

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 415/99-00

(These minutes have been  
seen by the Administration)

Ref: CB1/BC/17/98/1

**Bills Committee on Trade Marks Bill**

**Minutes of meeting held on  
Monday, 27 September 1999, 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 James TO Kun-sun  
Hon HUI Cheung-ching  
Hon CHAN Kam-lam  
Hon Mrs Sophie LEUNG LAU Yau-fun, JP  
Hon SIN Chung-kai
- Members absent** : Hon Albert HO Chun-yan  
Hon FUNG Chi-kin
- Public officers attending** : Miss CHEUNG Siu-hing  
Deputy Secretary for Trade and Industry, Trade  
and Industry Bureau (TIB)
- Mr Philip CHAN  
Principal Assistant Secretary for Trade and  
Industry, TIB
- Mr Ray PERERA  
Assistant Director (International Registration),  
Intellectual Property Department (IPD)
- Mrs Teresa GRANT  
Assistant Director (Registration), IPD  
Ms Lavinia CHANG  
Acting Senior Solicitor (International), IPD

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

Mr Daniel HUI  
Senior Assistant Secretary (1)5

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**I Election of Deputy Chairman**

Members discussed the need to elect a Deputy Chairman and decided not to elect one for the time being.

**II Confirmation of minutes of meeting**

(LC Paper No. CB(1)1890/98-99 - minutes of meeting on 29 July 1999)

2. The minutes of the first meeting held on 29 July 1999 were confirmed.

**III Meeting with the Administration**

(LC Paper No. CB(1)1897/98-99(02) - Comparison of the major changes between the Trade Marks Ordinance and the Trade Marks Bill)

3. Recapitulating the objectives of the Bill, the Deputy Secretary for Trade and Industry (DS/TI) said that the main aim was to modernize the existing Trade Marks Ordinance (Cap. 43) (TMO) which had remained largely unchanged since its enactment in 1955. The Bill would enable, inter alia, easier registration of trade marks and provide a higher standard of protection to trade mark owners.

4. The Chairman invited the Administration to brief members on the major

changes as set out in LC Paper No. CB(1)1897/98-99(02) and elaborate on the reasons for the proposed changes. She suggested that discussion on the desirability or otherwise of the proposed changes would be left for future meetings.

Item 1 (of the comparison table) - Interpretation and meaning of "trade mark"

5. On the need to introduce a definition of "official journal", the Assistant Director of Intellectual Property (International Registration) (AD/IP(IR)) explained that trade marks were currently only published in the Gazette. To cater for the possibility of out-sourcing in future and of entrusting other organizations other than the Government Printer with the task of publishing things, clause 71(1) empowered the Registrar to specify a publication to be the official journal of record for the purposes of the Bill. The Bill would provide an alternative for trade mark applications to be published in an "official journal", other than in the Gazette.

6. The Chairman enquired about the benefits of this proposed change to trade mark owners and consumers. In response, AD/IP(IR) advised that the Administration could not quantify exactly the financial advantages at the present stage. The current cost for publishing a trade mark in the Gazette was about \$3,400. The Administration hoped that by providing alternative publication channels, the cost for publishing a trade mark could be cheaper.

7. Mrs Sophie LEUNG LAU Yau-fun opined that there might not be a cost advantage arising from the proposed change but she nevertheless welcomed the provision of alternatives for trade mark applicants to publish trade marks.

8. On the meaning of "trade mark", AD/IP(IR) advised that under the TMO, trade marks had to be visually perceptible, but this requirement was removed in clause 3 of the Bill. Sound and smell marks might be registered under the broader definition of trade marks proposed in the Bill. Sound and smell marks were permissible under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and the modern trade marks laws in many common law countries.

Items 2 and 3 - Removal of Part A and Part B classification of trade marks

9. Elaborating on the proposed changes, AD/IP(IR) said that at present, the TMO provided for "Part A" or "Part B" registrations to which different tests were applied. The "adapted to distinguish" test (section 9 of the TMO) was applied to applications for Part A registration and the "capable of distinguishing" test (section 10 of the TMO) to applications for Part B registration. In view of the increasing difficulties of differentiating between trade marks which were "capable of distinguishing" and those which were "adapted to distinguish", there would be only one standard of registration and only one test of distinctiveness under the Bill. The merging of Part A and B

of the register would simplify the procedure for registration of trade marks and make trade marks easier to register. He added that the TRIPS Agreement used the wording "capable of distinguishing" and the proposed change was in line with the modernized trade marks laws in many common law jurisdictions.

