

NEW HONG KONG TRADE MARK LAW

Commenced 4 April 2003

Brief Summary of Major Changes

1. Background

The new Hong Kong Trade Marks Ordinance came into force on 4 April 2003. The Ordinance has made substantial changes to trade mark registration and enforcement procedures with a view to modernising the law in line with international trends and in line with the requirements of the TRIPS agreement. The Ordinance is broadly modelled on the UK Trade Marks Act 1994 although there are some significant differences.

2. Definition of a Trade Mark – sound and smell marks now registrable

- **Definition** - the definition of a trade mark has been expanded to include smells and sounds, in addition to the 3-D, colour, word and device marks previously recognised (S.3). All marks must be capable of being represented graphically. Establishing distinctive character with respect to sound and smell marks requires substantial evidence of use.
- **Ancillary use** - a sign may constitute a trade mark even though used in a service ancillary to the trade or business of an undertaking and whether or not the service is provided for money or money's worth.
- **Presumption in favour of registrability** - instead of having to make a positive case for registration of a mark as required under old S.9 ("A trade mark to be registrable shall contain or consist of at least one of the following..."), signs that are trade marks should now be presumed registrable unless they fall within the categories for refusal listed in Sections 11 and 12 (see our notes on absolute and relative grounds for refusal, below).

3. Collective, Certification and Defensive Registrations

- **Collective marks** – are now recognized for the first time in Hong Kong.
- **Certification marks and defensive registrations** – continue to be permitted.

4. Well-Known Marks

- **“Well known” marks in Hong Kong receive codified recognition and protection** - Section 63 allows the owner of a mark entitled to protection under the Paris Convention as a well known trade mark to restrain by injunction use likely to cause confusion in relation to identical or similar goods or services; section 18(4) prevents use of signs and section 12(4) prevents registration of marks, identical or similar to well known marks which are entitled to protection under the Paris Convention as a well known mark and where the use of the later mark in relation to dissimilar goods or services takes unfair advantage of, or is detrimental to, the distinctive character or repute of the earlier trade mark. Guidelines for determining whether or not a mark is well known are set out in Schedule 2 to the Ordinance, copies available on request.
- **Use or registration of well known marks in Hong Kong** – is not necessary for establishing well known status although they must be well known in Hong Kong.

5. Application

- **Multiclass applications** - are now available (Rule 7).
- **Division & merger** - consequently, division of multiclass applications into single or reduced class number multiclass applications is provided for (S.51, Rule 27) as is merger of single class applications into a single multiclass application providing the original applications share the same filing date (Rule 28). Merger of multiple registrations of the same mark into a single multiclass registration is possible.
- **Classification** – the 8th edition of the International Classification of Goods and Services is adopted, allowing the filing of applications in 45 different classes. Existing registrations are re-classified on renewal if required.
- **Intent to use** – remains a valid basis for application. It is necessary to state in the application form whether or not the trade mark is in use by the applicant or with his consent, in relation to the goods and services listed, or if not in use, whether the applicant honestly intends to use the mark, or allow it to be used, in relation to those goods and services (S.38).
- **Series applications** - are still permitted where related versions of a mark (eg. upper and lower case; black & white and colour; or simplified and traditional Chinese characters) may be filed in a single application (S.51). However, the number of related versions of a mark included in a single series application has now been limited to four (Rule 97).
- **Electronic filing** - of trade mark applications will be available in 2004.
- **Fees** - official fees have been reduced for single and multiclass filings and our fees have been adjusted accordingly. Please see our updated fee schedule attached.

6. Prosecution Deadlines

The Registry conducts an initial review of an application for technical deficiencies, such as in the specification of goods/services, and allows 2 months to remedy any such deficiencies. After substantive examination, the period allowed for responding to the first examination report is limited to six months and one extension of three months. If a second examination report issues, there is a period of 3 months in which to place the application in order. However, extensions may be obtained in particular circumstances such as:

- (a) the applicant is obtaining consent of the owner of a relevant earlier trade mark;
- (b) a cited earlier trade mark is the subject of invalidation or revocation proceedings which are pending; or
- (c) the applicant is obtaining an assignment of a relevant earlier trade mark;
- (d) the applicant is preparing evidence of use to be filed in support of the application; or
- (e) other exceptional circumstances.

