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工商及科技局  
工商科

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Our ref. : CIB CR 06/18/12  
Your ref. : CB1/PL/C1



CB(1) 845/02-03  
COMMERCE AND INDUSTRY BRANCH  
COMMERCE, INDUSTRY AND  
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30 January 2003

Clerk to the Panel on Commerce and Industry  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

(Attn: Mr S C Tsang)

Dear Mr Tsang,

**Panel on Commerce and Industry  
Follow-up to special meeting on 21 January 2003**

Thank you for your letter of 21 January 2003.

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I enclose our reply to the Panel regarding the submission made by the Hong Kong Institute of Trade Marks Practitioners on the draft Trade Marks Rules (Cap. 559).

I shall send you the Chinese translation once it is available.

With best regards,

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Linda Tsui'.

( Miss Linda Tsui )

for Secretary for Commerce, Industry and Technology

c.c.

Director of Intellectual Property (Attn : Mrs Teresa Grant)

**Response to Submission dated 20 January 2003 from The Hong Kong Institute of Trade Mark Practitioners (“HKITMP”)**

We have received support from industry and trade mark practitioners for bringing the new Trade Marks Ordinance and the new Trade Mark Rules (the Rules) into operation as soon as possible and we welcome the HKITMP’s support. The Intellectual Property Department (IPD) has taken some time after the fourth consultation in September/October 2002 to carefully consider the comments received, to hold discussions with consultees who gave substantial comments, and to revise the draft rules as appropriate. We have also consulted the Commerce and Industry Panel before tabling the Rules.

IPD has conducted four rounds of consultation and considered the comments of consultees in detail. In the process, the Department has addressed a number of issues previously raised by the HKITMP and has amended the Rules accordingly. However there remain some points which we do not accept, as shown from the comments below.

Referring specifically to the points raised in paragraph five of the HKITMP’s letter:

<b>Rule</b>	<b>Subject matter</b>	<b>Response to HKITMP’s comments</b>
13	Failure to meet requirements for registration	<p><b><u>12 months for applicant's action after receipt of Registrar's examination opinion</u></b></p> <p>The process and the time line in relation to response to an examination opinion of the Registrar consist of :</p> <p>6 months allowed for the applicant to reply to an examination opinion made by the Registrar;</p> <p>3 months extension if necessary; and</p> <p>3 months for the applicant to call for a hearing if necessary after the Registrar’s further opinion, having regard to the applicant’s reply.</p> <p>The Rules set appropriate time frames for</p>

examining trade mark applications in the context of an examination system that aims to be quicker and cheaper in the interests of the business community.

### **A balance of interests**

When a trade mark is registered it becomes enforceable from the date on which the applicant filed his application. If the application is kept pending for too long, this creates uncertainty for other businesses that may wish to use or apply to register a similar mark. Other businesses should be able to know within a reasonable time whether an application will be accepted, in order to plan their own activities accordingly. We believe the time frame we have proposed has struck a balance between the interests of trade mark applicants, trade mark agents and other stakeholders in the business community.

### **Simpler registration process**

The registration process under the new Ordinance will be considerably simpler because of the abolition of the old two-part register and the abolition of compulsory disclaimers. Furthermore, applicants will no longer need to file priority documents except where their application conflicts with an earlier registration or application.

These factors will substantially simplify the registration process and reduce the need for correspondence between applicants and the registry.

### **Evidence**

HKITMP expresses doubt as to whether the non-extendible time limit is sufficient for collating evidence. Evidence is required in only a

minority of applications and normally consists of evidence of pre-application use and reputation of a mark in Hong Kong. The more relaxed registration criteria under the new Ordinance will mean that fewer marks will need to be supported by evidence. As explained above, the Rules allow a 6-month period and a possible extension of 3 months for the applicant to file a representation. The applicant has another three months to request a hearing if he is not satisfied with the Registrar's examination opinion. Therefore, there is a period of 12 months during which evidence can be collated.

### **Multiple responses**

HKITMP expresses a strong preference for "the availability of multiple responses".

We consider that the examination process described above allows applicants ample opportunity to satisfy the requirements for registration. After receiving an examination opinion, the applicant may file written representation. After receiving a further report from the Registrar, the applicant may request a hearing and he will then have another chance to respond in the hearing.

