

**WRITTEN SUBMISSIONS
ON THE
TRADE MARKS BILL**

**BY THE INSTITUTE OF TRADE MARK PRACTITIONERS
SEPTEMBER 1999**

SUBMISSIONS TO THE BILLS COMMITTEE ON THE TRADE MARKS BILL

BY THE HONG KONG INSTITUTE OF TRADE MARK PRACTITIONERS

MEMBERS OF SUB-COMMITTEE

Peggy Cheung, Baker & McKenzie (Chairperson)

Frances Drummond, Deacons Graham James

Sandra Gibbons, Marks & Clerk

We would like to thank the Legislative Council for inviting us to comment on the Trade Marks Bill. For your information, we have previously commented on the First Draft of the Trade Marks Bill back in March 1997, and again in January 1999 on the Draft Rules and the Second Draft of the Trade Marks Bill. We also met with the Intellectual Property Department twice (on 17 March 1997 and 10 February 1999) to discuss our comments.

This submission is divided into two parts. Part I contains our detailed comments on the issues that we feel are most important to us as practitioners. Part II contains all the issues that we have commented on before, including the issues discussed in the Part I, and which have not been taken up by the Government in the Gazetted Bill. An appendix discussing our comments on Sections 3, 10, 17 and 77 is attached to this submission as Appendix A, and correspondence with the Intellectual Property Department regarding extensions of time is attached as Appendix B.

The Institute is of the view that the Rules form a very important part of the law especially in respect of the formalities of trade mark registrations, amendments, oppositions, revocation, assignment and licensing etc. It is therefore difficult to fully comment on the proposed new law without publishing the Rules. The Institute has previously commented on the Draft Rules of December 1998 in January 1999 and wonders whether any of our comments and suggestions will be taken up.

PART I

Section 3 and Section 10

Meaning of “Trade Mark” and Absolute Grounds of Refusal

It is understood that the Bill aims to:-

1. remove the requirement that a mark must possess at least some inherent capacity to distinguish to qualify for registration;
2. abolish the 2 Part system and apply the old Part B concept of capable of becoming distinctive or an even lower standard; and
3. introduce a presumption that a mark should be registered unless there is a specific objection to it.

We do not consider that the present Bill meets these aims. The new Bill has introduced a Section 10(1)(b) that a mark is not registrable if it is devoid of distinctive character. This section should be deleted completely since the term “devoid of distinctive character” has no meaning to the Hong Kong Courts or to the Hong Kong Registry.

One can suggest perhaps that “devoid of distinctive character” refers only to generic terms and therefore allows the Registry the flexibility to register any mark which is more than purely generic. However, the United Kingdom Court’s view of this wording in *British Sugar plc v. James Robertson & Son Ltd. [1996] RPC 281* did not adopt this interpretation of these words.

To meet the IPD’s aims it would be more sensible to delete reference to “devoid of distinctive character” and to replace this with “trade marks which are not capable of distinguishing the goods or services of one undertaking from those of another undertaking” cf. Section 3(1).

The IPD should also consider amending Section 10 to state:-

10(1) Subject to subsections 2, 4, 6, 7, 8 and 9 below a sign qualifying as a trade mark under Section 3(1) shall be registrable. (The subsequent paragraphs would need to be renumbered).

(see further detailed comments attached - Appendix A)

Section 11 (8) Letter of Consent

Section 11(8) maintains the Registrar’s power under the current Ordinance to reject an application based on an earlier mark which is the same or similar for same or similar goods or services even though the owner of the earlier mark has consented to the registration of the later mark. It is the Institute’s view that the consent of the owner of the earlier mark should be absolute in line with the approach now adopted in the United Kingdom and Australia. This reflects the shift in policy away from the view that the Registrar is the protector of the public to the prevailing view that the owner of a mark is responsible for its trade marks and their validity. This shift in policy is reflected throughout the Bill e.g. assignments, licensees, etc.

Therefore, we recommend that section 11(8) be amended as follows:

“Nothing in this section prevents the registration of a trade mark where the owner of the earlier trade mark or other earlier right consents to the registration.”

Sections 17 and 77

We are not sure of the aims of the Bill for infringement.

The aim should be to widen the infringement rights of registered proprietors and to simplify the infringement procedure.

a. confusing similarity - Section 17

Our concern is that this section actually restricts the rights of proprietors for some types of infringement.

Under Section 17(2) b if an infringer uses a mark which is similar to a registered mark on identical goods the proprietor has to show that there will be public confusion before he can succeed in an action for infringement.

It is our recommendation that Section 17(2)(b) be deleted or otherwise be revised so that the test for infringement returns to providing the relief that was available under the Trade Marks Ordinance (as amended by the WTO Amendment Ordinance) ie no confusion is necessary.

b. Comparative advertising - Section 17(7)

The Bill aims to permit comparative advertising so long as it is fair.

This section was copied from Section 10 of the United Kingdom Trade Mark Act. The section has been the subject of review in *Barclay's Bank v. RBS Advanta*. The drafting of the United Kingdom section was heavily criticised by Justice Laddie who thought that the drafting was a mess.

Section 17(7) should therefore be reviewed particularly the phrase "*if the use is without due course and takes unfair advantage of*".

c. Rules of Evidence - Section 77

The Bill aims to remove the requirement for the Registrar to be bound by the rules of evidence.

This causes us concern as the rules of evidence keep litigants/opponents on an equal footing.

We do not recommend that this section be retained. The Registrar should be bound by the same rules of evidence as the Court considering matters on appeal from the Registrar.

(see further detailed comments attached - Appendix A)

**Section 24
Groundless Threats**

Section 24 provides for relief where a person threatens to bring infringement proceedings against another person where those threats are groundless. The section does not make it clear whether the person making the threat includes the legal advisor who has been engaged to act on behalf of the person who alleges to have the rights in the registered trade mark and thereby

threatens infringement proceedings. It surely cannot be the intention of the legislation to make liable under this provision the legal advisor who is acting under instructions from its client.

