

立法會
Legislative Council

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LC Paper No. CB(1)943/99-00
(These minutes have been
seen by the Administration)

Bills Committee on Trade Marks Bill

**Minutes of sixth meeting held on
Saturday, 6 November 1999, at 9:00 am
in the Chamber 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 HUI Cheung-ching
Hon Mrs Sophie LEUNG LAU Yau-fun, JP

Members absent : Hon Albert HO Chun-yan
Hon MA Fung-kwok
Hon James TO Kun-sun
Hon CHAN Kam-lam
Hon SIN Chung-kai
Hon FUNG Chi-kin

Public officers attending : Mr Peter CHEUNG
Deputy Director
Intellectual Property Department

Mr Philip CHAN
Principal Assistant Secretary for
Trade and Industry

Mr Rayman PERERA
Assistant Director of Intellectual Property
(International Registration)

Mrs Teresa GRANT
Assistant Director of Intellectual Property
(Registration)

Mr Jeffrey E GUNTER
Senior Assistant Law Draftsman

Ms Phyllis POON
Government Counsel

Mr Johann WONG
Assistant Secretary for Trade and Industry, TIB

Attendance by invitation : The Hong Kong Institute of Trade Mark Practitioners

Ms Peggy CHEUNG
Vice President

Mr Graeme HALL
President

Ms Frances DRUMMOND
Trade Marks Sub-Committee Member

Ms Sandra GIBBONS
Trade Marks Sub-Committee Member

The Law Society of Hong Kong and the Hong Kong
Group of Asian Patent Attorneys Association

Mr Henry WHEARE
Solicitor

Mr C K KWONG
Solicitor

Mr Anthony EVANS
Solicitor

Ms Anita LEUNG
Solicitor

Mr Paul SCHOLEFIELD
Solicitor

Mr Kenny WONG
Solicitor

Ms Rebecca LO
Solicitor

Mr Tim HANCOCK
Solicitor

Ms Twiggy LIU
Solicitor

The American Chamber of Commerce in Hong Kong

Mr Barry YEN
Chairman, Intellectual Property Committee

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

Staff in attendance : Miss Anita HO
Assistant Legal Advisor 2

Mr Daniel HUI
Senior Assistant Secretary (1)5

I Meeting with deputations

The Chairman invited representatives of the deputations to present their views on the Bill.

Hong Kong Institute of Trade Mark Practitioners (ITMP)
(written submission - LC Paper No. CB(1)1953/98-99)

2. Ms Peggy CHEUNG said that ITMP supported the need to modernize the Trade Marks Ordinance (TMO) (Cap. 43) which was enacted in 1955 to bring it up to international norms. ITMP supported many proposals in the Bill, including the replacement of the 2-tier registration system with a single tier registration system, simplification of the registration and assignment procedures, the ability to make multi-class applications and abolishment of the association of trade marks. However, ITMP considered that a number of areas in the Bill, ranging from registrability issues to infringement issues down to practice issues, needed to be improved. Details of ITMP's comments had been set out in the written submission. Ms CHEUNG highlighted the following comments of ITMP on the practical issues of the Bill:

- (a) Clause 40(3) of the Bill gave total discretion to the Registrar of Trade Marks (the Registrar) to set the time limit for filing a response to official actions and for allowing any extension of time. ITMP considered this unacceptable. Although the Administration intended to set out the time

limits in the work manual, ITMP found this arrangement unacceptable too as the work manual could be amended by the Administration without prior warning and without consultation. ITMP considered it essential that the response time period and the procedure for obtaining extensions should clearly be stated in the Bill;

- (b) It was proposed that no extensions would be granted of the three month time period in which to file a notice of opposition. ITMP believed that extensions should be granted in the special circumstances where both parties agreed to the extension and were genuinely in the process of negotiating a settlement of the dispute. ITMP noted that at least 80% of all opposition cases were settled outside the tribunal;
- (c) ITMP suggested that provisions should be made in the Bill for keeping a register of persons who were qualified to act as agents for others for the purpose of applying for registration of trade marks. Such a register would enable the public to know who had the necessary knowledge and expertise to deal with trade mark matters. It would be desirable to make the provision in the current legislative exercise, rather than proposing amendments to the law later. ITMP noted that the United Kingdom, Canada, and the Mainland had provisions for such registers. ITMP was in the process of developing an educational and examination programme for training of trade mark practitioners;
- (d) Clause 24 provided for relief for groundless threats. ITMP urged that the clause should be amended and make it clear that legal advisors who had acted on behalf of clients should be exempted from liability. As members of ITMP were authorized by the Law Society of Hong Kong as approved signatories for advice relating to trade mark matters, they should also be exempted.
- (e) Under the existing law, Saturday was an excluded day for business. ITMP considered that this arrangement should be maintained in line with the international practice. ITMP suggested that clause 88(2) be amended to exclude Saturday from being counted as a business day for the purpose of transaction of business under the Ordinance;
- (f) ITMP considered that the Trade Marks Rules (the Rules) were an integral and important part of the future trade marks legislation. ITMP urged that the draft Rules be published to the profession for comments as soon as possible; and
- (g) ITMP was aware that the Intellectual Property Department (IPD) was preparing a work manual for trade mark registration. ITMP requested to be involved in drafting of the work manual.