10. In reply to Mrs Selina CHOW LIANG Shuk-yee's question on the differences between Part A and Part B registrations, AD/IP(IR) advised that trade marks had to satisfy a tougher test for Part A registration, and the trade mark owners in return were entitled to stronger protection. Trade marks in Part A register could not be challenged after seven years. Trade marks which failed the Part A test would be assessed to see if they fulfilled the Part B test. The scope of protection provided to the owners of trade marks under Part B register was comparatively not so strong because a defendant could defend on the basis of "causing no confusion" in litigation. Nonetheless, the difference in protection was very marginal in reality and the Administration was therefore convinced that there was no need to maintain two different classes of trade mark registration.

11. As regards the "adapted to distinguish" test in section 9 of the TMO, AD/IP(IR) said that section 9(1) specified the particulars that a mark had to have to be registrable in Part A of the register. The most important criterion was that the mark should be distinctive. Section 9(2) defined the meaning of "distinctive" in terms of being "adapted to distinguish". The court had previously interpreted that a mark was "adapted to distinguish" if a reader of the mark would be able to determine that it indicated the source of the goods by just looking at the mark. Section 9(3) specified that in determining whether a trade mark was adapted to distinguish, a court might have regard to the extent to which the trade mark was in fact adapted to distinguish through use. AD/IP(IR) went on to explain that section 10 of TMO spelt out the requirements on the "capable of distinguishing" test. Similarly, the court might have regard to the use of a trade mark in determining whether it was capable of distinguishing. It was becoming difficult to differentiate the two tests in sections 9(1) and 10(2) and the relevant court cases were also difficult to interpret.

12. AD/IP(IR) further advised that under the Bill, a key test for registration of a trade mark was in clause 3(1) which provided that "a trade mark means any sign which is capable of distinguishing the goods or services of one undertaking from those of other undertakings and which is capable of being represented graphically". The term "capable of being represented graphically" had a wide meaning which would cover marks which were capable of being recorded or published. The proposed broad definition should be able to cater for future developments.

13. In response to Mr CHAN Kam-lam's question on whether the tests for registrability of a trade mark were subjective, AD/IP(IR) replied that the tests were objective but there was always some element of subjectivity in applying

them. AD/IP(IR) said that any dispute would be decided by the court.

14. Notwithstanding that the Bill adopted the Part B test, the Chairman pointed out the different wording of section 10 of the TMO and clause 3 of the Bill and enquired whether the case law in respect of Part A and Part B registration under the TMO would still be useful. AD/IP(IR) said that the case law on the "adapted to distinguish" test would no longer be relevant. In deciding whether a trade mark was "capable of distinguishing" under the new legislation, a judge might refer to case law under the TMO or the relevant case law in other common law jurisdictions including the United Kingdom but would not be bound by past cases.

15. Members requested and the Administration agreed to provide examples of trade marks registered in Part A and Part B for their reference.

*(Post-meeting note : the information was provided by the Administration and circulated to members vide LC Paper No. CB(1)204/99-00(02).)*

#### Item 4 - absolute grounds for refusal of registration

16. Explaining the differences between section 12 of the TMO and clause 10 of the Bill, AD/IP(IR) advised that section 12 of the TMO was largely reproduced in clause 10 except section 12(2) which specified that names of chemical elements were not registrable. The Administration believed that section 12(2) was unnecessary because names of chemicals would not be likely to satisfy the test of capable of distinguishing one kind of goods from another, as provided for in clause 3(1). Clause 10 reflected more accurately and transparently the provisions of Article 6quinquies of the Paris Convention for the Protection of Industrial Property (the Paris Convention). Specifically, section 12(1) concerning restrictions on registration of marks likely to deceive or be contrary to law or morality was reproduced in clause 10(4) and (5). Section 12(3) regarding restrictions on shapes was reproduced in clause 10(3).

