

For information

17 March 2015

Legislative Council Panel on Commerce and Industry

**Consultation on a new set of Copyright Tribunal Rules:
Summary of views**

Vide LC paper No. CB(1)340/14-15(01) issued in December 2014, we informed Members of the launch of a two-month consultation exercise on a proposal to provide for a new set of Copyright Tribunal Rules (the Draft Rules) to modernize the practice and procedures of the Copyright Tribunal (the Tribunal). This supplementary paper updates Members on the views we received during the consultation exercise.

The consultation

2. On 9 December 2014, we uploaded the consultation paper together with the press releases onto the websites of the Intellectual Property Department and the Tribunal to invite views and comments on the Draft Rules. We also engaged stakeholders through different channels and encouraged them to take part in the discussion and express their views. The exercise officially closed on 9 February 2015.

Views received

3. We received a total of six written submissions from various stakeholders including professional bodies, copyright licensing bodies and other entities. We also received comments from individual members of the Tribunal.

4. In general, the respondents supported having a new set of rules which seek to modernize the practice and procedures of the Tribunal. The respondents welcomed the provision of a set of self-contained rules which adopted the underlying objectives of the Civil Justice Reform. There was a general consensus that the Draft Rules should render an effective and efficient mechanism to facilitate the settlement of disputes. Some respondents made suggestions on the drafting of individual provisions in the Draft Rules and requested clarification in this regard.

5. We have summarised the views received in the **Annex**. Some notable ones are highlighted below for ease of reference –

(a) Procedures of the proceedings – draft rules 6, 7, 12, 35, etc.

Some respondents commented on the procedural aspects of the proceedings, such as the information to be included in an application, response or request for intervention; the applicable procedure for withdrawing the documents served; and the notice period for oral hearing.

(b) Tribunal's power to give orders or directions – draft rules 26, 28, etc.

Under draft rule 26, the Tribunal is empowered to make specified orders or directions, as well as any other orders or directions it thinks fit to secure the just, expeditious and economical conduct of the proceedings. Some respondents proposed amendments or sought clarifications in relation to the Tribunal's powers under this and other related draft rules including rule 28. For instance, there were suggestions that the Draft Rules should expressly provide for the Tribunal's power in relation to the administration of interrogatories and appointment of joint experts.

(c) Award of costs in special circumstances – draft rule 39

Draft rule 39 sets out the special circumstances in which the Tribunal may impose costs orders. One respondent suggested that the inclusion of subrule (1)(c) (i.e. the paying party has contravened a requirement of the rules or an order or a direction given by the Tribunal) might not be appropriate.

(d) Representation and rights of audience – draft rule 46

Draft rule 46(5) provides that a party (other than a natural person) must be represented at any hearing by a barrister or solicitor, or by any other person allowed by the Tribunal to appear on behalf of the party. Clarifications were sought in relation to the criteria for a person to be allowed by the Tribunal to appear on behalf of the party at a hearing.

6. Some of the respondents also gave comments on issues falling outside the scope of the current consultation, such as those concerning the Tribunal's jurisdiction as prescribed under the principal Ordinance. We will separately review these issues in the future as appropriate.

Way forward

7. We are considering the views received in refining the Draft Rules. We will continue to engage the professional bodies and relevant stakeholders to clarify their comments as appropriate before finalising the Draft Rules for submission to the Chief Justice for consideration. Subject to the making of the new Copyright Tribunal Rules by the Chief Justice pursuant to section 174(1) of the Copyright Ordinance¹ (Cap. 528), we plan to introduce the subsidiary legislation into the Legislative Council for negative vetting in the 2015-16 legislative session.

Advice sought

8. Members are invited to note the above updates.

Commerce, Industry and Tourism Branch
Commerce and Economic Development Bureau
March 2015

¹ This section empowers the Chief Justice to make rules for regulating the proceedings before the Tribunal.

**Consultation on the Draft Copyright Tribunal Rules
Summary of Views**

A. General comments on the principles adopted by the Draft Rules

Individual / Organization	Comment
The Law Society of Hong Kong (Law Society)	Pleased to note that the principle of prescribing a set of self-contained rules with no cross-references to the Arbitration Ordinance (Cap. 609) has been adopted.
	Pleased to note that while the Tribunal might regulate its own procedures and issue guidelines, there was no policy intent to make the use of practice directions (PDs) mandatory under the Draft Rules.
Hong Kong Institute of Trade Mark Practitioners (HKITMP)	Welcomed the decision to apply the underlying principles of the Civil Justice Reform (CJR), but not to align the new rules too closely to the actual civil procedure rules as set out in the White Book, which could be complicated and might increase costs and deter some from using the Tribunal.
	Supported the proposed active case management measures and hoped that the enhanced powers could be used in a flexible and robust manner to reduce the costs and delays associated with more complex copyright disputes.
	Supported the proposal to empower the Tribunal to issue PDs where appropriate, rather than be forced to follow the practice and procedure of the courts too closely.
	Agreed with the approach for the new rules to be self-contained and considered that key members of the Tribunal should be experienced in copyright matters.
International Federation of the Phonographic Industry (Hong Kong Group) Limited (IFPI HK)	Considered that the Draft Rules represented a major improvement over the proceedings of the Tribunal in terms of expediting and facilitating the proceedings. However, did not expect that there would be a substantial saving of the legal costs or a general increase of the users of the Tribunal unless the market dictated otherwise.

