

**For discussion
on 18 April 2023**

**Legislative Council
Panel on Commerce, Industry, Innovation and Technology**

**Make New Rules under the Trade Marks Ordinance (Cap. 559) and
Amend the Trade Marks Rules (Cap. 559A) for
Implementation of the Protocol Relating to the Madrid Agreement
Concerning the International Registration of Marks**

PURPOSE

This paper briefs Members on the legislative proposals to make the new Trade Marks (International Registration) Rules under the Trade Marks Ordinance (Cap. 559) (“TMO”) to set out the detailed procedures and rules for the future implementation of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid Protocol”) in Hong Kong, and to amend the Trade Marks Rules (Cap. 559A) (“TMR”) to correspondingly enhance the operational workflow and proceedings at the Trade Marks Registry (“Registry”) under the current domestic trade mark registration regime, as well as to reduce the current fees for filing domestic trade mark applications by electronic means.

BACKGROUND

2. Trade mark rights are territorial in nature and are granted independently by different jurisdictions according to their own laws and practices. A trade mark owner used to have to individually apply for registration of a trade mark in each and every jurisdiction where the owner wishes to obtain local protection for the trade mark. The Madrid Protocol is an international agreement adopted in 1989 to provide an international trade mark registration system (“Madrid System”) which facilitates trade mark owners to seek trade mark protection in multiple designated jurisdictions concurrently through a one-stop process by filing a single application with and paying one set of fees to the International Bureau (“IB”) of the World Intellectual Property Organization (“WIPO”). This greatly simplifies the registration process without requiring the trade mark owners to file individual applications for registration of trade marks and manage their trade marks separately in different jurisdictions.

3. As at end-March 2023, the Madrid Protocol has 114 contracting parties, covering 130 countries, including China and many other major trading partners of Hong Kong, but it has yet to be applied to Hong Kong. Upon extension of the Madrid System to Hong Kong, an overseas trade mark owner may concurrently seek protection for a trade mark in multiple jurisdictions (including the Mainland and Hong Kong) through a single application, whereas a Hong Kong trade mark owner may also seek protection for a trade mark in multiple overseas jurisdictions concurrently through a single application. This will help enhance the reputation of Hong Kong's trade mark regime in the international community and Hong Kong's competitive edge in developing intellectual property ("IP") trading in the region. It is also an important strategy that complements the National 14th Five-Year Plan in supporting Hong Kong's development into a regional IP trading centre. The Central People's Government ("CPG") has indicated its in-principle support to the proposed application of the Madrid Protocol to Hong Kong.

4. The Trade Marks (Amendment) Ordinance 2020 was enacted by the Legislative Council ("LegCo") in June 2020, providing the legal basis in our domestic law for the future application of the Madrid Protocol to Hong Kong. The Government has since then been pressing ahead with the preparatory work for implementation of the Madrid Protocol in Hong Kong, including, amongst others, the preparation of a new set of subsidiary legislation, the Trade Marks (International Registration) Rules, to be made by the Registrar of Trade Marks¹ ("Registrar") pursuant to the TMO and in accordance with the Madrid Protocol and the Regulations under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol Regulations"), which set out the detailed procedures, rules and fee items for operation of the Madrid System in Hong Kong.

OVERVIEW OF OPERATION OF THE MADRID SYSTEM

5. Upon application of the Madrid Protocol to Hong Kong, the Registry will assume a dual role under the Madrid System as an "Office of Origin" and a "Designated Office", and their relevant operations are as follows –

¹ The office of the Registrar of Trade Marks is held by the Director of Intellectual Property.

