THE LAW SOCIETY OF HONG KONG 香港律師會

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RESPONSE TO PUBLIC CONSULTATION ON COPYRIGHT TRIBUNAL RULES

The Law Society refers to the letter and attached Consultation Paper from the Director of Intellectual Property dated 31 August 2009 inviting views and comments on proposals for new Copyright Tribunal Rules to be made pursuant to Section 174(1) of the Copyright Ordinance (Cap 528). The Consultation Paper was referred to the Intellectual Property Committee but due to various commitments and prior engagements of its members this response has been delayed. We trust that the views contained herein will nonetheless be taken into account.

1. BACKGROUND

1.1 Licensing of copyright is crucial to its commercialisation and many disputes may be resolved through acceptable licensing arrangements. On the other hand, many users of copyright material prefer not to adopt this approach and would rather be exempted from liability altogether. Indeed, since the introduction of the Copyright Ordinance ("the Ordinance") in 1997 many of its provisions have become complicated, particularly as regards exceptions and exemptions to infringement. This follows from the necessary expansion of rights to cover digital material, the ease with which such material may be copied and disseminated, the consequent encouragement to infringe on a substantial scale and the attempts of the Government and Legislature to rein in the effects of this by providing various defences, permitted acts and, most recently, safe harbours.

1.2 Application of the Ordinance is further complicated in that certain permitted acts are no longer permitted if the infringer knows or ought to be aware of the fact that there are licences under licensing schemes available (see for example Section 44(2) and the cumbersome provision of amended section 119B (21) which is proposed to be repealed) Further, the lack of fully representative licensing bodies and comprehensive licensing schemes for many copyright works in Hong Kong limits the extent to which users may legitimise their use of such material at large. This is further exacerbated by the complex working (or lack of working) of the Copyright Tribunal. In particular, when the Copyright Ordinance was passed in 1997, the size of the Tribunal was misguidedly expanded to follow the UK practice where an increased workload was anticipated. In fact the role of the Tribunal has been very limited, mostly concerned with procedural matters and, so far as the Committee is aware, only one case has gone to a hearing and to date no decision has been handed down.

1.3 It is noted that in the UK the Intellectual Property Office is currently carrying out a consultation exercise with respect to the UK Copyright Tribunal Rules upon which the Hong Kong Rules are directly based. Proposals and draft Rules for comment were published in April 2009, and whilst some of these proposals are reflected in the

Hong Kong consultation, the latter is less detailed and omits for example the proposed small applications fast track procedure.

1.4 Whilst the Committee welcomes the Government's commitment to provide a new set of concise and user-friendly rules to modernize the practice and procedure of the Tribunal, it suggests that the UK experience be monitored closely (given the similarity of the respective laws) in the course of drafting, whilst taking into account local requirements and resources.

1.5 We also draw attention to the final paragraph of this response suggesting that a longer term role for the Tribunal in resolving a wider range of copyright (and other IP) disputes be considered.

2. APPLYING THE RELEVANT PRINCIPLES OF THE CIVIL JUSTICE REFORM AS THE FUNDAMENTAL VALUE OF DISPUTE RESOLUTION BEFORE THE TRIBUNAL

2.1 The Committee's understanding is that the Government wishes to encourage the use of the Copyright Tribunal. Whilst the general objectives of the CJR (e.g. to facilitate the settlement of disputes) may in principle be considered beneficial, it should be noted that in practice the CJR can discourage the use of the Tribunal, by adding to up front costs whilst at the same time limiting the recovery of costs or imposing cost sanctions on those seeking to litigate rather than settle proceedings.

2.2 It may be noted that in Hong Kong (unlike the UK) Sections 175(1) and (2) of the Ordinance provide for costs to be awarded in "special circumstances"[1] and that the Chief Justice, may by Rules, prescribe the special circumstances. The present consultation mentions the Tribunal's power to make cost-sanctions following the CJR. The effect of Sections 175(1) and (2) should be taken into account in this context and the proposed Rules.

2.3 The possibility of not awarding costs where the parties are unrepresented or where the case is small in nature (see paragraph 3.5 below) should also be considered.

3. ONE STANDARD PROCEDURE AND FORM FOR ALL TYPES OF APPLICATIONS/REFERENCES BEFORE THE TRIBUNAL

3.1 Though in principle this seems desirable, it may not work in practice for all types of applications given the range of matters that could be heard

3.2 Rather than simplifying the procedure, the form is in fact likely to become more cumbersome, in particular for unrepresented parties, to complete.

3.3 The Committee queries whether it is indeed necessary to specify the forms to be used or the procedure (other than in general terms) in the Rules rather than use practice directions.

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[1] In its Report on Reform of the Law Relating to Copyright (November 1993) leading to the introduction of the Copyright Ordinance (CAP 528), the Law Reform Commission of Hong Kong recommended (at paragraph 8.78) that "the Tribunal should have unlimited jurisdiction to award costs but that it should have the discretionary power not to award costs in special circumstances". The reason was to discourage frivolous applications (e.g. if no costs were awarded). However, Section 175(1) of the Ordinance reverses this to its current form, namely that the Tribunal may, in special circumstances, order costs of a party to be paid by another party.

