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Date: Mon, 03 Mar 2003 15:54:42 +0800
To: C S Hui
From: Barry Yen
Subject: Trade Marks Rules

To: Mr S. C. Tsang Clerk to Legco Subcommittee on Trade Marks Rules
From: Barry Yen
Date: 3 March, 2003
Re: Trade Marks Ordinance (Cap.559) (Commencement) Notice 2003

Dear Mr Tsang

Thank you for your facsimile dated 25 February 2003. We greatly appreciate the opportunity to provide our opinion on the Trade Marks Rules ("Rules") and the Trade Marks Ordinance (Commencement) Notice 2003.

Both we and the businesses we represent eagerly anticipate the introduction of the new Trade Marks Ordinance. We appreciate that the Intellectual Property Department and others have spent a significant amount of time and effort in preparing and settling the Rules. We have appreciated the dialogue with the Intellectual Property Department explaining the Rules and in some cases modifying the Rules to take into account the concerns of business and industry representatives.

Overall we are very happy with the Rules. The Intellectual Property Department deserve congratulations for their efforts.

Given the time constraints we appreciate that not every scenario can be covered in the Rules. Nonetheless, we prefer that the Rules and related Ordinance be implemented on 4 April 2003.

I wrote about the changes in the law in the internationally circulated "**Trade Mark Yearbook 1995**" (copy attached). Trade mark owners around the world were put on notice of the Hong Kong Government' s intentions since as early as 1995!

The few situations which may not apparently be covered or clearly set out in the Rules can be clarified in Registry Practice Directions and also the contemplated Registry Work Manual.

We are looking forward to our further cooperation with the Intellectual Property Department. The private sector and the Intellectual Property Department should be partners in the protection of trade marks rights in the most efficient, cost effective and sensible manner consistent with the Hong Kong Government' s desire to be a world

class city.

Please let me know if we can be of any further help.

Yours sincerely

Barry Yen

PS We regret that this request for submissions only arrived after the close of business on 25 February 2003 and provided a very short deadline (three days) for response. It would be helpful if more time were allowed for any future requests for comments.



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SKYS - So Keung Yip & Sin

Solicitors & Notaries, Trade Mark & Patent Agents

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Developments in Hong Kong's trade mark law

Barry Yen, details recent recommendations to change trade mark law in Hong Kong

In the Asian region, Hong Kong stands out as one country with effective statute and case law governing confidential information copyright, designs, passing off, patents and trade marks. The Hong Kong authorities also have the will to enforce those laws.

The laws have evolved over the last century in response to a number of changes including developments in business practice and technology, agreement to international conventions and tensions in public policy relating to the granting of far-reaching rights to a single party. Due to the busy legislative agenda in Hong Kong, as in other countries, amendments to the various statutes take time. An impetus is being given to amendments to the various laws by the approach to June 30 1997. On that date the sovereignty of Hong Kong reverts from the UK to the People's Republic of China.

The current statute and common laws reflect the approaches taken in the UK prior to some of their very recent developments. This article will briefly consider the current law relating to trade marks, practice developments and some possible changes.

CURRENT LAW

A trade mark is a mark, logo, device, numeral, letters, label or any combination of these used to distinguish the source of goods or service. The current law in Hong Kong essentially reflects the UK Trade Mark Act of 1938.

Rights to a trade mark may be acquired through registering a mark in relation to specified goods or services or through use. This use should be in Hong Kong although recently the courts have considered use abroad.

An application to register a trade mark may be filed by a person who uses or intends to use a trade mark whether by itself or through a licensee.

There is provision for registration of trade marks, service marks, certification marks and defensive marks. Hong Kong allows registration in relation to retail services unlike the UK and the People's Republic of China.

The fundamental requirement under the law is that a trade mark must be distinctive or capable of becoming distinctive before it will be accepted for registration. If a trade mark is distinctive it will be registered in Part A. If a trade mark is judged to be only capable of becoming distinctive it will be registered in Part B. If a trade mark is directly descriptive of goods or services it will not be registrable. Whether a mark is qualified for registration can often be a question of degree. Lately the trade mark authorities have shown they are more willing to give the benefit of the doubt in the applicant's favour when considering borderline trade mark applications.

There are a number of arbitrary guidelines relating to the registration of surnames and geographic names. If a trade mark exceeds those guidelines it is necessary to file evidence of pre-application use in Hong Kong to overcome the initial objection.