In Australia, this issue has been addressed simply by excluding a lawyer or patent attorney from liability under this provision. The Institute strongly supports the inclusion of a similar provision. However, for Hong Kong there is currently no register of patent or trade mark attorneys, therefore, we recommend that the following sub-section be included:

“24(7) This section does not make a barrister, solicitor or member of the Hong Kong Institute of Trade Mark Practitioners liable to an action for an act done in a professional capacity on behalf of a client.”

The Hong Kong Institute of Trade Mark Practitioners is a professional organisation, the members of which include not only solicitors but all persons qualified in the profession including trade mark and patent attorneys.

Section 40(3) and Section 35(2) Extensions of Time

a. Prosecution of a Trade Mark Application (S.40(3))

The Institute is extremely concerned that neither the Bill nor the draft Rules stipulate the time permitted to respond to official actions. The Registrar has been given total discretion to set the time limit for filing a response and for allowing any extensions of that time. **THIS IS TOTALLY UNACCEPTABLE.** It is essential that the response time period and the procedure for obtaining extensions is clearly stated in the Bill.

The current unsatisfactory situation demonstrates the Registry's inability to deal with this issue. The Institute and the profession in general have complained extensively about the inconsistent, impractical, unjust and arguably unlawful approach which has recently been adopted by the Registry. In order to shorten the registration process the Registry changed its interpretation of the current provisions so that the 6 month response period was limited to the initial examination report. Thereafter three monthly extensions must be requested and paid for. While we support the Registry in its efforts to clear its backlog, we do not believe that our clients should be prejudiced. In particular, we object to the unreasonable requirement for continued payment of extension fees. We attach correspondence between the Institute and the Registry on this issue (Appendix B).

Therefore, the Institute insists that these provisions be clearly stipulated in the Bill and that it is given the opportunity to comment on those provisions.

b. Opposition Proceedings (S. 35(2))

It is proposed that no extensions will be granted of the three month time period in which to file a Notice of Opposition. The Institute believes that extensions should be granted in the special circumstances where both parties agree to the extension and are genuinely in the

process of negotiating a settlement of the dispute. It seems impractical to force parties to an opposition when both parties wish to settle the matter amicably. We see no benefit to the Registry or the parties in doing so.

Section 87

Register of Trade Mark Attorneys

The Institute believes that provision should be made for keeping in the future a register of persons who are qualified to act as agents for others for the purpose of applying for or obtaining the registration of trade marks. It must be emphasized that we do not expect that others who are not so qualified to be excluded or prevented from representing clients in trade mark matters. However, the public will be assured that those listed on the Register will have the necessary knowledge and expertise to deal in trade mark matters. While we appreciate that it is not practical to set up a register at this time, provision should be made for its establishment in the near future.

Such registers exist in both the United Kingdom and the People's Republic of China. It is a way of maintaining professional standards and is common to many professions. The Institute is in the process of establishing an education and examination programme for trade mark practitioners. The education programme is expected to commence in spring 2000 with the first exams to follow in the autumn of 2000.

Section 88(2)

Saturday as an "Excluded Day"

Under the current legislation (Trade Marks Rule 92), any act or thing required to be done on a Saturday or a day when the Registry is closed for business may be done on the first following day the Registry is open for business. Under Section 88 of the Bill, where the time for doing anything under the Ordinance expires on a day which is not a business day, it may be done on the next "business" day. Under draft Rule 64, the Registrar has the power to specify the hours of business and business days of the Registry but it appears from our previous discussions with the IPD that it has no intention of altering the existing business hours or business days at the Registry.

The Institute believes that trade mark owners will be penalised if deadlines falling on a Saturday are not deferred to the following business day. It is standard in many countries including the PRC and the U.K. to close for business on Saturday. Many of our members' clients and customers of the Registry are located overseas and would expect Saturday to be excluded. This could result in trade mark owners forfeiting their rights. Therefore we recommend that Section 88(2) be amended to read as follows:

"Business done on any day after the specified hours of business, or on a day which is a Saturday or is not a business day, shall be deemed to have been done on the next business day; and where the time for doing anything under this Ordinance expires on a Saturday or a day which is not a business day, that time shall be extended to the next business day".

PART II

COMMENTS PREVIOUSLY MADE BY THE HKITMP WHICH HAVE NOT BEEN TAKEN UP BY THE GOVERNMENT

Absolute grounds for refusal (S.5(2)(a) of the 1st Draft of the Trade Marks Bill and S.10(1)(b) of the 2nd Draft of the Trade Marks Bill and the Gazetted Trade Marks Bill)

The Institute notes that the term “devoid of distinctive character” has been used rather than the term “capable of distinguishing”. The Institute prefers the term “capable of distinguishing”. Since there is established case law on the definition of this term (see our detailed comments above).

Relative grounds of refusal (S.6(6) of the 1st Draft of the Trade Marks Bill and S.11(8) of the Gazetted Trade Marks Bill)

The Registrar is given additional discretion to refuse to accept a mark for registration despite the fact that the proprietor of the cited mark has consented to its registration. The Institute believes that Hong Kong should follow the U.K. where the citation will be waived on receipt of a letter of consent from the proprietor of the cited mark (see our detailed comments above).

References to infringing goods, materials or articles (S.16(2)(a) of the Gazetted Trade Marks Bill)

The Institute feels that this creates a potential loophole for infringers to avoid any order for delivery or disposal of the infringing goods by putting forward a defence that the infringing trade mark was applied to the goods or their packaging before the trade mark was registered.

In the IPD’s response dated 19 April 1999 to our submissions of January 1999 regarding this sub-section, it stated that S.16(2)(a) is not a loophole and the situation referred to is covered by S.16(2)(b). However, the Institute does not see how the situation can be covered by S.16(2)(b).

Infringement (S 9(8) of the 1st Draft of the Trade Marks Bill, S. 19 of the 2nd Draft of the Trade Marks Bill and S. 17(7) of the Gazetted Trade Marks Bill)

These sub-sections import new and undefined terms, namely “honest practices of industrial or commercial matters”, “takes unfair advantage of, or is detrimental to.....” (see our detailed comments above).

