

立法會
Legislative Council

LC Paper No. CB(1)882/99-00

(These minutes have been
seen by the Administration)

Ref: CB1/BC/17/98/2

Bills Committee on Trade Marks Bill

**Minutes of fifth meeting held on
Friday, 29 October 1999, 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 MA Fung-kwok
Hon HUI Cheung-ching
Hon CHAN Kam-lam
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
- Members absent** : Hon Kenneth TING Woo-shou, JP
Hon Albert HO Chun-yan
Hon James TO Kun-sun
Hon SIN Chung-kai
Hon FUNG Chi-kin
- Public officers attending** : Mr Philip CHAN
Principal Assistant Secretary for Trade and Industry
- Mr Ray PERERA
Assistant Director (International Registration)
Intellectual Property Department
- Mrs Teresa GRANT
Assistant Director (Registration)
Intellectual Property Department
- Mr Johann WONG
Assistant Secretary for Trade and Industry
- Miss Lavinia CHANG
Senior Solicitor
Intellectual Property Department

Mr Jeffrey E GUNTER
Senior Assistant Law Draftsman

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 the Administration

Comparison of the relevant provisions in the Trade Marks Ordinance (TMO) and the Trade Marks Bill with reference to the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights and the Paris Convention
(LC Paper No. CB(1)204/99-00(01))

The Chairman said that as requested by members, the Administration had prepared a comparison table (LC Paper No. CB(1)204/99-00(01)) setting out provisions in the Bill which had been proposed for the purpose of meeting Hong Kong's obligations in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). She invited the Administration to explain the contents of the comparison table and suggested that detailed discussion on policy aspects would be left for future meetings.

Definition of trade marks

2. The Assistant Director of Intellectual Property (International Registration) (AD/IP(IR)) explained that the definition of trade marks in clause 3 of the Bill was different from the present definition in TMO in that the existing requirement that a trade mark had to be visually perceptible had been removed. The proposal would allow sound marks and smell marks to be registered in future. AD/IP(IR) drew members' attention to Article 15(1) of the TRIPS Agreement which provided that a member state might require a trade mark to be visually perceptible. However, this requirement was no longer adopted by many common law countries and it was the international trend to allowing registration of sound marks and smell marks.

3. Mrs Selina CHOW LIANG Shuk-yee said that Article 15(1) of the TRIPS Agreement permitted but did not require the widening of the definition by members. She enquired why the Administration chose to take the widening option. AD/IP(IR)

said that Hong Kong's major trading partners like the United States, Australia and the European Union allowed registration of smell marks and sound marks. The Administration proposed to expand the definition because there was a demand for it.

4. Mrs CHOW asked whether the Intellectual Property Department (IPD) had received any application for registration of sound marks or smell marks. AD/IP(IR) said that as sound marks and smell marks were not registrable currently, IPD had not received any application for registration of these marks. The proposal to widen the definition had been put forward for consultation but no objection had been received.

5. The Chairman and Mrs Selina CHOW were of the view that public interest need to be considered in deciding whether the definition should be widened and a balance of interest between trade mark owners and the general public had to be struck. By allowing the registration of sound marks and smell marks, the freedom of the general public to use such works would be restricted.

Infringement

6. AD/IP(IR) advised that the proposed changes under clauses 17(1) to (3) were dictated by Article 16(1) of the TRIPS Agreement. Clauses 17(1) to (3) set out that the rights of a registered trade mark owner were infringed if someone used an identical or similar mark in relation to identical or similar goods or services. Under section 27, 27A, 28 and 28A of TMO, the rights of a trade mark owner were infringed if identical or resembling trade marks were used on goods or services of the same description. AD/IP(IR) said that although different wording had been used, the concept was essentially the same.

7. Mrs Selina CHOW enquired whether by replacing "goods of the same description" with "identical or similar goods or services", the scope of infringement in clauses 17(1) to (3) of the Bill would be widened. AD/IP(IR) replied that the words "identical or similar" were taken from Article 16(1) of the TRIPS Agreement. The Administration was preparing an information paper explaining the meaning of similar marks and similar products as interpreted by the UK courts. He said that the tests applied by the UK courts under the Trade Marks Act 1994 had not departed significantly from the tests applied previously under the UK Trade Marks Act 1938. In determining whether two products were similar, the courts had looked at the uses of the goods, consumers of the goods, trade channels in selling the goods, etc. He stressed that the language of the law was refined to tally with modern conditions but the same tests were applied.

