

Bills Committee on Trade Marks Bill

**Extracts on Clause 3 - “capable of distinguishing” and
Clause 10 - “devoid of distinctive character”**

(As at 14 January 2000)

I Bill

3. Meaning of “trade mark”

(1) In this Ordinance, a “trade mark” (商標) means 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.

(2) Without affecting the generality of subsection (1), a trade mark may consist of words (including personal names), indications, designs, letters, numerals, figurative elements, the shape of goods or their packaging, a combination of colours and any combination of such signs.

(3) A sign may constitute a trade mark even though it is used in relation to a service ancillary to the trade or business of an undertaking and whether or not the service is provided for money or money’s worth.

(4) Unless the context otherwise requires, references in this Ordinance to a trade mark shall be construed as including references to a certification mark, collective mark and defensive trade mark.

Grounds for refusal of registration

10. Absolute grounds for refusal of registration

(1) Subject to subsection (2), the following shall not be registered—

- (a) signs which do not satisfy the requirements of section 3(1) (meaning of “trade mark”);
- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs which may serve, in trade or business, to designate the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or rendering of services, or other characteristics of goods or services; and
- (d) trade marks which consist exclusively of signs which have become customary in the current language or in the honest and established practices of the trade.

(2) A trade mark shall not be refused registration by virtue of subsection (1)(b), (c) or (d) if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.

(3) A sign shall not be registered as a trade mark in relation to goods if it consists exclusively of—

- (a) the shape that results from the nature of the goods themselves;
- (b) the shape of goods that is necessary to obtain a technical result; or
- (c) the shape that gives substantial value to the goods.

(4) A trade mark shall not be registered if it is—

- (a) contrary to accepted principles of morality; or
- (b) likely to deceive the public.

(5) A trade mark shall not be registered if, or to the extent that—

- (a) its use is prohibited in Hong Kong under or by virtue of any law; or

(b) the application for registration of the trade mark is made in bad faith.

(6) A trade mark shall not be registered if, or to the extent that, it consists of or contains—

- (a) the national flag or its design;
- (b) the national emblem or its design;
- (c) the regional flag or its design; or
- (d) the regional emblem or its design.

(7) A trade mark shall not be registered in the cases specified in section 62 (national emblems, etc.) and section 63 (emblems, etc., of certain international organizations).

(8) Where the grounds for the refusal of registration exist in respect of only some of the goods or services for which the application for registration is made, the refusal shall apply to those goods or services only.

(9) For the purposes of subsection (6)—

“national flag” (國旗) and “national emblem” (國徽) have the same meaning as in the National Flag and National Emblem Ordinance (116 of 1997);

“regional flag” (區旗) and “regional emblem” (區徽) have the same meaning as in the Regional Flag and Regional Emblem Ordinance (117 of 1997).

II UK Trade Marks Act 1994

REGISTERED TRADE MARKS

Introductory

1.—(1) In this Act a “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.

A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.

(2) References in this Act to a trade mark include, unless the context otherwise requires, references to a collective mark (see section 49) or certification mark (see section 50).

Grounds for refusal of registration

3.—(1) The following shall not be registered—

- (a) signs which do not satisfy the requirements of section 1(1),
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.

(2) A sign shall not be registered as a trade mark if it consists exclusively of—

- (a) the shape which results from the nature of the goods themselves,
- (b) the shape of goods which is necessary to obtain a technical result, or
- (c) the shape which gives substantial value to the goods.

(3) A trade mark shall not be registered if it is—

- (a) contrary to public policy or to accepted principles of morality, or
- (b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).

(4) A trade mark shall not be registered if or to the extent that its use is prohibited in the United Kingdom by any enactment or rule of law or by any provision of Community law.

(5) A trade mark shall not be registered in the cases specified, or referred to, in section 4 (specially protected emblems).

(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.

III. Submissions

(a)(i) Deacons (CB(1)1970/98-99)

1. Inherent distinctiveness - Clause 3

Our concerns are that:

1. the wording of Clauses 3(1) and 10(1) & (2) may in combination be interpreted as requiring that a sign possess inherent capacity to distinguish in order to qualify as a trade mark;
2. the use of two different terms referring to the distinctiveness of mark, namely “capable of distinguishing” in clause 3 (1) and “devoid of distinctive character” in Clause 10(1)(b) lends itself to the conclusion that the terms are not identical in meaning.