Individual / Organization	Comment
	<p>Commented that the proposed active case management approach would not reduce the legal cost albeit it might be more efficient to operate. In practice, the cost for applying for a variation of a term of licence would be much more than the licence fee. Further noted that the evidential burden on licensees for proving their case before the Tribunal was very high.</p> <p>Suggested that mediation would not be efficient (in terms of legal costs and success rate) because of the impact of the variation of licence fees on the operation and running of a licensing scheme.</p>
Television Broadcasts Limited (TVB)	Agreed with the principles set out in the consultation paper and considered the proposal to adopt the CJR underlying objectives in the new rules would be beneficial.
FKM Group	Considered that the appeal procedures were complicated and extra legal costs would be incurred, and might discourage the use of the Tribunal and make it less user-friendly.
Member of the Tribunal	Supported the Draft Rules which could facilitate the work of the Tribunal saving a lot of time and money of the parties as well as the Tribunal.

B. Specific comments on provisions in the Draft Rules

Draft Rule	Individual / Organization	Comment
Rule 6 Commencement of proceedings	International Federation of the Phonographic Industry, Asian Regional Office (IFPI Regional)	<p>Regarding draft rule (6)(2)(b), considered that the applicants should be required to include in the statement of facts the information held by them as to which copyright materials they were using and the uses to which it put such materials.</p> <p>Suggested that the application should state clearly the exact terms, conditions and rate payable that were being sought.</p>
Rules 7, 14, 20 Statement of truth in application, response and request for leave to intervene	Law Society	In addition to the original version, suggested that an amended application, response and request for leave to intervene should also be verified by a statement of truth.

Draft Rule	Individual / Organization	Comment
Rule 12 Withdrawal of application	Law Society	Noted that the Draft Rules did not further provide for the withdrawal of responses or requests for leave to intervene.
	IFPI Regional	Suggested that the approach under rule 17 of the Copyright Tribunal Rules (Cap. 528C), i.e. withdrawal of reference/application any time by serving a notice on the clerk of the Tribunal, should be retained.
Rule 13 Response	Law Society	Sought clarification on the effect of an “uncontested” proceeding under draft rule 13(3).
Rule 18 Publication of application	Law Society	Sought clarification on the channel by which an application to the Tribunal would be published.
Rule 26 Power to give orders or directions	Law Society	Noted that under draft rule 26(1)(b), the Tribunal would be able to give any order or direction it considered fit to secure the just, expeditious and economical conduct of the proceedings. Nevertheless, suggested the inclusion of an express reference to the Tribunal’s power to administer interrogatories and to allow the parties to do so as well.
		Considered that, in light of draft rule 26(4)(h), the Tribunal could, where expert evidence was required, impose on the parties to try to jointly engage an expert unless this was impractical or prejudicial to a party. Nevertheless, suggested the inclusion of an express provision stating the possibility for the appointment of a joint expert whose duties would be owed to the Tribunal instead of the respective parties.
	HKITMP	Welcomed the proposal to allow the Tribunal greater flexibility to give directions on issues such as preservation of evidence by parties, disclosure of documents between parties etc.
		Noted that the Draft Rules took into account of the CJR underlying objectives, and proposed to adopt case management flexibility, and that the Tribunal should have the power to fast track and simplify low value cases. Nevertheless, sought clarification on why there was no specific provision of a fast track system for simple cases of low financial value in order to improve accessibility for small businesses and individuals.

Draft Rule	Individual / Organization	Comment
	IFPI Regional	Regarding draft rule 26(4)(r), suggested that it should be clarified that only persons in the position of an applicant should be subjected to an order of security for costs.
	Member of the Tribunal	Suggested expressly providing for the Tribunal’s power to require the parties to submit skeleton arguments and lists of authorities within a time to be provided for by the Tribunal in draft rule 26(4), with a view to empowering the Tribunal to refuse to consider any late submission of arguments.
		Regarding draft rule 26(4)(s), suggested adding the words “or one immediately after the other” at the end.
		Regarding draft rule 26(4), suggested that the Tribunal should be empowered to require a party to give security for the licence fee, in the form of a payment to the Tribunal.
Rule 28 Failure to comply with orders or directions	Law Society	Considered it unclear as to whether, in cases where a party was debarred from taking further part in the proceeding without the leave of the Tribunal and the Tribunal might give any consequential orders or directions it considered necessary, the Tribunal could proceed to deliver a decision.
	Member of the Tribunal	Suggested adding a new subparagraph as follows: “refuse to consider any statements, particulars, evidence, skeleton arguments, lists of authorities to the Tribunal beyond the time for compliance with any of the Rules, Orders, directions, or decision of the Tribunal”, in order to tackle late submission of such items shortly before a hearing.
Rule 30 Mediation	Law Society	Pleased to note that the parties could explore alternative dispute resolution (ADR). Also noted that mediation would not be compulsory or constitute a “special circumstance” for an award of costs.
		Regarding draft rule 30(4), sought clarification as to why the Tribunal’s appointment of a mediator would not be subject to appeal.