Registration of transactions affecting registered trade marks (S.23(4)(a) of the 1st Draft of the Trade Marks Bill and S.27(4)(a) of the Gazetted Trade Marks Bill)

The Institute believes that the “date of the transaction” should be defined. Does it mean the date of signing of the assignment or other document or its effective date, which in some cases are different? At our meeting with the IPD on 17 March 1997, the IPD agreed with our comment and was going to refer the matter to the Law Draftsman. However, the term “date of transaction” remains undefined.

Examination of application (S. 40(3) of the 2nd Draft of the Trade Marks Bill and S.40(3) of the Gazetted Trade Marks Bill)

The Institute notes that there is no mention of any time limits and no provision for extensions of time. We would once again reiterate our view that it is most important that time limits and provision for extensions of time are clearly set out in the Bill and not simply provided in the IPD Work Manual as suggested by the IPD (see our detailed comments above).

Publication and notice of opposition (S. 35(2) of the 1st Draft of the Trade Marks Bill and S42(1) of the Gazetted Trade Marks Bill)

It is noted that no time limits are stated in the Bill. The Institute considers that the time limit for opposition should be 3 months from the date of publication extendable by further 3 month periods, provided that the parties agree or there are other sufficient reasons. For example, if the parties are amicably negotiating a worldwide settlement and both parties agree to the extension then the Institute sees no reason to insist that the opposition be progressed, as the parties will incur unnecessary costs (see our detailed comments above).

Withdrawal, restriction or amendment of application (S.36(1) of the 1st Draft of the Trade Marks Bill and S.43(2) of the Gazetted Trade Marks Bill)

The Institute believes that the requirement for publication of withdrawal of application should not result in the applicant paying a publication fee.

Renewal of registration (S.41(5) of the 1st Draft of the Trade Marks Bill and S. 48(6) of the Gazetted Trade Marks Bill)

The Institute notes that Rules will set out the time limits and other conditions for restoration of a lapsed mark. However, the Institute considers that the current law which allows restoration without any time limit provided certain conditions are met should be retained.

Alteration of registered trade mark (S.42(2) of the 1st Draft of the Trade Marks Bill and S.53(2) of the Gazetted Trade Marks Bill)

In our March 1997 submissions, we welcomed the proposal to retain the current practice of allowing alteration of a registered mark in any manner not substantially affecting the identity of that mark. However, the Institute notes that this has been changed in the Gazetted Trade Marks Bill which proposes that no alteration of a registered trade mark will be permitted other than the alteration of the name or address of the registered proprietor of the mark which

appears on the registered trade mark and only to the extent that the alteration does not substantially affect the identity of the trade mark. The Institute believes that this is too restrictive.

Revocation and variation of registration (S.44(2)(c) of the 1st Draft of the Trade Marks Bill and S.50(2)(c) of the Gazetted Trade Marks Bill)

The Institute suggests changing the phrase “common name in the trade” to “it has become common to the trade” or “common sign in the trade” to include devices etc.

Revocation and variation of registration (S.44(9) of the 1st Draft of the Trade Marks Bill and S.50(8) of the Gazetted Trade Marks Bill)

It is considered that the sub-section is rather tortuous.

Proceedings before Registrar (S.47 of the 1st Draft of the Trade Marks Bill and S.69 of the Gazetted Trade Marks Bill)

It is not clear from the section whether or not parties to the proceedings before the Registrar could call witnesses. It is particularly important for an Opponent or Applicant for Declaration of Invalidity or Revocation to be able to cross-examine an applicant at the Registry Hearing in circumstances of alleged dishonesty, where there is suspicion that the applicant has copied its mark (see. Borsalini TM case and comments of Godfrey J on this point).

Information about applications and registered trade marks (S.53 of the 1st Draft of the Trade Marks Bill and S. 66 of the Gazetted Trade Marks Bill)

The Institute notes that the public shall have a right to inspect the register subject to any rules.

Presently a proprietorship search cannot be undertaken unless a TM50 (i.e. an authorization from the owner) is submitted. The Institute feels that proprietor searches should be allowed in the same way that ordinary trade mark searches are permitted, particularly as associated marks will no longer be indicated on the Register.

Some members of the Institute believe that information concerning applications should be available to third parties in line with the U.S.A., Australia and other countries. In any event it should be made clear what the Government intends to be able to be disclosed.

Recognition of agents (S.67 of the 1st Draft of the Trade Marks Bill and S. 87 of the Gazetted Trade Marks Bill)

The Institute believes that there should be provisions in the legislation for setting up of a register of Trade Mark Agents by the Registrar, which would allow regulation of the profession, ensure high standards, and provide agent-client confidentiality under prescribed circumstances (see our detailed comments above).

Application of rules of evidence (S.77 of the 2nd Draft of the Trade Marks Bill and S. 77 of the Gazetted Trade Marks Bill)

The Institute believes that the Registrar should be bound by the rules of evidence, particularly in view of the fact that there is a right of appeal to the courts (the U.K. Registrar of Trade Marks is bound by the strict rules of evidence). In addition, the hearsay rules have now been relaxed in the new Evidence Ordinance passed recently (see our detailed comments above).

Hours of business and business days (S.89 of the 2nd Draft of the Trade Marks Bill and S. 88 of the Gazetted Trade Marks Bill)

The Institute believes that having Saturday as an open day at the Registry is not in line with international practice and international clients would not expect Saturday to be an open day especially Saturday is currently an excluded day under Rule 92 of the current Trade Marks Rules (see our detailed comments above).

The Institute also feels that the time for acceptance of documents should be extended to mid-night which is important to the profession and in line with international practice

APPENDIX A

Detailed comments on Sections 3, 10, 17 and 77

Section 3 and Section 10

Section 3(1) defines a trade mark as meaning “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 use of the words “capable of distinguishing” in section 3(1), particularly when read in conjunction with section 10(1), may be construed as adding an additional element to the registrability of mark which was not intended by the Bill, namely that the sign have some inherent capacity to distinguish.

