

**TRADE MARKS ORDINANCE (CAP. 559)**

**OPPOSITION TO TRADE MARK APPLICATION NO. 300264339**

**MARK:**   
**CLASSES:** 9 and 11  
**APPLICANT:** MIP METRO GROUP INTELLECTUAL PROPERTY  
GMBH & CO. KG  
**OPPONENT:** WATSON ENTERPRISES LIMITED

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**STATEMENT OF REASONS FOR DECISION**

**Background**

1. On 7 August 2004 (“Application Date”), MIP Metro Group Intellectual Property GmbH & Co. KG (“Applicant”) filed an application under the Trade Marks Ordinance (Cap. 559) (“Ordinance”) for the registration of the following mark (“suit mark”) –



Registration is sought in respect of the following goods in Classes 9 and 11 –

Class 9

“electric and electronic apparatus and equipment for the analogue, digital or optical receiving, processing, reproduction, control or distribution of light, sound or image signals; audio visual equipment; television sets, radio receivers, amplifiers, loudspeakers, disc or CD recording or play-back apparatus, apparatus for recording, reproducing, displaying, coding, decoding, transmitting, receiving, processing sound and/or video signals and/or data; radio sets, video players, television signal decoders, CD and DVD players and recorders, record players, computers and peripheral

equipment, communications apparatus and instruments, telephones, including cordless telephones, navigation systems; headphones, microphones, tuners, amateur radio transmitters and receivers, condensers, transistors, radio alarm clocks, DVD players and recorders, MP3 players; parts and fittings for all the aforesaid goods.”

Class 11

“bulbs.”

2. The Applicant claims priority in respect of the subject application as of 9 February 2004 (“Priority Date”).

3. Particulars of the subject application were published on 6 October 2006. On 5 March 2007, Watson Enterprises Limited (“Opponent”) filed a notice of opposition against the subject application together with a statement of the grounds of opposition. In response to the notice of opposition filed, the Applicant filed a counter-statement on 31 May 2007. The Opponent subsequently sought and was granted leave to amend the grounds of opposition (“Amended Grounds”). The Applicant did not make any amendments to the counter-statement filed.

4. As evidence in support of the opposition, three statutory declarations were filed, a statutory declaration of Andrew Peter Miles (“Miles Declaration”), a statutory declaration of Mak Ming Lai Nicholas (“Mak Declaration”) and a statutory declaration of Ng Wang Yu Gary (“Ng Declaration”). According to paragraph 34 of the Miles Declaration, Exhibit “APM-20” should be an optical disc showing a selection of the TV commercials of the Opponent’s group. The said disc was omitted from the Miles Declaration and the sole purpose of the Mak Declaration was to put in the optical disc as part of the evidence of the Opponent.

5. The evidence filed by the Applicant is in the form of a statutory declaration made by Katrin Steinberg (“Steinberg Declaration”) and a statutory declaration made by James Kennoway Allan (“Allan Declaration”).

6. The opposition was fixed to be heard on 18 September 2012. Mr. Douglas Clark, counsel appeared on behalf of the Applicant and Ms. Winnie Tam, senior counsel appeared on behalf of the Opponent.

## **Grounds of opposition**

7. At the hearing, Ms. Tam confirmed that the Opponent would seek to rely only on the grounds of opposition in section 12(3), 12(4) and 12(5)(a) of the Ordinance. In support of the opposition, the Opponent claims ownership in a number of marks, including trade mark applications and registrations in Hong Kong that are held by the Opponent. Details of these trade mark applications and registrations are listed in Schedule A of the Amended Grounds. This Schedule A is reproduced in the Appendix.

## **Opponent's evidence**

8. According to the Miles Declaration, A.S. Watson & Co., Limited is the main corporate entity of the retail and manufacturing business of Hutchison Whampoa Limited, holding a group of wholly owned or associated companies (of which the Opponent is one) for its global operations and business, including the business in Hong Kong ("A.S. Watson Group"). Andrew Peter Miles was the Chief Executive Officer for the Health & Beauty business and operation of the A.S. Watson Group in the Asian region. An account of the background of the A.S. Watson Group and the business operations of the group was given by him in the Miles Declaration, with the more relevant details set out below.

9. The Canton Dispensary, the forerunner of A.S. Watson, established itself in Mainland China in the 1800's. It was one of the first companies in the world to manufacture soda water at that time. Eventually, operations extended to Hong Kong and the Hong Kong Dispensary was founded in 1841. The name A.S. Watson began to feature prominently with the Hong Kong Dispensary and in 1871, the Hong Kong Dispensary became A.S. Watson & Company. Incorporation in Hong Kong took place in 1886 when a certificate of incorporation of A.S. Watson & Co., Limited was issued. By 1895, the business of the group included the operation of 35 stores and the production of approximately 300 dispensary, toiletry and perfumery lines.

10. By the early 1980's, A.S. Watson & Co., Limited became a wholly owned subsidiary of Hutchison Whampoa Limited. Business of Watson's the Chemist<sup>1</sup>

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<sup>1</sup> It is not clear from when onwards the stores of the A.S. Watson Group came to be called "Watson's The Chemist" and when this name ceased to be used. Although the corporate brochures in Exhibit "APM-7" talks about the launching of an upgraded store concept of "Watsons Your Personal Store" in 2003, an advertisement placed with Oriental Daily on 26 October 2001, on page 572 of the bundles prepared for the hearing, shows that the name "Watsons Your Personal Store" had already been used by then.

continued to expand throughout Asia. A.S. Watson Group started to develop, manufacture, sell, supply, market and promote its own-branded products in the 1990's and the range of such products has expanded to personal care items and certain electrical and electronic apparatuses and instruments. Expansion of business has continued and since 2005, A.S. Watson Group has been the world's largest health and beauty store retailer.

11. The development from the early dispensary to the modern day personal care stores aside, other businesses of the A.S. Watson Group have been carried on under the name Watson's. These include the production of beverages since 1872 and the manufacture of pure water in Hong Kong and China by Watsons Water since 1903. Watson's Wine Cellar, another retail arm using the Watson's name for the sale of wine, opened in Hong Kong in 1998.

12. Exhibit "APM-7" is a copy of the corporate brochure with a chronology of historical milestones and significant developments of the A.S. Watson Group, where many of the events highlighted above are recorded. Ms. Tam drew my attention to a picture showing the shop front of a Watson's Wine Cellar store. There are actually four other pictures which show the use of the word "WATSON". One of these is a flyer or poster showing the establishment of the Hong Kong Dispensary in 1841. The word "WATSON" appears as part of the name of A.S. Watson & Co. Another one is an advertisement for soda water and the word again appears as part of the name of the company. This picture appears against the entries of the early 1900s era. A third picture shows the shop front of a Watson's store. The word appears in the script form as Trade Mark No. 200600270.<sup>2</sup> The entries adjacent to this picture relate to the opening of Watson's The Chemist in Taiwan, Macau, Singapore, Malaysia, Thailand, the Philippines and China in the 1980s. In the fourth photograph, a signboard showing certain goods being available at the Watson's stores can be seen. The word "Watson's" is enclosed in a more or less rectangular borders. This last picture is shown next to a 2006 milestone about the first opening of Watsons Your Personal Store in Indonesia and Slovenia.

13. As for the types of goods and services the A.S. Watson Group has been involved in, Miles pointed to the use by the A.S. Group, whether independently or jointly with its licensees and/or distributors, of the marks "WATSON'S" and "WATSONS" in respect of a wide range of goods and services, including without limitation (i) electrical beauty apparatuses and instruments, beverages, healthcare

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<sup>2</sup> A representation of this trade mark can be found in the Appendix.

products, patented and proprietary pharmaceutical products, cosmetics, medical and dental apparatuses and instruments and materials, orthopaedic and general healthcare articles and printed matters, batteries; and (ii) retail, beauty consultant services and advisory services relating to cosmetics, skin care, chemists, healthcare and pharmacy (collectively referred to as “Opponent’s Goods and Services”).

