

立法會
Legislative Council

LC Paper No. CB(1)1299/99-00

(These minutes have been
seen by the Administration)

Ref: CB1/BC/17/98/2

Bills Committee on Trade Marks Bill

**Minutes of tenth meeting held on
Tuesday, 18 January 2000, at 10:45 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Margaret NG (Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon HUI Cheung-ching
Hon CHAN Kam-lam
Hon SIN Chung-kai

Members absent : Hon Kenneth TING Woo-shou, JP
Hon Albert HO Chun-yan
Hon MA Fung-kwok
Hon James TO Kun-sun
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
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

Mrs Teresa GRANT
Assistant Director (Registration)
Intellectual Property Department

Miss Finnie QUEK
Senior Solicitor
Intellectual Property Department

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 Advisor 2

Ms Rosalind MA
Senior Assistant Secretary (1)6

I Confirmation of minutes of meeting
(LC Paper No CB(1)787/99-00)

The minutes of meeting held on 23 October 1999 were confirmed.

II Clause-by-clause examination of the Bill
(LC Paper No CB(1)799/99-00(01))

2. With reference to the list of drafting issues raised in submissions to the Bills Committee, the Chairman invited the Assistant Director (International Registration), Intellectual Property Department(AD/IR) to bring members through the Bill.

Clause 1

3. Members noted the clause.

Clauses 2 and 91(a)

4. The Assistant Legal Adviser 2 (ALA2) drew members' attention to the uncertainty of the power of the Chief Executive (CE) in Council to amend regulations. She pointed out that clause 91(a) only empowered the CE in Council to designate a country as a country which had acceded to the Paris Convention (the Convention) or the World Trade Organization (WTO) Agreement. She was doubtful whether CE in Council could delete the name of a country which had acceded to the Convention or WTO but later renounced it. The Senior Assistant Law Draftsman (SALD) explained that CE in Council was empowered under clause 91(a) to make regulations.

Section 28 of the Interpretation and General Clauses Ordinance (Cap. 1) provided for the power of the maker of subsidiary legislation to amend the subsidiary legislation. It was rather unusual to include an express provision in a principal ordinance to provide for specific power to amend the subsidiary legislation. In the event that a country renounced the Convention or the WTO Agreement, which was rather exceptional, CE in Council could exercise the inherent power under Cap. 1 to amend the regulation and remove that country from the list of designated countries. The approach adopted in the Bill was different from that in Cap. 43 in which member countries of the Convention or WTO were listed out in the Ordinance.

5. Whilst accepting that CE in Council had the general power under Cap. 1 to amend subsidiary legislation made under the Bill, members were concerned whether the term "has acceded to" in clause 91(a) could apply to a country which renounced the Convention or the WTO Agreement. The Chairman opined that the term referred to a historical fact and did not mean the existing membership of the Convention or WTO. The term, in particular the Chinese rendition "已加入" connoted a past act. She suggested that "existing member of" might be a better term. SALD advised that "acceded to" was the technical terminology used in the Convention. In response to Mrs Selina CHOW's question on the status of a country which had acceded to WTO and subsequently renounced it, he said that this would be an unusual situation. Nevertheless, the country concerned would be legally listed as one of the designated countries until an amendment was made to remove it from the list.

6. The Chairman and Mrs Selina CHOW queried the ground for amending the list. AD/IR explained that the Administration would examine from time to time the existing membership of the Convention and WTO and would amend the list accordingly. The term "has acceded to" could mean being an existing member of the Convention or WTO and countries which had renounced the membership would not be included in this category. SALD advised that the terminology used in the definition clause and clause 91 could be changed if members so wished. The main purpose was to make available a list of the countries which had undertaken to fulfil the obligations of the Convention or WTO. Members requested and the Administration agreed to review the drafting of the definition of "WTO member" and 91(a).

(Post-meeting note : the Administration's response was circulated to members vide LC Paper No. CB(1)962/99-00)

Clause 3

Subclause(1)

7. The Chairman drew members' attention to the comments made by Messers Deacons Graham & James (Deacons) on subclause (1). She invited the Administration to explain the reasons for not accepting Deacons' proposed changes. AD/IR said that Deacons proposed to replace the words "capable of distinguishing" in clause 3(1) with "for the purpose of distinguishing" or simply "distinguishing". In

the Administration's view, there was no real difference in the meaning of Deacon's proposal and the present wording of clause 3(1). The structure of clause 3(1) was modelled on the UK Trade Marks Act 1994. The meaning of "capable of distinguishing" in clause 3(1) and "devoid of any distinctive character" in clause 10(1)(b) had been explained in a number of UK cases and were clear and logical. The Administration did not see any advantage of departing from a definition which had received judicial interpretation.