The words “capable of distinguishing” are taken from the existing Ordinance and have been considered by the Courts. The meaning of these words is clear.

Section 10(1) specifies what should be refused registration. Section 10(1)(a) refers to signs which do not satisfy the definition of trade mark in section 3(1). This provision is probably primarily intended to catch those signs which are incapable of being represented graphically and which cannot function to distinguish the goods or services of one proprietor from those of another. This interpretation sits comfortably with section 10(2) as whether or not a sign has been used is not a relevant consideration in determining whether the sign can operate as a trade mark. Whether or not that trade mark is registrable or protectable is another issue.

However, this intention is not necessarily spelt out by the draft Bill because of the use of the words “capable of distinguishing” in section 3(1). These words seem to introduce a distinctiveness requirement into the definition section in addition to different distinctiveness requirements for registrability purposes in section 10(1)(b), (c), and (d). Moreover, because of the specific exclusion of section 10(2) to section 10(1)(a) that distinctiveness requirement in the definition section is arguably an inherent requirement.

Similar provisions have been adopted in the UK 1994 Act and were discussed by Jacob J. in *British Sugar plc v James Robertson & Son Ltd.* [1996] RPC 281. In his decision Jacob J. at page 305 said of the corresponding provisions:

“But what about *capable of distinguishing*? Does this add any requirement beyond that found in section 3(1) [**our section 10(1)**]. Section 3(1)(b) bars the registration of a mark which is *devoid of distinctive character* unless it has *in fact acquired a distinctive character*. I cannot see that the closing words of the first sentence of section 1(1) add anything to this. If a mark on its face is non-distinctive (and ordinary descriptive and laudatory words fall into this class) but is shown to have a distinctive character in fact then it must be *capable of distinguishing*. Under section 10 of the old Act, for a mark to be registrable in Part B, it also had to be *capable of distinguishing*. But the Pickwickian position was that some marks, even though

100% distinctive in fact, were not regarded as *capable of distinguishing* within the meaning of that provision. I do not think the Directive and the 1994 Act take this more limited meaning over”.

Mr. Justice Jacob therefore took the view that the words “capable of distinguishing” in the definition of a trade mark did not add to the registrability tests under the equivalent of our section 10(1) and that if a mark lacked inherent capacity to distinguish, evidence of use was required to support its registration.

However, the judge’s comments were strictly obiter and he was not called upon to decide in that case whether the mark actually constituted a trade mark within the meaning of the Act. This particular issue has not been considered before the UK Courts and even if it had been any decisions would not be binding on a Hong Kong Court.

It is submitted that the ambiguity of the Hong Kong provisions should be resolved to avoid the same uncertainty.

PRESUMPTION OF REGISTRABILITY

The presumption of registrability is said to be achieved by setting out the grounds for objecting to a mark in section 10, rather than by setting out the requirements for registration as under section 9 of the existing Ordinance. The presumption is not specifically stated in the Bill. Therefore, whether or not the new law achieves its aim is ultimately dependent on the attitudes taken by the Registry on the one hand and by the Courts on the other.

It is possible that the Registry may adopt a more liberal attitude in the examination of marks, but it is equally likely that the different approach taken by section 10 will have little practical impact

Moreover, as has been seen in the UK following the decision in the *British Sugar* case, what may satisfy the Registrar may not necessarily satisfy the Court, and the extent to which previously unregistrable marks are now registrable is not as great as expected.

If it is the intention of the new law to include a presumption of registrability, this should be specifically provided for to bind both the Registrar and the Courts.

Section 17

This section sets out the activities which infringe a registered trade mark. It is noted that this section is largely derived from Section 10 of the Trade Marks Act 1994 in the United Kingdom although it does not adopt identical wording.

Section 17(2)

This section introduces into the law the requirement for confusion on the part of the public before infringement can be established.

This seems to us to present a significant problem in the Hong Kong situation. For example, use of similar trade marks in relation to identical goods in the Temple Street or Golden Arcade situation will not amount to infringement.

It is often clear to purchasers when purchasing a product in Temple Street that they are not purchasing the genuine product and as such they are not confused. However, there is still damage to the reputation of the proprietor in the circulation of products bearing similar trade marks. For example, the use of the trade mark "CHANNEL" on perfume; Chanel may not be able to take any action under the infringement law as customers may not be actually confused.

This cannot be the intention of the government. Hong Kong has been on the special watch list of the United States for failing to protect proprietors and Hong Kong proposes to have an anti-piracy law which must be intended to cover these types of infringement.

There is a further dichotomy in that under subsection 4 of Section 17 the proprietor of a famous trade mark may be able to protect the mark for use on unrelated goods but may not be able to protect the mark for use on identical goods if he cannot show public confusion - see *Kitchin & Mellor page 27-31* for comment on the UK equivalent section.

Section 7 of the Trade Marks Bill seeks to clarify references to use "likely to cause confusion" but in fact that clarification muddies the waters even further.

The addition of whether "use is likely to be associated with an earlier mark" does not take us further forward.

This wording has been considered in the United Kingdom in *Wagamama*¹. The Plaintiff argued that the phrase in Section 10 "which includes the likelihood of association with the trade mark" imported a new and enlarged basis for infringement into United Kingdom trade mark law covering confusion in the classical sense and also a mere association between the marks even if there was no possibility of a misapprehension as to the origin of the particular goods or services. Laddie was not convinced by this argument. At page 731 in his decision he states "...As it is, no such clear and unambiguous words have been used and the language of the directive and the 1994 Act is consistent with the rights being restricted to classical infringement".

In fact, it is clear from discussion in *Wagamama* that likelihood of association was taken from the Benelux trade mark law. We wonder what relevance this has to the Hong Kong position.

We therefore take the view that it is inappropriate to adopt into our law wording taken from the laws of other countries which has been interpreted in those countries and found to be ambiguous.

It is our recommendation that Sections 17(2)(b) be reviewed so that the test for infringement returns to the relief that was available under 1938 Trade Marks Ordinance as amended by the WTO Amendment Ordinance so that use of a similar trade mark on identical goods, as a trade mark, is sufficient to establish infringement.

