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Legislative Council

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**Report of the Bills Committee on
Trade Marks (Amendment) Bill 2019**

Purpose

This paper reports on the deliberations of the Bills Committee on Trade Marks (Amendment) Bill 2019 ("the Bills Committee").

Background

2. In Hong Kong, registration and protection of trade marks are governed by the Trade Marks Ordinance (Cap. 559) ("TMO") and the Trade Marks Rules (Cap. 559 Sub. Leg. A) ("TMR"). Under section 14(1) of TMO, the owner of a trade mark registered in Hong Kong has exclusive rights in the trade mark which are infringed by use of the trade mark in Hong Kong without his consent.

3. As an international agreement, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol") seeks to facilitate the registration and management of trade marks in its contracting parties.¹ It provides for a mechanism for seeking registration of a trade mark in the register of the International Bureau ("IB") of the World Intellectual Property Organization ("WIPO") (referred to as "international registration") and for seeking extension of protection of such a trade mark in multiple jurisdictions through international registration by a one-stop application process (referred to as "international application") instead of individual filings in each of the jurisdictions concerned. Currently, the Madrid Protocol does not apply

¹ The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol") had 103 contracting parties as at 31 December 2018, including China and many other major trading partners of Hong Kong (such as Australia, the European Union, Japan, Korea, Singapore and the United States).

to Hong Kong.

4. The Administration conducted a public consultation between November 2014 and February 2015 on the proposal to seek application of the Madrid Protocol to Hong Kong.² Having examined the views received and having regard to the overall benefits in the best interest of Hong Kong, the Administration indicated in February 2017 that it would go ahead with the implementation of the Madrid Protocol in Hong Kong.

5. According to the Administration, the implementation of the Madrid Protocol in Hong Kong does not involve any fundamental change to the basic tenets of the domestic trade marks regime as set out in TMO. Yet, it requires the introduction of new processes and modifications to the existing application and registration procedures by way of subsidiary legislation. To this end, new enabling provisions have to be added to TMO to empower the Registrar of Trade Marks ("the Registrar")³ to make the essential procedural rules on such matters to give effect to the provisions of the Madrid Protocol in Hong Kong. Subject to the progress of the legislative exercise and all other relevant preparatory work,⁴ the Administration plans to implement the Madrid Protocol in Hong Kong in 2022-2023 the earliest.

Trade Marks (Amendment) Bill 2019

6. The Trade Marks (Amendment) Bill 2019 ("the Bill") was published in the Gazette on 8 February 2019 and received its First Reading at the Council meeting of 20 February 2019. The Bill seeks to amend TMO to (a) empower the Registrar to make essential procedural rules for implementing the Madrid Protocol in Hong Kong (the proposed new Part XA under clause 13 of the Bill); (b) confer powers on the Customs and Excise Department ("C&ED") to enforce the criminal provisions in TMO (the proposed new Part XIIA under clause 15 of the Bill); and (c) make miscellaneous technical amendments to enhance

² Please see LC Paper No. CB(1)831/14-15(05) for details of the public consultation.

³ The office of the Registrar of Trade Marks is held by the Director of Intellectual Property.

⁴ Other relevant preparatory work includes setting up the necessary information technology system, and drawing up detailed workflows for processing international applications and international designations (HK).

Hong Kong's trade mark application and registration system (clauses 6 to 12 and 19 to 26 of the Bill).

7. The main provisions of the Bill are set out in paragraphs 14 to 18 of the Legislative Council ("LegCo") Brief (File Ref. CITB CR 06/47/1).

The Bills Committee

8. At the House Committee meeting on 1 March 2019, Members agreed to form a Bills Committee to study the Bill. The membership list of the Bills Committee is in **Appendix I**. Under the chairmanship of Mr WONG Ting-kwong, the Bills Committee has held two meetings to discuss the Bill with the Administration, including one meeting to receive oral representations from deputations/individuals. A list of the organizations/individuals that have given views to the Bills Committee is in **Appendix II**.

