

Bills Committee on Trade Marks Bill**Extracts on Clause 7 - “reference to use likely to cause confusion” and Clause 17 (excluding clause 17(7)) - “infringement of registered trade mark”**

(As at 26 January 2000)

I Bill
Clause 7**7. References to use likely to cause confusion**

(1) For greater certainty, in determining for the purposes of this Ordinance whether the use of a trade mark is likely to cause confusion on the part of the public, the Registrar or the court may take into account all factors relevant in the circumstances, including whether the use is likely to be associated with an earlier trade mark.

(2) For greater certainty, in determining for the purposes of this Ordinance whether the use of a sign is likely to cause confusion on the part of the public, the Registrar or the court may take into account all factors relevant in the circumstances, including whether the use is likely to be associated with a registered trade mark.

Clause 17**17. Infringement of registered trade mark**

(1) A person infringes a registered trade mark if he uses in the course of trade or business a sign which is identical to the trade mark in relation to goods or services which are identical to those for which it is registered.

(2) A person infringes a registered trade mark if —

- (a) he uses in the course of trade or business a sign which is identical to the trade mark in relation to goods or services which are similar to those for which it is registered; and
- (b) the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public.

(3) A person infringes a registered trade mark if —

- (a) he uses in the course of trade or business a sign which is similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered; and
- (b) the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public.

(4) A person infringes a registered trade mark if —

- (a) he uses in the course of trade or business a sign which is identical or similar to the trade mark in relation to goods or services which are not identical or similar to those for which the trade mark is registered;
- (b) the trade mark has a reputation in Hong Kong; and
- (c) the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

(5) For the purposes of this section a person uses a sign if, in particular, he—

- (a) applies it to goods or their packaging;
- (b) offers or exposes goods for sale under the sign;

- (c) puts goods on the market under the sign;
- (d) stocks goods under the sign for the purpose of offering or exposing them for sale or of putting them on the market;
- (e) offers or supplies services under the sign;
- (f) imports or exports goods under the sign; or
- (g) uses the sign on business papers or in advertising.

(6) Notwithstanding subsection (5), a person who applies or causes to be applied a registered trade mark, or a sign similar to a registered trade mark, to material which is intended to be used—

- (a) for labelling or packaging goods;
- (b) as a business paper; or
- (c) for advertising goods or services,

shall be treated as a party to any use of the material which infringes the registered trade mark if, at the time the trade mark or sign was applied to the material, he knew or had reason to believe that its application to the material was not authorized by the owner of the registered trade mark or by a licensee.

II UK Trade Marks Act 1994

10.—(1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because—

- (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or
- (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

(3) A person infringes a registered trade mark if he uses in the course of trade a sign which—

- (a) is identical with or similar to the trade mark, and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(4) For the purposes of this section a person uses a sign if, in particular, he—

- (a) affixes it to goods or the packaging thereof;
- (b) offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers or supplies services under the sign;

- (c) imports or exports goods under the sign; or
- (d) uses the sign on business papers or in advertising.

(5) A person who applies a registered trade mark to material intended to be used for labelling or packaging goods, as a business paper, or for advertising goods or services, shall be treated as a party to any use of the material which infringes the registered trade mark if when he applied the mark he knew or had reason to believe that the application of the mark was not duly authorised by the proprietor or a licensee.

III. Submissions

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

1. Confusing similarity - Clause 17

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

Under Clause 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 Clause 17(2)(b) be deleted or otherwise be revised so that the text for infringement returns to provide the relief was available under the Trade Marks Ordinance (as amended by the WTO Amendment Ordinance) ie no confusion is necessary.

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

Clause 17(2)

This clause 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 sub-Clause 4 of Clause 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*² for comment on the UK equivalent section.

Clause 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*³. 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 J. 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 Clause 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.