1. *Wagamama Ltd v City Centre Restaurants Plc* [1995] FSR 713

It is also recommended that Section 7 be reviewed in the light of the interpretation of “likelihood of association” in *Wagamama*.

Section 17(7)

This section is copied from Section 10(6) of the United Kingdom Act and purports to permit comparative advertising provided that it is in accordance with honest practices in industrial and commercial matters and does not take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark.

Section 10(6) of the United Kingdom Act has been considered in *Barclay’s Bank v RBS Advanta*¹ before Justice Laddie. Laddie comments in his judgement that the drafting of this provision was “a mess” particularly with regard to the proviso contained in the second paragraph.

It would seem irrational for Hong Kong to adopt the identical wording which a learned Justice of the Chancery Division in the United Kingdom has described as “a mess” in the drafting. We recommend that this section be re-written.

Since the intention is to follow the United Kingdom in relation to comparative advertising, we recommend that the decision in *Barclay’s Bank Plc v RBS Advanta* be considered and the section be amended appropriately.

Section 77 - Application of Rules of Evidence

This section states that the Registrar is not to be bound by the rules of evidence when considering contentious matters before him. We are astounded that the Intellectual Property Department has included this section.

The Intellectual Property Department comments that it finds the *St. Trudo*² trade mark decision unacceptably inflexible. This is not acceptable. The *St. Trudo* trade mark decision is a decision of the United Kingdom Court under the U.K. Trade Marks Act of 1938 considering whether the Registrar of Trade Marks could consider hearsay evidence when the admission of the evidence did not follow the rules which the Court would normally apply admitting hearsay evidence. The Court in the United Kingdom decided that since Registry matters may be appealed to the Court; when those matters are before the Court the Court should be considering them on the same grounds as the Registrar considered them. The Court is bound to by the rules of evidence.

Firstly, the ratio of *St. Trudo* is a very sensible one. If there remains an appeal from decisions of the Registrar to the Court, the Court should be in the same position as the Registrar on evidence when considering an appeal. This is a logical conclusion. If the Registrar does not want to be burdened by the Rules of Evidence then appeals from the Registrar should be to an administrative body on like terms.

1. *Barclay’s Bank v RBS Advanta* [1996] RPC 307
2. *St. Trudo TM* [1995] RPC 370

S83 Bill provides for appeals to the Court so logically the rules of evidence should apply before the Registrar.

However, more importantly the rules of evidence are there to ensure that both parties to a dispute proceed on like terms. The current position before the Registrar of Trade Marks now is that drafting of documents and the admission of evidence in contentious proceedings is extremely haphazard and often of a very poor quality. This should not be encouraged.

We presume that the Registrar is concerned mostly with hearsay evidence since the old rules of evidence were extremely strict on the admission of this evidence. However, the Civil Evidence Ordinance in Hong Kong has recently been amended to make the introduction of hearsay evidence more straightforward and as such the Registrar's concern in that regard has now been removed.

We do not find the IPD's comments particularly helpful. There is no explanation as to why St. Trudo is considered to be inflexible. The decision in St. Trudo is a sensible one and if anything should be enshrined in the new Bill.

APPENDIX B

The Hong Kong Institute of Trade Mark Practitioners

A submission to the Intellectual Property Department of the Government of the Hong Kong Special Administrative Region

Extensions of time in ex-parte proceedings

This submission to the Intellectual Property Department (“IPD”) is filed in response to various concerns of members of the Hong Kong Institute of Trade Mark Practitioners (“HKITMP”) regarding IPD’s current approach to extensions of time, in particular, in ex-parte proceedings. This submission will cover the following areas:

1. Previous IPD practice
2. Current IPD practice
3. The law
4. Why the current practice is “wrong”
5. Extension of time practice in Australia, New Zealand and the United Kingdom
6. Our proposal

1. Previous IPD practice

This was stated in IPD Circular Nos. 3 of 1991 and 7 of 1992.

An initial extension of 6 months from the date of the receipt of the first examination report was granted. The date of receipt would be the 14th day after the date of the first examination report.

Thereafter, extensions of time of 3 months each would continue to be granted on request without reason until around 1 year to 1 1/2 years after the issue of the first examination report. When the Registrar became concerned about the lack of progress he would warn the applicant that a further extension of time request would likely be refused, subject to the applicant’s right to call for a hearing. Extensions of time would usually be granted at hearings provided that adequate reasons were given.

2. Current IPD practice

With effect from 2 July 1998, the IPD has adopted a much stricter practice on the granting of extensions of time. This is set down in Circular No. 12 of 1997.

An initial period of 6 months from the date of the receipt of the first examination report will be granted. The date of receipt will be the 5th day after the date of the first examination report.

Once that initial 6 months period has expired, one extension of time of three months will be granted on request without reason. However, the Registrar will warn the applicant that a further extension of time will be refused subject to its rights to call for a hearing. Unless strong and compelling reasons are given at the hearing, the Registrar will refuse an extension of time.

If a further official letter is issued, as a result of submissions, the initial expiry date will still stand despite the fact that the delay may have been caused by the Registrar in the issue of the further official action, and if it were not for the Registrar's own delay, the applicant could easily have complied with the original deadline (examples of these are enclosed).

This is not stated in Circular No. 12 of 1997 although this seems to be the case from discussions with the IPD and also from the recent official letters received.

We request that the Registrar clarifies or confirms that this is indeed the practice.

We believe that this is contrary to the correct interpretation of Rules 18 and 19 for the reasons set out below.

3. The law

The Registrar is empowered under Section 90 of the Trade Marks Ordinance to make Rules regulating the business of the registry. Rules 18, 19 and 91 of the Trade Marks Rules apply to extensions of time, and for ease of reference are set out below:

Rule 18

Registrar's objections. Hearing

If the Registrar objects to the application, he shall send his objections in writing to the applicant, and unless within 6 months from the date of receipt of those objections the applicant files an application with the Registrar for a hearing or files a considered reply in writing to those objections he shall be deemed to have withdrawn his application.

