

considered to be right in the circumstances. Local courts would then, ultimately, have to decide whether to enforce such an order.

- 2.24 What would be the position of a Hong Kong trader who receives such an order. Can it be enforced against him in Hong Kong? Hong Kong is not a party to the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters 1968. The United Kingdom trade mark owner would therefore have to rely on enforcement at common law before the Hong Kong courts. If United Kingdom precedent is to be applied, the Hong Kong courts will only recognise and enforce foreign judgements *in personam* that are final and conclusive judgments for fixed sums of money.³² It follows that an injunction to stop a breach of an intellectual property right ordered by a United Kingdom court will not be enforced by the courts in Hong Kong. This would presumably mean that the Hong Kong trader who has received orders from the United Kingdom and supplies in breach of a United Kingdom court injunction could do so with impunity, save and except that damages would be payable for the infringement. This would, in the Internet/worldwide web context, be an inadequate remedy because the product would be supplied in the United Kingdom by courier or postal delivery services and, consequently, the extent of the infringement would be difficult for the United Kingdom company to ascertain.
- 2.25 Given the deficiency of the remedies of damages and account of profits vis-à-vis Internet trading, the United Kingdom company will want to see the United Kingdom injunction enforced in the Hong Kong courts. If this is not possible, a separate action must be commenced in Hong Kong seeking the remedy of an injunction to restrain the Hong Kong trader from trading in the United Kingdom under the trade mark SQUIFFO® or any trade mark likely to be confused therewith. The Hong Kong courts are then faced with the situation of enforcing a United Kingdom intellectual property right enforced under the United Kingdom Trade Marks Act 1994 in circumstances in which trading in Hong Kong by the Hong Kong company would be perfectly acceptable and lawful. Because of the legal and historical ties the Hong Kong and United Kingdom legal systems share, this ought not to be too much of a problem. The court could ask itself

32 *Copin v Adamson* [1894] LR 9 Ex Ch 345; *Feyerick v Hubbard* [1902] 71 LJKB 509.

whether this activity would be an infringement under Hong Kong Trade Mark law if the United Kingdom trade mark owner also owned the same trade mark right in Hong Kong. In any case, where there is doubt, it is submitted that the Hong Kong court should give weight to the fact that the United Kingdom court has granted an injunction. There ought to be compelling reasons why the United Kingdom order should not be enforced in Hong Kong by the method of the Hong Kong court granting its own injunction (as distinct from merely enforcing the United Kingdom court's injunction).

- 2.26 The problem faced by the Hong Kong courts would be more acute where they are being asked to enforce the judgment of a state where the intellectual property laws are wholly dissimilar to those which apply in Hong Kong. For example, the laws of the United Kingdom and European Union countries have harmonised the term for most types of copyright protection, at 70 years from the end of the year of the author/creator's death, whereas the relevant period in Hong Kong is 50 years. Returning to our trade mark example, what would be the position if a United States' corporation had obtained an injunction to stop 'dilution' of the corresponding United States trade mark registration of SQUIFFO®? The Trade Marks Ordinance (Cap 559) laid down tests for infringement that are reasonably certain³³. The one test that might cause difficulty is the case of an alleged infringement, in respect of a trade mark, which 'without due cause ... takes unfair advantage of the distinctive character or repute of the mark'.³⁴ This is not the same as trade mark dilution in the American sense. The Hong Kong court would here be faced with a dilemma. Should it simply assert that since the act complained of in the United States would not be a valid source of complaint in Hong Kong, the Hong Kong court will not give its own injunction to restrain the infringement by dilution in the United States? If this approach is followed in circumstances where a United States' court has granted an injunction, it would effectively be ignoring the order of a court from a foreign but friendly (and economically important) trading partner.

- 2.27 The scenarios painted with regard to the protection of foreign intellectual property rights in the courts of Hong Kong run

33 See further para 16.02 and following.

34 See the Trade Marks Ordinance (Cap 559) s 18(4)(c).

deemed responsible for the transmission (except the Internet Service Provider).

- 3.16 Section 25(1)(b) deals with the situation where the publisher (the Internet Service Provider)¹⁴ has made an offer of amends but the offer is not accepted. Here, if it is proved that the Internet Service Provider has acted innocently, the offer of amends raises a defence to proceedings for libel and slander. The defence is conditional upon the Internet Service Provider making the offer of amends as soon as practicable upon receiving notice of the defamation. It is important to note that if the offer of amends is not accepted by the intended plaintiff, the offer must not be withdrawn as this would negate the defence.
- 3.17 The form and content of the offer of amends is set out in section 25(2) and requires the following:
- The offer of amends must be expressly stated to be for the purpose of satisfying section 25.
 - The offer of amends must be supported by an affidavit to show that the publication was made innocently.
 - If the Internet Service Provider intends to rely on the defence set out in section 25(1)(b), in proving innocent publication, only the facts set out in the affidavit are admissible as evidence to show innocence. It follows that innocence must be shown as soon as practicable after the publication and not at some later date or by reference to information and materials which become available later on.
- 3.18 Section 25(3) sets out the requirements for a valid offer of amends. By section 25(3)(a), the Internet Service Provider would be required to 'publish or join in the publication of a suitable correction of the words complained of, and a sufficient apology to the party aggrieved in respect of those words'. Section 25(3)(b) requires that such steps as are reasonably practicable be taken to notify persons to whom the defamatory materials have been circulated of the offer of amends. In the worldwide web medium, this section would not seem to be relevant as it would never be known who had accessed a defamatory website. Perhaps in the case of an e-mail transmission, it would be possible to ascertain

¹⁴ The English case of *Godfrey v Demon Internet Ltd* [1999] 3 All ER 342 (QBD) equates a publisher with an Internet Service Provider.

the e-mail addresses of recipients of the defamatory statements and from those recipients, the addresses of any persons to whom they have forwarded the e-mail. If such persons refuse to disclose this information, they could, it is submitted, be equally liable for defamation under the re-publication principle.

- 3.19 If an offer of amends is accepted in principle by the intended plaintiff, but the terms of the offer cannot be agreed, the parties can refer the issue to the Court of First Instance 'whose decision thereon shall be final' (section 25(4)(a)). It may be the case, for instance, that the Internet Service Provider offers to make amends by publishing a retraction and apology on its home page for a period of one week. If the defamed person seeks a period of three months — thereby probably negating a consensual period for publication of the retraction — it is submitted that the section would allow the court to fix the appropriate period having regard to the circumstances. Any reasonably incurred costs can be awarded on an indemnity basis against the Internet Service Provider (see section 25(4)(b)).
- 3.20 Section 25(5) of the Defamation Ordinance, concerning what constitutes innocent publication, places an Internet Service Provider in some difficulty. The section states as follows:
- ... words shall be treated as published by one person (in this subsection referred to as the publisher) innocently in relation to another person if and only if the following conditions are satisfied, that is to say —
- (a) that the publisher did not intend to publish them of and concerning that other person, and did not know of circumstances by virtue of which they might be understood to refer to him; or
 - (b) that the words were not defamatory on the face of them, and the publisher did not know of circumstances by virtue of which they might be understood to be defamatory of that other person,
- and in either case that the publisher exercised all reasonable care in relation to the publication; and any reference in this subsection to the publisher shall be construed as including a reference to any servant or agent of his who was concerned with the contents of the publication.
- 3.21 Subsection (a) refers to a situation where the defamed person is not named. However, readers of the defamatory material would know the person referred to by, for example, reference to other

that the web site host had participated in the knowing publication of the relevant defamatory words by, in effect, inviting defamatory comments on a particular person...Other factual scenarios may also exist in which it may be inferred that the web site host has accepted or should be taken to have accepted responsibility for the web site content ...²⁵