A trade mark is also examined to determine whether any third party has prior rights to the same or similar mark in relation to the same or similar goods or services or associated goods or services.

A trade mark may be accepted subject to one or more conditions. For example, colour endorsements, translation endorsements, disclaimers of non-distinctive material, blank space endorsements and association.

Once a trade mark is registered it is valid for an initial period of seven years from the application date and it may be renewed for 14-year periods thereafter upon payment of a fee. A registration may be renewed without filing evidence of use. However, if there is no *bona fide* commercial use of a trade mark registration in a five-year period ending one month before a cancellation action is filed, the registration may be vulnerable to cancellation. The time period commences from the date of grant of the registration.

A trade mark is regarded as having been

infringed if an unauthorized party uses the identical or deceptively similar trade mark in relation to goods or services specifically claimed in the registration. If the goods or services in question fall outside the exact scope of a registration no action for infringement will be available. At the moment, an action for passing off must be used to prevent third parties using a registered mark on goods other than those designated by a registration.

Hong Kong follows the International Classification of Goods and Services and recognizes Convention Priority.

PRACTICE DEVELOPMENTS

The following changes in the practice of registering trade marks occurred during 1994:

The Trade Marks Registry extended the circumstances in which an accelerated leave to advertise will be issued. Previously this accelerated process only applied to applications which proceeded unconditionally. Now it may be granted where a simple condition is imposed (e.g. disclaimers of non-distinctive material, association, blank space endorsement). This is welcomed by practitioners.

The Registry allowed on-line computerized searching from the new Registry offices. This is a vast improvement on the previous system of searching a manual card index. Practitioners look forward to the time when searches will be available from their own offices.

The Registry made a public commitment to respond to requests and letters within a certain time. This has been put into effect and the examiners are also more inclined to discuss issues over the telephone rather than engage in written correspondence. This is part of the process of presenting a more user-friendly system and is another welcome improvement.

Increased the fees for many official actions and repealed fees in connection with association and amending an application.

The Registry will scrutinize applications for extensions of time more stringently in *inter partes* cases (i.e. oppositions and cancellations).

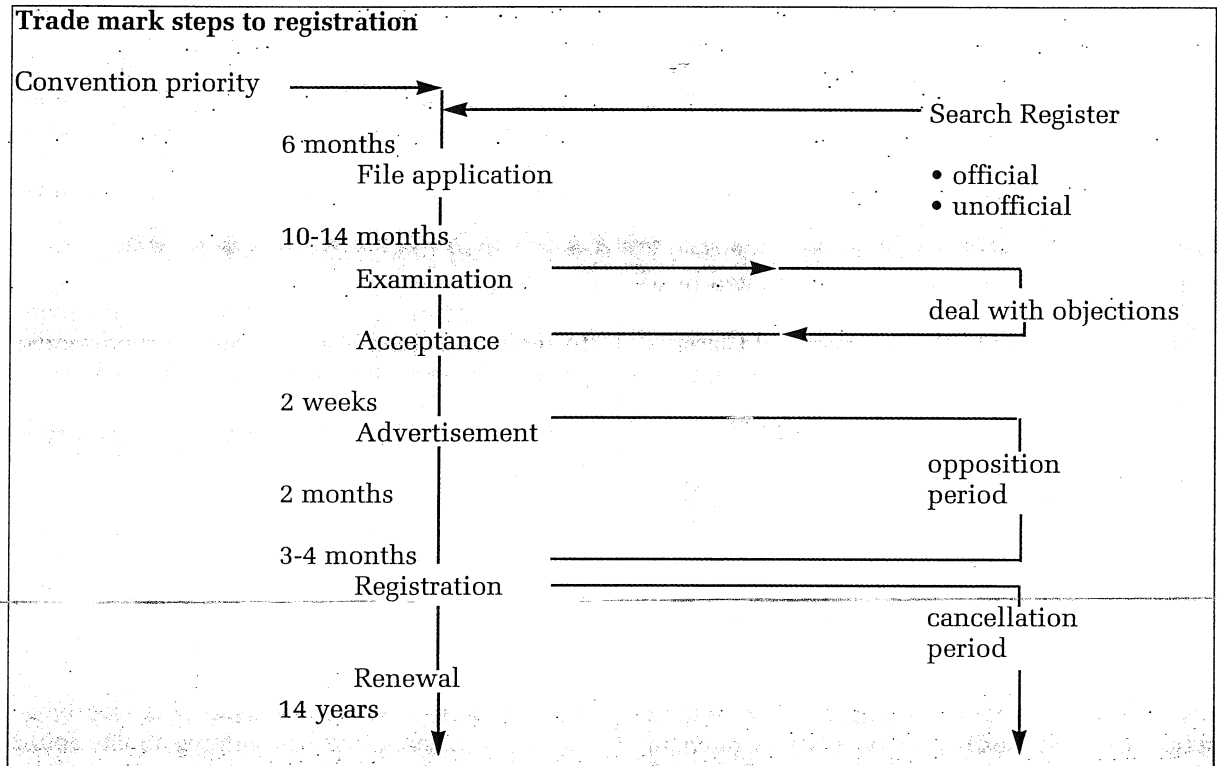
Offered an information service on the INTERNET World Wide Web (This may be accessed by using the following code - <http://www.houston.com.hk/hgipd>)