Rule 19

Registrar's conditions, etc. Hearing

(1A) If the Registrar is willing to accept the application subject to any conditions, amendments, disclaimers, modifications or limitations he shall send to the applicant written notice of such willingness.

(1B) If the applicant objects to such conditions, amendments, disclaimers, modifications or limitations he shall within 6 months from the date of receipt of the notice file an application with the Registrar for a hearing or file his considered objections in writing, and if he does not do so he shall be deemed to have withdrawn his application.

(1C) If the applicant does not object to such conditions, amendments, disclaimers, modifications or limitations he shall within 6 months from the date of receipt of the notice file a written statement of his absence of objection and alter his application accordingly, and if he does not do so he shall be deemed to have withdrawn his application.

- (2) The Registrar may require that a transliteration or translation of a word trade mark, or the name of a device trade mark, appears on the mark in Chinese characters if in his opinion this is necessary to avoid the likelihood of deception or confusion and for the protection of the public.

Rule 91

Extension of time

If in any particular case the Registrar is satisfied that the circumstances are such as to justify an extension of the time for doing any act or taking any proceeding under these rules, not being a time expressly provided in the Ordinance or prescribed by rule 45(3) or 49(5), he may extend the time for so doing upon such terms as he may direct, and shall give notice thereof to other interested parties. The extension may be granted though the time has expired for doing the act or taking the proceeding in question.

4. Why the current practice is “wrong”

- (i) Contrary to Rules 18 and 19

These rules give 6 months to the applicant for filing submissions. The Institute believes that the 6 month period should apply to all official letters. The rules are not specifically restricted to first official letters only. The words “If the Registrar objects to the application” in Rule 18 apply not only to “first” objections only - we submit that the correct interpretation is that further 6 month periods should be granted when, as a result of the Registrar maintaining the objections following submissions, the objections still come within Rule 18.

Where after submissions have been filed and the Registrar is prepared to accept the mark for registration subject to conditions (eg. association, amendments of specification, transfer to Part B, disclaimer or other conditions of registration eg. restriction of origin of goods), then Rule 19 will apply, and so a further 6 months should be granted to comply with or accept these conditions as set out under Rule 19.

Likewise, if the Registrar imposes further or new conditions, a further 6 months should be granted under Rule 19.

- (ii) Inequitable / unfair to the applicant

Under principles of equity, natural justice and impartiality, the applicant should not be prejudiced unless the applicant is at fault. We submit that IPD interpretations of Rules 18 and 19 are prejudicial to the applicant.

- Our members have come across cases where they were given the opportunity to either comply with conditions demanded by the Registrar or to request an informal discussion within a certain prescribed period otherwise the application will be deemed abandoned. Examples of such official letters are enclosed. This, at least on the

face of it, does not give any opportunity to make further arguments / submissions against the conditions imposed and we believe this is inequitable. What if the client does not want to comply with the condition or wishes to request an informal hearing?

- The Registrar does not in the enclosed letters, nor in any Circular or otherwise, explain how he exercises his discretion under Rule 91 by giving extensions ranging from 1 month to 3 months.
- Some of the Registrar's first examination reports and official letters are incomplete - the Registrar does not explain the grounds of objections, amendments or conditions of registration. Requests for clarifications are not considered valid submissions or considered replies. Hence, extensions of time continue to run.
- Similarly, our members have come across cases where if it were not for the Registrar's own delay, the applicant could easily have complied with the initial six month deadline. Examples of these are enclosed.
- Late objections are raised. However, shorter extensions ranging from 1-3 months are given which deprive the applicant of the usual 6 months period as prescribed by Rules 18 and 19. There has even been an occasion where a second official action was issued rejecting the previous submissions filed and granting a 6 month period to respond., but the applicant's request for an extension of time was refused, contrary to the rule set out in Circular No. 12 of 1997. It was not until after numerous discussions that the Registrar finally agreed to grant a 3 month extension of time (copies of the relevant correspondence are enclosed).
- Where evidence of use is required to be submitted to overcome a descriptiveness objection or a citation, then more time should be allowed, as such information cannot be adduced, in the majority of cases, especially where it involves overseas applicants, within the 6 months time limit.

5. Extension of time practice in Australia, New Zealand and the United Kingdom

Australia

Under the 1955 Act (which was based on the United Kingdom Act 1938)

The applicant was given 15 months from the date of the first report to finalize the application. Extensions beyond 15 months could go on indefinitely so long as the fees were paid.

Under the 1995 Act

The deadline for acceptance of an application can be extended to 21 months from the issue of the Examiner's first report. The applicant is given 15 months from the date of the first report to finalise the application and then if necessary will be granted a further 6 months but this must be applied for (usually in 2 x 3 monthly requests), with fees payable. Any time beyond this 21 month period will only be granted in special circumstances and applications must be supported by a statutory declaration setting out the grounds for the request. The monthly fee is the same.

Consequently the Australian Registrar has taken quite a tough line with what will be accepted as 'special circumstances' beyond the initial 21 months. To some extent this has been off set by an increase in the grounds for deferral of the acceptance deadline of an application. Under the old Act this was only possible until finalisation of the removal of a cited application by the applicant. It has now been extended to include the proving of honest concurrent use (6 months deferment allowed); finalisation of a removal application filed by the applicant against a cited registration; finalisation of rectification action by the applicant against a cited registration and while a cited registration is within its 12 month restoration period after renewal has expired. Deferment must be requested within the initial 15 month period from the issue of the Registrar's first report and the 'extension free' time given after deferment ends is the equivalent to that which was remaining when deferment started.

New Zealand

Under the 1953 Act (which was based on the United Kingdom Act 1938)

The applicant was given 12 months from the date of the first report to finalize the application. Extensions beyond 12 months would automatically be granted on payment of fees without any reasons.