Draft Rule	Individual / Organization	Comment
	HKITMP	Welcomed the proposal in relation to ADR. Agreed that it should not be compulsory to require mediation but noted that there was broad support for making “considering settlement/mediation” a required procedural step.
	Member of the Tribunal	Considered that the Tribunal should be given power to advise the parties to attempt to resolve their disputes or differences by resorting to mediation.
		Suggested elaborating on draft rule 30(2) to allow the appointment of a Tribunal member as the mediator provided that (i) the parties so consented; and (ii) the member appointed would not sit on the panel of the eventual hearing(s).
Rule 33 Summoning of witnesses and orders to answer questions or produce documents	Law Society	Sought clarification on the effect of draft rule 33(3), in particular, whether the Tribunal would be able to ask a party to produce privileged documents or incriminating evidence.
Rule 35 Right to be heard	Law Society	Pleased to note that the Tribunal could determine a matter without an oral hearing under certain circumstances.
		Considered that the 14 days’ notice of an oral hearing envisaged under draft rule 35(2) was too short.
Rule 36 Interlocutory proceedings	Law Society	Pleased to note that matters not involving the final determination of an application might be heard and determined by the Chairman, the Deputy Chairman or a suitably qualified member (i.e. a person qualified for appointment as a District Court judge).
	HKITMP	Welcomed the proposal to allow interlocutory matters to be dealt with by a single Tribunal member who would be qualified to be appointed as a District Court judge.

Draft Rule	Individual / Organization	Comment
	FKM Group	Commented on issues relating to partiality and credibility if interlocutory applications were to be heard by a single member. Believed that more members of the Tribunal should be appointed in adjudication to retain the confidence of the Tribunal.
Rule 38 Delivery of decisions	TVB	Given that reasoned decisions in writing could be useful in helping interested parties evaluate their cases and make sound decisions on whether or not to appeal, suggested that all decisions should be delivered in writing and should state the reasons on which they were based.
Rule 39 Order for costs	Law Society	Agreed that costs should only be awarded under special circumstances. However, commented on the inclusion of draft rule 39(1)(c) (i.e. where a party had contravened a requirement of the rules or an order or a direction given by the Tribunal) as one of the “special circumstances” where costs orders could be made. Given the active case management contemplated, it seemed that most of the objectives (draft rule 3) – cost effectiveness, expedition, fairness and fair distribution of Tribunal resources – would be achieved through cost sanctions. Questioned if this would be in line with the original intention that costs should not be a deterrent to parties hoping to use the Tribunal system.
Rule 45 Enforcement of Tribunal’s decision	Member of the Tribunal	Regarding draft rule 45(1), suggested adding the words “including any order for costs” immediately after the word “a decision of the Tribunal” at the beginning.
Rule 46 Representation and rights of audience	Law Society	Regarding the definition of “representative” and draft rule 46(5), noted that an agent for a party did not appear to automatically have a right of audience before the Tribunal. Sought clarification as to the rationale behind this and the criteria for a person to be “allowed by the Tribunal to appear”.
		Commented that currently, it was much easier to bring in non-UK counsel to have a right of audience before the Tribunal (rule 46). Suggested that the restrictions under the Legal Practitioners Ordinance (Cap. 159) should be relaxed and this should be specifically allowed under the Draft Rules.

Draft Rule	Individual / Organization	Comment
Rule 52 Right of parties or other persons to inspect, etc. documents	Law Society	Suggested that in addition to the application to the Tribunal and the written decision, the public should also be allowed to search and see responses, requests for leave to intervene and their amended versions.
Schedules 1 to 3 Application Form, Response Form and Request Form for Leave to Intervene	HKITMP	Supported a system which would be as simple and straightforward as possible. Considered that the forms were still quite complicated and might be difficult for unrepresented litigants to understand. Suggested some further simplification and more guidance on the items in the forms.

C. Comments on issues relating to the jurisdiction of the Tribunal and other issues

Individual / Organization	Comment
IFPI Regional	<p>Suggested that –</p> <ul style="list-style-type: none"> ● The Tribunal should be empowered to order an applicant (licensee) in certain cases to give security for the licence fee for the duration of the Tribunal hearing, whether such fee was in dispute or under a licensing scheme, as a condition for hearing the case; ● The Tribunal should be empowered to order an applicant (licensee) to stop the use of works until a final decision was reached if the potential licensee or licensee refused to give security for the licence fee; ● The Tribunal should be empowered to issue interim injunctive orders in cases where the applicant (licensee) refused to make an interim payment; ● There should also be provision for interim measures that would be applicable to references brought under sections 155 to 157 of the Copyright Ordinance (Cap. 528); ● In relation to disputes concerning proposed or existing licences/tariffs, it should be stipulated that the burden to prove that the licence terms/tariffs complained of were unreasonable should lie with the applicant; and ● The licensing bodies should be given a right of access to the Tribunal in relation to their proposed or existing licensing schemes.