Tang drew my attention to the kind of services that are actually being offered under the respective marks. As deposed to in the Lu Declaration and also as noted in the skeleton arguments, the Applicant operates as an outsourced company office for customers across a broad range of product categories. On the other hand, according to the website of the owner of the cited mark, it is part of a group of companies that provide business consultancy to clients so as to allow clients to decide how best to improve the way in which a business is run and its focus is in business analysis for the purpose of improving internal organizational efficiency, not sourcing of goods for trade.
23. Ms. Tang also placed emphasis on the references to comparative analysis and to client’s or third party’s performance in the specification of the cited mark. She pointed out that the differences in the description of the services meant that the focus of the services of the owner of the cited mark would be on the analysis part and the comparing of the performances of different entities, whereas with the application in question, the focus would be on helping clients to source and negotiate for buyer-specified products.
24. When making a comparison of the services of the subject mark and those of the cited mark, there should not be undue focus on the reference to “sourcing” that appears in the specification of the cited mark. Rather the gist of the services of concern has to be looked at, by applying the factors stipulated in the *British Sugar* case. The main fault with the Applicant’s arguments lies in the basis for the comparison to be conducted. With *prima facie* registrability, actual use is

not relevant. What should be considered are the services that can come within the specification of the application in question and that of the registration of the earlier trade mark, with reference to which the scope of protection (that is, the protection sought in the former case and granted in the latter case) will be determined. As shown in the analysis above, the specification of the cited mark is cast in fairly general terms and does extend to the specific services that the Applicant is seeking to register the subject mark for. There is therefore similarity in the services applied for with the services covered by the registration of the cited mark.

25. I do not see any merits in Ms. Tang's attempt, on the basis of the state of actual respective use by the parties as presented to me by her, to draw fine distinctions between the descriptions of the two specifications or to distinguish the particular niches in the market that may be occupied by the Applicant and the owner of the cited mark. To a potential customer looking for business management services in terms of sourcing, the consultancy services that can be provided by the owner of the cited mark, even if they are not at present so provided, would be wide enough to cover services like locating potential suppliers and the comparative analysis that can be carried out, even if it is not currently being done, could extend to analysis of the prices offered by different suppliers. That being the case, I find the services applied for to be similar to those registered under the cited mark.

Likelihood of confusion

26. There is still one more requirement under section 12(2) of the Ordinance, namely, that the use of the mark applied for on the services in question will likely cause confusion on the part of the public. In considering whether there is a likelihood of confusion, I have to apply the global appreciation test, taking into account all relevant factors. In assessing the likelihood, I need to consider the normal and fair use of the two marks as they are.
27. The services in question are a particular type of business management services. It involves the use of proprietary software in the management of sourcing exercises, the management of information relating to such sourcing program and the processing of orders arising from such sourcing program. The users of such

services are commercial enterprises who need help with their businesses, in particular in respect of sourcing. The level of care and attention that can be expected of them is higher than that can be expected of an ordinary member of the public in the purchase of an everyday use item. That does not however mean that they will pay attention to every detail. Given that the marks are identical to each other and the services are closely similar to one another, and also given that the relevant consumers only have their imperfect recollection to rely on, there is still a likelihood of confusion.

28. Ms. Tang suggested the contrary. She referred to the discussions on this point in *Kerly's Law of Trade Marks and Trade Names* (14th Edition) and the relevant case law. According to such authority, the sort of confusion required to satisfy the provision is confusion as to origin and it is not enough that the cited mark will only be called to mind if there is no possibility of the customer being under any misapprehension as to the origin of the goods or services. The services provided by the Applicant and the owner of the cited mark in reality were also once again referred to by Ms. Tang. She stressed that the services provided by the owner of the cited mark were business consultancy for corporations, with the aim of improving corporate governance, efficiency and profitability and hence they were clearly different from the supply chain business management services provided by the Applicant through access to proprietary software. The customers served by the Applicant, which include a wide range of well-known companies and brands in the consumer and commercial hard goods sectors, are also, according to Ms. Tang, different from the customers served by the owner of the cited mark, the majority of which are from services industries.
29. As explained in the above, the manner of actual use is not a relevant factor in assessing registrability on a *prima facie* basis. The specification of the cited mark does not preclude the use of proprietary software in the provision of the services covered, nor does it require the owner of the cited mark to provide business consultancy services that are aimed at improving corporate governance, efficiency and profitability only. Similarly, there is no restriction over the types of customers that can be served by the owner of the cited mark. The exclusive right that the owner of the cited mark is entitled to by virtue of the registration of the cited mark does extend to the provision of the services that are now provided by the Applicant.

