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**Council for Trade-Related Aspects
of Intellectual Property Rights**

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REVIEW OF LEGISLATION

HONG KONG, CHINA¹

The present document reproduces the introductory statement made by the delegation of Hong Kong, China, the questions put to it and the responses given in connection with the review of legislation undertaken at the Council's meeting of 26-29 June 2000.²

I. INTRODUCTORY STATEMENT³

Hong Kong, China's notification of its intellectual property laws in January 2000 was accompanied by an Explanatory Memorandum in lengthy and tedious detail. I shall therefore be relatively brief in my remarks this morning.

Hong Kong has had a system for the protection of intellectual property since the introduction of trademark legislation in 1874. Over the following 126 years of Hong Kong's development, legislation has been enacted for the protection of patents, registered designs, copyright, plant varieties and layout-designs of integrated circuits.

Over the same period, local case law in Hong Kong courts as well as influential decisions on other common law jurisdictions, has provided a basis for Hong Kong, China to protect other aspects of what is commonly regarded as "intellectual property" - for example commercial secrets and trade reputation.

Following agreements reached between the Chinese and British Governments, the major international treaties in respect of intellectual property have been extended to Hong Kong. Hong Kong was a GATT Contracting Party in its own right, and became an original member of the WTO, using the name Hong Kong, China after the reunification with China in July 1997. Hong Kong, China is also a Member economy of APEC.

Following the establishment of the WTO, Hong Kong, China undertook a far-reaching review of its intellectual property legislation and case law, resulting in a set of amendments passed in 1996 to make our IP legislation comply with the TRIPS Agreement.

¹ As regards laws and regulations notified by Hong Kong, China under Article 63.2, reference is made to documents IP/N/1/HKG/2 and Add.1, IP/N/1/HKG/C/1 and 2, IP/N/1/HKG/D/1 and 2, IP/N/1/HKG/I/1, IP/N/1/HKG/L/1 and 2, IP/N/1/HKG/P/1 to 6, IP/N/1/HKG/T/1, 2 and 3; IP/N/1/HKG/U/1 and IP/N/6/HKG/1.

² The minutes of this meeting have been circulated as document IP/C/M/27.

³ Intervention by Mr. Stephen Selby, Director of Intellectual Property.

With Hong Kong's reunification with China on 1 July 1997, a series of enactments have taken place to localise completely all Hong Kong's intellectual property legislation in accordance with the principle of "one-country-two systems". Since notifying our IP laws to this Council in last January, we have further enhanced and modernized our trademark legislation. The new legislation will be notified to this Council upon coming into force in 2001.

Today, Hong Kong, China has a system of intellectual property protection and a body of intellectual property law entirely separate from that of the Mainland of China, as well as that of Macau, China. We have also made every effort to ensure that our legislation is both user-friendly and transparent.

It is Hong Kong, China's honour to have placed before Members on 31 January 2000 a comprehensive, sophisticated and transparent set of IP legislation, which we believe to be fully compliant with TRIPS standards. We are also proud to have been able to set out details of our system for enforcement of IP rights - both civil and criminal - which compare favourably with current world standards.

Two Members have asked in their written questions about what new initiatives Hong Kong, China has in hand to further improve our enforcement of IP laws. We remain vigilant about the standard of IP protection in Hong Kong, China. We have therefore made additional efforts, which go well beyond the standards specified in the TRIPS Agreement, in particular in terms of:

- a surveillance mechanism on the production of optical disks, including registration and documentation of CD manufacturing equipment and premises in order to prevent copyright piracy;
- the designation of criminal acts relating to copyright piracy and trademark counterfeiting as organised and serious crimes, resulting in the strengthening of powers of investigation and potential sanctions against offenders.

To bring Members up-to-the-minute, as of 2 a.m. today⁴ Geneva time, Hong Kong, China has enacted the Intellectual Property (Miscellaneous Amendments) Bill 2000. The new legislation provides for, among other things:

- prevention of bootlegging of cinema films. The new legislation creates the offence of unauthorized possession of video recording equipment in a cinema or concert venue. This is necessary because some pirated optical discs have previously been made from unauthorized recordings in local cinemas;
- clarification of the law to facilitate the prosecution of end-user corporate copyright piracy, e.g. firms producing their goods or services using infringing copies of computer software.

We will notify the new law to this Council after its coming in effect in early 2001.

Following notification of our IP laws in January this year, we have received a number of written questions. We are grateful to Members for the close interest that they have taken in Hong Kong, China's IP legislation. We have answered all the written questions we have received to date. We stand ready to answer follow-up questions that Members may have.

⁴ Secretariat note: 27 June 2000.

II. RESPONSES TO QUESTIONS POSED BY AUSTRALIA

A. COPYRIGHT AND RELATED RIGHTS

1. Are there any significant judicial decisions or other guidance on the application in practice of the various exceptions and limitations to copyright under Division III of the Copyright Ordinance? Are there any specific rules or findings concerning exceptions to copyright protection of computer software? What mechanisms are available to obtain equitable remuneration from the exploitation of works such as the public communication of broadcast works?

We have conducted a search of all reported and unreported decisions since July 1997 and have been unable to locate any which deals with exceptions and limitations to copyright under Division III of Part II of the Copyright Ordinance (Cap.528) ("CO"). In respect to "other guidance", a new set of Library Regulations is in the course of drafting. (The existing Regulations have been notified). These new Regulations are based on the UK Regulations. They have no significant effect on the construction of the principal Ordinance and certainly neither add to nor diminish from the exceptions and limitations to copyright based on the "Library exception".

Similarly there are no specific rules or findings concerning exceptions to copyright protection of computer software.

The Copyright Ordinance has already provided a statutory mechanism, the Copyright Tribunal, for arbitrating royalty disputes. The Copyright Tribunal is a quasi-judicial body appointed by the Chief Executive. Under Section 173 of the Copyright Ordinance, the jurisdiction of the Copyright Tribunal includes, *inter alia*, the power to determine disputes arising from licensing by the copyright licensing bodies under the licensing schemes. This is similar to the practices in other jurisdictions such as Australia and the UK.

The Tribunal consists of highly qualified persons appointed from a wide spectrum of the community to ensure that a balanced view is reached. Section 169 of the Copyright Ordinance stipulates that the Copyright Tribunal shall consist of a Chairman, a Deputy Chairman and seven members. It further requires that the Chairman and Deputy Chairman must be persons qualified for appointments, as District Court judges (i.e. no less than five years' experience as a barrister or solicitor). The Tribunal has to exercise its jurisdiction in accordance with the Copyright Tribunal Rules and any possible conflicts of interest have to be declared by its members.

2. To what extent does current copyright protection in Hong Kong, China, cover the use and dissemination of copyright works on digital networks such as the Internet? In addition to Section 26 of the Copyright Ordinance, are there any other legal provisions concerning protection and enforcement of rights in the digital on-line environment, including any significant judicial or administrative decisions with bearing on this issue?

The copyright regime is not restricted to any particular medium, thus unauthorized dissemination through an Intranet or the Internet would be as much an infringement, both in civil and criminal terms, as dissemination through print etc. Beyond Section 26 of the CO however, no other statutory provision specifically deals with rights in the on-line environment.

There are no significant judicial or administrative decisions with bearing on this issue. A criminal case has been successfully prosecuted, and upheld on appeal, against a defendant who posted pornographic material on the Internet. Although decided under a different Ordinance, the court had no difficulty in finding the material had been "published" by posting on the Internet. By analogy, the

court would likewise have little difficulty in applying the provisions of Section 26 against anyone who posted a copy of a work on the Internet.

3. Is there any applicable jurisprudence determining the level/threshold test of "originality" required for the qualification of a compilation of data for copyright protection? Please provide any further information, where possible, on the protection of compilations of data and other material in accordance with Article 10.2 of the TRIPS Agreement as well as collections of literary or artistic works under Article 2(5) of the Berne Convention ? To what extent does it in practice provide protection for multimedia works?

The first sentence of Article 10.2 of the TRIPS Agreement and Article 2(5) of the Berne Convention are implemented in section 4(1)(a) of the CO. Under the CO, copyright protection is extended not only to literary material, but also to compilations of literary and artistic material and even artistic material alone. The only qualification to be read into section 4(1)(a) is that the compilations must be original to qualify for protection under section 2(1)(a) of the CO. Although originality is not defined in the CO, a substantial body of case law has established that the threshold of originality is not high for an original database. It merely requires that it has not simply been copied from another database, and that sufficient time, skill and labour have been involved in putting the database together.

Multi-media works may be protectable under the CO where compilations of data in respect of literary or artistic works are involved. They may be protectable as computer programs (which is included in the definition of "literary work" in section 4(1) of the CO) insofar as they consist of computer program which assembles text, graphics, sound and video in digital form. Where moving images are involved, the work may be protectable as a film, which under section 7(1) of the CO is defined to mean a recording on any medium from which a moving image may by any means be produced.

4. Please describe the application of the national treatment principle in relation to protection of broadcasts.

"Broadcast" as a category of copyright work is defined broadly under section 8(1) of the CO to cover those "capable of being lawfully received by members of the public in Hong Kong or elsewhere; or is transmitted for presentation to members of the public in Hong Kong or elsewhere."

The acts restricted by copyright in a broadcast are: without the owner's permission, to copy the broadcast; to issue copies to the public; to make available copies of the broadcast to the public; to perform, show or play the broadcast in public; to rebroadcast the broadcast or include it in a cable programme service; or to make an adaptation of the broadcast; or to do any of the above acts in relation to the adaptation (section 22 of the CO).

Hong Kong, China adopts an open qualification system as far as copyright works (which include broadcasts) are concerned. Under this system, WTO Members are accorded no less favourable treatment in copyright protection than Hong Kong, China's rights-owners. According to sections 177 and 178 of the CO, copyright subsists not only in broadcasts emanating from Hong Kong, China but also those emanating from WTO Members, among others, regardless of the domicile, residence or right of abode of the author; or the place of incorporation in case where the author is a body corporate.

B. TRADEMARKS AND GEOGRAPHICAL INDICATIONS

5. Are there any specific provisions in Hong Kong, China laws and regulations, or any significant judicial decisions, with bearing on the use of trademarks or geographical indications on digital networks such as the Internet? Are there any relevant decisions or other legal provisions concerning the relationship between internet domain names and trademarks or geographical indications?

The interrelationship between IP laws and the use of trademarks or geographical indications on the Internet is the subject of much debate. Hong Kong, China is watching closely the debates on this issue in WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications.

However, there are already a number of laws in Hong Kong, China which may be relevant where trademarks or geographical indications are used on the Internet.