3.30 A web site host was found liable for defamation 'as a subordinate distributor on the basis of acquiescence' in *Oriental Press Group Ltd v Inmediahk.net Ltd*²⁶. This basis of liability for defamation is founded upon the proposition that 'legal responsibility for publication [arises] on the basis of acquiescence. On this basis, liability for defamatory material would attach to the host of a web site forum once it had been notified of the existence of the material and requested to remove it but had failed to do so within a reasonable time'²⁷. In that case, two defamatory articles appeared on the web site 'http://www.inmediahk.net' that were posted by a person unknown to the plaintiff but whose English pseudonym was 'hevangel'. Deputy Judge Peter Ng SC determined that the statements were meant and understood to mean:

- (1) the plaintiff and/or Oriental Daily News were founded with money earned from drug trafficking in that the plaintiff had tried to destroy or conceal news concerning the misdeeds of its founder Ma Sik Chun; (on this point the judge noted that 'Newspapers thrive on credibility, and credibility is earned by reporting facts, not destroying or concealing them'²⁸)
- (2) the plaintiff was evil;
- (3) the plaintiff tried to destroy or conceal evidence of its misdeeds;
- (4) the plaintiff hired someone to do the dirty work of destroying or concealing evidence of its misdeeds.

3.31 The 'subordinate distributor on the basis of acquiescence' liability was founded on the facts that the plaintiff had sent a demand letter to the defendant on 13 August 2010 requesting the offending words be removed from the web site. No action was taken by 17 August 2010 and a writ was issued. There

25 Ibid at 880 para 117.

26 [2012] 2 HKLRD 1004.

27 *Oriental Press Group Limited v Fevaworks Solutions Limited* [2012] 1 HKLRD 848 at para 12 per Fok JA.

28 [2012] 2 HKLRD 1004 at para 19.

was evidence provided to the court that the offending articles could still be accessed by 6 September 2010, notwithstanding the defendant's assertion that the material had been removed by 25 August 2010. Although *Godfrey v Demon* was not cited in the judgement the decision is clearly consistent with that decision and therefore emphasises the point that internet service providers must act promptly in removing material that is clearly defamatory on its face.

3.32 The court determined that the defendant was not a primary publisher of the defamatory material because it did not, for example, invite the comments or should be taken to have accepted responsibility for the content of the web site. (This mirrors paragraph 117 of the Court of Appeal judgment in *Oriental Press Group Ltd v Fevaworks Solutions Ltd*). Counsel for the plaintiff had tried to distinguish the *Fevaworks* decision on this point on the ground that, unlike *Fevaworks*, there was no evidence as to such a large amount of users as to make vetting impracticable. The noteworthy point here is that the Defendant (who was not represented at the hearing) did not make this point or adduce any evidence as to the actual use made of their web site, but nonetheless the court would not make the assumption that web site usage was sufficiently light as to make vetting a viable proposition. The need to seek to establish (from the plaintiff's point of view) the amount of web traffic to the offending site is important as a matter the court will consider when dealing with quantum of general damages.

3.33 It was also argued that the defendant could have employed filtering technology but this line of argument failed because the plaintiff failed to prove the effectiveness of such filtering systems given that individual words may well be innocuous or the filtering system is incapable of interpreting innuendoes. Similarly, manual screening was not shown to be effective as much would depend upon web site usage and the manpower and resources of the defendant.

3.34 Finally, according to the *Fevaworks* decision²⁹, the mere fact that the defendant has the technical ability to remove the defamatory content of a third party posting is not sufficient to impose liability as a primary publisher.

29 Ibid para 106.

interactive computer services provider may not be held liable for posting defamatory statements. This seems to be a very harsh decision with significant ramifications in that it seems to totally abrogate the duty that Internet Service Providers ought to have to take reasonable precautions about the content of the web pages they host. One would have thought that it would have been technically possible to filter out such harmful material particularly when it is used in conjunction with proper names.

- 3.43 One American decision that was reviewed, albeit briefly, in *Bunt v Tilley and others* was *Lunney v Prodigy Services Co*,⁴² where 'some infantile practical joker' sent an e-mail to a boy scout leader which gave the false impression that it had come from a certain Alex G Lunney. Lunney complained about that message and about messages posted on a message board with the help of Prodigy. In that case the New York Appeals Court had made an analogy between an Internet Service Provider and a telephone company 'which one neither wants nor expects to superintend the content of his subscriber's conversations'. The court found that 'Prodigy did not publish the statement' and hence was not liable. Moreland J in *Godfrey v Demon* (1998) averred that under English law 'Prodigy would clearly have been the publisher'.⁴³ Both Moreland J in *Godfrey v Demon* and Eady J in *Bunt v Tilley and Others* dismissed the United States' case law on the grounds of being interesting but irrelevant essentially because of the fundamentally different approach of United States' defamation law as compared to the United Kingdom position. In *Bunt v Tilley and Others*, Eady J stated the position thus:

I prefer to avoid phrases with a moral connotation such as 'innocent party' or 'wrongful act'. The position may be complicated by arguments about whether or not the communication would be protected by qualified privilege or (say) fair comment. For example, one of the reasons why Prodigy succeeded in the Lunney case was that '... even if Prodigy could be considered a publisher of the statement, a qualified privilege protects it from any liability given the absence of proof that Prodigy knew such a statement could be false'. In such circumstances, it would be naturally inappropriate to use the phrase 'wrongful act'. Language of this kind simply obscures the main issue'.⁴⁴

42 (1998) 250 AD 2d 230.

43 [2001] QB 201 at 212G.

44 [2006] EWHC 407 (QB) at para 20.

- 3.44 Eady J took the view that Internet Service Providers could not be considered 'publishers' in the absence of any knowledge of the acts complained of.

A Prodigy Services/Compuserve Distinction in Hong Kong?

- 3.45 It is submitted that there is no room for such a distinction under the law of defamation in Hong Kong because of the requirement here of taking 'all reasonable precautions' is not dependent upon the manner in which the Internet Service Provider advertises its services. Once the Internet Service Provider knows, or ought to have known, it is hosting defamatory material and takes no action to remove such material, it will itself become liable for defamation.
- 3.46 Another area where the Defamation Ordinance requires clarification is the potential for conflict from the standpoint of the Internet Service Provider caused by the need to reconcile (1) not posting defamatory material; and (2) not breaching contracts with customers. It is not difficult to envisage a situation arising, for example, under section 25(5)(b) of the Ordinance. A potential plaintiff notifies the Internet Service Provider that it is hosting a page that is defamatory because the information may be conjoined to other circumstances or information not known to the Internet Service Provider. Under the *Godfrey v Demon* principle, the Internet Service Provider must remove the offending website quickly. But must the Internet Service Provider take only the word of the complainant that a site is defamatory, taking only one side of the argument and without the opportunity of taking legal advice? It will be noted that in *Godfrey v Demon*, the offending message would have been removed automatically, 14 days at most, from the date of its posting. If the site turns out not to be defamatory, this would surely place the Internet Service Provider in breach of contract with the customer. If the customer is of a significant size and value, the harm (legal and commercial) will be an important consideration. The Internet Service Provider ought not to be placed in so invidious a position and the Defamation Ordinance should contain provision as to how matters of this nature should be dealt with. Where subsections (a) and (b) of section 25(5) form the basis of the complaint, or where the article complained of is not *ex facie* defamatory, it is submitted that a period should be allowed to cause inquiries to be made before the *Godfrey v*

- (b) forges any message or utters any message that he knows to be forged or altered;
- (c) wilfully abstains from transmitting any message or wilfully intercepts or detains or delays any message;
- (d) otherwise than in pursuance of his duty or as directed by a court, copies any message or discloses any message or the purport of any message to any person other than the person to whom the message is addressed,

shall be guilty of an offence and shall be liable on summary conviction to a fine at level 4 and to imprisonment for 2 years.