30. That being the position, this is not a case where the cited mark will only be called to the mind by customers of the services applied for when they see the subject mark being used, or that the customers will clearly appreciate that the services come from a different source despite the association they will make of the two marks. Rather, I find that there is a real likelihood of confusion of the origin of services applied for if the subject mark is allowed to co-exist with the cited mark. The subject mark is therefore precluded from registration under section 12(2) of the Ordinance.

Honest concurrent use

31. As provided in section 13 of the Ordinance, a mark would not be prevented from registration under section 12 if there has been an honest concurrent use of the mark and the earlier trade mark. As noted in the recent judgment in the *CSS Case*, supra, the following two-stage determination is required:

- (1) whether there has been an honest concurrent use of the subject mark and the cited mark;
- (2) if the answer to (1) is in the affirmative, whether after considering all relevant circumstances, including public interest, the Registrar's discretion should be exercised to accept the application for registration, despite the fact that the use of the subject mark in relation to the goods or services in question is likely to cause confusion on the part of the public.

32. The point of time for establishing honest concurrent use is the date of this application, that is, 2 October 2007. The task before me is therefore to consider whether the Applicant has established that there had been honest concurrent use of the subject mark as at 2 October 2007.

Stage (1)

33. To pass the examination for stage (1), the Applicant has to show that there had been use of the subject mark as a trade mark in respect of the services applied for, that such use of the subject mark had been made concurrently with the cited

mark and that such concurrent use had been honestly made.

34. On the question of whether there has been use of the subject mark, one thing I need to mention here is the submission, in the Agent's letter of 17 February 2010, that although the evidence contains instances where the subject mark was used with other elements such as the words "system", "ThreeSixty", "Login" and the compass device, there were many instances where the subject mark was used alone as a trade mark. Examples of these in the various exhibits of the Lu Declaration were then specifically referred to in that letter. The Applicant also put it to me that the other elements that were used with the subject mark were either descriptive, such as the word "login" and "system" or were used with the name of the Applicant to depict its ownership. In the case of use in conjunction with the compass device, it is the Applicant's case that even if the compass device is considered as distinctive, the subject mark was still being used as a trade mark and it is just a case of the Applicant using more than one mark in respect of the services applied for. The main problem with the samples of use submitted is not whether the subject mark was used in conjunction with other elements, distinctive or not. Rather, the extent of use, both in terms of the duration of use and the area of trade, cannot be reliably established. This will be demonstrated by the detailed overall assessment of the evidence filed set out below.
35. The Applicant claims continuous use of the subject mark in Hong Kong since September 2002. Annual revenues for the services provided in Hong Kong under the subject mark are set out in paragraph 18 of the Lu Declaration for the years from 2002 to 2007. The figures are indeed impressive, but not one single invoice has been provided. I asked Ms. Tang about this at the hearing. The reason she gave was that the Applicant got their service fees out of the use of their system. Such explanation does not however form part of the evidence filed. Neither is it a satisfactory account of why other documents have not been submitted to illustrate the arrangement between the Applicant and its customers regarding the charges payable for the services rendered; for example, a sample of the invoices for ordering goods by the Applicant's clients or the terms and conditions for the provision of services by the Applicant (with any commercially sensitive information blocked out, if deemed necessary).