If a person registers a domain name in Hong Kong and uses it for business on the Internet in a way which deliberately misleads the public that his goods come from the proprietor of a registered trademark, he would be committing an offence under the Trade Descriptions Ordinance (Cap.362). Section 9(1) of that Ordinance makes it an offence to falsely apply to any goods any trademark or any mark so nearly resembling a trademark as to be calculated to deceive, unless the defendant proves that he acted without intent to defraud. Section 6 provides that a person applies a trademark or mark to goods if he uses the trademark or mark in any manner likely to be taken as referring to the goods. Such use would include use by way of the Internet.

The common law of passing-off may also be used where the registration of trademark as a domain name could be said to be an instrument of fraud. The United Kingdom case, *British Telecommunications Plc & another v One in A Million Ltd* [1999] FSR 1, is of persuasive authority in Hong Kong, China.

Under the current Trade Marks Ordinance (Cap.43), the use of a trademark on the Internet (by way of the registration of a domain name) could be grounds for infringement if it is used in connection with goods or services so as to suggest a connection in the course of trade. Under the new Trade Marks Ordinance ("the new Trade Marks Ordinance"), passed on 31st May 2000, the definition of "use" of a trademark will be significantly broadened to include, in particular, use on business papers or in advertising. The new Trade Marks Ordinance has not yet been brought into force.

C. PATENTS (INCLUDING PLANT VARIETY PROTECTION)

6. Please provide any further indication, if possible, of the effective extent of the exceptions to patent rights established under Section 75 of the Patents Ordinance. Are there any judicial findings or policy statements with bearing on the application of this provision?

Hong Kong, China's patent law, the Patents Ordinance, was broadly based on the United Kingdom Patents Act 1977. The Patents Ordinance section 75 (acts exempted from infringement) corresponds closely to the UK 1977 Act section 60(5).

The similarity in the provisions means that the courts in Hong Kong, China in construing the acts exempted will regard decisions in the UK courts on 1977 Act section 60(5) as highly persuasive in construing section 75 in Hong Kong, China.

7. Please provide any further information, if available, on the effective scope of the exceptions to patentability established under Sub-section 93(6) of the Patents Ordinance. Are

there any examination guidelines, or administrative or judicial rulings with bearing on this subsection?

Hong Kong, China's patent law, the Patents Ordinance, was broadly based on the United Kingdom Patents Act 1977, an Act which conformed to the provisions of the European Patent Convention. The Patents Ordinance provisions on patentability correspond precisely to those in the UK 1977 Act.

The similarity in the wording of the law means that the courts in Hong Kong, China regard decisions on patentability and the exclusions to patentability by the EPO, the UK patent office, and the UK courts as highly persuasive in construing the law in Hong Kong, China.

Hong Kong, China does not have examination guidelines on exceptions to patentability and there has been no case in the courts in Hong Kong, China on the exceptions.

8. In what circumstances does the law of Hong Kong, China, permit use of a patented invention without the authorization of the patent owner, including use by the government? In what manner is the patent owner compensated for such use, and how is the level of compensation determined? How many compulsory licences have been granted, and how many permits have been granted for State use of patented inventions?

The circumstances in which the use of a patented product or process is permitted without the authorization of the patent owner are stated in the Patents Ordinance section 64 (compulsory licence) and sections 68 and 69 (Government use). (See paragraphs 31.a.0 to 31.a.4 of IP/N/1/HKG/2/Add.1).

The patent owner is compensated for the grant of a compulsory licence by reasonable remuneration having regard to the nature of the invention (Patent Ordinance section 66(1)(b)). (See paragraph 31.h.0 of IP/N/1/HKG/2/Add.1).

The patent owner is compensated for government use (failing agreement of terms between Government and patent owner) on the basis of the loss resulting from a failure to secure a contract to supply the patented product or to perform the patented process (Patents Ordinance section 71(1)). (See paragraph 31.h.1 of IP/N/1/HKG/2/Add.1).

No compulsory licences have been granted and no Government use of patented products or processes has been made under the Patents Ordinance sections 68 and 69.

III. RESPONSES TO QUESTIONS POSED BY CANADA

A. COPYRIGHT

1. What recourse do right-holders have in respect of wilful trademark counterfeiting or copyright piracy on a commercial scale, as required by Article 61?

Hong Kong, China has a long established regime of criminal procedures and penalties. A detailed examination of the offences, penalties and forfeiture proceedings can be found in the answers to Questions 20 to 25 of the Checklist of Issues on Enforcement (IP/N/6/HKG/1).

2. What is the status of legislation introduced into the Legislative Council on January 26 2000 on copyright infringement?

The Intellectual Property (Miscellaneous Amendments) Bill 2000 was gazetted on 14 January 2000. A first reading in the Legislative Council took place on 26 January 2000. We expect the Bill to be passed by the Legislative Council by the end of June 2000.

The Bill seeks to:

- (a) create the offence of unauthorized possession of video recording equipment in a cinema or concert venue. This is necessary because some pirated optical discs have been made from unauthorized recordings in local cinemas; and
- (b) clarify the law to facilitate the prosecution of end-user corporate copyright piracy, e.g., firms producing their goods or services using infringing copies of computer software.

3. What is the status of the Trademark Bill introduced in May 1999 which aims to modernize the existing Trademark Ordinance?

The new Trade Marks Ordinance was passed by the Legislative Council on 31 May 2000, but has not yet been brought into force. It is intended that the new Ordinance will be brought into force in 2001.

4. What protection does your copyright legislation afford to foreign works?

Hong Kong, China adopts an open qualification system as far as copyright works are concerned. Our copyright law protects copyright works of authors from anywhere in the world, or first published anywhere in the world, or, in the case of a broadcast or cable programme, made or sent from anywhere in the world. There is no need for any multilateral or bilateral agreement (sections 177 and 178 of the Copyright Ordinance).

IV. RESPONSES TO QUESTIONS POSED BY THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

A. COPYRIGHT AND RELATED RIGHTS

1. Paragraph 11.0 of document IP/N/1/HKG/2/Add.1 explains that Article 11 of the TRIPS Agreement has been implemented, insofar as computer programs are concerned, by the provisions of Section 22(1)(c) and Section 25 of the Copyright Ordinance, but that the provisions of Article 11 have not been extended to films because there is no widespread problem resulting from the copying of rented films. Please explain what analysis it has made of pirate films to know that they have not been copied from rented ones?

Under Article 11 of the TRIPS Agreement, the rental right of cinematographic works is limited to cases where rental has led to widespread copying which is materially impairing the exclusive right of reproduction.

We refer to the Copyright Ordinance ("CO"). No evidence has been put forward by the film industry to the effect that rental of cinematograph films had led to widespread copying which materially impaired the exclusive right of reproduction. Nor has the film industry required that the right to authorize or prohibit commercial rental of cinematograph films to the public should be inserted in the CO. Having taken into account all the relevant circumstances no such provision has been put in the CO.

2. Section 65 of the Copyright Ordinance states that "Notwithstanding section 23, copyright in a work is not infringed by the making of a transient and incidental copy which is technically required for the viewing or listening of the work by a member of the public to whom a copy of the work is made available". It is noted, however, that nowhere in Section 23 is it made clear that the copy of the work which is made available to the public, should be an authorized copy. Please explain how Section 65 complies with Article 13 of the TRIPS Agreement because legalizing transient and incidental copies of a work made available without authorization would compound this illegality.

There are certain acts specified in Division III of the CO that are permitted in relation to copyright works without the necessity of obtaining the permission of the copyright owner. Section 65 of the CO is an example of such a permitted act. The primary consideration is that all the permitted acts in Division III have to conform to the standard laid down in Article 13 of the TRIPS Agreement which is incorporated in section 37(3) of the CO, namely, that the permitted acts in Division III do not "conflict with a normal exploitation of the work by the copyright owner and does not unreasonably prejudice the legitimate interests of the copyright owner."

Section 65 is consistent with Article 13 of the TRIPS Agreement because it can only be invoked in special cases, i.e. where it is *technically required* for *viewing or listening* to the work by the person to whom a copy of the work is made available (emphasis added). Use of the transient and incidental copy for purposes other than the one in section 65 is prohibited. The making of a transient and incidental copy is at present the only way technically that a work may be viewed or listened to on the Internet. In most cases an innocent user has no way of knowing in advance whether the work that is made available on the Internet is an infringing copy or not. It is necessary to protect normal users of the Internet from civil infringement action as a result of routine use. If a work that is available on the Internet is an infringing work, the copyright owner of the work can take action against the party who made the unauthorized work available on the Internet.

3. Having regard to Article 7 of the Copyright Ordinance and Article 14.2 of the TRIPS Agreement, can Hong Kong, China please confirm that copyright can subsist in a sound recording of a film sound track?

Hong Kong, China confirms that copyright can subsist in a sound recording of a film soundtrack.

A soundtrack is the recorded sound accompaniment to a film. For the purpose of copyright, under section 7(2) of the CO, a sound track is treated as part of the film which it accompanies.

A film soundtrack may consist of several pre-existing sound recordings each having its independent copyright. Such sound recordings may be put together or played one after the other as a film soundtrack, but the copyright in the original sound recordings is not affected. Alternatively, it may be that the soundtrack is recorded at the same time as the film, so there is no pre-existing sound recording. However, a sound recording which embodies a film soundtrack, and which is separately recorded, say, on an optical disc or some other medium, is nevertheless regarded as having its separate copyright as a sound recording under section 6(1) of the CO.

4. Can Hong Kong, China please explain how section 43 of the Copyright Ordinance complies with Article 13 of the TRIPS Agreement insofar as section 43 provides that the audience at a performance at an educational establishment can be an extensive one composed, not solely of teachers and pupils at the establishment (i.e. those directly connected with the establishment's educational activities), but also the parents and guardians of the pupils? In particular, where a charge is made for a performance before such an audience, would the authors of the works performed be denied a share of the proceeds?

Section 43 of the CO is consistent with Article 13 of the TRIPS Agreement. The exception provided in Section 43 of the CO is applicable only to limited circumstances, i.e., performing the work by a teacher or pupil in the course of activities of the educational establishment; or at the educational establishment for the purposes of instruction. Apart from the teachers and pupils at an educational establishment, the audience is to include the parents or guardians of the said pupils. Such inclusion is necessary as they are directly connected with the activities of the educational establishment and their presence is considered a necessary adjunct to the educational process.

