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International Arbitration and Mediation for Intellectual Property Disputes

Module 3 – “Types of Intellectual Properties - copyright, passing off, trade secret and confidential information and plant varieties”

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About the presenter

- practicing solicitor in Hong Kong for 31 years
- joined Robin Bridge & John Liu in 1988 and became managing partner in 2009
- specializes in HK and worldwide intellectual property litigation
- ex-Deputy Chairman of the Copyright Tribunal of the HKSAR
- member of the Board of Directors, Hong Kong Applied Science and Technology Research Institute (aka ASTRI)
- Guangdong/HK/Macau/GBA cross-border dispute mediator (appointed by the Guangdong Higher People's Court)
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Topics to be covered

1. Copyright

2. Passing Off

3. Trade Secret and Confidential Information

4. Plant Variety

1. Copyright

What is copyright?

Copyright

Copyright is a **property right** that subsists in the following original works:

- Literary works
 - Books
 - Database
 - Computer program
- Musical works
- Dramatic works
- Artistic works
 - Drawings
 - Sculptures
- Sound recordings
- Films
- Broadcasts
- Cable programmes
- Typographical arrangement of published editions

Copyright

- Copyright subsistence **does not require** the work to have an aesthetic value nor to be clever or very creative. It exists even in an item as simple as a photograph taken by an ordinary person in daily life.
- Copyright is an **automatic right**. It arises when a work is created. No registration is needed in order to get protection under the law of the Hong Kong SAR.

Copyright

- Copyright **does not protect ideas**, but only the expression or product of ideas
- Copyright does not protect:
 - General ideas and concepts
 - Technology and methods
 - Business model



Requirements

- **Original** work
- **Recorded** in writing or otherwise
- Subject matter falls within the scope of **copyrightable work**
- Created by any person (individual or corporate) anywhere in the world
- If a series of works is created (e.g. different concept ideas formed during the design process), records of all works are required to prove copyright subsistence

Requirements

Originality

- Involve certain degree of **skill, judgment** and **labour**
 - “**more than negligible** or **trivial effort** or relevant skill and judgment had been expended in the creation of the work”
 - but the effort **must not be so trivial** as to be characterised as a purely mechanical exercise
- **Not commonplace** at the time of creation

Ownership

Who is the **copyright owner** ?

Ownership

- Generally, the **author** of a work is the first owner of copyright
- When **more than one author** is involved in the creation of a work
 - When the contribution of each author is **distinct** from the other authors in the collaborative work, each author owns the copyright in his own work **individually**;
 - When the contribution of each author cannot be separated from those of the other authors, such that their contribution is **not distinct**:
 - **joint authorship**: all the authors collectively are the joint authors of the work
 - each co-owner will **not** be allowed to exploit the work without the agreement of the others



Ownership

In the context of employment



- Work made by an employee in the course of his employment, then the employer is the **first owner of copyright**
- **Exceptions:**
 - Any agreement to the contrary
 - Exploitation beyond reasonable contemplation
 - Employer shall pay an award to employee
 - Amount to be agreed or determined by the Copyright Tribunal

Ownership

Commissioned Work



- If there is an **agreement** between the author and the commissioner, copyright belongs to the **person designated in the agreement**.
- If there are **no agreement**, copyright belongs to the **author**.
- Even if the commissioner is not the copyright owner, the commissioner nonetheless enjoy two rights:
 - an **exclusive licence** to exploit the commissioned work for all purposes that could reasonably have been contemplated by the author and the person who commissioned the work at the time the work was commissioned; and
 - the **power to restrain any exploitation** of the commissioned work for any purpose against which he could reasonably take objection.

Copyright Registration

- **No copyright registration mechanism in Hong Kong.**
- Some countries (such as US, China, Canada) has copyright registration regime in place but whether registration is mandatory for enforcement varies from country to country.
- Registration may be used as evidence to corroborate the date of publication or ownership.
- NOTE: Registration (where available) is not a “trump card”, the Defendant may adduce evidence to question the validity of registration.