36. The reasoning provided by Ms. Tang also begs the question whether the figures deposited to in the Lu Declaration represent the licence fees to use the proprietary software of the Applicant, in which case the revenue relates to the goods applied for in Class 9, as noted in paragraph 1 above, rather than the services in Class 35 that are now under consideration. It is also not clear to me whether the description of “Wholesale Revenue” given to the figures (as a column heading in paragraph 18 of the Lu Declaration) means that they actually represent the amounts of the products sourced through the Applicant and hence only a fraction of them can be truly attributed to the use of the goods in Class 9 and/or the provision of the services in question.
37. As regards the promotional efforts of the Applicant, according to paragraph 19 of the Lu Declaration, the Applicant has continued to make efforts and substantial investments in advertising and promoting the services provided under the subject mark. Examples of such efforts in the form of extracts from six websites are shown in Exhibit ML-6, but the Lu Declaration does not indicate the period during which those extracts appeared on the websites and I am left to surmise the position as best I can. Although the materials in Exhibit ML-6 do not bear dates, some of them have a copyright notice. With the “tonke” and “qiyeto” websites, there is a copyright notice indicating the years 2006-2009 while the copyright notice of the “abtrade” site is for 2007-2009. Such notices suggest that the contents had only been displayed on those sites for a short period prior to the filing of this application, if they had been so displayed at all. As regards the others, there is no basis for me to assume that they had been displayed before the filing of this application.
38. It is also notable that the Chinese characters used in all these sites are in the simplified version and although naturally customers from any place will be welcome, this suggests that the main targets of the promotional materials are businessmen in Mainland China. Furthermore, the “tonke” site, the “qbtrade” site, the “alibaba” site and the “qiyeto” site all set out a brief background of the Applicant under the heading of “Guangzhou representative office of ThreeSixty Sourcing HK Ltd”. The “qqcg” site provides information of the participants of the International Sourcing Fair that was held in Shanghai in September 2006. In the “pconline” site, the Applicant and the COMPASS System are mentioned as an example of successful applications of storage and record keeping solutions

offered by a Shenzhen entity under the name of “NAS” and it does not have any information about the services provided by the Applicant under the subject mark. There is, in addition, no indication whatsoever in the Lu Declaration or elsewhere which shows the number of visits of these websites by Hong Kong parties. I am therefore left in the dark as to whether these advertising efforts did really reach the relevant users in Hong Kong, and if so, the extent that they had been able to do so.

39. Apart from the aforesaid advertising materials, the Lu Declaration points to advertisements on the Applicant’s own website and shows extracts from it as Exhibit ML-7. The printouts in this exhibit bear a copyright notice of 2008. I cannot tell from the Lu Declaration the date on which such promotional literature first appeared on the website. I cannot therefore regard them as use prior to the date of filing of this application.
40. I need to add that, in terms of the duration of use, I have difficulties in trying to verify the claim of commencement of use in Hong Kong in 2002. There is no invoice showing the commencement of use of the subject mark in Hong Kong and I have already commented on the short period of time during which the materials in Exhibits ML-6 and ML-7 might have been used. The other exhibits with examples of use (Exhibits ML-2, ML-3, ML-4 and ML-5) also fail to enlighten me in the inquiry about the period of use.
41. According to paragraph 8 of the Lu Declaration, a copy of a printout from the Applicant’s website on what the COMPASS System can be found in Exhibit ML-2. It shows a page with the title “COMPASS SYSTEM – Web Quotation”. There is no indication in the Lu Declaration or the page so exhibited as to the period of time during which such page was shown to visitors of the website.
42. Exhibit ML-3 shows, according to paragraph 12 of the Lu Declaration, a pricing auction with all current and potential suppliers that was held in March 2007. There are four photos in that exhibit but the subject mark is not shown to have been used in any of them.
43. Exhibit ML-4 contains extracts from two sets of quote presentations given to its clients by the Applicant, one dated 18 July 2006 and the other 10 January 2007.

Both clients are US companies. The subject mark does not appear in the extract from the presentation dated 10 January 2007. In any event, there is no indication in the Lu Declaration that the presentations were given to the clients of the Applicant in Hong Kong.

