

## **Bills Committee on Trade Marks Bill**

### **Response to Written Submissions by the Institute of Trade Mark Practitioners**

#### **Introduction**

This note sets out the Government's response to the submission by the Institute of Trade Mark Practitioners ("ITMP") on the Trade Marks Bill dated September 1999. Members may also wish to refer to the Annex to our earlier paper on the submission by Messrs. Deacons Graham & James (Deacons paper), in which we set out in detail our response to a number of specific issues. The ITMP has raised similar issues.

#### **Issues Raised by the ITMP in Part I of their Submission**

##### Clauses 3 and 10 - Meaning of "Trade Mark" and Absolute Ground of Refusal

2. The aim of the Trade Marks Bill is to modernize and streamline Hong Kong's trade marks law. This reform takes into account developments in other common law jurisdictions as well as our international obligations.

3. The reform does not seek to remove a capacity to distinguish (see Clause 3(1) of the Bill). It seeks to lower the standard of acceptability of a mark for registration and enables a mark to be registered unless it falls foul of the new Bill (i.e. the Absolute Grounds or Relative Grounds). The significance of the term 'devoid of distinctive character' is set out in the Annex to the Deacons paper.

4. The proposal by ITMP to delete Clause 10(1)(b) and replace it with "trade marks which are not capable of distinguishing the goods and services of one undertaking from those of another undertaking" is not

understood. This same proposal is already in Clause 10(1)(a). The proposal to amend Clause 10 is not acceptable. A trade mark is only registrable if it does not breach Clauses 10 and 11 and survives any opposition that may be launched against an application.

#### Clause 11(8) - Letter of Consent

5. We recognise that in most cases consent will enable a mark to be registered. However, in some cases it may not be possible to accept an application (for an identical mark and goods) even with the consent of the owner of an earlier mark. This is particularly so if the goods concerned are pharmaceuticals in order to avoid confusion.

#### Clauses 17 and 77

##### *(a) Confusing Similarity – Clause 17*

6. We do not understand the view of the ITMP. Clause 17(2) deals with an identical sign which is used on similar goods or services. The element of confusion is necessary to establish infringement (Clause 17(2)(b)). It is also necessary under the current Trade Marks Ordinance (Cap.43) in the case of identical (or nearly resembling) marks and identical goods (or goods of the same description) (Sections 27(1), 27A(1)), Section 2(4)).

##### *(b) Comparative Advertising – Clause 17(7)*

7. The comparable section in the UK Trade Marks Act 1994 (Section 10(6)) has now been explained in two important English High Court decisions. We do not think it necessary to change clause 17(7) as we can rely on the English decisions for guidance on the application of the provision. A more detailed analysis is at the Annex to the Deacons paper.

##### *(c) Rules of Evidence – Clause 77*

8. We consider it important to retain this provision. A detailed analysis is at the Annex to the Deacons paper.

#### Section 24 - Groundless Threats

9. Article 8(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) provides that “Appropriate measures, provided that they are consistent with the provision of this Agreement,

may be needed to prevent the abuse of intellectual property rights...”. Hong Kong has to comply with the requirements under TRIPS.

10. There is no intention to exempt a legal advisor. This has not been done in the UK Trade Marks Act 1994 (Section 21), the Singapore Trade Marks Act 1998 (Section 35), or the Irish Trade Marks Act (Section 24). There is no such exemption in the Registered Designs Ordinance (Section 57), or the Patents Ordinance (Section 89). The request for an exemption for legal advisors raises other issues. For example, why should legal advisors only and not other trade mark agents be exempt? In addition, ITMP’s proposed Clause 24(7) would exempt a member of ITMP, but not all trade mark agents practising in Hong Kong are members of ITMP.

11. We feel that no lawyer or trade mark agent would threaten an action where there were no grounds of action. There are already adequate safeguards as set out in Clause 24(5) and (6).

#### Clause 40(3) and Clause 62(5) - Extensions of Time

##### *(a) Examination of a Trade Mark Application (Clause 40(3))*

12. It has been our intention that the time referred to in Clause 40(3) will be specified in the Work Manual of the Registry’s practices which is being prepared. This approach is being used by the United Kingdom and we understand this is working well. This approach has the merit of flexibility in that changes in response time can be changed relatively simply. However, in view of the various responses received, we shall consider whether the “specified period” in Clause 40(3) should be set out in the Trade Marks Rules.

##### *(b) Opposition Proceedings (Clause 62(5) of the Rules)*

13. The Notice of Opposition is a relatively simple document to prepare. We do not agree that extensions of time should be granted to file a Notice of Opposition. One of the purposes of bringing in a new trade marks law is to streamline procedures so that speedier registration of marks can be obtained. The Registrar does not wish to have a situation where files stay dormant pending some worldwide settlement which may be years in the making. A settlement is always possible after a Notice of Opposition has been filed.

14. The proposal as set out in the draft Trade Mark Rules is identical to the law in the United Kingdom and Ireland. By contrast, a maximum of only 4 months is allowed in Singapore for filing a Notice of Opposition. It appears that the United Kingdom is contemplating a “cooling-off period” in this respect, and we will be exploring this idea further to see if it is suitable for Hong Kong.