The citation of a prior application is a “provisional” objection and does not become as a “formal” objection unless and until the cited application is registered.

7. Absolute Grounds of Refusal s.11(1)

- Subject to S.11(2), the following shall not be registered –
 - (a) signs which do not satisfy the requirements of section 3(1) (meaning of “trade mark”);
 - (b) trade marks which are devoid of any distinctive character;
 - (c) trade marks which consist exclusively of signs which may serve, in trade or business, to designate the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or rendering of services, or other characteristics of goods or services; and
 - (d) trade marks which consist exclusively of signs which have become customary in the current language or in the honest and established practices of the trade.
- **Acquired distinctiveness through use** - a trade mark shall not be refused registration by virtue of Section 11, subsection (1)(b), (c) or (d) if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it (S.11(2)).
- **Criteria for 3-D marks** - the existing prohibitions have been carried over to the new law - a sign shall not be registered as a trade mark in relation to goods if it consists exclusively of (a) the shape that results from the nature of the goods themselves; (b) the shape of goods that is necessary to obtain a technical result; (c) or the shape that gives substantial value to the goods (S.11(3)).
- **Other prohibitions** - the law also prohibits registration of marks that are contrary to accepted principles of morality or likely to deceive the public (S.11(4)); marks the use of which is prohibited in Hong Kong under or by virtue of any law; or where the application for registration of the trade mark is made in bad faith (S.11(5)). Prohibitions also exist against the registration of marks consisting of or including flags and other specified emblems (S.11(6),(7), S.64 and S.65).
- **Partial refusal** - where the grounds for the refusal of registration exist in respect of only some of the goods or services for which the application for registration is made, the refusal shall apply to those goods or services only (S.11(8)).
- **Addition of a registered mark** to a later application by the same proprietor is permitted in respect of the same or similar goods or services (S.46). This procedure may be used, for example, to obtain registration of applications for marks otherwise refused as non-distinctive, or to resolve oppositions.

8. Relative grounds for refusal of registration

- **Identical and confusingly similar marks** - the Registrar has the power to refuse an application for a mark which is identical or similar to an earlier trade mark and proposed to be registered for goods or services which are identical or similar to those for which the earlier trade mark is protected. The use of the trade mark in relation to those goods or services must be likely to cause confusion on the part of the public unless both the mark and goods are identical (S.12(3)(c)).
- **Well known marks** - The Registrar now has the statutory power to refuse an application for a mark which is identical or similar to an earlier trade mark and proposed to be registered for goods or services which are *not* identical or similar to those for which the earlier trade mark is protected if the mark is entitled to protection under the Paris Convention as a well-known mark and the use of the later trade mark without due cause would take unfair advantage of or be detrimental to, the distinctive character or repute of the earlier trade mark (S.12(4)). Guidelines for determining whether or not a mark is well known are set out in Schedule 2 to the Ordinance, copies available on request.
- **Earlier rights codified** – a trade mark shall not be registered if its use in Hong Kong is liable to be prevented by any law protecting an unregistered mark (passing off) or other earlier rights (eg. copyright & registered designs)

9. Parts A and B of the Register Abolished

Under the old law, marks were registered in either Part A or Part B of the Register according to their level of distinctiveness (Part A being for marks *inherently adapted* to distinguish the goods of one undertaking from those of another and Part B being for marks *capable* of so distinguishing). Registration in Part A accorded a higher level of protection to that of registration in Part B. The new law has abolished these two parts of the Register effectively giving the same rights to all registered marks.

10. Disclaimers and Conditions

Disclaimers and conditions are no longer imposed by the Registry (S.15) but the applicant may disclaim elements, or agree to conditions/limitations (Rule 10). Where the registration is subject to a disclaimer or condition, the rights in the registered trade mark are restricted accordingly (S.15(2)). The offer of disclaimers will not overcome an objection as to registrability of a mark. Disclaimers may be offered, for example, where required by the terms of some agreement with another party or to settle a dispute.

