

Bills Committee on the Trade Marks (Amendment) Bill 2019

The Administration's response to issues raised at the meeting of 15 March 2019

Purpose

This paper provides relevant information and sets out the Administration's response to the issues raised by Members at the Bills Committee meeting held on 15 March 2019 (including written questions from one of the Members).

International trade mark registration system under the Madrid Protocol

2. Trade mark rights are territorial in nature and are granted in each jurisdiction independently according to its own laws and practices. Generally speaking, an applicant needs to apply for registration of his trade mark in each jurisdiction where he wishes to obtain local protection.

3. Under the international trade mark registration system governed by the Madrid Protocol (Madrid System), an applicant is not required to file an individual application in each jurisdiction. Instead, the applicant may obtain local trade mark protection by filing an international application via the trade mark office where the basic mark¹ is held (Office of Origin), paying one set of fees and designating one or more contracting parties in which protection is sought. Upon receiving the international application, the Office of Origin will forward it to the International Bureau (IB) of the World Intellectual Property Organization (WIPO). The IB will check whether all the filing requirements are met and, if yes, will notify the trade mark office of each designated contracting party. The trade mark office of each designated contracting party will then examine the trade mark concerned in accordance with its domestic trade mark laws and practices in considering whether local protection should be provided for the mark.

¹ A basic mark refers to the trade mark right of a basic registration or application on which the international application is based. In accordance with the Madrid Protocol, a basic mark 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.

4. Hence, upon implementation of the Madrid Protocol in Hong Kong, an applicant who is eligible for filing an international application in Hong Kong may seek protection of his trade mark in overseas jurisdictions through the Madrid System. Likewise, an overseas applicant who is eligible for filing an international application in his Office of Origin may also seek protection of his trade mark in Hong Kong through the Madrid System. It is worth noting that the applicant may still opt for filing his application directly at the Trade Marks Registry in Hong Kong, i.e. following the same arrangement as it is now.

5. The Madrid System provides a one-stop process to facilitate trade mark applicants in the application and management of their trade marks. However, we would like to emphasise that, irrespective of whether the Madrid System is adopted, trade mark rights remain territorial in nature, and it remains that trade mark rights will still have to be granted independently according to the laws and practices of each jurisdiction. By the same token, after implementation of the Madrid System, even if a mark is protected in a designated contracting party based on an international application made under the Madrid System, this does not mean that the mark will be automatically protected in other designated contracting parties to the Madrid Protocol. As mentioned above, it remains that trade mark rights are granted in each jurisdiction independently according to its own laws and practices.

Application of the Madrid Protocol to Hong Kong

6. Under the Madrid Protocol, only states that are parties to the Paris Convention for the Protection of Industrial Property and qualified intergovernmental organisations may become contracting parties to the Protocol². China has been a contracting party to the Madrid Protocol

² Article 14(1) of the Madrid Protocol is as follows:-

- “ (1) (a) Any State that is a party to the Paris Convention for the Protection of Industrial Property may become party to this Protocol.
- (b) Furthermore, any intergovernmental organization may also become party to this Protocol where the following conditions are fulfilled:
- (i) at least one of the member States of that organization is a party to the Paris Convention for the Protection of Industrial Property;
- (ii) that organization has a regional Office for the purposes of registering marks with effect in the territory of the organization, provided that such Office is not the subject of a notification under Article 9^{quater}.”

since 1995. However, the Madrid Protocol has not yet been applied to Hong Kong.

7. According to Article 153 of the Basic Law³, the application to the Hong Kong Special Administrative Region (HKSAR) of international agreements to which the People's Republic of China is or becomes a party shall be decided by the Central People's Government (CPG), in accordance with the circumstances and needs of the Region, and after seeking the views of the government of the Region. As such, if the HKSAR Government plans to implement the Madrid Protocol in Hong Kong, it would require application of the Protocol to Hong Kong by the CPG.

