

立法會
Legislative Council

Ref: CB1/BC/17/98/2

LC Paper No. CB(1)2018/99-00

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

Bills Committee on Trade Marks Bill

**Minutes of fifteenth meeting held on
Monday, 28 February 2000, at 2:30 pm
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Margaret NG (Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon James TO Kun-sun
Hon HUI Cheung-ching
Hon CHAN Kam-lam
Hon SIN Chung-kai
- Members absent** : Hon Kenneth TING Woo-shou, JP
Hon MA Fung-kwok
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 Peter CHEUNG
Deputy Director
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 Adviser 2

Ms Rosalind MA
Senior Assistant Secretary (1)6

I Clause-by-clause examination of the Bill

With reference to the updated list of issues raised in submissions to the Bills Committee at LC Paper No CB(1)1044/99-00(01), members resumed clause-by-clause examination of the Bill.

Clause 30

2. Mr SIN Chung-kai doubted the appropriateness of putting the interpretation of "exclusive licence" and "licence" in clause 30 and not clause 2 which was the interpretation clause of the Bill. He opined that this inconsistency in drafting format was undesirable as it would make the legislation less user-friendly. In particular, it would be confusing for users who tried to search for the information on the Internet. The Chairman pointed out that the same concern had been raised in the context of the Copyright Bill. Members of the Bills Committee on Copyright Bill agreed that though it was the normal practice to set out interpretations of terms at the beginning of an ordinance, it would sometimes be more convenient for users to make reference if relevant interpretations were put directly in front of the provisions in which the expressions were used.

3. The Assistant Director (Registration)/Intellectual Property Department (AD/R) explained that clause 30 was a preliminary clause which introduced clauses on licensing of registered trade marks that followed. The interpretations of two important expressions used in this part of the Bill were set out in clause 30 with the aim to enhance readers' understanding of the subsequent clauses. Although the interpretations of certain expressions were not given in clause 2, such expressions and the relevant provisions were listed out at the last part of clause 2 for easy reference.

4. The Senior Assistant Law Draftsman (SALD) supplemented that the Bill was modelled on the United Kingdom Trade Marks Act 1994 (the 1994 Act) and followed its structure in general. It was a common practice in Hong Kong for interpretations to be put at the beginning of the legislation. Nevertheless, if certain expressions were only used in particular provisions, it was common for their interpretations to be put directly in front of the relevant provisions for easy reference. It would be a matter of preference in drafting rather than that of appropriateness. Notwithstanding, he had no strong views and there would be no technical difficulty if members wished to put the interpretations in clause 2.

5. Members had no strong views in this respect provided that the drafting of the Bill would be clear to users. The Assistant Legal Adviser (ALA) drew members' attention to a similar question concerning the expression "certified copy" in clauses 67 and 78. While a definition of the expression was provided in clause 78(5), it was left out in the interpretation clause i.e. clause 2. Noting that "certified copy" had specific meaning in the context of clause 78, the Chairman sought clarification of whether there was any difference in meaning of the expression in clauses 67 and 78. She pointed out that if a difference in meaning did exist, this should be made clear in the Bill so that readers would not be confused. SALD undertook to seek clarification of this and inform members in due course.

(Post-meeting note: the draft Committee Stage amendment (CSA) to include the definition of "certified copy" in clause 2 was provided by the Administration and circulated to members vide LC Paper No CB(1)1540/99-00(03).)

Clause 31

Subclause (2)

6. Mrs Selina CHOW sought clarification of the meaning of "use of trade mark in a particular manner or a particular locality." in clause 31(2)(b). She was concerned about the relationship of this provision with clause 19 and whether the locality restriction of a licence would apply in the event that trade mark goods which were limited for distribution outside Hong Kong under the licence conditions were subsequently imported into Hong Kong.

7. AD/R said that clause 31(2)(b) only set out the option for a trade mark owner to give a licence with restrictions. This would be a contractual relationship between the licensor and the licensee and the details of the contract such as the countries or places where trade mark goods could be distributed would be a business matter between the two parties. This would not impinge directly on clause 19. Non-compliance with the licence conditions would be a breach of contract. However, these conditions would only bind the licensee who had a contractual relationship with the licensor.