14. By 2003 the A.S. Watson Group was operating over 140 retail stores in the name of “WATSON’S” or “WATSON’S The Chemist” or “WATSON’S Your Personal Store” in Hong Kong. The stores have presence in an extremely wide geographical area in Hong Kong, from business districts to prime location in shopping areas as well as residential areas for all income levels. Four of these are flagship stores located at Causeway Bay, Central, Tsim Sha Tsui and Sha Tin and these offer both retail services of goods and pharmacy services.

15. In terms of sales, reference was made to the sales and provision of the Opponent’s Goods and Services in various markets in Hong Kong and elsewhere. Information about the revenue from the sale and provision of the Opponent’s Goods and Services by reference to marks incorporating “WATSON’S” or “WATSONS” for the years 1998-2007 in Hong Kong and other places in Asia has been set out in paragraphs 24 and 25 of the Miles Declaration. For the years prior to the Priority Date, the average yearly figure for the Hong Kong market exceeds HK\$2,500 million. Sales figures for the provision of the Opponent’s Goods and Services in other markets in Asia can also be found in the Miles Declaration. The sum of the sales made in 2003 in China, Taiwan, Singapore, Malaysia, Macau, Thailand and the Philippines amounted to HK\$5,790 million.

16. Apart from retail services, A.S. Watson Group has been manufacturing and selling a substantial product line under its own WATSON’S brand, which consists of over 1,500 wide ranging products, including baby care, beauty products, toiletries, household products, foodstuffs and electronic goods. Exhibit “APM-14” is a list of the regional product line and it has over 30 pages in all. A few of these are electrical appliances, such as hair dryer, hair straightener, curling iron, eyebrow trimmer, eyelash curler, shaver, toothbrush, foot spa, facial sauna, massager, blood pressure monitor. The Opponent has separately provided the revenue generated from the sale of the own-branded products of A.S. Watson Group for the years 2003-2007 for various Asian markets. For Hong Kong alone, the figure for 2003 is over HK\$540 million.

17. The Miles Declaration then referred to the expansion of the business into the retail of electronics products since around 1990, when the A.S. Watson Group acquired the business of “Fortress”. According to the Miles Declaration, A.S. Watson Group has sold over 300,000 units of its own-branded electrical and electronic products bearing the “WATSON’S” marks in Asia.

18. Advertising expenditure for the promotion of the Opponent’s Goods and Services has also been substantial. Advertising expenses for the years 2000-2007 are set out in paragraph 32 of the Miles Declaration and the average yearly amount spent for the Hong Kong market prior to the Priority Date is HK\$23.5 million. Advertisements have been placed in newspapers, magazines, radio and television, or they take the form of newsletters, points of sale materials, pamphlets and brochures. A great number of samples of the advertising materials can be found in Exhibits “APM-15” – “APM-29” of the Miles Declaration. Most of these relate to the business of the retail stores and the bulk of the products promoted are foodstuffs and personal healthcare products. Products bearing the Watsons brand can be seen among these advertisements.<sup>3</sup>

19. Registration of the marks incorporating the word “WATSON’S” has been secured in over 100 jurisdictions around the world, with details set out in Exhibits “APM-30”, “APM-31” and “APM-32”<sup>4</sup> of the Miles Declaration. Although it is averred in paragraph 39 of the Miles Declaration that the earliest registration of such marks in Hong Kong dates back to 1937, a few of the trade marks listed in the exhibits have much earlier registration dates, with the earliest one being Trade Mark 19010177, having been registered as of 6 December 1901. The classes of goods and services covered by the registration of these marks in Hong Kong are 1, 3, 5, 8, 9, 10, 14, 16, 18, 20, 21, 24, 25, 26, 27, 28, 29, 32, 33, 41 and 42. In respect of goods in Class 9, the Opponent made particular reference to two registrations, namely Trade Marks Nos. 200600270 and 1998B04175, in paragraph 41 of the Miles Declaration.<sup>5</sup>

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<sup>3</sup> Examples include lipsticks on pages 521 and 530 of the bundles prepared for hearing, hair oil essence on page 554 and batteries on page 557.

<sup>4</sup> Exhibits “APM-31” and “APM-32” show the records of the trade marks registered in Hong Kong, many of which include additional elements apart from the word “WATSONS” but with the word “WATSONS” being the dominant element.

<sup>5</sup> Three were pleaded in the Amended Grounds and the third one is Trade Mark No. 1998B04174, details of which can be found in the Appendix. These three marks were the only ones relied on by Ms. Tam as the basis for the opposition under section 12(3) of the Ordinance.

20. In respect of the markets outside Hong Kong, it is clear that the A.S. Watson Group has been selling in various countries in Europe. Turkey, Slovenia and Estonia were specifically referred to in paragraph 26 of the Miles Declaration, while mention of PR and press offices set up in the UK, France, Latvia and the Netherlands can be found in paragraph 33 of the Miles Declaration. In the corporate brochure in Exhibit “APM-7”, there is a list of the countries where the group does business,<sup>6</sup> but since the brochure was printed after the Priority Date, it is not clear which are the ones that should be on the list as of that date. A description about the brands used in Europe can also be found in the corporate brochure and a total of 11 brands were named there.<sup>7</sup> Another section of the corporate brochure then gives details of the names employed by the A.S. Watson Group for the retail stores in various countries in Europe, for example “Kruidvat” in the Netherlands and Belgium, “Superdrug” in the UK, “Rossmann” in Germany, Poland, Hungary and the Czech Republic, “Savers” in the UK and the Netherlands, “Trekpleister” in Holland, “Drogas” in Latvia, Lithuania and Estonia, and “СИЕКТП” in Russia.<sup>8</sup>

21. There is information about the many awards and accolades received by the A.S. Watson Group in the Miles Declaration. One of these is the listing of Retail Asia-Pacific Top 500 by the Retail Asia magazine shown in Exhibit “APM-9”. For the year 2003, the Watsons brand of A.S. Watson in Hong Kong<sup>9</sup> ranked 207 among the list for “Health & Beauty Specialists”<sup>10</sup> and the sales reported for that year amounted to US\$192.1 million. There is also the inclusion of both “Watson’s The Chemist” and “Watsons Water” by Superbrands in their Global Brand List in Exhibit “APM-10”.<sup>11</sup>

22. Ng Wang Yu Gary succeeded Mr. Miles as the Managing Director of “Watson’s The Chemist”. He is also the Managing Director of “Fortress”. There is a statement in the Ng Declaration that “Watson’s The Chemist” and “Fortress” are respectively retail operations of personal care and electronic/electrical products of the

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<sup>6</sup> Page 164 of the bundles prepared for the hearing.

<sup>7</sup> Page 174 of the bundles prepared for the hearing.

<sup>8</sup> Pages 190-212 of the bundles prepared for the hearing.

<sup>9</sup> The Watson’s brand in Taiwan has a separate ranking, and so it is clear that the ranking is market specific.

<sup>10</sup> There is a separate list for supermarkets under which the Park n Shop brand of A.S. Watson Group ranked 69 in 2003. Hence, the ranking for Watsons brand should relate to the business of the retail stores.

<sup>11</sup> The Superbrands listing was made available to the public in 2006, but since the name switch from “Watson’s The Chemist” to “Watson’s Your Personal Store” should have occurred before the Priority Date (see footnote 1 above), the listing should be based on the business of the stores before the Priority Date.

A.S. Watson Group. Apart from this, Mr. Ng mainly deposed to the use of the “WATSON’S” marks posterior to the Priority Date. There is therefore no point in setting out those details here.

23. The above gives a general picture of the contents of the evidence of the Opponent. Both counsel have addressed me in greater detail on the proof it amounts to. I will therefore delve further into some parts of it below.

### **Applicant’s evidence**

24. Dr. Katrin Steinberg is the managing director of the Applicant, which is a company incorporated and existing under the laws of Germany. The ultimate parent company of the Applicant is Metro AG, which is also the parent company of a group of companies forming the Metro Group. The operative business of the Metro Group is divided into four segments and a description of each of these segments can be found in the website materials printed out and attached in Exhibit “KS-1”, a brief summary of which is set out below: –

(i) Metro Cash & Carry

Metro Cash & Carry is an international market leader in the sector of self-service wholesale and at the same time also the most international retail brand with the highest sales volume at the Metro Group. The assortment and services offered are geared to meeting the specific needs of professional commercial customers such as hotel, restaurant and kiosk operators, caterers and small food retailers, hospitals, authorities and also other service providers. As of February 2009, it had 626 stores in over 29 countries.