The Law Society of Hong Kong (Law Society) and the Hong Kong Group of the Asian Patent Attorneys Association (APAA)

(Revised joint written submission - LC Paper No. CB(1)278/99-00(01))

3. Mr Henry WHEARE presented an oral submission on behalf of the Law Society and APAA. (A copy of the oral submission was subsequently circulated to members vide LC Paper No. CB(1)319/99-00) Mr WHEARE highlighted the following comments:

- (a) The Bill was modelled on the UK Trade Marks Act 1994. However, the UK courts were having difficulty with the Trade Marks Act 1994 and many decisions were being referred to the European Court of Justice for a ruling. Quoting as an example, the UK Trade Marks Act 1994 introduced the concept of "association" in the context of confusion which might involve extending the meaning of confusion to circumstances where another mark was brought to the mind of consumers without there being any confusion as to origin, but the UK courts had so far chosen not to follow this interpretation. The Bill dealt with it differently by referring to "use likely to be associated with an earlier mark" as a factor that might be taken into account in determining whether there was confusion. The Law Society and APAA did not know why this change had been made or how the courts would interpret it;
- (b) The Law Society and APAA were concerned that there were some inconsistencies in the drafting of the Bill. For example, the Bill proposed a change to the test for similarity under the present law. The Law Society and APAA were ready to assist in improving the drafting of the Bill should the Bills Committee decide to set up a sub-committee to consider drafting;
- (c) Clause 17(4) contained dilution provisions with respect to the use of registered trade marks on non-identical or non-similar goods and services. The Law Society and APAA wondered why these broader dilution rights did not extend to identical and similar goods and services;
- (d) The Law Society and APAA considered that there was no need for clause 24 concerning groundless threats. They were concerned that the clause would encourage litigation;
- (e) On comparative advertising, the Law Society and APAA was of the view that if a provision was to be made on this, it must be made clear as to when it would infringe. Suggested amendments to clause 17(7) had been proposed in the written submission;
- (f) On exhaustion of rights, the Law Society and APAA considered that there was no need to change the existing law. Many companies now

licensed their trade marks on a territorial basis. Clause 19 would take away the right of owners for territorial assignment of trade marks. The effect of this clause must be carefully assessed;

- (g) On extension of time (clause 40(3)), the Law Society and APAA's comments were the same as ITMP's; and
- (h) The Law Society and APAA also supported the inclusion of provisions in the Bill empowering the Registrar to keep a register of qualified trade marks agents or attorneys.

The Intellectual Property Committee of the American Chamber of Commerce in Hong Kong (AmCham)

(written submission - LC Paper No. CB(1)292/99-00)

4. Mr Barry YEN referred members to the written submission of the AmCham and briefed members on the following main comments:

- (a) AmCham considered the existing TMO behind the trade marks law in many common law countries and supported the main thrust of the Bill to modernize the TMO;
- (b) AmCham welcomed the combination of Part A and Part B registration because under the current system, borderline cases had caused major problems for trade mark owners;
- (c) AmCham appreciated that broader protection would be given to well-known marks;
- (d) AmCham supported proposals to allow limited comparative advertising which complied with honest and recognized trading standards;
- (e) The proposal on accepting multi-class trade mark applications was supported because it would save costs for trade mark registration;
- (f) Amcham considered that marks which were proven to be distinctive through use should be allowed;
- (g) AmCham supported the provision on revocation of a trade mark for non-use. AmCham welcomed that under the Bill, the onus would be on the trade mark owner to prove use and not for the applicant to establish that there had not been any use;
- (h) Amcham fully supported the comments made by deputations on extensions of time and suggested that the Registrar should be more flexible in this area;

- (i) AmCham had a neutral position on parallel importation (clause 19) and groundless threats (clause 24); and
- (j) Amcham called on the fine tuning of the Bill to address concerns raised by deputations.