- (2) This section does not apply to any act done by a telecommunications officer, or any person who, though not a telecommunications officer, has official duties in connection with a telecommunications service, for the purpose of—
 - (a) facilitating compliance with this Ordinance or the Unsolicited Electronic Messages Ordinance (Cap 593);
 - (b) implementing the terms or conditions of a licence of a licensee or any contract made between a licensee and a customer of the licensee; or
 - (c) facilitating compliance with a lawful request of a customer of a licensee in connection with a service supplied by the licensee to the customer.

Section 25 Secretion, etc., of messages by persons other than telecommunications officers

Any person, not being a telecommunications officer, or a person who, though not a telecommunications officer, has official duties in connection with a telecommunications service, who —

- (a) wilfully secretes, detains or delays a message intended for delivery to some other person; or
- (b) having been required by a telecommunications officer to deliver up to him a message in the possession of that person and intended for delivery to some other person, refuses or neglects to do so,

shall be guilty of an offence and shall be liable on summary conviction to a fine at level 4 and to imprisonment for 12 months.

Section 26 Transmission by telecommunications officer of message not paid for

A telecommunications officer who, with intent to defraud, transmits by telecommunications a message in respect of which the charge prescribed by or under this Ordinance has not been paid shall be guilty of an offence and shall be liable on summary conviction to a fine at level 4 and to imprisonment for 2 years.

Section 27 Damaging telecommunications installation with intent

Any person who damages, removes or interferes in any way whatsoever with a telecommunications installation with intent to—

- (a) prevent or obstruct the transmission or delivery of a message; or
 - (b) intercept or discover the contents of a message,
- shall be guilty of an offence and shall be liable on summary conviction to a fine at level 4 and to imprisonment for 2 years.

Section 27A Unauthorized access to computer by telecommunications

- (1) Any person who, by telecommunications, knowingly causes a computer to perform any function to obtain unauthorized access to any program or data held in a computer commits an offence and is liable on conviction to a fine at level 4.
- (2) For the purposes of subsection (1)—
 - (a) the intent of the person need not be directed at—
 - (i) any particular program or data;
 - (ii) a program or data of a particular kind; or
 - (iii) a program or data held in a particular computer;
 - (b) access of any kind by a person to any program or data held in a computer is unauthorized if he is not entitled to control access of the kind in question to the program or data held in the computer and—
 - (i) he has not been authorized to obtain access of the kind in question to the program or data held in the computer by any person who is so entitled;
 - (ii) he does not believe that he has been so authorized; and
 - (iii) he does not believe that he would have been so authorized if he had applied for the appropriate authority.
- (3) Subsection (1) has effect without prejudice to any law relating to powers of inspection, search or seizure.
- (4) Notwithstanding section 26 of the Magistrates Ordinance (Cap 227), proceedings for an offence under this section may be brought at any time within 3 years of the commission of the offence or within 6 months of the discovery of the offence by the prosecutor, whichever period expires first.

Section 28 False or deceptive distress, etc., messages

A person who transmits, or causes to be transmitted, by telecommunications a false distress, urgency, safety or identification signal—

- (a) knowing or believing it to be false; or
- (b) with intent to deceive,

action may not impair the operation of the computer or a program held in the computer or the reliability of data held in the computer.

- (2) Unlawfully altering or erasing any program, or data, held in a computer in the building or in a computer storage medium in the building.
- (3) Unlawfully adding any program or data to the contents of a computer in the building or a computer storage medium in the building.

6.71 Section 11(3A) of the Theft Ordinance would seem to address a situation where the hacker had entered premises as a trespasser to hack into the computer or computer system since otherwise it would seem that section 161 of the Crimes Ordinance would be otiose. The writer would respectfully assert, therefore, that section 11(3A) does not, of itself, add weight to the line of argument propounded by Rogers VP in *HKSAR v Tsui Shui Lun*⁶⁰. It should be noted that an offence committed against the provisions of section 11 of the Theft Ordinance carries a considerably greater penalty than one against section 161 of the Crimes Ordinance, that is, 14 years and five years imprisonment respectively⁶¹.

6.72 The severity of the sentencing will depend upon four main considerations: loss and damage which was caused to the victim; the gravity of the offence to the victim (although it is difficult to see how this could be treated distinctly from loss and damage); the purpose of the access; and whether there was any gain, financial or otherwise by the perpetrator of the offence. A person who offends the provisions of section 161 can normally expect to receive a custodial sentence especially if the unlawful access amounts to criminal intimidation. In *HKSAR v Ko Kam Fai*,⁶² Stuart-Moore VP in the Court of Appeal said:

The acts of criminal intimidation, by accessing X & Y's computers, were a serious invasion of their privacy and the consequences of such acts were likely to be not only extremely upsetting but also very alarming to both of them [X & Y].⁶³

60 [1999] 2 HKC 547.

61 See section 11(4) of the Theft Ordinance.

62 [2001] 3 HKC 181.

63 Ibid at para 13.

6.73 The facts of the case were that the defendant had sent sexually explicit material to two female university students, which overloaded their in-boxes. Furthermore, the messages contained an assertion that the defendant would come round to the university to rape them.

6.74 The court rejected the contention that a non-custodial sentence was appropriate for section 161 in these circumstances even though the defendant had been separately sentenced to imprisonment for criminal intimidation and criminal damage under sections 24 and 60(1) of the Crimes Ordinance.

6.75 Not all offenders have been punished with an immediate custodial sentence and in *HKSAR v Tsun Shiu Lun*⁶⁴ the magistrate's decision to impose a sentence of six months' imprisonment was, on appeal, overturned as being 'manifestly excessive' and reduced to 100 hours of community service. Chan CJHC noted that the defendant was a 29 year-old married man with a small child who had lost his employment as a result of his action and this would have a devastating effect upon his career. He had shown remorse and shown willingness to perform work. The judge noted that 'I would not rule out the possibility of imprisonment for this type of offence'⁶⁵. The court observed that the maximum penalty was five years' imprisonment which would be reserved for the most serious crimes or frauds with the acquisition of huge gains or serious losses, financial or otherwise. The decision of the CFI acting in its appellate capacity from the Magistracy not to impose a custodial sentence is, however, to regarded as exceptional.

6.76 In *HKSAR v Choy Yau-pun*,⁶⁶ The appellant had pleaded guilty in the Magistrates Court to a count of obtaining access to a computer with dishonest intent to cause loss to another contrary to section 161(1)(d) of the Crimes Ordinance. The loss in fact amounted to HK\$286.81. Although Community Service and Probation Reports were favourable to the appellant, the magistrate made a detention centre order. Bokhary J upheld the decision. There are two elements to be examined: (1) the circumstances of the offender; and (2) whether such a non-custodial order would be appropriate to the circumstances of the offence. Relying on

64 [1999] 2 HKC 547.

65 Ibid at 562.

66 [2002] 4 HKC 309.

copied. The idea of the web site was of having a visual indication of the direction of the shot using dots and crosses rather than a solid line. It was not contended that the defendants ever had access to or copied the code itself.² The plaintiff's game itself used various features that were commonly used in computer games. It was argued by Counsel for the claimant:

... that if the decision below [which rejected the claim to copyright infringement] is upheld there is no effective protection for games against copying of the game where a party copies the rules of a game but not its graphics. Mr Carr [for the defendant] submitted that that not all things are covered by copyright, that most if not every work is, to some extent, influenced or derived from other works. So it is very important that copyright is not allowed to intervene to stifle the creation of works that are actually very different, as the individual games are here.

