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Institute of  
Trade Mark  
Practitioners  
香港商標師公會**

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20 January 2003

The Chairman  
The Legislative Council Panel on Commerce and Industry  
The Legislative Council  
HONG KONG

Dear Sir,

**Trade Marks Rules - LC Paper No. CB(1) 646/02-03 (03)**

We, the Hong Kong Institute of Trade Mark Practitioners ("the Institute"), represent a group of trade mark practitioners in Hong Kong. We are writing to express our concern at the current draft of the Trade Marks Rules ("the Rules") to the new Trade Marks Ordinance, Cap. 559 ("Cap 599"), which was enacted in June 2000 but has as yet not come into operation.

For your information, the Institute was formed in 1988 with the aims of protecting the interests of those who are engaged in the trade mark profession in Hong Kong, to protect the interests of trade mark owners, and to enable the legislature and other bodies in Hong Kong to obtain the views of trade mark practitioners.

The Institute has approximately 120 members who represent nearly every firm in Hong Kong engaged in trade mark and other intellectual property work. The Institute has meetings with the Intellectual Property Department ("IPD") to exchange views and ideas on everyday practice, and to receive advance information about the plans of the IPD, and which has included occasional consultation on new laws.

We were one of the bodies that the IPD consulted with regard to the Rules and we did provide the IPD with our comments on each occasion. In the last round of consultation, we and two other professional bodies had a dedicated meeting with the IPD when our comments to the Rules were discussed and the IPD's position was made known. It was the result of this meeting that has prompted this letter.

The implementation of Cap 559 was tentatively set for January 2003 because the IPD considered that all logistics, primarily the new computer system, as well as the Work Manual and the Rules, would have been ready by then. As a matter of fact, this "tentative" implementation date has time and again been pushed back ever since the enactment of Cap 559, not to mention the lapse of time between the first gazette date of the Bill in February 1997 and its eventual enactment 40 months later.

In the meantime, trade mark proprietors who wish to seek protection of their trade marks in Hong Kong are obliged to have their applications processed under the current system, a system which is at least 6 to 8 years outdated according to International practice. For example, the UK Trade Marks Act 1938 was amended in 1994 and Australia has had its new law since January 1996. As a result, many multinational proprietors who have had their trade marks registered worldwide are astonished to find their trade marks being refused in Hong Kong. Their temporary comfort with which we as their agents can only provide is the advice to re-attempt under the new regime and the anticipation that the new regime is due to be effective very soon. Indeed, we understand many clients of our members have actually planned to launch or re-launch their filings around the "January 2003" date.

The firm belief in, and reliance on, this "January 2003" commencement date was rooted upon the public announcement by the IPD of their launch time-table which was posted on the IPD web-site under their News "Tentative Events for the Launch of the New Trade Marks Ordinance" in September / October last year. That was about the time when the 4<sup>th</sup> draft of the Rules was published for final consultation. The announcement was widely reported in the international media and subsequently following the public briefings in November 2002. Unfortunately, we are given to understand that this tentative due date had to be postponed yet again to "not before March 2003" and at the time of writing to "April 2003".

The further delay of the tentative commencement date of Cap 559 is undesirable. It has already raised anxiety in the business community both locally and overseas. A lot of time and effort would be written off when the plans for the launch or re-launch of filings have to be re-scheduled, not to mention the difficulty in securing time extensions from the IPD with regard to pending applications so as to survive the wait.

Other consequential impact includes the inability to adopt the 8<sup>th</sup> Edition of the Nice International Classification of Goods and Services, which expanded 42 classes of goods and services in respect of which trade marks may be registrable into 45 classes. The 8<sup>th</sup> Edition was effective as of 1 January 2002 and has been in force worldwide including Singapore and the PRC. The IPD made a decision in December 2001 to defer the adoption of the 8<sup>th</sup> Edition with a view to awaiting the enactment of the Rules which would take into account changes in the International Classification system and which would save the interim amendment of the current rules. As a result, multinational applicants have to tailor their international filing strategy to cater for the "old" classification that perhaps only Hong Kong in the Asia-Pacific region adheres to.