8. In 2014-2015, the HKSAR Government conducted a consultation exercise to gauge the views of stakeholders on the proposed application of the Madrid Protocol to Hong Kong. Having carefully considered the views received during the consultation, and having regard to the overall benefits in the best interest of Hong Kong, the HKSAR Government intended to implement the Madrid System in Hong Kong, and the CPG has indicated its in-principle support to such a proposal. In the General Assemblies of the Member States of WIPO held in Geneva in Switzerland in October 2017, the Delegation of China touched on the matter in its statement to the delegates of all Member States of WIPO⁴.

³ Article 153 of the Basic Law provides that:

“The application to the Hong Kong Special Administrative Region of international agreements to which the People's Republic of China is or becomes a party shall be decided by the Central People's Government, in accordance with the circumstances and needs of the Region, and after seeking the views of the government of the Region.

International agreements to which the People's Republic of China is not a party but which are implemented in Hong Kong may continue to be implemented in the Hong Kong Special Administrative Region. The Central People's Government shall, as necessary, authorize or assist the government of the Region to make appropriate arrangements for the application to the Region of other relevant international agreements.”

⁴ The speech of the Delegation of China is summarised in paragraph 7 of Annex I of the General Report of the Fifty-Seventh Series of Meetings of the General Assemblies of the Member States of WIPO, which is set out as follows:-

“In the Hong Kong Special Administrative Region of China (Hong Kong SAR of P.R.C), the Government of Hong Kong SAR of P.R.C had been driving the development of Hong Kong SAR of P.R.C as an IP trading hub in the region. Early in 2017, the Government of Hong Kong SAR of P.R.C had announced its decision to implement the international trademark registration system under the Madrid Protocol in Hong Kong SAR of P.R.C. Upon its implementation, a trademark owner could file an international trademark application in Hong Kong SAR of P.R.C to obtain overseas trademark protection or an overseas trademark owner could seek trademark protection in Hong Kong SAR of P.R.C via the international registration system. A series of related preparatory tasks were under way... The Delegation concluded by expressing its wish to share its experiences with other parties.”

(See https://www.wipo.int/edocs/mdocs/govbody/en/a_57/a_57_12-annex1.pdf)

9. In order to implement the Madrid System in Hong Kong, apart from the current legislative exercise involving the Trade Marks (Amendment) Bill 2019, the HKSAR Government is also taking forward preparation on other fronts, including actions to put in place an information technology system. Upon completion of all preparatory work, the HKSAR Government will seek formal agreement from the CPG to apply the Madrid Protocol to Hong Kong. Procedure-wise, the CPG will need to notify WIPO of the application of the Madrid Protocol to Hong Kong on a designated date. WIPO will then notify the contracting parties of the same.

Response to the matters raised by Members and the Bills Committee

10. We set out in the ensuing paragraphs our response to the issues raised by the Bills Committee at the meeting and the written questions raised by one of the Members.

Legislative arrangements for the implementation of the Madrid Protocol

11. As mentioned in paragraph 5 above, irrespective of whether the Madrid System is adopted, it remains that trade mark rights will still have to be granted in each jurisdiction independently according to its own laws and practices. Hence, the implementation of the Madrid Protocol will not change the basic tenets of Hong Kong's trade mark system. However, we still need to amend the subsidiary legislation to provide for the various procedures in processing international applications. As such, the Trade Marks (Amendment) Bill 2019 seeks to introduce new provisions to empower the Registrar of Trade Marks to make rules to give effect to the implementation of the Madrid Protocol in Hong Kong.

12. The current legislative exercise is pursued for the purpose of implementing the Madrid Protocol in Hong Kong, but the latter ultimately could not be achieved without CPG's agreement. As such, we take forward the exercise in a step-by-step manner, in that we first touched base with the CPG and sought to secure CPG's in-principle support to the proposed application of the Madrid Protocol to Hong Kong, before we proceeded to carry out various preparatory tasks (including the legislative

exercise).

Arrangements between Hong Kong and the Mainland

13. As an international agreement, the Madrid Protocol facilitates applications for registration of trade marks among contracting parties, but not applications for registration of trade marks among different constituent parts within a contracting party. Therefore, even after the law has been amended to enable implementation of the Madrid Protocol in Hong Kong, it does not mean that the Madrid Protocol would then be applicable to trade mark applications between Hong Kong and the Mainland. Separate arrangements would need to be put in place if any is required to facilitate reciprocal applications by Hong Kong and Mainland applicants.