(ii) Real

Real is a hypermarket operator with 350 stores in Germany and 90 elsewhere. The goods sold at the hypermarkets are an assortment of brand names and private-label products. Food accounts for the bulk of sales, but a big selection of electronics, books, sound storage devices, household goods, sports products, toys and leisure products, as well as clothing and shoes are also offered.

(iii) Media Markt and Saturn

Media Markt is a consumer electronics company while Saturn is an electronic media chain. As of September 2008, Media Markt has a total of 525 stores in Germany and other European countries and Saturn had a total of 212 stores in Germany and other European countries.

(iv) Galeria Kaufhof

Galeria Kaufhof is a department store chain with 141 stores in Germany and Belgium (trading as “Galeria Inno” there) as of September 2008.

25. The founding of the Metro Group can be traced back to the establishment of the first self-service outlet by Mr. Otto Beisheim in Mühlheim, Germany in 1964. After a long merger process, the shares of Metro AG were listed on DAX German Stock Index in 1996. The growth and expansion of the business of the Metro Group is still continuing and in 2009, it had around 280,000 employees from 150 nations working at around 2,200 outlets in over 30 countries, including Belgium, Czech Republic, France, Germany, Luxembourg, Netherlands, Russia, Serbia, Slovakia, Turkey, Ukraine and the UK.

26. The mark “WATSON” was first used by Metro Cash & Carry in relation to a series of electronic products, such as radios and televisions, at its outlets in Germany in 1978. Since then, the retail stores of Metro Cash & Carry and Real have continuously used “WATSON” and the suit mark (“Applicant’s Marks”) in relation to different electronic products. Descriptions of the *modus operandi* of Metro Cash & Carry can be found in Exhibit “KS-1” and the following is extracted from it:

*“A mature, efficient and internationally reproducible concept guarantees the successful tapping of new markets. The assortment and services offered by Metro Cash & Carry are geared to meeting the specific needs of professional customers. At 626 stores in 29 countries the company offers a broad selection of high-quality goods at wholesale prices to customers such as hotel and restaurant operators and small to medium-sized retailers...”*

*The business of Metro Cash & Carry aims at professional commercial customers such as hotel, restaurant and kiosk operators, caterers and small food retailers, hospitals, authorities, and to an increasing extent also service*

*providers. The Metro Cash & Carry concept is addressed to professional, commercial customers. "Cash & Carry" means that the customers pick the goods themselves, pay cash and transport them with their own vehicles. The advantage as compared with conventional wholesale lies in the more favorable price-performance ratio, the scope of the food and nonfood assortment, the immediate availability of the merchandise and the customer-oriented opening hours."*

A picture showing the inside of a Metro Cash & Carry store is included in Exhibit "KS-1" and it looks like a very big supermarket with products stocked on shelves and customers with trolleys along the aisles.<sup>12</sup>

27. Samples showing use of the Applicant's Marks on actual products and on advertising materials can be found in Exhibits "KS-2", "KS-3" and "KS-4". The advertisements are in German or other European languages and many of them are undated or bear a date posterior to the Application Date. Further, it can be seen that the mark used does not always appear with a rectangular background as in the case of the suit mark, and in many cases, either the words "INTERNATIONAL ELECTRONICS" are not shown or the size of the mark used does not permit them to be deciphered. The actual samples of goods include DVD players, MP3 players, CD players, clock radios, turntables, micro hi-fi sets, video tapes, batteries, chargers, TV sets, loudspeaker systems, DVD boxes, car radios, antennae, headphones, remote controls and cables.

28. The Applicant has sought registration of the Applicant's Marks in Germany and other places. Details of the registered marks held by the Applicant are set out in Exhibit "KS-5". The earliest date of registration is the one obtained in Germany in 1979. As yet, the Applicant does not hold any registration in Hong Kong. One thing to note about the foreign registrations is that some of them are for the plain word mark "WATSON" with all the letters in upper case and of the same size and font, and without the words "INTERNATIONAL ELECTRONICS" included.

29. The Steinberg Declaration has provided information about the turnover of the Metro Group for the years 2004-2007. For the financial year ending on 31 December 2004, the worldwide turnover is €53.475 million while the worldwide

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<sup>12</sup> The description and the picture can be seen on pages 2218-2222 of the bundles prepared for the hearing.

turnover for electronic products using the Applicant's Marks is €55.9 million.<sup>13</sup> The figures provided do not relate to the use of the suit mark alone, nor do they pertain to the Hong Kong market. Moreover, as the application for the registration of the suit mark was filed in August 2004, they are not of much help to the issues in consideration. What is clear though is that the Steinberg Declaration does not support a case of use of the suit mark by the Applicant in Hong Kong prior to the Priority Date.

30. Dr. Steinberg also deposed to the fact that the Applicant was not aware of the Opponent's marks when the suit mark was first adopted by the Metro Group in 1978. In addition, there is mention of the inclusion of the Metro Group and its trading arms in the "Superbrands" listing found in Exhibit "APM-10" of the Miles Declaration. The listings are for Metro Group, Media Markt and Saturn and not for the suit mark or the name "Watson".

31. James Kennoway Allan is a private investigator and his firm was engaged to conduct an investigation into the use of <sup>^ Watson's</sup> ~~Watson's~~ ("Script Mark"),<sup>14</sup> to determine whether the Script Mark and any other similar marks have been used in Hong Kong in relation to the goods it is registered for. A number of visits were made by Mr. Allan and his colleagues to several "WATSONS Your Personal Store" retail outlets in October 2008 and enquiries made with the supervisor or manager of each of the shops. The investigators could not find any of the goods in question being sold under the Script Mark or the "WATSONS" mark.

32. One thing to note about the investigation is that although the names of the persons in charge that the investigators met with at the stores have been given, the period of service was only accounted for in one case (the supervisor of the store at 47 Queen's Road Central who had worked for "WATSONS Your Personal Store" for over 5 years). The Allan Declaration therefore offers little help in shedding light on the position on use of the "WATSONS" mark by the A.S. Watson Group prior to the Priority Date.

### **Section 12(5)(a)**

33. The ground of opposition under section 12(5)(a) of the Ordinance is

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<sup>13</sup> There is apparently something wrong about the figures since the turnover for electronic products should not be larger than the turnover for the business of the whole group.

<sup>14</sup> Registered as Trade Mark No. 200600270, details of which can be found in the Appendix.

worded as follows –

*“A trade mark shall not be registered if, or to the extent that, its use in Hong Kong is liable to be prevented –*

*(a) by virtue of any rule of law protecting an unregistered trade mark or other sign used in the course of trade or business (in particular, by virtue of the law of passing off); or*

*(b) ...*

*and a person thus entitled to prevent the use of a trade mark is referred to in this Ordinance as the owner of an “earlier right” in relation to the trade mark.”*

34. On the circumstances under which a passing off action can be established, Ms. Tam quoted from the case of **Guccio Gucci SpA v Gucci** [2009] HKLRD 28, which in turn referred to the following passage from the decision of the House of Lords in **Reckitt & Colman Products Ltd v Borden Inc** [1990] RPC 341–

*“The law of passing off can be summarised in one short general proposition, no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff’s identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely on a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Third, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason*

*of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."*

This same passage has been adopted by the Hong Kong Court of Final Appeal in the case of *Ping An Securities Limited v 中國平安保險(集團)股份有限公司* (FACV No. 26 of 2008). I shall consider each of the elements required to constitute passing off below.