In case a charge is made for a performance before an audience of this kind, the court may consider whether the performance conflicts with a normal exploitation of the work and if it unreasonably prejudices the legitimate interests of the right holder. Relevant factors may include the purpose of the performance, the size of the audience and whether the performance is made for gain or other purposes. Section 76 of the CO may also be instructive. A performance which takes place in a club, society or organization is not infringing if the club, society or organization is not established or conducted for profit and its main objects are charitable or are otherwise concerned with the advancement of religion, education or social welfare. To come within this exception, it is also necessary to show that the proceeds of any charge for admission to the place of performance should be applied solely for the purposes of the club, society or organization.

B. GEOGRAPHICAL INDICATIONS

5. Paragraph 22.1.0 and 22.1.1 of document IP/N/1/HKG/2/Add.1 explains that a geographical indication can be applied for as an ordinary trademark. Please explain how it should be interpreted in conjunction with Section 9(1)(d) of the TMO.

Section 9(1)(d) of the Trade Marks Ordinance (Cap. 43) ("TMO") provides that a word or words that have no direct reference to goods or service may be registered in Part A of the Trade

Marks Register provided they are not, *inter alia*, geographical names according to its ordinary signification. Some applications for trademarks are composite marks which involve the use of what are regarded as geographical indications. In these cases, the application would be accepted subject to an imposition of a condition or origin and the total disclaimer of the geographical indication. Such a mark must not be deceptive. Examples of these kinds of registrations are as follows:

Condition

"Courvoisier Le Cognac de Napoleon" for cognac brandy

- It is a condition of registration that the mark shall be used only on Cognac brandy produced in France.
- The words "Le Cognac de Napoleon" have been totally disclaimed.

"Champagne de Venoge" for champagne

- It is a condition of registration that the Trademark shall be used only on champagne produced in Epernay, France.
- The words "Cordon Bleu", "Champagne" and "Brut" appearing in the mark are disclaimed.

Hong Kong, China passed a new Trade Marks Ordinance ("the new Trade Marks Ordinance") on 31 May 2000, although this has not yet been brought into force. Section 3(2) of the new Trade Marks Ordinance provides that a trademark may consist of "indications". An application for a trademark may be refused on the ground that it consists exclusively of signs which, *inter alia*, serve to designate the quality or geographical origin of goods (Section 11(1)(c)). However, such a mark can be registered if it is proved that before the date of application it has in fact acquired a distinctive character as a result of use (Section 11(2)). The registration of a mark may be refused if it is deceptive (Section 11(4)(b)). It will also be possible to register a geographical indication as a certification trademark under the new Trade Marks Ordinance. A certification mark which consists of a sign serving, in trade or business, to designate the geographical origin of goods or services may be registered.

6. Please clarify if an opposition to the registration of a trademark, that contains a geographical indication, can only be made through Section 12(1) of the TMO or if the Registrar has the authority to refuse or invalidate ex officio such a trademark on the basis of Section 9(1)(d) of the TMO.

An opposition to a trademark application containing a geographical indication could be made on the basis of Section 12(1) of the TMO. An opponent may, in addition, utilize any provision in the TMO he considers relevant to oppose an application. One other provision in the TMO is Section 13(1). An opponent may argue that a particular trademark applicant is not "entitled to be registered as the proprietor....".

The Registrar may, *ex officio*, refuse to register a mark if it breaches Sections 12(1) or 9(1)(d) of the TMO. Except in a case of fraud, he has no *ex officio* power to invalidate a mark, once it is registered. Third parties have the right to apply for the rectification of a mark "made on the Register without just cause" or "wrongly remaining on the Register....." (Section 48(1)(a) TMO). The

Registrar also has the power to apply to the Court of First Instance for a rectification of the Register where there has been fraud in the Registration (Section 48(1)(c) TMO).

7. Please clarify Section 64(4) of the TMO and provide, if any, examples of geographical names that were allowed to be used despite the existence of a certification trademark.

Section 64(4) of the TMO is intended to cover established use of geographical names. It is similar to paragraph 3(2) of Schedule 2 to the UK Trade Marks Act 1994. We are unaware of any actual examples of geographical names that are allowed to be used despite the existence of a certification trademark.

8. Please clarify whether or not Section 12(1) of the TMO provides for the additional protection under Article 23 of the TRIPS Agreement.

Under Section 12(1) of the TMO it is not lawful to register a trademark which would be likely to deceive. Section 12(1) may therefore be used to prevent the registration of a trademark, where such a registration is deceptive. This is true whether the application is for an ordinary trademark or a certification trademark.

The action for passing-off is also available for anyone who wishes to stop the use of a geographical indication where the true origin of the goods has been stated or is used with words like "kind", "type", "style", "imitation". See, e.g., *J Bollinger v The Costa Brava Wine Co* [1961] RPC 116 where an attempt to use the words "Spanish Champagne" led to the granting of an injunction for passing-off in the face of "Champagne" wine produced in the district of Champagne in France. There is also the *Taittinger v Allbev* [1993] FSR 641 where a passing-off action succeeded against Elderflower Champagne. Other relevant passing-off cases are: *Chocosuisse Union des Fabricants Suisse de Chocolat v Cadbury Ltd* [1998] RPC 117 and *John Walker & Sons v Henry Ost* [1970] RPC 489. All the cases quoted in this paragraph would be of persuasive authority in Hong Kong.

Reference should also be made to the Trade Descriptions Ordinance (Cap. 362). This makes it an offence to apply a false description to goods, or to supply or offer to supply any goods to which a false description is applied. Use of words like "style" etc would not, however, give rise to criminal offences as the description that the wine is of a named style is unlikely to be false.

9. Please give examples, if any, of conditions or limitations imposed by the Registrar or the Court pursuant to Section 22 of the TMO in case of homonymous signs.

There are no examples which relate specially to geographical indications. However, the kind of limitations or conditions imposed would be that one mark is used on certain goods for one gender (men's clothing) and the other mark is used for goods of the other gender (ladies' clothing).

V. RESPONSES TO QUESTIONS POSED BY JAPAN

A. COPYRIGHT AND RELATED RIGHTS

1. Please explain how the protection is provided for works, phonograms, performances and broadcasts from other WTO Members under the Law on Copyright and Neighbouring Rights of Hong Kong, China (hereinafter referred to as "Copyright and Neighbouring Rights Law"). Please describe the provisions of the Copyright and Neighbouring Rights Law which provide for the national treatment and most-favoured-nation treatment as required by Articles 3 and 4 of the TRIPS Agreement as well as Article 9.1 of the Agreement which incorporates Article 5(1) of the Berne Convention.

Hong Kong, China adopts an open qualification system as far as copyright works are concerned. Under this system, WTO Members are accorded no less favourable treatment in copyright protection than Hong Kong, China's rights-owners. According to sections 177 and 178 of the Copyright Ordinance ("CO"), a work qualifies for copyright protection if one of the following conditions is fulfilled :

- (a) its author was at the material time, either an individual domiciled or resident or having a right of abode in Hong Kong, China or elsewhere or a body incorporated under the law of any country, territory or area;
- (b) it is published in Hong Kong, China or elsewhere; or
- (c) in the case of a broadcast or cable programme, it is made or sent from Hong Kong, China or elsewhere.

Thus, copyright subsists not only in a work emanating from Hong Kong, China, but also those emanating from WTO Members, among others, regardless of the domicile, residence or right of abode of the author; the place of incorporation in the case where the author is a body corporate; the place of publication; or the place of broadcasting in the case of a broadcast or a cable programme.

Please also refer to IP/N/1/HKG/2/Add.1 on Articles 3, 4 and 9.1 of the TRIPS Agreement.

2. Please explain exceptions or exemptions of the national treatment and most-favoured-nation treatment under the Copyright and Neighbouring Rights Law, if any, as permitted in Articles 3 and 4 of the TRIPS Agreement.

The one exception to national treatment and most-favoured-nation treatment is found in section 180(1) of the CO. Under this provision, the Chief Executive in Council may by regulation restrict the rights conferred by Part II of the CO in relation to works of authors connected with a country, territory or area, if it appears to the Chief Executive in Council that Hong Kong, China works or one or more classes of those works are not adequately protected in that country, territory or area as a result of any prejudicial treatment. This exception is consistent with Article 6(1) of the Berne Convention. However, the provisions in section 180(4) of the CO mean that this exception cannot be exercised against any WTO Member. The Chief Executive in Council has made no regulation under section 180 to date.

3. Please explain whether and how Hong Kong, China provides retroactive protection to works, phonograms, performances from other WTO Members, as required by Articles 9.1, 14.6, and 70.2 of the TRIPS Agreement which apply, *mutatis mutandis*, Article 18 of the Berne

Convention. Please indicate the date to which such protection extends back with respect to each category of subject-matter.

Article 18(1) of the Berne Convention provides that "This Convention shall apply to all works which, at the moment of its coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection."

The CO has been in force since 27 June 1997. Schedule 2 to the CO deals with the transitional provisions and savings. Paragraph 5 of Schedule 2 to the CO provides that copyright subsists in an existing work after commencement (i.e. 27 June 1997), if copyright subsisted in it immediately before commencement. This covers all such copyright works including phonograms and recordings of performances. The conditions are that the work would qualify for copyright protection under the CO, had it been made after commencement; had it been published after commencement; or in the case of a broadcast or cable programme, had it been made or sent after commencement; and that copyright under the pre-existing legislation (the UK Copyright Act 1956, as extended by SI 1972 No. 1724 (as amended by SI 1979 No 910) to Hong Kong, China) in the work would not have expired had copyright subsisted in it under that Act.

The protection assured under the transitional provisions in Paragraph 5 of Schedule 2 to the CO is of a continuing nature. It does not date back to a point in history. It is afforded to existing copyright works which are qualified for protection prior to the commencement of the CO, and which term of protection has not yet expired at the commencement of the CO.

4. Please explain whether protection of "computer programs" under the Copyright and Neighbouring Rights Law covers computer programs in both source and object code, as required by Article 10.1 of the TRIPS Agreement. Are those computer programs protected as literary works in accordance with Article 2(1) of the Berne Convention ?

Article 10.1 of the TRIPS Agreement is implemented in section 2(1)(a) of the CO which extends copyright protection to original literary works. The definition of a literary work in section 4(1)(b) of the CO includes a computer program.

There are different forms of manifestation of computer programs, for example, by way of source code or object code. Section 29(3) and (4) of the CO are also relevant due to the fact that a version of a computer program in which it is converted into another computer language, is regarded as a translation, and as such, an adaptation of the program. The owner of the copyright in a computer program has the exclusive right to make an adaptation of the program pursuant to section 29(1) of the CO, read with section 22(1)(g).

Both the source and object code version of a computer program are protected as original literary works.

