

立法會
Legislative Council

Ref: CB1/BC/17/98/2

LC Paper No. CB(1)2000/99-00
(These minutes have been
seen by the Administration
and cleared by the Chairman)

Bills Committee on Trade Marks Bill

**Minutes of Twenty-second meeting held on
Wednesday, 10 May 2000, at 8:30 am
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 HUI Cheung-ching
Hon CHAN Kam-lam
Hon SIN Chung-kai
Hon FUNG Chi-kin
- Members absent** : Hon MA Fung-kwok
Hon James TO Kun-sun
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
- 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 draft Committee Stage amendments proposed by the Administration
(LC Paper Nos. CB(1)1540/99-00(02) and (03))

Members noted the updated version of the Committee Stage amendments (CSAs) to be moved by the Administration and the explanatory note on the draft CSAs provided by the Administration at LC Paper Nos. CB(1)1540/99-00(03) and (02) respectively. Members accepted the proposed CSAs as these aimed to address their concerns. Members noted that the Chinese version of the CSAs would be ready before the next Bills Committee meeting.

(Post-meeting note: the Chinese version of the CSAs was provided by the Administration and circulated to members vide LC Paper No. CB(1)1578/99-00(01).)

II. Discussion on draft Committee Stage amendment to clause 19 proposed by the Bills Committee
(LC Paper No. CB(1)1540/99-00(04))

2. The Assistant Legal Adviser (ALA) briefed members on the existing law on parallel importation of goods and changes which would be brought about by clause 19 of the Bill. She said that sections 27, 27A, 28 and 28A of the Trade Marks Ordinance (Cap. 43) (TMO) were relevant. These sections covered the rights given by registration in Part A and Part B in respect of goods and services and infringement thereof. Under section 27(3) of TMO, parallel importation would not infringe a trade mark owner's right if the owner had at any time, expressly or impliedly, consented to the use of the trade mark. It would depend on the facts of each case to determine whether the owner had given his consent and whether parallel importation infringed his rights.

Section 27(3) was modeled on section 4(3)(a) of the United Kingdom (UK) Trade Marks Act 1938. UK case law had shown different interpretation of section 4(3)(a) by the court in different cases. Therefore, whether parallel importation was an infringing act was ambiguous under the existing legislation. It would depend on whether the trade mark owner could prove that he had not given express or implied consent but this had never been successfully tested in local courts. As a matter of fact, parallel-imported goods had all along been on sale in the local market. Clause 19 adopted the principle of international exhaustion of trade mark right and had the effect of expressly legitimizing parallel importation except under the situation stipulated in subclause (2).

3. The Chairman opined that clause 19 did change the existing law as the trade mark owner's consent to use his mark for goods sold in one place would be taken as his consent for the goods to be sold all over the world. This was obviously different from the existing legislation in which the trade mark owner would have the right to prove to the court that he had not given consent for the parallel importers to use his mark. The principle of international exhaustion of trade mark rights was adopted through the introduction of clause 19, which was different from the provision under the existing TMO. Mrs Selina CHOW shared the Chairman's view. She disagreed with the Administration that clause 19 was only clarifying the existing law which was ambiguous as regards parallel importation. Clause 19 expressly legitimized parallel importation and with its enactment, a trade mark owner no longer had the right to restrict use of his mark once he had consented to its use anywhere in the world.

4. The Chairman said that case law in the European Community illustrated the difference between cases where the principle of international exhaustion of rights was and was not adopted and these might be useful reference for members to understand the changes brought about by clause 19. She invited interested members to contact the Legal Service Division to get a copy of the case law. She then invited ALA to explain the draft CSA to clause 19 at LC Paper No. CB(1)1540/99-00(04).

5. ALA explained that by adding the proposed subclause (2)(b), (3) and (4) to clause 19, members' concern about the provision of the importers' information to consumers at the time of purchase could be addressed. A registered trade mark owner could then by virtue of clause 20(1) have an action against any person who used the trade mark in relation to his goods if the importer was not identified when the goods were put on the market. Parallel importers who had complied with the requirements under clause 19(2) would not be liable to infringement proceedings. She drew members' attention to the proposed clause 19(3)(a) to (e). Different means of identifying the importers were provided to allow flexibility for the importers or retailers to comply with the proposed requirement in accordance with the different characteristics of the goods. She sought members' views on clause 19(3)(e) concerning the acceptable way in which a document relating to the goods and containing the importer's information could be displayed. She pointed out that allowing display of the document only "on a shelf where the goods are placed" would be too restrictive as goods might be displayed in various different ways. Therefore, an alternative was proposed, namely displaying the document "at the place where the

goods are placed", for members' consideration.

6. On the legal effect of the proposed amendment, the Chairman opined that it would be misleading to state that by adding the proposed subclauses to clause 19, a registered trade mark owner could then by virtue of clause 20(1) have an action against any person who used the trade mark if the importer was not identified. She pointed out that the trade mark owner's right to bring an action under clause 20(1) did not arise from the proposed CSAs. Instead, his right arose from other factors concerning the use of the mark, such as whether he had consented to the use of the mark. By adding clause 19(2)(b), (3) and (4), parallel importers would not be able to enjoy the provision concerning international exhaustion of rights if they did not comply with the requirement of identifying the importers.

7. Mrs Selina CHOW said that the proposed amendment would impose an additional requirement for parallel importers to identify themselves to consumers. This was in fact in line with the Administration's practice of adopting the principle of international exhaustion of rights through clause 19, where certain conditions were imposed in clause 19(2), failing which clause 19(1) would not apply. The Bills Committee only added one more condition to clause 19(2) as it considered the conditions proposed by the Administration insufficient to protect consumers.

8. As to the means of identifying the importers provided in clause 19(3)(a) to (e), Mrs Selina CHOW opined that these should not be meant to be exhaustive. If an importer or a retailer could prove that he had used other means to identify the importer, he should be considered as having complied with the requirement. The Chairman agreed and said that clause 19(3) only served to illustrate some of the ways the importer would be treated to have been identified.

9. Regarding the drafting of clause 19(3)(e), the Chairman opined that the term "on a shelf" was too restrictive while the alternative term "at the place" was too wide. The draft should be revised along the line to the effect that the document containing the importer's information should be displayed in proximity to the goods concerned so that consumers would readily relate the information to the goods displayed.

10. The Chairman invited members to consider the draft CSAs and make a decision at the next meeting. ALA undertook to refine the draft taking into account members' comments and provide a revised draft for members' consideration at the next meeting.

(Post-meeting note: the second working draft of the CSAs to clause 19 was provided by ALA and circulated to members vide LC Paper No. CB(1)1603/99-00.)

Date of next meeting and the legislative timetable

11. Members noted that a special meeting of the Panel on Trade and Industry would be held on 18 May 2000 to discuss the existing labelling requirement of products sold in Hong Kong. Noting that the meeting aimed at clarifying the

labelling requirements under the existing legislation and exploring whether improvements should be made for better consumer protection, members' view was that the discussion at the meeting would not affect the Bills Committee's decision on clause 19. Members agreed to wrap up deliberations on the Bill at the next meeting scheduled for Monday, 15 May 2000 at 2:30 pm and submit a written report to the House Committee meeting on 19 May 2000. Members noted that the Administration intended to resume the Second Reading debate on the Bill on 31 May 2000.

12. The meeting ended at 9:40 am.

Legislative Council Secretariat

28 August 2000