Deliberations of the Bills Committee

9. The Bills Committee notes that upon the implementation of the Madrid Protocol in Hong Kong, a local applicant may obtain protection of a trade mark in multiple jurisdictions through an international registration by filing a single international application with WIPO in lieu of individual filings in each of the jurisdictions concerned. Members in general concur that this one-stop application process will definitely simplify the registration process, thus facilitating Hong Kong businesses to obtain and manage international trade marks registration in a more convenient and cost-effective manner.

Processing of an international application upon implementation of the Madrid Protocol in Hong Kong

10. The Bills Committee has sought details of the processing of an international application upon implementation of the Madrid Protocol in Hong Kong and the fee schedule for such applications.

11. The Administration has advised that under the international registration system of trade marks governed by the Madrid Protocol (referred to as "Madrid System"), an applicant is not required to file an individual application in each jurisdiction. Instead, the applicant may seek to obtain local trade mark protection in other contracting parties to the Madrid Protocol by filing an international application via the trade

mark office where the basic mark⁵ is held (referred to as "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 IB of WIPO. IB will check whether all the formal 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 trade mark concerned.

12. Regarding the fees schedule for the submission of an international application filed in Hong Kong, the Administration has advised that the fees comprise (a) the fees charged by the Hong Kong Trade Marks Registry ("the Registry") for processing the application, which will be set in accordance with the "user pays" principle and on a full-cost recovery basis; (b) the fees charged by IB of WIPO (e.g. the basic fee for a mark where no reproduction of the mark is in color is currently set at about HK\$5,000 per application); and (c) the fees charged by the corresponding trade marks offices of the designated contracting parties.

13. The Bills Committee notes that the level of the proposed fees to be charged by the Registry as mentioned in paragraph 12(a) above will be set out in the subsidiary legislation to be made under the proposed new section 90E(a) of TMO (clause 13 of the Bill) and will be subject to negative vetting of LegCo.

The Central People's Government's support to the application of the Madrid Protocol to Hong Kong

14. The Bills Committee notes that the Administration has secured the in-principle support of the Central People's Government ("CPG") for the proposed application of the Madrid Protocol to Hong Kong and, upon completion of all the preparatory work required, will seek CPG's formal agreement. Upon its formal agreement, CPG will need to send a formal notification to WIPO on the application of the Madrid Protocol to Hong Kong. In this regard, Mr WU Chi-wai has sought details of the support by CPG and the acceptance of WIPO, and enquired whether there

⁵ 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.

are any conditions attached to CPG's support.

15. The Administration has advised that 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 organizations may become contracting parties to the Madrid Protocol. Hong Kong, as a Special Administrative Region of China, cannot be a contracting party. China has been a contracting party to the Madrid Protocol since 1995, but has yet to apply it to Hong Kong. In June 1997, China informed WIPO, by means of the Madrid (Marks) Notification No. 91, 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". According to Article 153 of the Basic Law, 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 CPG, in accordance with the circumstances and needs of HKSAR, and after seeking the views of the HKSAR Government.⁶ Hence, implementation of the Madrid Protocol in Hong Kong will require CPG's decision to apply the Protocol to Hong Kong.

16. The Administration has further advised that, before the Administration indicated in early 2017 that it would proceed with the proposal to implement the Madrid Protocol in Hong Kong, CPG had 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 mentioned the HKSAR Government's announcement on the implementation of the Madrid Protocol in Hong Kong in its statement to the delegates of all Member States of WIPO.⁷ The Administration will, upon completion of all the preparatory work required, seek formal agreement from CPG to apply the

⁶ Article 153 of the Basic Law also provides that "[i]nternational 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."

⁷ 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.
(See https://www.wipo.int/edocs/mdocs/govbody/en/a_57/a_57_12-annex1.pdf)

Madrid Protocol to Hong Kong. Upon the decision of CPG to apply the Madrid Protocol to HKSAR in accordance with Article 153 of the Basic Law, CPG will, as a formal procedural arrangement, need to notify WIPO of the application of the Protocol to Hong Kong on a designated date. WIPO will then notify the contracting parties of the same. Meanwhile, the Intellectual Property Department has been in touch with WIPO on the operational details to prepare for implementation of the Madrid System in Hong Kong in future.