It is also recommended that Clause 7 be reviewed in the light of the interpretation of “likelihood of association” in *Wagamama*.⁴

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

I. Infringement of Registered Trade Mark - Clause 17

Issues raised by Deacons

16. Deacons recommended that clause 17(2)(b) of the Bill should be revised so that the test for infringement is the same as that under the Trade Marks Ordinance (as amended by WTO Amendment Ordinance), i.e. no "confusion" is necessary to establish infringement.

Government's Response

17. Clause 17(2)(a) deals with the use of an identical sign in relation to similar goods or services. Clause 17(2)(b) deals with confusion, which is defined in clause 7. It can be seen that the element of "confusion" is crucial because the function of a trade mark is to suggest origin. The element of confusion is already present in section 27(1) and section 27A(1) of Cap.43. Reference is also made to section 2(4) of Cap.43.

18. As regards the example of "Channel", this mark would clearly cause confusion. "Channel" could not be registered under Cap.43 or the Trade Marks Bill for perfumes if there is an earlier registered mark "Chanel". The action under the Bill is for infringement and not for passing off. The test under clause 7 of the Trade Marks Bill is "likely to confuse"; it is therefore not necessary for there to be actual instances of confusion.

19. The arguments by Deacons relating to clause 17(4) of the Bill are not understood. Clause 17(4) was brought in to enable Hong Kong to comply with Article 16(3) of TRIPS. An owner of a well-known trade mark may obtain protection in respect of identical or similar goods but has to prove likelihood of confusion (see clause 61). We do not understand Deacons' reference to Kitchin & Mellor regarding "the Trade Marks Ordinance" (page 27-31).

II. “Use likely to be associated with an earlier mark”

Issues raised by Deacons

20. Deacons asked for clause 7 to be reviewed in the light of *Wagamama Ltd v City Centre Restaurant Plc* [1995] FSR 713.

Government’s Response

21. In the “Wagamama” case, Laddie J. found that confusion meant “classic infringement”, i.e. confusion as to source or origin of goods (page 721). He went on to say “It was enough that the similarity of the marks would make a customer believe that the alleged infringer’s goods were associated with proprietor’s goods or services, for example that they were an extension of the range of goods made by the proprietor”; see *Ravenhead Brick Co v Ruabon Brick Co* (1937) 54 RPC 341 (the “Rus”/”Sanrus” case). However, even in these cases, the association had to be an association as to source or origin. In this action this type of confusion as to source has been referred to by both parties as “classic infringement.” (page 721).

22. There is no need to amend clause 7. It is clear that clause 17(2) requires the element of “confusion”, and “likelihood of association” (clause 7(2)) is included expressly as one of the circumstances which are likely to lead to confusion. This ties in with the concept of “classic infringement” which the law enshrines, and which is already the case under Cap.43.

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

Infringement of Registered Trade Mark - Clause 17

No.18: In its response, the Government appears to have confused the separate issues of registration and use of a trade mark. The example of a hawker selling “Channel” perfume in Temple Street market does not involve issues of trade mark registration. The actual issue is that such use may not necessarily result in confusion because consumers know from the circumstances of sale that these products are not genuine. In paragraph 17 of the Government’s response it is noted that the element of confusion is “crucial”. The proprietor of the Chanel trade mark may therefore be unable to bring an infringement action in circumstances of this type under the proposed law.

Paragraphs 21 and 22 of the Government's Response concluded from the decision in *Wagamama Ltd.*² that the concept of "classic infringement" has been re-established and there is therefore no need to improve the wording of Clause 17 of the Bill. Leaving aside the fact that the decision in *Wagamama* was actually based on likelihood of confusion and the discussion of the concept of "association" was *obiter*, the decision in that case calls into question whether the proposed infringement test in the Bill is any different from the test under the existing Trade Marks Ordinance.

If "association" is simply "one of the circumstances which are likely to lead to confusion", we query the need for specifically including this concept of Benelux law in Hong Kong's new Trade Mark law. There seems to be little point in carrying over the test of "likelihood of association" into the Bill if it does not bring any clear advantage or, indeed, have any separate status or effect (which seems to be the conclusion to be drawn from *Wagamama*).