I agree ... If protection for such general ideas as are relied on here were conferred by the law, copyright would become an instrument of oppression rather than the incentive for creation which it is intended to be. Protection would have moved to cover works merely inspired by others, to ideas themselves³.

- 11.03 The proposition, therefore, that there could be infringement of copyright in relation to computer programs where there was no copying of the source or object codes was rejected. To say that taking or adapting a mere idea could be unlawful would be to inhibit creative development.

Copyright Ordinance — An Introduction

- 11.04 The Copyright Ordinance (Cap 528) has undergone numerous amendments during the last 10 years with the trend being to add criminal penalties and, in certain instances, to seek to clarify the law relating to the criminal infringement of copyright⁴ so that more objective quantitative tests are applied as to the amount of a work that can legitimately be copied. In outline, Part II of the Copyright Ordinance provides protection for the following categories of subject matter:

² Ibid para 7(2).

³ Ibid paras 54 and 55.

⁴ See in particular the Copyright Ordinance (Cap 528) s 119B and Sch 1AA and 1AB: see further paras 11.72–11.81.

- (1) Published and unpublished original literary, dramatic, musical and artistic works.
- (2) Sound recordings (regardless of the medium on which the recording is made).
- (3) Films.
- (4) Broadcasts: transmission by wireless telegraphy of sounds or of visual images or representations thereof.
- (5) Cable Programmes: a service which consists of the sending by any person by means of a telecommunications system (whether run by himself or any other person) of sounds, visual images or combination of them.
- (6) Published editions: the whole or a part of a literary, dramatic or musical work.

- 11.05 The Copyright Ordinance Part III provides protection for rights in performances and the so-called 'fixation' of performances. 'A performer' is defined in the Copyright Ordinance as 'an actor, singer, musician, dancer or any other person who acts, sings, delivers, declaims, plays in, interprets, or otherwise performs a performance. 'A performance' is a dramatic performance (which includes dance or mime), a musical performance, a reading or recitation of a literary work and a performance of a variety act or any similar presentation 'which is, or so far as it is, an unfixed performance given by one or more individuals'.⁵ It is interesting to note that the definitions of a 'performer' and 'performance' does not appear to cover the activities of sportsmen and women.⁶ This writer would aver that the distinction between sport and artistic performance seems, judging by some of the events allowed at recent Olympic games, to be ever diminishing. Perhaps at some future occasion, an act in preparation for a sports event may have to be judicially categorised as to whether it falls within or outside the scope of protection afforded by the Copyright Ordinance. In this event, the act will have to be looked at from the intention of the person claiming to avail of the protection of the Copyright Ordinance, namely, did that person intend to use the 'performance' in the most general sense of the term as a *thing* in its own right or as part of, or pursuant to, competitive excellence.

⁵ Ibid s 200(2).

⁶ Sportsmen and women are specifically excluded from protection in the United Kingdom by s 180(2) of the Copyright, Patents and Designs Act 1988 and this distinction between sportsmen on the one hand and *artistes* on the other is one of 'snobbery' according to Arnold, *Performers' Rights* (1997) at para 1.105.

this is not the same as 'authorising' acts in breach of copyright. To this extent, one might argue that section 27(4) of the Hong Kong Copyright Ordinance is otiose but, at least, it has the effect of putting the matter beyond argument.

- 11.54 An Internet Service Provider may be liable for infringement where he authorises another to do an act restricted by copyright in Hong Kong. It would appear not to matter that the authorisation in fact emanates from beyond Hong Kong's jurisdiction so long as the act authorised is in fact in breach of copyright within Hong Kong. In *ABKCO Music & Records Inc v Music Collection International Ltd*,⁵³ a Danish company licensed an English company to issue recordings of the plaintiff's music in the United Kingdom and Ireland in breach of the plaintiff's copyright. The court held that the place where the authorisation took place was irrelevant so long as the effect of the authorisation took place within the United Kingdom's jurisdiction. It follows that if a foreign Internet Service Provider does an act which the Hong Kong courts hold as being an infringement of a work protected by copyright here, the Internet Service Provider may still have judgment entered against it.
- 11.55 What actually constitutes 'authorisation' with particular regard to an Internet Service Provider has not been clarified judicially. To use the wording of the *Amstrad* decision, authorisation involves the 'sanctioning, the approval or to countenance' the act that is restricted by copyright. In so far as these words are taken to imply a positive step on the part of the Internet Service Provider it would seem to understate the law in that merely turning a blind eye to acts in breach of copyright may also amount to authorising copyright infringement.
- 11.56 The nature of the 'knowledge' attributable to an Internet Service Provider was considered in the lengthy judgment of Arnold J in the High Court in England in the case of *Twentieth Century Film Fox Corporation & Ors v British Telecommunications Plc*⁵⁴. There, web sites operating under the name of 'NEWZBIN1'

53 [1995] RPC 657.

54 [2011] EWHC 1981 (Ch), [2011] RPC 28. This was a test case in that if the action succeeded, other Internet Service Providers in the United Kingdom would either 'fall into line' with the judgement or face legal action themselves. Other Internet Service Providers had been invited to participate in the proceedings but did not take up the offer of this procedure that would have enabled them to make representations to the court.

and 'NEWZBIN2' used the services of the defendant to host web sites that enabled paying subscribers to NEWZBIN to access copyright protect material. Actions against the primary infringers had been thwarted and the plaintiff had sought to enforce its rights by action for injunction against British Telecommunications. The court followed previous case law which had determined that for a third party (for example, an Internet Service Provider) to be liable for copyright infringement, they must have 'actual' and not merely 'constructive' knowledge⁵⁵ of the infringing activity. Arnold J considered 'actual knowledge' in these terms⁵⁶:

Accordingly, I consider that what must be shown is that the service provider has actual knowledge of one or more persons using its service to infringe copyright. The more information the service provider has about the infringing activity, the more likely it is that the service provider will have actual knowledge. Thus it may well be relevant to consider whether or to what extent the service provider has knowledge of particular copyright works (or at least classes of copyright works) being involved, of particular restricted acts (or at least types of restricted act) being committed and of particular persons (or at least groups of persons) committing those acts; but it is not essential to prove actual knowledge of a specific infringement of a specific copyright work by a specific individual.

- 11.57 It will be noted from this paragraph that the extent of knowledge is to one of a general state of one or more persons using its services to infringe copyright and not to the specific state of an actual knowledge of a specific infringement. (This would, after all, require invasive surveillance probably in breach of what would in Hong Kong come under the auspices of the Personal Data (Privacy) Ordinance). This holding of a general state of knowledge on the part of party was supported by the explanation of Harvey J that: "Knowledge" means ... notice of facts such as would suggest to a reasonable man that a breach of copyright was being committed"⁵⁷. On the facts the court held that British Telecommunications did have actual knowledge and an injunction was granted under the provisions of section 97A of the United Kingdom's Copyright Designs and Patents Act

55 The cases reviewed on this point included *Van Dusen v Krutz* [1936] 2 KB 176; *Infabrics Ltd. v Jaytex Shirts Co Ltd* [1978] FSR 451; *Albert v Hoffnung & Co Ltd* (1921) 22 SR (NSW) 75 and *Hoover Plc v George Hulme (Stockport) Ltd* [1982] FSR 565.

56 [2011] EWHC 1981 (Ch) at para 148.