Separate arrangements to facilitate reciprocal filing of trade mark applications between Hong Kong and Mainland

17. The Bills Committee notes that the Madrid Protocol facilitates applications for the registration of trade marks among contracting parties to the Protocol, but not applications for the registration of trade marks among different constituent parts within a contracting party. Therefore, implementation of the Madrid Protocol in Hong Kong does not mean that the Madrid Protocol would then be applicable to trade mark applications between Hong Kong and the Mainland. Separate arrangements will need to be put in place if the HKSAR Government and the Mainland authorities come up with any measures to facilitate reciprocal applications by Hong Kong and Mainland applicants.

18. Given that the Mainland is the most important trading partner of Hong Kong and the development of the two places is closely intertwined, some members including the Chairman and Ir Dr LO Wai-kiwok and some deputations are of the view that special arrangements should be made as soon as practicable to facilitate filing of trade mark applications between Hong Kong and the Mainland. They have enquired about the latest progress of negotiation with the relevant Mainland authorities and the implementation timetable. Some members including Ir Dr LO Wai-kiwok have urged the Administration to explore the possibility of seeking mutual recognition of the registration of trade marks between Hong Kong and the Mainland, possibly under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement and against the backdrop of the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

19. The Administration has advised that trade mark rights are territorial in nature and are granted in each jurisdiction independently in accordance with the laws and practices of the corresponding jurisdiction. In general, a trade mark owner is required to apply for registration of his/her trade mark in each jurisdiction where he/she wishes to obtain local protection. The Madrid System provides a one-stop process to facilitate

trade mark applicants in the application and management of their trade marks. However, irrespective of whether the Madrid System is adopted, trade mark rights remain territorial in nature, and will still have to be granted independently by each jurisdiction. By the same token, after the 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.

20. The Administration has further advised that, since Hong Kong and the Mainland maintain separate trade marks regimes, it is difficult to put in place a mechanism for mutual recognition of registration of trade marks between the two places. As regards the possibility of other special arrangements, the Administration has advised that it would continue to discuss with the relevant Mainland authorities, and has stressed 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 TMO and the relevant laws.

21. As regards the progress of discussion with the relevant Mainland authorities, the Administration has assured the Bills Committee that it will continue to follow up the discussion with the relevant Mainland authorities on the possibility of putting in place separate arrangements to facilitate reciprocal trade mark applications. In order to enable Hong Kong to reap the benefits of the Madrid System as soon as possible, the Administration 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 Hong Kong and the Mainland involving trade marks crimes

22. Mr CHUNG Kwok-pan and Mr WU Chi-wai have expressed concern that trade mark infringements may constitute criminal offences in both Hong Kong and the Mainland. Having regard to the Administration's legislative proposal to amend the Fugitive Offenders Ordinance (Cap. 503) ("FOO") and the Mutual Legal Assistance in Criminal Matters Ordinance (Cap. 525) ("MLAO"), they have enquired whether the surrender arrangement will apply to criminal offence in relation to trade mark infringement in the Mainland by virtue of Item 14 ("offences against the law relating to protection of intellectual property, copyrights, patents or trademarks") of Schedule 1 to FOO if the relevant legislative proposal is passed.

23. The Administration has advised that the Security Bureau has introduced the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019 into the Legislative Council to propose amendments to FOO and MLAO so as to tackle a murder case in Taiwan and two loopholes identified in the existing ordinances, namely the impracticable operational requirements and geographical restrictions. After taking into account all factors of consideration and views received, the Bureau has proposed that case-based surrender arrangements will only apply to 37 items of offences based on their existing description in Schedule 1 of FOO. The 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".⁸

Judgements of Mainland courts on trade mark infringement cases

24. During the course of deliberations, Mr WU Chi-wai has raised concern about the possible implications of the implementation of the Madrid Protocol in Hong Kong on 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 Administration Region ("the Arrangement").

25. The Administration has advised that the Arrangement was signed between the Supreme People's Court and the HKSAR Government on 18 January 2019.⁹ Under 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

⁸ The Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019 received its First Reading on 3 April 2019 and the House Committee ("HC") decided at its meeting on 12 April 2019 to form a bills committee to scrutinize that bill. At its meeting on 24 May 2019, HC agreed to rescind the decision made on 12 April 2019 under Rule 75(4) of the Rules of Procedure ("RoP") to form the aforesaid Bills Committee. Under RoP 64(2), the Secretary for Security made an announcement of the withdrawal of the Bill at the Council meeting of 23 October 2019.