11. Letters of Consent

A letter of consent from an owner of a conflicting mark will overcome a citation objection. Previously, the Registrar had a discretion to maintain the objection.

12. Opposition

- **The opposition period** – the period is now 3 months instead of the previous 2 months (Rule 16(1)). One extension of 2 months is available.
- **Counterstatement** – the period for replying to a notice of opposition is 3 months (Rule 16(1)). One extension of 2 months is available.

- **Well known marks** - opposition may be based on a well known mark in respect of identical or similar marks for goods or services that are neither identical nor similar to those for which the earlier mark is protected.
- **Old Section 23** - There is no equivalent of the old Section 23 in the new Ordinance. Section 23 enabled an opposition action to be based on a foreign trade mark registration in a jurisdiction where the goods originate.

13. Duration and Renewal

The initial duration of a registration is now 10 years, renewable by successive periods of ten years. For marks registered under the old law, the initial duration is 7 years until the first renewal date falling after commencement. The registration will then be renewable for successive periods of 10 years (and not 14 years as under the old law) (S.49).

14. Revocation

- **Grounds** - The grounds available for revocation are as follows (S.52):
 - That the mark has not been used for 3 consecutive years (as opposed to 5 years in the old law), dating from the date the mark was entered into the Register (and not the “registration date” which is the application date);
 - That the mark has become generic;
 - That the mark has become misleading; or
 - That the use of the mark is in contravention with any condition of registration.
- **Old Section 53** - there is no equivalent of old Section 53 in the new Ordinance. Old Section 53 enabled cancellation to be based on a foreign trade mark registration in a jurisdiction where the goods originate.

15. Invalidity

- **Grounds** - the grounds available for a declaration of invalidity are as follows (S.53):
 - That the trade mark was registered in bad faith; or
 - That the trade mark was registered in contravention with any of the absolute or relative registrability criteria (see items 7 & 8, above).
- **Acquiescence** – If the owner of any earlier trade mark or other earlier right is aware for more than 5 years that a conflicting registered mark is being used and takes no action, he may no longer apply for a declaration of invalidity (S.59).

16. Assignments

- **Goodwill** - Assignments may be with or without goodwill (S.27), as under the old law. The assignment must be in writing and signed by the assignor. There is no requirement for advertisement of assignment without goodwill, as under the old law, which simplifies procedures and reduces costs for these types of assignments.

- **Partial assignments** - are accepted to cover just some of the goods/services concerned or use of the mark in a particular manner or locality (S.27).

17. Licences

- **Registered Users** - the system of “Registered Users” has been replaced by a system to record licences. Existing Registered User entries will be converted to records of licences.
- **Sub-licences** - are recognized for the first time (S.33). Licences may be limited so as to apply to certain goods, manner or locality of use (S.33(2)).
- **Exclusive licences** – an exclusive licence may provide that the exclusive licensee has the same rights as if the licence had been an assignment (S.34). An exclusive licensee has the same rights against a successor in title as against the grantor of the licence (S.34(2)).
- **Licencees and sub-licensees** may bring proceedings for infringement.

18. Registrable Transactions

- **Recordal** - whilst it is not compulsory to record transactions such as assignments, licences, sub-licences or other interests against trade mark registrations, it is nevertheless very important to do so. Actions against a person acquiring a conflicting interest in ignorance of the transaction are ineffective until an application has been made for registration of the transaction (S.29).
- **Other property interests** – property interests other than assignments and licences (eg. security interests or transfer of right by order of the court) in registered trade marks are also recordable on the Register as “Registrable Transactions” (S.29). The recordal procedure has also been simplified.

19. Restricted right to Alteration of a Registered Trade Mark

A registered trade mark shall not be altered in the register unless the mark contains or consists of the proprietor’s name or address, in which case those items may be altered providing the alteration does not substantially affect the identity of the mark (S.55).

It is possible to surrender a registration in respect of some or all of the goods/services covered (s.56) or to vary a registration on the ground of failure to comply with a condition (S.54).

