

TRADE MARKS ORDINANCE (CAP. 559)

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK
REGISTRATION NO. 300384868**



MARK :

CLASS : 44

APPLICANT : TUNG WAH GROUP OF HOSPITALS

REGISTERED OWNER : EAST OCEAN HOLDINGS LIMITED

STATEMENT OF REASONS FOR DECISION

Background

1. On 23 January 2007, Tung Wah Group of Hospitals (“Applicant”) made an application to the Registrar of Trade Marks (“Application”) under the Trade Marks Ordinance (Cap.559) (“Ordinance”) for a declaration of invalidity of the registration of the following mark (“subject mark”):



(Trade Mark No. 300384868).

2. Registration of the subject mark was granted on an application for registration made on 12 March 2005 (“Filing Date”). The subject mark is registered as of that date in the name of East Ocean Holdings Limited (“Registered Owner”)

in respect of the following services (“subject services”):

Class 44

hospital services, medical and health clinic services, health care, medical counseling services, hygienic and beauty care for human beings, physician's services, convalescent and nursing home services, dentistry, physiotherapy, medical center and health care management service, medical and physical examination, testing and assessment services, medical treatment, medical health screening and wellness services, midwife services, planning and supervision of weight-reduction programmes, x-ray services, consultancy and advisory services relating to all the aforesaid services included in Class 44.

3. The Application on Form T6 was duly served on the Registered Owner. As the Registered Owner did not file a counter-statement within the prescribed period, the Application is treated as unopposed by the Registered Owner under rule 41(3) (as applied by rule 47) of the Trade Marks Rules (Cap.559 sub.leg.) (“TM Rules”).
4. The Applicant’s evidence consists of a statutory declaration of SEE Sau-ying Stella declared on 14 June 2007 (“SEE Declaration”).
5. The Application was fixed to be heard on 11 November 2009. The Applicant then indicated that it did not wish to appear at the hearing, and instead filed a skeleton submission dated 5 November 2009 (“Skeleton Submission”). I therefore proceed to decide the matter without a hearing pursuant to rule 75 of the TM Rules.
6. I would mention that in the Skeleton Submission, the Applicant “*submits* that in support of the application no. 300612440AB, as well as of this Application, the [Applicant] submitted a Statutory Declaration of SEE Sau-ying Stella dated 6th March 2007.” That statutory declaration was in fact only filed under application no. 300612440AB. It does not form part of the evidence in these proceedings.

Grounds of the Application

7. Although the Applicant pleaded a number of grounds when it filed the Application in January 2007, in the Skeleton Submission the Applicant only relied on the grounds under the following sections of the Ordinance:
- (i) sections 53(5)(b) and 12(5)(a);
 - (ii) sections 53(3) and 11(5)(b); and
 - (iii) sections 53(5)(b), 12(4) and 63.

The Applicant

8. The Applicant is a legal entity incorporated by the Tung Wah Group of Hospitals Ordinance (Cap.1051).¹ According to paragraph 8 of the SEE Declaration, the Applicant first used the mark “東華” in 1870 in connection with, *inter alia*, medical, hospital, clinical and health care services (“Applicant’s Services”) when the Tung Wah Hospital (東華醫院) in Sheung Wan was founded following the enactment in 1870 of the Tung Wah Hospital Incorporation Ordinance (“Ordinance of 1870”).
9. In 1911 the Applicant established the Kwong Wah Hospital (廣華醫院) in Yau Ma Tei, Kowloon². The Applicant further set up the Tung Wah Eastern Hospital (東華東院) in 1929.³ In 1930, the Ordinance of 1870 was replaced by the Tung Wah Hospital Ordinance, which in turn was later repealed and replaced by the Tung Wah Group of Hospitals Ordinance (Cap.1051) in 1971, thus covering the three hospitals, namely Tung Wah Hospital, Kwong Wah Hospital and Tung Wah Eastern Hospital. It was at that time that the name “東華三院” was conceived⁴.
10. Extracts of a brochure appearing at exhibit “SSY-4” to the SEE Declaration provide information about the Applicant as at 31 December 2005.

¹ SEE Declaration, para. 3.

² SEE Declaration, para. 9.

³ SEE Declaration para. 10.

⁴ SEE Declaration paras. 3, 11.

According to these extracts, the Applicant at that time had 5 hospitals, and operated 2 Chinese medicine general outpatient clinics, 4 Chinese medicine clinical centres, 2 integrated Chinese and Western medicine treatment centres, 2 well women clinics, 1 well men clinic, an out-reaching home care services for the elderly and 1 dental health centre for senior citizens.