(Post-meeting note: The information on similarity of marks provided by the Administration had been subsequently circulated to members vide LC Paper No. CB(1)334/99-00(02))

8. On clause 17(4) of the Bill, AD/IP(IR) advised that the clause dealt with use of an identical or similar trade mark in relation to dissimilar goods or services.

Clause 17(4) reflected Article 16(3) of the TRIPS Agreement. There was currently no provision under TMO on dissimilar goods or services. At present a trade mark owner had to rely on the law of passing off to take action on dissimilar goods or services. Passing-off actions were onerous because of the requirement of proof of reputation. Members agreed to discuss the subject later.

Well-known marks

9. AD/IP(IR) said that clause 61 of the Bill provided for the protection of well-known marks by way of injunction. The need to protect well-known marks sprang from Article 16(2) of the TRIPS Agreement, which also made reference to Article 6 of the Paris Convention for the protection of Industrial Property (Paris Convention). Clause 61 had not defined well-known marks. As the World Intellectual Property Organization (WIPO) had recently passed a joint resolution setting out non-exhaustive guidelines on protection of well-known marks, the Administration would consider the need to move Committee Stage Amendments to clause 61 to define well-known marks.

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10. As regards means to protect well-known marks under TMO, AD/IP(IR) said that although there was no provision on protection of well-known marks now, well-known marks could be protected by registration as trade marks, or defensive marks, or certification marks or by the law of passing off. In this way, it could be argued that the existing TMO was TRIPS compliant in this respect. However, such an approach was not TRIPS transparent, hence the need for clause 61 of the Bill.

Revocation for non-use

11. AD/IP(IR) said under section 37 of TMO, a trade mark might be removed from the Trade Marks Register if there had been no bona fide use of the trade mark for five years or longer. As the Administration's policy was to encourage trade mark owners to use registered trade marks, clause 50 of the Bill provided that the period for non-use should be 3 years for the purpose of revocation of registration. Article 19(1) of the TRIPS Agreement stipulated that the registration might be cancelled only after an uninterrupted period of at least three years of non-use.

12. Mrs Selina CHOW noted with concern that the conditions for revocation for non-use under Article 19(1) of the TRIPS Agreement and clause 50 of the Bill appeared not entirely the same, at least in wording. She enquired whether clause 50 as presently drafted fully reflected the spirit of Article 19(1) of the TRIPS Agreement. In response, AD/IP(IR) advised that the existing section 37 of TMO was bizarre in the sense that it required an applicant for revocation of a registered trade mark to prove non-use of the mark. However, the proprietor should know best whether his trade mark was in use. This spirit was enshrined in Article 19(1) of the TRIPS Agreement which was reflected in clause 50 of the Bill. The Chairman requested the Administration to provide information to explain how clause 50 was in line with the spirit of Article 19(1).

(Post-meeting note: further information on revocation for non-use provided by the Administration had been circulated to members vide LC Paper No. CB(1)334/99-00(02))

Claim to priority

13. AD/IP(IR) explained that clause 39(2)(b) provided that the registrability of a trade mark should not be affected by any use of the trade mark in Hong Kong in the period between the date of filing of the first convention application or WTO application and the date of application for registration in Hong Kong. No similar provision was found in TMO. Clause 39(2)(b) reflected Article 4B of the Paris Convention.

14. AD/IP(IR) further advised that clauses 39(5) and (6) dealt with the claim to priority. They provided that a subsequent application covering the same subject as a previous first application should be considered as the first application for the purpose of determining priority if, at the time of the filing of the subsequent application, the previous application had been withdrawn, abandoned or refused. These clauses were mandated by Article 4C(4) of the Paris Convention. Members noted that there was no specific provision in TMO on this point.