Duration of Copyright

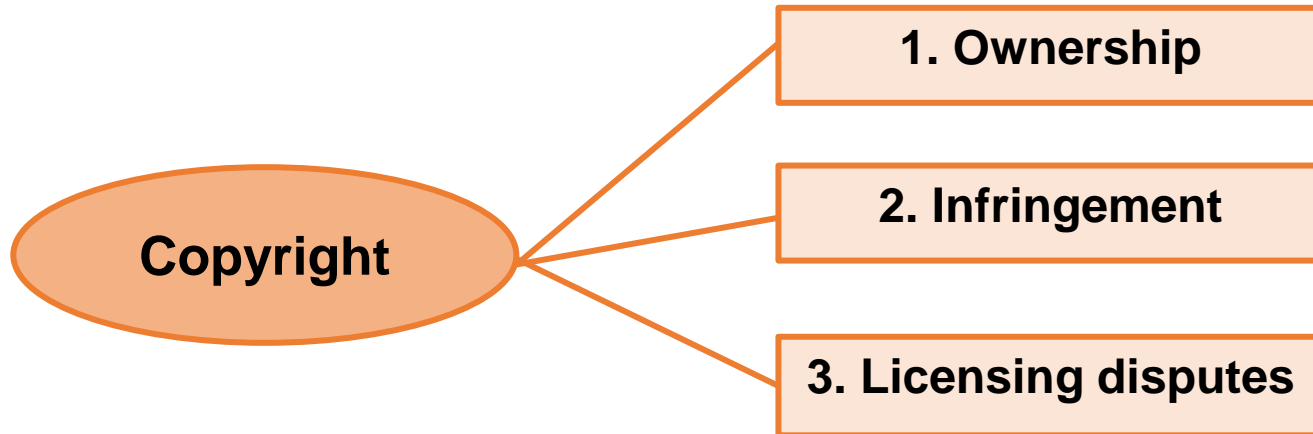
General rule:

Copyright expires on the year of death of author **plus 50 years**

Exceptions:

Type	Duration
Sound recordings	50 years from date of creation or date of release
Films	50 years from year of death of the last to die of the principal director, author of the screenplay, author of the dialogue or the composer of music specially created for and used in the film
Typographical arrangement	25 years from each in which the edition is first published
Broadcasting Cable programmes	50 years from year of broadcast

Common Copyright Disputes



1. Copyright Ownership

- Employer is the first owner of copyright in works created by employee unless agreement says otherwise.
- Disputes as to whether the work is created in **the course of employment**
- In case of **co-ownership**, disputes might arise where one co-owner commercially exploit the work in question without the other's consent
- Where work is commissioned from another business or freelancer, it is imperative that the parties enter into a contract to provide for copyright ownership

2. Copyright Infringement

What constitute copyright infringement?

2. Copyright Infringement

The test :

1. The Plaintiff has to prove:

- Copyright **subsists** in their original work
- The Plaintiff is the **copyright owner**; and
- The Defendant has committed **infringing acts**

2. Copyright Infringement

The test :

2. If substantial reproduction is established, the burden passes to a defendant to prove that they have not copied
3. Any differences to indicate an independent source
4. Substantial reproduction to be determined by quality and not quantity

2. Copyright Infringement

Primary Infringement	Secondary Infringement
<p>Knowledge not required</p>	<p>Plaintiff has to prove knowledge (actual knowledge or reason to believe)</p>
<p>Examples of infringing acts :</p> <ul style="list-style-type: none"> ➤ Make copies ➤ Rental of works to the public ➤ Issue copies to the public ➤ Making available of copies to the public ➤ Performance, playing or showing of work in public ➤ Broadcasting or inclusion in a cable programme service ➤ Making adaptation or act done in relation to adaptation 	<p>Examples of infringing acts :</p> <ul style="list-style-type: none"> ➤ Importing or exporting infringing copy ➤ Possessing or dealing with infringing copy ➤ Providing means for making infringing copies ➤ Permitting use of premises for infringing performance ➤ Provision of apparatus for infringing performance, etc.

3. Licensing disputes

IP Licensing Agreement



The licence can be:

Exclusive:

where the licensee is the only person authorised to exploit the IP, so that not even the owner can exploit the IP

Sole:

where the licensee is the only person that will be granted a licence to exploit the IP, but the owner retains the right to exploit the IP as well

non-exclusive:

where the licensor can grant as many licences as the licensor decides, and also retains the right to exploit the IP as well

3. Licensing disputes

Common IP Licensing Disputes

Licensing disputes may arise as to the construction of terms like:

(1) IP rights licensed

(2) Rights and duration

- Scope;
- licensed territories;
- various limitations or exclusions;
 - e.g. right to sub-license?
- exclusivity?

