

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

**ORAL SUBMISSION BY HENRY WHEARE ON BEHALF OF THE LAW  
SOCIETY AND APAA**

- 1 I have been appointed to make this submission on behalf of the Law Society. I am also Vice President of the Asian Patent Attorneys Association, which adopts the Law Society's position. The APAA represents solicitors, barristers and patent agents in Hong Kong substantially engaged in intellectual property matters. I am also a Council Member of the Hong Kong Institute of Trade Mark Practitioners, which also adopts the same position. Almost all users of the trade mark system appoint agents who are all members of these organisations. Between us, we represent 99% of the users of the system. We strongly believe that our views should be taken into account.
- 2 The Administration says it wishes to "balance the interests of different parties", which is one way to justify unpopular proposals and deny adverse opinions. However, it does not apply in this case because the views of the professionals and their clients are unanimous.
- 3 Various submissions have been made by these professional bodies during the consultation process. The Law Society's submission on the 4th draft has been provided to the subcommittee for reference, but our submission today to this subcommittee is limited to one issue and one issue only. It is the issue that has been consistently voiced by the professions since the introduction of the Trade Marks Bill and is was one of the reasons why the Bills Committee insisted on full consultation with the professions over the Rules and set up this subcommittee to consider the Rules in detail. It is the issue of non-extendible time limits under Rule 95. We consider such a Rule to be ultra vires the Ordinance. If passed, it would necessarily make the system inflexible, more expensive, inconvenient and contrary to the interests of users. By users, I mean clients, particularly the international community which Hong Kong today is so desperately seeking to attract.
- 4 Our concerns would be met very simply by deleting Rule 95 and consequential amendments for example to the prescribed period for an application under Rule 14.
- 5 It is important for the subcommittee to understand that this issue is not about professionals looking after their own interests at the expense of clients. Quite the opposite. Lawyers are not known for concerning themselves with saving their clients money, but we know that the proposed system will be unacceptable to clients. The proposed new Rules will, if passed, radically alter the present practice with respect to extensions of time, informal submissions, the filing of evidence, the filing of oppositions and hearings, all at the increased cost, expense and inconvenience of clients.

- 6** The new practice will deny flexibility and reasonable discussion. It will most certainly not be "user friendly" as the Administration have been at pains to promote. It will be a stubborn-minded and dictatorial practice. It will be a rule by law, not by a reasonable rule of law. It will be contrary to natural justice and it will be ultra vires. In this latter respect, I refer to the Hog Kong Bar Association's comments on Rule 95, para 15.
- 7** The subcommittee will have read the 20 January 2003 submissions by the Hong Kong Institute of Trade Mark Practitioners and the Administration's response of 30 January 2003. The objectionable Rule remains and the professions remain united in their opposition to it.
- 8** The Administration has tried to justify the Rule in a number of ways and I would like to address these arguments:
- 9** The combined effect of Rules 13, 14 and 95(b) is that the maximum time period within which an applicant may without the expense of a formal hearing respond to the Registrar's objections is 9 months. The Administration claims that the period is 12 months, but this requires the applicant to apply for a formal hearing. This is not a hearing as under the present system when the applicant can informally find out what will satisfy the Registrar to obtain registration, an extremely useful and cost effective procedure which the Administration seeks to abolish. I don't know why.
- 10** The Administration claims that the new procedure will be quicker and cheaper. It will certainly be quicker to kill an application. The answer in meritorious cases will be to re-file so losing the priority of the application, incurring more expense and delaying the process of registration. Because of the inflexible requirement of a hearing it will also be necessary for applicants to front load applications with evidence and formal submissions which are hardly ever required under the present system. This will dramatically increase costs preparing for eventualities which never arise in practice.
- 11** It is said that other businesses should be able to know within a reasonable time whether an application will be accepted. We have seen no basis for this assertion. In any event, the new system will not necessarily achieve faster registration unless the Registry speeds up its own response time and sets early dates for hearings. We note that there is nothing in the Rules requiring the Registrar to respond to submissions or set hearing dates or give decisions within specific or non-extendible time limits. Of course not. The proposed new system is inherently unfair and one-sided. In practice, with formal hearings, the process of registration is still likely to take some time to achieve. Moreover, the argument misses the point that trade marks may be protected without registration and an application is only an indication of the applicant's interest. No infringement action can be taken while the application is pending and it will be for businesses to satisfy themselves by due enquiry whether there is a risk of passing off or potential risk of infringement.
- 12** It is said that the new process will be simpler and reduce the need for correspondence and evidence. So be it. Let the system decide without imposing fetters on flexibility in those cases which are not so simple. If the Administration is so sure that it will not be raising as many objections in future, what is it worried about? Either the extension of time will be reasonable or not. What is wrong with allowing reasonable extensions of time?

- 13** This will be a brand new system and we do not yet know how it will work in practice. In simple cases applicants may be able to meet the time limits, but in many cases the applicant will need more time to consider and evaluate the Registrar's objections under the new law, take instructions from relevant departments, collect and prepare any necessary formal evidence of use, obtain consents, assign competing marks, propose amendments, and prepare written and oral submissions for a hearing, which may or may not take place. Under the present system this takes much longer than 9 months or even 12 months to resolve. In international or complex cases it can take years to resolve.
- 14** Trade mark registration in Hong Kong is by no means an isolated procedure. It is very often part of an international process. Many problems associated with trade mark registration are not of a domestic nature but arise as part of an international dispute which has to be resolved before appropriate action can be taken to resolve Registry objections in Hong Kong. It is impracticable to expect that such dispute may always, even with the best will in the world, be resolved within the proposed non-extendible period.
- 15** The present system which allows for extensions of time where good grounds are given is flexible and works. The proposed system will be inflexible and inevitably fail in a number of cases, especially complex cases involving international parties engaged in serious negotiations, litigation, or an international filing programme.
- 16** The same arguments apply to oppositions. The proposal is that the 3 month time limit for filing a notice of opposition under Rule 16(1) and a counter-statement under Rule 17(1) will be non-extendible. The same applies under Rule 95 to notices of objection to amending applications or altering registered marks and to the filing of counter-statements in proceedings to revoke, invalidate, vary or rectify registrations.
- 17** This is a fundamental change to the current practice and will inevitably cause hardship and inconvenience to users. Under the present practice, the Registrar has a discretion, which is often exercised, to allow extensions of time for filing an opposition or counter-statement. If the parties consent (which they often do) or the intended opponent gives good reasons for not being in a position to file the opposition, an extension of time is always given.
- 18** It is noted under proposed Rule 85 that the Registrar may not award costs where the opposition may have been avoided by giving reasonable notice. The Rules therefore imply that oppositions may be avoided where the parties consult. How will it be possible to give reasonable notice if there are non-extendible time limits to oppose?
- 19** We propose that the Rules should be amended by deleting Rule 95. We do not think the Administration has been given the power under the Ordinance to make Rules limiting the Registrar's discretion to extend time. As regards oppositions, we propose as a minimum that the Registrar should retain the power to extend the time for opposing upon the joint application of the parties. This would cause no prejudice as the parties would not be required to consent to an extension of time.