We note the comments of Laddie J. in *Wagamama* "[i]n particular it is quite artificial for the court to pretend that each word of a modern statute which has been lifted more or less verbatim from an EC Directive was chosen with the economy which was believed to have been applied to the drafting of British statutes of purely domestic origin. There is no basis upon which the court can assume the original Directive was drafted so as to avoid tautology". Laddie J. went on to reject the plaintiff's argument that the meaning of "likelihood of association" is distinct from "likelihood of confusion", concluding that he could not apply English principles of interpretation to the wording of an Act for which the wording had in turn been taken from an EC Directive. The *Wagamama* case has already provoked considerable debate in Europe and the underlying issues will not be easily laid to rest. Hong Kong would be foolish to base its infringement provisions on a controversial section in the UK law which is likely to undergo frequent re-interpretation.

The fact that the imprecise wording in the United Kingdom Trade Marks Act 1994 has already required judicial consideration of the concept of “association” clearly suggests that Hong Kong should give very careful consideration to the legislative provisions concerning infringement (which are ultimately the most important provisions in the law). We maintain our view that it is extremely dangerous for Hong Kong to copy the wording of international agreements without any real understanding of their origins or effects.

- No. 19: The paradox in Clause 17(4)(a) is that the proprietor of a trade mark with a reputation in Hong Kong may only bring action under this clause where the unauthorised use is on *dissimilar* goods. If the unauthorised use is on identical goods the proprietor will, as pointed out in the Government’s Response, have to rely on the provisions of Clause 61 of the Bill. However, Clause 61 requires the proprietor to prove that the unauthorised use is likely to cause consumer confusion.

In our view, it is absurd that the owner of a well-known trade mark will have to prove that confusion may result through unauthorised use of an identical mark on identical goods, whereas no such requirement is present if the unauthorised use is on goods which are totally different from those in which the reputation has been established. This absurdity was presumably noted by the House of Lords during the committee stage of the U.K. Bill, however the attitude of the U.K.’s Bill Committee is demonstrated by the words of Lord Strathclyde, who commented that “I am doubtful whether the amendment can be reconciled with the [EC] Directive... [however] we are not here to change the Directive: we are here to try to put the meaning of the Directive into U.K. Law”.

It is helpful to refer to Kitchin & Mellor, the leading text on the United Kingdom Trade Marks Act 1994, on this point.

(a)(iv) Administration Further Response dated 26 January 2000
(CB(1)874/99-00(02))

Infringement of registered trade marks - Clause 17

6. Deacons has again referred to the example of the hawker selling “Channel” perfume in Temple Street, and suggested that the owners of “Chanel” may not be able to bring an infringement action as “such use may not necessarily result in confusion because consumers know from the circumstances of sale that these products are not genuine”.

7. The question is whether Hong Kong courts are likely to hold that there is no infringement in such cases under Clause 17(3) of the Trade Marks Bill for the reasons mentioned by Deacons. We think this is highly unlikely. The Court of Appeal has recently shown its tough approach in a criminal case, *Secretary for Justice v Lam Chi Wah CAAR 4/99*. This concerned an offence under the Trade Descriptions Ordinance. It is worth quoting the judgement of Chan CJ/HC (at page 11) -

“Mr Macrae S.C., for the respondent, has very fairly conceded that the judge might be criticized for making these remarks. The truth of the matter is that Hong Kong does suffer internationally in reputation if it is perceived both locally and internationally that these types of counterfeit goods are widespread and tolerated in Hong Kong and are punishable only by fines which represent only a certain percentage of the value of the goods. The truth of the matter is also that these well-known trade names do suffer, both directly and indirectly. The distribution and sale of counterfeit goods does have an adverse effect on the sales and business reputation of these traders. There may be people who obtain counterfeit goods thinking that they are genuine. Alternatively, counterfeit goods may be so cheap or so commonplace that they degrade the genuine goods or people simply do not fancy these genuine goods any more. Time and time again, the Court of Appeal had expressed the concern that this type of offence would adversely affect the international reputation of Hong Kong and the confidence of trading partners in the other parts of the world. We would like to add that this would also ruin the industry and integrity of those honest and diligent traders and manufacturers.”