More importantly, international confidence in Hong Kong is being eroded when a public announcement by the Government of Hong Kong, albeit captioned "tentative", is not taken seriously. We urge the Chairman and members of the Panel not to allow the erosion to carry on, or all the good intent and objectives which the new system is meant to achieve towards encouraging business concerns to register their trade marks and do business in Hong Kong would be defeated.

We now summarize our comments on the Rules as follows:

1. Before focusing upon our concerns, we first wish to comment upon a statement made by the Commerce and Industry Branch, Commerce, Industry and Technology Bureau in its paper to you dated January 2003 attaching the Rules, and most

particularly the statements made in paragraphs 5 and 9 to the effect that *"We have conducted thorough consultations with practitioners in the course of preparing these Rules. The proposed Rules, ... have taken into account the views received during the consultations ..."* (para 5) and *"We have ... changed some of the proposed time limits in order to strike a better balance between the interests of the different parties ... They have noted our feedback without expressing any significant reservations."* (para 9).

2. We do not believe that there has been a thorough consultation process, the Rules do not strike a good balance and we do have significant reservations, largely because our views (which are based on our intimate knowledge of trade mark practice, and the requirements and expectations of our local and overseas clients) have not been taken into account at all, **including in some of the most fundamental issues which arise on a day to day basis.**
3. Whilst we have been given the chance to make comments at various stages, the Rules have been drastically different in each draft and we were given very little time to comment on the final and most important draft. As things currently stand, there are numerous issues that have not been properly addressed, and which we consider will be to the detriment of trade mark practice in Hong Kong if the Rules are adopted in their current form.
4. The Rules of concern and our reasons for concern are set out below at paragraph 5 and in the attached Schedule. As we are also concerned that the new Trade Marks Ordinance ("new TMO") which was enacted almost three years ago should be brought into force without delay, and recognise that to attempt to continue re-drafting of the Rules in so many areas of concern will merely delay operation of the new TMO even further, we have highlighted immediately below those aspects of the Rules that are of the utmost concern.

#### **Points of utmost concern**

5. Those issues that the Institute has very serious concerns over and which we believe really must be addressed at this stage before it is too late, are set out below. They relate to two main issues, namely :-
  - (1) Time limits for taking certain steps in proceedings before the Registrar
  - (2) Documents available for Public Inspection

<u>Rule</u>	<u>Rule title and what it does</u>	<u>Comments</u>
13	<p><b>Failure to meet requirements for registration</b></p> <p>Allows a 6-month period and a final extension for one further period of 3 months within which to respond to the official action failing which the Registrar will issue a notice saying the TM does not satisfy registration requirements; and thereafter the Applicant must apply for a hearing.</p>	<p>This is too onerous on the part of the Applicant and a major change to existing HK practice, and inconsistent with international practice.</p> <p>Further, we believe to set a non-extendible time limit is not practicable.</p> <p>In cases where the Applicant is required to submit evidence of use to establish the factual distinctiveness of the mark or honest concurrent use, it is <b>doubtful whether the non-extendible time limit is sufficient</b> for the Applicant to collate the necessary evidence. This is especially the case if the <b>Applicant is an overseas or international entity</b> who needs to collect the evidence through local distributors or agents in Hong Kong.</p> <p>Further, in some cases, if not in all cases, <b>the Registrar has delayed</b> in his response to our submissions on the official action. The delay should be discounted from the 6-month time period.</p> <p>In any event, we are strongly in favour of the availability for multiple responses. As evidenced from recent official actions, it is not uncommon on the part of the <b>Registrar to raise belated objections</b> when an application is expected to be ready for acceptance. As we believe this practice will still prevail under the new law, it will be <b>unfair</b> to restrict the Applicant to filing only one round of submissions or to resort to a formal hearing to argue against the Registrar's refusal.</p>