### *Goodwill*

35. I need to first deal with the point about the earlier right that the Opponent can rely on for the purpose of the opposition under section 12(5)(a) of the Ordinance. Unlike section 12(3) and (4), the ground of opposition under section 12(5)(a) is not dependent upon there being an earlier trade mark within the meaning of section 5 of the Ordinance and the protection afforded by the common law action of passing off is not dependent on the registration of the mark. In paragraph 2 of the Amended Grounds, the Opponent claims proprietorship in the marks "WATSON'S" and "WATSONS", and then it sets out the particulars of the registrations and applications for registration of the two marks in Hong Kong in Schedule A of the Amended Grounds. Most of the registrations and applications listed in Schedule A of the Amended Grounds involve the "WATSON'S" or "WATSONS" word mark and four of them relate to retail services, but only two have a date of registration prior to the Priority Date. As for the use that the "WATSON'S" and "WATSONS" marks have been put to, it is stated in paragraph 4 of the Amended Grounds that the Opponent, whether independently or jointly with its licensees and/or distributors, used the "WATSON'S" and "WATSONS" marks in respect of a wide range of goods and services, including without limitation, electrical apparatus and instruments as well as kitchen apparatus and utensils that fall within Classes 9 and 11.

36. At one point during the hearing, Mr. Clark seemed to suggest that only the marks listed in Schedule A of the Amended Grounds could be relied on by the Opponent. I do not see the basis for such a suggestion. The two word marks "WATSON'S" and "WATSONS" were pleaded in the Amended Grounds. Although the Opponent was not very specific about the actual range of goods and services to which the two word marks had been applied, it is incumbent upon the Opponent to show that goodwill did in fact attach to certain goods and/or services by association with one or more of the two word marks as at the Priority Date. The onus is on the

Opponent to show that the requirements of section 12(5)(a) of the Ordinance are met.

37. Mr. Clark launched a few other attacks on the user evidence of the Opponent. In the first place, as the Applicant has claimed priority as of 9 February 2004, it is Mr. Clark's submission that all user evidence after that date is irrelevant. The impact of a claim of priority on the question of whether a mark qualifies as an earlier trade mark is indeed provided in section 5 of the Ordinance. There is however no such stipulation for the purpose of an opposition launched under section 12(5) of the Ordinance, which talks about an earlier right and not an earlier trade mark. The parties did not address me on this point. Nonetheless, as I do not think the position is very much different with the two dates not too far apart, I am prepared to proceed on the basis that I should look at the position of the respective rights of the parties as at the Priority Date instead of the Application Date.

38. Another point of contention raised by Mr. Clark is the various forms in which the marks of the Opponent take. He stressed that the mark as used by the Opponent for their retail stores was "WATSON'S The Chemist" and this name was later changed to "WATSON'S Your Personal Store", and the stores have always been known by some name other than just "WATSON'S". Further, Mr. Clark commented that some of the advertisements exhibited in the Miles Declaration show use of the Chinese word mark "屈臣氏" only which should therefore not be considered as use of the English word marks. There are actually three other marks which Ms. Tam referred to and which also appear in the evidence of use filed. They are the word "Watsons" or words "Watsons your personal store" set against a background that is bounded on the sides ("the Bordered Marks"), and a representation of each is set out below.



39. On the use of the Chinese mark "屈臣氏", Ms. Tam went through the examples referred to by Mr. Clark and put it to me that there are only a few advertisements that show the Chinese word mark only. Apart from submitting that advertisements using the Chinese word mark only are the exception rather than the norm, Ms. Tam suggested that, owing to the fact that they often appeared in juxtaposition, the English word marks would very likely be associated with the Chinese word mark and the Chinese word mark would have brought to mind the same goodwill owned by the Opponent in relation to the English word marks. Moreover, it is her submission that the English word marks got a lot of exposure even in the

Chinese press, which is what the vast majority of the general public in Hong Kong read.

40. As for the use of the names “WATSON’S The Chemist” and “WATSON’S Your Personal Store”, that does not, in Ms. Tam’s view, affect the fact that the term “Watson’s” is pervasively and consistently promoted in Hong Kong as a retail service under which a huge variety of goods have been sold, some of which bear the brand “Watson’s” and the range of such own-branded goods has been expanding. The evidence that demonstrates that the expansion takes a certain form and direction is, in her submission, of particular relevance to the passing off ground of objection. The trend of development of the Watson’s brand that can be discerned from the evidence is, according to Ms. Tam, a shift from the use of it in the business of a pharmacy in the early days to the use of it on distilled water, soda water and other beverages and eventually extending to a much wider range of goods that include electronic and electrical goods.

41. Taking the examples of an alarm clock and the video tapes that are some of the products on which the suit mark is shown to have been used by the Applicant in Europe, Ms. Tam emphasized that these are not personal care items but are something that no one would be surprised to find in a Watson’s store. Ms. Tam therefore submitted that the goodwill the Opponent has built should extend to these products, and the continuous expansion of its goodwill from a pharmacy to a personal store selling a much wider range of products than mere personal care products, such as food, knapsacks, cartoon lanterns, batteries, indoor telephone sets, cameras, calculators etc.,<sup>15</sup> should also be taken into account.

42. It is apparent from the Miles Declaration that the A.S. Watson Group has been using “WATSON’S” and “WATSONS” in relation to its many businesses. Use in either form conveys a message about a person of that name. I do not therefore consider that to be a material difference. The Opponent did indeed use the English marks “WATSON’S” and “WATSONS” in other different forms. However, whether in the case of the Bordered Marks, the Script Mark, “Watsons Water”, “Watson’s the Wine Cellar”, “WATSON’S the Chemist” or “WATSON’S Your Personal Store”, the dominant element in all these marks is the word “WATSON’S”, whether in terms of size or in the way the word is presented. Save in the case of the Script Mark, the

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<sup>15</sup> For example, an indoor telephone set is shown in the advertisement at page 548 of the bundles prepared for hearing; at page 557 a camera and a calculator can be seen, at pages 561 and 565, a number of knapsacks and luggage can be seen, at page 555, cartoon lanterns can be seen, and at page 540 batteries can be seen.

other elements in these marks are indistinctive for either being descriptive of the nature of the services provided or they will merely be perceived as embellishment and so will not be regarded as serving a serious role as an indicator of trade origin. With the Script Mark, the word “WATSON’S” is presented in a stylized fashion, including the way the apostrophe is depicted. That notwithstanding, the dominance of the word “WATSON’S” is overwhelming and the general public will still remember it as a “WATSON’S” mark.

43. The point about the stores being always called something other than just “WATSON’S” also works in favour of the Opponent. Re-branding for re-vitalization or other purposes is common, but the A.S. Watson Group has not swayed from its use of the word “WATSON’S”. The continuity in its function as an identifier of trade origin serves to strengthen and reinforce public recognition of the brand. Hence, despite the presence of other elements, the common element of “WATSON’S” or “WATSONS” means that all the above marks are strongly recognizable to indicate the same source and the use of all these marks has contributed to the building up of the goodwill of the retail services of the A.S. Watson Group. They are all members of the same Watson family that has very deep roots in the Hong Kong society.

44. Hence, irrespective of the branding strategy that was prevalent at different points of time, the evidence shows that the word mark “WATSON’S” has almost been incessantly<sup>16</sup> used in Hong Kong for over 130 years as the dominant feature that distinguishes the goods and services of the A.S. Watson Group from those of other undertakings. Such long period of extensive use means that the primary signification of the word “Watson” has been displaced and the general public in Hong Kong will, when they see the word “WATSON’S” or “WATSONS”, more likely than not think of the retail business of the A.S. Watson Group rather than a person of such name.

45. In addition, having gone through the many advertisements exhibited in the Miles Declaration in great detail, I agree with Ms. Tam that the Chinese word mark being used in isolation is the exception rather than the rule. In most instances, the advertisements in the Chinese press show the English word marks as well as the Chinese word mark. The English word marks were also featured prominently in the two Chinese language TV commercials in Exhibit “APM-20”. As in the case with secondary marks being used at the same time with primary or house marks, the presence of the Chinese mark and the English marks in the same advertisement does

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<sup>16</sup> Business had actually been disrupted for a few years during the Second World War.

not affect the ability of any of them in distinguishing the goods and services of the A.S. Watson Group, when used on its own or in conjunction with other marks of the Opponent.