Armorial bearing, national emblems, flags, etc

15. AD/IP(IR) advised that WIPO currently had a notification system on flags, emblems, or official signs of a member state or inter-governmental organizations. After being notified by a member state of the state or inter-governmental signs or emblems, WIPO would in turn notify all other member states of the relevant signs or emblems. Member states of WIPO would not allow the registration of trade marks which were in conflict with the national signs or emblems. The Administration now relied on Rule 5 of the Trade Marks Rules and section 12(1) of TMO to refuse registration of national signs or emblems as trade marks. However, this approach was considered inadequate and the Administration had therefore proposed clauses 62 and 63. The wording of these clauses reflected Article 6 ter (1)(a), (b) and (c) of the Paris Convention, to deal with armorial bearings, national emblems, flags, etc.

16. AD/IP(IR) said that clause 63(5) provided that the rights of a person whose use in good faith of a trade mark began before the entry into force of the Paris Convention, i.e. 16 November 1977, would not be affected. Rule 5 of the Trade Marks Rules provided the Registrar with a discretion to consider applications for registration of such a mark but compliance with the Paris Convention was not transparent. Clause 63(5) reflected expressly Article 6 ter (1)(c) of the Paris Convention.

Notification on the list of state emblems etc

17. AD/IP(IR) said that clause 64 dealt with notifications from WIPO on national emblems etc. The wording of clause 64 reflected Article 6 ter (3) to (4) of the Paris Convention. The TMO had no specific provision in this regard but the Registrar got notifications from WIPO now.

Prohibition of unauthorized use in trade of state armorial bearings, etc

18. AD/IP(IR) said that clause 62(6) empowered the relevant authorities to restrain by injunction any unauthorized use of any national or governmental signs and emblems. There was no specific provision on this in TMO. Clause 62(6) reflected Article 6 ter (9) of the Paris Convention. AD/IP(IR) also clarified that clause 63(6) mentioned in the second column of the comparison table should be clause 63(4).

Refusal of registration

19. AD/IP(IR) advised that an application for registration might be refused on relative grounds under clause 11. The clause provided much broader grounds for refusing an application if such would infringe the rights of an earlier unregistered mark. Clause 11 sought to align with Article 6 quinquies B(1) of the Paris Convention.

20. AD/IP(IR) said that clauses 10(1)(b), (c) and (d) spelt out more transparently the grounds for refusing registration of a trade mark as provided in Article 6 quinquies B(2) of the Paris Convention.

21. AD/IP(IR) advised that clause 10(4) would empower the Registrar to refuse registration of a mark which was contrary to accepted principles of morality or was likely to deceive the public. This subclause reflected Article 6 quinquies B(3) of the Paris Convention.

Collective marks

22. AD/IP(IR) said that TMO did not have a provision on collective marks but a collective mark could be protected as a certification mark under the current regime. For the purpose of complying with Article 7 of the Paris Convention in a more transparent way, clause 59 and Schedule 1 to the Bill provided specifically for collective marks.

Comparative advertising

23. AD/IP(IR) advised that TMO had no provision on comparative advertising. At present comparative advertising would infringe the Part A registration. Clause 17(7) of the Bill legitimized comparative advertising and reflected Article 10 bis of the Paris Convention. Members agreed to discuss the subject later.

Disposal

24. AD/IP(IR) said that clause 23 empowered the court to make an order for disposal of infringing goods. Clause 23(4) had been carefully drafted to ensure compliance with Article 46 of the TRIPS Agreement which provided that "In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce". He added that under clause 23(4), the court might give the infringing goods to charitable organizations after removal of the trade mark labels. Charitable organizations should not be considered as a channel of commerce.

25. Mrs Selina CHOW was concerned whether prohibiting the infringing goods after removing the registered trade mark from entering into "channels of commerce" was a sufficient remedy. She pointed out that there were middle grounds between channels of commerce and charity, for example private clubs. She said that the spirit should be to prevent the disposal of the infringing goods for profit making. AD/IP(IR) said that Article 46 of the TRIPS Agreement expressly provided for disposal of infringing goods outside channels of commerce. Clause 23(4) was modelled on this provision.

26. Noting that TMO did not have a provision on disposal of infringing goods, the Chairman enquired about how the court dealt with these goods at present. AD/IP(IR) said that the court had inherent jurisdiction to deal with infringing goods. He agreed to provide further information for members' discussion.

