



中華人民共和國香港特別行政區政府總部衛生福利及食物局  
Health, Welfare and Food Bureau  
Government Secretariat, Government of the Hong Kong Special Administrative Region  
The People's Republic of China

**Our Ref.:** ( ) in HWF CR 52/581/89

Tel: 2973 8240

Fax: 2102 2540

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Ms Monna LAI  
Assistant Legal Adviser  
Legislative Council Secretariat  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

Fax: 2877 5029

Dear Ms Lai,

**Smoking (Public Health) (Amendment) Bill 2005 (the Bill)**

Thank you for your letter dated 13 September. I have reversed the order of your questions in the following reply as it is easier to follow the line of argument that way.

***Ban of the words “light”, “lights”, “mild”, “milds”, “low tar”, “醇”, “焦油含量低”, “低焦油”, “淡味” and “柔和” (your penultimate paragraph)***

According to the Basic Law Unit of the Department of Justice, if the law does not seek to impose an absolute ban on specific words but only imposes a general ban on misleading descriptors, such a general prohibition would likely be consistent with BL 105.

The serious risk of successful legal challenge under BL 105 faced by the original Clause 11 of the Bill (which imposes an absolute ban on specific words) only applies to registered trademarks under the Trade Marks Ordinance (Cap. 559). Registered trademarks using misleading descriptors would be liable to revocation under section 52(2)(c) of Cap. 559 on the

ground that the trademarks are liable to mislead the public if there is sufficient evidence of the misleading effect. The Basic Law Unit is of the view that it would therefore be difficult to advance the argument that a general ban on misleading descriptors would cause a de facto deprivation of the property in the affected registered trademarks.

The Intellectual Property Department believes that, compared with a ban on specific words, a general ban would alleviate the concern of possible non-compliance of Hong Kong's TRIPS obligations.

Despite the above, we have to reiterate that naming the words to be banned has the following advantages –

- It is clear to tobacco companies which are the words or terms that cannot be used; and
- Seeking to prove the existence of a misleading or deceptive effect in the use of a particular word in a particular context is a time-consuming, labour-intensive and costly exercise, not to mention that there is a substantial number of tobacco products bearing the problematic words or terms in the market. It is not in the community's interest to tackle misleading trade marks one by one. It thus obviates the need for litigation on a case by case basis to prove that using the words or terms in a particular context creates misleading effect, as the use of the words or terms is completely banned;

We believe that the advantage of naming the words to be banned outweighs a general ban on misleading words without naming the precise words to be included in the ban.

### ***Scope of the exemption (your paragraph 3, question 3)***

The requirements in section 5(c) and (d) and section 6(b) and (c) of Schedule 5A are imposed on unregistered trade marks or trade names and well-known trade marks respectively.

The legislative intent is that for registered marks, the grandfathering provision cannot be taken advantage of when a mark is revoked or invalidated as section 4(c) of Schedule 5A requires that the trade mark has to remain registered at the time when the tobacco products are sold. Unregistered trade marks or trade names and well-known marks should be similarly restricted. Thus the requirements in section 5(c) and (d) of Schedule 5A are imposed so that those trade marks or names which are subject to a permanent injunction granted by the court against their use

based on fraud or other similar grounds under the common law cannot be grandfathered. For well-known marks, the requirements in section 6(b) and (c) of Schedule 5A are imposed so that those well-known marks which were previously registered trade marks the registration of which had been revoked or invalidated under the ground of deceptiveness cannot be grandfathered.

Grandfathering exemption is granted to the extent necessary to protect pre-existing intellectual property rights. However, safeguard is built in by (1) requiring appropriate notation to be added to dispel potentially misleading effects (if any); and (2) retaining the possibility of revoking the exemption even after the Bill is passed, if the use of the relevant grandfathered mark is determined to be **in fact** misleading, despite the presence of the notation. Likewise, it is not discriminatory to exclude from the exemption cases where it has been clearly determined before the Bill is passed that the use of the word or term in the specific context is in fact misleading.

### **Scope of the exemption (your paragraph 3, question 2)**

Since, under section 5(d) of Schedule 5A an unregistered trade mark or trade name which was previously a registered mark the registration of which has been either revoked or invalidated on the ground of deceptiveness cannot be grandfathered, we agree that unregistered marks the applications for registration of which have been refused at the application stage on the same ground should also not be grandfathered. We would therefore propose a further CSA in relation to section 5(c) of Schedule 5A. A similar condition should also be added to section 6 in relation to well-known trade marks.

### **Scope of the exemption (your paragraph 3, question 1)**

Your quoted paragraph is extracted from Article 15(1) of TRIPS which provides for what is eligible for registration as trade marks. A distinction is not made between trade marks and trade names in TRIPS. Article 8 of Paris Convention states that trade name shall be protected in all the countries of the union without the obligation of filing or of registration, whether or not they form part of a trade mark. The definition of a trade name for the purposes of protection, and the manner in which such protection is to be afforded, are both matters left to the national legislation of the countries concerned. Unregistered trade names which embody the goodwill of businesses can be protected internationally under Article 10bis (unfair competition) of the Paris Convention, and domestically through the common law passing off action.

The term "trade name" already appears in the existing s.14 of the Smoking (Public Health) Ordinance (Cap. 371) and the amendment to that section proposed in Clause 15 of this Bill. This term is not defined in Cap. 371 or the Trade Marks Ordinance (Cap. 559). In fact, this term is not defined in any existing Ordinance in which it appears. A trade name is a name which by use and reputation has acquired the property of indicating that a certain trade or occupation is carried on by a particular person. The name may be that of a person, place or thing, or it may be what is called a fancy name (that is, a name having no sense as applied to the particular trade), or a word invented for the occasion and having no sense at all. It may be applied to goods, to a magazine, or any other subject of trade. A trade name gives the person entitled to use it the right of preventing any other person from using it so as to induce purchasers to believe that his goods are the goods sold or manufactured by the original maker, and thus to injure the latter (see Stroud's Judicial Dictionary of Words and Phrases, 6th ed., 2000).

In view of the wide application of a trade name, the legislative intent is that it should be left to the court to determine what amounts to a trade name. We do not consider it necessary to define trade name for the purposes of Cap. 371.

A Chinese version of this letter will be provided as soon as possible. I should be grateful for a Chinese version of your letter.

Yours sincerely,



(Miss Christine Au)  
for Secretary for Health, Welfare and Food