

**Summary of Comments on the 2nd Draft of the Trade Marks Bill
of 31.12.98 and the Trade Marks Bill as gazetted on 16.4.99**

Consultees

Asian Patent Attorneys Association (“APAA”)	-Letters dated 25 Jan 1999 and 2 Mar 1999
British Chamber of Commerce (“BCC”)	-Letter dated 24 Aug 1999
Consumer Council (“CC”)	-Letters dated 12 Feb 1999 and 25 Aug 1999
China Patent Agent (HK) Limited (“CPA”)	-Letter dated 30 Aug 1999
The Chinese General Chamber of Commerce (“CGCC”)	-Letter dated 1 Mar 1999
Hewlett Packard Asia Pacific Ltd. (“HP”)	-Letter dated 25 Jan 1999
Hong Kong Bar Association (“Bar”)	-Letter dated 12 Feb 1999
Hong Kong Productivity Council (“HKPC”)	-Letter dated 25 Jan 1999
The Hong Kong Association of Banks (“HKAB”)	-Letter dated 29 Jan 1999
The Hong Kong Institute of Trade Mark Practitioners (“ITMP”)	-Letter dated 1 Feb 1999
The Hong Kong Tourist Association (“HKTA”)	-Letter dated 6 Sep 1999
International Trademark Association (“INTA”)	-Letter dated 27 Jan 1999
Law Society (“LS”)	-Letter dated 25 Jan 1999 and two subsequent submissions on the Trade Marks Bill.
Lloyd Wise (“LW”)	-Letter dated 5 Sep 1999
Swiss Business Council in Hong Kong (“SBC”)	-Letters dated 23 Mar 1999 and 6 Sep 1999

References and abbreviations

“TM Bill”	-the Trade Marks Bill as gazetted on 16 April 1999
“Draft Bill”	-Trade Marks Bill (2nd Draft of 31 December 1998)
“TM Rules”	-Draft Trade Marks Rules (1st Draft of 31 December 1998)
“TMO”	-Trade Marks Ordinance (Cap. 43)
“WTO Amendments Ordinance 1996”	-Intellectual Property (World Trade Organization Amendments) Ordinance 1996
TIB	-Trade and Industry Bureau
IPD	-Intellectual Property Department

<u>Clause 2 – Interpretation</u>	
ITMP	: “Association” - needs specific definition
	: “collective mark” - reference to cl. 60(1) to be amended to cl. 59
HKAB	: “Association” - incorporated association not included?
TIB/IPD	: <i>The definition of “Association” has been deleted in the TM Bill.</i>
	: <i>The reference to “cl. 60(1)” in the definition of “collective mark” has been amended to “cl. 59(1)”. (Please see cl. 2 of the TM Bill.)</i>
<u>Clause 3 - Meaning of Trade Mark</u>	
LS	: Cl. 3(1) –Will not pursue its suggested wording “anything capable of being recorded in permanent form” but is interested to know IPD’s reasoning for insisting its wording.
TIB/IPD	: <i>The words “capable of being represented graphically” are in the current law and are retained because they have been widely used by common law jurisdictions which have reformed their law.</i> <i>The words “capable of distinguishing.....” express the main criteria. They are emphasized by appearing first.</i> <i>Marks are to be represented graphically so that shape, sound and smell marks can be made available for inspection.</i> <i>As a grammatical point, the words “which is” are added before “capable”.</i>
LS	: Cl. 3(2) - why “a combination of colours”. The description is misleading. Should delete “a combination of”.
TIB/IPD	: <i>The words “combination of colours” appear in the current law as amended by the WTO Amendments Ordinance 1996. Please see S. 2(1) of the existing TMO. They do not preclude a single colour from being registered as a trade mark.</i>