Under the 1995 Act

The processing of applications in New Zealand is now considerably quicker, as a result of radical changes designed to clear the backlog. A consequence of this is that strict time limits are now being imposed for bringing an application into order for acceptance. An initial period of 6 months will be set when the examination report issues. If a further official letter issues, as a result of correspondence, the expiry date will still stand. Once that initial six month period has expired, further extensions up to a maximum of six months will be available, but only if there are special circumstances.

United Kingdom

Under the 1938 Act

Extensions were free of charge and the Registrar would usually grant them unless there were any reasons to believe that the application was not being actively pursued.

Under the 1994 Act

The Registrar gives the following time period to the applicant for responding to the first examination report.

- 6 months, if there are substantive objections
- 2 months, if the only outstanding issues are editing the specification

Where no response is required, the application is acceptable without amendment and is passed directly to the Journal Section for publication

If the initial time period is two months, a first extension of time request for 2 months may be granted provided that satisfactory reason is given but that extension of time request will be marked “final”.

If the initial time period is six months, a first extension of time request for 2 months may be granted with satisfactory reasons. The Registrar is more ready to grant an extension where the initial time period is 6 months, as it indicates that the problems outstanding are comparatively severe. All subsequent requests for extension of time will be granted if satisfactory reasons are given.

The Registrar will not accept very vague comments such as “the applicants are considering their response”. If evidence of use is being prepared or investigations being carried out, the Registrar would be prepared to extend the time limit. All that he needs is to be satisfied that some progress is being made, however small.

There is no fee for extensions during the application process unless there has already been a hearing, in which case a fee for each extension is chargeable.

6. Our proposal

Whilst we appreciate that IPD wishes to clear the backlog of old applications filed under the current law so as to make way for applications under the new law using a new computer system, we do not believe clearing of the backlog should be at the expense of giving the applicant a proper opportunity to file submissions. Hong Kong is a small place; the majority of applications filed in Hong Kong are by overseas applicants. It is therefore not always easy or practical for such applicants to instruct our members within the current very strict and short time limits.

In addition, the current requirement to file additional extensions of time after a further official letter is issued involves the applicant in paying extra fees which were previously not incurred. Since the extension of time is due immediately upon receipt of the second or subsequent official actions if these fall outside the initial six month term, our members may find themselves having to disburse funds out of their own accounts in the absence of instructions. It is also unfair on the applicant who may upon receipt of such second or subsequent official action decide to abandon the application to be liable to extension fees incurred even before the receipt of its agent's report on the objections raised.

The current law in Hong Kong is based on the UK 1938 Act where extensions were (1) free of charge and (2) freely given. Whilst we accept that the current circumstances in Hong Kong mean that grant of unlimited extensions of time is not feasible we believe IPD have gone too far "the other way", to the detriment of the applicant. This is neither equitable nor reasonable.

Also, in the United Kingdom it is possible to request a hearing without first having to file one round of written submissions to the objections raised. We feel that if the Registrar is prepared to allow informal hearings to take place before written submissions are filed in Hong Kong, then it should speed up the process of the application and avoid the need for numerous extensions of time whilst waiting for a hearing to be scheduled.

Before the new Trade Marks Ordinance is effective, we therefore request that the Registrar adheres to the previous practice which we consider was the "correct" interpretation of Rules 18 and 19.

When our law changes, the Registrar can consider making certain changes along the lines of what has been done under the new Acts in the United Kingdom, Australia and New Zealand.

On the basis of the new Acts in Australia, New Zealand and the United Kingdom, for example, under the new Hong Kong law each application could be allowed extensions of time up to a certain period from the issuance of the first examination report of, say, 18 months, without reasons or fees, for putting the application in order for acceptance. This would save the Registry's time in reviewing reasons for extensions of time, processing extension of time fees, organizing, attending and deciding extension of time hearings, so that more manpower can be devoted to the substantive examination of applications and the training of examiners.

By adopting this, both the Registry and the applicant (agent) would need to expedite the processing of the applications within the 18 months. Further extensions beyond 18 months would be obtainable only in special circumstances (such as difficulties in completing a Statutory Declaration of Use, excessive delay of the Registry in responding to submissions, late objections raised by the Registry etc) and with extension of time fees - but fees should be payable only in cases where the applicant is responsible for the delay and not where, for example, the application is held up pending an assignment recordal where the applicant has filed all the documents or

where the Registrar has raised a late objection to the application; in those cases, the applicant should be allowed 6 months from the date of receipt of the late objection to respond.

We ask that IPD considers these comments and reverts to us as soon as possible.

Hong Kong Institute of Trade Mark Practitioners

20 November 1998

Our Ref. 來件編號: 230/TMR/97 (Part IV)
Your Ref. 來件編號:
Tel. 電話: (852)2961 6941
Fax. 傳真號碼: (852)2838 6276

4 March 1999

Mr Nicholas B Horvath
President
Hong Kong Institute of Trade Marks Practitioners
16/F, On Hing Building
1 On Hing Terrace
Central, Hong Kong
[Fax: 2804-6745]

Dear Nicholas,

I am now able to let you know what action we have taken to tackle your concerns about delays in replies and inconsistencies in extensions of time which you expressed at our meeting in December 1998.

We have since drawn up a plan under which, by November 1999, we aim to reply to all correspondence under Trade Marks rule 18 and 19 within three months.

Our present position is that we are handling 76.7 per cent of rule 18 and 19 correspondence in three months.

Under the plan we have

- redistributed examination work in the registry more evenly to ensure replies are handled within three months
- redistributed part of the registry's administration work to executive officers to allow examiners more time for examination work
- balanced our efforts in issuing examination reports with our efforts in handling replies

- continued our review of working procedures to ensure that our resources will continue to focus on examination work
- continued to discuss our rule 18 and 19 practice with our examiners to ensure consistency in allowing extensions of time
- redrawn targets to establish priority for examination work
- outsourced support services, for example data input and typing, to reduce time spent in supervision.

As some members of the Law Society and APAA have expressed similar concerns, I am taking the opportunity of copying this letter to them.

