

TRADE MARKS ORDINANCE (CAP. 559)

**APPLICATION FOR DECLARATION OF INVALIDITY OF TRADE MARK
REGISTRATION NO. 301152332**

MARK : MO 无
CLASS : 43
APPLICANT : MANDARIN ORIENTAL HOTEL GROUP
LIMITED
REGISTERED OWNER : MO INTERNATIONAL HOLDINGS LIMITED

STATEMENT OF REASONS FOR DECISION

Background

1. On 27 September 2010, Mandarin Oriental Hotel Group Limited (“Applicant”), filed an application under section 53 of the Trade Marks Ordinance (Cap. 559) (“Ordinance”) for a declaration of invalidity of the registration of Trade Mark No. 301152332 (“suit mark”), with the grounds stipulated in the statement of grounds (“Statement of Grounds”) submitted at the same time. A representation of the suit mark is set out below:

MO 无

2. The suit mark is registered in the name of MO International Holdings Limited (“Registered Owner”), with application for registration filed on 3 July 2008 (“Application Date”), in respect of the following services (“Registered Services”):

Class 43

Restaurant, fast food restaurants; cafe, cafeteria, snack bar, carry out restaurant, take out restaurant services, food halls, canteens, self-service restaurants; banquet services; cocktail lounges; catering services; tea houses; coffee bar and coffee house; coffee supply services for offices; office coffee supply services; contract food services; food preparation; preparation and sale of carry out foods and beverages; bars, wine bar services; restaurants, cafés, cafeterias, bars, food halls, canteens and lounges installed with audio and visual apparatus with sing along devices; providing information relating

to preparation of foods and beverages and catering services on-line from a computer database or via the Internet or extranets; providing information relating to restaurants and bars services on-line from a computer database or via the Internet or extranets; providing information relating to hotel services on-line from a computer database or via the Internet or extranets; hotels and motels, apartment and condominium services, guest house services; providing facilities for conferences and exhibitions; booking agency services for hotel accommodation, arranging of and letting of holiday accommodation, letting and/or reservation of tourist accommodation, tourist office and travel agency services for booking accommodation; provision and reservation of temporary accommodation and lodging facilities, hotels, motels, boarding houses, restaurant, cafe, cafeteria and snack bar; holiday camp services; child care services; day-nurseries; tourist homes; arranging of wedding receptions; hospitality suites; rental of drink dispensing machines; providing facilities for conventions; accommodation services for travelers; provision of temporary accommodation; hotel services; provision of information, consultancy and advisory services for the aforesaid services; all included in Class 43.

3. The Registered Owner did not file a counter-statement and the application for declaration of invalidity is treated as unopposed pursuant to Rules 41(3) and 47 of the Trade Marks Rules (Cap. 559, sub. leg.) (“Rules”).

4. The Applicant filed evidence in the form of a statutory declaration made by Andrew Richard Rushworth Hirst on 21 June 2011 (“Hirst Declaration”).

5. The hearing of this application for a declaration of invalidity of the registration of the suit mark was scheduled to be held before me on 7 June 2013. After the hearing notice was issued, the previous agent on record of the Registered Owner notified the Trade Marks Registry that it no longer had instructions to act on behalf of the Registered Owner. A notice was then sent to the Registered Owner under Rule 107(1) of the Rules requesting it to file an address for service in Hong Kong within two months. The hearing was also adjourned. The Registered Owner did not respond within the specified two months and pursuant to Rule 107(3) of the Rules, it is deemed to have withdrawn from the present proceedings.

6. By its letter dated 15 April 2013, Messrs. Rebecca Lo & Co., agent of the Applicant, indicated that it would not appear at the hearing. Hence, pursuant to Rule 75 of the Rules, I now proceed to decide on the application for a declaration of invalidity without a hearing.

Grounds of the Application

7. The Applicant relies on the grounds under the following sections of the Ordinance for the application for a declaration of invalidity of the registration of the suit mark:

- (i) sections 3 and 11(1)(a) and section 53(3); and
- (ii) section 12(3), 12(4) and 12(5) and section 53(5).

Evidence of the Applicant

8. Andrew Richard Rushworth Hirst is the Operations Director – Asia of the Applicant, a member of the Mandarin Oriental Hotel Group (“Applicant’s Group”), and he has been associated with the Applicant since 2006. According to the Hirst Declaration, the Applicant’s Group operates, or has under development, 41 hotels representing over 10,000 rooms in 27 countries, with 17 hotels in Asia, 12 in the Americas and 12 in Europe, Middle East and North Africa, as well as 13 “Residences at Mandarin Oriental”. The copy 2008 directory in Exhibit “AH-2” has details of the hotels of the Applicant’s Group worldwide. In Hong Kong, the Applicant’s Group has 3 hotels – Mandarin Oriental, The Excelsior and The Landmark Mandarin Oriental.