Need for the Bill

5. Mrs Selina CHOW LIANG Shuk-ye sought confirmation from the three deputations on the need for the Bill. Noting that no representative said otherwise, the Chairman concluded that the deputations had no objection to further processing of the Bill subject to improvements to address the concerns raised.

Establishment of a register of trade mark agents

6. Noting the suggestion from both ITMP and the Law Society that provisions should be included in the Bill to enable the Registrar to keep a register of trade mark agents, Mrs Selina CHOW enquired why practitioners could not do it by themselves. Ms Peggy CHEUNG said that there were such provisions in the Canadian and the UK trade marks legislation. It was important that the Government should endorse such a register to give it credibility. Mr WHEARE said that in order to give proper recognition of the register of trade mark agents, the keeping of the register had to be backed up by law and the Government, as in the case of other professions such as accountants, lawyers, etc. A register kept by the associations of practitioners could not achieve the purpose.

7. The Chairman and Mrs Selina CHOW were of the view that it was inappropriate to enact an empowering provision without knowing how the power would be exercised. Whether an accreditation system should be established to recognize trade mark agents was a policy issue and had to be discussed in depth first before consideration be given to the need to enact a law for the purpose. Mr WHEARE said that the proposal put forward by ITMP and the Law Society was concrete. Mr Kenny WONG supplemented that the purpose of the register was not to exclude certain persons from acting as trade mark agents but to ensure that only properly trained and qualified persons would be put on the register. Ms Sandra GIBBONS added that ITMP and the Law Society had already discussed with the Intellectual Property Department (IPD) on the setting up of an accreditation system for trade mark agents. It was hoped that the register could be established in one to two years' time. She stressed that the proposal was well-thought. If an empowering provision was not included in the new Bill, it might take a long time to put into place an amendment for the purpose. ITMP was developing an educational and examination programme for obtaining a trade mark agent qualification. As requested by the Chairman, ITMP agreed to provide further information on the proposal on keeping a register of trade mark agents.

(Post-meeting note: Further information provided by ITMP had been circulated to members vide LC Paper No. CB(1)564/99-00 and sent to the Administration.)

Extensions of time

8. Mrs Selina CHOW requested representatives of the deputations to elaborate on their concerns with respect to the issue of extensions of time. Mr WHEARE advised that there was a lack of any guideline on extensions of time within which an applicant might make representations or amendments in relation to the rejection of a trade mark application by the Registrar under clause 40(3). The profession requested transparency on that matter and that the guidelines with respect to extensions of time be specified in the Bill or in the Rules. As regards payment of fees for extensions of time in relation to trade mark applications, Mr WHEARE said that this was an existing requirement. The profession found it difficult to accept where the delay was not caused by the practitioners themselves but the Registrar still insisted on payments. He said that there were provisions in UK and Australia to suspend an application under special circumstances. Ms Frances DRUMMOND supplemented that IPD's recent interpretation of the Rules on extension of time had departed from its previous interpretation of the same Rules and had created difficulties to trade mark practitioners. Provided that the guidelines were clear and certain, whether they were in the Bill or in the Rules would be acceptable. However, the profession could not accept that the guidelines were set out in the work manual because they could be changed easily.

9. At the invitation of the Chairman, the Assistant Director of Intellectual Property (International Registration) (AD/IP(IR)) said that most of the procedures regarding time limits would be specified in the Rules. The concern of the profession was in relation to clause 40(3) of the Bill regarding the period to respond to the rejection by the Registrar of an application for trade mark registration. The Administration intended to specify that time period in the work manual after consultation with the profession. This approach was adopted by the UK and Singapore and would allow flexibility in subsequent amendment to the relevant procedures. In the UK, applicants were allowed six months to respond to rejection of a mark, or two months for minor matters.

10. The Chairman opined that a balance had to be struck between flexibility to the Administration and fairness and certainty to trade mark practitioners. Mrs Selina CHOW was concerned whether the profession would be consulted in drafting the rules and the work manual. AD/IP(IR) replied that the first draft Rules had already been prepared and sent to the profession for comments. The Administration would involve the profession in drafting the manual.

11. Mr WHEARE opined that the Law Society had already made the point that the matters concerning extensions of time should be in the Rules. Work manual was a practice manual covering details such as how a trade mark application was to be examined. Given the significant importance of the work manual to practitioners, the Law Society considered that the routine way of circulating the draft manual to the profession for comment was inadequate. Mr WHEARE and Mr Paul SCHOLEFIELD suggested that a working group comprising representatives of the

Administration and the profession should be formed to map out a work manual acceptable to the parties concerned.