⁹ According to the Administration, 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 Administration Region 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.

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. In addition, 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.

26. The Administration has advised that the implementation of the Madrid Protocol in Hong Kong has no bearing on the Arrangement, as the Madrid Protocol only 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 judgments ruling on such cases.

Amendment of a trade mark application

27. The Administration has been requested to consider a deputation's proposal to introduce a mandatory requirement for a fresh consent from the owner of a "senior mark" in the situation where a trade mark applicant wishes to invoke the amended section 46(2) of TMO (clause 10 of the Bill) to amend a trade mark under application by adding to it another trade mark which is itself registered in the first place by consent of the owner of an earlier trade mark (i.e. the senior mark owner).

28. The Administration has advised that, having thoroughly considered the matter, it does not agree with the proposed mandatory requirement for a fresh consent in an amendment of trade mark application made under the amended section 46 of TMO.

29. The Bills Committee notes that under the current legislative proposal, where the Registrar raises an objection to a trade mark application, the amended section 46(2) of TMO will give the applicant flexibility to apply to add the representation of a registered trade mark that belongs to him/her in an attempt to overcome the Registrar's objection, provided that the conditions set out in the existing sections 46(2)(a) to (c) of TMO are met. The Administration has pointed out that in practice, many applicants rely on this facility to enhance the distinctiveness of their marks applied for.

30. The Administration has advised that under the existing section 46(2) of TMO, the addition of the representation of a registered trade mark that is accepted for registration by virtue of consent obtained from a senior mark owner will be allowed. However, a trade mark application amended under section 46(2) will not necessarily be accepted for registration. On examining the amended mark (containing the registered

mark) as a whole, if it is found to be similar to the senior mark, the Registrar will raise objections. The applicant could, by various means as appropriate (including by way of obtaining consent from the senior mark owner), seek to overcome the objections.

31. If the Registrar either raises no objections at the examination stage or accepts the amended application for registration after his objections have been overcome, the Registrar is required to publish the particulars of the application for opposition, and it will be open to the senior mark owner to oppose such an application. This mechanism has been functioning effectively. The Administration holds that in practice, applications to amend trade mark applications by adding trade marks registered by virtue of consent from senior mark owners have been rare. The Administration also holds that the interests of the senior mark owners are adequately protected through the Registrar's examination process as well as third party's opposition proceedings. Moreover, the Administration notes that there is so far no consensus among trade marks practitioners on such a proposal, and it will continue to engage relevant organizations and other trade marks practitioners on this technical issue as appropriate.

Enhancement of the protection afforded to well-known trade marks

32. Clause 6 of the Bill seeks to remove the ground of "proposed to be registered for goods or services which are not identical or similar to those for which the earlier trade mark is protected" from the existing section 12(4)(b) of TMO, and clause 7 of the Bill seeks to amend the existing section 18(4)(a) of TMO by replacing the reference to "goods or services which are not identical or similar to those for which the trade mark is registered" by "any goods or services". The Administration has been requested to explain the rationale for the proposed amendments.

33. The Administration has advised that when 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 TMO is a possible 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 without due cause 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.¹⁰

34. In 2003 and 2004, the European Court of Justice ("ECJ") made certain decisions¹¹ 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").

35. The Administration has explained that although the rulings of ECJ have no binding effect in Hong Kong, the ECJ's interpretation has been cited and applied in relevant cases by the Hong Kong court.¹² The proposed amendments seek 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.

Enforcement powers for the Customs and Excise Department

36. The Bills Committee notes that the existing sections 93 to 96 of TMO provide for a number of criminal offence provisions against the acts of falsifying the register of trade marks; falsely representing a trade mark as registered; and misusing the title of the Registry. Such provisions are currently enforced by the Hong Kong Police Force. Separately, C&ED has been responsible for taking criminal sanctions against copyright and trade mark infringements under the Copyright Ordinance (Cap. 528) ("CO") and the Trade Descriptions Ordinance (Cap. 362) ("TDO"). The

¹⁰ Section 12(4) and section 18(4) of the Trade Marks Ordinance (Cap. 559) 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 United Kingdom.