- (a) The Registry as an “Office of Origin” – a Hong Kong trade mark owner may file an application for international registration of a trade mark (“international application”) with the IB through the Registry, on the basis of a corresponding domestic application or registration of the trade mark (“basic application or registration”), and designate one or multiple contracting parties to the Madrid Protocol where trade mark protection is being sought. If the “international application” meets the examination requirements of the IB and the Registry (as an “Office of Origin”), it will become an “international registration”. The IB will then forward the relevant application to the trade mark offices of each of the designated contracting parties for their processing. The trade mark office of each designated contracting party will examine the relevant trade mark application according to its own domestic laws and practices to determine whether domestic protection should be conferred on the trade mark;
- (b) The Registry as a “Designated Office” – an overseas trade mark owner of a contracting party to the Madrid Protocol may likewise file an “international application” with the IB through the local trade mark office under the Madrid System, designating Hong Kong in the application as one of the places where trade mark protection is being sought. The request in the application designating Hong Kong (known as “international designation (HK)”) will be forwarded through the IB to the Registry (as a “Designated Office”) for its local substantive examination. The Registry will determine whether protection should be conferred on the trade mark of the “international designation (HK)” in Hong Kong primarily according to the existing requirements and conditions under the TMO as applicable to examination of domestic trade mark applications. A trade mark that is conferred protection through this route will become a “protected international trade mark (HK)”.

6. Upon obtaining an “international registration”, the holder of an “international registration” can manage the “international registration” and the trade mark portfolio in each of the designated contracting parties through a one-stop process with the IB (including the assignment and renewal of the “international registration”).

LEGISLATIVE PROPOSALS

Making the Trade Marks (International Registration) Rules

7. In order to implement the Madrid System in Hong Kong, we propose that the Trade Marks (International Registration) Rules be made by the Registrar pursuant to the TMO and in accordance with the Madrid Protocol and the Madrid Protocol Regulations to set out the relevant operation procedures and rules of the Registry as an “Office of Origin” and a “Designated Office”, which cover the following major areas –

(I) Relevant procedures and rules of the Registry as an “Office of Origin”

- (a) the eligibility for filing an “international application” (i.e. the applicant must be a Chinese national, or domiciled in Hong Kong, or has a real and effective industrial or commercial establishment in Hong Kong) and the conditions for filing the application (including that the application must be filed based on a “basic application or registration”);
- (b) the rules for the Registry in processing an “international application”, including the requirement to certify that the particulars of an “international application” correspond to those appearing in the “basic application or registration”;
- (c) the requirements and procedures for the Registry to notify the IB if a “basic application or registration” fails or ceases to be in force within a specified period;

(II) Relevant procedures and rules of the Registry as a “Designated Office”

- (a) the statutory examination requirements and conditions for conferring protection on a trade mark of an “international designation (HK)”, which are substantially the same as the relevant prevailing statutory examination requirements and conditions for an application for trade mark registration filed domestically;
- (b) in the event that the trade mark of an “international designation (HK)” is not eligible to be conferred protection, the procedures for the Registry to give a notice of provisional refusal to the holder of

an “international registration” through the IB, and procedures for the holder to respond to such notice;

- (c) in the event that the trade mark of an “international designation (HK)” is eligible to be conferred protection, the procedures for the Registry to publish particulars of the “international designation (HK)”;
- (d) in the event that a third party opposes to the conferring of protection on the relevant trade mark, the time limit to do so, the procedures that the opponent and the holder of the “international registration” must respectively follow, and the procedures for the Registry to issue to the IB a notice of provisional refusal relating to the opposition proceedings;
- (e) when the Registry eventually confers or refuses to confer protection on the relevant trade mark, the procedures requiring the Registry to notify the IB of the Registrar’s final decision and to publish particulars of the trade mark on which the Registrar eventually confers protection, and the procedures requiring the Registrar to enter in the domestic register particulars of the trade mark that is conferred protection;
- (f) the effect of recording a transaction relating to the rights in an “international registration” in the International Register and the procedures to enter particulars of other transactions in the domestic register (e.g. transaction relating to granting a licence under a “protected international trade mark (HK)”);
- (g) the requirements and procedures for the holder of “international registration(s)” to request the IB, through the Registry, to divide an “international registration” and merge the “international registrations” that are subjects of “international designations (HK)” or “protected international trade marks (HK)”;
- (h) the conditions and requirements for a “protected international trade mark (HK)” to be treated as having replaced the domestic registration of the same trade mark (and not affecting any rights a person has in respect of the relevant registration);
- (i) if an “international registration” that is a subject of an “international designation (HK)” or a “protected international trade mark (HK)”

is cancelled by the IB, the requirements and procedures for the holder of the “international registration” to file an application to transform the “international registration” into a domestic application for trade mark registration or a domestic registered trade mark; and

- (j) the procedures to be followed by the Registry upon the correction of an “international registration” by the IB.

