

## **Bills Committee on Trade Marks (Amendment) Bill 2019**

### **Responses to Assistant Legal Adviser's letter dated 4 April 2019**

This paper sets out the Administration's responses to the questions raised by the Assistant Legal Adviser ("ALA") of the Legislative Council in the letter of 4 April 2019.

#### **Question 1 - General**

2. According to Article 14(1) of the Madrid Protocol, only States that are parties to the Paris Convention for the Protection of Industrial Property ("Paris Convention") and qualified intergovernmental organisations may become contracting parties to the Madrid Protocol. Hong Kong, as a Special Administrative Region of China, cannot be a contracting party.

3. China became a contracting party to the Madrid Protocol in 1995. In June 1997, China informed the World Intellectual Property Organization ("WIPO"), by means of the Madrid (Marks) Notification No. 91<sup>1</sup>, that the Madrid Protocol and, in particular the requests for territorial extension of the international registration of marks to China, "will be deferred to be applied to the Hong Kong Special Administrative Region". Upon the decision of the Central People's Government to apply the Madrid Protocol to the Hong Kong Special Administrative Region ("HKSAR") in accordance with Article 153 of the Basic Law, China will need to notify WIPO of the application of the Madrid Protocol to the HKSAR on a designated date.

4. Upon application of the Madrid Protocol to the HKSAR, international applicants will have the option of seeking territorial extension of protection of an international registration in multiple jurisdictions including Hong Kong and the Mainland via a single application. Operational matters concerning the seeking of protection by obtaining an international registration and the making of a request for extension of protection resulting from the international registration to any contracting party are governed by Articles 2 and 3*bis* of the Madrid Protocol.

#### **Questions 2 & 3 - Clauses 6 & 7**

5. When the Registrar of Trade Marks ("the Registrar") accepts an application for registration of a trade mark, he shall publish its particulars in the official journal. Any person may then file a notice of opposition to the registration within the prescribed time and in the prescribed manner. Section 12(4) of the Trade Marks Ordinance (Cap. 559) ("TMO") is a possible

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<sup>1</sup> See [https://www.wipo.int/treaties/en/notifications/madridp-gp/treaty\\_madridp\\_gp\\_91.html](https://www.wipo.int/treaties/en/notifications/madridp-gp/treaty_madridp_gp_91.html).

ground of opposition where the applied-for mark is identical or similar to the person's earlier trade mark which is entitled to protection under the Paris Convention as a well-known mark, and the goods or services for which the applied-for trade mark is proposed to be registered are not identical or similar (i.e. **dissimilar goods or services**) to those protected by the well-known mark, if the use of the mark would take unfair advantage of or is detrimental to the distinctive character or repute of that earlier trade mark. Section 12(4) is mirrored in section 18(4) of TMO in respect of infringing acts.<sup>2</sup>

6. In 2003 and 2004, the European Court of Justice ("ECJ") made certain decisions<sup>3</sup> to the effect that a right granted to the owner of a trade mark to prevent third parties from using an identical or similar sign in relation to *dissimilar goods or services* where the earlier trade mark has a reputation and the use of that sign took unfair advantage of or is detrimental to the distinctive character of that earlier trade mark, **also applied to goods or services which were similar or identical** to those for which the earlier trade mark was registered ("ECJ's interpretation").

7. Although the rulings of the European Court of Justice have no binding effect in Hong Kong, the ECJ's interpretation has been cited and applied in relevant cases by the Hong Kong court.<sup>4</sup> The current legislative exercise provides a good opportunity to put the matter beyond doubt in Hong Kong by way of removing the reference to dissimilar goods or services from sections 12(4) and 18(4) of TMO.

#### **Question 4 - Clauses 8 and 9**

8. Section 39(1) of TMO sets out the conditions which must be fulfilled for a filing date to be given to an application for registration of a trade mark. The conditions include the filing of documents containing: (1) a request for registration of the trade mark; (2) the name and address of the applicant; (3) a statement of the goods or services in relation to which registration of the trade mark is sought; and (4) a representation of the trade mark (i.e. the information required by section 38(2)(a)(i), (ii), (iv) and (v) or (b)(i), (ii), (iii) and (iv) of TMO as amended by the captioned Bill, which are the same as those required by the existing section 38(2)(a) to (d) of TMO).<sup>5</sup> The aforementioned set of

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<sup>2</sup> Section 12(4) and section 18(4) of TMO were closely modelled on section 5(3) and section 10(3) respectively of the Trade Marks Act 1994 of the United Kingdom ("UKTMA") as enacted only that a "well-known trade mark" is used rather than a mark that "has a reputation" as in the UK.