5 Please clarify whether "database" under the Copyright and Neighbouring Rights Law includes compilation of data in machine-readable form. Please explain how the Law complies with Article 10.2 of the TRIPS Agreement in this respect.

The first sentence of Article 10.2 is implemented in section 4(1)(a) which provides that "literary work" means any work (other than a dramatic or musical work) which is written etc. and includes "a compilation of data or other material, in any form, which by reason of the selection or arrangement of its contents constitutes an intellectual creation, including but not limiting to a table". "Writing" is defined under section 198 of the CO to include "any form of notation or code, whether by hand or otherwise and regardless of the method by which, or medium in or on which, it is recorded, and "written" is construed accordingly".

The only qualification to be read into section 4(1)(a) is that, as a literary work, the compilation must be original to qualify for protection under section 2(1)(a) of the CO.

General copyright principles provide that copyright in such compilations do not extend to protect the data itself, which may either be in the public domain, or may itself be subject to copyright protection and for which authorization from the authors thereof has to be obtained.

6 Article 9(2) of the Berne Convention and Article 13 of the TRIPS Agreement require limitations and exceptions to exclusive rights to be limited to certain special cases which do not conflict with a normal exploitation of the works and do not unreasonably prejudice the legitimate interests of the right holder. Please explain how Sections 78 and 257 of the Copyright Ordinance of Hong Kong, China comply with the said Articles of the Berne Convention and the TRIPS Agreement. Please also explain how the Ordinance complies with Article 14.6 of the TRIPS Agreement, if the Ordinance provides limitations and exceptions under the said Article.

Consistent with the requirements of Article 13 of the TRIPS Agreement and Article 9(2) of the Berne Convention, the exceptions in sections 78 and 257 of the CO are allowed only in the following special cases:

- (a) recordings made or used by Radio Television Hong Kong ("RTHK") (which is a government department) for the purposes of maintaining supervision and control over programmes broadcast by RTHK; or
- (b) recordings made or used by the Broadcasting Authority to perform regulatory functions under the Broadcasting Authority Ordinance (Cap.391).

As the exceptions are made for specific entities, for specific administrative purposes required for enforcing protection for public health or morals, they do not conflict with a normal exploitation of the works and do not unreasonably prejudice the legitimate interests of the right holder.

Details of Hong Kong, China's compliance with Article 14.6 of the TRIPS Agreement are contained in paragraphs 14.6.0 through 14.6.3 of IP/N/1/HKG/2/Add.1.

7. Please explain how the exception of Section 38 of the Copyright Ordinance of Hong Kong, China has been strictly interpreted so as to bring them within the permissible limitations on Article 9(2) of the Berne Convention and Article 13 of the TRIPS Agreement.

Under section 38 of the CO, fair dealing for the purposes of research or private study does not infringe copyright in a work.

Anyone who seeks to rely on this statutory exception has to show that the dealing was "fair" by reference to the considerations contained in sub-section (3), namely, the purpose and nature of the dealing; the nature of the work; and the amount and substantiality of the portion dealt with in relation to the work as a whole. The scope of this statutory exception is limited and is within the permissible limitations under Article 9(2) of the Berne Convention and Article 13 of the TRIPS Agreement. One should also note that the application of the fair dealing provision is subject to the overriding consideration in section 37(3) of the CO, which mirrors Article 9(2) of the Berne Convention and Article 13 of the TRIPS Agreement.

8. Please indicate whether compact discs, such as CD-ROMs, mainly consisted of music and accompanied by characters, still images, motion pictures or any other types of data than

audio are protected as "database" under the Copyright Ordinance, if such data, including music, can be retrieved.

Such products may be protected under the CO where compilations of data (section 4(1) of the CO) in respect of literary or artistic works are involved. They may be protectable as computer programs (section 4(1) of the CO) if they consist of a computer program which assembles text, graphics, sound and video in digital form. Where moving images are involved, the work may be protectable as a film as defined under section 7(1) of the CO. Sound recording copyright may also apply where the product comes within the definition of a sound recording in section 6(1) of the CO.

9. Please explain the term of protection of a work, such as a work by a body corporate, under the Copyright and Neighbouring Rights Law, as required by Article 12 of the TRIPS Agreement.

There are provisions in the CO of Hong Kong, China which provide for calculations for the term of protection based other than on the life of a natural person. These also apply to the position for a body corporate. These provisions include section 17(3) (literary, dramatic, musical or artistic works of unknown authorship), section 17(6) (computer-generated literary, dramatic, musical or artistic works), section 18(2) (sound recordings), section 19(4) (films), section 20(2) (broadcasts or cable programmes) and section 214(2) (performances). The minimum term of protection of 50 years from the end of the calendar year of authorized publication or making under Article 12 of the TRIPS Agreement is observed in Hong Kong, China. The term "made available to the public" is used in the relevant provisions in the CO instead of "publication" which is used in the TRIPS Agreement. "Publication" is one form of "making available to the public".

B. TRADEMARKS

10 Please explain how Sections 27, 27A, 28 and 28A of the Trade Marks Ordinance comply with Article 16.1 of the TRIPS Agreement when goods and services are similar to those in respect of which the trademark is registered.

Article 16.1 of the TRIPS Agreement is discussed in paragraphs 16.1.0 to 16.1.2 of IP/N/1/HKG/2/Add.1.

The essence of Article 16.1 is that the owner of a registered trademark has the exclusive right to prevent all third parties from using an identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.

Sections 27 to 28A of the Trade Marks Ordinance (Cap.43) ("TMO") deal with infringements of a trademark by reference to the notion of identical or nearly resembling trademarks in respect of goods or services for which the mark is registered or in relation to goods or services of the same description.

Article 16.1 of TRIPS refers to similar goods or services. Sections 27 to 28A of TMO refer to goods or services of the same description. Hong Kong, China submits that these concepts amount to the same thing.

The TMO was originally modelled on the United Kingdom Trade Marks Act 1938 ("UK 1938 Act"). Two cases (*Jellinek* (1946) 63 RPC 59 and *Floradix* [1974] RPC 583) based on the UK 1938 Act laid down the tests for goods of the same description. *Jellinek* stated that in determining whether goods were of the same description the following were relevant: (i) the nature and composition of the goods, (ii) the respective uses of the goods, and (iii) the trade channels through which the goods were

bought and sold. *Floradix* stated that for goods to be of the same description, it is not necessary that all three criteria ((i) to (iii) above) should be fulfilled. These cases are of persuasive authority in Hong Kong, China.

There are no guidelines provided in the TRIPS Agreement as to what constitutes similar goods. However, Jacob. J considered this question in *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 (in respect of the UK Trade Marks Act 1994) where he considered the following factors relevant in determining what were similar goods (at page 296) :

- (a) the respective uses of the respective goods or services;
- (b) the respective users of the respective goods or services;
- (c) the physical nature of the goods or acts of service;
- (d) the respective trade channels through which the goods or services reach the market;
- (e) in the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) the extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance, whether market research companies, who, of course, act for industry, put the goods or services in the same or different sectors.

From the above, it will be seen that the concept of goods of the same description and similar goods overlap to a large degree. The same notions apply to services of the same description and similar services. In deciding whether or not different services are services of the same description, the principal factor is whether it is likely that the public would naturally expect the services in question to be provided by the same service organization. A comparison of the following criteria will assist in determining whether there is such likelihood:

- the nature of the services;
- what goods, if any, are involved in the services - if they are both connected with the same goods this will be of some importance;
- who are the users of the services;
- whether there is a normal business relationship between the services provided.

Hong Kong, China passed into law a new Trade Marks Ordinance on 31 May 2000 ("the new Trade Marks Ordinance"). This has not yet been brought into force. The provisions in the new Trade Marks Ordinance relating to infringement will refer to the concept of similar goods and services rather than to goods and services of the same description.

11. Please explain how a well-known trademark is protected in Hong Kong, China as required by Articles 16.2 and 16.3 of the TRIPS Agreement in conjunction with Article 6bis of the Paris Convention.

There are no specific references to well-known marks in the TMO. However, there are a number of ways in which the owner of a well-known service mark may seek to protect his mark.

The current law

Article 16.2 of the TRIPS Agreement

The owner of a well-known service mark (even if unregistered in Hong Kong, China) may oppose any application by a third party to register the well-known mark. Such an opposition would be based on Section 12(1) of the TMO which provides that: "It shall not be lawful to register as a trademark or part of a trademark any matter the use of which would be likely to deceive....."

The owner of a well-known service mark may seek to protect his mark by registering it under the TMO. He would then be able to take infringement action under Section 27A of the TMO where a competing trademark is identical or nearly resembling his mark in respect of services for which the mark is registered, or services of the same description. Section 2(4) of the TMO defines "near resemblance" as "a resemblance so near as to be likely to deceive or cause confusion". 'Similar services' and 'services of the same description' are closely related notions.

The owner of a well-known service mark could also register his trademark as a certification trademark under Section 64(1A) of the TMO. The owner of such a mark could then take infringement action under 67A(1) of the TMO.

Finally, the owner of an unregistered well-known service mark could also prevent the registration and use of that mark by an unauthorized third party through the common law action of passing-off. He would have to satisfy the tests set out in *Erven Warnik v Townend* (the "Advocaat" case) [1980] RPC 31. Basically, the owner would have to show three elements: misrepresentation (which need not be intentional), reputation and damage.

Article 16.3 of the TRIPS Agreement

Article 16.3 of the TRIPS Agreement deals with the protection to be given to the owner of a well-known trademark where the mark is used on dissimilar goods or services.

The TMO (Cap.43) is principally concerned with identical goods and services or goods and services of the same description as far as infringement is concerned. The owner of a well-known trademark who has registered his trademark under the TMO could not take infringement action against a third party under Sections 27 and 27A of the TMO where the use was in respect of dissimilar goods or services.

However, the owner of a well-known trademark (whether registered or not) can take out a passing-off action to prevent the use by a third party of that well-known trademark if it were used on goods or services which were dissimilar to those on which the owner of the well-known trademark used his mark.

An owner of a well-known trademark (whether registered in Hong Kong or not) may mount an opposition to an application for a trademark. This opposition would be based on Section 12(1) of the TMO (see paragraph 12.2 post).

The new Trade Marks Ordinance

The new Trade Marks Ordinance includes a number of sections relevant to well-known trademark. There is a definition of well-known mark (see Annex A). Other relevant provisions are:

Section 63 of the new Trade Marks Ordinance provides as follows:

"(1) Subject to Section 59 (effect of acquiescence), the owner of a trademark which is entitled to protection under the Paris Convention as a well-known trademark is entitled to restrain by injunction the use in Hong Kong of a trademark which, or the essential part of which, is identical or similar to his trademark, in relation to identical or similar goods or services, where such use is likely to cause confusion on the part of the public."

