

**GUIDE TO THE NEW
COPYRIGHT ORDINANCE**



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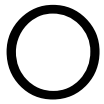
*M Grewal & Co is a law firm dealing with
Intellectual Property & Commercial Law and High Court Litigation*



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THE NEW COPYRIGHT ORDINANCE



On 27th June, 1997 the new

Copyright Ordinance came into force. The need for change arose from Article 140 of the Basic Law which required the HKSAR to have its own law to protect the achievements and the lawful rights and interests of authors in their literary and artistic creation.

Before the enactment of the Copyright Ordinance, copyright law in Hong Kong was derived from the UK Copyright Act 1956, which had been extended to Hong Kong. In 1988 the Copyright Act 1956 was replaced in the UK by the Copyright, Designs and Patents Act 1988 (CDPA). The CDPA was not extended to Hong Kong in view of the impending change of sovereignty and the need for localization.

The new copyright regime, enacted in the last few days of British sovereignty, was modelled on the CDPA. It was designed to reflect international standards of copyright protection, deal with local circumstances and cater for new technology. The Ordinance is a very substantial and complex piece of legislation with 281 clauses and 5 schedules.

This article looks at some of the important changes introduced by the Copyright Ordinance.

QUALIFICATION FOR COPYRIGHT PROTECTION

The new legislation has expanded the qualification for copyright protection, such that all original works created by any person, or published anywhere in the world, qualify for protection in Hong Kong. This is in contrast to the position under the old Copyright Act 1956, where protection in Hong Kong required some connection between the work and Hong

Kong, such as the nationality, residence or domicile of the author, or place of first Publication.

The HKSAR Government has retained the power to deny copyright protection to the works of authors from countries which do not give adequate reciprocal protection to Hong Kong works

RESTRICTED ACTS/ INFRINGEMENT

The acts restricted by the legislation have also been expanded to cover new Technologies.

Primary infringement now includes copying the whole or a substantial part of a work in Hong Kong, issuing copies of the work to the public, renting copies of computer programs and sound recordings to the public, as well as making copies of works available on the Internet.

Copying means reproducing the work in any material form, which includes storing the work by electronic means or making copies which are transient or incidental to some other use of the work.

A lawful user is allowed to make back up copies of computer programs and may also copy or adapt the program which is necessary for his lawful use.

Secondary infringement of copyright has also been substantially expanded. Secondary infringement now includes importing or exporting an infringing copy of the work, possessing or dealing with infringing copies and providing the means for making infringing copies. Providing the means to make infringing copies means making or importing into or exporting from Hong Kong, or possessing or selling any article specifically designed or adapted for making copies of a work.

To establish secondary infringement it is necessary to show that the infringer knew,

or had reason to believe, the work was an infringing copy, or knew that the article will be used to make infringing copies.

The Ordinance also makes it an offence to make outside Hong Kong and export to Hong Kong, any article, which a person knows would be an infringing copy of the work, if made in Hong Kong.

PARALLEL IMPORTS

Despite considerable clamour from various commercial groups for parallel imports to be permitted, the HKSAR government decided against embracing the concept of international exhaustion of rights and has allowed parallel imports to be restricted.

Where a copy of a work is imported into Hong Kong and the making of the work in Hong Kong would be an infringement of the copyright in the work or breach of an Exclusive licence agreement, that work will be an infringing copy. This provision will enable copyright owners to take action to stop parallel imports, including goods in transit. Regrettably the Ordinance does not provide any safeguards to prevent any abuse by copyright owners. Such safeguards could have been introduced very easily and would have been in the consumer interest.

Criminal sanctions are also available against parallel importers. Such sanctions will only be imposed in relation to works imported into Hong Kong within 18 months from the work being published in Hong Kong or anywhere else in the world. Offenders are liable to fines of HK\$50,000 in respect of each infringing copy and imprisonment for 4 years.

Imports and exports for private and domestic use are permitted.

DURATION

Duration of copyright continues to be for

life of the author, plus 50 years.

REMEDIES

Remedies for infringement include injunctions, delivery up, damages or an account of profits. The old remedy of "conversion damages", much loved of copyright owners and their solicitors, but much loathed by the courts, has finally been abolished.

The courts continue to have the power to award additional damages. In awarding additional damages the courts will have regard to the flagrancy of the infringement, the benefit accruing to the defendant and the completeness, accuracy and reliability of the defendant's business accounts and Records.

Delivery up includes delivery up of infringing copies of the work and of articles specifically designed or adapted for making copies, which the defendant knew or had reason to believe has been used to make infringing copies of the work.

In addition to civil remedies the new Ordinance imposes criminal liability for making, importing, exporting, possessing or selling infringing copies of a work or articles adapted for making infringing copies of a work. Offenders are liable to a fine of up to HK\$500,000 and imprisonment for up to 8 years.

IMPORTATION OF INFRINGING ARTICLES

Where the holder of a right has reasonable grounds to suspect that importation may take place, of an article, which is an infringing copy of the work in which he holds the right, he may apply to the High Court on an ex-parte basis for a detention order. Goods in transit are specifically excluded from this provision.

If a detention order is issued it directs the Customs department to take reasonable

measures to seize or detain the article on its importation. The right holder may be required to put up some form of security to protect the importer from any loss or damages resulting from wrongful Detention.

If the right holder does not commence civil proceedings for copyright infringement within 10 days of the detention, the detained goods will be released.

MORAL RIGHTS

A new moral right has been introduced to enable authors to be identified as author of the work. The right must be asserted in order to be enforceable.

An author also has the right not to have his work subjected to derogatory treatment, which includes addition to, or deletion from, alteration, distortion, or mutilation, or other treatment which is prejudicial to the honour or reputation of the author.

False attribution of a work to an author is also prohibited.

INVESTIGATIVE POWERS

To help combat copyright piracy the Ordinance gives authorized officers broad powers to search premises, stop, board and search vessels and vehicles in which the officer suspects there are infringing copies of a work or articles designed or adapted to make infringing copies of a work.

Any articles seized by the officer are liable to forfeiture, whether or not any person has been charged with an offence. Any person who has a legal or equitable interest in the goods may within 30 days claim for the goods to be returned. The issue of forfeiture is then decided by the courts.

Obstruction of the officer is an offence and liable to be fined and imprisoned for 3Months.

COPYRIGHT TRIBUNAL

The Ordinance has established a Copyright Tribunal which has the power to hear and determine matters relating to licensing of copyright works.

PREVENTION OF COPYRIGHT PIRACY ORDINANCE

The HKSAR government has shown its commitment to tackling copyright piracy by recently passing the Prevention of Copyright Piracy Ordinance.

The Ordinance sets out a statutory licensing scheme for the manufacture of optical discs in Hong Kong. Thus anyone involved in the production of optical discs will be required to obtain a licence. Failure to do so is an offence.

The Ordinance also requires that all optical discs produced in Hong Kong will have to be permanently marked with a unique manufacturer's code indicating the source of manufacture.

Customs officers will be able to inspect all licensed premises at all times without a Warrant.

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