(3) Rights and Obligations of the Parties

3. Licensing disputes

Common IP Licensing Disputes

Licensing disputes may arise as to the construction of terms like:

(4) Fees payable

e.g. a one off fee **and/or** a fee dependent on actual sales

Music: mechanical (CDs), public performance, (music or video) streaming, permanent downloading etc.

(5) Obligations and warranties

e.g. account of sales

(6) Confidentiality clause

3. Licensing disputes

Common IP Licensing Disputes

Licensing disputes may arise as to the construction of terms like:

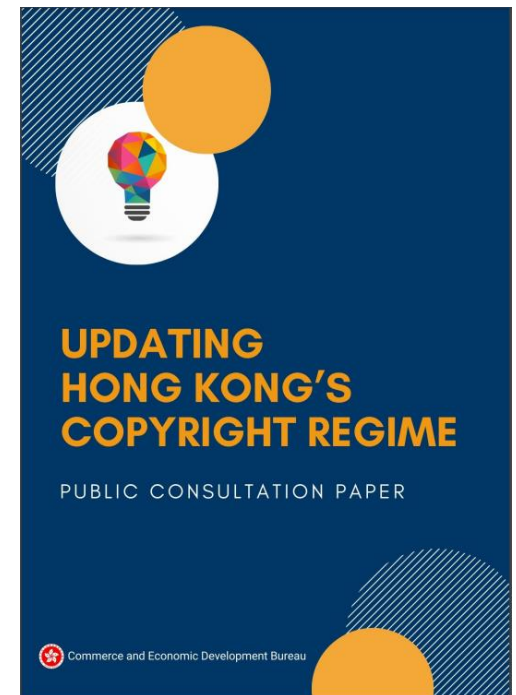
(7) Termination and consequences

e.g. right to terminate if found dealing in parallel imports/under-declaring sales

(8) Applicable law and mode of dispute resolution

Reform to the Copyright Regime

Public Consultation Paper on Updating Hong Kong's Copyright Regime



Copyright Regime Reform

Public Consultation Paper

The Government has released a **public consultation paper** on updating Hong Kong's copyright regime on 24 November 2021:

- Three-month public consultation until **23 February 2022**;
- the Copyright (Amendment) Bill 2014 was met with very strong opposition thus resulting in its abandonment;
- the consultation paper now states that the **proposals under the 2014 Bill** will form the **basis of the new amendment bill**;

Copyright Regime Reform

Key Legislative Proposals of the 2014 Bill:-

1. Introduction of a **technology-neutral communication right** for copyright owners to communicate their works to the public through **any mode** of electronic transmission;
2. **Criminal sanctions** against **unauthorised** communications of copyright works to the public:
 - a. for profit/reward for the purpose of or in the course of any trade or business; or
 - b. to an extent which will prejudicially affect the copyright owners;
3. **Revised and New Copyright Exceptions** for the education sector, libraries, museums, archives, temporary reproduction of copyright works by online service providers, and media shifting;
4. **New fair dealing exceptions** to cover:
 - a. use for the purposes of **parody, satire, caricature** and **pastiche**;
 - b. use for the purpose of **commenting on current events**; and
 - c. use of **quotations**

Copyright Regime Reform

Key Legislative Proposals of the 2014 Bill (cont.)

5. Introduction of “**safe harbour**” provisions to limit the liabilities of **online service providers** for copyright infringement caused by service users;
6. Additional Damages in Civil Cases.

Four New Issues

The public consultation also raised 4 additional new issues:-

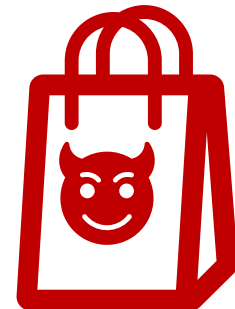
1. Whether the **exhaustive approach to fair dealing** should be maintained?
2. Whether to **restrict use of contract to override statutory copyright exceptions**?
3. Whether specific provisions should be introduced to **regulate illicit streaming devices**, such as set-top boxes for assessing unauthorised contents on the Internet ?
4. Whether a **copyright-specific judicial site blocking mechanism** should be introduced?