2. Devoid of any distinctive character - Clause 10

The provisions of Clause 10(1) of the Bill arguably apply a much lower standard of distinctiveness than under the current Ordinance. The expression “devoid of any distinctive character” on the face of it would exclude from registration only marks wholly lacking in any distinctive character that cannot be proven to have acquired distinctiveness through use. Where a mark has some distinctive character, no matter how small, it should qualify for registration.

We must carefully consider firstly if this is what is really intended to be introduced into the Hong Kong law and secondly whether the new tests are in the best interests of Hong Kong.

It is believed a test of capable of becoming distinctive may be better for Hong Kong.

Inherent distinctiveness

Clause 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 clause 3(1), particularly when read in conjunction with Clause 10(1), may be construed as adding an additional element to the registrability of mark which was not intended by the Bill, namely that a sign must have some inherent capacity to distinguish.

A sign must satisfy the definition of a trade mark before the question can be asked whether it possesses sufficient distinctiveness to qualify for registration under Clause 10(1). If it fails on this first count, the provisions of sub-Clauses (b), (c), and (d) do not come into play. The issue is to be determined as at the application date and without any account of evidence of use¹. Clause 3(1) requires a sign to be capable of distinguishing. This suggests that prima facie the sign must be capable of distinguishing in order to qualify as a mark and the issue of use cannot be taken into account. Does this therefore serve to retain in the new Bill the requirement that a mark have an inherent capacity to distinguish as of the application date? It is submitted that arguably it does.

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

Clause 10(1) specifies what should be refused registration. Clause 10(1)(a) refers to signs which do not satisfy the definition of trade mark in Clause 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 Clause 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 Clause 3(1). These words seem to introduce a distinctiveness requirement into the definition section in addition to different distinctiveness requirements for registrability purposes in Clause 10(1)(b), (c), and (d). Moreover, because of the specific exclusion of Clause 10(2) to clause 10(1)(a) that distinctiveness requirement in the definition section is arguably an inherent requirement.

If the intention of the Bill is:

¹ *Clause 10(2)*

- (a) to define trade marks in Clause 3(1) as signs intended to distinguish the goods or services of one proprietor from those of another and which can be represented graphically; and
- (b) to set the standards for distinctiveness in Clause 10(1)(b), (c) and (d),

this may be better or more clearly achieved by replacing the words “capable of distinguishing” in Clause 3(1) with words such as “any sign for the purpose of distinguishing the goods or services of one undertaking ...” or even “any sign for distinguishing the goods or services of one undertaking...”.

draft

This wording removes the potential risk of a Court requiring that a sign possess inherent capacity to distinguish before it can be considered to be a trade mark and also the ambiguity arising from the 2 distinctiveness tests.

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.*².

In his decision Jacob J. said of the corresponding UK provisions³:

“But what about *capable of distinguishing*? Does this add any requirement beyond that found in Section 3(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 fall 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”.

Jacob J. 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 sub-Clauses (b), (c), and (d) of Clause 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 *obiter* and he was not called upon to specifically consider in that case whether the mark actually constituted a trade mark within the meaning of the Act or whether any connection existed between UK Sections 1(1) and 3(1)(a). These issues have not been considered before the UK Courts and even if they had been any decisions would not be binding on a Hong Kong Court.

² [1996] RPC 281

³ *Supra* at page 305

These clauses are clearly open to interpretation. It is not Hong Kong’s intention to re-enact the requirement that a mark must possess some degree of inherent distinctiveness to be registrable, even though it may be 100% distinctive in fact. This ambiguity must be clarified before the new law is enacted.

Devoid of any distinctive character

Clause 10(1)(b) refers to the expression “devoid of any distinctive character”. This is a new test for Hong Kong and has been taken from the new UK Act. The words at face value would suggest that any mark which has a degree of distinctive character, no matter how small, should be regarded as inherently distinctive. It is unlikely that this is the intention behind the new law. It is also arguable whether it is in Hong Kong’s interests to introduce a new test for distinctiveness when we could adopt the “capable of becoming distinctive” test which is already known to us and has been judicially considered.