17. Mrs Sophie LEUNG expressed concern that the absolute grounds for refusal of registration in clause 10(1) might be too restrictive. She quoted for example that under subclause (1)(c), trade marks consisting of signs of value and geographical origin could not be registered but these marks were not uncommon. In response, AD/IP(IR) advised that under the existing legislation, not every mark of geographical origin was unregistrable and a 'de minimis' policy applied i.e. names of big or famous cities would not normally be approved for registration. As regards use of signs of value as a trade mark, the current practice was that the application would be examined in the context of the goods or services related to the mark.

#### Item 5 - Disclaimers, limitations and conditions

18. Explaining the differences between the meaning of disclaimers,

limitations and conditions, AD/IP(IR) advised that where part of a trade mark consisted of words or signs which were descriptive, the proprietor of the mark might be required to disclaim any right to the exclusive use of the descriptive part of that mark. Where a trade mark consisted of words or signs which gave a general meaning to the goods related to the mark, the registration of such a mark might be subject to a condition or limitation, e.g. the mark "Jollipork" might be subject to the condition that the goods related to the mark should have a 'pork' content. Where a mark strongly suggested that it had a French origin, the registration of the mark might be subject to a condition that the goods related to the mark had to be of a French origin. AD/IP(IR) further advised that the main difference between section 16 of the TMO and clause 14 of the Bill was that under the former, the Registrar of Trade Marks might demand a disclaimer from an applicant before approving registration of the trade mark, whereas under the latter, the Registrar would not do so. It would be for an applicant to offer a disclaimer only if he wished to. The aim of the proposed change was to avoid contentious argument on whether or not the Registrar had been right to demand a disclaimer. The Administration also felt that the time for processing an application could be shortened by the proposed change.

19. Members were generally concerned about the merits of the proposed change. They pointed out that by shifting the burden to the applicant in offering disclaimers or conditions, the applicant might not know what these should be and this might cause delay in processing an application. In response, AD/IP(IR) advised that in rejecting an application for registration of a trade mark, the Registrar would have to give grounds for refusal. The applicant might offer a disclaimer if he felt it necessary to clarify his rights but more usually he would offer a disclaimer only to avoid or to settle an opposition. In Australia and the United States, a different approach that was different to our present approach under the TMO had been adopted and there was no need for disclaimers for obvious descriptive elements of registered trade marks. The Assistant Director of Intellectual Property (Registration) supplemented that the TMO, had lead the Registrar to concentrate on whether disclaimers should be imposed. The Bill would move the focus to whether a trade mark was registrable. In practical terms, whether a mark was subject to a disclaimer or not was irrelevant in most cases.

#### Item 6 - Duration of registration

20. AD/IP(IR) advised that under the TMO, the initial registration of a trade mark was for seven years and renewable for periods of 14 years each. Under the Bill, a trade mark was registered for 10 years and renewable for periods of 10 years each. The proposal was in line with the trend in common law countries where trade marks were registered and renewed for 10-year periods. In response to members, AD/IP(IR) said that since the TMO was enacted in 1955, the Administration could not recall the rationale for the present duration of initial registration and renewal.

21. Members expressed concern on whether the Bill should provide flexibility for a trade mark proprietor to renew registration for periods longer than 10 years. They pointed out that the Administration's proposal should be compared with the relevant provisions in the Copyright Ordinance (Cap. 528) and that cost consideration should also be taken into account in examining the desirability of the proposal.

Item 7 - Co-ownership of registered trade mark

22. AD/IP(IR) advised that under the TMO, the nature of the property right in a trade mark was not spelt out and the Bill made it clear that a registered trade mark was personal property. In reply to Mrs Selina CHOW's question, he confirmed that a company could be the proprietor of a trade mark.

23. On joint ownership of trade marks, AD/IP(IR) said it was not clear whether a joint tenancy was presumed under sections 19 and 19A of the TMO so that the share of one of the trade mark owners upon his death would go automatically to the other owner. The Bill presumed a tenancy in common where a trade mark was registered in the name of two or more persons. In other words, the share of a person in a trade mark would go to his personal representative upon his death.