46. Another point made by Mr. Clark is that the term “Opponent’s Marks” as defined in paragraph 7 of the Miles Declaration<sup>17</sup> is not clear and the use of the defined term in other parts of the Miles Declaration is inconsistent with its definition. As a consequence, it is difficult to tell whether the sales figures in the other parts of the Miles Declaration are those that relate to one or a few particular marks used by the A.S. Watson Group. The comment of Mr. Clark is a fair one, but we need to bear in mind that Mr. Miles is a businessman who does not necessarily think of defined terms with the exactitude that lawyers like to be the case. To me, it is sufficiently clear from its use in other parts of the Miles Declaration that the term “Opponent’s Marks” cannot be taken to mean the two word marks “WATSON’S” and “WATSONS” only, but was used by Mr. Miles to refer to marks that incorporate the word “WATSON’S” or “WATSONS”.

47. The accuracy of the statement in paragraph 27 of the Miles Declaration about A.S. Watson Group operating retail stores in the categories of food, electrical and electronic products and general merchandise was also questioned by Mr. Clark. He stressed that the evidence could not support a case of there being sales of food under the WATSONS brand and that would also be the case with electrical products, although he agreed that the Opponent did deal with limited personal care electrical products.

48. Further, Mr. Clark drew my attention to the statement in the Ng Declaration that “Watson’s The Chemist” and “Fortress” are respectively retail operations of personal care and electronic/electrical products of the A.S. Watson Group. He also pointed to the corporate brochure of the Opponent in Exhibit “APM-7” where the business of the WATSONS retail stores is put under the section about Health and Beauty, and the distilled water production comes under the section on Manufacturing. The corporate brochure has a section on Food Electronics & General Merchandise. The FORTRESS brand, the Park N Shop brand and some other brands are listed in this section but the WATSONS brand is not. This, according to Mr. Clark, is admission by the Opponent that FORTRESS is their brand for electrical and electronics products, and Park N Shop and the other brands are what

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<sup>17</sup> There the term “Opponent’s Marks” is adopted by the deponent to refer to “brand names and trade marks “WATSON’S” and “WATSONS””.

they sell their food products under, while the WATSONS brand is only used in relation to health care and beauty products.

49. I do not agree that the evidence should be evaluated in such a segregate fashion. It is true that the brands of the A.S. Watson Group have been adopted for businesses that specialize in different products or consumers' sectors, but neither the corporate brochure nor elsewhere in the Opponent's evidence has it been suggested that the businesses are mutually exclusive. It is common knowledge that in addition to foodstuffs, the supermarkets operated under the Park N Shop brand name carry personal care products and wines, products that are within the specialties of the Watson's stores or the Watson's Wine Cellar stores. There are also loads of examples in the advertisements in the Miles Declaration which show that food items are sold in the Watson's stores. Further, I note that this form of operation is practised by the Applicant as well, since it is apparent from the description of the business of the four segments operated by the Applicant that their businesses overlap. For example, electronic products are sold by Metro Cash & Carry, Real, Media Markt & Saturn and probably Galeria Kaufhof too, given that it runs department stores.

50. I appreciate though that the gist of Mr. Clark's point is actually directed at the sales figures provided in the Miles Declaration and not whether food products have in fact been sold in the Watson's stores. In the case of the figures about the revenue generated from the sale of own-branded products of A.S. Watson Group for the years 2003-2007 that are set out in paragraph 29 of the Miles Declaration, Mr. Clark put it to me that they could not be relied on as sales that relate to electrical and electronic products. He pointed out that Mr. Miles had not made it clear that the figures relate to sale of own-branded products under the WATSON'S brand at all. In his view, the Opponent has failed to show that their group has sold any electrical products that are not intended for personal care purposes.

51. I do not think there can be any serious arguments that the A.S. Watson Group did not, as at the Priority Date, have a goodwill in the provision of retail services by association with the word mark "WATSON'S". In light of the very long period that the group has been operating in Hong Kong, the widespread distribution of the location of their stores and the expending of huge amounts for advertising, the "WATSON'S" mark has become a household name, and anyone who has grown up here would have known about their retailing services. The only question to answer is what should be the range of products that the goodwill in such retailing services extended to.

52. Mr. Clark did not take issue with the subsistence of goodwill but he repeatedly submitted that the goodwill should be limited to the retail of personal care products, including own-branded personal care products. By that, I understand him to mean personal care products that are not electrical or electronic products. I cannot accept this proposition of his. To so restrict the extent of the goodwill of the Watson's stores will not be doing justice to the evidence presented by the Opponent. The Watson's stores are akin to mini marts where a jumble of goods of very diversified nature can be found. Apart from the ones mentioned in paragraph 41 above, one can find many other goods that are not personal care items<sup>18</sup> being sold at the Watson's stores, including goods that are of interest to the Applicant. The promotion of the Watson's stores as "WATSON'S the Chemist" or "WATSON'S Your Personal Store" only informs consumers that they specialize in the provision of certain goods. It by no means conveys a message that only personal care products are available.

53. There can be no dispute that the core business of the Watson's stores is the retail of personal care products and as at the Priority Date, the A.S. Watson Group had very substantial goodwill in the retail of these goods. Such substantial goodwill extends also to the retail of foodstuffs. In addition, the evidence shows that the Watson's stores do have a history of selling a lot of other products that have nothing to do with personal care or food, although there is no regular pattern or practice in the sale of any one particular category of these other products. Such products do include electrical products like radios, CD players, mini hi-fi sets and even TVs. Given the very long history of use of the mark "WATSON'S", the extensive penetration of the Watson's stores into the retail market and the trade recognition it had attained,<sup>19</sup> I find that the A.S. Watson Group also had goodwill in the retail of such products, albeit to a much lesser degree than that for the retail of personal care products.

54. As regards the sale of products bearing the Watsons brand, I take note of Mr. Clark's comments that the sales figures in paragraph 29 of the Miles Declaration may relate to other brands. I also have only the 2003 sales figures to rely on, and

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<sup>18</sup> Such as vacuum cleaners on page 434 of the bundles prepared for the hearing, soft toys and storage boxes on page 440, mahjong on page 488, electric cooking pots on page 505, handbags on page 513, MP3 player and electric rice cookers on page 515, computers for learning mathematics on page 526, foldable bicycles on page 528, alarm clocks on page 532, fishing rods, CD players and mini hi-fi on page 536, films (unexposed), mugs and cups sets on page 548, and TVs on page 514.

<sup>19</sup> Mr. Clark disputed the relevance of some of the awards because they were granted after the Priority Date, but I have not disregarded them totally since to a certain extent they gave tribute to the efforts of the A.S. Watson Group before that date. See for example footnote 11.

there is no information about when the A.S. Watson Group began to sell its own branded products. Be that as it may, the HK\$540 million figure is a very impressive one and it is not something that can be achieved over a short period of time. Further, there are examples of advertisements of their own branded products and a very long list of such products in Exhibit “APM-14”. Apart from batteries, all items on the list are personal care products, but they include certain electrical products too, such as electrical toothbrush, facial sauna etc. I therefore find that goodwill, although not substantial, also attached to the sale of batteries and electrical products intended for personal care purposes that are marked with the Watsons brand.

### *Misrepresentation*

55. The suit mark is the word “WatsoN” placed within a rectangular border with rounded corners that has no particular remarkable features. There is a line linking the top right hand corner of the letter “W” to the top left hand corner of the letter “N”. The letters “W” and “N” are in the upper case while the others are in the lower case. The use of a capital “N” is not something that will register firmly in people’s minds when considering the overall impression of the mark. The two words “INTERNATIONAL ELECTRONICS” are printed within the line that links the letters “W” and “N”, but because of their disproportionately small size, they will not be readily noticed by a reasonably circumspect consumer. Further, being indistinctive of the Class 9 goods applied for, the two words will have little impact on the general impression that is conveyed by the mark as a whole.

56. Further, in setting out a brief summary of the evidence submitted by the Applicant in the above, I have mentioned that the mark in actual use does not always appear with a rectangular background, and in many cases, the size of the mark used does not permit the words “INTERNATIONAL ELECTRONICS” to be deciphered. There is no reason for me to speculate that the suit mark will not be used in Hong Kong in a similar manner as well, or to disregard such use as a fair and notional use of the suit mark.

57. The “WATSON’S” mark of the Opponent has been used either with an apostrophe or without. The letters are either presented all in the upper case or only the letter “W” appears in capital while the rest of the alphabets are in the lower case. These differences from the suit mark are minute when the overall impression of the two marks are considered, taking into account the principle that comparison should not be carried out on a side by side basis and consumers have only their imperfect

recollection to rely on.