Jacob J. in the *British Sugar* case⁴ considered the meaning of “devoid of any distinctive character” and stated that it is “the sort of word (or other sign) which cannot do the job of distinguishing without first educating the public that it is a trade mark”⁵. He then went on to consider the effect of the UK equivalent to our Clause 10(2) and stated: “The proviso really means “has the mark acquired a sufficiently distinctive character that the mark has really become a trade mark””⁶. He concluded that in the case of a highly descriptive mark, such as TREAT, compelling evidence is required to establish factual distinctiveness.

This test has so far been accepted in the UK and has also been referred to in Australian decisions⁷.

The Australians have adopted distinctiveness criteria based upon the phrase “capable of distinguishing”. To what extent the Australian test of distinctiveness differs from the UK position has not been judicially determined, but to date the decisions from the respective jurisdictions appear to be applying similar criteria.

It is important to consider whether it is appropriate for Hong Kong to adopt the UK test of “devoid of any distinctive character”. We must consider how that phrase may be interpreted in Hong Kong. Does it really only exclude from registration marks which are totally devoid of distinctiveness or is it more in line with the existing Part B concept of capable of becoming distinctive? On the face of the words, the test is lower than the Part B test. Would Hong Kong prefer to stay with the stricter Part B test?

We must consider whether it is appropriate for Hong Kong to adopt a new basis of distinctiveness that has not been tested in the Hong Kong courts. Companies are not often prepared to take trade mark matters to the court for interpretation in Hong Kong. This means that we will be relying upon interpretation of the new provisions by the Registry. This is not in the public interest. Moreover, out of necessity, the Registry

⁴ *Supra*

⁵ *Supra at page 306*

⁶ *Supra at page 306*

⁷ *See for example: Re Chocolaterie Guylian N. V. [1999] ATMO 28*

must look to the UK for guidance and this may also not be in the interests of or at times even relevant to Hong Kong as the UK position is influenced very largely by the European dimension.

We must consider whether Hong Kong might not be better staying with a Part B type test, perhaps such as the test adopted in the new Australian legislation. This would provide us at the outset with a known and judicially tested definition and possibly also a body of new Australian case law to look to which is not influenced by external factors such as those affecting the UK law.

We must consider whether it is in our interests to move into a position of uncertainty that may only be clarified by decisions from our own Courts, which may be few and far between? It will also be some time, perhaps years, before any useful bank of Registry precedents exists.

We must consider what marks we wish to regard as being inherently distinctive. Perhaps before deciding whether the UK criteria is best for Hong Kong, the Registry should, as a starting position, draft a practice manual setting out those types of marks to be considered as inherently registrable and those to be regarded as inherently non-distinctive. This is an exercise that has never been done in Hong Kong as we have had the luxury of being able to rely on the old UK Work Manual. However, it would assist us in determining what the right standard of distinctiveness is for us.

Now that Hong Kong has severed its ties from the UK, we should think carefully about what suits us as an independent jurisdiction, taking into account our links with China politically and geographically, our court system and the realities of trade mark registration and protection here. Only then can we properly decide whether we should use the UK tests for distinctiveness, adopt the “Part B” criteria as the Australians have done or adopt our own test for distinctiveness.

(ii) Administration's Response (CB(1)302/99-00(01))

Three points were made in respect of clauses 3 and 10 of the Trade Marks Bill, which relate to the definition of a “trade mark” and the absolute grounds for refusal of an application to register a trade mark —

- (a) clauses 3(1), 10(1) and (2) may be interpreted as requiring a sign to possess inherent capacity to distinguish;
- (b) “capable of distinguishing” and “devoid of distinctive character” not identical; and
- (c) “capable of becoming distinctive” a better test.

Government's Response

2. Clause 3(1) of the Bill is based on Section 1(1) of the UK Trade Marks Act 1994. The wording of clause 3(1) enables Hong Kong to comply with its obligations under the TRIPS Agreement. Article 15(1) of the agreement defines a trademark as “Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings...”.

