

**For discussion on
20 November 2018**

Legislative Council Panel on Commerce and Industry

Proposed Amendments to the Trade Marks Ordinance (Cap. 559)

PURPOSE

This paper briefs Members on the proposed legislative amendments to the Trade Marks Ordinance (Cap. 559) (“TMO”) which seek to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid Protocol”) in Hong Kong, confer powers on the Customs and Excise Department (“C&ED”) to enforce the criminal provisions under TMO, and update certain provisions therein.

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. Traditionally, a trade mark owner needs to apply for registration of his trade mark in each jurisdiction where he wishes to obtain local protection. The Madrid Protocol is an international agreement which seeks to facilitate the registration and management of trade marks in different jurisdictions (see paragraph 4 below). It has 102 contracting parties as at end October 2018, including China and many other major trading partners of Hong Kong¹, but has yet to be applied to Hong Kong. The Central People’s Government (“CPG”) has indicated its in-principle support to the proposed application of the Madrid Protocol to Hong Kong.

3. We conducted a public consultation between November 2014 and February 2015 to gauge the views of stakeholders on the proposal to seek application of the Madrid Protocol to Hong Kong. Outcome of the consultation exercise was reported to the Panel in May 2015². Having carefully examined the views received and having regard to the overall benefits in the best interest of

¹ They include Australia, the European Union, Japan, Korea, Singapore and the United States.

² LC Paper No. CB(1)831/14-15(05)

Hong Kong, we indicated to the Panel in February 2017³ that we would go ahead with the implementation of the Madrid Protocol in Hong Kong, in order to enable businesses to obtain and manage international trade marks registration in a more convenient and cost-effective manner.

4. Under the Madrid Protocol, the process of seeking registration of a trade mark in the register of the International Bureau of the World Intellectual Property Organization (“WIPO”), and through which seeking extension of protection of such a trade mark in multiple jurisdictions is greatly simplified by a one-stop application process in lieu of individual filings in each jurisdiction. Upon application of the Madrid Protocol to Hong Kong,

- (a) A trade mark owner here may file an application for international registration of trade mark with the Hong Kong Trade Marks Registry (“the Registry”), pay one set of fees and designate one or more other contracting parties of the Madrid Protocol in which protection is sought (known as “international application”). Upon receiving such application, the Registry will refer it to WIPO for its onward transmission to the trade mark offices of the designated contracting parties.
- (b) Likewise, a trade mark owner in another contracting party of the Madrid Protocol may file with the local trade mark office an application for international registration, pay one set of fees there and designate “Hong Kong SAR of China” for seeking protection in Hong Kong (known as “international designations (HK)”). In such case, the request will be channelled through WIPO to the Registry. Substantive examination of international designations (HK) is to be handled by the Registry according to the same criteria as domestic applications under TMO.

5. Following registration, holders of international registrations can also manage their trade mark portfolios in different designated contracting parties through a single procedure with WIPO. Examples include recordal of change in ownership, change in name and address, appointment of representative, etc. pertaining to the management of the rights in an international registration in all or some of the contracting parties where protection has been granted.

³ LC Paper No. CB(1)555/16-17(05)

6. Upon implementation of the Madrid Protocol in Hong Kong, an overseas trade mark owner seeking protection in Hong Kong as well as the Mainland will be able to designate both places in one single international application. As the Madrid Protocol is an international agreement, it is not applicable to mutual designations between the Mainland and Hong Kong⁴.

LEGISLATIVE PROPOSALS

Powers for the Registrar of Trade Marks to Make Rules for Implementation of the Madrid Protocol in Hong Kong

7. The implementation of the Madrid Protocol in Hong Kong does not involve any fundamental change to the basic tenets of our domestic trade marks regime as set out in TMO. What is required is the introduction of new processes and modifications to the existing application and registration procedures in the subsidiary legislation (i.e. the Trade Marks Rules). Enabling provisions are needed in TMO to empower the Registrar of Trade Marks (“the Registrar”)⁵ to make the essential procedural rules on such matters to give effect to the provisions of the Madrid Protocol in Hong Kong. The approach of including only enabling provisions in the principal legislation to empower the authorities to make relevant rules while leaving the substantive content of such rules in the subsidiary legislation follows the approach consistently adopted by many other common law jurisdictions in their legislative exercises for implementing the Madrid Protocol, e.g. Australia, New Zealand, Singapore and the United Kingdom⁶.

Enforcement Powers for C&ED

8. TMO contains a number of criminal 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 (under sections 93 to 96). The provisions are presently enforced by the Hong Kong Police Force (“HKPF”).

9. Meanwhile, C&ED is responsible for taking criminal sanctions against copyright and trade mark infringements under the Copyright Ordinance (Cap. 528)

⁴ We would continue to discuss with the relevant Mainland authorities the possibility of putting in place separate administrative arrangements to facilitate reciprocal applications by Hong Kong and Mainland applicants, so as not to hold up the overall progress of the implementation of the Madrid Protocol in Hong Kong.