Section 63 is therefore directly relevant to Article 6*bis* of the Paris Convention and Article 16.2 of the TRIPS Agreement.

Other provisions of the new Trade Marks Ordinance directly relevant to Article 16.3 of the TRIPS Agreement are :

- Section 12(4): "Subject to sub-section (6), a trademark which is:
 - (a) identical or similar to an earlier trademark; and
 - (b) proposed to be registered for goods or services which are not identical or similar to those for which the earlier trademark is protected, shall not be registered if, or to the extent that, the earlier trademark is entitled to protection under the Paris Convention as a well-known trademark and the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trademark."
- Section 18(4) : "A person infringes a registered trademark if:
 - (a) he uses in the course of trade or business a sign which is identical or similar to the trademark in relation to goods or services which are not identical or similar to those for which the trademark is registered;
 - (b) the trademark is entitled to protection under the Paris Convention as a well-known trademark; and
 - (c) the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark."

C. GEOGRAPHICAL INDICATIONS

12. Please explain how legislation of Hong Kong, China implements the requirements of Article 22.3 of the TRIPS Agreement.

The means by which registration of a misleading geographical indication ("GI") may be refused or invalidated are to be found in Sections 12(1) and 48(1)(a) of the TMO. An application for a GI may be made under the TMO as an ordinary trademark or a certification trademark. Ordinary trademarks are those which are capable of distinguishing goods of one undertaking from another. A certification trademark may also be applied for under Section 64 of the TMO and is one which is adapted in relation to any goods to distinguish in the course of trade goods certified by any person in

respect of origin, material, mode of manufacture, quality, accuracy or other characteristic, from goods not so certified.

Where the use of the GI is liable to mislead the public, an application for such a trademark (whether as an ordinary trademark or as a certification trademark) may be refused, or if already accepted by the Registrar of Trade Marks may be opposed, under Section 12 of the TMO. Section 12 provides that:

"It shall not be lawful to register as a trademark or part of a trademark any matter the use of which would be likely to deceive or would be disentitled to protection in a court of justice or would be contrary to law or morality, or any scandalous design."

If a misleading trademark has been registered, it is possible under the TMO to remove it from the Register. This would be done by any party aggrieved applying, under Section 48(1)(a) of the TMO, either to the Court of First Instance or the Registrar to remove the mark from the Register on the ground that it was an 'entry made in the register without sufficient cause', or 'an entry wrongly remaining on the register'. The aggrieved party would point to section 12(1) of the TMO as justifying the claim that the entry was made without sufficient cause, or wrongly remaining on the register. The ground that would be relied on would be based on deception.

Section 3(2) of the new Trade Marks Ordinance provides that a trademark may consist of "indications". An application for a trademark may be refused on the ground that it consists exclusively of signs which, *inter alia*, serve to designate the quality or geographical origin of goods (Section 11(1)(c)). However, such a mark can be registered if it is proved that before the date of application it has in fact acquired a distinctive character as a result of use (Section 11(2)). Such an application may also be refused if it is deceptive (Section 11(4)(b)). This would be the case if the goods did not have the origin suggested by the mark. A mark wrongly registered may be removed on the ground that it is liable to mislead the public as to the nature, quality or geographical origin of the goods (Section 52(2)(c)), or be subject to a Declaration of Invalidity on the ground that it was registered in contravention of Section 11.

13. Please explain how Section 12(1) of the Trade Marks Ordinance, which provides that it shall not be lawful to register as a trademark any matter use of which would be likely to deceive, complies with Article 23.2 of the TRIPS Agreement which provides that the registration of a trademark for wines and spirits which contains or consists of geographical indication shall be refused or invalidated.

An application to register a trademark for wines and spirits consisting of a GI, which does not have such an origin, is deceptive. Section 12(1) of the TMO could therefore be used by the Registrar of Trade Marks to refuse to register such a mark, or it could be the basis of opposition proceedings under Section 15 of the TMO. Where such a deceptive trademark has been registered, the Register may be rectified under Section 48(1)(a) of the TMO, (Cap.43). Any rectification proceedings could be based on section 12(1) of the TMO.

D. PATENTS

14. Do protected layout-designs under Section 18 of the Layout-Design of Integrated Circuits Ordinance include patents for semi-conductor technology under Article 31(c) of the TRIPS Agreements? If not, please explain how Section 18 of the Layout-Design of Integrated Circuits Ordinance complies with Article 31(c) of the TRIPS Agreement regarding other use of patents for semi-conductor technology without the authorization of the right holder.

The Layout-design (Topography) of Integrated Circuits Ordinance protects layout-designs as defined in section 3 of the Ordinance. Section 18 of that Ordinance allows Government use of a layout-design, without the authorization of the layout-design owner, under limitations in Article 31(c) of the TRIPS Agreement.

Inventions falling outside the definition of layout-design are protectable under the Patents Ordinance.

The circumstances in which the use of a patented product or process is permitted without the authorization of the patent owner are stated in the Patents Ordinance section 64 (compulsory licence) and sections 68 and 69 (Government use) (See paragraphs 31.a.0 to 31.a.4 of IP/N/1/HKG/2/Add.1).

Under the Patents Ordinance a compulsory licence is available only where there has been abuse of the monopoly rights and only on application to a court (Patents Ordinance section 64). Under the Patents Ordinance Government use arises only in a period of extreme urgency where it is necessary to maintain or secure supplies and services essential to the life of the community (Patents Ordinance section 68). It is therefore the case that both the compulsory licensing provisions and the Government use provisions are limited in a manner consistent with Article 31(c) of the TRIPS Agreement.

E. PROTECTION OF UNDISCLOSED INFORMATION

15. As a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, does legislation of Hong Kong, China require the submission of undisclosed test or other data, the origination of which involves a considerable effort? If so, please explain how Hong Kong, China protects such data against unfair commercial use.

The Government of Hong Kong, China is subject to the common law on breach of confidence. For a detailed discussion of this common law action, see paragraphs 39.2.0 to 39.2.5 of IP/N/1/HKG/2/Add.1.

In Hong Kong, pharmaceutical products must be registered with the Department of Health under the Pharmacy and Poisons Ordinance (Cap.138) before sale. For a product to be registered, the manufacturer concerned is required by Cap.138 to provide the necessary scientific documentation to substantiate the safety, efficacy and quality of the product. If the applicant does not provide his own documentation, the Department of Health will not refer to other sources. Undisclosed documentation submitted by another manufacturer to the Department of Health in support of the application for registration of another pharmaceutical product is never referred to, nor is it relied on, by the Government examiners so as to protect data contained therein against unfair commercial use. Any data supplied in respect of the registration of pharmaceutical products is kept in the Confidential Registry of the Department of Health.

All agricultural chemical test data supplied to the Department of Agriculture, Fisheries and Conservation is kept confidential indefinitely. The data is viewed only by a limited number of Government officers on a need-to-know basis for registration and is never used in other registration applications unless under written authorization from the supplier of the original data. The data is never disclosed to the public.

Article 39.3 is therefore complied with by these administrative measures.

16. Please explain how legislation of Hong Kong, China regulates the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know,

that such practices were involved in the acquisition, as required by footnote to Article 39.2 of the TRIPS Agreement.

Protection for undisclosed information is provided by the common law action for breach of confidence. The leading case is *Coco v Clark* [1969] RPC 41, where it was held that three elements had to be proved for a claim of breach of confidence to succeed: (i) that the information was of a confidential nature; (ii) that it was communicated in circumstances importing an obligation of confidence; and (iii) that there was an unauthorized use of the information.

Hong Kong courts have interpreted the second requirement as fulfilled not only where the originator of the information has communicated the information to the defendant in confidence, but also where a third party has come by the information, and it is considered that he must, from the nature of the information, have realized that he was not entitled to use it. (*Dr Lam Tai Hing v Dr Koo Chi Ling, Linda* [1993] 2 HKC 1). It is therefore submitted that Hong Kong, China has complied with the provisions of Article 39.2.

F. ENFORCEMENT

17. Please indicate the remedies which the judicial authorities order regarding intellectual property rights, including injunctions, damages, expenses, destruction or disposal of infringing goods, materials or implements for their production. Please explain the criteria for and the way of calculation to decide the amount of the damages which judicial authorities order to the person who infringes intellectual property rights to pay to the right holder.

Please see our answer to question 5 of the Checklist of Issues on Enforcement (document IP/N/6/HKG/1).

18. Please indicate title of laws and regulations and their provisions which comply with Article 46 of the TRIPS Agreement regarding disposition of materials and implements the predominant use of which has been in the creation of the infringing goods. Furthermore, please indicate title of laws and regulations and their provisions which comply with Article 46 of TRIPS Agreement regarding counterfeit trademark goods.

Article 46 is discussed in paragraphs 46.0 to 46.2 of IP/N/1/HKG/2/Add.1 and answers to questions 5(3) and 24 in the Checklist of Issues on Enforcement (IP/N/6/HKG/1).

Where a person has in his possession, custody or control an article specifically designed or adapted for making copies of a particular copyright work, knowing or having reason to believe that it has been or is to be used to make infringing copies, the owner of the copyright in the work may apply to the court for an order that the article be delivered up (Section 109 of the CO) and be forfeited or destroyed (Section 111).

There are also similar provisions in the Registered Designs Ordinance (Sections 53 and 54) and the Layout-design (Topography) of Integrated Circuits Ordinance (Sections 8 and 9).

Section 122(1) of the CO empowers authorized officers of the Customs and Excise Department to seize articles which appears to be specifically designed or adapted for making copies of a particular copyright work and appears to be intended for use for making infringing copies of any such work. Any such article seized is liable to forfeiture under Section 131 of the CO.

Under Section 20 of the Prevention of Copyright Piracy Ordinance, any machinery or equipment seized under Section 18(2) of that Ordinance is liable to forfeiture.

Implements which are the subject matter of an offence under Section 9(1)(c) or (d) of the Trade Descriptions Ordinance ("TDO") and are seized under Section 15(1)(f)(ii) can be forfeited under Section 102 of the Criminal Procedure Ordinance.

The new Trade Marks Ordinance enables infringing goods, material or articles to be disposed of (Section 25). Infringing articles are defined as articles "specially designed or adapted for making copies of a sign identical or similar to a registered trademark"(Section 17(4)). In deciding whether to make an order of disposal, the court must, *inter alia*, be satisfied that the goods, material or articles will not enter the channels of commerce once the registered trademark has been removed from the goods, materials or articles (Section 25(4)(a)). Such infringing goods or articles may be forfeited (see Section 25(1)(b)).