57 See *Albert v Hoffnung & Co Ltd* (1921) 22 SR (NSW) 75 at 81.

Registered Design Rights

11.113 The law relating to the registration of designs is to be found in the Registered Designs Ordinance (Cap 522) and the Registered Designs Rules. Prior to the return of Hong Kong to China, the procedure for protecting a design in Hong Kong was to obtain a design registration at the United Kingdom's Designs Registry. The design was then deemed to be registered in Hong Kong although there was a common practice of advertising the design in a widely circulating newspaper in Hong Kong so as to draw the attention of the trade and the public to the fact that the design has effect in Hong Kong. Another method commonly employed was to advertise the design in the Hong Kong Government Gazette. Designs registered through the United Kingdom Designs Registry before 1 July 1997 are deemed to be registered in Hong Kong.¹¹¹

11.114 A registered design protects the outward appearance of new three-dimensional objects which have aesthetic appeal. The 'shape, configuration, pattern or ornament applied to an article by any industrial process' may be registered if the finished article has 'appeal to and is judged by the eye' rather than being simply 'a method or principle of construction' or an article or object whose design is determined by the function it has to perform, or the design is determined by other object(s) to which the design must fit in order operate. Registered designs do not, therefore, protect that which is designed by function or necessity; a registered design will protect that which has 'eye-appeal'.¹¹² Designs are not registrable if the appearance of the article is not material,¹¹³ is contrary to morality or public order,¹¹⁴ or is a computer program, a protected layout design (topography) and a design for articles of a primarily literary or artistic character.¹¹⁵

11.115 The principle rights conferred by registration are set out in section 31(1) of the Ordinance and this gives the registered owner the exclusive right:

- (a) to make in Hong Kong or import into Hong Kong —
 - (i) for sale or hire; or

111 Registered Designs Ordinance (Cap 522) s 91.

112 Ibid s 2.

113 Ibid s 6.

114 Ibid s 7.

115 Ibid s 8.

- (ii) for use for the purpose of trade or business; or
- (b) to sell, hire, or offer or expose for sale or hire in Hong Kong, any article in respect of which the design is registered and to which that design or a design not substantially different from it has been applied.

11.116 This provision would therefore prohibit a Hong Kong business from using the Internet or any other medium to attract customers to buy products from abroad, with a view to importing them into Hong Kong, when a design registration is in force in respect of that article.

11.117 Registered designs last for a period up to 25 years from the filing date of the application for registration. The initial period of registration is five years and the design has to be renewed during the period three months immediately preceding the fifth anniversary of the design application.¹¹⁶

Who Owns the Website?

11.118 There is a common misconception: X pays an independent contractor to design a website which the independent contractor (or some third party) hosts on behalf of X. Because X has paid consideration to the independent contractor, it must be X that necessarily owns the copyright in the website. Whilst that may seem to be common-sense position, it is not the law. The statutory provisions are contained in sections 14 and 15 of the Copyright Ordinance (Cap 528), dealing with employees and independent contractors respectively.

11.119 Section 14 states:

- (1) Where a literary, dramatic, musical or artistic work, or a film, is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject—
 - (a) any agreement to the contrary; and
 - (b) subsection (2).

11.120 Subsection (2) operates in favour of employee created works to avoid undue enrichment to the employer in the event that a work is exploited in a way that could not reasonably have been contemplated at the time of making the work. The employee is

116 Ibid s 28 which also contains provisions regarding late renewal.

Hypertext Links

- 12.03 This link instructs the user's browser to stop viewing the material currently transmitted from a website and to view the content of another website. The indication to that other website is by using differently coloured text and/or underlining. There are two copyright issues arising from hypertext linking:
- (1) Is the incorporation of the 'link button' (this might, for example, be another company's logo) an infringement?
 - (2) Is the act of making the link an infringement?
- 12.04 The hyperlink button (a logo or short piece of text, hence the nomenclature 'hypertext') might not be sufficiently substantial to be copyright work. But a small graphic item (logo or stylised trade mark) may be artistic work. The general prohibition against using that person's logo will apply, being a breach of artistic copyright.
- 12.05 Is the act of making the link an infringement? The viewing of that other website constitutes two acts:
- a transmission of the contents to that user's computer
 - the transient storage of the contents in the user's computer memory
- 12.06 Does it follow that the making of a hypertext link is an act of infringement? Infringement occurs only when the infringing act is done without the express or implied consent of the copyright owner. Arguably (but the matter is not yet decided) the copyright owner has impliedly consented to the viewing and downloading² of his website. The rhetorical question is why would a copyright owner put material on a website if that person did not consent to its being viewed and thus being transmitted and stored in the memory of the computer of the user doing the viewing?

Image Links

- 12.07 Generally the image link is not selected by the user; the link occurs automatically without the user being aware of it. When the user views the linking site, the user's browser application receives not only the content of the website being viewed but also the content of another linked website. The question is whether

² The 'downloading' issue is more controversial: see para 11.17.

there is implied consent from the owner of the copyright in the linked material for the user's Internet Service Provider to make the transmission and for the user to make the reproduction? It is submitted that if there is an implied licence to link to another site, such a licence will not extend to giving consent that goes so far as to viewing the linked material out of context as if it forms part of someone else's website. The argument can be made that the implied consent relates only to the transmission and reproduction of the material in its original form.

- 12.08 The legal analysis cannot, however, end with an outline of copyright principles. The Copyright Ordinance creates so-called 'moral rights' and, with particular reference to this discussion, section 96 prohibits the 'false attribution' of authorship of a work. The false attribution right has two effects. First, it prohibits the insertion of a name other than that of the author in or on copyright work. Second, it prohibits the publication, sale, performance or broadcast of a copyright work with false authorship. For example, the importation of another's graphic work into a website bearing the website creator's name would constitute the affixation of a name in such a way as to falsely imply that the website creator is the author of that work. Another illustration would be the importation of an article or part of a book from one website being incorporated by a hypertext link to a different website. If the importation does not carry with it the name of the author, there would be a breach of section 96. It is submitted that this would be so even if the author had consented to his work being hyperlinked into another's website. The author may have consented to his work being made the subject of a hyperlink but if the author has not also disclaimed his moral rights, then the work must be attributed to him. This is the 'integrity' right — the right to be named as the author — imposed by the Copyright Ordinance section 89. Thus, the rights of integrity and the right to object to false attribution of work can be seen as the opposite sides of the same coin.

Framing Another Site

- 12.09 In contrast to image linking, 'framing' results from a deliberate act of the user. Framing is a type of cut-and-paste operation whereby some of the contents of another website are incorporated by the user. Selected contents of that other website appear within the

cannot 'authorise': he cannot in these circumstances be said to be 'dealing' for the same reason viz he cannot stop the activity without going out of business.

- 13.12 A case in which an Internet Service Provider was liable for authorising copyright infringement is the decision of the Federal court of Australia in *Cooper v Universal Music Australia Pty Ltd and others*.¹³ The court had to consider the potential for liability of an Internet Service Provider in relation to the hosting of a web site that contains hyperlinks to musical works through MP3 file sharing. In *Cooper's* case the offending web site was hosted by E-Talk who sought to rely upon the following provision contained in section 112E of the Copyright Act 1968:

A person (including a carrier or carriage service provider) who provides facilities for making, or facilitating the making of, a communication is not taken to have authorised any infringement of copyright in an audio-visual item merely because another person uses the facilities so provided to do something the right to do which is included in the copyright.