44. The materials in Exhibit ML-5 bear no dates and they are extracts from the Applicant's website on how the Applicant had helped some of its customers. All the seven customers shown are US companies and in 5 of the extracts, the subject mark was not used at all, save as the title of a section of the website. However, since the extracts are not from that section, I cannot tell whether the subject mark would be shown to have been used in respect of the relevant services there. In the two in which the subject mark appeared in the texts displayed, it was referred to specifically as the name of the proprietary sourcing information system of the Applicant. The marks that were used in relation to the sourcing services are "ThreeSixty" and "Shop-Around" instead.
45. The picture on use as presented by the exhibits is therefore vastly different from that as claimed by the Applicant. Without further explanation and detailed accounting for the discrepancies, I cannot, on the strength of the materials submitted, arrive at a conclusion that there had been use of the subject mark in Hong Kong by the Applicant in relation to the services applied for since 2002.
46. At the hearing, I commented on the shortcomings of the evidence to Ms. Tang, in particular my inability to verify the extent of use of the subject mark as claimed from the evidence before me. Ms. Tang suggested to me that consideration should be taken of the fact that normal people did not keep record of every moment of their lives and the Applicant could not re-create relevant materials to show use. She also put it to me that allowance should be given to the present case since the services applied for were specialized, they were more intangible and so the subject mark was not displayed prominently all the time.
47. It is clear that we are not concerned here with the private life of an individual. What we are dealing with is the operation of a business enterprise. In running a business enterprise in Hong Kong, it is not unusual to keep proper records, for example, it is a statutory requirement for business entities carrying on business in Hong Kong to keep accounting records for a period of seven years for inspection

by tax authorities. Hence, the absence of invoices showing the use of the subject mark on services provided in Hong Kong by the Applicant would in my view call for some explanation, but none has been forthcoming.

48. Honesty of the concurrent use is also a matter that has to be considered at this stage. The Applicant relies on its claim of prior use since 2002 and the account of what the term “COMPASS” stands for as noted in paragraph 11 above. Although there is an explanation of COMPASS being an acronym of the name of its proprietary sourcing information system in paragraph 8 of the Lu Declaration, I find no mention anywhere in the supporting documents about how the abridged term came to be derived or that the proprietary system of the Applicant had ever been called or known by the unabbreviated version of “COMPASS”.
49. Since the date of registration of the cited mark is 29 September 2003, prior to any dates that appear in the materials on use that are exhibited to the Lu Declaration, honesty cannot be inferred from the fact of prior use. The basis for regarding the Applicant’s use of the subject mark, which is identical to the cited mark, as honest has to be otherwise demonstrated. There is nothing further in the Lu Declaration although it is the Applicant’s submission, in the skeleton arguments, that there is no evidence suggesting that the Applicant adopted the subject mark with dishonest intent. The onus is however on the Applicant to show that there had been honest concurrent use. It is thus not open to the Applicant to rely on the absence of evidence to the contrary. A proper account for the adoption of the subject mark should therefore have, but not in the actual case, been given.
50. From the factual analysis outlined above, it is clear that the question posed for the first stage of the assessment of honest concurrent use, as mentioned in paragraph 31 above, has to be answered in the negative. That being the case, this application for the registration of the subject mark should therefore be refused. Lest I be wrong in so finding, I now proceed to the determination for stage (2).

Stage (2)

51. There was discussion about the matters to be taken into account in considering

whether a case of honest concurrent use has been established in the UK case of *Pirie* (1933) 50 RPC 147. Five points were mentioned in that case and they are:

- (a) the extent of use in time and quantity and the area of the trade;
- (b) 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;
- (c) the honesty of the concurrent use;
- (d) whether any instances of confusion have in fact been proved; and
- (e) the relative inconvenience which would be caused if the marks were registered.

52. According to the case of *Electric Ld's Application for Trade Mark* [1957] RPC 369, these factors are not exhaustive and all relevant circumstances ought to be considered. Further, what is a relevant circumstance depends on the facts in each case.