<u>Rule</u>	<u>Rule title and what it does</u>	<u>Comments</u>
		Basically, having a rigid requirement for a trade mark application process to be completed within 9 months is not <b>only</b> unrealistic, but <b>unnecessarily restrictive</b> . It would inevitably result in thousands of applications failing. The Government <b>has</b> proposed to substantially reduce the trade mark registration fees to such a level <b>that</b> it may be more attractive to trade mark owners to file applications in Hong Kong, but the 9-month registration requirement is most likely to be a deterrent for applicants to file.
16.	<b>Notice of opposition</b>	
	Sets a non-extendible deadline of 3 months to file Notice of Opposition to a TM once it has been advertised	Despite our previous submissions on the 2nd Draft of the Trade Marks Rules, <b>no extension of time is allowed</b> for the filing of the notice of opposition. We reiterate that this is too onerous.  In current practice, an intended opponent is able to apply for a 3-month extension of time (by giving reasons) for filing of notice of opposition. The Registrar will either agree to this or refuse the extension of its own accord, or the trade mark Applicant can choose to consent to the extension of time.

<u>Rule</u>	<u>Rule title and what it does</u>	<u>Comments</u>
		<p>In many cases, oppositions are not pursued after one extension is granted, or the parties then engage in correspondence with a view to settling any concerns there may be of potential confusion between their respective trade marks and goods/services. The extension of time facility under the current law has been a <b>very useful and effective (including cost effective) means of processing and setting potential oppositions</b>. Having the extension of time facility is also far more cost effective than the parties being forced into an opposition proceeding before the Registry, and where costs liability issues also arise, and can become excessive.</p> <p>Importantly, it is also a commercial reality that the 3-month opposition period will in many cases be insufficient time for an intended opponent to be given notice of the potential opposition and to gather all information/documentation in order to assess its ability to successfully oppose a trade mark application.</p> <p>Many intended opponents are overseas companies, and the chain of instructions often involve law firms not only in Hong Kong, but those overseas who the ultimate intended opponent has first instructed. Hong Kong holds itself out as an international city, and to have a rigid opposition process that <b>does not recognise international time constraints</b> by the simple method of allowing an extension of time, is not reflective of such an international image.</p>
17	<b>Counter-statement</b>  Sets a non-extendible deadline of 3 months to file a counter-statement to a Notice of	The same points apply here as to Rule 16 above.

<u>Rule</u>	<u>Rule title and what it does</u>	<u>Comments</u>
	Opposition that is filed under Rule 16	We also understand that a stay of opposition proceedings will be available as a medium to facilitate settlement. For clarity sake, we believe this Rule or Rule 16 should lay down the procedures for application for stay of proceedings.

70 **Inspection of documents**

Allows public inspection of specified documents held at the Registry

As we have previously raised in the comments on the 3rd Draft of the Trade Marks Rules, we believe that documentary evidence should definitely not be made available for public inspection as these documents may contain highly confidential and sensitive information. In the circumstances, we believe paragraphs (q) (any documentary evidence filed under rule 63(2), (3), (4) or (5)) and (s) (any documentary evidence filed under rule 65(2) or (3)) should be deleted.

We also note that a notice of opposition to the proposal for amendment of a trade mark filed under Rule 62 is not included as an item available for public inspection. We believe this is an unintended omission.

6. The above represents those most fundamental concerns that the Institute has on the latest draft of the Rules. However, we would urge the Panel to review the attached Schedule, which gives details of all of our other concerns (including suitable wording that could be used), and which we do consider very important.
7. If the Panel wishes the Institute to assist further, we will be very pleased to do so.

Yours faithfully,



Peggy Cheung  
 President for and on behalf of  
 The Hong Kong Institute of Trade Marks Practitioner Limited  
 Enc.