- 13.13 The defence failed because E-Talk was aware of the high level of usage of Mr Cooper's web site and of the copyright problems it was facing. Cooper received a free hosting service from E-Talk so long as he had a hyperlink on his site which consisted of E-Talk's logo which transferred the viewer to E-Talk's own web site. Further, E-Talk took no steps to prevent the acts of infringement that took place via Cooper's web site. The defence propounded by E-Talk was that this did not amount to authorisation of the copyright infringement. The Court disagreed: E-Talk could have taken down the web site but instead they had profited from it through the use of the hyperlink. In determining that this was sufficient to impute liability upon the Internet Service Provider, the court said that it would place '... no weight on the, at best, remote relationships between E-Talk on the one hand, and users of Mr Cooper's web site and the remote providers of music files on the on the other hand'.¹⁴
- 13.14 The decision in E-Talk has been followed in the United Kingdom although care must be taken in reading United Kingdom decisions on this topic because the law is heavily laden with European Directives and Human Rights Act considerations.

¹³ [2006] FCAFC 187 (18 December 2006).

¹⁴ *Ibid* para 63.

Nonetheless, the point could be taken that European Union law on the point merely codifies what is (or should be) equitable considerations that need to be considered by any court when applying discretionary remedies against an Internet Service Provider.

- 13.15 The nature of the 'knowledge' attributable to an Internet Service Provider was considered in the lengthy judgment of Arnold J in the High Court in England in the case of *Twentieth Century Film Fox Corporation & Ors v British Telecommunications Plc*.¹⁵ In that case, web sites operating under the name of 'NEWZBIN1' and 'NEWZBIN2' used the services of the defendant to host web sites that enabled paying subscribers to NEWZBIN to access copyright protect material. Actions against the primary infringers had been thwarted and the plaintiff had sought to enforce its rights by action for injunction against British Telecommunications. The court followed previous case law which had determined that for a third party (for example, an Internet Service Provider) to be liable for copyright infringement, they must have 'actual' and not merely 'constructive' knowledge¹⁶ of the infringing activity. Arnold J considered 'actual knowledge' in these terms¹⁷:

Accordingly, I consider that what must be shown is that the service provider has actual knowledge of one or more persons using its service to infringe copyright. The more information the service provider has about the infringing activity, the more likely it is that the service provider will have actual knowledge. Thus it may well be relevant to consider whether or to what extent the service provider has knowledge of particular copyright works (or at least classes of copyright works) being involved, of particular restricted acts (or at least types of restricted act) being committed and of particular persons (or at least groups of persons) committing those acts; but it is not essential to prove actual knowledge of a specific infringement of a specific copyright work by a specific individual

¹⁵ [2011] EWHC 1981 (Ch), [2011] RPC 28. This was a test case in that if the action succeeded, other Internet Service Providers in the United Kingdom would either 'fall into line' with the judgement or face legal action themselves. Other Internet Service Providers had been invited to participate in the proceedings but did not take up the offer of this procedure that would have enabled them to make representations to the court.

¹⁶ The cases reviewed on this point included *Van Dusen v Krutz* [1936] 2 KB 176; *Infabrics Ltd v Jaytex Shirts Co Ltd* [1978] FSR 451; *Albert v Hoffnung & Co Ltd* (1921) 22 SR (NSW) 75 and *Hoover Plc v George Hulme (Stockport) Ltd* [1982] FSR 565.

¹⁷ [2011] EWHC 1981 (Ch) at para 148.

- 15.27 It could be the case that a traditional trade mark, that is, one without any internet additions such as *http; .net.com etc.* is objectionable as being non-distinctive but:

... For example, TWIST AND SEAL would be liable to an objection for storage jars on the basis that it describes a characteristic of the goods, whereas the addition of .COM gives the sign a whole trade mark character.¹⁹

- 15.28 The basic principles for liability under the Trade Marks Ordinance have been explained.²⁰ It is a necessary precondition to commencing proceedings for infringement that the mark must be registered and not simply pending registration. The statutory right granted is dependent upon an obverse, namely, that the trade mark must possess — inherently or acquired through use — a sufficiently distinctive character such as to justify the grant of a monopoly.

A Brief Review of Overseas Decisions Concerning the Registrability of 'Dotcom' Trade Marks

- 15.29 There are several decisions in the United Kingdom and other countries with reference to the dotcom world illustrating the futility of using descriptive elements in Internet addresses sought to be registered as trade marks. It is submitted that in each of the following cases, had the matter fallen for determination by the Hong Kong courts, the same decision would have been reached in refusing registration of the trade mark.
- 15.30 A European Union Trade Mark Application for the mark 'INSTANT INTERNET'²¹ for Internet and communications products and processes in classes 9 and 42 was refused registration. The Board held that the meaning embodied by the words 'Instant Internet' was to the effect that someone was offering exceptionally swift access to the Internet. The trade

19 To quote the United Kingdom Registrar of Trade Marks Manual: <http://www.patent.gov.uk/tm/reference/>.

20 See paras 15.09–15.13.

21 *Performance Technology Inc's Application* [2000] ETMR 270, Office for the Harmonisation of the Internal Market (First Board of Appeal) (22nd December 1999) (Case R124/1999-1).

mark was thus so descriptive that no trader could legitimately claim exclusive rights in such descriptive and laudatory words. It was submitted to the Board on behalf of the applicant that 'the alliterative nature of the words and the fact that they conveyed no meaning when taken together served to give them a degree of distinctiveness'. In response the Board, with undue politeness to so absurd a submission, stated 'The alliteration is mild, consisting only of the repetition of the letters 'in' at the beginning of the two words'. Surprisingly, the Board remitted the case back to the examiner to assess whether the trade mark had acquired distinctiveness through use.²² In Hong Kong, the writer would argue that no matter how much the trade mark had been used, the distinctiveness is so feeble that 'INSTANT INTERNET' ought never to be accepted for registration as a trade mark.

- 15.31 Another European Community Trade Mark²³ case concerns an application to register 'WWW.PRIMEBROKER.COM' as a trade mark in class 9 for software and class 42 for computer services. The goods and services were both related to the provision of information about publicly listed companies. Refusing registration, the Second Board of Appeal analysed each component of the trade mark. After tritely pointing out that 'WWW' stands for worldwide web and '.com' is a top-level domain name assigned to companies and businesses, the Board then examined the meaning attached to the main element of the domain name 'Primebroker'. Prime was laudatory, indicating only 'the best or highest quality or value; excellent, wonderful', and with reference to the word 'broker', the Board stated:

(12) Online investment through the Internet and other new technologies is changing the way in which people can invest in stock and engage in other financial transactions. According to a press statement issued by the Chairman Arthur Levitt of the United States Securities and Exchange Commission concerning online trading (27 January, 1999 <http://www.sec.gov/news/press/99-9.txt>), in the United States alone online brokerage accounts represent nearly 25 per cent of all retail stock trades. The number of such accounts is expected to reach 10 million in the US by the end of 1999.

22 See paras 15.10–15.13.

23 *Nationsbank Montgomery Securities LLC's Application* [2000] ETMR 245, Office for the Harmonisation of the Internal Market (Second Board of Appeal) (19th August 1999) (Case R77/1999-2).

a higher degree of protection being afforded to famous trade marks and less well-known marks being unable to utilise the law of passing off. Here, it must be remembered that because a trade mark is not a 'household name' does not necessarily mean it is not well-known, particularly with reference to non-household products or products of a specialised type where all persons dealing in the relevant industry might be well aware of a particular trade mark. The courts in Hong Kong have yet to address these issues.