58. Having taken into account the visual, aural and conceptual impressions conveyed by the “WATSON’S” and “WATSONS” marks on the one hand and the suit mark on the other, the way the suit mark has been put to actual use in Europe, I find the suit mark to be strikingly similar to the “WATSON’S” mark of the Opponent.

59. Mr. Clark naturally drew my attention to the judgment of *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 at 714, where it was said that it is an important and highly relevant consideration in assessing misrepresentation to find out whether there is any kind of association, or could be in the minds of the public any kind of association, between the fields of activities of the opponent and of the applicant. Ms. Tam suggested that the case was distinguishable since not only were the marks dissimilar (“Harrodian” as compared with “Harrods”), but the activities of the parties in that case were also diametrically different (school and retail services). In any event, Ms. Tam did not agree that there is no overlap in the activities of the parties in the present case and she considered that any lesser degree in the similarity between the goods in question could be offset by the high degree of similarity between the marks.

60. Mr. Clark stressed that the goods applied for are large electronic products like TV sets, stereos and record players that consumers would look at and do comparison shopping. They are not small products that consumers would simply walk along and pick them up for purchase. Ms. Tam challenged the basis of this argument since the Applicant had not put in any evidence as to what sort of expense attaches to the Applicant’s products and they could be cheap or expensive and the principle of considering notional fair use would render it improper to consider only a particular instance of use.

61. I do not think the case of *Harrods Ltd v Harrodian School Ltd* can offer much help to the Applicant. The judgment was clearly based on the particular facts of the case. Here there is not a great divide between the fields of activity between the parties as in the *Harrods* case and the level of similarity between the marks is much higher. Further, it has been suggested that liability depends ultimately on whether in all the circumstances the customers will be misled, and in a blatant case there need be no common field in any real sense at all, but even competition between the parties will not outweigh such factors as strong dissimilarities in the respective

marks.<sup>20</sup>

62. The argument about the nature of the goods calling for more attention also does not stand close scrutiny. I do not think Mr. Clark had bulbs in mind when he made the comment. Further, I have quoted from Exhibit “KS-1” of the Steinberg Declaration the description of the *modus operandi* of Metro Cash & Carry, one of the segments of the Metro Group that uses the suit mark, and it can be seen that the Applicant is itself offering goods under the suit mark at self-service retail outlets. The mode of operation of Metro Cash & Carry is very similar to the Watson’s stores and their goods are not sold at shops that specialize in electronic products. In fact, the assortment of products available is deliberately advertised by the Applicant as an edge in the way the business of Metro Cash & Carry is conducted. The range of goods on offer could also be similar since there is specific mention of food and nonfood items being available at the stores of the Metro Cash & Carry. This means that the Applicant’s goods are expected to be purchased by consumers walking along the aisles of general stores and picking them up without detailed enquiry. The level of care that can be expected of such consumers is merely average. With bulbs, not being goods of extensive durability or high value, the level of care and attention paid by the average consumer will be similar.

63. One other matter emphasized by Mr. Clark is that there have been no instances of confusion in Europe although both the Applicant and the Opponent have been operating in those markets for some time. Ms. Tam countered this by saying that the Applicant has to first put forward sufficient evidence to give an overall view of how the European market is infested with goods bearing the suit mark before it could possibly be investigated into whether there have been instances of confusion. She stressed that without details about the trade channels, the mode of distribution and otherwise about how the goods of the Applicant have been marketed in Europe and the extent of their business there, the Opponent cannot even begin to find out if there have been any instances of confusion.

64. I do not think we need bother with the sufficiency of the evidence about the extent of use of the suit mark in Europe. Among the countries that both parties say they have been doing business in, the Opponent has provided evidence that a different mark has been used in most of them (see paragraph 20 above). Although the corporate brochure in Exhibit “APM-7” suggests that the Watson’s brand has also been used in Europe, the more detailed descriptions in the parts quoted from show

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<sup>20</sup> Wadlow, *The Law of Passing-off*, Fourth Edition, at paragraphs 5-005 and 5-110.

that that is not the normal practice. The more usual way adopted by the A.S. Watson Group in establishing a presence in those places is to acquire a local retail concern and to continue the business under the already familiar name. The Applicant's claim of no instances of confusion is therefore of no assistance to its case.

65. Instead, what we have here is a household name that has a very long history of use and a strikingly similar mark that is to be introduced into the market. Many of the goods that the new mark is to be used on are products that have been available for sale at the retail stores of the A.S. Watson Group. I have already found that, as at the Priority Date, the A.S. Watson Group enjoyed very substantial goodwill in the retail of personal care products and foodstuffs. Even though the goodwill attached to the retail of electrical products in general was not of the same league, when all relevant factors are taken into account, including the high level of similarity between the respective marks, the fact that Watson's is a household name, the very long history of use and the family of Watson's marks being employed in various consumers' sectors to signify the same trade origin, I find it highly likely that if the goods applied for come to be sold under the suit mark in Hong Kong, consumers will believe that they are goods of the A.S. Watson Group or are in some way associated with them. The element of misrepresentation is therefore established.

#### *Damages*

66. Mr. Clark pointed out that there would be no loss of sales to the A.S. Watson Group since they do not sell electrical products. As is apparent from the analysis of the evidence above, this is not the true picture. Although hardly their core business, electrical products, including items of interest to the Applicant, have been sold at the Watson's retail stores. To such extent, the parties are in competition and allowing the goods applied for and which bear the suit mark to be sold may affect the sale of such products by the A.S. Watson Group in their Watson's stores.

67. Another type of damages is relevant here. Ms. Tam specifically sought to rely on damage in the form of the erosion of the distinctiveness of the Opponent's marks. This type of damage is recognized in a number of the cases cited by Ms. Tam, *Tattinger SA v Allbev Ltd* [1993] FSR 641, *Irvine v Talksport* [2002] 1 WLR 2355, *Dawnay Day Securities Co Ltd v Cantor Fitzgerald* [2000] RPC 669 and *Och-Ziff Management v OCH Capital* [2011] FSR 11. In the *Tattinger* case, the nature of the damage was explained (at page 678) as follows:

*“Like the judge, I do not think the defendant’s product would reduce the first plaintiffs’ sales in any significant and direct way. But that is not, as it seems to me, the end of the matter. The first plaintiffs’ reputation and goodwill in the description Champagne derive not only from the quality of their wine and its glamorous associations, but also from the very singularity and exclusiveness of the description, the absence of qualifying epithets and imitative descriptions. Any products which is not Champagne but is allowed to describe itself as such must inevitably, in my view, erode the singularity and exclusiveness of the description Champagne and so cause the first plaintiffs damage of an insidious but serious kind.”*

68. Further, in paragraph 159 of the judgment of the **Och-Ziff** case, the following summary of the relevant principles can be found:

*“First, it is well established that, even in the absence of competition and hence diversion of sales, a misrepresentation leading to the belief that the defendant’s business is associated with the claimant’s is damaging to the claimant’s goodwill. Secondly, it is also well established that, if there is a misrepresentation which erodes the distinctiveness of the indication in question, then that is damage for the purposes of a claim in passing off. As noted above, both of these points were well explained by Laddie J. in **Irvine** [2002] 1 WLR 2355, in particular in the following passages:*

*‘34. Expressed in these terms, the purpose of a passing-off action is to vindicate the claimant’s exclusive right to goodwill and to protect it against damage. When a defendant sells his inferior goods in substitution for the claimant’s, there is no difficulty in a court finding that there is passing off. The substitution damages the goodwill and therefore the value of it to the claimant. The passing-off action is brought to protect the claimant’s property. But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognized that a defendant cannot avoid a finding of passing off by showing that his goods or services are of as good or better quality than the claimant’s. In such a case, although the defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or to decide who, if anyone, can*

*use it alongside him. The ability to do that is compromised if another can use the reputation of goodwill without his permission and as he likes. Thus Fortnum & Mason is no more entitled to use the name F W Woolworth than F W Woolworth is entitled to use the name Fortnum & Mason.*

