



Must Know Intellectual Property (“IP”) Issues for NGO Management

Seminar with the Hong Kong Council of Social Service

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Agenda

- Overview of IP rights
- Copyright – basic principles and infringement
- Trademark – basic principles and infringement
- Scenario Sharing
- Q&A

Overview of IP Rights

Patents 專利

Monopoly right to exploit novel inventions and processes



Copyright 版權

The right to make copies – covers different types of original creative works, including computer software, graphic designs, etc.



Overview of IP Rights (Cont'd)

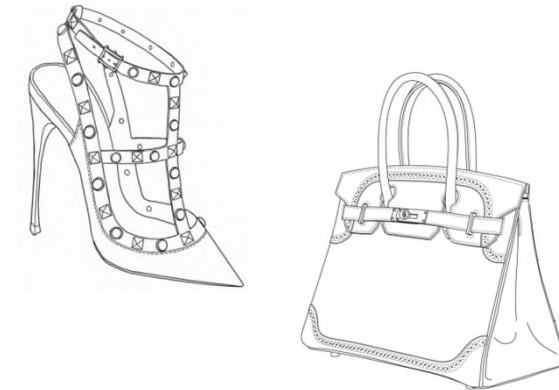
Trademark 商標

Badge of trade origin – can be words, logos, shapes, patterns, sounds and more



Design 外觀設計

Protects the aesthetic appearance of a mass-produced product, e.g. the shape, configuration, pattern or ornament applied to an article by an industrial process





Copyright – Basic Principles

- Work must be (i) original and (ii) recorded in material form or fixed form¹
- Protects expression of an idea, not the idea itself
- Originality means the work is not copied; creation involved skill, judgment, and labour
- Open qualification system²
- No copyright registration system in Hong Kong (cf. optional registration in Mainland China)
- Normally lasts for 50 years after the death of author³

¹ Copyright Ordinance (“CO”), ss2 and 4(2)

² CO, ss177 and 178

³ CO, s17

Copyright – Authorship vs Ownership

- Author of a work is normally the first owner of copyright⁴
- Ensure that copyright ownership is clearly set out in an agreement
- Copyright can be assigned or licensed⁵

Employee works ⁶	Commissioned work ⁷
<ul style="list-style-type: none">• Works made by an employee in the course of employment• Employer is the first owner unless there is an agreement to the contrary	<ul style="list-style-type: none">• When you commission an independent contractor to create a copyright work• Copyright ownership depends on what is stated in the agreement• If the author of the copyright retains ownership, you still have an exclusive licence and power to restrain unreasonable exploitation

⁴ CO, s13

⁵ CO, s101

⁶ CO, s14

⁷ CO, s15

Copyright in AI-generated works



- Does copyright subsist in AI-generated works?
- IPD Consultation Paper on Copyright and AI (July 2024)
 - CO provisions on computer-generated works⁸ are sufficient to protect AI-generated works
 - Authorship should be decided on a case-by-case basis; no legal precedent in Hong Kong yet
 - Contractual arrangement with AI provider is a “pragmatic market solution”
- What do the terms and conditions say?

⁸ CO, s11(3)

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You own all Assets You create with the Services to the fullest extent possible under applicable law. There are some exceptions:

- Your ownership is subject to any obligations imposed by this Agreement and the rights of any third-parties.
- If you are a company or any employee of a company with more than \$1,000,000 USD a year in revenue, you must be subscribed to a “Pro” or “Mega” plan to own Your Assets.
- If you upscale the images of others, these images remain owned by the original creators.

Please consult Your own lawyer if You want more information about the state of current intellectual property law in Your jurisdiction. Your ownership of the Assets you

URL: <https://docs.midjourney.com/docs/terms-of-service> (accessed 23 July 2024)



Copyright – Infringement

- Doing any of the restricted acts without permission, e.g.⁹
 - Copy the work
 - Issue copies of the work to the public
 - Rent copies of the work to the public
 - Perform, show or play the work in public
 - Communicate the work to the public over the Internet or any other mode of electronic transmission
 - Make an adaptation of the work or do any of the above in relation to an adaptation
- **Primary infringement**
 - Substantial copying/ similarity; no requirement of knowledge
 - Cf. **secondary infringement**, e.g. importing or exporting an infringing copy, dealing with an infringing copy, permitting use of premises for an infringing performance¹⁰

⁹ CO, ss22 to 29
¹⁰ CO, ss30 to 36

Copyright – Limited Defences

- Independent creation
- Incidental inclusion¹¹
- Acts permitted as fair dealing?
 - Do not conflict with normal exploitation of the work by the owner and do not unreasonably prejudice the owner’s legitimate interests
 - Fall within one of the prescribed fair dealing exceptions (e.g. research, review, quotation, parody)¹²
- Perform, show or play copyright work as part of the activities of, or for the benefit of, a club, society or other organisation¹³
 - (1) Entity is not for profit; (2) main objects are charitable or otherwise relate to the advancement of religion, education or social welfare; and (3) any charge for admission is applied solely for the purposes of the entity

Subject to conditions; do not prevent copyright owners from suing or raising questions

