

LEGISLATIVE COUNCIL BRIEF

TRADE MARKS BILL

INTRODUCTION

At the meeting of the Executive Council on 13 April 1999, the Council ADVISED and the Chief Executive ORDERED that the Trade Marks Bill, at the Annex, should be introduced into the Legislative Council, to provide a new regulatory framework to modernise and streamline the registration and protection of trade marks.

BACKGROUND AND ARGUMENT

The Existing Legislation

2. Hong Kong has had an independent trade mark registration system since 1873. The Trade Marks Ordinance sets out the criteria and procedures for the registration and maintenance of trade marks. There are currently more than 100,000 registered trade marks on the Hong Kong Trade Marks Register. However, most provisions under the Trade Marks Ordinance have remained largely unchanged since 1955. With the evolvement of international practice in the protection of intellectual property rights over this period, we need to modernise Hong Kong's trade marks laws. The main aims are to reduce red-tape, enable easier registration of marks, increase the range of signs that can be registered as trademarks, and provide a higher standard of protection, taking into account prevailing international developments.

THE BILL

3. The Trade Marks Bill at the Annex seeks to achieve the aims set out in paragraph 2 above. Its main provisions are summarised in paragraphs 4 to 16 below.

Registrable trade marks (Clause 3)

4. The definition of a trade mark is broadened. The new definition permits the registration of a wider range of signs as a trade mark. However, to prevent the trade marks system from being used to obtain an automatic and indefinite extension of the monopoly conferred by patent, design or copyright law, certain shapes which might be protected by other intellectual property laws will remain unregistrable. This is in line with prevailing international norms.

Relative grounds for refusal of registration (Clause 11)

5. At present a trade mark application may be refused on the basis of a prior existing registration for the same class of goods or services. In order to avoid unfair exploitation of the distinctive character of a previously registered trade mark, we propose that the owner of a previously registered trade mark may oppose the registration of a similar mark for goods or services even for a different class of goods or services.

Infringement of registered trade marks (Clauses 17, 21, 23 and 24)

6. The Bill will enhance the protection offered to registered trade marks proprietors in a number of ways. The definition of infringement will be broadened. There are also express provisions in the Bill to enable registered proprietors to apply for orders for delivery up and disposal of infringing goods, materials and articles. This will bring the remedies available to a trade mark proprietor more in line with those available for copyright, patent and registered design infringement.

7. To prevent the abuse of civil infringement proceedings by trade marks proprietors who have little ground for instigating the proceedings, there will be a remedy available to persons aggrieved by groundless threats of proceedings. This will bring our civil remedy procedures more in line with other intellectual property rights such as patents and designs.

Parallel importation of trade mark products (Clause 19)

8. We accept that any restriction of parallel importation for trade mark products should not reduce their availability to the general public or be used to impose differential pricing prejudicial to Hong Kong consumers. Given that Hong Kong is not subject to any international rights or obligations in respect of parallel importation, we propose that a trade mark proprietor would have no right to prevent parallel importation of goods bearing his mark, unless he can show that the goods have been impaired (e.g. they have deteriorated through age or have been tampered with) and the reputation of his mark is thereby adversely affected.

Assignments and the licensing of trade marks (Clauses 25-27)

9. The procedures for assignment and the licensing of registered trade marks will be simplified. The Bill contains provisions encouraging the registration of such assignments and licences with the Registrar of Trade Marks in the interest of transparency, but removes the requirement to submit detailed and possibly commercially sensitive information to the Registrar.

Convention priority (Clause 39)

10. Under the existing Trade Marks Ordinance, Hong Kong already accords priority to an applicant who has previously filed an application for registration of a trade mark in Mainland China, a Paris Convention country or a member of the World Trade Organisation. Priority will continue to be granted to such applications.

Duration of protection for a registered trade mark (Clauses 45-48)

11. A trade mark will be registered in Hong Kong for a period of 10 years from the date of registration. Registration may be renewed, on application from the proprietor, for periods of 10 years each upon the payment of a prescribed renewal fee. This standard has been widely adopted in other jurisdictions.

Collective and certification trade marks (Clauses 59 and 60, Schedules 1 and 2)

12. We propose to provide for the registration of collective trade marks. A collective mark indicates who is entitled to use the mark as opposed to indicating standards met by goods or services in which the mark is used (e.g. an association of vegetarian restaurants may allow its members to display a collective mark to show that they belong to the association).