19. Please indicate titles of laws and regulations and their provisions in which the suspension of the release of counterfeit trademark of pirated copyright goods is prescribed, as stipulated in Article 51 of the TRIPS Agreement. Please explain types of intellectual property rights about which the suspension can be made upon an application by a right holder.

Detention orders may be applied in respect of counterfeit trademarked goods and pirated copyright goods.

Section 30B of the TDO provides that the proprietor of a trademark may apply to court for a detention order where he has reasonable ground for suspecting that the importation of goods that constitute infringing goods may take place.

Section 136 of the CO provides that the owner or exclusive licensee of the copyright that subsists in a work may apply to the court for a detention order where he has reasonable grounds for suspecting that the importation of an article that constitutes an infringing copy of his work may take place.

See also the discussion on Article 51 in paragraphs 51.0 to 51.6 of IP/N/1/HKG/2/Add.1 and the answer to Question 16 in the Checklist of Issues on Enforcement (IP/N/6/HKG/1).

20. Please explain the kind and amounts of criminal penalties including imprisonment and fines regarding intellectual property rights. In particular, are the crimes persecuted only when the injured party has made a formal accusation? Please also explain whether penalties are consistent with Article 61 of the TRIPS Agreement which requires the penalties to be sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity.

The Customs and Excise Department of Hong Kong, China plays an active role in investigating and prosecuting copyright piracy and trademark counterfeiting offences, both in taking their own initiatives as well as responding to complaints lodged by rights owners. The maximum penalties and sentences prescribed by law for the different offences are set out in the answers to Questions 20 to 25 of the Checklist of Issues on Enforcement (document IP/N/6/HKG/1). Some enforcement statistics against intellectual property offences are set out at Annex B. We believe that our legal framework with stringent penalties coupled with vigorous enforcement have provided adequate protection to intellectual property rights and are consistent with Article 61 of the TRIPS Agreement.

VI. RESPONSES TO QUESTIONS POSED BY THE UNITED STATES

A. COPYRIGHT AND RELATED RIGHTS

1. Section 17 of Hong Kong, China's Copyright Ordinance provides that computer-generated works are to have copyright protection for a period of 50 years from the end of the year in which the work was made. Please define "computer-generated" in this sense and explain whether such a work would have an author and could be considered an original work.

Section 17(6) of the Copyright Ordinance ("CO") provides that the copyright of a computer-generated literary, dramatic, musical or artistic work expires at the end of 50 years from the end of the year in which the work was made. The term "computer-generated" that appears in section 17 of the CO is defined under section 198 of the CO as follows:

"..."computer-generated", in relation to a work, means that the work is generated by computer in circumstances such that there is no human author of the work."

A computer-generated work would nonetheless be taken to have an author. Under section 11(3) of the CO, the author of a computer-generated literary, dramatic, musical or artistic work is taken to be the person by whom the arrangements necessary for the creation of the work are undertaken.

The above-mentioned provisions mirror those contained in the UK Copyright, Designs and Patents Act 1988 at sections 9(3), 178 and 12(3) respectively. The similarity in the provisions means that the courts in Hong Kong, China will regard decisions in the UK courts interpreting Sections 9(3), 178 and 12(3) of the UK Copyright, Designs and Patents Act 1988 as being of persuasive authority.

For computer-generated works to be protected under the CO, they must have the requisite degree of originality under section 2(1)(a) of the CO. Generally speaking, the threshold of originality required so as to give rise to a copyright work, as has emerged from UK precedents, is lower than that required in the US, and therefore certain computer-generated works would qualify. This is a question of fact and degree, depending on whether time, skill and labour have been expended in undertaking the necessary arrangements, e.g. in writing out an appropriate computer program for producing the work in question.

B. TRADEMARKS

2. Please describe in detail the manner in which well-known marks are provided protection under Hong Kong, China's law or rules as required by Article 16.2 and 16.3 of the TRIPS Agreement.

This answer will discuss by reference to the current Trade Marks Ordinance (Cap.43) as well as the new Trade Marks Ordinance passed by the Legislative Council on 31 May 2000.

The current law

Article 16.2 of the TRIPS Agreement

The owner of a well-known service mark (even if unregistered in Hong Kong, China) may oppose any application by a third party to register the well-known mark. Such an opposition would be based on Section 12(1) of the TMO which provides that: "It shall not be lawful to register as a trademark or part of a trademark any matter the use of which would be likely to deceive....."

The owner of a well-known service mark may seek to protect his mark by registering it under the TMO. He would then be able to take infringement action under Section 27A of the TMO where a competing trademark is identical or nearly resembling his mark in respect of services for which the mark is registered, or services of the same description. Section 2(4) of the TMO defines "near resemblance" as "a resemblance so near as to be likely to deceive or cause confusion". "Similar services" and "services of the same description" are closely related notions.

The owner of a well-known service mark could also register his trademark as a certification trademark under Section 64(1A) of the TMO. The owner of such a mark could then take infringement action under 67A(1) of the TMO.

Finally, the owner of an unregistered well-known service mark could also prevent the registration and use of that mark by an unauthorized third party through the common law action of passing-off. He would have to satisfy the tests set out in *Erven Warnik v Townend* (the "Advocaat" case) [1980] RPC 31. Basically, the owner would have to show three elements: misrepresentation (which need not be intentional), reputation and damage.

Article 16.3 of the TRIPS Agreement

Article 16.3 of TRIPS deals with the protection to be given to the owner of a well-known trademark where the mark is used on dissimilar goods or services.

The TMO (Cap.43) is principally concerned with identical goods and services or goods and services of the same description as far as infringement is concerned. The owner of a well-known trademark who has registered his trademark under the TMO could not take infringement action against a third party under Sections 27 and 27A of the TMO where the use was in respect of dissimilar goods or services.

However, the owner of a well-known trademark (whether registered or not) can take out a passing-off action to prevent the use by a third party of that well-known trademark if it were used on goods or services which were dissimilar to those on which the owner of the well-known trademark used his mark.

An owner of a well-known trademark (whether registered in Hong Kong or not) may mount an opposition to an application for a trademark. This opposition would be based on Section 12(1) of the TMO (see paragraph 2.2 above).

The new Trade Marks Ordinance

Hong Kong, China passed into law a new Trade Marks Ordinance on 31 May 2000 ("the new Trade Marks Ordinance") which has not yet been brought into force. The new Trade Marks Ordinance includes a number of clauses relevant to well-known trademark. There is a definition of well-known mark (see the answer to question 3 posed by the United States, below). Other relevant provisions are:

Section 63 of the new Trade Marks Ordinance provides as follows:

"(1) Subject to Section 59 (effect of acquiescence), the owner of a trademark which is entitled to protection under the Paris Convention as a well-known trademark is entitled to restrain by injunction the use in Hong Kong of a trademark which, or the essential part of which, is identical or similar to his trademark, in relation to identical or similar goods or services, where such use is likely to cause confusion on the part of the public."

Section 63 is therefore directly relevant to Article 6*bis* of the Paris Convention and Article 16.2 of the TRIPS Agreement.

Other provisions of the new Trade Marks Ordinance directly relevant to Article 16.3 of the TRIPS Agreement are:

- Section 12(4): "Subject to sub-section (6), a trademark which is:
 - (a) identical or similar to an earlier trademark; and
 - (b) proposed to be registered for goods or services which are not identical or similar to those for which the earlier trademark is protected, shall not be registered if, or to the extent that, the earlier trademark is entitled to protection under the Paris Convention as a well-known trademark and the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trademark."
- Section 18(4) : "A person infringes a registered trademark if:
 - (a) the uses in the course of trade or business a sign which is identical or similar to the trademark in relation to goods or services which are not identical or similar to those for which the trademark is registered;
 - (b) the trademark is entitled to protection under the Paris Convention as a well-known trademark; and
 - (c) the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trademark."

3. What criteria are used to determine if a mark is well known?

There is no statutory definition in the TMO of what is a well-known trademark. However, the new Trade Marks Ordinance provides criteria to determine what is a well-known trademark. Schedule 2 of the new Trade Marks Ordinance sets out non-binding guidelines (both for the Registrar of Trade Marks and the Hong Kong Court of First Instance) on what can be considered a well-known trademark (see attached Annex A). Schedule 2 is derived from Article 2 of the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.

C. GEOGRAPHICAL INDICATIONS

4. What provisions of Hong Kong, China's laws or rules provide for the recognition of geographical indications required by Article 22.2 and 23.1 of the TRIPS Agreement? Please provide citations to those laws.

An aggrieved party may institute an action for passing-off under the common law to prevent the misleading use of a geographical indication ("GI"). Furthermore, the action of "passing-off" is preserved under Section 36 of the TMO. Thus any trader misrepresenting his goods as those of another trader who has acquired a reputation, causing loss to the other trader, faces an action for passing-off. The plaintiff's goodwill in his business can derive from use of his name, his mark, a description or the get-up of his goods. The owner of a certification trademark may bring an action under Section 67 of the TMO in respect of any infringement.

The use of a misleading GI may also constitute an offence under the Trade Descriptions Ordinance Cap.362 ("TDO") where it is an offence for someone to apply a false description to any goods.

The TDO defines, in Section 2, a "trade description" as, *inter alia*, "an indication, direct or indirect, and by whatever means given, of any of the following matters with respect to any goods or parts of goods:..... method of manufacture, production, processing or reconditioning; ...approval by any person or conformity with a type approved by any person; place or date of production; person by whom produced; other history including previous ownership or use." A trade description is false if it is false to a material degree. It is an offence, pursuant to Section 7 of the TDO, in the course of any trade or business, to apply a false trade description to goods, or to supply or offer to supply any goods to which a false trade description is applied, or to possess such goods. Pursuant to Section 12, it is also an offence to import or export any goods to which a false trade description is applied.

The relevant provisions of the TDO accordingly exceeds the protection required under Article 22.2(a) of the TRIPS Agreement in that the criminal offences are not restricted to goods from a region or locality where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin, but extends to any false description of origin.

To facilitate the prosecution of importers who import goods bearing a false description of origin of the goods, Section 24A of the TDO provides a presumption whereby evidence that the goods were imported from a country is *prima facie* evidence that the goods were produced in that country. Thus, the prosecution would not have the burden of proving where the goods originated, and can simply rely on the country from which they were imported.

Under Section 12(1) of the TMO, it is not lawful to register a trademark which would be likely to deceive. Section 12(1) may therefore be used to prevent the registration of a trademark, where such a registration is deceptive as to the geographical origin of goods. This is true whether the application is for an ordinary trademark or a certification trademark.