11. The Applicant sets out at Schedule B to the Application and exhibit “SSY-3” to the SEE Declaration various logos adopted and used by the Applicant since 1975. These logos are reproduced at the **Annex** hereto. It is noted that the Chinese characters “東華三院” appear prominently at the centre of each of these logos.

The Registered Owner

12. The Registered Owner has not filed a counter-statement or any evidence in these proceedings. There is therefore no information about the Registered Owner’s business or operations.

The material date

13. The material date at which validity of the registration of the subject mark is to be determined is the Filing Date, i.e. 12 March 2005.

Application under sections 53(5)(b) and 12(5)(a) of the Ordinance

14. Section 53(5)(b) of the Ordinance provides, *inter alia*, as follows:

“... *the registration of a trade mark may also be declared invalid on the ground –*

...(b) *that there is an earlier right in relation to which the condition set out in section 12(4) or (5) (relative grounds for refusal of registration) is satisfied.*”

15. Section 12(5)(a) of the Ordinance provides, *inter alia*, as follows:

“(5) ... 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); ...

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.”

16. The relevant question is whether normal and fair use of the subject mark for the purpose of distinguishing the subject services from those of other undertakings was liable to be prevented at the Filing Date by an action of passing off.

17. The elements of the tort of passing off have been considered in *Ping An Securities Ltd v 中國平安保險 (集團) 股份有限公司*, unreported, FACV 26/2008 (12 May 2009). The plaintiff must establish a goodwill (in the country or region) in a business in the supply of goods or services distinguished by a name or mark that has been, or likely will be, damaged by conduct of the defendant that is misleading or deceptive to the public. No one is entitled to represent his goods or services as those of, or connected with, another whose goods or services are known in the market. These elements, as formulated by Lord Oliver in the well-known *JIF* case⁵, have been repeatedly relied upon. Having said that the questions which arise are, in general, questions of fact, he said :

“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

⁵ *Reckitt & Colman Products Limited v. Borden* [1990] R.P.C. 341, 406, [1990] 1 All ER 873, 880.

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." (emphasis added)

18. In the context of a challenge to trade mark registrations, there may be no actual conduct of the defendant at the material date of application for registration. For that reason, it is necessary to postulate any normal and fair use that may be made of the trade marks and to determine whether that would constitute passing off.
19. It is the unchallenged evidence of the Applicant that the Applicant has since 1870 used the name or mark “東華” in relation to the Applicant's Services. The **Annex** shows logos used by the Applicant during the last 30 years before the Filing Date. The Chinese characters “東華三院” appear prominently at the centre of each of those logos.
20. I am satisfied that as at the Filing Date, the Applicant had goodwill and reputation in Hong Kong in relation to the supply of the Applicant's Services as distinguished by the mark and name “東華” and logos with the Chinese characters “東華三院”.
21. The last two logos at the **Annex** (“Two Logos”) together cover usage by the Applicant for a period of more than 20 years before the Filing Date. Each of these logos include a shield device with the Chinese characters “東華三院” at the centre, and a banner with the English words “TUNG WAH GROUP OF HOSPITALS” underneath the shield device. In the last logo at the **Annex**, there are the words “SINCE 1870” at the very bottom.

22. The subject mark consists of a shield device, the Chinese characters “東華會” in bold underneath the shield device, and the English words “Eastern Club” in smaller font underneath the Chinese characters.
23. Visually, the Chinese characters “東華三院” stand out prominently in the Two Logos. The Chinese characters “三院” together means “three hospitals”. Those Chinese characters are, on their own, indistinctive in relation to hospital services. The name and mark “東華” has become distinctive of the Applicant through the long period of use in relation to the Applicant’s Services as described above. Although there are the English words in a banner underneath the shield device, they are visually less prominent when compared with the Chinese characters. “TUNG WAH” is the English transliteration of the Chinese characters “東華” and reinforces those Chinese characters. The phrase “GROUP OF HOSPITALS” is indistinctive in relation to hospital services. The words “SINCE 1870” in the last Logo at the **Annex** are visually insignificant. The dominant and distinctive element in each of the Two Logos consists of the Chinese characters “東華”.
24. In the subject mark, although the shield device occupies much space in the mark, the Chinese characters “東華會” stand out visually. The Chinese character “會” meaning “club” is indistinctive. Although there are the words “Eastern Club” underneath the Chinese characters “東華會”, they are visually less prominent than the Chinese characters. The Chinese characters “東華” together constitute the most distinctive and dominant element in the subject mark.
25. Each of the subject mark and the Two Logos include a shield device, although their representations differ in some details. Viewing each of the subject mark and the Two Logos as wholes, taking into account their structures and the fact that they share the same distinctive Chinese characters “東華” as the dominant element, I consider that the overall visual impression created by the subject mark and that created by each of the Two Logos are similar.
26. Aurally, as the vast majority of the population in Hong Kong read and understand Chinese, they are likely to refer to the subject mark by the Chinese characters “東華會”, and each of the Two Logos by the Chinese characters “東華三院” or just “東華”. The first two Chinese characters to be pronounced in each case are “東華”. I consider that the overall pronunciation of the

