

Hong Kong - Asia's World City for Intellectual Property Protection

Two hundred years ago, Hong Kong was still a primitive fishing community with little development. Its interaction with the rest of the world was minimal. The arrival of the British in the nineteenth century completely changed Hong Kong's economic and social structure. Over 150 years of British rule, Hong Kong developed into a center for trade throughout southern China and the western Pacific. The protection of intellectual property (IP) also became increasingly important. Based on the UK intellectual property legislation, an intellectual property system was established in Hong Kong to protect the expression of ideas in material forms and to encourage the development of novel inventions and designs. Hong Kong's trademark law, which started in 1873, is one of the oldest in the World.

After the reversion of Hong Kong to Chinese sovereignty in 1997, Hong Kong's intellectual property system remains autonomous in accordance with the "one-country-two-systems" principle. To maintain Hong Kong's status as Asia's world city, the Government of Hong Kong Special Administrative Region is fully committed to protecting all kinds of intellectual property rights (IPRs). This commitment is supported by comprehensive and modern intellectual property legislation, transparent and unified enforcement actions, and sustained public education efforts. Through these measures, Hong Kong strives to provide a hospitable environment for trade and commerce, ensuring intellectual property protection for both local and foreign investors.

Autonomous System

Hong Kong is part of the territory of China; yet the city enjoys a high degree of autonomy under the "one-country-two-systems" principle. Hong Kong has an independent and separate executive, legislature and judiciary. Generally, its judicial system is vested with final adjudication power. Hong Kong also has a well-established rule of law which provides a level playing field for all traders. Hong Kong's constitution, the Basic Law, stipulates that the law in force in Hong Kong – that is, the English common law system – shall continue in force. While Hong Kong continues to draw on persuasive precedents from other commonwealth jurisdictions, including Singapore, Australia, New Zealand and Ireland, articles 139 and 140 of the Basic Law specify that the Hong Kong Special Administrative Region shall have its own intellectual property systems and legislation.

Hong Kong is a member of the World Trade Organization (WTO) in its own right and is therefore bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). In conformity with international standards, Hong Kong has developed its own localized IP system to suit special local needs and circumstances. Hong Kong has fully incorporated TRIPS standards into its domestic laws, which often not only complies with but also exceeds the international standard.

The Basic Law stipulates separate IP systems between Hong Kong and Mainland China. Thus, there is no mutual protection of registered IPRs between the two economies. IPRs registered in Hong Kong will not be automatically protected in China and vice versa. However, there is established means to provide mutual recognition of priority of patent, trademark and design applications between the two jurisdictions.

At present, there is no mutual enforcement of court rulings on IP infringement between Hong Kong and Mainland China. However, there is mutual recognition of arbitration findings between the two jurisdictions, in line with the New York Convention. Hong Kong has a well-developed arbitration system with well-versed professional arbitrators. Foreign companies are recommended to consider adding an arbitration clause for any dispute resolution in their contracts with mainland enterprises. The parties can easily get agreed experts appointed as arbitrators and they can agree the arbitration rules that they wish to have applied. The other advantage of using arbitration is that it is an efficient and less expensive method in comparison to the court system.

Comprehensive and Modern Intellectual Property Laws

Hong Kong's IP system is comprehensive. It covers trademarks, copyright, patents and designs, plant varieties, and trade secrets. In cooperation with other government departments such as the Customs and Excise Department, the Intellectual Property Department constantly endeavors to ensure that the current IP system is able to accommodate the latest developments in technology, as well as social changes.

Modern Trademark Law

A trademark is a mark or logo used by businesses to identify the goods in which they trade or the services they provide in the course of business. Hong Kong has had its own trade mark law since 1873; and it is now in the process of modernizing the registration system and enhancing the protection for the trademark proprietor. The new Trade Marks Ordinance came into force on 4 April 2003. In contrast to the old Trade Marks Ordinance which required a trademark to be "visually perceptible", the new law expands the definition of marks which may consist of a sound and smell. The new law also updates the classification system by adapting the 8th edition of the Nice Agreement, which divides goods and services into 45 classes.