### **Late objections**

HKITMP has expressed concern over late objections caused by the Registrar raising additional conflicting marks or points of registrability. In such cases the clock is re-set from the time of the late objection so that an applicant has an opportunity to respond.

For reasons stated in the above paragraphs, we consider the time frame under rule 13 is appropriate. HKITMP has pointed out in their letter that it is unnecessarily restrictive to complete a trade mark application process within

9 months. As mentioned in the above paragraphs, the current rules allow a period of 12 months for the applicant to respond to the Registrar's opinion. This has not taken into account a period of two months in which the applicant can correct deficiencies in his application as identified by the Registrar. If we take this into account, there is a period of 14 months for the applicant to take action to satisfy the requirements of registration (respond to deficiencies in application and examination opinion of the Registrar). Moreover, the more relaxed registration criteria under the new law and the streamlined process will make it easier for a mark to become registered. We therefore disagree that the registration process will *"inevitably result in thousands of applications failing"*.

16 & Notice of Taking into account the interests of both  
17 opposition and applicants and opponents, three months is a  
Counter- reasonable time frame for filing a notice of  
statement opposition.

### **Greater certainty**

The new system offers an applicant greater certainty in that, if an applicant's application is published and unopposed after three months, the mark will be registered. If the application is opposed, the applicant knows at least that the process of opposition has begun: he is not left in a position of uncertainty as to whether there will or will not be an opposition to his application. This is as opposed to the existing rules where there will be an extended period of uncertainty if a person files a request for extending the period of opposition.

During the consultation, a business chamber has commented that the time frame for opposition proceedings should be shorter so that the entire proceedings could be resolved in less than a

year.

### **Practice of other jurisdictions**

Non-extensible periods for filing notices of opposition and counter-statements are a feature of other international trading jurisdictions. For example, the United Kingdom, since 1994, has very successfully applied a similar three-month non-extensible time limit for filing notices of opposition (and counter-statement) in streamlining their opposition procedure. Singapore allows two months and a one-off extension of two months (total four months).

### **Extensions are not cost-effective**

Parties may settle an opposition at any stage of opposition proceedings and on any terms as to costs that they agree. HKITMP argues that settlement in extended time before filing a notice of opposition is cost effective. But liability to costs arises from the point of *requests* for extension of time to file a notice of opposition. Extensions offer no route to reducing or eliminating costs for conducting settlement negotiations.

### **Settlement**

If an intended opponent fails to file an opposition within time, he can still apply to invalidate a mark even after it is registered, on the same grounds that would have been available to him in filing an opposition. There is no disadvantage to the opponent in terms of the onus of proof in bringing invalidity, as opposed to opposition proceedings.

### **Filing a letter of opposition will facilitate settlement**

We believe that filing a notice of opposition and a counter-argument is actually an aid to settlement as it brings the focus of the parties to the matter of the issue i.e. grounds of opposition

and helps them obtain the information they reasonably need in order to enter into a settlement.

### **Stay of proceedings**

Registrar's practice is to stay (or in other words, to temporarily halt) inter partes proceedings, including opposition proceedings, at the parties' request, to allow reasonable time for negotiations for settlement. Registrar routinely considers applications for stay. At HKITMP's request, we have already included rule 90 for transparency. We do not consider it necessary to set out the procedures for application for stay of proceedings but we will keep the matter under review in the light of operation of the Rules.

70      Inspection      of  
(should    documents  
be 69)

Documentary evidence does not need to be filed under rule 62(2), (3) or (4) or rule 64(2) or (3), provided the form for registering the transaction (or for amending or removing particulars of the transaction) is signed by or on behalf of the relevant parties to the transaction. For example, if both the assignor and the assignee of a trade mark jointly make an application to record the assignment, no further proof of the transaction is necessary.

The new Ordinance significantly simplifies assignments and liberalizes licensing. The Registrar will no longer examine transaction documents for proof of title as he does under the section 43 of the present Ordinance. However, there must be some assurance that a transaction has validly taken place, for example that a trade mark has been validly assigned or licensed, particularly as trade mark registrations are business assets that can be used as security for loans.

This assurance is provided by requiring both

parties to an assignment (assignor and assignee) or the grantor of a licence, to sign the registry's form that is open to public inspection. If both parties to an assignment, or the grantor of a licence, do *not* sign the form, documentary evidence needs to be filed and needs to be open to public inspection.

