

O-004-05

TRADE MARKS ACT 1994  
IN THE MATTER OF APPLICATION No 2259510  
BY C. K. YEUNG  
TO REGISTER THE TRADE MARK

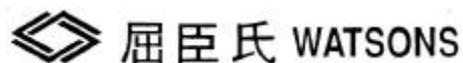
 屈臣氏 WATSONS

IN CLASSES 5, 35 & 42

AND IN THE MATTER OF OPPOSITION THERETO  
UNDER NUMBER 91489  
BY WATSON ENTERPRISES (BAHAMAS) LIMITED

## BACKGROUND

1) On 30 January 2001, Watson Trading Company (London ) Limited of 31 Frith Street, Soho, London W1V 5TL applied under the Trade Marks Act 1994 for registration of the following trade mark:



2) The application was in respect of the following goods and services:

In Class 5: “Pharmaceutical, veterinary and sanitary preparations and substances; dietetic substances adapted for medical use; food for babies; herbs for medical use; herb teas; lotions for pharmaceutical purposes; lotions for veterinary purposes; medicinal drinks; medicinal infusions; medicinal oils; medicinal roots; medicinal tea; medicinal cases; plasters; materials for dressings; disinfectants; vitamin and mineral preparations and substances.”

In Class 35: “The bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a retail pharmacy.”

In Class 42: “Pharmacy services included in Class 42; consultancy and advice services in pharmacy and healthcare.”

3) On 19 October 2001 the proprietorship of the mark was changed to Mr C. K. Yeung, the proprietor of the Watson Trading Company (London) Ltd.

4) On 13 February 2003 Watson Enterprises (Bahamas) Limited of Offshore Group Chambers, P.O. Box CB-12751, Nassau, New Providence, Bahamas filed notice of opposition to the application. The grounds of opposition are in summary:

a) The opponent is the proprietor of the following marks:

Mark	Number	Effective Date	Class	Specification
	CTM 179911	01.04.96	3	Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions, dentifrices.
			5	Pharmaceutical, veterinary and sanitary preparations; 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.

	CTM 178798	01.04.96	42	Consultancy and advice services to customers in relation to product selection, quality and warranties; chemistry and pharmacy advice services; hairdressing and beauty salon services.
			1	Distilled water.
			5	Pharmaceutical, veterinary and sanitary preparations; 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.
			42	Consultancy and advice services to customers in relation to product selection, quality and warranties; chemistry and pharmacy advice services; hairdressing and beauty salon services.

b) The mark in suit is similar to the opponent's trade marks, and the goods and services applied for are identical or similar. The mark applied for therefore offends against Section 5(2)(b) of the Trade Marks Act 1994.

5) The applicant subsequently filed a counterstatement denying the opponent's claims and further seeks solace under Section 7 of the Trade Marks Act 1994 as it is claimed that the mark in suit has been used in the UK in relation to the goods and services claimed since at least May 1990 and so there has been honest concurrent use.

6) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 11 December 2004 when the opponent was represented by Mr Edenborough of Counsel instructed by Messrs R G C Jenkins. The applicant chose not to attend. However, written submissions were provided by Patent Search Ltd.

#### OPPONENT'S EVIDENCE

7) The opponent filed a statutory declaration, dated 30 January 2004, by Timothy George Pendered, the opponent's Trade Mark Attorney. At exhibit TGP1:2 and 1:3 he provides various print outs from Internet searches. These show that there are ten pharmacies in the UK trading under the name WATSON, and no-one else has applied to register a trade mark containing the name WATSON in relation to pharmacy services or products. Mr Pendered states that whilst the public are used to differentiating between full names, in the instant case there is only a surname and Chinese characters. He states that the device elements in both marks are not dominant enough to give either mark a unique or memorable identity.

8) Mr Pendered also states that the applicant cannot benefit from honest concurrent use and also states:

“The applicant (originally Mr Yeung) would first of all have to explain how he came to choose the well known English surname WATSON as the name of his business. The applicant (now seemingly Watson Trading Co (UK) Ltd) would furthermore have to demonstrate how the rights in the mark were acquired from Mr Yeung.”

9) In fact the mark was originally applied for by Watson Trading Co (London) Ltd and then transferred to Mr Yeung.

