

立法會
Legislative Council

LC Paper No. LS47/18-19

**Paper for the House Committee Meeting
on 1 March 2019**

**Legal Service Division Report on
Trade Marks (Amendment) Bill 2019**

I. SUMMARY

- 1. The Bill**

The Bill seeks to amend the Trade Marks Ordinance (Cap. 559) to:

 - (a) provide for the implementation of an international registration system of trade marks under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol");
 - (b) enhance the mechanism for registering trade marks;
 - (c) include enforcement powers; and
 - (d) provide for related or technical amendments.

- 2. Public Consultation**

According to the Administration, a consultation exercise was conducted between November 2014 and February 2015 to gauge public views on the proposed implementation of the Madrid Protocol in Hong Kong. The majority of the respondents supported the proposal. Briefings on the key proposed legislative amendments to stakeholders were held in December 2017 and January 2018.

- 3. Consultation with LegCo Panel**

The Clerk to the Panel on Commerce and Industry ("Panel") advised that the Panel was briefed on the proposed amendments to Cap. 559 on 20 November 2018. Members supported in principle the legislative proposal but expressed views and concerns on a number of issues.

- 4. Conclusion**

The Legal Service Division is scrutinizing the legal and drafting aspects of the Bill. In the light of the concerns expressed by members of the Panel, Members may wish to consider whether a Bills Committee should be formed to study the Bill in detail.

II. REPORT

The date of First Reading of the Bill is 20 February 2019. Members may refer to the Legislative Council ("LegCo") Brief (File Ref.: CITB CR 06/47/1) issued by the Commerce and Economic Development Bureau on 4 February 2019 for further details.

Object of the Bill

2. The Bill seeks to amend the Trade Marks Ordinance (Cap. 559) to:
 - (a) provide for the implementation of an international registration system of trade marks under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol");
 - (b) enhance the mechanism for registering trade marks;
 - (c) include enforcement powers; and
 - (d) provide for related or technical amendments.

Background

3. Registration and protection of trade marks in Hong Kong is governed by Cap. 559 and the Trade Marks Rules (Cap. 559A). Under section 14(1) of Cap. 559, the owner of a trade mark registered in Hong Kong under Cap. 559 has exclusive rights in the trade mark which are infringed by use of the trade mark in Hong Kong without his consent.

4. The Madrid system for international registration of trade marks ("Madrid System"), governed by the Madrid Agreement Concerning the International Registration of Marks and the Madrid Protocol, is an international arrangement that seeks to facilitate the registration and management of trade marks in the contracting parties to the Madrid Protocol. Under the Madrid System which is administered by the International Bureau of the World Intellectual Property Organization ("WIPO"), protection of a trade mark in multiple jurisdictions may be obtained through international registration by filing a single application with WIPO and paying one set of fees. The post-registration management of the trade mark portfolio in different jurisdictions may also be done by a single procedure step through WIPO. As at 15 January 2019, the Madrid Protocol has 103 contracting parties (including China), but currently it does not apply to Hong Kong.¹

¹ Details of the Madrid System and the Madrid Protocol are available at: https://www.wipo.int/treaties/en/registration/madrid_protocol/

5. According to paragraphs 2 and 3 of the LegCo Brief, the Administration considers that the Madrid Protocol should be implemented in Hong Kong in order to enable Hong Kong businesses to obtain and manage international trade marks registration in a more convenient and cost-effective manner. The Central People's Government has indicated its in-principle support to the proposed application of the Madrid Protocol to Hong Kong.

Key provisions of the Bill

6. The Bill mainly seeks to amend Cap. 559 to provide for the implementation of the Madrid System to give effect to the Madrid Protocol in Hong Kong. The key provisions of the Bill are summarized below.