The Hong Kong Trade Marks Registry is responsible for the registration of trade marks in respect of goods and services. The procedure for applying for registration is laid down in the Trade Marks Rules. In 2003, 20,382 applications for registration were received in Hong Kong, and 20,359 marks were registered. As at 30th June 2004, the register had a total of 182,758 marks registered.

Stepping into the digital age, the Intellectual Property Department has developed a new computer system, through an out-sourced service provider, to facilitate the implementation of the new law. A new sophisticated on-line search system has been in operation since 31st January 2003. The new search system provides a user-friendly, free-of-charge service to any potential trade mark applicant¹. Electronic publication in the Hong Kong Intellectual Property Journal for trademarks has been available since 4 April 2003. The first stage of the electronic filing system for trademarks was launched on 31 December 2003 and full roll-out is expected by September 2004.

Modern Copyright Law

¹ See: <http://ipsearch.ipd.gov.hk/tmlr/jsp/index.html> ("Trademark Search System", Intellectual Property Department).

Hong Kong's Copyright Ordinance came into force on 27 June 1997. It provides protection for nine categories of work including original literary, dramatic, musical or artistic works, sound recordings, films, broadcasts or cable programs, and typographical arrangement of published editions.

There are no formal requirements for copyright protection in Hong Kong and the right arises when the work is fixed in any medium. Hong Kong protects works from all over the world and the duration is usually for the creator's life plus 50 years for literary, dramatic, musical or artistic works.

In order to maintain the freedom of information for various uses, the Copyright Ordinance specifies permitted acts in relation to copyright works. There are provisions for research and private study, criticism, review and news reporting; for educational uses; for libraries and archives; and other uses.

The Copyright Ordinance contains provision aimed at implementing the 1996 WIPO Twin Copyright Treaties. As a result, copyright works are specifically protected in the digital network environment, and there are effective provisions against the manufacture and sale of devices to circumvent copyright protection systems. Further provisions in the Prevention of Copyright Piracy Ordinance and the Import and Export Ordinance place manufacture of optical disks (e.g. CDs and CD-ROMs) and import or export of related plant and equipment under close supervision of the Customs and Excise Department. There are also provisions to prevent bootlegging of cinema and public performances.

Modern Patents and Designs

Novel inventions can be protected in Hong Kong by patents under the Patents Ordinance. Hong Kong does not carry out substantive examination of patent applications.

Two types of patents can be registered in Hong Kong: standard patent and short-term patent. A standard patent can be protected for up to twenty years while a short-term patent can be protected for up to eight years. A standard patent is based on a patent application in a designated patent office. The designated patent offices are the State Intellectual Property Office of China, the United Kingdom Patent Office and the European Patent Office (for a patent designating the UK). Once a standard patent is granted in Hong Kong, it will be independent from the designated patent granted in the designated patent office. A short-term patent can be applied directly to the Patents Registrar. Applicants will need to file a search report from one of the prescribed searching authority before grant the short-term patent.

A new design is protected under the Registered Designs Ordinance through registration. Like patents, registration of designs is only subject to formality examination. The protection of registered designs is for a maximum of 25 years.

To keep pace with the demand for convenient e-commerce in intellectual property applications, the Intellectual Property Department is in the process of preparing a web-based register for patents and designs. A new online search system for registered design has been in place since 1st June 2004². Electronic publications in the Hong Kong Intellectual Property Journal for both patents and designs are available since 7th May 2004. The first stage of the

² See: <http://ipsearch.ipd.gov.hk/design/index.html> ("Registered Design Search System", Intellectual Property Department)

electronic filing system for patents and designs will be introduced in July this year. A comprehensive electronic filing system is expected to be available later in 2004.

Transparent and Effective Enforcement

While the law of Hong Kong provides civil remedy for infringement of any intellectual property rights, there are criminal sanctions for copyright piracy and trade mark infringement on a commercial scale. The Prevention of Copyright Piracy Ordinance also provides that any person who wants to manufacture either optical discs or stampers in Hong Kong must obtain a license. Failure to do so would render them liable for a fine and imprisonment.