PROPOSED CHANGES

As part of the overall review of Hong Kong's intellectual property laws the Intellectual Property Department (IPD) have considered whether any reforms were desirable. This took place at the same time as the trade mark laws in Australia, New Zealand and the UK where being

reviewed. All countries took into account developments in the Uruguay Round of the General Agreement on Tariffs and Trade, the associated draft Agreement on Trade Related Intellectual Property, and discussions by the World Intellectual Property Organization on the harmonization of trade mark laws and the Madrid Protocol. The key proposals follow:

- extending the definition of a trade mark to include anything which can be represented graphically (e.g. shapes and possibly smells);
- allowing registration of collective marks;
- a trade mark will be presumed to be registrable unless it contravenes a basis for objection;
- allowing trade marks which are shown to be distinctive through extensive use to be registered; hence, marks which may currently be regarded as being inherently unregistrable could be accepted;
- lowering the standard of distinctiveness required for registration to the current Part B test; namely that the trade mark be capable of distinguishing;
- combining Part A and Part B of the register;
- abolishing the distinction in rights granted under Part A and Part B;
- abolishing the presumption of validity which may inure to a current Part A registration after seven years;
- owners of unregistered well-known marks will be allowed to oppose marks applied for in relation to goods/services on which the well-known mark has not already been used;
- the registration and renewal period will be a uniform 10 years instead of the present seven years of the initial registration and 14 years for each renewal;
- allow multi-class applications;
- repeal series applications;
- shifting the onus on the proprietor to prove use and not the applicant to establish there has not been use in cancellation actions;
- allow disclaimers to be entered voluntarily;



- allowing limited comparative advertising;
- abolishing the need to record a licensee of a registered mark to obtain the benefit of licensee's use;
- recognising sub-licensing in certain situations;
- recognizing the assignment of pending applications.

Practitioners and trade mark owners are waiting particularly for the last two proposals to be implemented, since they reflect what has happened in the market place for sometime.

At present, there is a very unique provision in the Ordinance which allows the proprietor of an earlier foreign trade mark registration to oppose an application or cancel a registration. This is in addition to the usual ground of opposition or cancellation based on showing prior use in Hong Kong of the same or similar mark in relation to the same or similar goods or services or associated goods or services; or establishing the existence of a prior application or registration in Hong Kong for the same or similar mark in relation to the same or similar goods or services. The authorities are contemplating repealing the provisions allowing oppositions and cancellations based on a foreign registration.

Unlike Australia, New Zealand and the UK,

there is no proposal to repeal the association requirement.

No draft bill is available but it is likely that the authorities will invite comments from the public and practitioners once it is published. One area which may require further discussion is the entry of disclaimers which have assisted to clarify the scope of rights granted. Overall, the recommendations are well made.

CONCLUSION

The People's Republic of China (PRC) have enacted a Basic Law for the post 1997 Hong Kong Special Administrative Region, which states that:

The laws previously in force in Hong Kong, that is, the common law, rules of equity, ordinances, sub-ordinate legislation and customary law shall be maintained, except for any that contravene this law and subject to any amendment by the legislature of the Hong Kong Special Administrative Region.

As the Hong Kong authorities are also liaising with their counterparts in the PRC regarding any changes we are optimistic that the proposals which may be implemented will be maintained beyond June 30 1997. Additional cause for optimism is the recent PRC and US agreement on the enforcement of intellectual property rights.