(Post-meeting note: Further information on 'order for disposal' provided by the Administration had been circulated to members vide LC Paper No. CB(1)458/99-00(02).)

Examples of trade marks registered in Part A and Part B of the Trade Marks Ordinance (LC Paper No. CB(1)204/99-00(02))

27. AD/IP(IR) briefed members on examples of "Part A" and "Part B" trade mark registration as set out in the information paper provided by the Administration (LC Paper No. CB(1) 204/99-00(02)). He advised that the tests to be applied to applications for Part A registration were set out in section 9(1)(a) of TMO. Basically, the mark had to be distinctive or was inherently adapted to distinguish. He quoted for example that signature or invented words were generally qualified for Part A registration. He said that although case law provided guidelines on the meaning of "distinctive" and "inherently adapted to distinguish", these tests were difficult to apply.

28. AD/IP(IR) said that there was a lesser test for a Part B registration. Basically, a mark had to be "capable of distinguishing" goods or services. He pointed out that if a mark had too strong a descriptive element, it would be relegated to a Part B mark. A mark failing the Part A registration tests would be examined for suitability for Part B registration. The Assistant Director of Intellectual Property

(Registration) (AD/IP(R)) added that where a mark had been registered in Part B on a prima facie basis, it was always possible to later file a fresh application supported by evidence of use for registration of the mark in Part A. For this reason, there was strong argument as to why these marks could not be registered as Part A marks in the first place.

29. Members pointed out that in determining whether a trade mark was qualified for Part A or Part B registration, some elements of subjectivity were involved. AD/IP(IR) agreed and said that the existence of two classes of registration often lead to arguments between trade mark applicants and the Registrar on the appropriate class of registration for a trade mark. The Bill would therefore do away with two separate classes of trade mark registration.

Associated Trade Marks

(LC Paper No. CB(1)204/99-00(02))

30. Recapitulating on the issue of associated trade marks, the Chairman said that the concept of associated trade marks which existed in TMO would be deleted under the Bill. As requested by members, the Administration had provided some examples of associated trade marks at Annex 3 of LC Paper No. CB(1)204/99-00(02).

31. AD/IP(R) said that the present TMO required the Registrar to associate identical and resembling trade marks belonging to the same proprietor. Associated trade marks could only be assigned as a whole. Of the 118,000 marks registered with the Trade Marks Registry which were still in force, some 50,000 marks were registered in association with other marks. The large number of associated trade marks had made the registration procedures very onerous. Moreover, the requirement to assign associated marks as a whole was inflexible. There was no reason to prohibit a group from dividing ownership of its marks which would not cause public confusion.

32. On the relationship between registrability and association, AD/IP(R) advised that association did not affect the issue of registrability. Associated trade marks were found in both Part A registration and Part B registration.

33. AD/IP(IR) supplemented that under the Bill, each registered trade mark stood independently and could be transferred or assigned on its own. Owners had a responsibility to police their own marks. If the proprietor of marks had assigned one of the resembling marks irresponsibly and the use of the mark had become deceptive, a third party could seek a declaration of invalidity of the registration.

II. Any other business

The way forward

34. Members discussed the desirability in setting up a subcommittee under the Bills Committee to deal with the drafting aspects of the Bill and agreed not to take a decision on the matter for the time being.

35. The Chairman opined that after meeting with the second batch of deputations on 6 November 1999, the Bills Committee would discuss the fundamental policy issue of the need for the Bill having regard to the comments raised by deputations. Members requested and the Administration agreed to provide an information paper setting out the detailed justifications for the enactment of the Bill.

(Post-meeting note: The information paper provided by the Administration has been circulated to members vide LC Paper No. CB(1)302/99-00(01)).

36. The Chairman reminded members that the sixth meeting of the Bills Committee would be held on 6 November 1999 at 9:00 am to receive deputations.

37. Members agreed that the seventh meeting of the Bills Committee would be held on 11 November 1999 at 4:30 pm.

38. There being no other business, the meeting ended at 12:45 pm.

Legislative Council Secretariat
24 January 2000