9. The operating headquarters of the Applicant’s Group is in Hong Kong and from the headquarters, the operations of the hotels, satellite corporate and sales offices and sales agents worldwide are monitored. The ultimate parent company of the Applicant’s Group is Mandarin Oriental International Limited (“MOIL”) which is listed in the stock exchanges of Bermuda, London and Singapore. In Exhibit “AH-5” is a copy of the 2008 Annual Report of MOIL, showing its annual revenue for 2007 to be over a billion US dollars.

10. Hirst explains that the initials “MO” are the acronym for its “Mandarin Oriental” brand, and are widely used to refer to the hotels and brands of the Applicant’s Group, both internally within the group and externally by the industry, the public and the media. Manifestations of such use, as pointed out by Hirst, developed over time to include hotel bars and restaurants, corporate programmes, printed and online magazines, marketing and advertising initiatives and social media.

11. The Global Distribution System, the principal worldwide electronic system used within the travel and tourism industry for all airline and hotel reservations, is specifically referred to in the Hirst Declaration. All hotel brands on the system are

designated internationally by a two-letter prefix and the designation “MO” was awarded to the Applicant’s Group by the Hotel Electronic Distribution Network Association in 1991. In view of such designation, “MO” has been globally recognized by all major travel agencies around the world as the code for booking hotel rooms of the Applicant’s Group for almost 20 years. Copy printouts in Exhibit “AH-6” show how different networks adopt the code “MO” for the hotels of the Applicant’s Group in Hong Kong. Hirst indicates that reservations through the Global Distribution System account for approximately 30% of the worldwide room revenues generated for the hotels of the Applicant’s Group. This translates to about US\$104 million in terms of room revenues generated for the three Hong Kong hotels of the Applicant’s Group from 2004 to June 2008 and about US\$321 million for the remaining hotels in the group for that period.

12. Another use of the term “MO” mentioned in the Hirst Declaration is in relation to the magazine distributed to hotel guests and VIPs of the Applicant’s Group. Publication of the MO magazine commenced in 2000 and it is printed about twice every year. From 2005 onwards, over 30,000 copies have been distributed for each issue. Extracts from various issues of the MO magazine can be seen in Exhibit “AH-8”. The term “MO” can be seen to have been used to refer to products sold at the spa at Mandarin Oriental Hyde Park, London,¹ a contest organized to guess the place where a picture was taken,² and a frequent patron of the hotels of the Applicant’s Group.³

13. In addition, Hirst points out that multiple outlets such as restaurants, bars, shops and various related services use the name or mark “MO”. However, information about the examples in Exhibit “AH-11” (the “MO Lifestyle Shop” at Mandarin Oriental Sanya, the “BistroMO” at Mandarin Oriental Munich and the “MOzen Bistro” at Mandarin Oriental Las Vegas) is either undated or printed out after the Application Date. The materials cannot therefore be taken into regard for the purpose of the present proceedings.

14. It is highlighted in the Hirst Declaration that the most high profile and widespread of the MO-branded outlets is the “MO Bar”. The first “MO Bar” was opened in the New York hotel in December 2003. Its success leads to the opening of MO Bars at multiple Mandarin Oriental hotels around the world, including the one in The Landmark Mandarin Oriental Hong Kong, the second one in the series, which opened in August 2005. As at the Application Date, a third one had been opened in

¹ Page 22 of Issue 6 (2006).

² Page 52 of Issue 6 (2006).

³ Page 49 of Issue 8 (2007).

San Francisco. Hirst mentions that a MO Bar now forms part of the standard facilities planned for all new hotels of the Applicant's Group. In Exhibits "AH-12", "AH-13" and "AH-14" are bundles of copy promotional materials relating to MO Bars, but apart from the ones about the live performance by Coco Lee and the launch of "Girls Night Out" at the MO Bar of The Landmark Mandarin Oriental, it cannot be established that the events took place before the Application Date.

15. The Hirst Declaration refers to the distribution of another magazine, named "Platinum", by The Landmark Mandarin Oriental itself. It is averred that for each edition of this magazine, 6,000 hard copies have been distributed while another 30,000 copies have been sent online through e-marketing, all to Hong Kong residents. Copies of extracts from these magazines in Exhibit "AH-15" show details of the many offers and activities going on at the MO Bar of the hotel.

16. Another form of promotion averred to is via the website of the Applicant's Group. Although it is pointed out that the acronym "MO" is and has been regularly used in numerous webpages on their website to promote all of their hotels, outlets and services, this cannot be verified from the information in Exhibit "AH-17" since the materials are all printed out after the Application Date.

17. "MoMo", the name of a soft plush toy monkey, is yet another promotional item of the Applicant's Group. It was introduced in 2005 for families with young children staying in their hotels. A set of children's books featuring MoMo have also been produced as part of the theme. Samples showing such use can be found in Exhibit "AH-18".

18. In terms of the actual amounts expended, details can be found in the figures in paragraphs 24-30 of the Hirst Declaration. In 2006 and 2007, the Applicant's Group expended over US\$26 million for international sales and marketing. It also spent US\$14.9 million in those two years for international advertising and promotion of the "Mandarin Oriental" brand. On top of these, the hotels in the group fund their own sales and marketing teams and conduct their own local promotions in each individual market. In 2007, the expenditure on sales and marketing for the hotels in Hong Kong amounts to HK\$28.6 million. Another set of figures relate to the total amount spent on sales and marketing of the MO Bar of The Landmark Mandarin Oriental specifically (since its opening in August 2005 and up to June 2008), and it comes up to HK\$2.764 million.