ITMP	:	Cl. 3(2) - “combination of colours”, “combination of signs” too restrictive.
TIB/IPD	:	<i>See answer above to LS.</i>
HKAB	:	Cl. 3(2) – are single colours registrable?
TIB/IPD	:	<i>Single colours are registrable.</i>
INTA	:	Should specifically include sound, smell and taste marks.
TIB/IPD	:	<i>The use of the word “sign” in clause 3(1) is wide enough to include sound, smell and taste marks.</i>
CC	:	Concerned with broader category of registrable marks which will lead to monopolies.
TIB/IPD	:	<i>There will only be a small number of cases where smell and sound marks would have acquired “distinctiveness” for the purpose of registration in Hong Kong. This is in line with developments in other countries such as the United Kingdom, Ireland, United States, Australia, New Zealand.</i>
<u>Clause 4 – Meaning of “well known trade mark”</u>		
LS	:	Why “well known in Hong Kong”? Does not favour laying down any specific criteria for assessing “well known” in addition to the simple reference.
TIB/IPD	:	<i>This section is based on Article 6bis of the Paris Convention where the wording used is “well known in that country”. For this reason, the words “Hong Kong” are retained. However, we will not lay down any criteria for well-known marks as this has not been finalised by the World Intellectual Property Organization.</i>
INTA	:	Should broaden criteria for “well known”.
TIB/IPD	:	<i>This section is based on Article 6bis of the Paris Convention where the wording used is “well known in that country”. It is difficult to broaden the criteria for what is well known if they are not tied in with being well known in Hong Kong.</i>

<u>Clause 5 - Meaning of “earlier trade mark”</u>	
LS	: Cl. 5(3) - “good faith” is wider than “honest use”. Wants to use “bona fide”.
TIB/IPD	: <i>“In good faith” is the accepted term for “bona fide” (which is the term used in the UK Trade Marks Act 1994). As a drafting practice, English terms are preferred to Latin. Hong Kong is not alone in this. For example, the UK Supreme Court Rules which came into effect on 26 April 1999 have abandoned Latin terms such as ex-parte, inter partes, etc.</i>
<u>Clause 7 - Reference to use likely to cause confusion</u>	
LS	: Does this section cover confusion as to origin? The test of “likelihood of association” should remain and be left to the court to interpret.
TIB/IPD	: <i>This clause codifies the interpretation of “confusion” in Wagamama v City Centre Restaurants Plc. [1995] FSR 713, as confirmed in Sabel (ECJ Judgment 1997). It states the “classic definition” of infringement, where there must be confusion. We feel that likelihood of association is a relevant factor in determining whether there is confusion.</i>
<u>Clause 10 - Absolute grounds for refusal of registration</u>	
LS	: Cl. 10(1)(c) - to add “or business” after “trade”.
TIB/IPD	: <i>The words “or business” have been added after “trade”. Please see Cl. 10(1)(c) of the TM Bill.</i>
LS	: Cl. 10(3) – registrability of “shape” is determined by distinctiveness, not substantial value of goods.
TIB/IPD	: <i>The words “the shape that gives substantial value to the goods” are in the current law, as amended by the WTO Amendments Ordinance 1996.</i>
ITMP	: Cl. 10(1)(b) - Where does “devoid of distinctive character” come from? “Capable of distinguishing” is adequate.
TIB/IPD	: <i>This wording comes from s. 3(1)(b) of the UK Trade Marks Act 1994, and has been the subject of interpretation by the UK courts in the “Treat” Case. The wording is also necessary to make Hong Kong in line with developments in other common law jurisdictions.</i>

INTA	:	Add express presumption of registrability.
TIB/IPD	:	<i>The intention of the new law is to make registration easier. No change is required.</i>
CC	:	Concerned with a lack of guideline on how the Registrar will exercise his power under cl. 6(6) of the draft Bill (1st Draft 1997) and now found in cl.11(8) of the TM Bill. (para. 4 of CC’s letter of 23 June 1997.) Suggests that IPD issue Guidelines or Circulars.
TIB/IPD	:	<i>A “Trade Marks Work Manual” is being prepared.</i>
<u>Clause 11 - Relative grounds for refusal of registration</u>		
LS/ITMP	:	Cl. 11(7) - the word “to” should be added before “those goods or services”.
TIB/IPD	:	<i>This has been amended. Please see cl. 11(7) of the TM Bill.</i>
CGCC	:	Cl. 11(1)(2)(3)(4) - wording is similar and repetitive. Should redraft.
TIB/IPD	:	<i>This clause has been drafted to cater for four different situations depending on whether the trade mark and the goods or services for which registration covers are identical or similar, or not identical or similar. This is modeled after s. 5 of the UK Trade Marks Act 1994. The format has been adopted for the sake of clarity.</i>
CC	:	Cl.11(8) - guidelines should be made as to Registrar’s exercise of power.
TIB/IPD	:	<i>This will be dealt with in the Trade Marks Work Manual to be prepared by IPD in due course and be made available to all practitioners.</i>

