

**For discussion on  
21 February 2017**

**Legislative Council  
Panel on Commerce and Industry**

**Proposed Application of the  
Protocol Relating to the Madrid Agreement Concerning the  
International Registration of Marks to the  
Hong Kong Special Administrative Region:  
Updates on Developments and  
Proposed Implementation Arrangements**

**Purpose**

At the meetings on 18 November 2014 and 19 May 2015, Members were respectively briefed on the launch of a three-month consultation exercise on the proposed application of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) to Hong Kong and the outcome of the consultation exercise. This paper updates Members on the latest developments and the way forward for the proposed application.

**Background and consultation**

2. Trade mark rights are territorial in nature and are granted in each jurisdiction independently according to its own laws and practice. Traditionally, a trader needs to apply for registration of his trade mark in each jurisdiction where he wishes to obtain local protection.

3. Administered by the World Intellectual Property Organisation (WIPO), the Madrid Protocol is an international agreement which seeks to facilitate the registration and management of trade marks in different jurisdictions. Under the Madrid Protocol, an international application can be filed by a trade mark owner via the trade mark office where the

basic mark<sup>1</sup> is held (Office of Origin). With the payment of one set of fees, the trade mark owner may designate one or more contracting parties in which protection is sought. The trade mark office of each designated contracting party (Designated Office) examines the international application in accordance with its domestic trade mark laws and practices to consider granting registration. Trade mark owners may also manage their trade mark portfolios maintained in different jurisdictions through a single procedure with WIPO. While China is one of the contracting parties to the Madrid Protocol, it currently does not apply to Hong Kong.

4. To gauge the views of the stakeholders on the proposed application of the Madrid Protocol to Hong Kong, we conducted a consultation exercise between November 2014 and February 2015. Details of the consultation issues including benefits of the proposed application and implications for stakeholders can be found in LC Paper No. CB(1)211/14-15(05).

5. We received 21 submissions mainly from trade associations, chambers of commerce and professional bodies. Views received were reported to Members in May 2015 (vide LC Paper No. CB(1)831/14-15(05)). A few pertinent points are recapped below –

- (a) The majority of the respondents supported the proposed application of the Madrid Protocol to Hong Kong as it would facilitate applicants in securing trade mark protection in multiple jurisdictions by only having to file one application upon payment of one set of fees. The cost of managing trade mark portfolios would also be reduced as renewals and post-registration changes to the international registration could be effected by a single procedure with payment of one set of fees. This would enable savings in terms of time and costs and could thus enhance efficiency in the workflow of businesses. There were also views that local businesses would be better positioned to explore

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<sup>1</sup> A basic mark refers to the trade mark right of a basic registration or application on which the international application is based. A basic mark under the Madrid Protocol may refer to the mark of a basic registration or a pending basic application at the trade mark office of a contracting party in which the applicant is qualified to file an international application.

business opportunities overseas and overseas companies would be better incentivised to do business in Hong Kong.

- (b) Some respondents, mainly from the trade mark profession, expressed concerns about the possible lack of practical benefits and possible adverse effect on the local trade mark profession as a result of a reduction of locally filed trade mark applications.
- (c) As the Madrid Protocol is an international agreement and is not applicable to mutual designations between Hong Kong and the Mainland, we also invited views as to whether we should explore a possible arrangement between the two places without prejudice to the proposed application of the Madrid Protocol to Hong Kong. Many respondents supported such further exploration in view of the close economic ties between the two places. However, there were also views that given the major differences between the trade mark laws and practices of the two places, certain technical complexities would need to be overcome and the administrative and costs implications for Hong Kong would also need to be studied.

6. Over discussion at the meetings, Members were generally supportive of the proposed application of the Madrid Protocol to Hong Kong and some urged the Government to expedite the implementation as far as practicable.

### **Latest developments**

7. We have since carefully considered the views received and maintained liaison with stakeholders including through regular meetings. We have also engaged the relevant Mainland authorities and WIPO in discussion on various issues pertinent to the proposed application of the Madrid Protocol to Hong Kong.

8. Having regard to the overall benefits in the best interest of Hong Kong, we are minded to go ahead with the implementation of the

international registration system under the Madrid Protocol in Hong Kong. Pertinent considerations include the following –

- (a) The Madrid Protocol represents an efficient international trade mark registration and management system well designed to facilitate trade and investment across economies. Businesses stand to benefit from one-stop streamlined service and savings in time and costs in obtaining and managing international registration of their trade marks. As we pride Hong Kong as an international city thriving as a place for business, joining the Madrid Protocol is a small investment we should make to maintain a world-class intellectual property (IP) infrastructure, providing an additional means of trade mark registration for the business communities local and outside Hong Kong.
  
- (b) As effectively the single treaty underpinning the 125-year international registration system administered by WIPO,<sup>2</sup> the Madrid Protocol now has 98 contracting parties, including China, our other major trading partners such as the European Union, the United States, Japan, South Korea, Singapore and many other countries of the Association of Southeast Asian Nations, as well as a large number of emerging markets (please refer to **Annex** for a list of the contracting parties to the Madrid Protocol). More economies, such as Brazil, Canada, Malaysia, Indonesia, Myanmar and Thailand, are slated to join the Madrid Protocol. The number of international trademark registrations had reached 1.3 million by end 2016 and is projected to grow in the years ahead. The Madrid Protocol has matured to become an integral part of the

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<sup>2</sup> Referred to as the Madrid System which is governed by two international treaties, namely the Madrid Agreement Concerning the International Registration of Marks (Madrid Agreement), concluded in 1891, and the Madrid Protocol. The Madrid Protocol was concluded in 1989 with the introduction of a number of new features, with a view to addressing certain concerns and limitations under the Madrid Agreement. With the accession of all Madrid Agreement contracting parties to the Madrid Protocol in October 2015, the Madrid Protocol now operates effectively as a one-treaty system.

international IP regime and Hong Kong should not drag its feet in seeking application.