8. On the issue of “association”, it should be noted that both the

English court (Wagamama) and the European Court of Justice have rejected the idea that the Benelux view of “association” prevails (see *Sabel v Puma 1998 RPC 199* and *Cannon Kabushiki Kaisha v Metro-Goldwyn Mayer Inc. [1999] RPC 117*).

9. Deacons has stated that “it is absurd that the owner of a well-known trade mark will have to prove that confusion may result through unauthorized use of an identical mark on identical goods, whereas no such requirement is present if the unauthorized use is on goods which are totally different from those in which the reputation has been established”. In view of Clauses 61 and 17(4) of the Trade Marks Bill, we do not agree with this view.

10. Clause 61 of the Bill deals specifically with the right of the owner of a *well-known* trade mark to prevent the use of another trade mark which is identical or similar and used on identical or similar goods and services. There must be a likelihood of confusion. Clause 61 is consistent with Article *6bis* of the Paris Convention and is also consistent with Article 4(1)(a) of the WIPO Joint Recommendation concerning the provisions on the protection of well-known marks (which also refers to the liability to create confusion).

11. Clause 17(4) deals with identical or similar marks in connection with dissimilar goods or services. The provisions are symmetrical to Clause 11(4) (of the relative grounds) and are designed to combat dishonest practices (see Article *10bis*(2) of the Paris Convention). It is also consistent with Article 16(3) of the TRIPS Agreement and Article 4(1)(b) of the WIPO Joint Recommendation on the protection of well-known marks.

12. The decision of Mr Geoffrey Hobbs Q.C. [28.9.99] on Re CA Scheimer’s failed attempt to apply for the trade mark “VISA” in respect of contraceptives is useful as an illustration and substantiates our argument. Mr Hobbs found that it was unnecessary to establish any likelihood of confusion in order to substantiate a claim under Section 5(3) of the UK Trade Marks Act 1994 (Clause 11(4) of the Trade Marks Bill). Mr Hobbs said, “Both sides agreed with the position I adopted in *Corgi TM [1999] RPC 549* that it is unnecessary for an objector to establish a

likelihood of confusion in order to substantiate an objection to registration under Section 5(3).” (see page 36). “...there would be cross-pollination between Sheimer’s use of the word VISA and Visa International’s use of the word VISA in the way I have described and that this would be detrimental to the distinctive character of Visa International’s earlier trade mark” (page 38).

(b)(i) *The Law Society of Hong Kong and
The Hong Kong Group of the Asian Patent Attorneys Association
CB(1)278/99-00(01)*

Clauses 7 and 17 - Confusion and association

We are concerned about the change in emphasis for infringement in respect of “similar” marks. The existing objective test (ie as envisaged by a judge) is “a resemblance so near as to be likely to deceive or cause confusion”. It involves no consideration of the way in which the mark is used. Under the Bill, this test is changed to a two-fold subjective requirement of similarity and use likely to cause confusion on the part of the public (see Clause 17(2)(b) and 17(2)(c)). This is a narrower test than at present and would exclude from infringement all cases where it is argued that as a result of the way in which the defendant uses the mark, the public are not actually or likely to be confused. We consider that the present test (ie so similar as to be likely to deceive or cause confusion) should be preserved.

Clause 7 further provides for confusion to be judged by reference to the concept of confusion by “association” with another mark. This is a concept borrowed from the UK Act, but for some reason different wording is used in the Bill. Section 10 of the UK Act simply states that confusion includes the likelihood of association with another mark; by contrast Clause 7 of the Bill defines confusion to include use likely to be associated with another mark. In practice, the concept of association under the UK Act has not been found to expand the meaning of confusion beyond what judges already understood it to mean.