<u>Clause 19 – Comparative advertising (re-numbered as clause 17(7) in the TM Bill)</u>		
ITMP	:	Will UK decisions be followed?
TIB/IPD	:	<i>UK cases on s. 10(6) of the UK Trade Marks Act will be of persuasive value.</i>
HKAB	:	Cl. 18 and 19 : These provide defences to infringement in certain circumstances provided the use of the trade mark is “in accordance with honest practices in industrial or commercial matters”. The inclusion of this phrase promotes uncertainty and adds little to the clauses which it is intended to qualify. The provision is superfluous and should be deleted.
TIB/IPD	:	<i>The relevant provisions are to be found in cl. 18(3) and 17(7) of the TM Bill. These provisions protect vested rights and the use of mark on spare parts. Such use can only be permitted if the use is honest in the industrial or commercial context. This will be for the courts to decide.</i>
Bar	:	Title “comparative advertising” not appropriate.
TIB/IPD	:	<i>Cl. 19 of draft Bill has now been moved to cl. 17(7) of the TM Bill.</i>
<u>Clause 23 – Order for disposal</u>		
LS	:	Cl. 23(3)(4) - why was order for erasure deleted? What is the rationale behind cl. 23(3)(4) and where was the wording taken from?
	:	Cl. 23(3)(c) - if licensees do not have a right of action, should they have a remedy such as was provided in cl. 23(3)(c)?
TIB/IPD	:	<i>An order for erasure was deleted to comply with Article 46 of the TRIPS Agreement and cl. 23 (3) and (4) were adjusted accordingly. (Note the express wording of Article 46 regarding the proportionality between the seriousness of the infringement and the remedies ordered, the interests of third parties, and the release of goods into the channels of commerce. (See answers to ITMP below.)</i>
	:	<i>Cl. 23(3)(c) - if a licensee does not have a right of action, he should not have a remedy. No amendment is required as this section does not give the licensee any remedy. In any event, licensees’ interests are covered under cl. 23(3)(b).</i>

<p>ITMP :</p> <p>:</p> <p>:</p> <p>TIB/IPD :</p> <p>:</p> <p>:</p>	<p>Why delete order for erasure?</p> <p>Cl. 23(3)(b) - why third party interests?</p> <p>Cl. 23(4)(a) - why needed?</p> <p><i>An order for erasure was deleted to comply with Article 46 of the TRIPS Agreement.</i></p> <p><i>Cl. 23(3)(b) – third party interests were introduced because of Article 46 of the TRIPS Agreement.</i></p> <p><i>Cl. 23(4)(a) – this provision is based on Article 46 of the TRIPS Agreement.</i></p>
<p>Bar :</p> <p>TIB/IPD :</p>	<p>Cl. 23(4)(a) – should not be restrictive on the court. Suggest to amend Cl. 23(4)(b).</p> <p><i>Cl. 23(4) was drafted on the basis of Article 46 of the TRIPS Agreement.</i></p>
<p><u>Clause 24 - Proceedings for relief from groundless threats of infringement proceedings</u></p>	
<p>LS :</p> <p>APAA :</p> <p>TIB/IPD :</p>	<p>Objects strongly to threats action. If retained, legal practitioners should be exempted from liability.</p> <p>Threats action not necessary.</p> <p><i>Provisions similar to s. 129(5) of the Australian Trade Marks Act 1995 have been added. Please see cl. 24(6) of TM Bill. We consider it necessary to introduce this provision in order to reflect more clearly our obligation under Art. 8(2) of TRIPS in respect of appropriate measures to prevent the abuse of intellectual property rights by right holders. We do not agree that there should be exemptions for solicitors and barristers. The LS has mentioned trade libel, slander of title and malicious falsehood. However, the element of malice is at the core of these torts and having to prove this element “greatly reduces the impact of the tort since in many cases a defendant will be able to claim accidental mistake rather than deliberate malice as the reason for the false statement”. (Intellectual Property Law, Holyoak & Torremans, page 376)</i></p>