3.4 However, if the intention is for there to simply be a "standard form" of originating motion (e.g. the equivalent of a Writ) for the purpose of commencing the action and standard formats for various procedures, for example, such as those currently used in the High Court, then any proposed forms should not go beyond the bare structure that are prescribed for such forms in the High Court, and should otherwise be kept as simple as possible.

3.5 A further issue which should be considered (though not covered in this Consultation) is the introduction of a "*small application procedure*". Such procedure would be on paper without any hearing and on the basis that each party would as a matter of routine bear its own costs (as proposed in the UK Consultation).

4. EXERCISING ACTIVE CASE MANAGEMENT

4.1 The Committee repeats its concern that active case management in some respects (e.g. imposing cost sanctions in respect of defective documents) may discourage use of the Tribunal and make it less user friendly.

4.2 On the other hand, a user friendly form of case management which, for example, encouraged cases to be decided on paper would be attractive.

5. PROMOTION OF ALTERNATIVE DISPUTE RESOLUTION (ADR)

5.1 This again follows the CJR approach with the same reservations. In the Committee's view the Tribunal should itself be a forum by which disputes may be easily and inexpensively resolved rather than encourage possibly time consuming and expensive alternative ways of resolving the dispute under ADR procedures.

5.2 We think the Tribunal needs to be constituted in a way that allows it to act less formally and which encourages its use rather than to encourage the parties to seek redress elsewhere.

6. EMPOWERING A SINGLE MEMBER OF THE TRIBUNAL TO EXERCISE CERTAIN ADJUDICATION POWERS

6.1 Whilst the Ordinance requires that the Chairman and Deputy Chairman should be legally qualified for appointment as a District Judge, other members of the Tribunal might not be legally qualified. The Committee agrees the existing size of the Tribunal is too large and Section 172 (1A) to an extent cures this, though in view of the wide powers bestowed, it should be further specified where a single member adjudicates that person should be legally qualified.

6.2 The Committee also considers any provision that all interlocutory applications be heard singly be permissive to allow flexibility in those cases where it may be appropriate to have more than one member of the Tribunal sitting. For example, if the Tribunal's jurisdiction is queried or challenged, it is an interlocutory matter but in such case should probably be heard by more than one Tribunal member.

7. USE OF PRACTICE DIRECTIONS TO REGULATE PROCEEDINGS, IF APPROPRIATE

7.1 Whilst there is no objection in principle to Practice Directions, the Committee would like there to be some mechanism for prior consultation (and if appropriate comment) before promulgation to ensure that any procedures are properly applied.

7.2 As indicated above, one area where this may be helpful is in settling the use of appropriate forms and general procedures.

7.3 A more specific issue concerns rights of audience before the Tribunal which are unclear. Whilst the Committee is aware that a US attorney has appeared before the Tribunal without any objection, if a party wishes to instruct an overseas barrister, the consent of the Hong Kong Bar Association is required. In this regard, the Committee would welcome the provision of a practice direction (or rule), similar to Section 2F of the Arbitration Ordinance, to the effect that the relevant provisions of the Legal Practitioners Ordinance do not apply in proceedings before the Tribunal, as in arbitration proceedings, without any special leave of the Hong Kong Bar or otherwise.

8. PRESCRIBING A SET OF SELF-CONTAINED RULES - DE-LINKING ALL DIRECT LINKS/CROSS-REFERENCES TO THE ARBITRATION ORDINANCE (CAP 341)

8.1 The Committee agrees with the approach to make the Rules self contained. It has not examined the extent to which any provisions of the Arbitration Ordinance (as existing or to be amended) do or would actually apply in practice, though it seems that the existing cross references to the Arbitration Ordinance are largely procedural (and have in part been repealed). Any relevant procedures (e.g. as to security for costs) should be included and we would wish to review this in more detail when draft Rules are prepared.

8.2 In particular, as indicated above, the Committee favors Rules allowing the Tribunal to take a less formal approach than the Court in relation to proceedings before it, more akin to arbitration proceedings. In this respect, the formalities and sanctions of the CJR do not necessarily create a user friendly environment (especially for unrepresented parties).

9. SUMMARY AND SUGGESTED FUTURE ROLE OF THE TRIBUNAL

9.1 The Rules should be self contained and designed to encourage greater use of the Tribunal.

9.2 With this in mind, the Rules should not doggedly follow the CJR other than in broad terms.

9.3 There should be flexibility in awarding costs (bearing in mind the current restriction of Section 175(1) of the Ordinance.

9.4 Forms should be simplified and unified so far as possible.

9.5 The introduction of a "small application procedure" should be considered.

9.6 Case management should be user friendly.

9.7 The Tribunal should be as informal as possible.

9.8 The Tribunal should be, so far as possible, run by a single legally qualified Chairman or Deputy Chairman.

9.9 Practice Directions should be used with prior consultation.

9.10 Rights of audience before the Tribunal should be unlimited (similar to Arbitration proceedings).

9.11 Finally, the Committee notes that if it is used and respected, the Tribunal's role could usefully be expanded to cover a wider range of IP disputes beyond those currently within its jurisdiction. Whilst outside the terms of the present Consultation the Committee feels this proposal should be given serious consideration and will be happy to elaborate if requested to do so.

The Law Society of Hong Kong
Intellectual Property Committee
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