Yours sincerely,



(Teresa Grant)
for Director of Intellectual Property

c.c. Mr K C Kwong (APPA) - Fax 2545 9292
Ms Joyce Wong (LS) - Fax 2245 0387

香港特別行政區政府知識產權署
Intellectual Property Department
The Government of the Hong Kong Special Administrative Region



Our Ref. 來函編號: 230/TMR/97 (Part IV)
Your Ref. 來函編號:
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12 April 1999

Mr Nicholas B Horvath
President
Hong Kong Institute of Trade Marks Practitioners
16/F, On Hing Building
1 On Hing Terrace
Central, Hong Kong

[Fax : 2804-6745]

Dear Nicholas,

Re : Extension of time

At our meeting on 17 March, you asked us for a response to submissions about our practice under Trade Marks Rules 18 and 19 made in HKITMP's letter of 20 November 1998. Our response on action the registry has taken to address HKITMP's practical concerns was sent to you on 4 March 1999. We hope we can now address HKITMP's concerns about the interpretation of the rules.

HKITMP's views

HKITMP believes the current practice under rule 18 and 19 is wrong.

HKITMP believes the applicant should have six months to reply, not only to the Registrar's examination report but to any letter which the Registrar issues in response to an applicant's reply to the examination report.

HKITMP believes rule 18 and 19 should be applied consecutively so that where an applicant's reply to the examination report, issued under rule 18, results in the application being capable of acceptance after, for example amendment of the specification by the applicant, rule 19 should apply so as to allow the applicant a further six months to amend the application.

Six months to reply to examination report

The current practice is that the applicant has six months from receipt of the Registrar's examination report to file a considered reply to the objections raised in the report (rule 18) or to file considered objections to the conditions raised in the report (rule 19). The effect of rule 18 and 19 is that an applicant has six months in which to satisfy the Registrar that the mark is registrable.

We believe an applicant's representations to the Registrar on the registrability of the application are to be made within the six-month period. Those representations, usually more than one in each application, are the applicant's considered reply under rule 18 or considered objections under rule 19.

Our view is that the six-month period allowed to the applicant under rule 18 and 19 attaches to the examination report raising the objections or conditions. Our view is supported by rules 16 and 17 which contemplate search by the Registrar, followed by the issue of an examination report in which the Registrar accepts the application absolutely, objects to it, or expresses willingness to accept it subject to conditions.

Our view that the six-month period is not recurrent is supported by the wording of rule 18 and 19. If the applicant does not file a considered reply or considered objections under the rules, he is deemed to have withdrawn his application. Additionally, under rule 20(1) the Registrar's reply, made after considering the applicant's considered reply or considered objections, is effectively a decision.

We think that the time frame envisaged by rule 38 lends support to our view. Under rule 38 the Registrar may issue a notice to the applicant to complete the application where registration is not completed within a year of filing the application. Rule 38 applies only when an applicant is in a position to complete the application, that is after issue of the Registrar's acceptance and notice to advertise. Rule 38 supports our view that the rules contemplate an examination process in which an applicant has a six-month period to satisfy the Registrar that his mark is registrable so that in the majority of applications at the end of the six-month period the Registrar would be in a position to refuse the application or to accept the application and to issue notice to advertise. In the time frame envisaged by rule 38, registration would be likely to be completed within a year.

We do not believe the six-month period is recurrent as HKITMP suggests. To treat rule 18 and 19 as attaching to any correspondence by the Registrar in the examination process after issue of the examination report, would effectively give the applicant the means to extend the examination process indefinitely and, likewise, would put no obligation on the Registrar to arrive at a decision to accept or refuse the application. The Registrar is obliged to respond to an applicant's reply

under rule 18 or 19. Any reply by an applicant, even a reply which repeats earlier submissions, would require the Registrar's response which would trigger a recurrent application of rule 18 or 19, and so on.

Our view is that the six-month period is not recurrent but is extensible by the exercise of the Registrar's discretion under rule 91. As we have previously stated, in the majority of applications the six-month period is sufficient to overcome the objections or satisfy the conditions raised in the examination report. In the minority of applications where more time is needed, including time to make further submissions, the Registrar will allow an extension of time for the applicant's response. The length of time allowed will depend on the time reasonably needed. For example where there are difficulties in obtaining evidence or a letter of consent, the Registrar will allow an extension of time - usually three months - but depending on the particular circumstances of the application. Where there are continuing difficulties, an extension of time of as long as six months may be justified.

To confirm a point that we have made previously, if after the issue of the examination report the Registrar raises an additional objection to the application (for example the citation of a conflicting mark which was not raised in the examination report) the six-month period under rule 18 will run from the time the applicant receives the Registrar's letter raising the additional objection.

Where the Registrar is asked for an extension of time under rule 91, rule 93 and Schedule 1 to the Trade Marks Rules require the payment of the specified fee.

Rules 18 and 19 are not consecutive

Consistent with our former practice we do not agree that Rules 18 and 19 are capable of applying consecutively to the application as HKITMP suggests.

Certain matters cannot be the subject matter of conditions, for example the consent of a cited proprietor (Velva-Glo [1961] RPC 255; LinPac [1973] RPC 661). In such a case, the Registrar cannot express willingness to accept subject to conditions. In such a case the consecutive application of rule 19 would be precluded. That would mean where consent was awaited (as opposed to a limitation of goods) an applicant could have only six months under rule 18 and would not be able to propose consent and have a further six months under rule 19 as HKITMP suggests; yet an applicant proposing a limitation of goods could have a further six months under rule 19. The result would be illogical and unfair.

Registrar's practice

In considering your views we are bound to take into account that the Registrar should apply the rules in a way which is consistent with the Trade Marks Ordinance and Hong Kong's international obligations under the TRIPs Agreement. The Ordinance and the TRIPs Agreement require the Registrar to register trade marks within a reasonable time frame.

Our present practice, which allows an applicant six months and extensions of time if needed, to reply to the Registrar's examination report, establishes a reasonable time frame for obtaining trade mark protection which we feel is consistent with Hong Kong's position as a trading economy and Hong Kong's commitment to the protection of intellectual property rights.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Teresa Grant', written in a cursive style.

(Teresa Grant)

for Director of Intellectual Property