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Secretary for Health, Welfare and Food
Health, Welfare and Food Bureau
(Attn: Mrs Ingrid YEUNG, DS(H)2)
19/F, Murray Building
Garden Road, Hong Kong

By Fax (2840 0467) and By Post

13 September 2006

Dear Mrs YEUNG

Smoking (Public Health) (Amendment) Bill 2005 (“the Bill”)

I refer to your letter dated 29 August 2006 and have the following comments:

Your legal justifications for grandfathering the trade marks registered under the Trade Marks Ordinance (Cap. 559) (“the Ordinance”) (“registered trade mark”), unregistered trade marks and trade names used in Hong Kong and well-known trade marks as defined under the Ordinance

I do not share your legal justifications for reasons set out in my previous letters.

The proposed “grandfathering cum notation” approach – exemption granted to all misleading trade marks and trade names used or well-known in Hong Kong before the appointed day

The “grandfathering cum notation” approach as set out in Schedule 5A appears that if the tobacco packaging also bears the prescribed notation:

- (1) all trade marks and trade names which have begun to be used in Hong Kong before the appointed day; and
- (2) all trade marks and trade names used in other countries which are well-known in Hong Kong before the appointed day

can be exempted, irrespective of:

- (1) whether they are misleading or not; or
- (2) whether they are registered under the Ordinance or not.

In these circumstances:

- (1) please clarify the scope of the trade names to be exempted under Schedule 5A, in the light of the “all categories of intellectual property” which the Administration considers Hong Kong is obliged to protect under TRIPS and the Paris Convention as set out in paragraph (b) of page 2 of your letter:

“Any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings, shall be capable of constituting a trade mark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combination of colours as well as any combination of such signs, shall be eligible for registration of trademarks.”.

As “trade name” is not defined under Schedule 5A, please amend the CSAs proposed by the Administration to reflect the scope of the exemption.

- (2) notwithstanding the Administration’s confirmation that “all applications for registration of trade mark containing the “proscribed words” that are filed in and after March 2006 have been objected to under section 11(4)(b) of the Trade Marks Ordinance **on the ground that they are likely to deceive the public**”, it appears that such misleading trade marks can be exempted under Schedule 5A either as unregistered trade marks or trade names if they have begun to be used in Hong Kong before the appointed day or as trade marks which have begun to be well-known in Hong Kong before the appointed day. Please clarify.
- (3) if the Administration’s policy is to exempt all trade marks and trade names which have even been used or well-known in Hong Kong before the appointed day, irrespective of whether they are misleading or not and whether they are registered or not, what is the rationale behind the requirements that:
 - (a) such trade mark or trade name is not subject to a permanent injunction granted by the court against its use based on fraud or other similar grounds under the common law; and

- (b) that trade mark or trade name was not previously a registered trade mark the registration of which has been either –
 - (i) revoked on the ground for being liable to mislead the public under section 52(2)(c) of the Ordinance; or
 - (ii) declared invalid under section 53(3) of that Ordinance on the ground that the trade mark was registered in contravention of section 11 of that Ordinance for being likely to deceive the public.

Will these requirements amount to discrimination among the misleading trade marks or trade names which the Administration considers that Hong Kong is obliged to protect under TRIPS and the Paris Convention?

Absolute ban of the words “light”, “lights”, “mild”, “milds”, “low tar”, “醇”, “焦油含量低”, “低焦油”, “淡味” or “柔和” (“the Prohibited Words”) on tobacco packaging – legal effect on Hong Kong’s obligations under the Basic Law and TRIPS if no such ban in the Bill?

I note that:

- (1) the Administration and its legal advisers are of the view that Article 11 1(a) (“the Article”) of the Framework Convention on Tobacco Control (“FCTC”) does not require specific words to be stipulated in domestic legislation giving effect to the Article and setting out the Prohibited Words in the Bill went beyond the FCTC requirements:
 - (a) in Paragraph 9 of the Administration’s response (LC Paper No. CB(2)1897/05-06(01)), the Legal Policy Division of the Department of Justice stated that “However, clause 11 of the Bill goes further by providing for an absolute ban of the use of “light”, “lights”, “mild”, “milds”, “low tar”, “醇” and “焦油含量低”, in addition to any other words which imply or suggest that the cigarettes concerned are less harmful than others. In other words, clause 11 of the Bill, unlike Article 7 of the EU Directive or Article 11(a) of the WHO Framework Convention on Tobacco Control, imposes an absolute ban on the use of such terms as “mild”, regardless of whether they are in fact misleading in a particular case.”; and
 - (b) paragraph 12 of the Administration’s response (LC Paper No. CB(2)1897/05-06(01)) stipulated that “In view of the complexity

of the legal issues involved as elucidated above, we are mindful of the risk that litigation may follow if Clause 11 is passed in the present form.”.

- (2) absolute ban of specific words is not adopted in other countries giving effect to the Article, where no concern of non-compliance of TRIPS obligations are raised.

In these circumstances, if the provisions giving effect to the Article are drafted along the line adopted in other countries i.e. a general ban on the misleading words on tobacco packaging without an absolute ban on the Prohibited Words, will the concerns of possible violation of Basic Law and non-compliance of Hong Kong's TRIPS obligations be relieved so that it is not necessary to adopt the “grandfathering cum notation” approach?

It is appreciated that your reply in both Chinese and English could reach us by close of play, 18 September 2006.

Yours sincerely

(Monna LAI)
Assistant Legal Adviser

c.c. DoJ (Attn: Miss Shandy LIU, SGC)
IPD (Attn: Mr Peter Cheung, DDIP)