19. A collection of media coverage about the MO Bar in Hong Kong can be found in Exhibit “AH-16” of the First Declaration. Materials posterior to the Application Date will not be considered, but there are still many articles dated before that date and the main message is that the MO Bar is the chic place to be. In addition, the Applicant wishes to illustrate public recognition by referring to the usage of the term “MO” in various personal blogs and popular websites to refer to the hotels of the Applicant’s Group. The relevant materials are in Exhibit “AH-20” but since they are printed out after the Application Date, they will not be taken into account.

20. One last thing that should be mentioned is the various awards received by the hotels of the Applicant’s Group, details of which can be found in Exhibit “AH-21”. The information relates to awards granted from 2006 onwards.

Section 12(5)(a)

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

22. On the circumstances under which a passing off action can be established, the following passage from the decision of the House of Lords in **Reckitt & Colman Products Ltd v Borden Inc** [1990] RPC 341, which 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), is relevant –

“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."

Goodwill

23. The Registered Owner has not filed any evidence of its own, nor has it raised any challenges to the evidence filed by the Applicant. Thus, except for the reasons already accounted for when relating the evidence of the Applicant in the above, I shall accept the case as presented by the Hirst Declaration.

24. "MO" is not a registered mark, but the law of passing off affords protection to marks that have been used irrespective of whether they have become registered. The earliest use of the sign "MO" to refer to the business of the Applicant's Group is via the Global Reservations System for airlines and hotels and this has been going on for almost 20 years. Although sales made through this international booking system accounts only for about 30% of the room revenues of the Applicant's Group, in absolute terms, the business is substantial, as is apparent from the worldwide sales figures of US\$425 million (of which US\$104 million relates to the three hotels in Hong Kong) for the three and a half years period prior to the Application Date.

25. The Applicant has also expended substantial efforts in the promotion of the “MO” marks. The magazine of its group is called by this name and has been circulated worldwide to its customers and potential customers. In the various issues of this magazine, the mark “MO” has been used in diversified manners to promote a niche culture or lifestyle. I therefore have no difficulty in finding that, as of the Application Date, the Applicant had substantial goodwill in the hotel business.

Misrepresentation

26. Apart from the letters “MO”, the suit mark also has a Chinese character “无”, meaning “no”. The Chinese character is pronounced as “mo” in Cantonese and so when used together in the suit mark, consumers will reckon that it is the transliteration of the word formed by the conjoining of the two letters “M” and “O”, rather than having any distinct role to play. The suit mark is thus visually, phonetically and conceptually very similar to the “MO” mark used by the Applicant.

27. There is no evidence on whether the Registered Owner has actually put the suit mark to use and if so, whether there has been any instance of actual confusion. Since section 12(5)(a) of the Ordinance refers to the use of the mark applied for being liable to be prevented by virtue of the law of passing off, the requirement can be satisfied where the fair and notional use of the suit mark would constitute passing off as at the Application Date.

28. The Registered Services can be broadly divided into two groups – one that forms the core business of a hotel as a place for temporary accommodation, such as hotels and motels, apartment and condominium services, guest house services; arranging of and letting of holiday accommodation, letting and/or reservation of tourist accommodation, tourist office and travel agency services for booking accommodation; provision and reservation of temporary accommodation and lodging facilities, hotels, motels, boarding houses; and the other group that comprises services ancillary to the provision of services in the first group, such as restaurant, fast food restaurants; café, cafeteria, snack bar, carry out restaurant, take out restaurant services, food halls, canteens, self-service restaurants; banquet services; cocktail lounges; catering services; tea houses; providing facilities for conferences and exhibitions etc.

29. There is identity in the first group of the Registered Services with the hotel business of the Applicant’s group. If the Registered Owner is to use such a highly similar mark as the suit mark in the same market, consumers will likely be misled into

believing that the services are provided by the Applicant or undertakings that are economically linked to the Applicant. As for the provision of food and drinks or facilities for conferences and exhibitions and the other services in the second group, they are very much an indispensable part of the hospitality industry, or very closely related to the operation of a hotel. Likewise, consumers receiving such services from the Registered Owner under the suit mark will likely believe that the services originate from the Applicant or undertakings that are economically linked to the Applicant.

Damage

30. Since the parties are in direct competition with each other, the erroneous belief of consumers will divert business from the Applicant. The Applicant will therefore likely suffer damage if the Registered Owner is to use the suit mark on the Registered Services.

31. Having established all three elements for constituting passing off, the ground of invalidation under sections 53(5) and 12(5)(a) of the Ordinance has therefore been made out. There is thus no need for me to consider the other grounds of invalidation pleaded.

Costs

32. As the application for a declaration of invalidity is successful, I award the Applicant costs. 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.

(Caroline Chow)
for Registrar of Trade Marks
30 July 2013