3. We do not agree that clause 3(1) and clause 10(1) introduce the additional element that “a sign must have some inherent capacity to distinguish”. Clause 3(1) merely sets out the requirements that a sign must function as a trade mark if it is to be considered for registration. As the definition of a trade mark is so broad that it includes any sign, there is a need to state that the sign fulfills the purpose of a trade mark, i.e. by indicating the origin of goods. This is the purpose of clause 3(1). This is not a new requirement. The same requirement is present in section 2(1) of the Trade Marks Ordinance (Cap. 43) (see definition of a

trade mark relating to goods and services).

4. Indeed, the Trade Marks Bill has omitted precisely the notions of “an inherent adaptability to distinguish” or “an inherent capacity to distinguish”. These notions could be found in sections 9(3) and 10(2) of Cap. 43, and have led to the absurd situation where marks that were perfectly distinctive in fact could be rejected (see YORK Trade Mark [1984] RPC 231). This anomaly will be rectified under the Bill where a mark not considered distinctive can become distinctive through use (clause 10(2)).

5. It is necessary to retain both clauses 3(1) and 10(1)(a). Clauses 3(1) and 10(1)(a) together mean that the Registrar must be convinced that the mark indicates origin of goods. If it does not satisfy this first criterion, the application of the mark must be rejected. Nonetheless, even if the mark does satisfy this first criterion, the mark still has to be distinctive before it could be registered.

6. Clause 3(1) of the Bill was adopted from section 1(1) of the UK Trade Marks Act 1994. The meaning of “capable of distinguishing” and “devoid of distinctive character” under the UK Trade Marks Act 1994 has now been explained in a number of UK cases. This has provided some clear guidance on the interpretation of the two phrases.

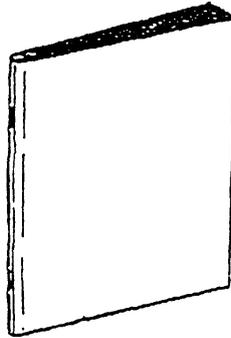
- (a) A mark must be a sign which can be graphically represented. A sign has been defined as being something that conveys information (Philips Electronics BV v Remington Consumer Products [1998] RPC 283, page 298). “Graphically represented” conveys the idea that the mark can be recorded and published in a permanent form. It also carries the idea that a clear description of the sign must be given (Application for “Blue Bottle” held to fail for this reason (TY Nant Spring Waters Ltd’s Trade Mark Application [1999] RPC 392)).
- (b) The test to be satisfied to see whether a sign is “capable of distinguishing” has been explained in *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281, at page 305:

“Thus, capable of distinguishing means whether the mark can in fact do the job of distinguishing” (per Jacob. J).

- (c) In AD2000 Trade Mark [1997] RPC 168, Geoffrey Hobbs QC in discussing Section 1(1) of the UK Trade Marks Act 1994 said :

“This implies that the requirements of section 1(1) [of the UK Act] are satisfied even in cases where a sign represented graphically is only “capable” to the limited extent of being “not incapable” of distinguishing goods or services of one undertaking from those of other undertakings” (page 173).

- (d) In Wickes Plc's Trade Mark Application [1998] RPC 698, one of the grounds for rejecting the following application (made in a number of classes (including Class 16 for publications)) for a 3 dimensional booklet was that the mark had no capacity to distinguish.



Mr Allan James said “there appears to me to be a more fundamental problem with the applicant's evidence. It does not in my judgement, establish that the relevant public regard the sign applied for as a badge of origin – as a trade mark.” (page 706).

- (e) A mark that cannot function as a trade mark should fall foul of the Absolute Grounds (see clause 10(1)(a)).

As regards the argument on the notion of “Devoid of Distinctive Character”, it should be noted that “distinctive character” has been discussed in the following UK cases.

- (a) Jacob J. said in Philips Electronics BV v Remington Consumer Products [1998] RPC 283 :

“Thus I think the real question here is whether there is factual bar preventing the sign from really being distinctive. I think the test for this is to ask whether, no matter how much the sign may be used and recognized, it can really serve to convey in substance only the message: “here are a particular trader’s goods” (page 301).”

