

Bills Committee on Trade Marks Bill

Response to Written Submissions by the International Trademark Association

Introduction

This note sets out the Government's response to the submission by the International Trademark Association (INTA) on the Trade Marks Bill dated 8 September 1999.

Issues Raised by the INTA and the Government's Response

Meaning of "Trade Mark"

2. The definition of "sign" is a broad one (Clause 3(1) Trade Marks Bill). Clause 3(2) of the Trade Marks Bill states certain examples of what can be trade marks but makes it clear that this is "without affecting the generality of subsection (1)..." This approach has been adopted in the UK Trade Marks Act 1994 (Section 1), the Irish Trade Marks Act 1996 (Section 6), the Singapore Trade Marks Act 1998 (Section 2) and the South African Trade Marks Act 1993 (Section 2).

3. However, we have no objection to referring to sound and smell marks in Clause 3(2) and will propose a Committee Stage Amendment to this effect. We do not propose to make a reference to "taste" in the clause, however, as it is a more controversial item. The leading reference text on the UK Trade Marks Act 1994 contains a criticism on this issue (Kitchin and Mellor, page 26-15). We consider that it will be more appropriate to leave the law to develop on this point.

Well-known Marks

4. We are monitoring developments on this issue at the World Intellectual Property Organisation. As yet, there is no international consensus on the criteria for being a "well-known" trade mark. Should such a consensus emerge, we will consider a Committee Stage Amendment if the Bill has not yet been passed, or an amendment to the law.

Civil and Criminal Remedies required by the TRIPS Agreement

5. Hong Kong is fully compliant with the requirements of civil and criminal remedies under Part III of the TRIPS Agreement. The criminal procedures and sanctions available in respect of registered trade marks are to be found in the Trade Descriptions Ordinance (TDO); whereas border measures are provided in Part IIIA of the TDO.

6. Contrary to the INTA's assertion, the TRIPS Agreement does not provide for an absolute right to information regarding the identity of infringers. Article 47 of TRIPS is only worded in permissive terms : "Members may provide that the judicial authorities shall have the authority...to order the infringer to inform the right holder of the identity of third persons involved...". Hong Kong has complied with Article 47 in a number of ways. As part of an "Anton Piller Order", a court may, in an action against an infringer, order that the defendant disclose the name and address of his supplier. In common with all types of civil litigation, discovery of documents and the administration of interrogatories may be used to obtain information of the identity of third parties involved in the production and distribution of infringing goods.

7. We do not understand the INTA's request for a "requirement for parties to make disclosure sufficient to establish a prima facie case". It cannot mean that a defendant should be under an obligation to help a plaintiff make his case. However, under Hong Kong law, there is a discovery process whereby parties to civil litigation have an obligation to make discovery of documents relating to the court action.

8. As explained above, Hong Kong makes full provision for interim measures. These include interlocutory injunctions such as Anton Piller Orders. This Order enables an applicant to search the premises of an infringer so as to preserve evidence. However, the INTA's request for such interim measures to be specifically included in the legislation would amount to a codification of the common law. This is unnecessary in a Bill focussing on the registration of trade marks.

Licensing of Trade Marks

9. The reform of the licensing of trade marks reflected in the Trade Marks Bill is a deliberate attempt to move away from the "nanny" role which is inherent in the Trade Marks Ordinance (Cap.43). Questions of licensing are now a matter between the trade marks owner and the licensee. We note the INTA's

suggestion that there should be a specific requirement for licensors to maintain control over the use of their marks by the licensees, but believe that the best guarantee that a proprietor will maintain control over the way in which his trade mark is used is that it is in his interest to do so. No amendment to the Bill is necessary in this respect.

Presumption of Registrability

10. A mark will be registered unless it falls foul of Clauses 10 and 11 of the Trade Marks Bill (Absolute and Relative Grounds for Refusal of Registration). It is therefore not necessary for an absolute presumption of registrability.

Border Measures

11. As explained in paragraph 5, border measures in compliance with the requirements of the TRIPS Agreement are already provided for under the TDO. There is no particular need for border measures to be dealt with in the Trade Marks Bill which focuses on the registration of trade marks.

Protection of Geographical Indications (GI)

12. Under the Bill, Hong Kong will protect GIs by way of trade marks, certification marks and collective trade marks. In addition, there is the common law of passing-off. A geographical indication which has acquired a secondary meaning could be registered as an ordinary trade mark (i.e. other than a certification or collective mark) (see Clauses 10(1)(c) and 10(2) where the use of a mark may enable it to be registered). Taking the INTA's example of the geographical name "Canterbury", it will be possible for it to be registered for rugby shirts under the Bill, provided that there is sufficient use.

13. INTA states that "TRIPS does not require the owner of a geographical indication (e.g. a country, region or municipality) to have regulations governing use, nor does the Article prevent use of the mark by the owner". Article 22 of the TRIPS Agreement is couched in broad terms and does not lay down specific requirements on how a WTO member should protect GI. It is possible to protect GIs in Hong Kong in a number of ways, e.g. registration as a trade mark, certification trade mark or collective mark. There is also the common law remedy of passing off. We are fully compliant with TRIPS.

14. INTA has also referred to the "first in time, first in right" principle. This seems to be a reference to vested rights, which is already provided for in Clause 18 of the Trade Marks Bill.

Time Limits and Extensions

15. We agree that the time limits for the lodging and processing of applications to register trade marks should be transparent. The Trade Marks Rules are being drafted and will contain detailed provisions regarding time limits (e.g. oppositions). We are considering whether the time limit referred to in Clause 40(3) of the Bill (i.e. the specified period) should be incorporated into the Trade Marks Rules.

Exhaustion of Rights and Parallel Imports

16. We do not agree with the INTA's inclination for national exhaustion of trade marks rights. We believe that international exhaustion of rights represents the best balance between the rights and interests of all parties, and will be in line with our free trade policy with minimum barriers. We have set out the Government's rationale for adopting international exhaustion under the Trade Marks Bill in a paper submitted to the Bills Committee separately.

17. INTA has put forward the example of parallel-imported pharmaceuticals without full dosage instructions, and inferred that such imports, while possibly allowable under the Bill, would be highly detrimental and dangerous to the public. We do not agree with this assertion. The regulation of pharmaceutical products is *not* an objective of trade mark legislation. There are specific laws to ensure the safety, quality and efficacy of pharmaceuticals available in Hong Kong. The change of the dosage instructions for pharmaceuticals is a matter governed by the Pharmacy and Poison Ordinance (Cap.138). Section 36(3) of the Pharmacy and Poisons Regulations stipulates that the label, dosage form, and specifications of a drug need to be registered by the Pharmacy and Poisons Board (PPB) before the drug is allowed to be distributed in Hong Kong. It is a criminal offence to sell such a product without registration with the PPB (Regulation 40).

Trade and Industry Bureau

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