Power of the Registrar of Trade Marks to make rules for implementing the Madrid Protocol

7. Clause 13 in Part 2 of the Bill seeks to add a new Part XA (new sections 90A to 90E) to Cap. 559 to empower the Registrar of Trade Marks ("Registrar") to make various rules to give effect to the provisions of the Madrid Protocol in Hong Kong. These rules would be subsidiary legislation subject to the negative vetting procedure of LegCo. The subject matters of the proposed rules are summarized in the ensuing paragraphs.

Rules for international application

8. Under the new section 90C, the Registrar may make rules to provide for:

- (a) matters relating to an application made to WIPO through the Trade Marks Registry ("Registry") for registration of a trade mark in the international register of trade marks maintained for the purposes of Madrid Protocol by WIPO (i.e. international application);
- (b) the procedure to be followed when a basic application² fails, or is divided or merged, and when a basic registration³ ceases to be in force, or is merged; and
- (c) the communication of information to WIPO.

Rules for international designation (HK) and protected international trade mark (HK)

9. Under the new section 90D, the Registrar may make rules to provide for matters which include:

² Under the new section 90A, "basic application" means an application for registration filed under section 38 of Cap. 559 and on the basis of which an international application is made.

³ Under the new section 90A, "basic registration" means a registration of a trade mark under section 47 of Cap. 559 and on the basis of which an international application is made.

- (a) the procedure for dealing with a request for extension to Hong Kong of the protection resulting from the international registration of a trade mark (i.e. international designation (HK));
- (b) the communication of information to WIPO;
- (c) the protection conferred on a protected international trade mark (HK)⁴ and the cessation of such protection;
- (d) the keeping of a register that contains matters relating to international designations (HK) or protected international trade marks (HK), and the correction, amendment or removal of any information in the register;
- (e) the transformation of an international designation (HK) or a protected international trade mark (HK) into an application for registration of the trade mark in Hong Kong;
- (f) any matter incidental to or necessary to give effect to a matter mentioned in the new section 90D.

Rules for other matters

10. The new section 90E seeks to empower the Registrar to make rules to provide for other matters relating to the implementation of the Madrid System, such as matters relating to payments to the Registry, the rectification by the Registrar of irregularities in the procedure, the Registrar's power to extend any time limit prescribed by the rules, order security for costs, and tax costs.

Enhancing the mechanism for registering trade marks

11. The Bill also proposes to make the following amendments to Cap. 559 to enhance the current mechanism for registering trade marks:

- (a) clause 8 seeks to amend section 38 of Cap. 559 to require a corporation applying for registration of a trade mark to provide information as to its place of incorporation or its equivalent;
- (b) clause 9 seeks to amend section 39 of Cap. 559 to require application fees to be paid before an application for registration of a trade mark is given a filing date;
- (c) clause 10 seeks to amend section 46(2) of Cap. 559 to allow the registered particulars of a registered trade mark to be added to an application for registration of a trade mark under certain conditions;

⁴ Under clause 4(4) of the Bill, "protected international trade mark (HK)" means a trade mark on which protection resulting from international registration of the mark is conferred in Hong Kong in accordance with the rules made under Part XA of Cap. 559.

- (d) clause 11 seeks to amend section 57 of Cap. 559 to provide that the Registrar's power to correct an error or omission in the register that are attributable to the Registrar may be exercised on an application in writing by a person having a sufficient interest;
- (e) clause 12 seeks to amend section 72 of Cap. 559 to provide that the Registrar may give preliminary advice as to whether a prospective application for registration of a trade mark is likely to be refused on a ground specified in that section. It also seeks to clarify the circumstances where an applicant is entitled to a refund of the fees paid for filing the application.

Enforcement powers

12. At present, Cap. 559 does not specify the enforcement agency responsible for the enforcement of the criminal offence provisions under Cap. 559. Clause 15 of the Bill seeks to add a new Part XIA (new sections 96A to 96L) to Cap. 559 to provide for enforcement powers in relation to the offences under Cap. 559. The proposed amendments, if passed, would mean that, in line with the arrangements under the Copyright Ordinance (Cap. 528) and the Trade Descriptions Ordinance (Cap. 362), the enforcement of the criminal offence provisions under Cap. 559 would be vested in the Customs and Excise Department ("C&ED"). Details of the proposed amendments are summarized below.