⁵ The office of the Registrar is held by the Director of Intellectual Property.

⁶ For example, sections 53 and 54 of the Trade Marks Act 1994 of the United Kingdom and section 54 of the Trade Marks Act of Singapore.

and Trade Descriptions Ordinance (Cap. 362). Alongside the implementation of the Madrid Protocol in Hong Kong, we consider it appropriate to regularise the existing arrangement by putting the enforcement of the criminal provisions under TMO under one roof, viz. on C&ED. This will help enhance the effectiveness of enforcement of intellectual property laws and the confidence of other jurisdictions in the integrity of Hong Kong's enforcement regime for offences related to trade marks registration.

10. While over the years there were only a handful of suspected cases of contravention, we propose to equip C&ED with the necessary powers for dealing with possible contravention cases in future⁷, with reference to those conferred on C&ED under other existing ordinances they enforce. Such enforcement powers include –

- (a) power to require a person to: (i) provide information; (ii) attend investigation session and answer questions, (iii) make a statement; and (iv) give assistance;
- (b) power to, with a warrant issued by a magistrate⁸, forcibly enter and search any premises, and inspect, examine, seize and detain any evidence on such premises;
- (c) power to enter and search any place (other than premises as covered in sub-paragraph (b) above), seize and detain anything appeared to be evidence, and make examination or inquiry;
- (d) power to forfeit or dispose of anything in respect of which an offence has been committed; release any seized item to its owner or the owner's authorized agent; and apply to the court for the forfeiture of any seized item whether or not any person is prosecuted; and
- (e) power to stop, search, arrest and detain a person reasonably suspected to have committed an offence; and use force if reasonably necessary⁹.

11. To enable effective enforcement, it would also be necessary to render

⁷ Over the years, HKPF relies on the general powers accorded to its officers under the Police Force Ordinance (Cap. 232) for enforcement of these provisions. These powers are not set out in TMO.

⁸ No warrant would be required if the delay necessary to obtain a warrant could result in the loss or destruction of evidence, or for any other reason it would not be reasonably practicable to obtain a warrant.

⁹ Similar provisions can be found in section 17A of the Customs and Excise Service Ordinance (Cap. 342).

certain acts of obstructing investigation (e.g. knowingly or recklessly providing false or misleading information in a material particular, non-compliance with the enforcement officer's requirements) a criminal offence. We also propose to make it clear in the law that C&ED may, for the purposes of promoting international co-operation in the protection of intellectual property rights, disclose any information obtained to relevant enforcement authorities in other relevant jurisdictions.

Enhancing Specific Provisions of TMO

12. TMO was enacted in 2003 and has not undergone any major updating since. In the light of certain court decisions over the years and the latest international practices, it is necessary to make some miscellaneous amendments of technical nature to TMO. They include proposed amendments which seek to –

- (a) clarify the protection afforded to well-known trade marks¹⁰ under TMO;
- (b) require a corporate applicant for registration of a trade mark to provide information as to its place of incorporation;
- (c) require the payment of filing fees as a pre-requisite for obtaining a date of filing for registration;
- (d) clarify the conditions subject to which an amendment of an application for registration of a trade mark can be made;
- (e) provide an avenue for applying to correct errors or omissions in the register of trade marks attributable to the Registrar; and

¹⁰ “Well-known trade mark” is defined under section 4(1) of TMO as a trade mark which is well known in Hong Kong and which is the trade mark of a person who—

- (a) is a national of, or is domiciled or ordinarily resident in, a Paris Convention country or World Trade Organization (“WTO”) member;
- (b) has a right of abode in Hong Kong; or
- (c) has a real and effective industrial or commercial establishment in a Paris Convention country, a WTO member or Hong Kong,

whether or not that person carries on business in Hong Kong or owns any goodwill in a business in Hong Kong.

In determining whether a trade mark is well known in Hong Kong, factors set out in Schedule 2 to TMO should be taken into account.

- (f) expand the scope of advice which may be given by the Registrar on a prospective application for registration of a trade mark and clarify circumstances requiring repayment of fees made in relation thereto.

WAY FORWARD

13. Drafting of the bill to amend TMO is at an advanced stage. We aim to introduce the bill into the Legislative Council in the current legislative session.

14. Apart from preparing the bill, other preparatory work for implementation of the Madrid Protocol is also underway. Such work includes preparing proposals for subsidiary legislation to provide for the procedural details, developing work plans for setting up a dedicated information technology system, drawing up detailed workflows for processing international applications and international designations (HK), etc.

15. Upon the enactment of the proposed amendments to TMO and the completion of other preparatory work, we plan to liaise with the CPG to seek application of the Madrid Protocol to Hong Kong in 2022-23 the earliest.

ADVICE SOUGHT

16. Members are invited to note and give views on the legislative proposals.

Commerce and Economic Development Bureau
Intellectual Property Department
Customs and Excise Department
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