#### APPLICANT’S EVIDENCE

10) The applicant filed a witness statement, dated 20 April 2004, by Charles Chee Kin Yeung a Director of Watson Trading Co (London) Ltd since 3 October 1980 and also a Director of Watson’s Limited since 2 December 1985. At exhibit CKY1 & 2 he provides copies of the Director’s Register which shows these appointments.

11) Mr Yeung states that in October 1980 he purchased a company called Watson Trading Co. (London) Limited from a company formation agent and traded as a dispensing chemist. In December 1985 he states that he formed a company called Watsons Limited which traded in textile goods as well as a pharmacy until 1997-98 thereafter concentrating on textiles with the pharmacy transferred to Watson Trading Co. (London) Ltd. However, he also claims that “Watson’s Limited continued as a trade name on the pharmacy side” The second company, he states, was named after the first. Whilst turnover figures are provided for both companies these are very patchy with many years not having figures available. I have chosen to show only the recent figures for Watson Trading Co. (London) no figures being available for Watsons Ltd between 1998 – 2003.

Year	Turnover £
2003	334,635
2002	296,899
2001	270,513
2000	199,768
1999	N/A

12) Mr Yeung states that he advertises primarily in *Sing Tao Weekly* which he states is the leading Chinese language newspaper in the UK. He is unable to provide advertising figures but at exhibits CKY3, CKY4 he provides figures which show liabilities to the newspaper, invoices from the newspaper and also copies of the advertisements including one from the Herald dated February 2000. However, the mark shown in the advertisements is different to that sought to be registered.

13) At exhibit CKY7 Mr Yeung provides examples of mail orders dated between Sept 2000 and March 2002. These show orders being received from all over the UK. At exhibit CKY9 he provides copies of invoices sent out by his company, under the mark in suit, between Sept 2003–April 2004 a period which is after the relevant date.

14) At exhibit CKY10 Mr Yeung provides a letter from William Jones Packaging which states that the company has supplied printed carrier bags to the applicant for more than eleven years. However, exact details of what was printed on the bags is not

given. At exhibit CKY11 a photograph of a carrier bag is supplied but as the bag is very creased and partially folded it is not possible to determine whether the bag has the mark in suit upon it although there are obviously other images which are not contained in the mark in suit.

15) At exhibit CKY12 is a pharmaceutical label which has the name WATSONS and certain Chinese characters but it is not the mark in suit.

16) At exhibits CKY13, CKY14 and CKY 15 Mr Yeung provides copies of searches regarding the number of pharmacies trading under the name Watson and also the number of trade marks on the UK and CTM registers. However, I do not find this of assistance in reaching my decision.

17) Lastly, Mr Yeung states:

“It is common for persons trading in the United Kingdom, though not of a British origin to adopt a British name as a trading style. Since such persons often deal with their own communities as well as those of the host it is common for them to adopt bi-lingual marks so as to be understood by both communities. In this case, the overlapping rhombus device acts as a unifying feature recognisable to all.”

#### OPPONENT’S EVIDENCE IN REPLY

18) The opponent filed a witness statement, dated 18 August 2004, by John Philip Cartwright a professional investigator. He states that he was asked to investigate the formation of the applicant company and also use of the trade mark in suit. At exhibits JC/1- JC/8 he provides a written report and various documents and items. Mr Cartwright served as a policeman in Hong Kong between 1974 and 1997. He provides his views on aspects of life in Hong Kong and its inhabitants which are not relevant to the instant case. Referring to his arrival in Hong Kong in 1974 he does however remark that “At this time WATSONS, which I knew to be part of the A.S. Watsons Group, was already a well-established chain of chemist shops which also sold a selection of health and beauty products. As time went by, they expanded their range of goods to include toys, novelty items, and electrical products, and were very similar to BOOTS in the United Kingdom”. It is clear from the information given in the report that the applicant’s dispensing pharmacy does not use the mark in suit. However, the applicant’s second premises, which sells “over the counter” items of a pharmaceutical nature, does use the mark in suit. He provides an example of the sign used by the Hong Kong pharmacies which is unlike the opponent’s trade mark registrations as it consists simply of the name WATSONS.