Similarly, Court orders filed under rule 62(5) should be open to public inspection.

In this way the system strikes a balance between convenience to the parties and security and transparency.

On the separate point about unintended omission, a notice of opposition to the proposal for amendment of a trade mark filed under rule 61 is open to public inspection – see rule 69(1)(p).

In relation to HKITMP's additional areas of concern referred to in the schedule to their letter, please refer to our responses in the Schedule that follows.



## Schedule

### Additional areas of concern

<b>Rule</b>	<b>Subject matter</b>	<b>Response to HKITMP's comments</b>
23	Additional purposes for which application may be amended	<p>Disclaimers, limitations or conditions can be offered during the examination stage and, if appropriate, during opposition (which takes place <u>after</u> particulars of the application for registration have been published). Additionally, a claim to a right of priority can be withdrawn at any time.</p> <p>HKITMP's suggestion does not cover these scenarios and would restrict an applicant's options.</p>
26	Notice of objection	<p>The matters that can be raised in a notice of objection are limited to the issue of why the proposed amendment will be contrary to section 46 of the Ordinance.</p> <p>Introducing the detailed procedure under rules 17 to 21 would be too complicated and lengthy, given the nature of the matter under section 46 of the Ordinance.</p> <p>An objector is required under rule 26(4) to send a copy of his notice of objection to the applicant at the same time as he files it with the Registrar.</p> <p>Under section 70 of the Ordinance, the Registrar must give any party who may be adversely affected by his decision an opportunity to be heard. An applicant can exercise his right to be heard by filing a written response to a notice of objection.</p>
29	Registration	<p>Entry of the fact that a mark is registered under section 13(1)(a) or (b) of the Ordinance is</p>

covered in rule 29(1)(m).

37	Counter-statement (Procedure for revocation on grounds of non-use)	The relevant provisions were modified after the fourth consultation, taking into account HKITMP's comments. The modifications are already in the Rules. If an owner is not permitted to take part in the proceedings by virtue of rule 37(4), an applicant can file additional evidence, or a statement that he does not intend to file additional evidence, within nine months from the date of his application for revocation (rule 38(1), (2)).
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The Registrar can then fix a hearing (rule 39).

If the applicant does not wish to attend a hearing, the Registrar may decide the matter without a hearing on the basis of the documents filed (rule 75).

42 (should be 41)	Counter-statement (Procedure for revocation on grounds other than non-use)	The relevant provisions were modified after the fourth consultation, taking into account HKITMP's comments. The modifications are already in the Rules. If an owner is not permitted to take part in the proceedings by virtue of rule 41(3), an applicant should file evidence within nine months after the date of his application for revocation (rule 42(1)(b)). The matter can then proceed to a hearing (rule 45).
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51 (should be 50)	Procedure where application is made by a person other than the owner	If an owner is not permitted to take part in the proceedings by virtue of rule 50(6), the matter can be set down for a hearing (rule 50(10)).
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56 (should be 55)	Notice of objection (alteration)	The instances in which a mark can be altered under section 55 of the Ordinance and rule 54 are few. The only ground on which an alteration can be objected to is that the proposed alteration would be contrary to section 55 of the Ordinance. Under section 70 of the Ordinance, the Registrar must give a
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party who may be adversely affected by his decision an opportunity to be heard. An applicant can exercise his right to be heard by filing a written response to the notice of objection. Introducing the detailed procedure under rules 17 to 21 would be too complicated and lengthy for the matter under section 55 of the Ordinance.

67  
(should be  
66)  
Correction of  
error or  
omissions in  
the register

Under rule 66(4), the Registrar will proceed to make correction in the register. In doing so, he will record the dates when events and transactions are entered on the register are also recorded. It is not necessary to set out such details in the Rules.

The rules in Part 8 (i.e. rules 63(2) and 64(4)) have specifically mentioned the entry date because the entry date is relevant for the purpose of defining the period during which the trade mark owner or licensee of a registered trade mark is not entitled to damages or an account of profits under section 29(4) of the Ordinance. In such cases, we consider that it is necessary to set out the requirement of entering the registration date in the Rules.

68  
(should be  
67)  
Removal of  
matter from  
the register

The Registrar is required under section 70 of the Ordinance to give any party who may be adversely affected by the proposed removal of any matter from the register an opportunity to be heard. Rule 74 sets out the procedure for the hearings.