¹¹ *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.

¹² *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).

Bill seeks to confer powers on C&ED to enforce the criminal provisions under TMO, so that the enforcement of such provisions could be put under one roof as with those under the CO and TDO, viz. with C&ED. The Bills Committee notes that the criminal offence provisions under TMO will no longer be enforced by the Hong Kong Police Force after the commencement of the legislative proposal.

37. Clause 15 of the Bill seeks to add a new Part XIIA (comprising the proposed new sections 96A to 96L under four Divisions) to TMO to provide for the enforcement powers in relation to the offences under TMO. The Bills Committee has considered the observations made by the Legal Adviser to the Bills Committee ("Legal Adviser") on various legal issues relating to the enforcement powers under the proposed new Part XIIA.

Offences relating to investigation etc.

38. Under the proposed new section 96F(2)(a) and (b) of TMO, a person commits an offence if the person obstructs the enforcement officer in exercising his/her power or performing his/her duties under the proposed new Part XIIA of TMO or fails to comply with a requirement under the proposed new section 96C(1)(e) or (f) of TMO (i.e. the requirement to provide information, document or any other thing that the officer reasonably believes to be relevant to the investigation, or to give the officer all other assistance that the officer reasonably requires for the investigation). The Legal Adviser notes that unlike section 124(1)(a) and (b) of CO and section 17(1)(a) and (b) of TDO which refer to "wilfully obstructs an authorized officer in the exercise of his powers or the performance of his duties" and "wilfully fails to comply with any requirement properly made to him by any such authorized officer" respectively, the proposed new section 96F(2)(a) and (b) of TMO do not include "wilfully" as the *mens rea* (criminal intent). On this, the Legal Adviser has requested the Administration to consider proposing amendments to the proposed new section 96F(2)(a) and (b) under clause 15 of the Bill to include "wilfully" as the mental element.

39. The Administration has agreed to propose an amendment to the proposed new section 96F(2)(a) to add "wilfully" before the expression "obstructs the enforcement officer in the exercise of the officer's powers or in the performance of the officer's duties under this Part" to put it beyond doubt that the provision provides for a *mens rea* offence. This is similar to section 124(1)(a) of CO and section 17(1)(a) of TDO, which include an express mental element.

40. As regards the proposed new section 96F(2)(b), the Administration is of the view that the provision is 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 new section 96F(2)(b) contains a "reasonable excuse" defence (in the proposed new section 96F(4)) and does not include any mental element. It is a defence for the person charged with an offence under the proposed new section 96F(2)(b) if the person establishes that at the time of the alleged offence, the person has a reasonable excuse for failing to provide the information or document, or to give the assistance (as the case may be). The Administration hence considers it not necessary to add any mental element to the proposed new section 96F(2)(b).

Notification requirement for certain intended applications

41. Under the proposed new section 96I, the Commissioner of Customs and Excise ("the Commissioner") must notify the owner of a forfeitable item or the owner's authorized agent that the Commissioner intends to make a forfeiture application or sale application if the owner of the item can be found ("notification requirement"). The Administration has been requested to (a) consider whether the Commissioner should also be required to give similar notification for an intended proceeds application referred to in the proposed new section 96H(5); and (b) clarify under what circumstances the owner of a forfeitable item would be considered cannot be found and consider whether there should be any provision in the Bill to state expressly the steps that will need to be taken to prove that the owner of the forfeitable item cannot be found.

42. The Administration has explained that as stipulated in the proposed new section 96I, 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. The proposed new section 96H(6) applies to a forfeitable item which is perishable, difficult to store, or likely to deteriorate quickly, and provides for the court orders that may be made in the wake of a proceeds application arising from an order dealing with –

- (a) 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, it is not necessary to inform

the owner or the owner's agent a second time when the proceeds application is made;

- (b) 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 related proceedings. 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 may not be possible or practicable; and
- (c) 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.

