

**SUBCOMMITTEE ON TRADE MARK RULES AND TRADE MARKS ORDINANCE  
(Cap 559) (COMMENCEMENT) NOTICE 2003**

**SUBMISSIONS BY THE INTERNATIONAL TRADEMARK ASSOCIATION**

**1. Introduction**

The International Trademark Association (INTA) is an international not-for-profit organisation which has been in existence for over 100 years. It has over 3,500 members worldwide in 120 countries. Its aims are to promote trade marks as essential to commerce worldwide, to help educate the public and business community about the importance of trade marks, and to provide assistance and comment on new trade mark laws and policies worldwide.

**2. Background**

2.1 INTA has previously commented on the Trade Marks Ordinance, both to the Intellectual Property Department of the Hong Kong Government, and to the Trade Marks Bill Committee, in 1999. Those submissions were made before the publication of the Trade Marks Rules. We are pleased that a number of comments made during those submissions were accepted by the Government (e.g. the criteria for the determination of well-known marks).

2.2 INTA supports the early introduction of the new law. Trade mark owners have been waiting for the legislation, which brings Hong Kong legislation into line with international standards, for a long time. However, we also believe that the concerns raised by the Association and other bodies do need to be fully taken into account and that it would be unwise to introduce the new law until these concerns have been fully addressed.

2.3 In order not to delay the introduction of the legislation unduly however, the Association wishes to restrict its comments in these submissions to one area of

extreme concern to trade mark owners worldwide: the provisions (or lack thereof) in the Rules for sufficient extensions of time.

**3. Rule 13 - Failure to Meet Requirements for Registration**

**Rule 14 - Prescribed Period Under Section 42(3)(b) of the Ordinance**

**Rule 95 - Non-extendible Time Limits**

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- 3.1 Under s.42 of the Trade Marks Ordinance (Cap 559), there are no statutory periods for extending time to take action during the application process. Rule 13 specifies a very short period of time within which the application must be completed: six months, with one final extension of three months. This is extremely onerous for trade mark owners, particularly those who reside outside Hong Kong.
- 3.2 As we understand it, the Registrar will issue an examination report, giving six months for the applicant to respond. The applicant may request one three months extension of this time limit. If the applicant fails to respond within nine months from the examination report, the application will lapse. If the applicant responds, the Registrar will either accept the application, or issue one further report. The applicant then has three months within which to request a formal hearing.
- 3.3 We believe these short time periods, without allowing more than one response from the applicant, are unfair. Such a procedure will greatly disadvantage the applicant. The current procedures allow a “dialogue” between the Registrar and the applicant. This can involve one, two or even more written submissions and may involve an informal discussion with a senior legal officer at the Registry. This is fair, as it allows the applicant to answer objections as raised, and incur further costs such as preparation of evidence of use, only when necessary.
- 3.4 For example, if the Registrar raises both citations and a “devoid of distinctive character” objection, the initial response may be to argue that the citations are inappropriate, and include legal arguments to refute the objection. If the Registrar accepts the legal arguments but retains the citation objection, the applicant may then

suggest that consent be obtained from the owner of the cited mark (which will take some time); if the citation is waived but the “devoid of distinctive character” objection remains, then the applicant can discuss with the Registrar whether evidence of use by way of a Statutory Declaration will be acceptable - if so, then this can be prepared (which will take time, and incur (often substantial) costs).

- 3.5 Under the new proposals, in the above example the applicant would be forced to both obtain a letter of consent and, if he wished to be more certain of overcoming the “devoid of distinctive character” objection, also prepare and file evidence of use. Besides this almost certainly taking longer than the six or nine month period, it would be unnecessary expense - if arguments succeed, then there would be no need to either request consent or obtain evidence of use, which in itself can be an extremely time consuming and costly exercise for the applicant.
- 3.6 We understand the desire of the Intellectual Property Department to reduce costs, and to streamline procedures, but we firmly believe that to do this at the expense of jeopardising the position of the applicant and forcing the applicant to incur unnecessary expense is not equitable, nor does it follow international practice. If the Intellectual Property Department wish to put a “ceiling” on the length of time within which an application should proceed (so as not to “clutter” the Department or the Register with cases that remain pending for many years) then it could adopt the Australian approach, whereby a term of, say 18 or 21 months be allowed for an application to proceed, subject to extensions only in extenuating circumstances.
- 3.7 It is not clear from the Rules whether only one set of submissions from the applicant is envisaged within the six or nine month period. We strongly recommend that multiple submissions be allowed, to address the situation described above, and other similar situations. If more than one set of submissions is required, then the six or nine month period currently specified in the Rules will not be sufficient time to deal with the issues.
- 3.8 INTA concur with the comments put forward by the Hong Kong Institute of Trade Mark Practitioners that the three months time limit to call for a hearing may

disadvantage the applicant, and the example quoted by the Institute is something that is very likely to happen.