The Customs and Excise Department is responsible for enforcing the criminal provisions of Hong Kong's trademark and copyright laws. The department has one of the strongest dedicated enforcement teams in the region (250 full-time staff and 150 on-call special ops) to take vigorous measures against piracy. It investigates intellectual property rights infringement reports and takes action against the manufacture, distribution, sale, import and export of pirated or counterfeit goods. The department is also responsible for licensing optical disc manufacturers. By 18th April 2004, 117 licensed optical disc factories involving 800 optical disc production lines and 21 stamper production units were registered by the department. In 2002, the department conducted over 10,300 raids against piracy resulting in seizure of about 6.2 million pirated optical discs, of which over half were digital entertainment products. As a result of the department's vigorous enforcement action, large scale illicit optical disc manufacturing activities, for which expensive replicating machines were used, had been successfully stamped out. The number of pirated products on the market has been reduced by about 99% since 1997. The remaining pirated CDs are mostly made using relatively inefficient domestic CD burners.

In 2000, the Customs and Excise Department established a 7-man "Anti-Internet Piracy Team." The Team detected 32 Internet piracy cases, resulting in seizure of pirated goods and equipment and the arrest of 54 persons between 2000 and the end of 2004. The Department also regularly receives FBI training in computer forensic work.

Effective Public Education

The Intellectual Property Department has a team of professional staff is actively involved in promoting and educating the public on the protection of intellectual property. The annual budget for intellectual property education reaches US\$1 million per year.

Activities include year-round school visits, campaigns, media broadcasts, exhibitions and roadshows. There are also media-star endorsements to promote the use of genuine goods in the "No Fakes" and "I Pledge" campaigns. There are already 449 retailers with 2916 outlets pledging to sell only genuine goods and around 8000 members of the public pledging to buy only genuine goods.

In 2003-2004, the Intellectual Property Department and the Business Software Alliance jointly launched a campaign against software piracy. Advertisements were placed on major newspapers and IT magazines to disseminate the anti-software piracy message. An

Announcement of Public Interest was produced and broadcast on major TV stations and public transportation systems in Hong Kong. A series of joint seminars on software asset management was also organized for the business sector. In the same year, IPD produced a radio Announcement of Public Interest on music copyright to advise against downloading of pirated music and to promote respect for intellectual property rights. The API will be broadcast on radio throughout 2004.

In January 2004, the result of Fifth Annual Survey on Public Awareness of Protection of Intellectual Property Rights was released. It showed the people of Hong Kong are increasingly aware of intellectual property rights and more willing to respect the rights of creators. In April 2004, the result of the first Survey on Business Attitudes to Intellectual Property was released which indicated that the awareness of intellectual rights among the business sector in Hong Kong was remarkably high.

The department has also organized conferences and seminars for people engaged in the creative industries. Conferences and seminars are ways to encourage creators to actively protect their rights and be pro-active in the process.

Cooperation between IP rights-holders and the Hong Kong government is necessary to combat piracy and counterfeiting activities. Regular meetings are held with representatives from the creative industries to exchange ideas and formulate strategies for the battle against piracy. A reward scheme was established for informants giving specific information leading to a seizure or conviction in piracy activities and has proved to be a useful tool in combating piracy activities.

Future Challenges

The World Intellectual Property Organization's Director General, Dr Kamil Idris, has noted, "our increasingly interlinked world gives heightened importance and worth to inventive ideas, discoveries and artistic expression, particularly when they are turned into currencies of value through the use of the intellectual property system."³ With booming industries based on innovative ideas and inventions, the challenge to the current IP system is how to best balance the interest of both innovators and the general public. The interests of innovators should be protected to provide correct incentives for further inventions and creative works. The interests of the public should also be protected to ensure a free flow of information.

In today's global economy, a society isolated from outside interaction – like the fishing community in Hong Kong two hundred years ago – is unlikely to prosper today. To tackle new challenges, Hong Kong is striving to adopt an open attitude and develop proactive measures to keep up with international IP standards. Based on the existing IP structure, Hong Kong is dedicated to cooperating with the rest of the world to create a more robust IP system that can accommodate new technology and businesses trends worldwide.

³ Message from the Director General. WIPO website.
http://www.wipo.int/about-wipo/en/index.html?wipo_content_frame=/about-wipo/en/dgo/dgki_2003.html