subject mark is similar to that of the Two Logos.

27. Conceptually, each of the subject mark and the Two Logos includes a shield device. Each of them share the Chinese characters “東華” as the dominant element. Although the English words in the subject mark are different from those in the Two Logos, the average consumer perceives a mark as a whole and does not proceed to analyze its details. He rarely has the chance to compare marks side by side and instead relies on the imperfect picture of them he has kept in his mind. “TUNG WAH” is the English transliteration of “東華” in the Two Logos. “Eastern” has the same meaning as “東” and “Club” has the same meaning as “會” in the subject mark. As the focus of attention in the case of each of the subject mark and the Two Logos would be on the Chinese characters “東華”, the average consumer may vaguely remember that the English words in each of the marks have something to do with the Chinese characters in the mark. Taking into account the overall impression created by each of the marks, I consider that the subject mark is conceptually similar to each of the Two Logos.
28. Taking an overall assessment of the visual, aural and conceptual similarities and differences, I find that the overall impression created the subject mark is similar to that created by each of the Two Logos.
29. I refer to the subject services set out in paragraph 2 and the Applicant’s Services referred to in paragraph 8 above. The Registered Owner’s field of activity by reference to the subject services overlaps with that of the Applicant by reference to the Applicant’s Services.
30. Having regard to the extent of the Applicant’s reputation, the clear overlap between the respective fields of activity between the Applicant and the Registered Owner, and the similarity between the subject mark and each of the Two Logos, I consider that when customers see the subject mark used in the relation to the subject services, they are likely to be misled into believing that the subject services provided under the subject mark and those provided under the Two Logos are from the same source. A substantial number of persons are liable to be deceived by the normal and fair use by the Registered Owner of the subject mark into believing that the Registered Owner’s subject services are services of the Applicant, or alternatively, that the Registered Owner’s business is in some way connected with the Applicant’s business.

31. I find that the element of misrepresentation has been made out.
32. A misrepresentation that the defendant's goods or business are those of the claimant is intrinsically likely to damage the claimant if the fields of business of the claimant and the defendant are reasonably close (*The Law of Passing-Off*, Christopher Wadlow, 3rd edition, 4–13).
33. In view of the reputation and goodwill of the Applicant, the fact that the Applicant's and the Registered Owner's respective fields of activity overlap and the fact that a substantial number of persons are likely to mistakenly infer from the Registered Owner's use of the subject mark that the Registered Owner's subject services are from the Applicant or are connected with the Applicant, damage to the Applicant's goodwill is a reasonably foreseeable consequence of use of the subject mark.
34. I find that each of the elements of passing off referred to in paragraph 17 above has been established. I consider that normal and fair use of the subject mark for the purpose of distinguishing the subject services from those of other undertakings was liable to be prevented at the Filing Date by an action of passing off.
35. For these reasons, the registration of the subject mark is declared invalid under sections 53(5)(b) and 12(5)(a) of the Ordinance.
36. As I have found in favour of the Applicant on the ground under sections 53(5)(b) and 12(5)(a) of the Ordinance, it is not necessary for me to consider the other grounds for the Application.

Costs

37. As the Application has succeeded, I award the Applicant costs.
38. Subject to any representations, as to the amount of costs or calling for special treatment, which either party may make 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.

(Finnie Quek)
for Registrar of Trade Marks
21 December 2009

Annex

List of logos adopted by the Applicant

Year	logo
1975/1976	
1976/1977	
1977/1978	
1978/1979	
1979/1980	
1980/1981	

Year	logo
1981/1982	
1982/1983 to 2000/2001	
2001/2002 to 2007 ⁶	

⁶ i.e. up to the time of the SEE Declaration.