- 3.9 The Rules do not seem to indicate whether informal discussions, as opposed to formal hearings, will be allowed. The Association believes that informal discussions are a very cost effective and efficient way for applicants to discuss an application with the Registrar. The costs are kept low because there are no formalities required, decisions are speedy and made by senior legal officers of the Intellectual Property Department, and the applicant can then complete the actions needed to move his application forward with some certainty. We urge that these informal discussions remain as an option for the applicant.
- 3.10 There is also a concern that in some instances, action needs to be taken that lasts considerably longer than the time periods envisaged under these proposed Rules. For example, if the Registrar raises an objection on the basis of a third party's prior application/registration, one option the applicant may wish to pursue, and should be free to pursue, is to file an opposition/rectification action against the conflicting application. Oppositions/rectifications currently take around two years to complete. It would be most unfair if, because of the opposition/rectification proceedings not being finalised, the citation objection remained, and the application had to lapse. Thus, it should be possible to request that application proceedings be stayed until the outcome of an opposition/rectification (or similar) action is known.
- 3.11 The consequences of an application lapsing because a response could not be filed within the very short timeframe envisaged, are very serious. A trade mark filing in Hong Kong is not usually made in isolation; it is done as part of a larger filing programme; or as part of a strategy to sell goods/provide services within a specified period after filing, in Hong Kong. If the application lapses, the applicant loses priority and an intervening application could block any new application filed. This could severely affect the ability of the applicant to sell his goods or provide the relevant services under the mark in Hong Kong. That could mean an investment into Hong Kong which would otherwise have proceeded, is not made. The Government wish to encourage investment into Hong Kong; allowing trade mark applications to

lapse because insufficient time is allowed under the Rules for applicants to have a fair opportunity to respond does not appear to achieve that aim.

**We therefore strongly recommend that:**

- 1. the six/nine month time period be extended to a minimum of 18 months, and more if “strong and compelling” reasons are given by the applicant;**
- 2. the applicant be allowed to file more than one set of submissions in support of his application;**
- 3. the current procedure of allowing informal discussions during the application process be continued;**
- 4. provision be made for application proceedings to be stayed in relevant circumstances e.g. if the applicant is considering, or has filed, opposition, revocation or other similar proceedings;**
- 5. that multiple extensions of time be allowed in application proceedings, where there are good grounds for doing so.**

**4. Rules 16 - 21 Opposition Proceedings**

4.1 We note that no extensions of time are possible in respect of any time limits in oppositions. We believe this to be very onerous for the intended opponent.

4.2 Often, the intended opponent does not become aware of a potential opposition until a short time before the deadline. It is therefore often difficult to fully advise on the merits or otherwise of filing an opposition, or to obtain the information and materials necessary to file a Notice of Opposition before the deadline.

4.3 In addition, often the intended opponent does not wish to proceed on a contentious basis, but wishes to negotiate with the owner of the mark to resolve the problem (e.g. a co-existence agreement, amendment of the specification, etc.). Neither party may wish to enter into protracted opposition proceedings, and so under the present procedure, an extension of time for filing a Notice of Opposition is requested. The

first request is almost always approved by the Registrar, and further extensions of time are generally approved provided both parties consent. This allows negotiations to proceed, and in most cases an amicable situation found, without resorting to formal contentious opposition proceedings.

- 4.4 By not allowing extensions of time under the proposed Rules, a potential opponent is very much disadvantaged. Not only is he forced to file contentious proceedings, but he needs to provide the full grounds of opposition, and other information and he may be in no position to decide those, or have access to that information, in time. The conflict may also be part of a larger worldwide conflict which is being negotiated between the parties, and being forced to file an opposition (rather than requesting an extension of time within which to do so) could affect those negotiations. It also wastes the Registrar's time in having to deal with the opposition, when in reality it is very possible that no opposition will be filed and the problem will be resolved between the parties.
- 4.5 If both parties agree to an extension of time being granted, we see no reason why an intended opponent should be forced to file a Notice of Opposition to keep his options open, when it would be more cost effective from all viewpoints to simply obtain an extension of time to file the Notice.
- 4.6 The same arguments apply during the opposition process to a lesser extent, and although the Association would prefer flexibility in being able to obtain extensions of time, if both parties agree, throughout the whole opposition process, it is the lack of any facility for obtaining extensions of time before filing an opposition that is of most concern.

**We therefore strongly recommend that:**

- 1. one three months extension of time be granted at the request of the intended opponent to file a Notice of Opposition.**

2. **further three months' extensions of time be granted before or during opposition proceedings provided both parties agree and the Registrar is satisfied that there are bona-fide attempts being made to negotiate a settlement.**

Ms. F.J. Smith

Chair,

Asia Pacific Legislation Analysis Committee

International Trademark Association

3 March 2003