<u>Clause 27 - Registration of transactions affecting registered trade mark</u>		
LS	:	Cl. 27(4)(a) - time should begin on the later of (i) the date of document; or (ii) effective date of transaction.
TIB/IPD	:	<i>Amendments similar to s. 25(4) of the UK Trade Marks Act 1994 have been made. Please see cl. 27(4)(a) of the TM Bill.</i>
<u>Clause 28 - Trust and equities</u>		
HKAB	:	Welcome cl. 28(3).
LS	:	Delete.
TIB/IPD	:	Amend cl. 27(2)(c) - “the granting of any interest over a registered trade mark or any right in or under it.” <i>The register of trade marks is a record of commercial interests. As a basic premise, the Registrar should not be concerned with non-commercial equitable interests. Registration of the legal title in the name of a trustee is permissible. The Registrar should not be concerned with the beneficiaries of a trust. We propose no amendment.</i>
<u>Clause 31 - Licences may be general or limited</u>		
INTA	:	Licensors should maintain control.
TIB/IPD	:	<i>Licensors will maintain control. Otherwise, the owner’s registered trade mark will become vulnerable under cl. 50(2)(c)(d) of TM Bill.</i>
HP	:	No comprehensive registration system for trade mark licences and registered users.
TIB/IPD	:	<i>Please see cl. 27 of the TM Bill, which is the same as cl. 27 of the draft Bill except for changes made to cl. 27(4)(a).</i>

<u>Clause 33 - Rights of licensees generally</u>	
<u>Clause 35 - Rights of sub-licensees under certain exclusive licences</u>	
LS	: Cl. 33(3)(b) and cl. 35(3)(b) – Licensees can only bring infringement action after the owner of the trademark fails to do so within 2 months. This is too long. Should be one month. Same applies to Sch. 2, 12(3) for collective marks.
TIB/IPD	: <i>“One month” has been substituted for “two months”. Please see cl.33(3)(b), cl.35(3)(b) and cl.12(3) of schedule 1 (re-numbered from sch. 2 of the 2nd draft) of the TM Bill.</i>
<u>Clause 36 - Application for registration</u>	
LS	: Cl. 36(6) repeats cl. 36(2)(e). To delete.
TIB/IPD	: <i>Cl. 36(6) has been deleted.</i>
ITMP	: Cl. 36(2)(e) - clarify what other document or information is required.
	: Cl. 36(6) - too vague.
HKAB	: Cl. 36(2)(e) superfluous and contradicts cl. 36(6)
TIB/IPD	: <i>Cl. 36(6) has been deleted.</i>
<u>Clause 38 - Classification of goods and services</u>	
HKPC	: Cl. 38(1) - need to specify that it is the Nice classification since Sch. 3 of the TM Rules is too general.
TIB/IPD	: <i>This is not necessary. Under cl. 38(1), goods and services shall be classified according to a “prescribed” system. The prescribed system is the Nice classification, which will be replicated in the Trade Mark Rules.</i>