8. Mrs Selina CHOW enquired about the underlying concern of Deacons in reading clause 3(1) in conjunction with clause 10. AD/IR replied that Deacons' concern was that the wording of clauses 3(1), 10(1) and (2) might in combination lead to the interpretation that to qualify as a trade mark, a sign must be inherently capable of distinguishing. This concern, however, was ill-founded. It was true that in previous UK Trade Marks Act and in the existing Trade Marks Ordinance (Cap. 43), a sign had to possess inherent distinctiveness in order to qualify for registration as a trade mark. The notion of "inherent distinctiveness" was done away with in the Bill. Under clause 10(2), a hitherto "indistinctive" mark could be registered if it had in fact acquired distinctiveness through use of the mark. Certain marks, for example, numerals, alphabets or geographical names, had no inherent distinctiveness but these signs could be registered if they had acquired distinctiveness through use.

9. On Deacons' proposal of extending the definition of trade marks to signs which were "capable of acquiring distinctiveness through use", the Chairman opined that it would be difficult to know at a certain point of time whether a sign was capable of acquiring distinctiveness. She considered the term "capable of distinguishing" in clause 3(1) acceptable in that so long as the sign was capable of distinguishing the goods/services of one undertaking from those of other undertaking at the time of application for registration, whether it possessed inherent distinctiveness or acquired distinctiveness through use was immaterial. AD/IR said that the definition proposed by Deacons attempted to put two things together which were listed under separate provisions of the Bill i.e. clauses 3(1) and 10(2). The suggestion would imply the use of a different test which had not been subjected to any interpretation elsewhere. There might also be the danger of lowering the threshold of registration to the extent that marks which could not indicate origins would be registered. He informed members that the Administration would provide a written response to Deacons' second submission.

(Post-meeting note: the Administration's response to Deacons' second submission was circulated to members vide LC Paper No. CB(1)910/99-00.)

10. The Chairman expressed concern over the meaning of "represented graphically" in subclause (1). AD/IR said that the word "graphically" was used for maintaining consistency with that used in the UK law. It meant that the mark must be capable of being represented in the form which could be recorded and published. Its meaning was broad enough to cover ordinary writing and musical notations. He informed members that musical notations had been registered as a trade mark in the UK.

Subclause (2)

11. In response to Mr SIN Chung-kai's question on the meaning of "indications" under subclause (2), AD/IR explained that this was a technical term used in the Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) to indicate the origin of wines and spirits.

Admin. 12. AD/IR said that the Administration would move a Committee Stage amendment (CSA) to subclause (2) to add "sound" and "smell" as registrable marks. The Administration however had reservation about accepting taste mark at this stage and would leave the matter to future development of the law. The Chairman opined that the word "sign" was broad enough to cover taste although it would be difficult to prove the distinctiveness of taste in practice.

Admin. 13. In reply to Mrs Selina CHOW, AD/IR said that the Administration accepted the suggestion of the Law Society to add "a colour or" before "a combination of colours". The Administration would move a CSA to this effect.

Clause 4

Clerk to note 14. On the comments made by the International Trademarks Association (INTA) for inclusion of a definition of "well-known" marks in clause 4(1), AD/IR said that the Bill was drafted before the passing of a joint recommendation in September 1999 by World Intellectual Property Organization (WIPO) concerning well-known marks. As WIPO had made a specific definition on well-known marks and provided non-exhaustive guidelines for reference by member countries, the Administration considered it necessary to amplify the meaning of well-known marks in the Bill and provided guidelines to practitioners. The Administration was drafting the appropriate CSAs and would submit them for members' consideration in due course. Members agreed to consider this clause later.

(Post-meeting note: the Administration's interim response was circulated to members vide LC Paper No CB(1)962/99-00.)

Clauses 5 and 6

15. Members noted the clauses.

Clause 7 and 8

16. Members noted the clauses.

Clause 9*Subclause (3)*

17. ALA2 suggested adding a comma before the words "or organ" in subclause (3) to remove any uncertainty that only organs private in nature were covered by the clause. SALD said that he had no objection to this but this was not the normal practice from the drafting point of view. The present structure of the provision was sufficiently clear to cover "organs" of both public and private in nature. Members accepted the present drafting.

18. ALA2 further pointed out that the same application clause in the Arbitration Bill and the Electronic Transactions Bill had been withdrawn by the Administration and replaced with "This Ordinance binds the Government".

Admin. 19. In reply to the Chairman, the Principal Assistant Secretary for Trade and Industry (PAS/TI) said that the purpose of this provision was to make it clear that the rights provided by the Bill were enforceable against private and public bodies alike. The Chairman said that if the provision was intended to displace the presumption under section 66 of the Interpretation and General Clauses Ordinance, Cap. 1, which stipulated that no Ordinance should affect the right of or be binding on the State unless it was expressly provided therein, she was concerned whether the present drafting could achieve the intended purpose. She requested and PAS/TI undertook to consider how best clause 9(3) should be drafted to reflect the policy intention and revert to the Bills Committee.