8. The proposed Trade Marks (International Registration) Rules would also set out rules relating to the rights of an “international designation (HK)” and a “protected international trade mark (HK)”, as well as provisions on other relevant administrative and miscellaneous matters. These rules and provisions are substantially the same as the corresponding rules and provisions under the existing domestic trade mark regime, which cover the following major areas –

- (a) the rights enjoyed by the holder of an “international registration” in respect of a “protected international trade mark (HK)”, the remedies and relief that the holder may seek in infringement cases, matters in relation to granting of a licence for others to use the trade mark, and rights enjoyed by the licensee;
- (b) the proceedings affecting the rights of a “protected international trade mark (HK)” (including revocation of protection conferred on the trade mark and declaration of invalidity of protection conferred on the trade mark) and the relevant legal effect;
- (c) the rules concerning matters relating to proceedings before the Court and at the Registry (e.g. language requirements, appointment of local agents, request for extension of time in relation to a prescribed time limit, address for service, etc.), and offences relating to false representation of a trade mark;
- (d) the requirements and procedures concerning a collective mark and a certification mark that is the subject of an “international designation (HK)” or a “protected international trade mark (HK)”, and the requirements and procedures concerning the filing of a defensive trade mark application made on the basis of a “protected international trade mark (HK)” and its registration; and

- (e) the requirements and procedures of rectifying and correcting the domestic register.

Enhanced Arrangements for the Registry's Procedures and Corresponding Amendments to the Trade Marks Rules

9. We have all along been consulting the trade (including local professional bodies of trade mark practitioners²) regarding implementation of the Madrid Protocol in Hong Kong. Some trade representatives have suggested that the Government should simultaneously enhance certain procedures and rules under the existing domestic trade mark regime. Certain procedures and rules for the operation of the Madrid System in Hong Kong are substantially the same as their corresponding procedures and rules under the domestic trade mark regime. Having carefully considered the feedback from the trade, the practical experience and the day-to-day operational needs of the Registry, as well as the prevailing international trend for processing trade mark applications and registrations, we propose to introduce the following enhanced arrangements relating to the operational workflow and the proceedings at the Registry –

- (a) shortening the time limits of the following proceedings at the Registry in order to expedite the relevant workflow:
 - (i) time limits for the parties in the proceedings to file evidence;
 - (ii) time limit for filing counter-statement in proceedings concerning application for revocation of the registration of a trade mark on grounds of non-use, variation of registration and rectification of register; and
 - (iii) time limit for filing a request for hearing;
- (b) dispensing with the requirement to file evidence in support of an application for revocation of the registration of a trade mark on grounds of non-use when the application is made;
- (c) providing that an application for revocation or declaration of invalidity of the registration of a trade mark may be treated as being unopposed by the trade mark owner if the owner fails to file a counter-statement in such proceedings, and the registration may be revoked or declared invalid to the extent of the goods and services against which the application is made;

² Including the Asian Patent Attorneys Association Hong Kong Group, the Hong Kong Institute of Trade Mark Practitioners and the Intellectual Property Committee of the Law Society of Hong Kong.

- (d) providing the requirements and procedures for the trade mark owner to apply for setting aside a revocation of the registration of a trade mark or declaration of invalidity of the registration of a trade mark if the owner did not receive a copy of the application for revocation or invalidation;
- (e) making it clear that the Registrar may direct a hearing to be conducted by alternative modes other than by physical hearing (such as by telephone or video conferencing);
- (f) specifying in further detail the particulars of an earlier trade mark or an earlier right to be provided by the opponent and the applicant in their respective statements of the grounds for the proceedings of opposition to the registration of a trade mark and application for declaration of invalidity of the registration of a trade mark so that the other party in the proceedings can make more precise responses;
- (g) introducing additional provisions to elaborate the requirements in relation to recognition of local agents under the TMO (including the requirement that the notice given by an agent for notifying the Registrar of the address of the premises where the agent resides or carries on business activities must contain a declaration that the agent resides or carries on business activities on the said premises, and the Registrar's power to require the agent to produce evidence of residing or carrying on business activities on the premises within a specified period of time); and
- (h) permitting electronic service of documents between parties of a proceeding at the Registry and making rules for authentication of documents filed or served electronically.