Item 8 - Relative grounds for refusal of registration

24. AD/IP(IR) advised that the concept of relative grounds to refuse applications conflicting with earlier marks existed in section 20 of the TMO. Section 20 prohibited registration of identical marks or resembling marks. Clause 11 of the Bill sought to comply fully with the provisions in the TRIPS Agreement, and provided much broader grounds for refusing a conflicting application including applications conflicting with an earlier unregistered trade mark. Under section 20, registration of a new trade mark which was identical or similar to a registered mark for the same goods/services or the same description of goods/service was prohibited. Under clause 11 of the Bill, the prohibition extended to registration of a new trade mark for dissimilar goods/services.

25. The Chairman opined that this proposed change was important and requested the Administration to provide further information to elaborate on the new circumstances under which an application for registration of a trade mark might be refused on relative grounds, and the advantages and disadvantages of expanding the scope of grounds for refusing an application. The Administration agreed to provide further information as requested.

*(Post-meeting note : the information was provided by the Administration and circulated to members vide LC Paper No. CB(1)204/99-00(02).)*

Item 9 - Application for registration of identical or resembling trade marks

26. AD/IP(IR) said that the Bill proposed a new regime to deal with separate applications made by different persons for registration of an identical or resembling trade mark for the same goods. Under section 21 of the TMO when separate applications for registration of identical or resembling trade marks were received, the Registrar would freeze the applications until the rights of the applicants had been determined by the Registrar or by the Court. Normally the Registrar would try to resolve the conflicting claims. Such an approach had led to the tying up of many applications. Under the Bill, where separate applications for registration of identical or resembling marks for the same goods were received, the first application received by the Registrar would be processed and any person who disputed the right of the applicant to register the mark could initiate opposition proceedings under clause 42 of the Bill to object to the registration of the mark. The case would then be heard by the Registrar in judicial proceedings. The Administration hoped that the proposed change could speed up processing of applications.

27. Mrs Sophie LEUNG was supportive of the proposed change which followed the principle of priority in terms of time and considered it fair to the applicants concerned.

28. In reply to the Chairman's question on "prescribed manner" referred to in clause 42(2), AD/IP(IR) advised that the details of the giving of a notice of opposition would be set out in the Trade Marks Rules.

#### Item 10 - Associated Trade Marks

29. AD/IP(IR) advised that under existing section 24 of the TMO, the Registrar might require trade marks registered in the name of the same proprietor which closely resembled each other to be registered as associated trade marks. Associated trade marks could only be assigned or transferred en masse. This arrangement had caused disputes. Many common law countries did away with the concept of associated trade marks. The Bill would not provide for associated trade marks. Under the Bill, each registered trade mark stood independently and could be transferred or assigned on its own. If the proprietor of marks had assigned one of the resembling marks irresponsibly and the use of the mark by the purchaser had become deceptive, a third party could seek a declaration of invalidity of the registration.

30. Some members were concerned that trade marks owners might prefer to retain associated trade marks to show that various products of a company belonged to one family. To facilitate further discussion on the subject, members requested and the Administration agreed to provide examples of associated trade marks and the number of trade marks entered on the register as associated trade marks in the past few years vis-a-vis the total number of registrations of trade marks for the relevant years.



(*Post-meeting note* : the information was provided by the Administration and circulated to members vide LC Paper No. CB(1)204/99-00(02).)

**IV Any other business**

Date of future meetings

31. Members agreed that the third, fourth and fifth meetings would be held on 20 October 1999 at 10:45 am, 23 October 1999 at 9:00 am and 29 October 1999 at 10:45 am respectively. The meeting on 23 October 1999 would be dedicated to receiving deputations.

32. The Clerk reported that hitherto 14 submissions on the Bill had been received out of a total of 55 letters issued to consultees of the Bill. Members agreed that organizations with substantive comments on the Bill would be invited to attend the meeting on 23 October 1999.

33. There being no other business, the meeting ended at 6:35 pm.

Legislative Council Secretariat

19 November 1999