91  
Notice of  
decision

A notice of decision is dated and sent on the same day. There is no practical difference between the proposed wording and the wording used in the Rules.

However, we have no strong views on this point, and have amended the wording in the light of HKITMP's comments.

99  
Application  
for  
registration

Unless the context otherwise requires, references in the Ordinance and the Rules to a trade mark include references to a certification

of defensive trade mark mark, collective mark and defensive trade mark (section 3(4), Cap. 559; section 31(1), Cap. 1).

The rules in Part 2 are therefore applicable to defensive trade marks, except to the extent that they are inconsistent with rule 99.

An applicant for a defensive mark has nine months from the application date to file a statement of case and any evidence he wishes to file in support of the application (rule 99(2)). In recognition of the fact that the applicant needs to prove the matters in section 60(1) of the Ordinance, rule 99(4) allows him more time to file further evidence in support of the application. This period is extendible under rule 94(1). After considering the materials provided, the Registrar will issue an examination report under rule 13, and the time limits in rules 13 and 14 will then apply.

100 Regulations governing use of collective mark or certification mark

After considering HKITMP's comments in the fourth consultation, we adjusted the procedure for examining collective marks and certification marks applications, and set out the procedure in two separate rules – rules 100 and 101. The adjustments are already in the Rules.

Collective marks – rule 100

To cater for the specific nature of this type of marks and the special requirements for their registration, we have introduced flexibility under rule 100(2). After receiving the application and the regulations (rule 100(1)), the Registrar can make observations under rule 100(2). The time within which the applicant can amend the application or modify the regulations as contemplated in rule 100(2) is extendible under rule 94(1).

The Registrar will then consider all the materials before him and issue an examination report under rule 13. The time limits in rules 13 and 14 will then apply.

Certification mark – rule 101

A similar flexibility is introduced in rule 101(3).

101  
(should be  
102)

Amendment  
of regulations

An owner will be given a copy of the notice of opposition (rule 102(5)), and the Registrar is required under section 70 of the Ordinance to give any party who may be adversely affected by his decision (in this case the owner) an opportunity to be heard. The owner can exercise this right by attending a hearing, or filing written submissions instead of attending a hearing.

104  
(should be  
105)

Filing of  
address for  
service

It is necessary to strike a balance between convenience to a trade mark applicant or owner and providing a reasonable and user-friendly system to the business community.

A trade mark can be owned jointly by a number of persons, and there is no statutory limit to this number.

An address for service is for the purpose of communication between an owner of a trade mark on the one hand and the Registrar and other members of the public on the other.

A third party taking proceedings under the Ordinance, for example revocation proceedings, should not be put to the trouble and expense of serving proceedings at multiple addresses when joint owners can provide one address, or appoint a neutral agent for the purpose of forwarding documents to the multiple owners.

110  
(should be  
112)

Service of  
document

Rule 110(2) in the fourth consultation draft has become rule 112(2). The deeming provision has been modified and is expressed to be “unless the contrary is shown”. The modification is already in the Rules. A party can file evidence to show that, for example, he received a letter by post on a date other than

when the letter would be delivered in the ordinary course of post.

113 (should be 114)	Publication of business hours and business dates of Registry	Saturday is not an excluded day under the current practice (see rule 113, Cap.43 sub.leg.). Government works on Saturdays and the Registry is open for filing on Saturdays.
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120 (should be 121)	Pending applications for registration	After considering HKITMP's comments in the fourth consultation, we amended rule 121(b) to provide that the counter-statement should be filed "within three months after the date of receipt by the applicant of the copy of the notice of opposition".
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Additional provision	Caveat	We have considered the issue carefully and concluded that a caveat system is not necessary. Any trade mark owners, persons having an interest in a mark or other members of the public will be able to access the register on-line to check the status and details of any trade mark registration. Any application for revocation, invalidity, variation or rectification filed in relation to a mark will be viewable on-line at no cost to the viewer.
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Moreover, a licensee or a holder of a security interest in a mark may by contract require the owner of a trade mark to serve him with notice of any proceedings in relation to that mark.

In the case of a surrender of a trade mark, the owner is required under rule 56(2) to certify that every person having a registered interest or other right in the trade mark has been sent not less than three months' notice of the owner's intention to surrender the registration, or is either not affected by the surrender or has consented to the surrender.