We propose to incorporate the above enhanced arrangements into the provisions of the new Trade Marks (International Registration) Rules, and at the same time, correspondingly amend the provisions concerning the domestic trade mark regime under the existing TMR.

Fee Items under the Trade Marks (International Registration) Rules and Adjustments to Current Fees for Filing Domestic Trade Mark Applications Electronically

10. The Trade Marks (International Registration) Rules will also introduce fee items concerning the domestic procedures of the Madrid

System (see **Annex A** for details), which mainly include –

- (a) the handling fee for the Registry (as an “Office of Origin”) to present an “international application” to the IB; and
- (b) the fee items for the Registry (as a “Designated Office”) to process an “international designation (HK)” and a “protected international trade mark (HK)” through domestic procedures.³

The fee in item (a) above is specifically introduced for offering a new service under the Madrid System. The other fee items are the same as those for providing the equivalent services under the domestic trade mark registration regime. We have followed the requirement of full cost recovery under section 91(6) of the TMO as well as the Government principle of “user-pay” in working out the relevant proposed fees.

11. On the other hand, in accordance with the aforementioned statutory requirement and the principle of full cost recovery on a global basis for all the services, we have also taken into consideration the recommendations given by the Director of Audit to the Director of Intellectual Property in 2020 that when processing trade mark applications, incentive should be given to trade mark applicants through fee reduction to encourage the use of electronic filing.⁴ To this end, we propose to adjust the current fees for filing domestic trade mark applications electronically as follows (see **Annex B** for details) –

- (a) the fees for trade mark applications filed electronically will be reduced by 15%; and
- (b) the Registry will roll out a pre-approved list of goods or services (“the pre-approved list”) to facilitate trade mark applicants who use the electronic application forms to select applicable classes and specifications of goods and services directly from the search

³ Apart from the above fees, overseas trade mark owners are required to pay the relevant fees to the IB for the filing of “international applications” and the renewal of “international registrations”, including the fees charged by the IB and the fees collected by the IB on behalf of the relevant trade mark offices of the designated contracting parties. The fees to be charged by Hong Kong will be set out in the declaration made by China to WIPO as a contracting party to the Madrid Protocol, which will be the same as the fees chargeable for providing the equivalent services in Hong Kong.

⁴ Paragraph 2.32(g) of Chapter 5 (Intellectual Property Department: Registration and protection of intellectual property) of No.74 of the Director of Audit’s report (April 2020) recommended the Director of Intellectual Property to explore measures to further increase the rate of electronic filing for trade mark applications, for example: by introducing preferential pricing for electronic filing of trade mark applications in due course.

database. In order to encourage trade mark applicants to use the pre-approved list so as to expedite the processing time of the applications by the Registry, we will further reduce the fees for trade mark applications filed by means of electronic application forms using the pre-approved list by 25% in total when compared to the current application fee.

CONSULTATION

12. The Intellectual Property Department (“IPD”) has sought the IB’s comments in the course of formulation and drafting of these legislative proposals. Given that matters relating to applications for trade mark registration are mainly handled by trade mark practitioners on behalf of their clients, IPD has also consulted local major professional bodies of trade mark practitioners on the key legislative proposals (including the fee proposal), and they generally supported the proposals.

LEGISLATIVE TIMETABLE

13. The Registrar has the authority to make the proposed Trade Marks (International Registration) Rules and amend the TMR pursuant to the TMO. We plan to table the relevant subsidiary legislation in the LegCo for negative vetting in the first half of 2023. Upon completion of all the necessary preparatory work for implementation of the Madrid Protocol in Hong Kong, we will seek the CPG’s formal agreement to apply the Madrid Protocol to Hong Kong.