43. As regards the circumstances the owner of a forfeitable item would be considered cannot be found, the Administration considers that since there are many circumstances under which the owner of a forfeitable item cannot be found (say for instance, the owner has left Hong Kong), it is not practicable to list all such circumstances exhaustively. While it is also not practicable to set out in the law expressly each and every steps that are needed to be taken to prove that the owner of the forfeitable item cannot be found, the Administration has pointed out that C&ED, before initiating a forfeiture application, will make necessary efforts to find the owner, and that the court may in the forfeiture proceedings take a view on whether reasonable efforts have been made by C&ED to find the owner, if this is an issue of contest.

International co-operation

44. The Bills Committee notes that under the proposed new section 96J of TMO, the Commissioner may, for the purpose of promoting international co-operation in the protection of intellectual property rights, disclose any information obtained under the proposed new Part XIIA of TMO to certain authorities, including any authority that is responsible for the enforcement of those rights in any country, territory or area as the Commissioner considers appropriate. The Administration has been requested to provide the justifications for allowing such disclosure of information (including the scope of information that may be disclosed) and to clarify whether it is a requirement under the Madrid Protocol and whether there will be any relevant safeguards relating to such disclosure

of information.

45. The Administration has advised that the Madrid Protocol does not touch on law enforcement matters. That said, with the implementation of the Madrid Protocol in Hong Kong, the Administration sees 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. It is the reason for the Administration to 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 provisions have been in place under section 129 of CO and under section 16D of TDO.

46. As for the scope of the information to be disclosed, the Administration has explained that 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. On the enquiry of whether necessary safeguards are applied, the Administration has assured the Bills Committee that C&ED will maintain 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 (which is not lower than the level of Senior Superintendent).

Proposed amendment to the Bill

47. The Bills Committee has examined the draft amendment proposed by the Administration (details are in paragraphs 38 and 39) and has raised no objection. The Bills Committee will not propose any amendment to the Bill.

Resumption of Second Reading debate on the Bill

48. The Bills Committee has no objection to the resumption of the Second Reading debate on the Bill. The Bills Committee has noted that the Administration has given notice to resume the Second Reading debate on the Bill at the Council meeting of 27 May 2020.

Consultation with the House Committee

49. The Bills Committee reported its deliberations to the House Committee on 10 May 2019.

Council Business Division 1
Legislative Council Secretariat
20 May 2020

Bills Committee on Trade Marks (Amendment) Bill 2019

Membership List

Chairman	Hon WONG Ting-kwong, GBS, JP
Members	Hon Paul TSE Wai-chun, JP Hon Steven HO Chun-yin, BBS Hon WU Chi-wai, MH Hon YIU Si-wing, BBS Hon Charles Peter MOK, JP Ir Dr Hon LO Wai-kwok, SBS, MH, JP Hon CHUNG Kwok-pan Hon Alvin YEUNG Hon SHIU Ka-fai
	(Total : 10 members)
Clerk	Mr Desmond LAM
Legal Adviser	Miss Rachel DAI

Bills Committee on Trade Marks (Amendment) Bill 2019

**List of organizations/individuals that
have made oral representations and/or submitted written views
to the Bills Committee**

1. Liberal Party
2. Hong Kong Chinese Patent Attorneys Association
3. Hong Kong Intellectual Property Association
4. Mr CHIU Wing-hung
5. Asian Licensing Association
6. The International Trademark Association
7. Hong Kong Brands Protection Alliance
8. Federation of Hong Kong Industries
9. Democratic Alliance for the Betterment and Progress of Hong Kong
- * 10. Hong Kong Institute of Patent Attorneys Limited
- * 11. The Professional Validation Council of Hong Kong Industries
- * 12. Hong Kong Trade Development Council
- * 13. The Chinese Manufacturers' Association of Hong Kong
- * 14. Hong Kong Federation of Invention and Innovation
- * 15. Hong Kong General Chamber of Commerce
- * 16. Hong Kong & Kowloon Plastic Products Merchants United Association Limited
- * 17. Hong Kong Federation of Innovative Technologies and Manufacturing Industries
- * 18. Hong Kong Optical Manufacturers Association Limited
- * 19. Hong Kong Group of Asian Patent Attorneys Association

* *submission of written views only*