12. The Chairman said that practitioners had to be adequately involved in preparing the draft Rules and the work manual to ensure the smooth implementation of the future TMO. She requested the Administration to work out with the profession as to how the latter would be involved in the drafting of the work manual and to inform the Bills Committee accordingly. The Chairman also requested that the draft Rules in relation to time limits should be forwarded to the Bills Committee for consideration. The Administration agreed to provide the requested information.

Admin.

Parallel importation

13. Mr WHEARE said that existing section 27(3)(a) in TMO concerned exhaustion of rights. As interpreted by courts, basically it meant that if an owner had put the goods under a trade mark on the market without any restriction, his rights on the mark would be exhausted. However, the owner could license his rights on a territorial basis and in that case his rights on the mark would not be exhausted. This was in line with the common law position. As understood by the Law Society, clause 19 was broader than the current provision. Under the clause, the owner's rights on the mark would be exhausted once the goods had been put on the market anywhere in the world.

14. The Chairman said that existing section 27 in TMO did not refer to exhaustion of rights but its implementation had that effect. Since the issue was a policy matter, she suggested that the matter be dealt with by members later.

II Discussion on the Administration's response to submissions of non-government organizations

(LC Paper No. CB(1)248/99-00(01) - The Administration's response to submissions of non-government organizations

LC Paper No. CB(1)302/99-00(01) - The Administration's response to submission by Deacons Graham and James)

15. Referring to LC Paper No. CB(1)302/99-00(01), the Principal Assistant Secretary for Trade and Industry (PAS/TI) said that the paper was divided into two parts. While the Annex to the paper set out the Administration's detailed response to the points raised in the written submission of Deacons Graham and James, the paper itself addressed the more fundamental policy issues on the rationale of the Bill.

16. PAS/TI advised that as reflected by the submissions to the Bills Committee, there was a consensus that TMO needed to be modernized to catch up with international developments although the law was already compliant with provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. The

Bill aimed, inter alia, to reduce red tapes, simplify trade marks registration, increase the range of trade marks that could be registered and provide a higher standard of protection to trade mark owners.

17. As to the rationale of having the Bill modelled on the UK Trade Marks Act 1994, PAS/TI said that this approach would maintain continuity as the present TMO was based on the previous UK Trade Marks Act 1938. It would also provide certainty because reference could be made to a large body of relevant UK case law. In fact, the UK Trade Marks Act 1994 had been regarded as a role model for many common law countries. PAS/TI further said that certain provisions in the Bill were different from the UK Trade Marks Act 1994 because of the need to take into account local conditions and to improve the drafting.

18. On the preparation of the work manual, PAS/TI said that a draft work manual would be ready for consultation with practitioners in early 2000. He assured that the Administration would maintain dialogue with practitioners before finalization of the work manual.

19. As regards consultation with interested parties in preparing the Bill, PAS/TI stressed that practitioners had participated fully at every stage of the long drafting process. The consultation process started in 1993 when the IPD issued a consultation paper entitled "Review of the Trade Marks Ordinance". In February 1997, various consultees were invited to submit their views on the first draft of the Trade Marks Bill. In December 1998, the second draft Bill and the first draft of the Trade Marks Rules were issued for consultation. The LegCo Panel on Trade and Industry was also consulted on the major provisions of the draft Bill in December 1998.

III. Any other business

The way forward

20. Mrs Sophie LEUNG LAU Yan-fun said that there was a general agreement among the deputations that there was a need for a new modernized Bill but the Administration should address the concern about the impact of European practice on the Bill in the course of scrutiny. The Chairman said that after considering the views of various deputations, members of the Bills Committee accepted that there was a need for the Bill.

21. The Chairman said that subject to members' view, the Bills Committee would examine the policy issues and the drafting of the relevant provisions concurrently, i.e. the Bills Committee would finish discussion on one policy issue and examining the drafting of the relevant provisions on that policy before moving onto another policy issue and related provisions. As regards examining of the drafting aspects, she said that taking account of members' view, there was no need to set up a subcommittee. Instead she would work in an informal way with the Assistant Legal Adviser, the Clerk and the Administration where necessary to sort out problems relating to drafting

aspects and would welcome members to join the discussion. The recommendations of the informal working group would be put forward to the Bills Committee for reference.

Date of next meeting

22. The Chairman reminded members that the seventh meeting of the Bills Committee would be held on 11 November 1999 at 4:30 pm to discuss with the Administration on parallel importation, similarity of marks and revocation for non-use.

23. There being no other business, the meeting ended at 11:00 am.

Legislative Council Secretariat
8 February 2000