<u>Clause 40 - Examination of Application</u>	
ITMP	: Cl. 40(3) & (4) - no time limits mentioned.
APAA	: Cl. 40(3) - lack of certainty. Wants existing Rules 18, 19 of the current Trade Marks Rules.
HKAB	: Cl. 40(3) - no time limits specified.
	: Cl. 40(6) - welcomed.
TIB/IPD	: <i>Time limits will be provided in the IPD Work Manual. This will be the subject of discussion with the practitioners.</i>
<u>Clause 42 - Opposition proceedings</u>	
LS & APAA	: Extension of time should be granted on consent by both parties. Registrar should retain a general discretion.
TIB/IPD	: <i>Not agreed. The notice of opposition and counter-statement are simple documents which should not take a long time to file. Three months is sufficient. Time limits to file evidence are extendible.</i>
<u>Clause 48 - Renewal of registration</u>	
LS	: Registrar should have discretion to restore registrations at any time unless there are intervening rights or applications.
TIB/IPD	: <i>The registered owner has effectively more than 12 months to renew / restore. No change is proposed.</i>
<u>Clause 50 - Revocation of registration</u>	
LS	: Cl. 50(2)(a) - no need for examples.
TIB/IPD	: <i>The examples of valid reasons are simply examples and they are stated in Article 19 of the TRIPS Agreement. No change is proposed.</i>
HKAB	: May increase revocation/invalidity cases filed against competitors.
TIB/IPD	: <i>Noted.</i>

<u>Clause 53 – Alteration of registered trade mark</u>	
LS & APAA	: Prefers the wording of cl. 42 of 1st Draft Consultation Bill.
TIB/IPD	: <i>No change is proposed. (See s. 44 of the UK Trade Marks Act 1994 and s. 20 of the Singapore Trade Marks Act 1998.) According to IPD’s records, the types of alterations to registered trade mark allowed in the past have been extremely narrow. In any event, this section must be read in the light of cl. 50(3)(a) of the TM Bill.</i>
<u>Clause 61 - Well known trade marks: Article 6bis of Paris Convention</u>	
INTA	: Protection of well known marks should apply irrespective of confusion.
TIB/IPD	: <i>Article 6bis of the Paris Convention specifically refers to confusion. No change is proposed.</i>
<u>Clause 73 – Information about applications and registered trade marks</u>	
HKAB	: Should have specific provision for proprietor index search.
TIB/IPD	: <i>This will be provided in the Trade Marks Rules. No change is required.</i>
APAA	: Why public inspection by uninterested parties?
TIB/IPD	: <i>This is required in the interest of transparency.</i>
<u>Clause 74 - Immunity of Registrar as regards official acts</u>	
LS	: Why “Registrar acting dishonestly” deleted?
IPD	: <i>Where the Registrar or other officer acts dishonestly, it is clear that he can have no immunity. No change is proposed.</i>

<u>Clause 77 - Application of rules of evidence</u>		
ITMP	:	Registrar should be bound by rules of evidence.
TIB/IPD	:	<i>The Registrar does not want to be bound by St. Trudo Trade Marks (1995) FSR 345 which is unacceptably inflexible; the Registrar should have the flexibility to seek out relevant facts and arguments in proceedings before him. He is bound by the rules of natural justice. More importantly, every decision of the Registrar can be appealed to the Court. No change is proposed.</i>
<u>Clause 81 - Burden in civil proceedings of proving use of trade mark</u>		
LS	:	Majority of members of the Law Society favour onus on owner to prove “use” of trade marks.
TIB/IPD	:	<i>Agreed. cl. 81 will be retained.</i>
<u>Clause 86 - Costs of proceedings before the Registrar</u>		
LS & APAA	:	Should include Registrar’s power to order security for costs in the Ordinance, and should only be awarded if applied by a party.
TIB/IPD	:	<i>This section has been amended to include power to order security for costs. Please see cl. 86(3) of the TM Bill.</i>
<u>Clause 87 - Recognition of agents</u>		
ITMP	:	Wants to set up a register of trade mark attorneys.
LS & APAA	:	Cl. 87(2) - Favours establishment of a register of trade mark agents or attorneys.
TIB/IPD	:	<i>As no system has yet been established to determine the qualifications for trade mark agents, this matter should be left for future discussion. LS’s proposal to study and propose appropriate qualifying criteria for trade mark agents is noted.</i>