Given Hong Kong’s commitment to broadening the extent of trade mark protection, we prefer to maintain the existing test for similar marks (ie likely to deceive or cause confusion). We also suggest a possible amendment Clause 7 to state that confusion includes use which although not actually confusing any member of the public does by reason of being associated with [an earlier trade mark under 7(1) or registered trade mark under 7(2) as the case may be] diminish the distinctive character of that mark. This reflects the existing wording of Sub-Clause 17(4) with respect to infringement of “reputable” marks used on non-similar goods or services, but it may be noted that this Sub-Clause does not extend to identical or similar goods and services.

(b)(ii) Administration Response (CB(1) 874/99-00(01))

Clauses 17 and 7 - Confusion and association

6. The Law Society and APAA have argued that the existing objective test (as envisaged by a judge) is “a resemblance so near as to be likely to deceive or cause confusion”. They claim that the Bill will change the test to a two-fold subjective requirement of similarity and use likely to cause confusion on the part of the public (see Clause 17(2)(b) and 17(2)(c)). This in their view is a narrower test than the present one and would exclude from infringement all cases where it is argued that, as a result of the way the defendant uses the mark, the public is not actually, or likely to be, confused. We submit, however, that there is no difference between the old law and what is being proposed in the Bill in relation to use likely to cause confusion.

7. Infringement is presently governed by sections 27(1) and 27A(1) of the Trade Marks Ordinance (Cap. 43). Section 27(1) provides that a registered proprietor’s exclusive rights to use a trade mark are “infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of permitted user, uses in the course of trade a mark identical with or nearly resembling it, in relation to any goods in respect of which it is registered, or in relation to goods of the same description where such use would result in a likelihood of confusion”.

8. Kerly’s Law of Trade Marks and Trade Names (12th Edition page 271) has this to say about the test in section 4 of the former UK Trade Marks Act 1938, which was essentially in the same terms as section 27(1) of our Trade Marks Ordinance : “In an action for infringement the comparison is to be made between the mark as registered, taking into account any disclaimer, and the defendant’s mark as it appears in actual use.”

9. The same approach has been taken in relation to section 10(2) of the UK Trade Marks Act 1994 (which corresponds to Clauses 17(2) and (3) of the Bill). In *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 at 293, Jacob J said : “In *Origins Natural Resources Inc v Origin Clothing Ltd* [1995] FSR 280 at 284 (which was under section 10(2) because the marks were slightly different) I said that section 10 ‘requires

the court to assume the mark of the plaintiff is used in a normal and fair manner in relation to goods for which it is registered and then to assess a likelihood of confusion in relation to the way the defendant uses its mark, discounting added matter or circumstances”. This is essentially the same test as under the old law. Thus Sir Wilfred Greene MR, in *Saville Perfumery Ltd v June Perfect Ltd and FW Woolworth Ltd*, said ‘the statutory protection is absolute in the sense that once a mark is shown to offend, the user of it cannot escape by showing that by something outside the actual mark itself he has distinguished his goods from those of the registered proprietor’. I think the rule is the same under the 1994 Act because it follows the language of section 10 which merely requires the court to look to see what sign the defendant is using and says nothing about anything else.”

10. The way the defendant uses his mark (discounting added matter or circumstances) has to be taken into account, under both the present law and under the Bill, in determining whether there is a likelihood of confusion. We do not agree with the Law Society and APAA’s arguments in relation to the adoption of the phrase “use likely to cause confusion”.

11. The Law Society and APAA have also sought to amend Clause 7. We see no need to amend the clause and the reasons are set out in paragraph 21 of the annex to our response to the submission by Deacons (issued in November 1999). To recap, Clause 7 of the Bill deals with confusion and reflects what appears in section 10 of the UK Trade Marks Act 1994. The difference in wording is to make it clear that “likelihood of association” is not an alternative to “likelihood of confusion”.