Subclause (3)

8. ALA said that as she had raised during the discussion of clause 25(4) at the last meeting, members might wish to consider replacing the word "signed" in clause 31(3) with the word "executed" which would have a broader meaning including signing, affixing a seal or a chop. The Chairman pointed out that as agreed at the last meeting, the word "signed" was considered acceptable as no technical difficulty was envisaged in practice. Moreover, the word "executed" might not be a more user-friendly word than "signed" as it was a rather legalistic word. Members agreed that the present drafting of the clause was acceptable and no amendment would be required.

Clause 32

9. Members noted the clause.

Clause 33*Subclauses (2) and (3)*

10. Mr SIN Chung-kai sought clarification of the rationale behind subclause (2) which required the licensee to serve a notice in writing to the trade mark owner to call on the latter to take infringement proceedings. AD/R responded that clause 33 covered the rights of ordinary licensees in general. While the licensee might wish to bring infringement proceedings in his own name, the trade mark owner's interest in protecting his mark from any infringement should be recognized and the owner should be given the chance to bring infringement proceedings in his name.

11. Noting that under subclause (3)(b), the licensee might bring infringement proceedings in his name if the trade mark owner failed to do so within one month after the notice in writing was served, Mr SIN Chung-kai opined that the one month notice period might be too long. He also sought information on the existence or otherwise of similar provisions in the present Trade Marks Ordinance (TMO)(Cap. 43).

12. AD/R said that the provisions enabling the licensee to bring infringement proceedings in his name were new. Under the present law, the licensee could not do so even if he had the trade mark owner's consent. The licensee would have to bring the proceedings jointly with the trade mark owner as co-plaintiff under TMO. The provisions in clause 33 gave a wider scope for the licensee to take legal actions against infringement.

Subclause (5)

13. Mr SIN Chung-kai enquired whether the trade mark owner should be made liable for any cost of proceedings in which he was added as a defendant if the licensee took legal actions against him. AD/R explained that clause 33 covered the rights of licensee in relation to the infringement of a registered trade mark. As the trade mark

owner had the right to use his own trade mark, the licensee would not be able to bring any infringement proceedings against him. The licensee would be able to take legal actions against the trade mark owner if the latter had breached the terms under the licence i.e. a breach of contract. Subclause (5) would not be applicable to breach of contract cases which were outside the scope of infringement.

14. Mrs Selina CHOW doubted the justification for exempting the trade mark owner from the liability of legal cost in subclause (5). She commented that the trade mark owner should have the responsibility for protecting the interest of the trade mark even if he did not give consent to the licensee to bring the infringement proceedings. As the terms of a licence might allow the trade mark owner not to join the licensee as co-plaintiff in infringement proceedings, Mrs Selina CHOW queried the need for subclause (5) if the same could be covered by the terms of licence.

15. AD/R said that if the trade mark owner considered the chance of winning a case of infringement so slim that it would not be worthwhile to bring the proceedings, he should not be made liable for the cost of proceedings taken in the licensee's name. The Chairman pointed out that in the course of infringement proceedings, if the trade mark owner did not agree to take part in the proceedings, he would be made a defendant of the proceedings so that he would also be bound by the judgement of the court. If he would be liable for the cost of proceedings as a defendant, it would become his interest to actively setting obstacles to the proceedings to prevent the licensee from winning the case so as to avoid payment of legal costs. She sought information on the application of these provisions in other common law jurisdictions.

16. AD/R replied that similar provisions were incorporated in the 1994 Act. Yet so far there had been no specific comments on their practicality since the party who brought the infringement proceedings was normally not a crucial factor to the judgment of the court. With clause 33, all necessary parties would be involved in the infringement proceedings and problems could be resolved at one time.

17. The Chairman invited the Administration to explain to members its response to the comments by Deacons Graham & James (Deacons) that the term "takes part" used in clause 35(5) and clause 34(6) was unclear. AD/R explained that the term could be found in Stroud's Judicial Dictionary. Its was broad enough to include cases where a party had done something official, for example, filing into court an address for service.