Appointment of enforcement officers

13. The new sections 96B and 96K seek to provide that the Commissioner of Customs and Excise ("Commissioner") may, in writing, appoint a public officer as an enforcement officer for the purpose of Cap. 559, and delegate to a public officer any of his or her functions or powers under the new Part XIA.

Powers of enforcement officers and disposal of seized items

14. The new sections 96C and 96D seek to provide for the investigation powers of enforcement officers, including the powers to enter and search any place or conveyance; to make inquiries; to inspect, examine, search, seize, remove or detain things; to require certain specified persons to provide relevant information, documents or other things; and to require certain specified person to give assistance. The new section 96E seeks to provide for the power of an enforcement officer to stop, search, arrest and detain a person without a warrant, if the enforcement officer reasonably suspects that the person has committed an offence under Cap. 559.

15. The new sections 96G to 96I seek to provide for the release, sale, forfeiture, destruction, disposal of seized items, and payment of the sale proceeds.

Offences

16. The new section 96F proposes a number of offences relating to investigation. These include:

- (a) knowingly or recklessly providing false or misleading information or document in an investigation;
- (b) obstructing the enforcement officer in the exercise of the officer's powers or in the performance of the officer's duties under the new Part XHIA; and
- (c) failure to provide the officer with any information, document or any other things that the officer reasonably believes to be relevant to the investigation or failure to give all other assistance that the officer reasonably requires for the investigation.

The maximum penalties proposed for these offences are a fine at level 3 (i.e. HK\$10,000) and imprisonment for six months.

Other provisions

17. Other provisions of the Bill provide for amendments for related purposes, transitional matters, and consequential amendments to Cap. 362.

Commencement

18. The Bill (except clause 5 and Part 4), if passed, would come into operation on the day on which it is published in the Gazette as an Ordinance. Clause 5 (which seeks to amend section 5 of Cap. 559 to the effect that an international trade mark (HK) may also be an earlier trade mark in relation to another trade mark) and Part 4 (consequential amendments to Cap. 362) would come into operation on a day to be appointed by the Secretary for Commerce and Economic Development by notice published in the Gazette.

Public Consultation

19. According to paragraphs 21 and 22 of the LegCo Brief, the Administration conducted a consultation exercise between November 2014 and February 2015 to gauge public views on the proposed implementation of the Madrid Protocol in Hong Kong. The majority of the respondents supported the proposal. Some respondents considered it desirable if there could be a special arrangement between the Mainland and Hong Kong to facilitate the reciprocal filing of trade mark applications alongside the Madrid Protocol. Briefings on the key proposed legislative amendments to stakeholders were held in December 2017

and January 2018. According to the Administration, submissions from practitioners' groups had been taken into account in formulating the legislative proposal.

Consultation with LegCo Panel

20. According to the Clerk to the Panel on Commerce and Industry ("Panel"), the Panel was briefed on the legislative proposal on 20 November 2018. Considering that the application of the Madrid Protocol to Hong Kong might involve certain changes to the existing application and registration procedures for trade marks in Hong Kong, members raised concerns about the possible adverse effect brought by such changes to the local trade mark profession, and whether sufficient manpower would be provided to C&ED for enforcing the criminal provisions under Cap. 559. As the Madrid Protocol was not applicable to mutual designations between Hong Kong and the Mainland, members urged the Administration to consider putting in place separate administrative arrangements to facilitate reciprocal applications between Hong Kong and Mainland applicants given the close economic ties between the two places.

Conclusion

21. The Legal Service Division is scrutinizing the legal and drafting aspects of the Bill. In the light of the concerns expressed by members of the Panel, Members may consider whether a Bills Committee should be formed to study the Bill in detail.

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