5. In determining whether recognition should be given to a geographical indication, what criteria are considered?

What constitutes a GI is a question of fact to be decided on a case by case basis. The essence of a GI is defined in Article 22.1 of the TRIPS Agreement. The link between origin and quality, reputation or other characteristic of the good is made.

It is possible to register under the TMO a certification trademark (Section 64) which is defined as a mark "adapted in relation to any goods to distinguish in the course of trade goods certified by any person in respect of origin, material, mode of manufacture, quality, accuracy or other characteristic, from goods not so certified." Regulations governing the use of a certification trademark must be supplied by an applicant detailing, *inter alia*, the characteristics to be certified.

Section 2 of the TDO is also relevant. "Trade description" means: "an indication, direct or indirect, and by whatever means given, of any of the following matters with respect of any goods or parts of goods, that is to say:

- (h) place or date of manufacture, production, processing or reconditioning;
- (i) person by whom manufactured, produced, processed or reconditioned."

Please also see paragraphs 6.2 to 6.9, below.

6. Please describe the manner in which the higher level of protection required for wines and spirits under Article 23.2 of the TRIPS Agreement is provided and provide examples of such products and the law under which they are protected.

Article 23.2 corresponds to Article 22.3, but applies specifically to indications identifying wines and spirits.

GIs for wines and spirits can be protected under the TMO, the TDO and the common law of passing-off.

Under Section 12(1) of the TMO it is not lawful to register a trademark which would be likely to deceive. This is true whether the application is for an ordinary trademark or a certification trademark. A registered mark which is deceptive, or has become deceptive, may be removed from the Register under Section 48(1)(a) of the TMO (any "entry made in the register without sufficient cause", or "any entry wrongly remaining on the register").

The action for passing-off may also be used to restrain the use of a GI which is misleading.

The TDO also makes it an offence to apply a false description to goods, or to supply or offer to supply any goods to which a false description is applied.

A number of applications for ordinary trademarks (i.e. non certification trademarks) are made which incorporate a GI. Such applications are liable to fall foul of Section 9(1)(d) of the TMO which provides that a mark to be registrable in Part A must consist of "a word or words having no direct reference to the character or quality of the goods or services, as the case may be, and not being according to its ordinary signification a geographical name or a surname".

The Registrar of trademarks does not reject such marks, provided there is a distinctive element in the mark. In these cases, the Registrar requires that part of the mark which is a GI to be disclaimed and may also impose a condition of origin (so as to avoid deception). Examples of these marks registered in Hong Kong, China are:

Condition

- | | |
|---|--|
| "Courvoisier Le Cognac de Napoleon" for cognac brandy | <ul style="list-style-type: none">• It is a condition of registration that the mark shall be used only on Cognac brandy produced in France.• The words "Le Cognac de Napoleon" have been totally disclaimed. |
| "Champagne de Venoge" for champagne | <ul style="list-style-type: none">• It is a condition of registration that the Trade Mark shall be used only on champagne produced in Epernay, France.• The words "Cordon Bleu", "Champagne" and "Brut" appearing in the mark are disclaimed. |

GIs for wines and spirits can also be registered as certification trademarks. In such a case, the fact that a mark consists of an indication serving to designate geographical origins does not preclude it from being registered as a certification trademark in Part A of the TMO. Section 64(3) of the TMO

provides that : "The fact that a mark consists of signs or indications which may serve, in trade, to designate the geographical origin of goods or services shall not preclude it from being registered as a certification trademark in Part A of the register in respect of those goods or services".

Section 3(2) of the new Trade Marks Ordinance (referred to in paragraph 2.10 above) provides that a trademark may consist of "indications". An application for a trademark may be refused on the ground that it consists exclusively of signs which, *inter alia*, serve to designate the quality or geographical origin of goods (Section 11(1)(c)). However, such a mark can be registered if it is proved that before the date of application it has in fact acquired a distinctive character as a result of use (Section 11(2)). The registration of a mark may be refused if it is deceptive (Section 11(4)(b)). It will also be possible to register a geographical indication as a certification trademark under the new Trade Marks Ordinance. A certification mark which consists of a sign serving, in trade or business, to designate the geographical origin of goods or services may be registered.

7. What are the competent authorities where the protection of a geographical indication can be obtained?

Since one of the main ways in which a GI can be protected in Hong Kong, China is through trademark law, an application for a trademark should be made to the Registrar of Trademarks (which is part of the Intellectual Property Department of the Government of Hong Kong, China). Other ways of protecting GIs involve civil action based on the common law of passing-off, and prosecution under the TDO, which is initiated by the Customs and Excise Department of the Government of Hong Kong, China, either on its own initiative or in response to a public complaint.

D. INDUSTRIAL DESIGNS

8. Please describe how Hong Kong, China's Registered Design Ordinance protects textile designs and explain how this protection does not unreasonably impair the opportunity obtain such protection.

Textile designs are protected in the same manner as other designs. Certain 'concessions' apply to textile designs in respect of prior disclosure (Registered Designs Ordinance section 9(1)(c), in respect of the statement of novelty in an application for design registration (Registered Designs Rules section 8(4)), and in respect of samples (Registered Designs Rules section 14) (See paragraphs 25.2.0 to 25.2.5 of IP/N/1/HKG/2/Add.1).

The registration procedure for obtaining designs protection is simple. The examination is of the formalities of the application only, and not the substantive issue of whether the design is new.

9. Section 6 of Hong Kong, China's Registered Design Ordinance provides that designs are not registerable if the appearance of the article is not material to the person acquiring or using the article. Please explain how such a determination is made and based upon what criteria.

Section 6 of the Registered Designs Ordinance stipulates a two-part test. First, is the article of a type for which appearance is a significant factor in the consumers' decision to purchase? Secondly, does the design relate to the aesthetic features of the article? The tests apply the principle that the features of a design must be aesthetic and not functional. The views of purchasers and users are material in the application of the tests.

10. Please clarify whether Section 31 of Hong Kong, China's Registered Design Ordinance, which describes the exclusive rights conferred on the owner of a registered design, includes the right to prevent third parties from importing articles bearing or embodying the design.

Section 31 of the Registered Designs Ordinance gives a registered design owner the right to prevent third parties from importing articles to which the design has been applied (See paragraphs 26.1.0 to 26.1.2 of IP/N/1/HKG/2/Add.1).

E. PATENTS

11. Section 93 of Hong Kong, China's Patents Ordinance provides that programs for computers are not regarded as inventions. Please explain how this provision is consistent with Article 27.1 of the TRIPS Agreement.

Consistent with Article 27.1 of the TRIPS Agreement, protection in Hong Kong, China for computer programmes as such is provided under copyright. Under Hong Kong, China's patent law, a computer program alone is not patentable (Patents Ordinance section 93(2)). To be patentable, an invention must be more than just a computer program. It must be a computer-related invention that produces a further technical effect when the program is run on a computer.

What is meant by producing a further technical effect can be illustrated by the decision in *Vicom Systems Inc's Application* (T208/84)[1987] OJ EPO 14, 2 EPOR 74, where the invention was for a method of digitally processing images and an apparatus for carrying out the method. The further technical effect in Vicom's invention was the way in which the enhanced image was produced.

If the computer program produces a technical result it is in principle patentable. But patentability depends also on whether the software is new and has an inventive step. If the computer program only automates a process that was formerly done mentally or manually, it is not patentable. By contrast, if the computer program solves a technical problem it is patentable.

12. Please define "short-term patent" and describe the type of subject matter that would be protected by a short-term patent. In addition, please explain the difference between the scope of the standard patent and the short-term patent under Hong Kong, China's Patent Ordinance.

A short-term patent is a patent granted on an examination of the formalities of the application only. Patent examination does not extend to the substantive issue of whether the invention is novel and inventive.

The term of the short-term patent is eight years. The scope of the short-term patent is no different from the scope of the standard patent and the short-term patent is available for the same subject matter as the standard patent (See paragraphs 27.1.0 to 28.1.1 of IP/N/1/HKG/2/Add.1).

The validity of a short-term patent can be challenged in the courts after grant.

F. PROTECTION OF UNDISCLOSED INFORMATION

13. Please describe in detail the provisions of Hong Kong, China's laws and regulations that provide for protection against unfair commercial use of data submitted to obtain marketing approval for agricultural chemicals and pharmaceuticals in accordance with Article 39.3 of the TRIPS Agreement and the nature of the protection afforded? Please provide citations to those laws.

The Government of Hong Kong, China is subject to the common law on breach of confidence. For a detailed discussion of this common law action, see paragraphs 39.2.0 to 39.2.5 of IP/N/1/HKG/2/Add.1.

In Hong Kong, pharmaceutical products must be registered with the Department of Health under the Pharmacy and Poisons Ordinance (Cap.138) before sale. For a product to be registered, the manufacturer concerned is required by Cap.138 to provide the necessary scientific documentation to substantiate the safety, efficacy and quality of the product. If the applicant does not provide his own documentation, the Department of Health will not refer to other sources. Undisclosed documentation submitted by another manufacturer to the Department of Health in support of the application for registration of another pharmaceutical product is never referred to, nor is it relied on, by the Government examiners so as to protect data contained therein against unfair commercial use. Any data supplied in respect of the registration of pharmaceutical products is kept in the Confidential Registry of the Department of Health.

All agricultural chemical test data supplied to the Department of Agriculture, Fisheries and Conservation is kept confidential indefinitely. The data is viewed only by a limited number of Government officers on a need-to-know basis for the purpose of registration and is never used in other registration applications unless under written authorization from the supplier of the original data. The data is never disclosed to the public.

Article 39.3 is therefore complied with by these administrative measures.

G. ENFORCEMENT

14. Section 227 of the 1997 Copyright Ordinance makes infringement of performers' reproduction rights actionable under the law. Please explain how criminal action is available for the pirated fixation of a performer's performance.

The relevant offences are found in section 118 of the CO. A "fixation" of a performer's performance is defined in section 200(2) of the CO to mean "a film or sound recording":

- (a) made directly from the unfixed performance;
- (b) made from a broadcast of, or cable programme including, the performance; or
- (c) made, directly or indirectly, from another fixation of the performance.

A "copyright work" is defined in section 2(2) of the CO as a work in which copyright subsists. "Copyright" is in turn defined in section 2(1) of the CO, which includes both film and sound recordings (section 2(1)(b) of the CO).