*35. The point is particularly clearly demonstrated by the so-called ‘champagne’ cases, in which the claimants share a reputation in the name under which their type of wine is sold. In such cases a defendant would not escape liability for use of the name ‘champagne’ on a beverage which is not authentic French champagne by showing either that his product was as good or better than the claimant’s or that he had not diverted any measurable sales from them. One type of damage which can support the modern form of passing-off action was explained in just such a case: **Tattinger SA v Allbev Ltd** [1993] FSR 641.*

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*38. If someone acquires a valuable reputation or goodwill, the law of passing off will protect it from unlicensed use by other parties. Such use will frequently be damaging in the direct sense that it will involve selling inferior goods or services under the guise that they are from the claimant. But the action is not restricted to protecting against that sort of damage. The law will vindicate the claimant’s exclusive right to the reputation or goodwill. It will not allow others to so use goodwill as to reduce, blur or diminish its exclusivity...’ ”*

69. In view of the long history of use and the association of the “Watson’s” mark by the public with the retail business of the Watson’s stores, even if there will be no diversion of sales from the retail stores of the A.S. Watson Group by the use of the suit mark on the goods applied for, it will no longer be able to enjoy an exclusive right to its property in the goodwill it has established. As such erosion of distinctiveness will ensue if the Applicant is to offer electrical products and bulbs for sale in the market, the Opponent will very likely suffer damage.

### **Section 13**

70. Mr. Clark did not indicate an intention to rely on honest concurrent use or special circumstances. Nevertheless, for the sake of completeness, I should deal with the provisions of section 13(1) of the Ordinance as well. The subsection is reproduced below:

*“(1) Nothing in section 12 (relative grounds for 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.”*

71. In the above analysis of the evidence of the Applicant, I have concluded that there has been no prior use of the suit mark in Hong Kong. Honest concurrent use is therefore out of reach of the Applicant. On the facts before me, I also do not consider there to be any special circumstances that would render it proper for the suit mark to be registered. Section 13(1) therefore has no application to the present case.

72. As the Opponent has established all three elements of a passing off action and the Applicant cannot rely on section 13(1), the opposition under section 12(5)(a) of the Ordinance is successful. There is thus no further need for me to consider the other grounds of opposition.

### **Costs**

73. As the opposition is successful, I award the Opponent costs. Subject to any representations, as to the amount of costs or calling for special treatment, made by either party within one month from the date of this decision, costs will be calculated with reference to the usual scale in Part I of the First Schedule to Order 62 of the Rules of the High Court (Cap. 4A) as applied to trade mark matters, unless otherwise agreed.

Caroline Chow

For Registrar of Trade Marks

15 February 2013

## Appendix

Registration No. 1996B01048

Mark: **WATSON ' S**

Class(es): 41

Goods/Services: Rental of video tapes; all included in Class 41.

Registration Date: 2 March 1992

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Registration No. 200109821

Mark: **WATSON ' S**

Class(es): 42

Goods/Services: Department store retailing services in relation to cosmetics, toiletries, toothbrushes, toothpaste, toys, games, playthings, books, stationery, health food, dietetic food, snack food, vitamins, hair brushes, pharmaceuticals, films, cigarettes, smokers' articles, printed matter, hair-care products, eye-care products, contact lenses cleaning products, sanitary preparations, non-alcoholic beverages, photograph albums, video tapes, T-shirts, underwear, sleepwear and clothing accessories, headgear, batteries, towels, men's socks, ladies' socks, cotton socks, hosiery and slippers; advisory services relating to chemists and pharmacies; all included in Class 42.

Registration Date: 2 March 1992

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Registration No. 199706598

Mark: **WATSON'S**

Class(es): 18

Goods/Services: Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery; all included in Class 18.

Registration Date: 2 November 1995

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Registration No. 200600293

Mark: **WATSONS**

Class(es): 33  
Goods/Services: Alcoholic beverages (except beers) included in Class 33.  
Registration Date: 11 February 2002

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Application No. 300527760

Mark: **WATSONS**

Class(es): 35

Goods/Services: Department store retailing services in relation to toiletries, cleansing preparations for personal use, perfumery, cosmetics, skin care preparations, pharmaceuticals and sanitary preparations, first-aid kits, dentifrices, healthcare preparations for personal care, key chains, locks, shavers, electronic shavers, razors, toothbrushes, electronic toothbrushes, combs, sponges, picture frames, mirrors, household utensils and containers, glassware, porcelain, crystals and earthenware, cutlery and tableware, audio and/or visual equipment and peripheral devices, calculators, computers, computer software, computer hardware, cameras, negatives, data processing equipment, apparatus for recording, transmission or reproduction of sound or images, magnetic data carriers, video tapes, cassette tapes, recording discs, pre-recorded tapes and discs, jewellery, horological and chronometric instruments, paper, cardboard and goods made from these materials, printed matter, books, magazines, posters, newspapers, stationery, writing instruments, playing cards, goods made of leather and imitation of leather, trunks and travelling bags, luggages, umbrellas, walking sticks, sacks and bags not included in other classes, textile goods, clothing, headgear and footwear, games and playthings, gymnastic and sporting articles, food and beverages, preserved food, snack food, confectionery, alcoholic and/or non-alcoholic drinks, beer, tobacco, cigarettes, smokers' articles, matches; all included in Class 35.

Application Date: 11 November 2005

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Application No. 300538551

Mark: **WATSONS**

Class(es): 3, 5, 8, 9, 10, 11, 14, 16, 18, 20, 21, 24, 25, 26, 27, 29

Goods/Services: Class 3

Bleaching preparations and other substances for laundry use; cleaning; polishing, scouring and abrasive preparations; perfumery, essential oils, cosmetics, hair lotions; dentifrices; toilet napkins of cellulose impregnated with toilet preparations; toilet napkins of cellulose wadding impregnated with cosmetics; cotton wool in the form of wipes for cosmetic use; facial wipes impregnated with cosmetics; make-up removal wipes or tissues; moist wipes impregnated with a cosmetic lotion; non-medicated impregnated wipes for toilet use; feminine wipes; pre-moistened paper toilet paper tissues impregnated with toilet preparations; preparations for care of the skin [toiletries]; sprays for use on the body [toiletries]; talc [toiletries]; toiletries; anti-perspirant deodorants; body deodorants; deodorants for the feet; dandruff treatments in the form of shampoos; medicated shampoos; shampoo; conditioners for use on the hair; conditioners in the form of sprays for the scalp; skin conditioners; beauty preparations for the hair; bleaches for use on the hair; colouring matters for the hair; dyes for the hair; gels for use on the hair; hair care products; hair gel; hair moisturizers; hair mousse; hair neutralizers; hair removing preparations; hair styling preparations; bath gels, lotions, oils, soaps (non-medicated); bath preparations, not medicated; bubble bath; foam bath; non-medicated bath salts; oils for moisturising the skin after sun bathing; preparations for use in the shower; soaps; facial care preparations (non-medicated- ); facial care products [cosmetic]; facial cleansers, creams, lotions, masks, moisturisers, scrubs, soaps, toner, washes [cosmetic]; beauty tonics for application to the body; body care products [non-medicated]; body cleansing foams, creams, lotions, milk, moisturisers, oil, gel; powders for the body [not for medical use]; sprays [preparations] for the body [other than for medical use]; depilatories; mouthwash preparations (non-medicated-) for oral hygiene purposes; preparations for oral care [other than medicated]; preparations for oral cleaning [dentifrices]; tablets for oral use for disclosing dental plaque; tooth cleaning preparations; toothpastes; cotton buds for cosmetic use; foot care preparations (non-medicated-);

footbath preparations (non-medicated-); eye care products (non-medicated); cleansing products for the eyes; colour cosmetics for the eyes; cosmetic products for eyebrows, eyelashes; eye make up remover; eye pencils; eye sticks; eye stylers; eyelashes; eyeliner; eyeshadow; false eyelashes; products for use in the bath (non-medicated-); smoothing stones; acne cleansers (cosmetic-); cosmetic tape for concealing the nipple [adhesive for cosmetic purpose].