- (b) Geoffrey Hobbs QC discussed “distinctive character” in AD 2000 Trade Mark [1997] RPC 168 at page 175):

“Two points identified by Jacob J. in *British Sugar Plc v James Robertson & Sons Ltd* (supra) should be borne in mind in this connection. First (page 302) that for a sign to be distinctive of a person’s goods or services in the required manner it must generally speaking be incapable of application (meaning fair and honest application) to the goods or services of anyone else: see further *The Canadian Shredded Wheat Co Ltd v Kellogg Co of Canada Ltd* (1938) 55 RPC 125, 145 lines 42 to 46 per Lord Russell. Second (page 306) that a sign does not possess enough of a distinctive character for the purposes of section 3(1) if people exposed to the use of it are not generally likely to regard it as something which provides an indication as to the provenance of the goods or services with reference to which it is used.”

8. What constitute “distinctiveness” will have to depend on the facts of each case. There have been, historically, marks involving letters of the alphabet, numerals and geographical locations which have not been regarded as distinctive. Clauses 10(1)(c) and (d) are prime examples of marks which are not regarded as distinctive. It is also clear from clause 10(2) that “use” can enable an indistinctive mark to be registered.

9. We feel that the requirements of clauses 3(1) and 10(1) of the Bill are not contradictory but logically follow. The wording of clause 3(1) follows wording that appears in the TRIPS Agreement (Article 15). It incorporates suitable wording that appears in the UK Trade Marks Act 1994 (section 1(1)), the Irish Trade Marks Act 1996 (section 6(1)) and the Indian Trade Marks Bill (section 2). Similar wording also appears in the Singapore Trade Marks Act 1998 (section 2).

draft

10. The interpretation given to the UK equivalent of clauses 3(1) and 10(1) by the UK courts shows a sensible interpretation. There is no reason why the UK approach should not work in Hong Kong. To introduce a new test “capable of becoming distinctive” as suggested by Deacons serves no useful purpose other than to isolate Hong Kong from developments that have taken place elsewhere in the common law world.

11. Deacons have questioned whether it is appropriate for Hong Kong to adopt the “devoid of any distinctive character” test. It should be noted that in a consultation paper issued in 1993, we have proposed essentially the same definition of a trade mark as is now set out in the Bill. The “Absolute Grounds for Refusal of Registration” were also proposed to include the same phrase “trade marks which are devoid of any distinctive character”. The only comment received on the “devoid of any distinctive character” test was that it should be expanded to all grounds referred to in the Absolute Grounds (Law Society). In any case, the concept of “use” will not be relevant in a case where a sign does not function as a trade mark.

12. Deacons have also questioned whether Hong Kong might not be better off were we to adopt only the current “Part B” test. This would entrench the idea of requiring marks to have some inherent capacity to distinguish. (See section 10(2) of the Trade Marks Ordinance). As we have explained in the foregoing, such an approach should be discarded because it prevents the registration of marks even though they are perfectly distinctive in fact (see YORK case).

13. It is submitted that the tests adopted in the Bill (capable of distinguishing/distinctive in character) are in the circumstance the best for our trade mark registration regime. The tests have already been thoroughly argued before and analysed by the Courts in the United Kingdom. The interpretations given there will provide the guidance needed by practitioners in Hong Kong, and indeed throughout the common law jurisdictions.

(iii) Deacons' Second Response to the Administration (CB(1)698/99-00)

1. Clauses 3 and 10

No.3: Unfortunately, the Government has failed to appreciate the point which we have made on the issue of inherent distinctiveness. Paragraphs 2-7 of the Government's Response are therefore largely irrelevant.

We acknowledge that the intention of the provisions is to remove the requirement that a mark must possess at least some degree of inherent distinctiveness to be registrable. We agree with that position. Our concern is that the wording of Clauses 3(c) and 10(1) & (2) in combination may lead to the interpretation that in order to qualify as a trade mark a sign must be inherently capable of distinguishing.