53. As noted in the 14th edition of *Kerly's Law of Trade Marks and Trade Names*, at paragraph 9-156, the discretion of the tribunal is unfettered and concurrent registration may be allowed even where the possibility of confusion is considerable and each case has to be determined on its own merits.³ On this basis, I shall turn to consider the relevant factors.

Extent of use

54. In paragraphs 35 to 45 above, I have given an account of the extent of use of the subject mark as demonstrated by the evidence filed. In particular, I have pointed out that the dates of use of the materials submitted and the extent that the materials on which the subject mark had been used in Hong Kong, if at all, cannot be established. In addition, not one single invoice has been produced in support of the provision of the services applied for by the Applicant to its customers. I cannot therefore, on the basis of the materials before me, find that the first factor mentioned in the *Pirie* case, *supra*, works in favour of the Applicant.

³ This passage was quoted with approval in the UK Court of Appeal in the case of "Budweiser" [2000] RPC 906 at 915

Degree of confusion

55. With the second factor listed in the *Pirie* case, *supra*, the degree of confusion that will likely ensue has already been covered by the discussions in paragraphs 26 to 30 above. I would stress though that a likelihood of confusion *per se* does not necessarily justify refusal of registration. Despite the possibility of confusion, other considerations may well justify registration. As noted in the passage from *Kerly's*, quoted in paragraph 53 above, honest concurrent use is a permissible exception even where confusion is considerable.

Honesty of concurrent use

56. I have covered this factor in paragraphs 48 and 49 above. Given that the Applicant has failed to show that it had commenced use of the subject mark prior to the filing of the application of the cited mark, it has to explain why its use of the subject mark should be considered as honest. This has not been done. There is also no information in the exhibited materials about the full name of the proprietary software system employed by the Applicant in the provision of the services applied for. The statement about how the subject mark came to be derived is therefore of little help to the Applicant.

Instances of confusion

57. As regards the fourth factor expounded in the *Pirie* case, *surpa*, it is only touched upon in the submissions made but not dealt with in the statutory declaration filed. The fact that there had not been any reported instances of confusion was mentioned in the skeleton arguments submitted and the letter from the Agent dated 17 February 2010. As this factor bears heavily on the state of the market, the knowledge of the Applicant is of great relevance. Not being adduced in the form of evidence, I cannot accord any probative value to the assertion as would have been the case had it been deposed to in the statutory declaration filed. However, even if I am prepared to take into account the assertion that there have not been any instances of confusion, I cannot rule out the possibility that confusion has so far been avoided because of the less than impressive use of the subject mark in Hong Kong, as has been demonstrated by the Lu Declaration.

Balance of inconvenience

58. Coming to the last factor of the *Pirie* case, *surpa*, the owner of the cited mark has not had the opportunity to address me on the relative inconvenience to the parties if the subject mark is allowed to be registered in respect of the services applied for. In the skeleton arguments submitted, reference is again made to the actual status of the business operation of the owner of the cited mark. My attention is drawn to information derived from the website of the owner of the cited mark which shows that it only has two offices in Asia, namely in the Republic of Korea and in Singapore and that the customers of the Applicant are different from those of the owner of the cited mark. Further, in the letter of the Agent dated 17 February 2010, it has been pointed out that, according to a company search conducted on behalf of the Applicant, there is no record of any company incorporated in Hong Kong in the name of the Applicant. It is thus the suggestion of the Applicant that the owner of the cited mark does not seem to be conducting business in Hong Kong and so use of the subject mark is unlikely to cause confusion to the public.
59. I note that the company search conducted only relates to companies incorporated in Hong Kong and does not cover companies incorporated elsewhere but registered as a foreign company in Hong Kong. I also note that the status about the current mode or the territorial range of operation of the owner of the cited mark is not averred to in the Lu Declaration. Simply relying on the assertions made, I do not find it safe to conclude that the owner of the cited mark, being the first to register, will not be inconvenienced at all by the registration of the subject mark.
60. In the letter from the Agent dated 17 February 2010, the Applicant stressed that it would be unfair if the subject mark should be refused at this stage, given that the subject mark was well known, as proven by the ease of locating reference to the Applicant through a large number of search engines and the lack of evidence of confusion since 2002. My views on the relevance of the websites mentioned in the various exhibits of the Lu Declaration and the lack of evidence of confusion have been detailed in the analysis above. I therefore do not agree that the subject mark has been shown to be well known in relation to the services applied for.