The Bill will also continue to allow the registration of certification trade marks, which may be used to register and protect geographical indications or other marks denoting quality or origin of goods (e.g. the Woolmark). Schedules 1 and 2 to the Bill respectively set out the necessary definitions and criteria for the application and protection of collective and certification trade marks in Hong Kong.

Protection of well-known marks (Clause 61)

13. Proprietors of well-known marks will be entitled to restrain by injunction the use in Hong Kong of identical or similar marks where the use is likely to cause confusion. This right applies whether or not the owner of the mark carries on any business or has any goodwill in Hong Kong.

Multi-class Applications (Clause 90)

14. The existing law requires a separate application for each registration of a trade mark in respect of each class of goods or services to be provided under the mark. The Bill will enable the filing of multi-class applications for registration of a trade mark in several classes of goods or services in the same application. This will greatly enhance the convenience of our system to business in Hong Kong and overseas.

Transitional arrangements (Clause 96 and Schedule 3)

15. To ensure continuity in the protection of trade marks, existing registered marks will continue to be protected on the commencement of the new law. As for pending applications, the applicant will have the option of requesting the registrability of the mark to be determined under the new law.

Consequential and Related Amendments (Clause 97 and Schedule 4)

16. The Bill amends various ordinances to correct the cross-references to the existing Trade Marks Ordinance and to reflect the different terms used in the Bill. It also amends the Trade Descriptions Ordinance to create a new offence of making infringing trade mark goods outside Hong Kong for the purpose of exporting them to Hong Kong. In addition, the penalty for forging or using a false trade mark for trade or business is increased from five years to eight years. These amendments will bring the Trade Descriptions Ordinance into line with similar provisions in the Copyright Ordinance.

SUBSIDIARY LEGISLATION

17. After the Bill has been passed into law, the Director of Intellectual Property will make the Trade Marks Rules, which will set out the technical and procedural matters on the registration and maintenance of trade marks. Members may wish to note that the level of fees to be charged for the registration and related matters on trade marks will be determined nearer to the enactment of the Bill, after full consultation with trade mark and legal practitioners, and taking into account the costs of providing the services, and the prevailing economic and business environment.

LEGISLATIVE TIMETABLE

18. The legislative timetable will be –

Publication in the Gazette	16 April 1999
First Reading and commencement of Second Reading debate	5 May 1999
Resumption of Second Reading debate, committee stage and Third Reading	to be notified

BASIC LAW IMPLICATIONS

19. There are no Basic Law implications.

HUMAN RIGHTS IMPLICATIONS

20. The Department of Justice advises that the Bill is consistent with the human rights provisions of the Basic Law.

BINDING EFFECT OF THE LEGISLATION

21. On grounds of equity and the need to maintain a level playing field, the rights provided for in the Bill are to be enforceable against any public body (whether or not it is a body within the meaning of section 3 of the Interpretation and General Clauses Ordinance), public authority, private body or organ in like manner as against any individual or other person.

FINANCIAL AND STAFFING IMPLICATIONS

22. We expect that the number of trade mark registration applications will increase after the enactment of the new Trade Marks law, mainly due to the streamlined procedures. Additional resources have been provided to the Intellectual Property Department (IPD) to recruit 12 additional posts at an annual cost of \$4.7 million. IPD intends to fill these posts on non-civil service contract terms. A new trade marks computer system estimated at a cost of \$41.5 million will also be required to complement the commencement of the new Trade Marks law. IPD is now considering the option of out-sourcing part of its computer-related services to achieve greater cost-efficiency. In line with the Government's policy on fee charging, we intend to continue with a set of trade marks fees which will recover the full cost of providing the services for the registration and maintenance of trade marks (paragraph 17 above).

ECONOMIC IMPLICATIONS

23. The Bill, when enacted, will streamline the procedures for the registration and maintenance of trade marks. It will also be easier for trade mark proprietors to register and protect their marks. An effective and user-friendly regime for the protection of intellectual property rights is conducive to the long-term economic growth of Hong Kong.

PUBLIC CONSULTATION

24. The public, the relevant legal and professional organisations and trade associations were consulted on the draft Bill on two occasions in 1997 and 1998. The Legislative Council Panel on Trade and Industry was also consulted in December 1998. Their comments have been taken into account in the present Bill.

PUBLICITY

25. A press release and a Legislative Council brief will be issued on 14 April. A spokesman will be available to handle enquiries.

ENQUIRIES

26. Any enquiries on this brief should be directed to Mr WU Kam-yin, Principal Assistant Secretary for Trade and Industry at 2918 7480 or by facsimile at 2869 4420.

Trade and Industry Bureau

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