Clauses 34 to 36

18. Members noted the clauses.

Clause 37

19. Members noted that the Administration intended to move a CSA to clause 37(1) to delete subclause (1)(b) as the requirement for payment of fees had been mentioned in clause 36(5) and would be covered in the Trade Marks Rules (the Rules).

(Post-meeting note: the draft CSA to clause 37(1) prepared by the Administration was circulated to members vide LC Paper No CB(1)1540/99-00(03).)

Clause 38

20. Members noted the clause.

Clause 39

21. In response to the Chairman's enquiry about the arrangement between the Mainland and the Hong Kong authorities on the claim to priority for trade mark registration, AD/R said that liaison was underway for such an arrangement. For registration of short term patents and registered designs, priority had been accorded to applications made in the Mainland since 1 September 1999. The State Intellectual Property Office was aware of the need for similar arrangements for trade mark registration and this would be made in due course subject to the resolution of some technical problems. This issue, however, was beyond the ambit of the Bill.

Clause 40

Subclause (3)

22. Members noted that the Administration would move a CSA to subclause (3) to state that the time limits for the applicant to rectify deficiencies in application or to take necessary actions in meeting the requirements for registration would be provided for in the Rules. Mr SIN Chung-kai supported the arrangement of putting the time limits and their extension in the Rules so that flexibility and fairness could be achieved at the same time. The Chairman shared his view and opined that the proposed arrangement was better than the Administration's initial plan of putting the relevant provisions on time limits in the work manual.

(Post-meeting note: the draft CSA to clause 40(3) prepared by the Administration was circulated to members vide LC Paper No CB(1)1540/99-00(03).)

23. AD/R informed members that the time limits would be stipulated in sections 10 and 11 of the Rules and the provisions for extension of these time limits in sections 65 and 66. An applicant would be allowed to remedy any deficiency concerning his application in two month's time and no extension would be provided for this time limit in view of the more straightforward nature of the remedy. For an applicant who was notified by the Registrar that his application failed to meet the requirements for registration, he was allowed to either make representations to the Registrar to prove that the requirements were met or amend his application so as to meet these requirements within a period of six-month. This six-months limit could be extended by the Registrar in accordance with section 65 of the Rules.

24. Noting that the two-month and six-month time limits were in line with the provisions under the 1994 Act but the two-month time limit on remedy of deficiencies was newly introduced in Hong Kong, the Chairman commented that the time limits and their extensions were of prime concern to trade mark practitioners. The Administration had to explore the optimum period for extension of time limits so that the law would not be too stringent nor too lenient as to granting extensions so generously or indefinitely. She urged the Administration to consider stating clearly in the Rules the circumstances under which an extension would be granted and the ceiling of extensions.

25. Mrs Selina CHOW pointed out that as expressed in the submissions from the trade mark practitioners, no consensus had been reached on the acceptable period of extensions at the present stage. Some practitioners were requesting an unconditional and free extension of up to 18 months. She sought the Administration's view on this request.

26. AD/R said that under the present registration regime, extensions of time limit had been granted rather generously with the payment of a fee of \$270 for every three months' extension beyond the initial period of six months. This had resulted in a long process of registration which took an average of two years. The prolonged process of registration required additional time and resources on the part of the Registrar and his staff who had to bring up the relevant files regularly for scrutiny and follow up actions. The Administration intended to move away from such practice under the new registration regime upon the enactment of the Bill. Nevertheless, taking into account the long history of having generous extensions under the present regime, there might be difficulties and resistance to an immediate tightening up of the granting of extensions. The Bill would serve as a signal to applicants and practitioners alike that extension of time limits would be granted only with reasonable justifications. She informed members that consultation on the draft Rules was still underway and issues such as the appropriate grounds for granting extensions, fees chargeable and the period of extensions had to be addressed taking into consideration views of the practitioners.

