

立法會
Legislative Council

Ref: CB1/BC/17/98/2

LC Paper No. CB(1)1999/99-00

(These minutes have been
seen by the Administration
and cleared by the Chairman)

Bills Committee on Trade Marks Bill

**Minutes of Twenty-first meeting held on
Thursday, 4 May 2000, at 4:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Margaret NG (Chairman)
Hon Kenneth TING Woo-shou, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon MA Fung-kwok
Hon HUI Cheung-ching
Hon CHAN Kam-lam
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
- Members absent** : Hon James TO Kun-sun
Hon SIN Chung-kai
Hon FUNG Chi-kin
- Public officers attending** : Mr Philip CHAN
Principal Assistant Secretary for Trade and Industry
- Mr Rayman PERERA
Assistant Director (International Registration)
Intellectual Property Department (IPD)
- Mrs Teresa GRANT
Assistant Director (Registration), IPD
- Miss Finnie QUEK
Senior Solicitor, IPD
- Mr Johann WONG
Assistant Secretary for Trade and Industry
- Mr Jeffrey E GUNTER
Senior Assistant Law Draftsman

Ms Phyllis POON
Government Counsel

Clerk in attendance : Miss Odelia LEUNG
Chief Assistant Secretary (1)1

Staff in attendance : Miss Anita HO
Assistant Legal Adviser 2

Ms Rosalind MA
Senior Assistant Secretary (1)6

I. Discussion on issues raised during clause-by-clause examination of the Bill

Relief from groundless threats of infringement proceedings
(LC Paper No. CB(1)1327/99-00(02))

Members noted that the Administration would propose a Committee Stage amendment (CSA) to clause 24 to provide exemption for legal practitioners regarding the relief from groundless threats of infringement proceedings.

(Post-meeting note: the CSA was provided by the Administration and circulated to members vide LC Paper No CB(1)1540/99-00(03).)

Power of the Registrar
(LC Paper No. LS122/99-00)

2. Members noted the paper.

Outstanding issues
(LC Paper No. CB(1)1526/99-00(01))

Clause 69

3. The Assistant Director of Intellectual Property (International Registration) (AD/IP(IR)) explained that the proceedings before the Registrar of Trade Mark (the Registrar) would be informal. Despite that there was no provision for parties concerned to cross-examine the witnesses summoned by the Registrar, they would be allowed to do so in practice as it would be illogical for the Registrar to make rules for proceedings before him which would be seen to be unfair.

4. As to the need for specifying in clause 69 that the Registrar might receive

statutory declaration, Senior Assistant Law Draftsman said that the present drafting of clause 69(1)(b) would suffice. The word "affirmation" would cover evidence by statutory declaration. Members accepted the explanation.

Clauses 55(6) and 74

5. The Chairman said that having considered the arguments put forward in paragraphs 7 to 10 of the Administration's paper, she remained of the view that clause 74 would not be necessary as it would not provide additional protection to the Registrar over and above the common law. Nevertheless, members had no objection to have an express provision in the Bill on the immunity of the Registrar as regards official acts.

Clause 85(1)

6. AD/IP(IR) explained that the Administration considered it inappropriate for the Registrar to pay costs in proceedings before the court under the trade marks law. The Registrar, in his quasi-judicial capacity, should not be liable to costs of proceedings should his decision be appealed against. This was analogous to the example where a lower court did not pay costs if its decision was reversed on appeal. The provision was not new and there was a similar provision in section 81 of the Trade Marks Ordinance, (Cap. 43).

7. The Chairman said that the mere fact that the Registrar was performing his duties in a quasi-judicial capacity could not justify the removal of the court's discretion in ordering cost from the Registrar should his decisions be ruled down by the court in appeal. It would be unfair to the appellant who had won the appeal but was unable to get his costs of proceedings from the Registrar, who had made the wrong decision which resulted in the appeal. Such an unfair provision, though existing in the present legislation, should not be carried over to the modernized trade mark law. Moreover, it had been a long-established practice that cost followed the event. Mrs Selina CHOW shared her view.

8. The Principal Assistant Secretary for Trade and Industry (PAS/TI) undertook to further consider members' views and revert to the Bills Committee at the next meeting.

(Post-meeting note: the Administration proposed a CSA to clause 85(1) to address members' concern. The draft CSA was circulated to members vide LC Paper No. CB(1)1540/99-00(03).)

II. Discussion on draft Trade Marks Rules (LC Paper No. CB(1)965/99-00)

9. Members noted that the Administration was consulting the views of trade mark practitioners with a view to finalizing the draft Trade Marks Rules (the Rules). Since the Rules, being subsidiary legislation, would be submitted to the Legislative Council for negative vetting, members agreed not to go into the details in the context

of the Bills Committee.

III. Discussion on draft Committee Stage amendments (LC Paper No. CB(1)1506/99-00)

10. Members noted that the draft CSAs at LC Paper No. CB(1)1506/99-00 did not contain all the CSAs to be moved by the Administration and further CSAs would be provided in due course. Given that the draft CSAs had just been received the day before, the Chairman suggested and members agreed to defer discussion until the Administration had provided an explanatory note on the draft CSAs.

(Post-meeting note: the requested explanatory note and a complete set of draft CSAs were provided by the Administration and circulated to members vide LC Paper Nos. CB(1)1540/99-00(02) and (03) respectively.)

IV. Discussion on CSA to clause 19

11. The Chairman reminded members that different measures for providing the importers' information had been considered at the last Bills Committee meeting held on 27 April 2000. In this connection, she drew members' attention to the reply from the Consumer Council advising on the feasible methods for providing importers' information and the cost implications for additional labelling (LC Paper No. CB(1)1526/99-00(02)). She invited members' views on the way to amend clause 19 including the legal consequences of non-compliance with the labelling requirements. She pointed out that as agreed by members during previous discussion of the issue, the main objective of the amendment would be to provide consumers with ready information of the importers at the time of purchase.

