

9 February 2015

By Email (mp_consultation@ipd.gov.hk)

Director of Intellectual Property
Intellectual Property Department, the HKSAR Government
25th Floor, Wu Chung House
213 Queen's Rad East
Wanchai
Hong Kong

Dear Sirs,

Re: Proposed Application of the Protocol relating to the Madrid Agreement concerning the International Registration of Marks to the HKSAR

In response to the Consultation Paper on the proposed application of the protocol relating to the Madrid agreement concerning the International Registration of marks to the HKSAR issued in November 2014, we have the following views for your consideration :-

Our Organization

As a public organization, Hong Kong Productivity Council (HKPC) aims at promoting productivity excellence through the provision of integrated support across the value chain of Hong Kong enterprises, in order to achieve a more effective utilization of resources, to enhance the value-added content of products and services, and to increase international competitiveness.

HKPC has been running the Intellectual Property Services Centre (IPSC) since 1998 as a crucial link in fostering the development of high value-added industries and to streamline product innovation process in Hong Kong. IPSC has been providing Intellectual Property (IP) protection and management services to the industries since its establishment.

The Madrid System

Under the Madrid system for international registration of trademarks (Madrid System), an international application can be filed by a natural person or a legal entity of a member country through a trademark office where the basic mark is held. An applicant can file a single international application and designate one or more contracting parties in which he or she wishes to register his or her mark.

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The formality examination will be done by the International Bureau (IB) of the World Intellectual Property Organization (WIPO) centrally while the substantive examination will be done by the respective trademark offices of the designated contracting parties.

After a jurisdiction has joined the Madrid System and become a contracting party, an applicant of that jurisdiction may still choose to file separate national applications for registration of a trademark directly with the overseas trademark offices.

Advantages of the Madrid System to Trademark Applicants

Subsequent to registration of the mark under Madrid System, there is the possibility for the applicant to designate additional contracting parties in which he or she wishes to register his or her mark. This is especially useful for applicant when there are new countries joining the Madrid System.

In addition, the post-registration management of the marks can be handled through a central depository of WIPO which enables trademark owners to centrally request and record further changes, or renew the registrations through a single procedural step.

On the basis of a basic mark, the applicant has to file only one application in one language (English, French or Spanish), and pay fees to the Office of Origin in order to designate one or more contracting parties in which he or she wishes to register his or her mark instead of making separate applications in different contracting parties in different languages, and paying separate sets of fees to different trademark offices. This enables considerable savings in terms of time and costs for applicant.

After the trademark has been registered through the Madrid System, the holder of the international registration can extend its geographical scope to additional contracting parties in a quick, simple and cost-effective manner. He or she can manage his or her trademark portfolio in different designated contracting parties (including recordal of changes, renewal of trademark registrations, registration of licences and assignments of trademarks) through a single procedure with the IB and the payment of one fee only.

Hong Kong's Situation

According to the statistics from WIPO, there has been a rapid increase in the number of contracting parties to the Madrid System. At present, there are altogether 91 contracting parties (including the Mainland China) under the

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Madrid System. The ASEAN member states which are not yet party to the Madrid System, namely Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar and Thailand, have committed themselves to joining by 2015.

In order to enhance the competitiveness of Hong Kong as an international business and IP trading hub, it is necessary for Hong Kong to seek the application of the Madrid Protocol so that Hong Kong will become one of the contracting parties under the Madrid System.

Benefits of the Application of the Madrid Protocol to Hong Kong

Firstly, local trademark owners can enjoy the convenience of the one-stop services in seeking trademark protection in multiple countries. Having obtained international registrations through the Madrid System, they can manage their trademark portfolio in different designated contracting parties through a single procedure.

Secondly, it will become more cost-effective for overseas companies with an interest in Hong Kong market to protect their trademarks in Hong Kong by requesting territorial extension of their international trademark registration to Hong Kong through the Madrid System.