By virtue of section 118 of the CO, a person commits an offence if he, without licence, "makes for sale ... possesses for the purpose of trade or business or... for the purpose of trade or business distributes ... an infringing copy of a copyright work." A copy is an infringing copy if its making constituted an infringement (section 35 of the CO). By reason of section 22 of the CO, the owner of the copyright has the exclusive right to copy the work. Thus, criminal liabilities arise for acts done in respect of a pirated copy of a performer's performance as specified under section 118 of the CO.

15. Please describe any provision in Hong Kong, China's laws that allow authorities to order destruction of implements "predominantly used" in the production of infringing materials and provide a citation to that section.

Where a person has in his possession, custody or control an article specifically designed or adapted for making copies of a particular copyright work, knowing or having reason to believe that it has been or is to be used to make infringing copies, the owner of the copyright in the work may apply

to the court for an order that the article be delivered up (Section 109 of the CO) and be forfeited or destroyed (Section 111).

There are also similar provisions in the Registered Designs Ordinance (Sections 53 and 54) and the Layout-design (Topography) of Integrated Circuits Ordinance (Sections 8 and 9).

Section 122(1) of the CO empowers authorized officers of the Customs and Excise Department to seize articles which appears to be specifically designed or adapted for making copies of a particular copyright work and appears to be intended for use for making infringing copies of any such work. Any such article seized is liable to forfeiture under Section 131 of the CO.

Under Section 20 of the Prevention of Copyright Piracy Ordinance, any machinery or equipment seized under Section 18(2) of that Ordinance is liable to forfeiture.

Implements which are the subject matter of an offence under Section 9(1)(c) or (d) of the TDO and are seized under Section 15(1)(f)(ii) can be forfeited under Section 102 of the Criminal Procedure Ordinance.

The new Trade Marks Ordinance enables infringing articles to be disposed of (Section 25). Infringing articles are defined as articles "specially designed or adapted for making copies of a sign identical or similar to a registered trademark"(Section 17(4)). In deciding whether to make an order of disposal, the court must, *inter alia*, be satisfied that the goods, material or articles will not enter the channels of commerce once the registered trademark has been removed from the goods, materials or articles (Section 25(4)(a)). Such infringing articles may be forfeited (see Section 25(1)(b)).

16. Please provide statistical information related to civil copyright, trademark, geographical indication, industrial design, patent, integrated-circuit layout design, and trade secret enforcement for each of the years 1996 and 1997, including the number of cases filed; injunctions issued; infringing products seized; infringing equipment seized; cases resolved (including settlement); and the amount of damages awarded.

No statistical information is available as the Government of the Hong Kong Special Administrative Region does not compile and keep such statistical data.

17. Please provide statistical information related to criminal enforcement in the area of copyright piracy and trademark infringement for each of the years 1996 and 1997, including the number of raids, prosecutions, convictions, and the amount of fines and/or jail terms (including whether the fines were paid and whether the jail term was actually served or was suspended) and any other information establishing that the criminal system operates effectively to deter copyright piracy and trademark counterfeiting.

The relevant data, to the extent available, is included in Annex B.

18. Please describe any new initiatives that the Government of Hong Kong, China plans to improve enforcement, particularly criminal enforcement, of intellectual property.

The Intellectual Property Investigation Bureau (IPIB) of the Customs and Excise Department of Hong Kong, China is one of the strongest teams in the region dedicated to the criminal enforcement of intellectual property rights. It has more than doubled its manpower in the six years ending 1998-99 (from 117 in 1994-95 to 285 in 1999-2000). Moreover, a special task force of some 185 Customs officers has been set up since June 1999 to further enhance our enforcement efforts against IPR infringements at the retail level.

Hong Kong, China is pleased to submit that, as a result of vigorous and sustained enforcement efforts, copyright piracy and trademark counterfeiting in Hong Kong, China have been brought under control. Some 16 million suspected pirated discs as well as 14 production lines worth more than US\$48 million were seized in 1999 resulting in more than 2,700 arrests. Seizures in the first four months of 2000 amount to more than 3.2 million copies of optical discs and 4 production lines worth US\$10.5 million. A year ago, there were an estimated 1,000 retail outlets of pirated optical discs, each carrying some 5,000 discs and operating over 12 hours a day. This translates into a market with the availability of some 5 million pirated optical discs at any one time. There are now fewer than 100 retail outlets of pirated optical discs, each carrying some 1,000 discs and operating fewer than three hours a day. This represents a decrease of 98% of piracy activities compared to last year. We will sustain our vigorous enforcement efforts.

On the legislative front, the Legislative Council has in January 2000 approved amendments to specify certain IPR offences under the Organized and Serious Crimes Ordinance (OSCO), whereby Customs officers will be able to make use of the enhanced investigative and enforcement powers under OSCO in combating copyright piracy and counterfeiting activities, for example, confiscation of proceeds of crimes where criminal syndicates are involved.

The Intellectual Property (Miscellaneous Amendments) Bill 2000 was also introduced into the Legislative Council in January 2000. The Bill sets out additional legislative measures to prevent bootlegging and clarifies the law to facilitate prosecution of end-user corporate piracy activities. We expect the Bill to be passed by the Legislative Council by the end of June 2000.

ANNEX A

SCHEDULE 2

DETERMINATION OF WELL-KNOWN TRADEMARKS

1. **Factors for consideration**

(1) In determining for the purposes of section 4 (meaning of "well-known trademark") whether a trademark is well known in Hong Kong, the Registrar or the court shall take into account any factors from which it may be inferred that the trademark is well known in Hong Kong.

(2) In particular, the Registrar or the court shall consider any information submitted to the Registrar or the court from which it may be inferred that the trademark is, or is not, well known in Hong Kong, including, but not limited to, information concerning the following:

- (a) the degree of knowledge or recognition of the trademark in the relevant sectors of the public;
- (b) the duration, extent and geographical area of any use of the trademark;
- (c) the duration, extent and geographical area of any promotion of the trademark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods or services to which the trademark applies;
- (d) the duration and geographical area of any registrations, or any applications for registration, of the trademark, to the extent that they reflect use or recognition of the trademark;
- (e) the record of successful enforcement of rights in the trademark, in particular, the extent to which the trademark has been recognized as a well-known trademark by competent authorities in foreign jurisdictions; and
- (f) the value associated with the trademark.

(3) The factors mentioned in sub-section (2) are intended to serve as guidelines to assist the Registrar and the court to determine whether the trademark is well known in Hong Kong. It is not a pre-condition for reaching that determination that information be submitted with respect to any of those factors or that equal weight be given to each of them. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not mentioned in sub-section (2). Such additional factors may be relevant alone, or in combination with one or more of the factors mentioned in sub-section (2).

(4) For the purpose of sub-section (2)(a), "relevant sectors of the public" includes, but is not limited to:

- (a) actual or potential consumers of the type of goods or services to which the trademark applies;
- (b) persons involved in channels of distribution of the type of goods or services to which the trademark applies; and
- (c) business circles dealing with the type of goods or services to which the trademark applies.

(5) Where a trademark is determined to be well known in at least one relevant sector of the public in Hong Kong, it shall be considered to be well known in Hong Kong.

(6) For the purpose of sub-section (2)(e), "competent authorities in foreign jurisdictions" means administrative, judicial or quasi-judicial authorities in jurisdictions other than Hong Kong that are competent to determine whether a trademark is a well-known trademark, or in enforcing the protection of well-known trademarks, in their respective jurisdictions.

2. Factors not required to be established

For the purpose of determining whether a trademark is well known in Hong Kong, it is not necessary to establish:

- (a) that the trademark has been used, or has been registered, in Hong Kong;
- (b) that an application for registration of the trademark has been filed in Hong Kong;
- (c) that the trademark is well known, or has been registered, in a jurisdiction other than Hong Kong;
- (d) that an application for registration of the trademark has been filed in a jurisdiction other than Hong Kong; or
- (e) that the trademark is well known by the public at large in Hong Kong.

ANNEX B

Prosecution and Sentencing Statistics under the Copyright Ordinance and Trade Descriptions Ordinance

	Copyright Ordinance			Trade Descriptions Ordinance		
	1997	1998	1999	1997	1998	1999
No. of cases	1,473	1,561	3,413	842	811	1,073
No. of arrests	1,568	1,645	2,704	850	760	863
No. of prosecutions	1,659	1,727	1,310	1,532	1,497	948
No. of convictions	1,352	1,485	1,187	1,340	1,341	828
Total value of seizures (US\$)	\$24.02M	\$199.28M	\$43.46M	\$8.47M	\$6.77M	\$9.05M

Customs and Excise Department
Intellectual Property Investigation Bureau (IPIB)
Enforcement Results on Copyright Offences

	1997	1998	1999		
			<u>IPIB</u>	<u>Special Task Force</u>	<u>Total</u>
No. of cases	1,473	1,561	1,235	2,165	3,400
No of arrests		1,568	1,109	1,592	2,701
<i>a) Quantity of Optical Disc seizures</i>	4,475,685	38,963,361	11,375,543	5,118,256	16,493,799
<i>b) Value of Optical Disc seizures (US\$)</i>	\$18.42M	\$123.M	\$25.67M	\$12.46M	\$38.13M
<i>c) No. of Optical Disc production lines</i>	5	68	14	0	14
<i>d) Value of production lines (US\$)</i>	\$4.36M	\$58.21M	\$8.86M	0	\$8.86M
Quantity of other seizures (e.g. computer game cartridge, TV game cartridge, etc.)	37,819	107,598	12,170	6,836	19,006
Total quantity of seizures	4,514,147	39,036,790	11,390,875	5,125,092	16,515,967
Total value of seizures (US\$)	\$24.02M	\$199.28M	\$36.67M	\$12.9M	\$49.57M

CUSTOMS AND EXCISE DEPARTMENT
Intellectual Property Investigation Bureau
Enforcement Results on Trademark/Trade Descriptions Offences
(Excluding TM/TD offences relating to textile origin-fraud)

	1996	1997	1998	1999
No. of Cases	663	842	811	989
No. of Arrests	691	850	760	780
Quantity of Seizures				
<i>Clothing (pcs.)</i>	218,175	439,933	507,250	286,582
<i>Leather goods (pcs.)</i>	42,448	24,362	37,201	79,617
<i>Watch (nos.)</i>	60,424	300,192	138,773	216,046
<i>Pharmaceutical Products (nos.)</i>	85,756	680,743	23,668	2,568
<i>Miscellaneous (stationeries, foodstuff, electrical appliances, sportswears)</i>	14,139,032	10,269,050	973,418	19,704,303
Total	14,545,835	11,714,280	1,680,310	20,289,116
Value of Seizures (US\$M)	\$10.08M	\$8.47M	\$6.77M	\$7.77M