2. Passing Off

What is Passing Off ?

Passing off

- A trader has the right to bring a legal action for protecting their own business goodwill, which is not conferred by statute but is based on **common law**
- An action of passing off occurs when a trader **unlawfully misrepresents** (acts misleadingly) that his goods or services are those of another trader.
- Such misrepresentation made by a trader is typically by way of imitating, among other things, the following:
 - the trade mark or brand name of another trader;
 - the trade name or personal name of another trader;
 - the packaging, label or get-up of goods of another trader;
 - a fictional character created by another trader.



Passing off

The **three main elements** of a passing off claim are :


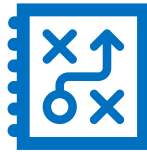

1. **Goodwill** in his goods or services associated with the mark (e.g. the relevant goods/services are well-known to the public).
2. **Misrepresentation** by use of the other party's mark (being identical or confusingly similar to the unregistered trade mark).
3. **Actual/likelihood of damage** caused to the goodwill or business of the unregistered trade mark owner.



3. Trade Secret and Confidential Information

Trade Secret and Confidential Information

Trade Secret and confidential information

- Trade secrets are confidential information with commercial value, which includes:
 - Formulae
 - Product specifications;
 - Business plans;
 - Client lists
- 


- In Hong Kong: trade secrets and confidential information are protected by **law of confidence** in common law
 - Unauthorised use or disclosure of trade secrets and confidential information would constitute **breach of confidence**

Requirements for breach of confidence

1. the **information** itself must have the necessary **quality of confidence** about it;
2. that information must have been imparted in circumstances importing an **obligation of confidence**; and
3. there must be an **unauthorised use** of that information to the **detriment** of the party communicating it.

1. Quality of Confidence

- Not common knowledge/public knowledge

“However confidential the circumstances of communication, there can be **no breach of confidence** in revealing to others something which is **already common knowledge**.”

(Coco v AN Clark (Engineers) Ltd [1969] RPC 41 , 47.)

2. Obligation of Confidence

- An obligation of confidence can arise in different circumstances:
 - **Contractual obligations**
 - Non Disclosure Agreements/Confidentiality agreements
 - But there will be no breach of confidence if the relevant information is not confidential
 - **Common Law obligations**
 - Obligation of Confidence not limited to contractual relationships;
 - “It is the acceptance of information **on the basis** that it will be **kept secret** that affects the **conscience** of the recipient of the information.”

Stephens v Avery [1988] Ch 449 , 456.
 - **Fiduciary relationship**
 - Ex. Trustee and Beneficiary; Solicitor and Client;

3. Detriment

- Use of confidential information/trade secrets that are **detrimental to the owner** or **advantageous to his or her competitors or others**
- Being denied the wish to keep his confidential information confidential held to be sufficient detriment for a breach of confidence action (*Dr Koo Chih Ling Linda v Dr Lam Tai Hing* [1992] 2 HKLR 314 .)

4. Plant Variety

Protection of Plant Varieties in Hong Kong

Plant Varieties Protection Ordinance (Cap. 490)

- Under the Ordinance, plant breeders or the owners of plant varieties can apply for **proprietary rights** over **cultivated plant varieties** they have bred.
- The Ordinance applies to varieties of all types of plants, including food crops, vegetables and ornamentals plants.
- Duration of protection: a term of **25 years** in the case of **trees** and **vines** and of **20 years** in other cases.



Requirements for Grant of Plant Variety Rights

- The plant variety must be:
 - **New;**
 - **Distinct;**
 - **Homogeneous (uniform); and**
 - **Stable**

A grantee of Plant Variety Rights shall have the **exclusive rights** to:

- Produce, sell or offer for sale** reproductive material of the protected variety for the purposes of commercial marketing;
- Propagate** that variety for the purposes of the **commercial production of fruit or flowers**;
- export/import** reproductive material of the protected variety; and
- licence** others to carry out the above activities.



Thank You