#### Class 5

Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides; sanitary napkins; cotton wool in the form of wipes for medical use; wipes for hygienic [cleaning] purposes, other than impregnated with cleaning preparations; wipes for hygienic [medical] purposes; feminine wash; feminine wipes; menstruation tampons; sanitary tampons; beverages containing added vitamins [for medical purposes]; combinations of vitamins and minerals; health food supplements made principally of vitamins; pharmaceutical preparations containing vitamins; preparations consisting of mixtures of vitamins and minerals for use as additive to food for human consumption; vitamins; bandages (hygienic-); foot care preparations (medicated-); remedies for foot perspiration; eye drops; eye lotions for medical use; eye moisturisers for medical use; eye ointment for medical use; eye patches; eye-wash; solutions for moistening the eye in connection with the wearing of contact lenses; capsules for medicines; medicines for dental purposes; medicines for human use; medicines in tablet form; pregnancy testing preparations.

#### Class 8

Hand tools and implements (hand operated); cutlery; side arms; blades for razors [electric and non-electric]; holders for razor blades; holders for razors; parts for razors; razors, electric or non-electric; disposable razors; razors for personal use; cuticle nipper; eyelash curler; files [tools]; rollers (non-electric, hand-held- ) for curling the hair; hairdressing scissors; manicure

set; nail buffers [electric or non-electric]; nail buffers for use in manicure; nail clippers [electric and non-electric]; nail file; nail manicure products [instruments]; tweezers; abrading instruments [hand instruments]; appliances for removal of facial hair (electric and non-electric- ); nasal hair trimmers; hair trimmers for personal use (electric and non-electric hand implements); trimmers (electric) for personal use in trimming hair; vibrating blade shavers.

#### Class 9

Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin operated apparatus; cash registers; calculating machines, data processing equipment and computers; fire-extinguishing apparatus; hair rollers (electric-); rollers (electric, hand-held-) for curling the hair; rollers (electric-) for curling the hair [other than hand held]; electrical hair straighteners (hand instruments) and accessories therefor; electrically heated apparatus for styling hair (hand instruments) and accessories therefor; electrically heated hair styling appliances (hand instruments) and accessories therefor; body weighing scales; electronic weighing scales; digital thermometers, other than for medical purposes; electronic blood pressure monitors (other than for medical use); analyzers; automatic analyzers (other than for medical diagnosis); chemical analyzers (apparatus) , other than for medical use; digital analysers ; pedometer.

#### Class 10

Surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopaedic articles; suture materials; bandages (supportive-); bandages (suspensory-); bandages [elastic]; foot bandages [supportive]; knee bandages [supportive]; insoles [orthopaedic]; eye baths; diagnostic apparatus for pregnancy testing; ear pick; facial massager;

electrically operated massagers; back massager; body massager; manual massage apparatus and instruments; digital thermometers, for medical purposes; blood pressure monitor; blood pressure monitor for medical use.

#### Class 11

Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; facial sauna; electric shower apparatus; shower apparatus; spa baths for the feet; dryers (hair-); electric hair dryers; hair drying apparatus; hair drying appliances; hand held electric hairdryers; hand held hair dryers; travel hair dryers; electric cooling fans; fans (electric) for personal use.

#### Class 14

Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments; watches; stopwatches.

#### Class 16

Paper, cardboard and goods made from these materials, not included in other classes; printed matter; book binding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks; babies' disposable napkins made of paper; babies' napkins made of cellulose; disposable napkins of paper for removing make-up; paper napkins; absorbent paper tissue products; cosmetics removing tissues; tissue paper; toilet tissue; towel rolls of tissue paper; wipes made of tissue [other than impregnated or for medical use]; facial tissue made principally of paper; facial tissues of paper; facial wipes of paper for cosmetic use.

#### Class 18

Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery; cosmetic bags [not fitted]; cases for travel sets.

#### Class 20

Furniture, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics; bathroom mirrors; hand held mirrors [looking glasses]; make-up mirrors for purses; make-up mirrors for the home; make-up mirrors for travel use; mirrors [looking glasses]; mirrors for use in powder compacts; mirrors for use in the application of lipstick; pocket mirrors; wall mirrors.

#### Class 21

Household or kitchen utensils and containers (not of precious metal or coated therewith); sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steel wool; un-worked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes; abrasive substances [floss] for dental use; dental floss; toothbrush; electric toothbrushes; holders for toothbrushes [other than of precious metal]; non-electric toothbrushes; toothbrush cases; toothbrush containers; toothbrush jugs, not of precious metal; toothpaste holders [other than of precious metal]; bath brush; abrasive sponges for scrubbing the skin; scrubbing pads; applicators for applying eye make-up; applicators for cosmetics; applicators in the nature of sponges [other than for medical use]; powder puffs, foundation puffs, sponges and sponge applicators for applying eye make-up, all being cosmetic sponges; brush; cosmetic brushes; powder paper; spray bottles [vaporizers] for toilet preparations, other than of precious metal; comb; hair brushes; cosmetic bags [fitted]; storage jars [other than of precious metal]; pill boxes [other than of precious metal]; containers for household use incorporating a pump [other than of precious metal]; dispensers incorporating pumps [other than of precious metal]; puffs for cosmetic use.

#### Class 24

Textiles and textile goods, not included in other classes; bed and table covers; bath towels; mitts for washing the body; wash gloves.

#### Class 25

Clothing, footwear, headgear; shower cap.

Class 26

Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers; hair band; hair rollers (non-electric-); rollers (non-electric-) for curling the hair [other than hand held].

Class 27

Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile); bath mat.

Class 29

Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats; supplements (food-) for human consumption [other than medicated, or predominantly of vitamins, minerals or trace elements]

Application Date: 30 November 2005

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Application No. 300547416

Mark:

WATSON'S

Class(es): 35

Goods/Services: Department store retailing services in relation to toiletries, cleansing preparations for personal use, perfumery, cosmetics, skin care preparations, pharmaceuticals and sanitary preparations, first-aid kits, dentifrices, healthcare preparations for personal care, key chains, locks, shavers, electronic shavers, razors, toothbrushes, electronic toothbrushes, combs, sponges, picture frames, mirrors, household utensils and containers, glassware, porcelain, crystals and earthenware, cutlery and tableware, audio and/or visual equipment and peripheral devices, calculators, computers, computer software, computer hardware, cameras, negatives, data processing equipment, apparatus for recording, transmission or reproduction of sound or images, magnetic data carriers, video tapes, cassette tapes, recording discs, pre-recorded tapes and discs, jewellery, horological and chronometric instruments, paper, cardboard and goods made from these materials, printed matter, books, magazines, posters, newspapers, stationery, writing instruments, playing cards, goods made of leather and imitation of leather, trunks and

travelling bags, luggages, umbrellas, walking sticks, sacks and bags not included in other classes, textile goods, clothing, headgear and footwear, games and playthings, gymnastic and sporting articles, food and beverages, preserved food, snack food, confectionery, alcoholic and/or non-alcoholic drinks, beer, tobacco, cigarettes, smokers' articles, matches; all included in Class 35.

Application Date: 14 December 2005

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Registration No. 300558991

Mark: **WATSONS**

Class(es): 5

Goods/Services: Contact lenses solutions; solutions for cleaning contact lenses; solutions for disinfecting contact lenses; solutions for neutralizing contact lenses; solutions for rinsing contact lenses; solutions for sterilising contact lenses.

Registration Date: 3 January 2006

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Registration No. 200600270

Mark: <sup>A</sup> *Watson's*  
<sup>B</sup> *Watson's*

Class(es): 9

Goods/Services: Batteries; calculating machines; cameras; contact lenses, containers for contact lenses; eyeglass cases, chains, cords and frames; eyeglasses; eyepieces and instruments containing eyepieces; eyeshades; films (exposed); flashing lights and torches; floats for bathing and swimming; electrically heated hair-curlers; spectacle cases, frames and glasses; swimming jackets; video tapes.

Registration Date: 9 February 1995

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Registration No. 1998B04175

Mark: 

Class(es): 9

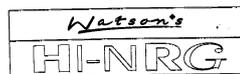
Goods/Services: Batteries.

Registration Date: 21 May 1997

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Registration No. 1998B04174

Mark:



Class(es): 9

Goods/Services: Batteries

Registration Date: 21 May 1997