<u>Clause 89 - Hours of business and business days</u>	
HKAB/ITMP :	Extend acceptance of documents to mid-night.
TIB/IPD :	<i>Noted.</i>
ITMP :	Saturday being an open day is not in line with international practice.
TIB/IPD :	<i>In Hong Kong, most institutions are open on Saturdays. IPD stays open on Saturdays. See also Sections 79 and 80 of the Singapore Trade Marks Act 1998. No change is proposed.</i>
<u>Clause 96 – Offences committed by and proceedings relating to corporations</u>	
ITMP :	Cl. 96(3) - definition of “director” should follow the Companies Ordinance.
TIB/IPD :	<i>Neither the Registered Designs Ordinance nor the Patents Ordinance follows the Companies Ordinance. No change is proposed.</i>
<u>Schedule 3 – Certification Marks (re-numbered Schedule 2 in the TM Bill)</u>	
LS :	Cl. 12 - why was LS’s proposal to regulate circumstances under which the Registrar may withhold consent not accepted?
TIB/IPD :	<i>Provisions on certification marks are now contained in Schedule 2 of the TM Bill. IPD does not advocate regulating the circumstances in which the Registrar could withhold consent because flexibility would be lost.</i>

<u>General/Miscellaneous suggestions made by consultees</u>		
INTA	:	Add provisions on border measures and geographical indications
TIB/IPD	:	<i>Please see Trade Descriptions Ordinance (Cap. 362).</i>
	:	<i>We protect geographical indications by way of certification and collective marks.</i>
SBC	:	Should not introduce new law too hastily.
	:	Highly recommend HKSAR Government to become a member of Madrid system.
TIB/IPD	:	<i>Consideration for a new Trade Marks Bill was first mooted in 1993 with the issue of a Consultation Paper. A first draft of the Trade Marks Bill was sent out for consultation in February 1997. A second draft of the Bill was sent out for consultation in December 1998. The Legislative Council Panel on Trade and Industry was also consulted in December 1998. The new law is not being hastily introduced.</i>
		<i>The existing TMO, although updated by the WTO Amendments Ordinance 1996, needs to be modernized in view of international developments.</i>
	:	<i>Recommendation on HKSAR joining Madrid is noted. The Madrid Agreement and Madrid Protocol are to be dealt with separately.</i>
CGCC	:	IPD should look at trade marks ordinance of Europe and the United States to provide protection for local enterprises.
TIB/IPD	:	<i>Europe and the United States have different trade mark systems. The TM Bill is based on the UK Trade Marks Act 1994 with reference to and comparison made with trade mark laws of Commonwealth countries such as Singapore, India, Ireland, Australia and South Africa.</i>
BCC	:	Support general thrust of Blue Bill.
		Need “sharper” definition of protection measures to avoid criticism from US and Europe.
TIB/IPD	:	<i>Support for general thrust welcomed.</i>
		<i>TM Bill is largely based on UK Trade Marks Act 1994 which has been followed in many common law jurisdictions. The Bill is designed to enhance trade mark rights.</i>

CPA	:	Identical/similar marks should be assigned together to prevent deception/confusion.
TIB/IPD	:	<i>Concept of association of marks has been dispensed with in recognition of the fact that the decision as to which marks to assign and to whom is one largely driven by private commercial considerations. The resulting risk of confusion and deception also has a direct bearing on that commercial decision. As a safeguard, where a mark becomes deceptive as a result, it will become liable to an action for revocation.</i>
CPA	:	When there is change of name and/or address, the same should be recorded for all marks belonging to the same proprietor.
TIB/IPD	:	<i>Though this is a fair suggestion, we feel that this is something for the applicant to decide as there may conceivably be various legitimate reasons for not applying to record the change, e.g. marks under assignment, marks soon to expire and not to be renewed, or pending applications that are to be withdrawn.</i>
HKTA	:	Welcomes modernisation and streamlining of registration and protection of trade marks. Conducive to long-term economic growth of Hong Kong.
TIB/IPD	:	<i>We welcome the position.</i>
LW	:	Supports submissions made by HKITMP. Recommends providing for a “fair and equitable arrangement” for extension of time in prosecution of trade mark applications.
TIB/IPD	:	<i>Extension of time issue to be elaborated in the Work Manual which will be available to all practitioners.</i>
LW	:	Should establish official register of recognised trade mark agents.
TIB/IPD	:	<i>Premature and difficult to draft provisions for the Bill when no system has yet been devised to determine qualification for trade mark agents.</i>