61. Had the Applicant been able to show use of the subject mark in Hong Kong on the services in question since 2002, there would have been justification in claiming that inconvenience to the Applicant would be considerable. With the evidence in the shape it is, I cannot even form a view on the extent of use, whether in terms of the area of trade or duration, of the subject mark in respect of the services applied for. There is therefore no basis for me to find that the balance of inconvenience necessarily tips in favour of the Applicant.

Weighing of all factors

62. The Applicant has also, in the letter from the Agent dated 17 February 2010, pointed to a few other factors that it considers to be relevant – the proprietor of the cited mark will not be prejudiced by the concurrent registration of the subject mark since it can continue to use the cited mark and the fact that this application is still open to opposition upon acceptance by the Registrar. The last mentioned factor, although relevant, is not overriding and has to be considered in conjunction with all other relevant factors. As regards the other one mentioned, I have reservations about its relevance. What was considered relevant in the *CSS Case*, supra, is, if registration was disallowed, the applicant would not be able to continue with its use of the mark in question despite a long history of use. It would be stretching the principle a bit too far to suggest that the fact that the owner of the cited mark can continue to use its mark is also a relevant factor to be taken into account, as its right to so use the cited mark stamps from and is well secured by its registration.

63. As a ground for accepting the registration of a mark despite an objection raised under section 12 of the Ordinance, I consider the factor relating to the honesty of the use of the mark applied for to be of greater importance when deciding whether to exercise the discretion on ground of honest concurrent use. As noted in the *CSS Case*, supra, at paragraph 73, “*This is not only relevant in establishing honest concurrent use, but is also a material factor to bear in mind in terms of a balanced exercise of the discretion*”. The Applicant has not established that this factor works in its favour. So is the case with the factor relating to the extent of use. With regard to some other factors, like the instances of confusion and the balance of inconvenience, I also cannot conclude

that they support the exercise of the discretion in favour of the Applicant. The Applicant has also not shown that any public interest will be served by allowing registration. Thus, having considered each of the factors mentioned in the *Pirie* case, *supra* and also the other factors sought to be relied on by the Applicant, I would not consider it right to exercise the discretion to allow this application for registration of the subject mark even if the question in stage (1) should be answered in the affirmative.

Other special circumstances

64. Although not pleaded by the Applicant at all, there is an alternative ground for allowing registration of a mark despite a valid objection under section 12 of the Ordinance. Pursuant to section 13(1)(b) of the Ordinance, if by reason of other special circumstances it is proper for a trade mark to be registered, the objection under section 12 can be overcome.
65. Although not judicially defined, indication of what amounts to “other special circumstances” can be gleaned from the cases where registration had been allowed on this basis. In the case of *Holt* [1957] RPC 289, the fact that the applicant in the case had used their mark for 15 years prior to the opponents was considered as “special circumstances” because it was a fact peculiar to the applicant in relation to the subject matter of the application. The *Holt* case was relied on in the Hong Kong case of *Re Miss Elaine Inc.* [2003] 1 HKC 666.
66. With the materials before me, there is no basis for me to find that any special circumstances exist to justify the registration of the subject mark in respect of the services under application. The commencement of use of the subject mark as claimed by the Applicant has not been substantiated and the services have not been shown to have been provided by the Applicant to parties in Hong Kong. I cannot therefore allow registration of the subject mark in respect of the services in question on ground of other special circumstances.

Conclusion

67. I have considered all the documents put before me by the Applicant, including

the evidence filed, and all written and oral submissions made in respect of the application and the authorities referred to. For the reasons stated above, the subject mark is precluded from registration under section 12(2) of the Ordinance. The application is accordingly refused under section 42(4)(b) of the Ordinance.

Caroline Chow
for Registrar of Trade Marks
8 March 2010