## Schedule

### Additional areas of concern

<u>Rule</u>	<u>Rule title and what it does</u>	<u>Comments</u>
23	<b>Additional purposes for which application may be amended</b>  Sets the criteria for amending a trade mark application [after it is published]	<p>We note that the time when a request for amendment of an application to registration of a trade mark can be made is not clear.</p> <p>We suggest adding a proviso “and such request may be filed at any time before particulars of that application have been published under <u>rule 15</u>” for clarity and in line with the wordings under rule 27.</p>
26	<b>Notice of objection (Amendment)</b>  Allows a third party to oppose the amendment of a trade mark application after it has been published	<p>We note that this rule does not provide the trade mark applicant with the right to file a counter-statement or filing of evidence.</p> <p>Rules 17 to 21 should apply to the conduct of proceedings here. We suggest adding a subrule (5) to read : “Rules 17, 18, 19, 20 and 21 apply to proceedings relating to the opposition to the amendment of the application as they apply to proceedings relating to opposition to the registration of a trade mark.”</p>
29	<b>Registration</b>  Specifies the trade mark particulars to appear on the Register	<p>We note that this rule does not provide for entry of particulars where the trade mark is registered pursuant to section 13 of the Ordinance (Honest concurrent use, etc.)</p> <p>We suggest adding a subrule (1)(o) to read : “where the trade mark is registered pursuant to section 13(1) of the Ordinance that there has been an honest concurrent use of the trade mark and the earlier trade mark or other earlier right, or by reason of other special circumstances it is proper for the trade mark to be registered, that fact.”</p>



<u>Rule</u>	<u>Rule title and what it does</u>	<u>Comments</u>
37	<b>Counter-statement (Procedure for revocation on grounds of non-use)</b>	Subrule (4) only says that the owner shall not be permitted to take part in the proceedings in the event he does not file a counter-statement under this rule. It does not clearly lay down the conduct of the proceedings. For the avoidance of doubt, we suggest that this rule should clarify the conduct of the proceedings to cater for these cases and that in any case of doubt arising under this rule, the parties to the proceedings can apply to the Registrar for directions.
42	<b>Counter-statement (Procedure for revocation on grounds other than non-use)</b>	Same as for rule 37(4), we note that subrule (3) only says that the owner shall not be permitted to take part in the proceedings in the event he does not file a counter-statement under this rule. It does not clearly lay down the conduct of the proceedings. For the avoidance of doubt, we suggest that this rule should clarify the conduct of the proceedings to cater for these cases and that in any case of doubt arising under this rule, the parties to the proceedings can apply to the Registrar for directions.
51	<b>Procedure where application is made by a person other than the owner</b>	Same as for rule 37(4) and 42(3), we note that subrule (6) only says that the owner shall not be permitted to take part in the proceedings in the event he does not file a counter-statement under this rule. It does not clearly lay down the conduct of the proceedings. For the avoidance of doubt, we suggest that this rule should clarify the conduct of the proceedings to cater for these cases and that in any case of doubt arising under this rule, the parties to the proceedings can apply to the Registrar for directions.

<b><u>Rule</u></b>	<b><u>Rule title and what it does</u></b>	<b><u>Comments</u></b>
56	<p><b>Notice of objection (Alteration)</b></p> <p>Allows a third party affected by amendment to a registered trade mark, to object</p>	<p>We note that this rule does not provide the applicant with the right to file a counter-statement or filing of evidence.</p> <p>We suggest adding a subrule (4) to read : “Rules 17, 18, 19, 20 and 21 apply to proceedings relating to the opposition to the alteration of the registered trade mark as they apply to proceedings relating to opposition to the registration of a trade mark.”</p>
67	<p><b>Correction of errors or omissions in the register</b></p>	<p>To adopt the same wordings as appear in other provisions in Part 8, we suggest adding a subrule (5) to read : “In such case, there shall be entered in the register the date on which the entry relating to the correction is made”.</p>
68	<p><b>Removal of matter from the register</b></p> <p>Gives the Registrar power to remove any matters from the Register</p>	<p>Subrule (3) does not set out the manner and conduct of the hearing under paragraph (b).</p> <p>For the avoidance of doubt, we suggest adding a proviso at the end of subrule (3) to read : “and where such opposition or objections are made, <u>rule 75</u> (Hearings before the Registrar) shall apply”.</p>
91	<p><b>Notice of decision</b></p>	<p>With a view to maintaining consistency in the language used throughout, we suggest amending “within 1 month after the date on which the notice was sent to him” to “within 1 month after the date of the notice” in subrule (2).</p>
99	<p><b>Application for registration of defensive trade mark</b></p>	<p>We note that this rule does not lay down the procedures upon filing of the Statutory Declaration, including any subsequent time limits, etc. This rule should further clarify the procedures. We believe that the 9-month period provided for under rule 13 will not be sufficient to enable the applicant to gather the necessary information and materials for filing of the Statutory Declaration. Extensions of time and multiple responses should therefore be allowed.</p>