14. During the consultation on the proposed implementation of the Madrid Protocol in Hong Kong, some respondents raised the view that the HKSAR Government should further examine the possibility of putting in place some possible arrangements between Hong Kong and the Mainland to facilitate the filing of trade mark applications for mutual benefits. On the other hand, some raised the view that given the significant differences in the trade mark laws and practices between Hong Kong and the Mainland⁵, the implementation of certain specific arrangements (e.g. automatic mutual recognition in both Hong Kong and the Mainland upon obtaining trade mark registration in either place) would inevitably entail a host of technical complexities, and the administrative burden and costs implications for Hong Kong would also need to be examined. We would like to make it clear that, whichever arrangement or measure is to be adopted on Hong Kong's part, it will have to be premised on the applicable provisions in the Trade Marks Ordinance (Cap. 559) and the relevant laws.

⁵ In terms of registration procedure, the differences in the trade mark laws and practices between Hong Kong and the Mainland include: (1) An application for registration of a trade mark must specify the goods and/or services in respect of which it is made. Although the International Classification of Goods and Services under the Nice Agreement is adopted by both Hong Kong and the Mainland, the classes are further divided into sub-classes in the Mainland; (2) A number of trade marks which resemble each other as to their material particulars are allowed to be registered as a series in Hong Kong but not in the Mainland; (3) In the Mainland, fees for the application for registration of a trade mark are charged with reference to the number of specification of goods or services within each class in the Mainland, but Hong Kong does not charge additional fees on the basis of the number of specification of goods or services..

15. We will continue to follow up the discussion with the relevant Mainland authorities on the possibility of putting in place some possible arrangements to facilitate reciprocal trade mark applications. No definite proposal has been arrived at for the time being. Meanwhile, we recognise that the Madrid Protocol would enable Hong Kong businesses to obtain and manage international trade marks registration in a more convenient and cost-effective manner, and that there are currently 104 contracting parties to the Madrid Protocol. In order to enable Hong Kong to reap the benefits of the Madrid System as soon as possible, the Government will at the current stage focus on the legislative exercise and other relevant matters for implementation of the Madrid Protocol in Hong Kong.

Legislative proposal on the surrender of fugitive offenders between the Mainland and Hong Kong does not deal with intellectual property crimes

16. According to the information provided by the Security Bureau (SB), SB has introduced the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019 into the Legislative Council, proposing legislative amendments to the Fugitive Offenders Ordinance (Cap. 503) and the Mutual Legal Assistance in Criminal Matters Ordinance (Cap. 525), so as to tackle a murder case in Taiwan and two loopholes identified in our existing ordinances, namely the impracticable operational requirements and geographical restrictions. After taking into account all factors of consideration and views received, the Government proposes that case-based surrender arrangements will only apply to 37 items of offences based on their existing description in Schedule 1 of the Fugitive Offenders Ordinance. Case-based surrender arrangements will not apply to item number 14 – “offences against the law relating to protection of intellectual property, copyrights, patents or trademarks”. The First and Second Readings of the above-mentioned Bill took place on 3 April 2019. The Legislative Council will then form a Bills Committee to discuss and scrutinize the Bill.

Judgments of Mainland courts on trade mark infringement

17. The Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (“the Arrangement”)

was signed between the Supreme People's Court and the HKSAR Government on 18 January 2019. According to the Arrangement, for a judgment ruling on a tortious claim for infringement of a trade mark, the original court shall be considered to have jurisdiction only if the act of infringement of trade mark was committed in the place where the original court is situated and the trade mark concerned is registered or subject to protection under the law of that place. Further, in respect of such a judgment, the Arrangement only covers monetary relief (i.e. an order for payment of a definite sum of money) but not non-monetary relief.

18. The Arrangement will be implemented by local legislation in Hong Kong. It will take effect after both places have completed the necessary procedures to enable implementation and will apply to judgments made on or after the commencement date.