12. This view has been endorsed in *Wagamama Ltd v Centre Restaurant plc* [1995] FSR 713 at 721, where Laddie J found that confusion under the 1994 Act means “classic infringement”, that is confusion as to source or origin of goods. He referred to the position under the 1938 Act on the question of confusion as to source or origin of goods. He said, “It was enough that the similarity of the marks would make a customer believe that the alleged infringer’s goods were associated with the proprietor’s goods or services, for example, that they were an extension of the range of goods made by the proprietor, see *Ravenhead Brick Co v Ruabon Brick Co* [1937] 54 RPC 341 (the ‘Rus’/ ‘Sanrus’ case). However even in these cases, the association had to be an association as to source or origin. In this action this type of confusion as to source has been referred to by both parties as ‘classic infringement.’ Laddie J then

went on to say, "There is no dispute between the parties that such classic infringement by confusion as to the source or origin of goods or services will also constitute an infringement under section 10 of the 1994 Act." It is interesting to note that Laddie J's views have been mirrored in the European Court of Justice (see *Sabel v Puma* [1998] RPC 199 and *Canon Kabushiki Kaisha v Metro-Goldwyn Mayer Inc.* [1999] RPC 117).

13. The Law Society and APAA's proposal to create a test for confusion which includes "use" which is "not actually confusing" would not be practicable.

Clauses 10(1)(b), 10(2) and 10(3) – Marks devoid of any distinctive character and unregistrable signs and shapes

Shape

14. We do not agree with the Law Society and APAA's argument that an aspect of shape should not be excluded from registration.

15. Clause 10(3) of the Bill excludes certain shapes. This exclusion has been in our law (section 12(3) of Cap.43) since 1996. The equivalent section in the United Kingdom Trade Marks Act 1994 is discussed in *Kitchin & Mellor's Trade Marks Act 1994 Text and Commentary* at 26-21. There it is said the purpose of the section is "to strike a balance between allowing registration of shapes which do function as trade marks and preventing unjustified and restrictive monopolies of shapes and containers". This is a sensible objective. No amendment is therefore required for Clause 10(3).

16. In respect of the examples quoted, there is no constraint on registering *distinctive* shapes under the present law and there will be no constraint under the Bill either. The Coca-Cola bottle is distinctive and has been registered in Hong Kong. To quote other examples, the Remy Martin and Hennessy bottles have also been registered here.

Devoid of distinctive character (Clause 10(1)(b))

17. The Law Society and APAA have argued that Clause 10(1)(b) should be deleted. We do not agree with this proposal and have set out in detail our analysis of the legal issues and the reasons for our argument in paragraphs 2 to 13 of the annex to our response to the submission by

Deacons (issued in November 1999).

18. Nonetheless, we wish to reiterate that whether a trade mark is distinctive depends on the facts of each case. Historically, there are marks, for example, letters of the alphabet, numerals and geographical locations, which are not regarded as distinctive. To provide guidance on the practice of the Trade Marks Registry, the Intellectual Property Department will set out the relevant considerations in its Work Manual on what marks will be regarded as distinctive. Clauses 10(1)(c) and (d) contain the prime examples of marks which are not regarded as distinctive. It is also clear from Clause 10(2) that even a mark which is not distinctive could be registered through its use.

19. The interpretation given to the UK equivalent of Clauses 3(1) and 10(1) of our Bill by the UK courts has been practical and just. We consider that Clauses 3(1) and 10(1) are practical and there is no reason why their application in Hong Kong should not work. We oppose the proposal to delete Clause 10(1)(b).

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

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. | draftir

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

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)).

Also See Administration's "Paper (CB(1)334/99-00(02) on the concept of similarity)

IV TRIPS AGREEMENT (1994)

(a) Article 16 - Rights Conferred

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

2. Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

3. Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

(b) Paris Convention

Article 6^{bis}

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

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