- 16.24 The issues left open by the *One in a Million* decision have been addressed by the High Court in London in *Global Projects Management Limited v Citigroup Inc.*²⁷ On 6 April 1998 two large American financial institutions, Citibank and Travelers Group Inc., announced their agreement to merge under the new name 'Citigroup'. However, a period of six months elapsed before the newly formed company was to operate under that new name. The delay was apparently caused by the need to deal with regulatory issues. The announcement was a news item of global interest to anyone in the financial and commercial sectors and was widely publicised. One day after the announcement, Global Projects Management obtained registration in the United Kingdom of the domain name 'citigroup.co.uk', but failed to secure registration of 'citigroup.com' because that name had been registered for the defendant. In 2003, senior management of the first defendant found out about the registration of 'citigroup.co.uk' and contacted their solicitors who wrote to Global Projects Management complaining about passing off. The response of Global Projects Management was to issue proceedings for unlawful threats of trade mark infringement.²⁸ The defendants counterclaimed for passing off and trade mark infringement. We should pause at this juncture to note the following differences with the facts of *One in a Million*:

27 [2006] FSR 39.

28 This action was under s 21 of the United Kingdom Trade Marks Act 1994 and the equivalent action in Hong Kong is s 26 of the Trade Marks Ordinance (Cap 559). The relief afforded by s 21 of the United Kingdom and 26 Hong Kong is against trade mark infringement, not passing off so it is difficult to rationalise that part of the report of the case. In any event, it will be seen that Global Projects Management lost their action so further discussion is irrelevant.

<i>One in a Million</i>	<i>Global Projects Management</i>
The defendants had a previous history of registering domain names.	The claimant (defendant on the counterclaim) had no previous history of registering domain names.
The defendants sought to profit from registration of the domain names by seeking to sell them back to the owners.	Global Projects Management did not, and had no intention of, seeking to sell the domain name <citigroup.co.uk> to Citigroup or to any other party
The various plaintiffs were well established companies with household name reputations.	At the point of issuing the announcement to merge, there had been no previous use of the name Citigroup and, indeed, it would be six months before the name was used commercially by the newly merged company.

- 16.25 Summary judgment was granted to Citigroup Inc on their counterclaim and since there was justification for bringing a threat of proceedings. In applying the *One in a Million* decision, the whole tenor of the decision of Park J was to avoid qualifying or limiting the effects of that judgment in any way²⁹:

A key strand in Aldous's LJ reasoning³⁰ was that the main names which *One in a Million* succeeded in having registered to it were 'instruments of fraud'. I do not think that he meant fraud in the criminal and most pejorative sense of the term. The directors of *One in a Million* no doubt thought that they were entitled to do what they had done and that they were not in breach of any legal rules. Nevertheless 'instruments of fraud' was the expression which Aldous LJ used. Mr Sumption at first instance had used the slightly toned down expression 'instruments of deception'³¹.

- 16.26 It would seem to the writer that the use of the terminology 'instrument of fraud' vis-à-vis passing off is unhelpful since there is no criminal basis to a passing off cause of action. 'Instrument of deception' would seem to be far more apposite for use in the civil context, reserving 'fraud' for the strictly circumscribed proceedings of fraudulent misstatement if that was ever to be

29 At one point in the judgment, Park J noted that counsel for Global Projects Management may have put forward arguments not considered in the *One in a Million* case, but since *One in a Million* had determined the question of trade mark infringement, those arguments were not going to be dealt with: see paras 59 and 60 of the judgment.

30 In the Court of Appeal hearing of *Marks and Spencers Plc and others v One in a Million* [1999] FSR 1 at 15ff.

31 *Global Projects Management Limited v Citigroup Inc* [2006] FSR 721 at 732-733 para 39 per Park J.

of a well-known mark because of the soft approach to the need to show goodwill connected with a business in Hong Kong. It would appear that the Hong Kong law of passing off is satisfied by proof of reputation without necessarily having a business interest in Hong Kong.⁶⁷

16.56 The factors which the court can, inter alia, consider in making a determination as to whether a trade mark is 'well known' are set out in Schedule 2 of the Trade Marks Ordinance (Cap 559) although one issue that is *not* relevant is that fact that the trade mark is not registered in Hong Kong.⁶⁸ The 'Factors for consideration' as to whether a trade mark is 'well known' would be better described as 'Suggested factors for consideration' because clause 1(1) and 2(1) make it clear that the Court and the Registrar can consider other matters not listed in clause 2(2) with clause 2(3) noting, astutely, '... the determination in each case will depend upon the particular circumstances of that case ...'. The fact that a trade mark is expressly stated as not necessarily being registered as a precondition to being treated as 'well known' raises the possibility that it is possible to infringe a trade mark under the provisions of sections 18(4)(b) and (c) of the Trade Marks Ordinance notwithstanding the trade mark has not been registered. Cumulatively, those provisions require that the trade mark must be shown to be entitled to protection under the Paris Convention as a well-known mark and 'the use of the [infringing] sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark. These provisions of the Trade Marks Ordinance may therefore have established what might be considered as a statutory form of passing off vis-a-vis famous trade marks with the factors listed in Schedule 2 operating as a substitute for proof of reputation or goodwill.

16.57 The courts in the United Kingdom have not had any reticence in holding that the registration of a domain name which is a famous, albeit registered, trade mark of another constitutes trade mark infringement. This was one of the holdings in *Marks & Spencer Plc and others v One in a Million*.⁶⁹ The trial

67 See eg *Tenichi v Jancar* [1990] FSR 151.

68 Trade Marks Ordinance (Cap 559) Sch 2 cl 2(a). Section 18 refers to 'Infringement of a registered trade mark' although the Schedule makes it clear that the mark need not be registered if the 'well-known trade mark' provisions are relied upon.

69 *Marks and Spencer Plc & Ors v One in a Million Ltd & Ors* [1999] FSR 1.

judge concentrated his decision upon infringement whereas the Court of Appeal preferred passing off but had no doubt that infringement had occurred: the final nail in the coffin for the defendant. The difficulty with the decision insofar as it concerns infringement, which is not addressed in the *One in a Million* case, is — adopting the terminology of section 18(1) of (Cap 559) — that infringement occurs when the defendant '... uses in the course of trade a sign which is identical to a trade mark in relation to goods or services which are identical to those for which it [the trade mark] is registered'. It will be appreciated that the registration of a domain name does not *per se* offer the supply of anything, let alone the goods or services covered by either (1) the trade mark registration; or (2) the goods or services for which the well-known mark is famous. One might well presume that the courts in Hong Kong would be loathe not to follow the persuasive decision of the *One in a Million* having regard to the fact that (Cap 559) is predicated upon the provisions of the United Kingdom's Trade Marks Act 1994.

16.58 The United Kingdom approach in determining that the registration of a well-known-household name trade mark as a domain name constitutes trade mark infringement has not met with universal approval. In the Australian case of *CSR v Resource Capital Australia Pty Ltd*,⁷⁰ the plaintiff was well known in the sugar industry. The Defendant registered domain names that included the letters 'CSR' and 'CSRSUGAR'. The court had 'real difficulty' in giving relief under the Trade Marks Act stating 'There could be threatened infringement if one were to take seriously the suggestion that RCA intended to engage in the sugar trade. Clearly, however, that was not the real intention of RCA, who at no time used or intended to use the domain names as trade marks in relation to either goods or services'.⁷¹ It is submitted that if ever there should be a *One in a Million* type case in Hong Kong, the Australian approach is preferable and the law of passing off sufficiently protean as to make reliance upon any provision of the Trade Marks Ordinance otiose. Gratuitously 'tacking on' an infringement action where the case lends itself to resolution through passing off serves no useful purpose and

70 (2003) 128 FCR 408.