- (c) As regards the concerns over the possible adverse effect on the local trade mark profession, we believe that over the longer term, the increase in the utilisation of the Madrid System and the designations to Hong Kong may result in more local agents being engaged in handling an increasing volume of provisional refusals or oppositions. In addition, in order to defend and protect their rights in Hong Kong, foreign applicants or registration holders may be more prepared to engage local lawyers in connection with infringement actions and dispute settlements. Accordingly, the application of the Madrid Protocol to Hong Kong may result in increased volume and value of work for our legal profession. This would be conducive to the development of Hong Kong into a centre for international legal services and dispute resolution and an IP trading hub in the region.
- (d) It would be desirable if alongside the Madrid Protocol we could put in place a special arrangement between Hong Kong and the Mainland to facilitate the reciprocal filing of trade mark applications. However, we would need to undertake further studies and discuss with the relevant Mainland authorities. In order not to delay reaping the benefits of the international trade mark registration system, we should for the time being make implementation of the Madrid Protocol in Hong Kong a priority first.

9. As regards operational features of the possible implementation arrangements, relevant pointers include the following –

- (a) While Hong Kong is not a contracting party to the Madrid Protocol itself, after the Madrid Protocol is applied to Hong Kong, an international application can be filed in Hong Kong through the Hong Kong Trade Marks Registry (HKTMR) under the Intellectual Property Department as an

Office of Origin.<sup>3</sup> The HKTMR can also directly liaise with WIPO for follow-up. This will help ensure the efficient processing of applications without undue delay.

- (b) Similarly, the HKTMR, as a Designated Office, can directly receive from WIPO requests for territorial extension of protection of an international registration which designate the “Hong Kong SAR of China”. After examining the requests in accordance with the trade mark laws of Hong Kong, the HKTMR can directly notify WIPO of its decisions, including notification of grant of protection or notification of refusal. Again, this will help ensure the efficient processing of applications without undue delay.
- (c) International applicants will have the option of seeking territorial extension of protection of an international registration both in Hong Kong and on the Mainland, or in one of the two jurisdictions according to their business needs. A request to designate only one jurisdiction will not include the other.

10. In January 2017 we held two briefings to apprise stakeholders of our latest thinking and proposed arrangements as set out above. Participants, including practitioners in the IP sector and representatives from chambers of commerce, trade associations and statutory bodies, were generally positive.

## **Way Forward**

11. To implement the Madrid Protocol in Hong Kong, we will proceed to prepare legislative proposals to amend the Trade Marks Ordinance (Cap. 559) and its subsidiary legislation, build the necessary information technology system, devise the detailed workflow and internal manuals for processing international applications and registrations, set the fee levels, train our staff, launch promotional work, etc. Along the way

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<sup>3</sup> An international application must be based on a basic application or registration with the HKTMR.

we will continue close liaison with stakeholders to map out implementation details with the benefit of their advice.

12. Subject to the progress of our preparatory work, we plan to liaise with the Central People's Government to seek application of the Madrid Protocol to Hong Kong in 2019 the earliest.

**Advice sought**

13. Members are invited to note the above updates and give views.

Commerce and Economic Development Bureau  
Intellectual Property Department  
February 2017

**Contracting Parties to the Madrid Protocol  
(as of early February 2017) (Total: 98)**

African Intellectual Property Organisation	Albania	Algeria
Antigua and Barbuda	Armenia	Australia
Austria	Azerbaijan	Bahrain
Belarus	Belgium	Bhutan
Bosnia and Herzegovina	Botswana	Brunei
Bulgaria	Cambodia	China
Colombia	Croatia	Cuba
Cyprus	Czech Republic	Democratic People's Republic of Korea (North Korea)
Denmark	Egypt	Estonia
European Union	Finland	France
Gambia	Georgia	Germany
Ghana	Greece	Hungary
Iceland	India	Iran
Ireland	Israel	Italy
Japan	Kazakhstan	Kenya
Kyrgyzstan	Lao People's Democratic Republic	Latvia
Lesotho	Liberia	Liechtenstein
Lithuania	Luxemburg	Madagascar
Mexico	Monaco	Mongolia
Montenegro	Morocco	Mozambique
Namibia	Netherlands	New Zealand
Norway	Oman	Philippines
Poland	Portugal	Republic of Korea (South Korea)
Republic of Moldova	Romania	Russian Federation
Rwanda	San Marino	Sao Tome and Principe
Serbia	Sierra Leone	Singapore



**Contracting Parties to the Madrid Protocol  
(as of early February 2017) (Total: 98)  
(continued)**

Slovakia	Slovenia	Spain
Sudan	Swaziland	Sweden
Switzerland	Syrian Arab Republic	Tajikistan
The former Yugoslav Republic of Macedonia	Tunisia	Turkey
Turkmenistan	Ukraine	United Kingdom
United States	Uzbekistan	Vietnam
Zambia	Zimbabwe	

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