27. Noting that extension of time limits was granted not as generous as Hong Kong in other overseas jurisdictions, Mrs Selina CHOW opined that the Administration should have detailed discussions with practitioners in order to arrive at agreeable criteria and fee levels for granting extension. She said that there might be some technical aspects in the registration process which practitioners would need more time to deal with. If the Administration considered the suggested 18 months' period for extension too long, a suitable period should be set taking into account the difficulties expressed by the practitioners.

28. Mr James TO asked the Administration's views on the possible reasons for an applicant to deliberately delay the registration process through seeking extension of time limits. He also sought information on disadvantages of prolonged extensions other than administrative inefficiency and on the possibility of re-applying registration of a mark which had been withdrawn or rejected because of the applicant's inability to satisfy the registration requirements within the maximum time limit.

29. AD/R said that in the Administration's view, the initial six-months time limit was adequate for an applicant to take necessary actions to facilitate the registration of his mark in general. Nevertheless, the Administration would not rule out the possibility that there were certain circumstances in which the applicant might require an extension with justifiable reasons, for example he had had difficulties in gathering evidence or in showing the distinctiveness of his mark. However, a prolonged extension was undesirable. Apart from the inefficient use of administrative resources in reconsidering the same applications and in granting the extensions, this would also block the applications of other similar marks. She illustrated with an example of two similar marks A and B. In the event that the Registrar received an application on mark A before that on mark B, he could not process the latter application until the former application was registered or declared unregistrable. Cases of this nature were rather rare but did exist in reality. It would, therefore, be preferable to complete the registration of marks within a reasonable time frame and the Administration was trying to move to a system in which marks would be registered more swiftly with the enactment of the Bill and the Rules. On the possibility of re-application, she said that nothing blocked an owner from re-applying for a mark. However, in cases like the example of mark A and B mentioned above, if mark A failed to be registered and mark B was registered subsequently, mark A would not be able to register unless the applicant could prove that he had been using mark A before mark B was in use or registered.

30. The Chairman pointed out that for procedural matters like registration of trade marks, it was rare in the law that no extension of time would be allowed. It would be at the Administration's discretion to make stringent criteria for granting extensions. There should be express provisions in the Bill and the Rules on the time limits as well as the criteria, the period and the procedures for granting of extensions. To provide members with a comprehensive view on the differences between the existing and the proposed new regimes in respect of time limits and extensions of time in relation to application for trade mark registration, the Chairman requested the Administration to provide an information paper to compare the existing and the new regimes under both the primary and the subsidiary legislation.

(Post-meeting note: the information paper was provided by the Administration and circulated to members vide LC Paper No CB(1)1370/99-00(05).)

Subclauses (4) to (6)

31. Noting that the Registrar was required to notify the applicant in writing the refusal, acceptance or withdrawal of acceptance of his application under subclause (6), Mr SIN Chung-kai opined that the Registrar should give reasons for his decision in the written notification. The Chairman said that members had raised this point when considering clause 10 on absolute grounds for refusal of registration and were told that reasons for refusal would be given by the Registrar to the applicant.

32. The Chairman pointed out that the term "specified period" in subclause (4)

should include extensions of time approved by the Registrar. She urged the Administration to refine the drafting of subclause (4) to put it beyond doubt such meaning. SALD agreed and undertook to revise the drafting to reflect the meaning to that effect.

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

Clause 41

33. Mr Sin Chung-kai sought information on whether the official journal mentioned in clause 41 would be provided on-line so that users could access the information easily through the Internet. He commented that this would enhance the transparency of the registration system. AD/R responded that the Administration intended to provide on-line access to official journal but its implementation would depend on the progress of the proposed outsourcing exercise in respect of the computing services of the Intellectual Property Department (IPD). She drew members' attention to clause 71(5) of the Bill which provided that the journal need not be in a documentary form. The Principal Assistant Secretary for Trade and Industry urged members to support the funding request for the outsourcing proposal of IPD which would be submitted to the Finance Committee for consideration at its meeting on 10 March 2000.

Date of future meetings

34. Members agreed that the sixteenth and the seventeenth meetings of the Bills Committee would be scheduled for 16 and 27 March 2000 at 2:30 pm respectively.

35. The meeting ended at 4:30 pm.

Legislative Council Secretariat

30 August 2000