19) It is clear from the records from Companies House that Watson Trading Co. (London) Ltd was incorporated in October 1980 whilst Mr Yeung became a Director in 1982 not 1980 as he claimed. Also he provided a plastic credit card type business card which had a telephone code number on it which was over five years out of date. However, this card was provided to the investigator in the course of a conversation in the shop. It is not clear if the investigator identified himself to Mr Yeung and I do not accept the conclusion of the investigator.

20) That concludes my review of the evidence. I now turn to the decision.

## DECISION

21) At the hearing two preliminary issues were raised. The opponent sought to amend its pleadings to include Section 3(6) and also sought to cross-examine the applicant for the mark in suit, Mr C K Yeung. The opponent proposed that a decision on these issues would only be required if I were to find against them under their existing ground of opposition. I agree with this and will consider the opposition under Section 5(2)(b) first and return to the preliminary points raised only if required.

22) The ground of opposition is under Section 5(2)(b) which reads:

“5.-(2) A trade mark shall not be registered if because -

(a)....

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

23) An “earlier trade mark” is defined in Section 6, the relevant parts of which state:

“6.-(1) In this Act an "earlier trade mark" means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,”

24) The opponent is relying on two Community Trade Marks No's 179911 & 178798, both registered with effect from 1 April 1996, which are plainly “earlier trade marks”. At the hearing Mr Edenborough acknowledged that his strongest case lay with trade mark CTM179911. It is this mark that I shall deal with in the comparison with the mark applied in suit.

25) In determining the question under section 5(2)(b), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel Bv v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc.* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R 723. It is clear from these cases that:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel Bv v Puma AG*;

(b) the matter must be judged through the eyes of the average consumer, of the goods / services in question; *Sabel Bv v Puma AG*, who is deemed to be

reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel Bv v Puma AG*;

(d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel Bv v Puma AG*;

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc.*;

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it; *Sabel Bv v Puma AG*;

(g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel Bv v Puma AG*;

(h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG*;

(i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc.*

26) In essence the test under Section 5(2)(b) is whether there are similarities in the marks and goods and/or services which would combine to create a likelihood of confusion. In my consideration of whether there are similarities sufficient to show a likelihood of confusion I am guided by the judgements of the European Court of Justice mentioned above. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those different elements taking into account the degree of similarity in the goods and/or services, the category of goods and/or services in question and how they are marketed. Furthermore, I must compare the mark applied for and the opponent's registration on the basis of their inherent characteristics assuming normal and fair use of the marks on a full range of the goods and services covered within the respective specifications.

27) I will first compare the goods and services of the two parties, taking into account the fact that the opponent does not rely upon the goods registered under Class 3. For ease of reference the goods and services being compared are:

Applicant's goods & services	Opponent's goods & services
<u>In Class 5</u> : Pharmaceutical, veterinary and sanitary preparations and substances; dietetic substances adapted for medical use; food for babies; herbs for medical use; herb teas; lotions for pharmaceutical purposes; lotions for veterinary purposes; medicinal drinks; medicinal infusions; medicinal oils; medicinal roots; medicinal tea; medicinal cases; plasters; materials for dressings; disinfectants; vitamin and mineral preparations and substances.	<u>In Class 5</u> ; Pharmaceutical, veterinary and sanitary preparations; 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.
<u>In Class 35</u> : The bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods in a retail pharmacy.	<u>In Class 42</u> : Consultancy and advice services to customers in relation to product selection, quality and warranties; chemistry and pharmacy advice services; hairdressing and beauty salon services.
<u>In Class 42</u> : Pharmacy services included in Class 42; consultancy and advice services in pharmacy and healthcare.	

28) In carrying out a comparison I take into account the factors referred to in the opinion of the Advocate General in *Canon*; page 127, paragraphs 45-48. In its judgement, the ECJ stated at paragraph 23:

“23. In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.”

29) I also take into account the comments of Jacob J. in *Avnet Incorporated v. Isoact Ltd* [1998] FSR 16 where he said:

“In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

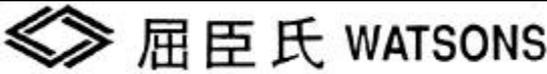
30) With regard to the Class 5 specifications it is clear that the following terms appear in both specifications: “Pharmaceutical, veterinary and sanitary preparations and substances; dietetic substances adapted for medical use; food for babies; plasters, materials for dressings; disinfectants.”. This leaves “herbs for medical use; herb teas; lotions for pharmaceutical purposes; lotions for veterinary purposes; medicinal drinks; medicinal infusions; medicinal oils; medicinal roots; medicinal tea; medicinal cases; vitamin and mineral preparations and substances”.