19. The Madrid Protocol seeks to facilitate the registration and management of trade marks in multiple jurisdictions, and its content does not touch on trade mark infringement litigations or the recognition and enforcement of judgment rulings on such cases. The implementation of the Madrid Protocol in Hong Kong has no bearing on the Arrangement.

Maximum penalties for criminal offences in relation to trade mark / copyright infringements and trade mark registration in Hong Kong

20. Details of the maximum penalties for criminal offences in relation to trade marks / copyright infringements and trade mark registration are set out in the Annex.

WIPO is aware of CPG's agreement-in-principle to the implementation of the Madrid Protocol in Hong Kong

21. As mentioned in paragraph 8 above, the CPG has indicated in-principle support to the proposed application of the Madrid Protocol to Hong Kong. In the General Assemblies of the Member States of WIPO held in October 2017, the Delegation of China mentioned the implementation of the Madrid Protocol in Hong Kong in its statement to the delegates of all Member States of WIPO. Further, the Intellectual Property Department has been in touch with WIPO on the operational details upon

implementation of the Madrid System in Hong Kong in future.

Commerce and Economic Development Bureau
Intellectual Property Department
April 2019

Maximum penalties of criminal offences in relation to trade mark and copyright infringements under the Trade Descriptions Ordinance (Cap. 362) and Copyright Ordinance (Cap. 528), and criminal offences in relation to trade mark registration under the Trade Marks Ordinance (Cap. 559) -

Provisions	Brief description	Maximum penalties
Trade Descriptions Ordinance (Cap. 362) - Criminal offences in relation to trade mark infringements		
Section 18(1)	Offences under section 9 (<i>offences in respect of trade marks</i>) and section 12 (<i>prohibited import and export of certain goods</i>).	(a) On conviction on indictment, a fine of \$500,000 and imprisonment for 5 years; and (b) On summary conviction, a fine at level 6 (\$100,000) and imprisonment for 2 years.
Copyright Ordinance (Cap. 528) - Criminal offences in relation to copyright infringements		
Section 119(1)	Offence under section 118(1) or (2A) (<i>offences in relation to making or dealing with infringing articles</i>).	On conviction on indictment, a fine at level 5 (\$50,000) in respect of each infringing copy and imprisonment for 4 years.
Section 119(2)	Offence under section 118(4) or (8) (<i>offences in relation to making or dealing with infringing articles</i>).	On conviction on indictment, a fine of \$500,000 and imprisonment for 8 years.
Section 119A(6)	Offence under section 119A(2) (<i>offence in relation to possession of infringing copies in a copying service business</i>).	On conviction on indictment, a fine at level 5 (\$50,000) in respect of each infringing copy and imprisonment for 4 years.
Section 119B(17)	Offence under section 119B(1) (<i>offence in relation to making for distribution</i>).	On conviction on indictment, a fine at level 5 (\$50,000) in respect of each infringing

Provisions	Brief description	Maximum penalties
	<i>or distributing on a regular or frequent basis infringing copies of copyright works in printed form contained in books, etc.).</i>	copy and imprisonment for 4 years.
Section 120(6)	Offence under section 120(1), (2) or (3) (<i>making infringing copies outside Hong Kong, etc.</i>).	On conviction on indictment, a fine of \$500,000 and imprisonment for 8 years.
Section 273C(3)	Offence under section 273C(1) (<i>offences in relation to circumvention of effective technological measures</i>).	On conviction on indictment, a fine of \$500,000 and imprisonment for 4 years.
Trade Marks Ordinance (Cap. 559) - Criminal offences in relation to trade mark registration		
Section 93(3)	Offence under section 93 relating to falsification of the register	(a) On summary conviction, a fine at level 5 (\$50,000) and imprisonment for 6 months; and (b) On conviction on indictment, a fine at level 5 (\$50,000) and imprisonment for 2 years.
Section 94(1)	Offence under section 94 relating to falsely representing a trade mark as registered.	A fine at level 3 (\$10,000).
Section 95	Offence under section 95 relating to misuse of the title "Trade Marks Registry".	On summary conviction, a fine at level 4 (\$25,000).