12. Mrs Selina CHOW pointed out that if the proposed amendment was passed, the use of a registered trade mark in Hong Kong would not infringe if he complied with the proposed labelling requirement, or other specified alternative measures which could provide importers' information to consumers. Persons who imported the trade mark goods into Hong Kong and who did not comply with the specified requirement would be considered as infringing the rights of the trade mark owner.

13. The Chairman explained that the situation would not be so straightforward in reality. According to the Administration, the existing provisions in the Trade Marks Ordinance were ambiguous as regards parallel importation. Under the existing law, whether parallel importation would constitute an infringement depended on a number of circumstances. In practice, there was proliferation of businesses selling parallel-imported goods and trade mark owners had difficulties in establishing their cases in infringement proceedings. Clause 19 liberalized parallel importation and put in clear terms the adoption of the principle of international exhaustion of rights. The idea of the Bills Committee was that clause 19 should be amended in such a way that to enjoy the exemption for infringement, the additional labelling requirement had to be complied with on top of the condition specified in clause 19(2). Those who complied with the requirement would enjoy the exemptions whereas those who failed to comply would be subject to the same infringement liability as if under the existing law.

Therefore, non-compliance with the labelling requirement per se would not constitute an infringement of the trade mark. The trade mark owner still had to establish his case based on individual circumstances. The Chairman stressed that non-compliance of the proposed labelling requirement would not attract criminal sanctions.

14. Mr CHAN Kam-lam said that he had no objection to the provision of importers' information to consumers. However, this should be achieved through amendments to other relevant legislation concerning labelling and product safety but not in the context of the trade mark law. He urged members to consider the effectiveness of the proposed labelling requirement as the Chairman had explained that non-compliance with it might not constitute an infringement of the trade mark.

15. At the invitation of the Chairman, PAS/TI said that if clause 19 was amended to include an additional labelling requirement for provision of importers' information, only parallel importers would be bound by the additional requirement. As the mainstream importers had the consent of trade mark owners to use the mark and would not be subject to infringement proceedings, the additional labelling requirement would not be applicable to them. This would upset the level playing field for parallel importers and mainstream importers and would be unfair to the former. The Administration considered the maintenance of a level playing field for all market participants important and thus could not accept the proposed amendment to clause 19. He invited members to reconsider the effectiveness of the proposed amendment. If a parallel importer chose not to comply with the labelling requirement, the trade mark owner who wished to take infringement proceedings would still have to identify the parallel importer first and then establish his case based on the circumstances. Therefore, the proposed amendment might not give consumers or trade mark owners additional protection. The proposed bill on civil liability for unsafe products would provide additional protection to consumers and there would be a mechanism to encourage retailers to provide importers' information to consumers. The Panel on Trade and Industry had scheduled a special meeting for 18 May 2000 to consider the labelling requirements under existing law. That would be a more appropriate forum to deal with the issue of consumer protection and labelling requirements.

16. The Chairman said that members were concerned about the protection of consumers' interest upon the liberalization of parallel importation within the context of the Bills. The proposed amendment to clause 19 was not to address the whole issue of consumer protection. She believed that fairness to all importers could be achieved if the Administration put in place similar labelling requirements in relevant legislation. The amendment to clause 19, if successfully enacted, would serve as a catalyst for speeding up the process of enhancing consumer protection through additional labelling requirements on all imported products. Mr Kenneth TING shared her views.

17. As to the issue of effectiveness of the proposed amendment, the Chairman responded that the difficulties faced by trade mark owners in establishing a case of infringement where the labelling requirement was not complied with or where clause 19(2) applied would be the same. Therefore, the effectiveness of the proposed additional requirement and of clause 19(2) would be similar. Mrs Selina CHOW opined that it would be illogical to play down the effectiveness of the proposed

amendment on the grounds that it would be difficult to prevent or take actions against non-compliance of the proposed requirement. She further pointed out that despite that mainstream importers would not be bound by the proposed labelling requirement in clause 19, they would have the incentive to identify themselves on their goods so that consumers could readily distinguish between mainstream imports and parallel imports. She could not appreciate the rationale behind the objection of the Consumer Council and the Trade and Industry Bureau to the proposed labelling requirement, given the enhancement of consumer protection being one of their major tasks. As to the proposed bill on civil liability for unsafe products, she found it odd that while importers would be one of the parties held liable for the supply of unsafe products, there was no statutory requirement for the provision of their information to consumers. It was unreasonable that retailers, who would not be the party held responsible, would be exposed to claims and queries by dissatisfied consumers while importers would be allowed to stay behind the scene.

18. Members agreed that the objective of the proposed amendment would be to identify the importers of trade mark goods in order to facilitate consumers to make purchase decisions. This could be achieved by adding a provision in clause 19(1) or (2). Flexibility in the means of providing the required information should be allowed to cater for the characteristics of different products. For small items such as pencils, it should be acceptable if importers' information could be provided in a label on the shelf where the pencils were displayed for sale. The required information could be provided in either English or Chinese language. Members requested ALA to prepare draft CSA in accordance with the above drafting instructions for discussion at the next meeting.

(Post-meeting note: the first draft CSA to clause 19 prepared by ALA was circulated to members vide LC Paper No. CB(1)1540/99-00(04).)

Date of the next meeting

19. Members noted that the next meeting was scheduled for Wednesday, 10 May 2000, at 8:30 am.

20. The meeting ended at 6:30 pm.

Legislative Council Secretariat
29 August 2000