ADVICE SOUGHT

14. Members are invited to note and give views on the above proposals.

Commerce and Economic Development Bureau
Intellectual Property Department
April 2023

Proposed Fee Items for Domestic Procedures of the Madrid System

	Matters or procedures	Fee (HK\$)
<i>Procedures of Registry as an “Office of Origin”</i>		
1.	Handling fee for presenting an “international application” to the IB upon receipt of the “international application” filed with the Registry	\$500
<i>Procedures of Registry as a “Designated Office”</i>		
2.	Request for extension of time for domestic procedures of an “international designation (HK)” and a “protected international trade mark (HK)”	\$200
3.	File notice of opposition for the following matters: (a) conferring protection on the trade mark of an “international designation (HK)”; or (b) proposed removal of a matter relating to a “protected international trade mark (HK)” from the register; or (c) amendment of the regulations governing the use of a collective mark that is a “protected international trade mark (HK)”; or (d) amendment of the regulations governing the use of a certification mark that is a “protected international trade mark (HK)”	\$800
4.	File notice of objection to proposed amendment to an “international designation (HK)”	\$800
5.	Enter particulars of the following transactions (not via the IB) in the domestic register: (a) licence; or (b) security interest	\$800
6.	File applications for the following matters: (a) request for revocation of the protection conferred on a “protected international trade mark (HK)”; or (b) request for declaration of invalidity of the protection conferred on a “protected international trade mark (HK)”; or (c) request for variation of the protection conferred on a “protected international trade mark (HK)”; or (d) request for rectification of an error or omission relating to an “international designation (HK)” or a “protected international trade mark (HK)” in the register; or (e) request for leave to intervene in the following	\$800

	<p>proceedings:</p> <ul style="list-style-type: none"> (i) revocation of the protection conferred on a “protected international trade mark (HK)”; (ii) declaration of invalidity of the protection conferred on a “protected international trade mark (HK)”; (iii) variation of the protection conferred on a “protected international trade mark (HK)”; (iv) rectification of an error or omission relating to an “international designation (HK)” or a “protected international trade mark (HK)” in the register 	
7.	Notice of appearance at a hearing (other than a hearing for extension of time)	\$1,700
8.	Request for a statement of the reasons for a decision of the Registrar	\$1,500
9.	Taxation of bill of costs	\$450 for the first \$15,000 of the amount claimed plus \$3 for every \$100 or fraction of \$100 of the amount claimed above \$15,000
10.	<p>Request for supplying the following certified documents:</p> <ul style="list-style-type: none"> (a) a certified copy of an entry concerning an “international designation (HK)” or a “protected international trade mark (HK)” in the register; or (b) a certified extract concerning an “international designation (HK)” or a “protected international trade mark (HK)” from the register 	\$150
11.	<p>Request for supplying the following uncertified documents:</p> <ul style="list-style-type: none"> (a) an uncertified copy of an entry concerning an “international designation (HK)” or a “protected international trade mark (HK)” in the register; or (b) an uncertified extract concerning an “international designation (HK)” or a “protected international trade mark (HK)” from the register 	\$6 for each page or portion of a page
12.	Request for supplying a certificate for the purposes of section 79(2) of the TMO (which provides that the certificate is <i>prima facie</i> evidence of the matters so certified)	\$200

Annex B

Fee Adjustments for Filing Trade Mark Applications Electronically

Matters or Procedures		Current Fee (HK\$)	Proposed Fee (HK\$)	Percentage of reduction
1.	Application for registration of a trade mark (including a collective mark and a certification mark)			
	(a) if the filing is by electronic means	\$2,000, \$1,000 for each additional class	\$1,700, \$850 for each additional class	-15%
	(b) if the filing is by electronic means using the pre-approved list		\$1,500, \$750 for each additional class	-25%
2.	Application for registration of a series of trade marks			
	(a) if the filing is by electronic means	\$2,000, \$1,000 for each additional class	\$1,700, \$850 for each additional class	-15%
	(b) if the filing is by electronic means using the pre-approved list		\$1,500, \$750 for each additional class	-25%
3.	Application for registration of a defensive trade mark			
	(a) if the filing is by electronic means	\$2,300, \$1,150 for each additional class	\$1,960, \$980 for each additional class	-15%
	(b) if the filing is by electronic means using the pre-approved list		\$1,730, \$865 for each additional class	-25%