31) Clearly all of these, with the exception of “medicinal cases” fall within the initial term of pharmaceutical preparations. At the hearing it was not clear what the term “medicinal cases” referred to. However, as anything correctly included into this class of goods must be a form of pharmaceutical, veterinary or sanitary preparation or substance, then I regard the term as meaning something which is similar to the goods for which the opponent’s mark is registered. Therefore, the Class 5 goods of both parties are either identical or at worst quite similar.

32) I now consider the opponent’s Class 42 services to the services applied for under Classes 35 and 42. To my mind the opponent’s specification encompasses the whole of the applicant’s Class 42 services. I also accept the opponent’s contention that the retail services relating to a pharmacy in the applicant’s Class 35 specification is intrinsically covered by the Class 5 goods and Class 42 services of the opponent.

33) In summary I regard the goods and services of both parties to be at the very least similar.

34) I will now compare the marks of the two parties. For ease of reference I reproduce these below:

Applicant’s Mark	Opponent’s Mark
	

35) There are obvious visual differences between the marks but there are also many visual similarities. Both contain the word “Watsons” albeit that the opponent’s mark has an apostrophe between the letters “n” and “s”. Whilst one is in standard type face and capital letters the other has the appearance of being handwritten. Both have three Chinese characters. Again the applicant’s are in typeface whereas the opponent’s are hand written. They would appear to be the same or very similar characters and so share similar patterns and shapes. The most obvious difference is the interlocking rhomboid device in the applicant’s mark and the boxed letter “W” device. Overall the marks are, in my view, visually similar.

36) Aurally the average consumer in the UK would consider only the words “WATSONS/ Watson’s”. There was a suggestion that the applicant’s customers would be primarily ethnic Chinese but there is no evidence to support this assertion, nor is it clear that even if this were true that a significant number of the Chinese community in the UK can read the Chinese characters in either trade mark. Therefore, the marks are aurally similar.

37) Conceptually, the marks are similar as they both have a similar English surname, both have three Chinese letters/characters which are similar and a device, albeit that the devices are different. The average consumer would retain the impression of the surname and some Chinese writing.

38) I also have to consider whether the opponent's marks have a particularly distinctive character either arising from the inherent characteristics of the marks or because of the use made of them. The opponent has not filed any evidence of use of their mark. The opponent's mark is a surname and pharmacies are the type of business which typically have surnames as their trading name. I accept that "Watson" is not a common surname in use for pharmacies with the evidence of both sides pointing to there being only eleven shops belonging to eight businesses trading under a name which consists of or includes the name WATSON. Taking into account the comments of the Appointed Person in *Oska's* application [O/317/04] I conclude that the opponent's mark must be regarded as having some distinctive character when used in relation to pharmaceutical goods and services. Although I do not regard this as being of great importance in coming to the global consideration.

39) The applicant has claimed that its mark has been used in the UK since May 1990 and seeks sanctuary under Section 7 of the Trade Marks Act 1994 which reads:

"7.-(1) This section applies where on an application for the registration of a trade mark it appears to the registrar-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

but the applicant shows to the satisfaction of the registrar that there has been honest concurrent use of the trade mark for which registration is sought.

(2) In that case the registrar shall not refuse the application by reason of the earlier trade mark or other earlier right unless objection on that ground is raised in opposition proceedings by the proprietor of that earlier trade mark or other earlier right.

(3) For the purposes of this section "honest concurrent use" means such use in the United Kingdom, by the applicant or with his consent, as would formerly have amounted to honest concurrent use for the purposes of Section 12(2) of the Trade marks Act 1938.

(4) Nothing in this section affects-

(a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal), or

(b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds, where no consent to registration).

(5) This section does not apply when there is an order in force under section 8 below."

40) In *C.D.S. Computer Design Systems Ltd v Coda Ltd* [O/372/00] the Hearing Officer stated:

“Mr Hacon citing the *Road-Runner* trade mark case (1996 FSR 805) sought to persuade me that where an application was found to be open to objection, *inter alia*, under Section 5(2)(b) because of an earlier trade mark, and the proprietor of that mark filed an opposition raising that ground, the provisions of Section 7(2) made refusal of the application mandatory.”

