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Tel. no. : 2918 7482
Fax no. : 2869 4420

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Clerk to the Bills Committee on Trade Marks Bill
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central

(Attn : Ms Odelia Leung)

Dear Ms Leung,

Bills Committee on Trade Marks Bill

Thank you for your letter of 19 January. Our response to the Bills Committee's requests are set out, *seriatim*, below.

To provide the proposed amendments to clause 4 on the definition of well-known marks.

We are still considering the latest communication from the World Intellectual Property Organisation on the issue of well-known trade marks. We shall submit draft Committee Stage Amendments to clarify the definition of such marks to the Bills Committee at a later stage.

To review the drafting of clause 9(3).

We are considering how best clause 9(3) should be drafted to reflect the policy intention and revert to the Bills Committee.

To clarify whether presumption of registration has ever been intended by the Bill.

One of the objectives of the Trade Marks Bill is to make it easier for owners of trade marks to obtain registration of their marks. In this respect, the Bill closely follows the UK Trade Marks Act 1994 by setting out the grounds on which a trade mark may be refused registration or declared invalid in the legislation. A presumption is created that a trade mark is registrable unless it can be shown to be contrary to one of the grounds of objection. This relieves the applicant of the onus of establishing that his trade mark falls into a particular category for registration (e.g. see section 9(1)(a) to (e) of the Trade Marks Ordinance (Cap. 43)). An applicant for a trade mark is entitled to registration unless he falls foul of particular criteria (i.e. “Absolute Grounds” or “Relative Grounds” in Clauses 10 and 11 of the Trade Marks Bill).

However, this is not meant to represent a situation where an applicant is entitled to registration under all circumstances. It is interesting to note the comments of the UK judges in this respect on the UK Trade Marks Act 1994. Geoffrey Hobbs Q.C. decided in *Eurolamb Trade Mark [1997] RPC 279* that -

- under the UK Trade Marks Act 1994 there was no presumption either way in favour or against registration. Each application had to be considered on its own merits.
- The combined effect of Section 37(4) and (5) of the 1994 Act was to eliminate the discretion which the Registrar had under the 1938 Act and required him to decide positively that the mark either was or was not registrable (the equivalent sections in the Bill are Clauses 40(4) and (5)).

To elaborate on the rationale for the policy of disallowing the registration of a sign as a trade mark if it consists exclusively of shape under clause 10(3) and to give some examples under clause 10(3)(c)

Clause 10(3) of the Trade Marks Bill reflects the existing Hong Kong trade mark law (see Section 12(3) of the Trade Marks Ordinance (Cap.43)). The clause is cast in virtually terms identical to Section 3(2) of the UK Trade Marks Act 1994. It would therefore be useful to refer

to the UK White Paper “Reform of Trade Mark Law” -

“...in accordance with Article 3(1)(e) of the Directive, the law will provide that a sign may not be validly registered if it consists exclusively of a shape which results from the nature of the goods themselves, or is necessary to obtain a technical result, or adds substantial value to the goods. The aim of this provision is to prevent the trade marks system being used to obtain an automatic and indefinite extension of the monopoly conferred by a patent, design or copyright. If a shape serves a utilitarian purpose, whether by making the product itself superior in performance or more attractive to the eye or by facilitating its manufacture, distribution or storage then, once any other intellectual property rights have ceased, others should be free to use it. If on the other hand a shape serves primarily to identify a product and to distinguish it from equivalent competing products, and does not contribute substantially to the intrinsic value of the product, then it may be registrable as a trade mark.”

Section 3(2) of the UK Act (and thus Clause 10(3) of the Trade Marks Bill) is designed to reconcile the different objectives between trade marks on the one hand, and copyright, patent and design rights on the other. As Mr Allan James said in *Dualit Limited's Trade Mark Applications [1999] RPC*, at p.320, “Section 3(2) of the Act appears to be intended to prevent permanent monopolies being created under the Trade Marks Act in signs which consist exclusively of a shape which would give the proprietor of the trade mark a permanent and substantial advantage over his potential competitors and in so doing create unacceptable distortions in the market”. Unlike copyright, patent and design rights, a trade mark, once registered, can be renewed indefinitely.

As regards the intention of Clause 10(3)(c) of the Trade Marks Bill, which is also adopted from the UK Trade Marks Act 1994, Kitchen & Mellor, a leading text on the UK trade marks law explained that “if the shape gives substantial value to the goods, then it is suggested that aspect of shape should be protected by way of protection for the design rather than any trade mark protection” (page 26-23). An example was quoted where the cutting of a diamond adds substantial value to the finished

product.

To consider the merits of adding the concept of “public order” as a ground for refusing registration under clause 10(4)(a).

We originally considered that public disorder was something that was unlikely in terms of the registration of trade marks. However, we accept that “public order” is referred to in the Patents and Designs Ordinances. We have no objection to considering introducing into the Trade Marks Bill a similar concept. One possibility, for example, is the term “public policy” used in Section 3(3)(a) of the UK Trade Marks Act 1994.

To review the drafting of clause 91(a).

As we have explained in previous submissions to the Bills Committee, we consider that Clause 91(a) will adequately empower the Chief Executive in Council to amend the list of countries or economies that are new or existing members of the Paris Convention and World Trade Organisation.

I should be grateful if you would bring the above to Members' attention.

Yours sincerely,

(Johann Wong)
for Secretary for Trade and Industry

c.c.

DIP (Attn : Mr Ray Perera)

LD (Attn : Mr Jeffrey Gunter, Ms Phyllis Poon)