Clause 10

20. On the suggestion of providing for an express presumption of registrability by Deacons and INTA, AD/IR said that it was not sensible to have such a provision. Under the Bill, an applicant for a trade mark was entitled to registration unless his trade mark fell foul of particular criteria i.e. "Absolute Grounds" or "Relative Grounds" in Clause 10 and 11 of the Bill respectively. An overriding presumption of registrability would create problems in that someone might seek to challenge a decision of refusal of registration on the basis of the absolute or relative grounds because of an absolute presumption that a mark was registrable. One of the objectives of the Bill was to make it easier for trade mark owners to obtain registration of their marks. He advised that Geoffrey Hobbs Q.C. commented in a court case that the UK Trade Marks Act 1994 was neutral about registrability. No common law jurisdictions which had trade mark laws had an express presumption about registrability. Members requested the Administration to clarify whether a presumption of registrability had ever been intended by the Bill.

(Post-meeting note : the Administration's response was circulated to members vide LC Paper No CB(1)962/99-00.)

Subclause (1)

21. ALA2 suggested adding "or business" after "trade" in subclause (1)(d) so as to maintain consistency with subclause (1)(c). AD/IR explained that the Administration considered it not necessary to add the word "business" as the

definition of "trade" under clause 2 included a profession. SALD added that the suggestion would not add to the meaning of the clause and might cause confusion. "Honest and established practices of the trade" was the term used in the TRIPS Agreement. The word "trade" in subclauses 1(c) and (d) referred to different things. Members accepted the existing drafting of subclause (1)(d).

Subclause (2)

22. Referring to the proposed amendment by the Law Society of Hong Kong (Law Society), AD/IR said that the proposal attempted to add a definition of trade mark in subclause (2). The Administration considered this inappropriate as it would be difficult to establish the distinctiveness of a mark as a result of its *intended* use. In the Administration's view, the present drafting of subclause (2) was clear enough to serve the purpose of allowing registration of a trade mark which had acquired distinctiveness through use. Members accepted the Administration's explanation.

Subclause (3)

23. As to the comment by the Law Society that "shape" which "have in fact become 100% distinctive" should not be excluded from registration, AD/IR explained that the existing Cap. 43 prevented registration of a trade mark if it consisted exclusively of shape. It was a policy intention that shape should not be a subject of monopoly and should not be registered even if it had acquired distinctiveness. The word "exclusively" was crucial in consideration of the matter. In other words, if there were other elements of the goods in addition to its shape which made it distinctive, for example, a red lemon, then the sign could be registered as a trade mark. Nevertheless, the registration of this sign would not prevent others from using the shape of a lemon.

24. On the meaning of subclause (3)(b), AD/IR quoted the example of the Philips shaver with the design of a three-dimensional shape. He said that the application for registration of the shape as a trade mark was rejected by the UK court since the shape was considered necessary to achieve the technical result. AD/IR further said that if a shape served a utilitarian purpose or the design added substantial value to the goods, it should better be protected by the patent law and the registered design law. The functions of a patent and a trade mark were different. The former was to protect an invention, whereas the latter to indicate the origin of goods.

25. In response to the Chairman's enquiry about the reason for not allowing a patented shape to be registered as a trade mark, the Assistant Director(Registration)/IPD said that patents were granted for a limited period while the registration of a trade mark could be continued for an indefinite period through renewal. AD/IR added that the Administration intentionally excluded the registration of certain shapes which might be protected by other intellectual property laws so as to prevent the trade marks system from being used to obtain an automatic and indefinite extension of the monopoly conferred by patent, design or copyright law.

26. Members considered it necessary to further discuss the policy of excluding from registration shapes which had acquired distinctiveness through use. They requested the Administration to provide written justifications for the policy including examples on subclause (3)(c).

(Post-meeting note: the Administration's response was circulated to members vide LC Paper No CB(1)962/99-00.)

Subclause (4)

27. ALA2 drew members' attention to the discrepancy between the Patents Ordinance (Cap. 514) and the Registered Designs Ordinance (Cap. 522) and the Bill in relation to refusal of registration on the ground of public order. She pointed out that the other two intellectual property laws included such a provision but this was absent in the Bill. Article 6 ^{quinquies} B(3) of the Paris Convention stated that registration of a trade mark could be refused if it was contrary to public order.

28. AD/IR said that the concept of public order was tied to riots or public disorder. The Administration did not see a need for it in the context of a trade mark law. The Registrar could refuse the registration of a trade mark on many grounds and would unlikely resort to the concept of public order. Nevertheless, the Administration was open-minded on the subject.

29. Mrs Selina CHOW doubted whether the Registrar could refuse the registration of an offensive trade mark under the existing grounds provided in the Bill. The Chairman shared her views and said that although personally she always did not favour putting such a concept in law, the possibility of having a trade mark which was contrary to public order was not far-fetched. She urged the Administration to review the need for introducing the concept of public order under subclause (4).

(Post-meeting note: the Administration's response was circulated to members vide LC Paper No CB(1)962/99-00.)

Subclasses (5) to (9)

30. Members noted the subclauses.

31. Members noted that the next meeting would be held on Thursday, 27 January 2000, at 8:30 am to continue with clause-by-clause examination of the Bill.

32. There being no other business, the meeting ended at 12:40 pm.