#### Clause 87 - Register of Trade Mark Attorneys

15. It is obviously premature to plan for such a Register of Trade Marks Attorneys in the absence of any professional body providing the proper training. It would be impractical to consider legislation when the basic outline of such a scheme has not been properly thought out. This is a matter for future consideration and, if need be, amending legislation.

#### Clause 88(2) - Saturday as an “Excluded Day”

16. “Saturday” is a working day in Hong Kong and we do not agree that this should be an excluded day. Most institutions are open for business. As a matter for comparison, “Saturday” is not an excluded day in Singapore.

### **Issues Raised by the ITMP in Part II of their Submission**

#### Clause 16(2)(a) - References to infringing goods, materials or articles

17. Clause 16(2) sets out the different circumstances under which goods will be “infringing”. There is no “loophole” in Clause 16(2). Before a mark is registered, the offending “goods” are quite rightly outside the scope of Clause 16(2), and the mark owner’s remedy lies in passing off.

#### Clause 17(7) - “honest practices of industrial or commercial matters”

18. The wording of the clause merely reflects that of Article 10*bis*(2) of the Paris Convention which Hong Kong is bound as a member of the WTO to observe under the TRIPS Agreement. This is in line with the approach taken by a number of common law jurisdictions, e.g. the UK and Ireland.

Clause 27(4)(a) - Registration of transactions affecting registered trade marks

19. To interpret the term “date of the transaction” in Clause 27(4), Clause 27(2) is relevant. “Registrable transactions” cover a wide range of scenarios under Clause 27(2), namely, assignment, the grant of a licence, the granting of a security interest, the making of an assent, and the court order, respectively.

20. The date of the transaction in these cases is therefore, respectively, the date a trade mark is assigned, the date a licence is granted, the date the security interest is granted, the date the assent is made (not the date on which property passes; in the case of property passed under a will, this would be the date of death) and the date of the court order.

21. The interpretation of the date of the transaction is therefore amply clear and no amendment is required. If we were to amend “date of transaction” to “date of instrument”, we might infer that “back dating” (namely, signing the instrument today and stating in it that the transfer of ownership of the trade mark was effective two years ago) is permissible. This would defeat the object of Clause 27(4), which is to encourage the registration of the transaction.

Clauses 42(1) and 43(2) - Publication and notice of opposition and publication of withdrawal of application

22. No time limits are specified in the Bill as these will be set out in the draft Trade Marks Rules.

Clause 48(6) - Renewal of registration

23. The registered owner would effectively have more than 12 months to renew or restore his registration. The onus is on the owner of a trade mark to renew his registration. Restoration after a considerable period of time could unfairly prejudice the rights of intervening applications.

Clause 53(2) - Alteration of registered trade marks

24. Under Section 51(1) of Cap 43, a registered trade mark may be altered or added “in any manner not substantially affecting the identity

thereof ...” Arguments often arise as to whether an alteration “substantially affects” the identity of a mark. In practice, any such alteration requires re-searching the trade mark register which is equivalent to processing a fresh application.

25. The purpose of Clause 53(2) of the Trade Marks Bill is to avoid such arguments by restricting the scope of alteration. We consider that if an applicant wishes to make substantive changes to a registered mark, he has the option of filing another application. Alternatively, he may wish to rely on Clause 50(3) of the Trade Marks Bill, where it states that “use” of a trade mark includes use in a form which differs in elements which do not alter the distinctive character of the trade mark in the form in which it was registered.

26. The changes reflected in Clause 53(2) of the Bill are mirrored in respect of the making of an application for trade mark (Clause 44). Clause 44 only allows amendment of an application in limited circumstances, e.g. to make minor corrections (Clause 44(3)). The purpose is to cut down on endless arguments on what could be amended. The Hong Kong approach is mirrored in the UK Trade Marks Act 1994 (Section 44(2)) and the Singapore Trade Marks Act 1998 (Section 20(2)).

#### Clauses 50(2)(c) and 50(8) - Revocation and variation of registration

27. Clause 50(2) is mirrored in Section 46(1)(c) of the UK Trade Marks Act 1994. It is difficult to see how a 3-dimensional device mark can become common in the trade for referring to goods or services as suggested by the ITMP.

28. Clause 50(8) originates from Section 39(1A) of the Trade Marks Ordinance (Cap.43). It is intended to put beyond doubt that one can use a mark even though the services or goods represented by the mark are to be provided outside of Hong Kong.

#### Clause 69 - Proceedings before the Registrar

29. We do not agree with ITMP that the clause is unclear on witnesses. On the contrary, it is self-evident that the parties may request the Registrar to summon witnesses for the purpose of the proceedings.

Clause 66 - Information relating to applications and registered trade marks

30. We have agreed to the ITMP's request previously to remove the distinction between regular trade mark searches and proprietorship searches. This will be addressed in the draft Trade Marks Rules.

Trade and Industry Bureau

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