71 *Ibid* at para 42. Liability having been found against the defendant on other grounds, the issue of trade mark infringement was left open: 'Fortunately it is unnecessary for me to decide that question' (para 43): per Hill J.

of protecting the international trade that is the lifeblood of Hong Kong¹. As Lam J explained in the *Yakult*² decision: 'Hong Kong is a centre for international trade and prides herself as a regional hub for international travellers. The development of its common law has therefore been marked by recognition by the court of the need of the international traders with appropriate responses to new and technological changes in international communications. In the field of passing off, Leonard J held in *Wienerwald Holding AG v Kwan Wong Tan & Fong*,³ that the idea that goodwill must be acquired by user or trading within the jurisdiction was out-dated and was not the appropriate rule for Hong Kong in 1979'.⁴

- 17.03 Let us assume, therefore, that a potential plaintiff has either a Hong Kong registered trade mark and/or sufficient goodwill acquired in Hong Kong to successfully sustain an action for passing off. A would-be defendant develops a web site that is hosted outside Hong Kong but being on the world wide web is necessarily accessible from Hong Kong. Can the plaintiff sue in the courts of Hong Kong? The answer to that question would appear to be an unequivocal 'yes' and as we shall now see, the courts in the United Kingdom, United States and Hong Kong have adopted a consistent approach to this kind of problem.

International Approach to Jurisdiction

- 17.04 In *Euromarket Designs Incorporated v Peters & Anor*,⁵ the trade mark 'CRATE & BARREL' had been registered in the United Kingdom by an American company during 1988 in respect of a wide range of household and domestic items including glassware, crockery, chinaware and kitchenware. The defendant was an Irish company and operated one store in Dublin called 'CRATE & BARREL'. The defendants had a website and they used the 'CRATE & BARREL' name to sell two items, namely, a

1 If this view is correct, it begs the question whether s 18(4)(b) of the Trade Marks Ordinance (Cap 559), which protects 'well-known' trade marks, is superfluous?
 2 *Kabushiki Kaisha Yakult Honsha & Ors v Yakudo Group Holdings Ltd & Anor* [2004] 1 HKC 630.
 3 [1979] FSR 381.
 4 *Kabushiki Kaisha Yakult Honsha & Ors v Yakudo Group Holdings Ltd & Anor* [2004] 1 HKC 630 at 635–636.
 5 [2001] FSR 288 (Ch D) (English Chancery Division, 25 July 1999).

'hurricane lamp' and a 'beaded coaster'. The court proceeded on the view that these two items were 'similar to' the goods covered by the United States' company's United Kingdom registration and therefore, under United Kingdom law, there was the potential for trade mark infringement. The Irish defendants also advertised in a United Kingdom magazine called *Homes & Gardens* which circulates in the United Kingdom and gave their website address as: 'www.crateandbarrel-ie.com' ('ie' is webspeak for Ireland). The reason given by the defendants for advertising in *Homes & Gardens* was that there is no comparable magazine published and *Homes & Gardens* is circulated within Ireland. The defendants did not expect to receive orders from the United Kingdom as a result of placing the advertisement in the magazine, but hoped to receive orders from within Ireland where the magazine also had a circulation. In fact, the defendant did not receive any orders from the United Kingdom. It was alleged on behalf of the claimant (that is, the plaintiff) that any advertising in the United Kingdom in violation of a registered trade mark constituted trade mark infringement. This proposition was rejected. Jacob J held that mere advertising without custom is not 'use in the course of trade in relation to goods'.⁶ At paragraph 19 of his judgment, Jacob J asserted that:

... if a trader from State X is trying to sell goods or services into State Y, most people would regard that as having a sufficient link into State Y to be 'in the course of trade' there. But if the trader is merely carrying on business in X, and an advertisement of his slips over the border into Y, no businessman would regard that fact as meaning that he was trading in Y. This would be especially so if the advertisement were for a local business such as a shop or a local service rather than for goods ... One needs to ask whether the defendant has any trade here, customers buying goods or services for consumption here ...

- 17.05 With particular regard to the website the judge noted the following matters:

- (1) Visitors to the website would see 'ie' (meaning Ireland).
- (2) Visitors to the website would see that the defendant's opening page which showed a picture of furniture with the words 'Crate and Barrel'. The text said: 'An emporium of furnishings and accessories on four floors. We offer a wide range of services including Wedding lists, consultation and

6 See the Trade Marks Ordinance (Cap 559) s 3(1).

be reasonable to suppose that people could object, for example, on the ground that it is intended that the web site will build up user profiling, the Cookie statement should be contained within an unavoidable 'pop up' box or something equally startling. In the writer's experience, this has not so far been the case: the most common way of drawing attention is by means of a hyperlink to a general privacy statement that may contain a Cookie statement. Whether this is sufficient compliance with DPP 1 in all circumstances would appear doubtful and susceptible to legal challenge.

- 19.111 Advice from the European Union¹⁰³ is that for there to be valid consent to a 'cookie' there should be an immediately visible notice that various types of cookies being used by the website by providing information in a layered approach. This would consist typically of a link, or series of links, where the user can find out more about types of cookies being used. There should be an immediately visible notice that by using the website, the user agrees to cookies being set by the websites. Information as to how the users can signify and later withdraw their wishes regarding cookies including information on the action required to express such a preference (or, using Hong Kong terminology, 'a response channel'). The data subject should be provided with mechanism by which the data subject can choose to accept all or some cookies or decline cookies with an option to subsequently change a prior choice made regarding cookies.

Retention of Data

- 19.112 DPP 2(2) expressly deals with the requirement that personal data must not be kept for longer than the purpose for which the data is to be used. A comprehensive Cookie statement must therefore contain provisions on this subject. If certain information about a data subject is to be used to collate statistics about visits and return visits to a particular web site on an annual basis, once the annual audit has taken place the information should be destroyed (or fresh consent obtained from the data subject for the process in the next year following). It would appear arguable that

¹⁰³ See Article 29 Data Protection Working Party; Working document 02/2013 providing guidance on obtaining consent for cookies, available at http://ec.europa.eu/justice/data-protection/article-29/documentation/opinion-recommendation/files/2013/wp208_en.pdf (accessed November 2013).

'permanent' cookies are *ipso facto* unlawful under the Personal Data (Privacy) Ordinance because there is no causal connection made between a cookie that collects personal data without limit of time¹⁰⁴ or circumscription by reference to a purpose and the term 'fulfilment of the purpose' as required by DPP 2(2).

Consent

- 19.113 DPP 3 requires 'prescribed consent'. Many web sites, when collecting information about visitors to the site, have boxes to be completed to include the name and address of the visitor. This information is essential if goods are to be delivered to that address and the fact that an order has been placed by the customer must be taken as consenting the use of that information for billing and delivery purposes. Web sites frequently contain boxes marked with an asterisk denoting an optional field. It is submitted that this cannot amount to prescribed consent unless the reason for each piece of information is stated beside (or in conspicuously close proximity to) the relevant optional field.
- 19.114 Where a web site uses cookies, the Cookie statement should set out what information is being collected and why it is being collected especially where the cookie is to be used to build up a profile of the user's surfing activity. Since consent ought to be capable of being withdrawn at any time, the user must be given the opportunity to refuse or withdraw consent and the manner of refusal be stated clearly in the Cookie statement.

Direct Marketing

- 19.115 When web sites use cookies to develop the profiling activities of a web surfer, prescribed consent to the use of the cookie for that purpose should have been obtained. The difficulty here may be that host web site contains advertisements of third parties which themselves attach cookies to users' computer hard drives. Such disclosure must be included in the Cookie statement.

¹⁰⁴ The writer would suggest that 'time' *per se* can be a 'purpose', eg, to show that event *x* happens *y* times during *z* timescale.