20. Infringement

- **Definition of infringement** – The table below summarises the current position:

Features of conflicting mark required to establish infringement			
<i>Section</i>	<i>Mark/Sign</i>	<i>Goods/Services</i>	<i>Likely Confusion?</i>
18(1)	identical	identical	not required
18(2)	identical	similar	required
18(3)	similar	identical or similar	required

18(4)	identical or similar to a well known mark	neither identical nor similar	not required – but use must take unfair advantage of, or be detrimental to, the distinctive character or repute of the well known mark.
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- **Definition of infringing use of a mark** – infringing use of a registered mark includes: application of the mark to packaging; offering for sale, selling or stocking goods bearing the mark; offering or supplying services under the mark; using the mark on business papers or in advertising (S.18(5)).
- **Definition of infringing goods, material and articles** – these are quite broadly defined: infringing material in particular includes material used for labelling, packaging or advertising goods/services, and business papers. Infringing articles are articles specifically designed or adapted for making copies of a sign identical or similar to the registered trade mark (S.17).
- **Delivery up** - the owner of a registered trade mark may apply to court for an order for the delivery up of infringing goods, material or articles which a person has in his possession, custody or control in the course of trade or business (S.23).
- **Acquiescence** - the right to object to another's use of a mark is lost by 5 years acquiescence (S.59).
- **Parallel imports** - continue to be allowed, where the goods have been put on the market anywhere in the world by the trade mark owner or with his consent (whether express, implied, conditional or unconditional) except where the condition of the goods has been changed or impaired after they have been put on the market and the use is detrimental to the distinctive character or repute of the registered mark (S.20).
- **Relief for groundless threats of infringement** – is now available (S.26).
- **Comparative advertising** - use of a registered mark for the purposes of comparative advertising is now permitted except otherwise than in accordance with honest business practices (S.21).
- **Contributory infringement** – a person is considered a party to infringing use of a registered mark if that person applies a mark identical or similar to a registered mark to material which is intended to be used for labeling or packaging goods; as a business paper; or for advertising goods or services; and knew or had reason to believe that these acts were not authorized by the owner of the mark or a licensee (S.18(6)).
- **Exceptions to infringement** – A registered trade mark is not infringed by the honest use of person's or his predecessor's own name/address/name of place of business; the honest use of marks which serve to designate the characteristics of goods or services; and the honest use of a mark where it is necessary to indicate the intended purpose of goods or services (eg. as spare parts) (S.19). Further, the use of an unregistered mark which was in use in Hong Kong prior to both the first use of the registered trade mark and its registration date does not infringe the trade mark registration (S.19(4)).

21. Transitional Provisions

All marks registered under the old law were transferred on the commencement date of 4 April 2003 to the new register and deemed registered under the new Ordinance along with any disclaimers, conditions or limitations entered against them. Associations have ceased to have effect.

- The transitional provisions are complex but broadly, the **old law** applies to the following:
 - Applications for registration of trade marks filed under the old law. They will be treated as existing registrations, once registered.
 - Applications for removal for non-use filed under the old law (Schedule 5, S.16).
 - Applications for rectification of the register filed under the old law (Schedule 5, S.17).
 - Applications for alteration of an existing registered mark filed under the old law (Schedule 5, S.15).
 - Licences granted before the new law came into effect (Schedule 5, S.9).
 - Actions for infringement commenced under the old law (Schedule 5, S.4).
 - Acts of infringement committed before the new law came into effect (Schedule 5, S.4).
- The **new law** applies to the following:
 - Applications for registration made on or after the commencement date, including those claiming priority from an application made before the commencement date (Schedule 5, S.14).
 - “Co-ownership” of registered trade marks (Schedule 5, S.7) has replaced the former “joint proprietorship”.
 - Applications to record an assignment filed under the old law (Schedule 5, S.8).
 - Assignments concluded but not recorded before commencement of the new law (Schedule 5, S.8).
 - Applications to record a registered user filed under the old law (Schedule 5, S.9).
 - Rights of licensees in relation to infringements (under s.35 – rights of licensees generally, but not under S. 34 – rights of licensees is the same as if the license were an assignment) if infringement committed after commencement (Schedule 5, S.6 & S.8).
 - Orders for delivery up or disposal of infringing goods, material or articles whether made before, on or after the commencement date (Schedule 5, S.5).

This summary is for your information only and should not be construed as constituting legal advice.