<sup>3</sup> *Davidoff & Cie SA v Gofkid Ltd* (C-292/00) [2003] F.S.R. 28; *Adidas-Salomon AG v Fitnessworld Trading Ltd* (C-408/01) [2004] F.S.R. 21. Those two decisions had a bearing on sections 5(3) and 10(3) of the UKTMA and led to their amendments by repealing the reference to dissimilar goods/services.

<sup>4</sup> *Christie Manson & Woods Ltd v Chrित्रs (Group) Ltd* [2012] 5 HKLRD 829 (an infringement action) and *深圳市德力康電子科技有限公司 v Joo-Sik-Hoi-Sa LG* (HCMP 881/2013), 26 March 2014 (an appeal from the decision of the Registrar of Trade Marks to declare the appellant's mark invalid).

<sup>5</sup> As per the amendments proposed to be made to section 39 of the Ordinance under clause 9 of the captioned Bill, the conditions will also include the payment of application fee.

information is considered to be the cornerstones of an application for registration, without which the application cannot properly be processed. Thus, the filing date of an application is the date on which all such information is filed with the Registrar.

9. On the other hand, we consider that information on the place of incorporation of a corporate applicant, like the requirements set out in section 38(2)(a)(vi) or (b)(v), (3) and (4) of TMO (as amended), is not as fundamental that failure to provide such information upon filing of an application should affect the filing date of the application. While such a failure will still amount to a deficiency which must be remedied, it can be dealt with after the filing date. According to rule 11(2)(a) of the Trade Marks Rules (Cap. 559A) as amended by clause 19 of the captioned Bill, if an applicant fails to provide such information within two months after the date of the notice requesting him to do so, his application for registration shall be treated as abandoned.

### **Question 5 - Clause 11**

10. The proposed amendment to section 57(6) of TMO mainly seeks to provide an avenue for a person having a sufficient interest to apply to the Registrar for correcting errors or omissions in the register of trade marks that are attributable to the Registrar. We also take the opportunity to streamline the existing provision. In response to the question raised by ALA, we would like to point out that the formulation of “error or omission ... attributable to the Registrar” in section 57(6) of TMO as amended by the captioned Bill already covers “error or omission on the part of the staff of the Registry” in the existing provision. Since the staff of the Trade Marks Registry (“Registry”) exercise powers or perform duties for the Registrar, error or omission on the part of the staff of the Registry is in effect tantamount to error or omission attributable to the Registrar.

### **Questions 6 to 14 – Clause 15**

#### ***Question 6 (Proposed new sections 96B and 96K - appointment of enforcement officers and delegation)***

11. The proposed new section 96B stipulates that the Commissioner for Customs and Excise (“the Commissioner”) may appoint a public officer as an enforcement officer for the purposes of TMO. To allow for necessary flexibility, we do not consider it necessary to specify the ranks of public officers who may be appointed under the proposed section. Similar power to appoint enforcement officers for the purpose of a specific ordinance is, for example, also provided under section 14 of the Trade Descriptions Ordinance (“TDO”) (Cap. 362), and the ranks of public officers who may be appointed are also not specified therein.

12. The proposed new section 96K stipulates that the Commissioner may, in writing, delegate to a public officer any of his or her functions or powers under the proposed new Part XIA of TMO. Such officers will in general be C&ED officers at rank(s) commensurate with the nature of the function or power involved. Similar to the proposed new section 96B, to allow for necessary flexibility, we also do not consider it necessary to specify the ranks of public officers to whom such functions or powers may be delegated.

***Question 7 (Proposed new section 96D – Warrant to enter and search etc.)***

13. For the example of Copyright Ordinance (“CO”) (Cap. 528) mentioned in ALA’s question, the Commissioner shall serve on the owner a notice under section 131 of CO for any item seized or detained. We would like to point out that section 131 concerns the forfeiture procedures for items seized or detained under section 122, and the notice required to be served by the Commissioner on the owner is part of such procedures. For TMO, the proposed new section 96I(1) similarly requires the Commissioner to notify the owner or the owner’s authorised agent of a seizure if forfeiture proceedings are intended to be instituted in respect of that seizure (please also see paragraph 16 below).

***Question 8 (Proposed new section 96F - Offences relating to investigation etc)***

14. The word “wilfully” appears in, for example, section 124(1)(a) of CO and section 17(1)(a) of TDO. We are considering the drafting of the proposed new section 96F(2)(a), and will get back to the Bills Committee on the matter separately.

