

# Security interests over registered trade marks and applications

## What is a security interest?

A registered trade mark, or an application for registration of a trade mark, is property that can be used as security for a loan or other financial obligation of the trade mark owner or other party (see sections 27(1) and 31). A lender's security or "charge" is called a "security interest". Registration of the particulars of a security interest over a trade mark, or any right in or under it, is a way of giving notice of the lender's claim over the trade mark, or any right in or under it, to persons who search the register. Notice is an additional protection to the lender.

## Application of the Trade Marks Ordinance (Cap. 559)

The grant of a security interest over a registered trade mark, an application for registration of a trade mark, or any right in or under the registered trade mark or application, is a registrable transaction. Unless particulars of the security interest are filed for registration, the lender's claim over the trade mark, or any right in or under it, is ineffective as against a person acquiring a conflicting interest without knowledge of the security interest (sections 29(2)(c), 29(3)(a) and 31).

It is not necessary to produce the security document when applying to register particulars of the security interest or when giving notice to register particulars of it in the register, if the application or notice is signed by or for the person granting the security interest (rule 62(3)).

## Examining applications/notices to register particulars

Factors to be considered in examining applications/notices to register particulars of security interests are listed below:

- Is the application to register particulars (relating to registered mark(s)) or notice to register particulars (relating to application(s) for registration) made on the specified form, Form T10 (rule 62(1))?
- Was the specified fee (Fee No. 19) paid on filing? An application/notice to register particulars of one registrable transaction can relate to more than one registered mark or application for registration.
- Is the application/notice made by, and signed by or on behalf of, the grantor of the security interest (sections 29(1)(b) and 31) or the grantee of the security interest (section 29(1)(a))? If the application/notice is signed by or on behalf of the grantor of the security interest, it need not be accompanied by documentary evidence of the transaction (rule 62(3)). If the grantor does not sign the application/notice, it must be accompanied by documentary evidence of the transaction, for example, a copy of the document creating the security interest (rule 62(3)). This document will be open to public inspection (rule 69(1)(r)).
- Does the application/notice state:
  - the grantee's name and address (rule 63(1)(d)(i));
  - whether the security interest is fixed or floating (section 29(2)(c) and rule 63(1)(d)(ii));

- the extent of the security (for example, the restriction over transfer or other disposition of the trade mark, application or right in or under it) and the right in or under the trade mark or application secured (rule 63(1)(d)(iii)).

## **Registering particulars of a security interest**

The following matters are entered in the register:

- the grantee's name and address (rule 63(1)(d)(i));
- the fact that the security interest is fixed or floating (section 29(2)(c) and rule 63(1)(d)(ii));
- the extent of the security and the right in or under the trade mark or application secured (rule 63(1)(d)(iii));
- the date of application or notice to register particulars (sections 29(3)(a) and 29(4)(a) and section 31); and
- the date on which the entry in the register is made (rule 63(2)).

## **Amendment or removal of registered particulars of security interest**

For registration of the particulars of amendments to, or the removal of, registered particulars of a security interest, the application or notice is dealt with in the same way as an application or notice to register particulars of a security interest (see *Examining applications/notices to register particulars* above), except:

- In the case of an application or notice to register the particulars of amendments to a security interest, if the application or notice is signed by or on behalf of the grantor *and* the grantee of the security interest, it need not be accompanied by documentary evidence of the amendments (rule 64(2)).
  
- In the case of an application or notice to register the removal of registered particulars of a security interest, if the application or notice is signed by or on behalf of the grantee of the security interest, it need not be accompanied by documentary evidence showing that the registered particulars have ceased to have effect (rule 64(3)).

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