And later:

“First of all I note that this provision of the Act does not derive from Council Directive No 89/104/EEC of 21 December 1998 to approximate the laws of the Member States relating to trade marks. It is thus a piece of home spun legislation which can only be interpreted as complementing rather than conflicting with the Directive. I say that because Article 5 of the Directive (the equivalent of Section 5 of the Trade Marks Act) requires a trade mark to be excluded from the register if it conflicts with an earlier trade mark or other earlier right. However, the fifth recital to the Directive gives Member States latitude as to the stage at which such relative grounds are to be taken into consideration. The fifth recital states:

Whereas Member States also remain free to fix the provisions of procedure concerning the registration, the revocation and invalidity of trade marks acquired by registration; whereas they can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an *ex officio* examination procedure or both; whereas Member States remain free to determine the effects of revocation or invalidity of trade marks;

In relation to all applications for registration under the Act, the Trade Marks Registry must examine them against the provisions of Sections 3 and 5 and undertake a search under the provisions of Section 37 for that purpose. If, and when, as a result of the search an earlier trade mark or earlier right is identified which is considered to be the same or similar in respect of both the trade mark and the specification of goods and services, then the Trade Marks Registry must raise an objection to the application for registration. However, if the applicant is able to show, to the satisfaction of the Trade Marks Registry, that there has been honest concurrent use of the trade mark the subject of the application with the earlier mark, under the provisions of Section 7, and with due regard to the fifth recital, the application may be accepted and published. Where the concurrent use has not been in respect of all of the goods or services for which the application is sought to be registered, the acceptance will be for those goods where there has been honest concurrent use. If there is no opposition to the application for registration either from the owner of the earlier right against which the applicant for registration claims honest concurrent use or any third party, then the application will in due course be registered. However, if opposition is filed then the registrar must determine whether the grounds for

refusal upon which the opposition is based are made out. If the opposition is based upon Section 5 then the provisions of the appropriate subsections must be considered. The fact that honest concurrent use has been shown at the examination stage cannot overcome the objection.

If, for example, the trade mark the subject of the application for registration and the trade mark the subject of the earlier right were identical, and the specification of goods or services of the application was identical to the specification of the goods or services covered by the earlier trade mark, then refusal must follow under Section 5(1), which bars absolutely the registration of identical trade marks in respect of identical goods or services (unless the proprietor of the earlier trade mark consents to the registration of the later trade mark). But in relation to Section 5(2) the respective trade marks or respective specifications of goods or services may only be similar and the fact that there has been actual use of the trade mark in suit concurrently with the earlier trade mark, may be relevant in determining whether there is a likelihood of confusion.

In the circumstances and for the reasons above I reject Mr Hacon's submission that because the proprietor of the earlier trade mark against which the applicant for registration has claimed honest concurrent use has opposed the application, the provisions of section 7(2) make the refusal mandatory. However, as I have already said, the mere fact that there has been honest concurrent use is not a defence, which in itself will save an application, but it is one of the "relevant" factors which should be taken into account in determining whether there is a likelihood of confusion."

41) It is clear that I should take account of the use made by the applicant as part of my deliberations. The applicant's evidence of use leaves much to be desired. The turnover figures are not limited to the goods covered in the specification sought to be registered and nor is it clear that the sales were all made under the mark applied for rather than the trading name. However, in carrying out my comparison I will assume that all the use shown was in relation to the specification sought and under the mark in suit. I must balance this against the fact that there is no evidence of use of the opponent's marks. I will have to consider honest and fair use of the opponent's marks.

42) Taking account of all of the above when considering the marks globally, including the dictum of imperfect recollection, I believe that there is a likelihood of consumers being confused into believing that the goods and services provided by the applicant are those of the opponent or provided by some undertaking linked to them. The opposition under Section 5(2)(b) therefore succeeds in relation to the whole of the applicant's specification.

43) Given this finding I do not need to determine the preliminary issues raised at paragraph 21 above.

44) As the opponent was successful it is entitled to a contribution towards its costs. I order the applicant to pay the opponent the sum of £2,200. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 7th day of January 2005

George W Salthouse  
For the Registrar,  
the Comptroller-General