In paragraph 8 of the Government's Response, the Government states "[i]t is also clear that from Clause 10(2) that "use" can enable an indistinctive mark to be registered". The point made in Deacons' original submissions was that if a sign does not first qualify as a "trade mark" under Clause 3(1) of the Bill, the provisions of Clause 10 will not even come into play. In order to clear up this inconsistency, Clause 3(1) of the Bill should extend the definition of a "trade mark" to signs which are either capable of distinguishing or which are capable of acquiring distinctiveness through use. As it presently stands, the Clause does not take into account the second eventuality.

draft

(b)(i) ITMP (CB(1)1953/98-99)

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.

drafting

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.

drafting

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).

drafting

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).

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.

(ii) Administration's Response (CB(1)676/99-00(04))

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.

drafting

(c)(i) International Trademark Association (CB(1)1903/98-99)

Our comments on the substantive points follow our earlier comments on the draft:

Section 3 - meaning of "trademark" - we note that the definition of trademark has been amended to include marks which are "capable of being represented graphically" (S.3(1)); however we note S.3(2) that sound, smell and taste marks are not specifically mentioned. We note the IPD's response that "use of the word sign in S.3(1) is wide enough to include sound, smell and taste marks". We accept that this may be so: however, we believe that it would make matters clearer if this were specifically stated in S.3(2). Of course, such marks would have to satisfy the registrability criteria in SS.3(1), 10 and 11. The International trend is to specifically include such marks in the legislation.

draftin

(ii) Administration's Response (CB(1)676/99-00(03))

Meaning of “Trade Mark”

2. The definition of “sign” is a broad one (Clause 3(1) Trade Marks Bill). Clause 3(2) of the Trade Marks Bill states certain examples of what can be trade marks but makes it clear that this is “without affecting the generality of subsection (1)...” This approach has been adopted in the UK Trade Marks Act 1994 (Section 1), the Irish Trade Marks Act 1996 (Section 6), the Singapore Trade Marks Act 1998 (Section 2) and the South African Trade Marks Act 1993 (Section 2).

3. However, we have no objection to referring to sound and smell marks in Clause 3(2) and will propose a Committee Stage Amendment to this effect. We do not propose to make a reference to “taste” in the clause, however, as it is a more controversial item. The leading reference text on the UK Trade Marks Act 1994 contains a criticism on this issue (Kitchin and Mellor, page 26-15). We consider that it will be more appropriate to leave the law to develop on this point.@drafti

IV TRIPS Agreement

(a) Article 15 - Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

(b) Paris Convention

Article 6^{quinquies}

[Marks: Protection of Marks Registered in One Country
of the Union in the Other Countries of the Union]

A. - (1) Every trademark duly registered in the country of origin shall be accepted for filing and protected as is in the other countries of the Union, subject to the reservations indicated in this Article. Such countries may, before proceeding to final registration, require the production of a certificate of registration in the country of origin, issued by the competent authority. No authentication shall be required for this certificate.

(2) Shall be considered the country of origin the country of the Union where the applicant has a real and effective industrial or commercial establishment, or, if he has no such establishment within the Union, the country of the Union where he has his domicile, or, if he has no domicile within the Union but is a national of a country of the Union, the country of which he is a national.

B. - Trademarks covered by this Article may be neither denied registration nor invalidated except in the following cases:

1. when they are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed;
2. when they are devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed;
3. when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public. It is understood that a mark may not be considered contrary to public order for the sole reason that it does not conform to a provision of the legislation on marks, except if such provision itself relates to public order.

This provision is subject, however, to the application of Article 10^{bis}.

C. - (1) In determining whether a mark is eligible for protection, all the factual circumstances must be taken into consideration, particularly the length of time the mark has been in use.

(2) No trademark shall be refused in the other countries of the Union for the sole reason that it differs from the mark protected in the country of origin only in respect of elements that do not alter its distinctive character and do not affect its identity in the form in which it has been registered in the said country of origin.

D. - No person may benefit from the provisions of this Article if the mark for which he claims protection is not registered in the country of origin.

E. - However, in no case shall the renewal of the registration of the mark in the country of origin involve an obligation to renew the registration in the other countries of the Union in which the mark has been registered.

F. - The benefit of priority shall remain unaffected for applications for the registration of marks filed within the period fixed by Article 4, even if registration in the country of origin is effected after the expiration of such period.

Prepared by

Legal Service Division
Legislative Council Secretariat
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