15. As regards the proposed new section 96F(2)(b), the provision is more comparable to section 124(1)(c) of CO and section 17(1)(c) of TDO (i.e. failure to give the enforcement officer any information or any other assistance reasonably required). As with these provisions, the proposed section 96F(2)(b) contains a “reasonable excuse” defence (in section 96F(4)) and does not include any mental element. It is a defence for the person charged with an offence under section 96F(2)(b) if the person establishes that at the time of the alleged offence, the person had a reasonable excuse for failing to provide the information or document, or to give the assistance (as the case may be). It is not necessary to add any mental element to the proposed section 96F(2)(b).

***Questions 9 and 10 (Proposed new section 96I – notification requirement for certain intended applications)***

16. The proposed new section 96I requires the Commissioner to notify the owner of a forfeitable item or the owner’s agent of an intended forfeiture application or sale application. As stipulated in the proposed section 96I, such a notification requirement applies if the application is to be made otherwise than in any proceedings for an offence under TMO and the owner of the item can be

found.

17. The proposed new section 96H(6) applies to a forfeitable item which is perishable, difficult to store, or likely to deteriorate quickly. The proposed provision provides for the court orders that may be made in the wake of a proceeds application arising from the following scenarios:

- (a) For an order dealing with the security payment made under the proposed new section 96H(2), by the time the security is paid under that subsection for a forfeitable item, the Commissioner is already in contact with the owner or the owner's agent, who is in fact the one paying the security. As the owner or the owner's agent is in the picture, we do not consider it necessary to inform the owner or the owner's agent a second time when the proceeds application is made;
- (b) For an order dealing with the sale proceeds retained by the Commissioner under the proposed new section 96H(3)(a)(i), the forfeitable items in question are perishable before the conclusion of any proceedings relating to it. Given the perishable nature of the items involved, they have to be handled promptly or else they may lose all their values. Under such circumstances, notifying the owner or the owner's agent might not be possible or practicable; and
- (c) For an order dealing with the sale proceeds retained by the Commissioner under the proposed new section 96H(4), when the court endorses the sale application pursuant to the proposed new section 96H(4), the notification requirement in the proposed new section 96I would have already been complied with.

18. There are many circumstances under which the owner of a forfeiture item cannot be found (e.g. the owner has left Hong Kong), and it is not practicable to list all such circumstances exhaustively. C&ED, before initiating a forfeiture application, will take necessary steps to find the owner, but it is not practicable to set out in the law expressly each and every steps. After all, in the forfeiture proceedings, the court may take a view on whether reasonable efforts have been exhausted by C&ED to find the owner, if this is an issue of contest.

***Questions 11 and 12 (Proposed new section 96J – International co-operation)***

19. The Madrid Protocol does not touch on law enforcement matters. That said, alongside the implementation of the Madrid Protocol in Hong Kong, we see a need to enhance the synergy in the enforcement laws and the confidence of other jurisdictions in the integrity of Hong Kong's enforcement regime for offences related to trade mark registration. This is why we consider it appropriate to put the enforcement of the criminal provisions under TMO under one roof, as with those under CO and TDO, viz. with C&ED. This is also why

we put forward the proposed new section 96J to enable Hong Kong, as a responsible member of the international community, to join international efforts in detecting IP crimes and enhancing IP enforcement, by enabling the Commissioner to share information obtained under the proposed new Part XIIA of TMO with authorities responsible for IP enforcement in other places. Similar provision is in place in CO (section 129) and TDO (section 16D).

20. Since the nature of such information may vary from case to case, it is not possible to set out the scope of such information in the provision. It is also important to allow for necessary flexibility for international co-operation for the protection of IP rights on the enforcement front. In this regard, C&ED maintains stringent internal control on exchange of information with other jurisdictions. Any such exchange should in general be confined to the purpose of crime prevention and detection, and can only take place upon authorization by C&ED officers at a senior level (e.g. not lower than the level of Senior Superintendent).

***Questions 13 and 14 (Proposed new section 96L – Immunity from civil liability)***

21. The proposed section 96L(1) seeks to provide immunity for the Commissioner and enforcement officers from civil liability for the performance of a function or the exercise of a power conferred on him under the proposed new Part XIIA of TMO in good faith. It is modelled on similar provisions in CO and TDO, which can also be found in many ordinances in the laws of Hong Kong. Such provisions do not cover criminal liability of enforcement officers or civil liability of other persons. We do not see any need for the proposed section 96L to depart from the standard practice for the purposes of TMO.