<u>Rule</u>	<u>Rule title and what it does</u>	<u>Comments</u>
100	<p><b>Regulations governing use of collective mark or certification mark</b></p> <p>Requires applicant to file regulations</p>	<p>We note that this rule does not lay down the procedures upon filing of the draft regulations, including any subsequent time limits, etc. This rule should further clarify the procedures. Furthermore, where regulations have to be submitted and approved, these will usually take longer than the 9-month period provided under rule 13. It is most likely to involve multiple rounds of submissions. We therefore believe that extensions of time and multiple responses should be allowed.</p>
101	<p><b>Amendment of regulations</b></p>	<p>We note that this rule does not allow the owner of the registered collective mark or certification mark to file a Counter-Statement to the Notice of Opposition filed against the owner's application for amendment of the regulations governing the use of the mark. We believe the owner should be given an opportunity to reply to the Notice of Opposition before the Registrar determines whether the opposition is with or without merit.</p>
104	<p><b>Filing of address for service</b></p>	<p>As we have previously raised in our comments on the 3rd Draft of the Trade Marks Rules, subrule (6) should allow filing of separate addresses for services in relation to any application, notice, request or other document that is filed in the name of 2 or more persons jointly. We reiterate this will cater for situations where the party which has been nominated as the address for service loses interest in the mark and does not pass on such documents to the other joint applicants or owners.</p>

<b><u>Rule</u></b>	<b><u>Rule title and what it does</u></b>	<b><u>Comments</u></b>
110	<b>Service of documents on parties to proceedings</b>	We believe sub-rule (2) should be amended so that the effective date of service of the documents should be the date of receipt of the documents. The Registrar will appreciate that mis-delivery is not uncommon in Hong Kong. It is therefore unfair if the time limit commences from the date of the document. Besides, a party should be given an opportunity to provide evidence in support of non-receipt or late receipt of a document.
113	<b>Publication of business hours and business days of the Registry</b>	<p>We note that the Registrar will post in the Registry and publish in the official journal the hours of business or business days of the Registry.</p> <p>We hope that the Registrar will continue the current practice of making Saturday an excluded day.</p>
120	<b>Pending applications for registration</b>	<p>We do not see any reason why the time limit for filing of the counter-statement specified in <u>subrule (b)</u> (within 3 months from <u>filing</u> of Notice of Opposition) is different from that under rule 17 (within 3 months of <u>receipt</u> by Applicant of Notice of Opposition). Besides, the time limit specified under the current law is not the same as specified in subrule (b).</p> <p>We suggest amending subrule (b) to “the period within which a counter-statement may be filed is the 3-month period after the date of receipt of the copy of the notice of opposition”.</p>
	<b>Additional Caveat provision</b>	<p>We believe any interested parties to the proceedings, be it a licensee or a joint proprietor, should be entitled to know the state of the proceedings.</p> <p>In the circumstances, provisions should be made in this regard, either at the initiative of the Registrar, or the owner is required to certify that he has informed the interested parties accordingly.</p>