In a more macro view, implementation of the Madrid System may provide overseas companies with more incentive to explore business opportunities for offering their goods and services in Hong Kong. It may also enhance the competitiveness of Hong Kong as a place for setting up and doing business.

Further, in line with the globalization trend, more local businesses would like to venture overseas to exploit the international market. The Madrid System facilitates local businesses to reach out to the world market by providing an efficient and less costly means for them to protect their trademarks overseas.

As a knowledge-based economy, commercialization of IP rights is becoming more popular around the world. With a sound legal system and reliable financial infrastructure, Hong Kong has the potential to develop itself into an IP trading hub. The implementation of the Madrid System in Hong Kong would enable it to offer a one-stop trademark registration and management system for the growing licensing business in Hong Kong. It is helpful in attracting more trademark owners to choose Hong Kong as a place for entering into commercial transactions of their trademarks.

To date, there are 91 contracting parties under the Madrid System including

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Hong Kong's major trading parties, namely the US, the EU, Australia, Japan and Korea. A number of other economies in Asia such as Singapore, the Philippines, Vietnam and India have also joined the Madrid System. Application of the Madrid Protocol to Hong Kong could enhance the credibility of Hong Kong's trademark regime and reinforce the reputation as an international city and a knowledge-based economy.

Benefits to the Stakeholders

The application of the Madrid Protocol to Hong Kong would facilitate the strategies of acquisition and management of trademarks in Hong Kong for the foreign companies. Overseas investors will be able to register marks in Hong Kong through a one-stop process in overseas under the Madrid System without going through a separate application in Hong Kong. It will be more convenient and cost-effective for overseas companies to protect their trademarks in Hong Kong by means of the Madrid System.

Local companies that have expanded their business overseas or plan to do so would be able to take advantage of the local one-stop service available under the Madrid System, and save the time and costs involved in filing separate applications in different overseas countries as the formality examination has been done by World Intellectual Property Office (WIPO) centrally. With such efficient international trademark registration in Hong Kong, local companies will have more incentives in exploring global business opportunities.

Possible Concern by Trademark Practitioners

Some international trademark agents may have reservation or concern about apply the Madrid Protocol for fear that it would have an adverse impact on their business due to the possible decrease in the number of domestic applications made by foreign applicants in Hong Kong. Trademark agents in Hong Kong may only be involved in handling a provisional refusal or opposition arising from international applications designating Hong Kong.

However, if the number of designations to Hong Kong increases, more trademark agents will be engaged in relevant work which creates new business opportunities for them.

Implementation Arrangements

Since HKSAR is a local administrative region of the People's Republic of China instead of a sovereign state or qualified inter-governmental organization

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which is eligible in becoming a contracting party to the Madrid System, it is necessary for the Central People's Government of China to apply the Madrid Protocol to the HKSAR in accordance with the Basic Law. As such, implementation details would need to be worked out with the Central People's Government and the IB.

Implementation of the Madrid Protocol by the HKSAR Government would require additional resources and manpower but unavoidable. The formal request to the Central People's Government and WIPO of the application of the Madrid Protocol to the HKSAR which may take some three to four years would be necessary and worth investing.

Special Arrangements between Hong Kong and Mainland China

Trademark registered in Hong Kong are not automatically protected in Mainland China, and vice versa. In order to obtain registration protection of a trademark both in Hong Kong and Mainland China, owners must apply for registration in the two places separately under independent trademark laws and procedures.

Given the close economic relationship between the two places, some domestic arrangements with Mainland China to facilitate trademark applications by Hong Kong applicants for registration in Mainland China, and vice versa will be beneficial to trademark owners both in Hong Kong and Mainland China.

Conclusion

In view of the above and for the benefits of local trademark owners, overseas investors, trademark practitioners and Hong Kong as a whole, HKPC supports the proposed application of the Madrid Protocol to Hong Kong.

Should you have any queries, please contact Mr. John Ng at (852) 2788 5746 or email at ipsc@hkpc.org.

Yours sincerely,


Gordon Lo
Director, Business Management


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