¹¹ CO, s40
¹² CO, ss37, 38, 39 and 39A
¹³ CO, s76

Trademark – Basic Principles

- Exclusive right to use the registered trademark on goods and services covered by the registration¹⁴
- Perpetual validity after registration if renewed and used¹⁵
- International Nice Classification of Goods and Services (尼斯分類)
- Trademark rights are territorial¹⁶
- Prioritise your registrations for your core assets in “key markets” – where are your operations and beneficiaries located?
- Register as soon as possible



Heineken Asia Pacific Pte Ltd.
Class 32 (beer and stout)



Asics Corporation
Class 25 (shoes)



Haw Par Corporation Limited
Class 5 (medicinal preparations)

¹⁴ Trade Marks Ordinance (“TMO”), s10

¹⁵ TMO, ss49 and 50

¹⁶ TMO, s14



Trademark – Infringement¹⁷

- Using a sign which is identical or similar to a registered trademark
- In relation to goods/services which are identical or similar to those for which the mark is registered
- Likelihood to cause confusion is needed where the marks and/or goods/services are not identical
- In the course of trade or business
 - (i) In the context of a commercial activity with a view to economic gain; and (ii) not as a private matter
 - Concept of “commercial activity” has been interpreted widely
 - The fact that an NGO’s primary aim is not to make profit is not decisive

Scenario Sharing

Project Planning

- NGO entered into a partnership with a Corporate Partner (“CP”) after presenting a pitch deck
- CP will provide funding for NGO to organise a training programme for start-ups
- If the programme is successful, NGO will consider running the programme in Singapore where CP also operates
- NGO is devising a name for the programme
- NGO also wants to set up a website for the programme

What IP is involved in this scenario?
How should you protect these IP rights?

- Name of the programme is a trademark – registration is recommended
- Copyright works
 - Pitch deck
 - Curriculum and training materials
 - Website – content, layout, source code
- Add a copyright notice “© [year of publication] [name]”
- Any IP clause in employment and commission agreements?



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What should NGO do when naming the programme?

- Internet searches to see if anyone else is using the name in the same field or in relation to similar services
- Social media searches
- Trademark search on the Intellectual Property Department’s online database
- WHOIS search to see if a domain name for the proposed name is available



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NGO has chosen a programme name and wants to register the name as a trademark. What are the relevant considerations?

- Timing – the trademark application should be filed before the programme is announced
- Funding – application and renewal come with official fees (and/or professional fees); is CP willing to cover these fees?
- Who should be the owner? NGO, CP, or both?
- Where should the trademark be registered? If budget allows, both Hong Kong and Singapore



Copyright Issues

- NGO wants to design a poster to promote the programme, but no one at the NGO is skilled in design
- NGO posts about its needs on a volunteer platform and engages a professional designer to help
- To save some time, the designer asked Midjourney (a text-to-image AI platform) to generate a rough draft of the poster
- The designer added some design elements to the AI's draft, added the text provided by the NGO, and submitted the poster to the NGO

Who owns the copyright in the poster?

- NGO owns the copyright in the text that it provided to the designer
- Who owns the copyright in the first draft generated by the AI? Does copyright subsist in the draft in the first place?
- Designer is the author of the final poster and first owner of copyright – any agreement with NGO to the contrary?
- Any overriding agreement between NGO and CP regarding IP ownership?



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How can NGO manage the risks of using gen-AI tools?

- Gen-AI developers are facing infringement claims in the US and other countries; IP owners are not coming after the users yet
- Communicate with your staff on whether use of gen-AI is allowed in your organisation; if yes, what uses are allowed (e.g. only allow internal use)
- Do not direct gen-AI tools to copy the works of others
- Keep record of directions given to gen-AI tools
- Before releasing the AI work, check for signs of copying (e.g. any watermark, conduct reverse Google image search)



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After the promotional campaign is launched, NGO receives a cease-and-desist letter from a UK company saying that the poster infringes its IP rights. How should NGO handle this?

- Did the UK company specify which part of the poster is infringing or demonstrate its rights in the allegedly copied work?
- Check with the designer – can he demonstrate a case of independent creation?
- What are the UK company's demands? If the UK company's claim seems reasonable, can NGO take down the poster and avoid payment?
- Seek legal advice



Playing Music in Public

- One of the programme events is to organise an exhibition with booths for start-ups to showcase their goods/services
- Members of the public must register with NGO in advance to visit the exhibition
- Can an NGO staff play music from his Spotify account?



Does the playing of music carry any risk of infringement?

- Yes, this infringes the copyright owner(s)' exclusive rights to play the sound recording in public and perform the musical work in public ¹⁷
- "In public" is interpreted very widely
- NGO can try to rely on the defence relating to non-profit-making entities
- To be safe, if budget allows, consider getting a licence from copyright licensing bodies, e.g.
 - Composers and Authors Society of Hong Kong (CASH); Hong Kong Recording Industry Alliance Limited; Phonographic Performance (South East Asia) Limited

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NGO decides not to play music at the event. If the start-up plays music at its booth, will NGO be held responsible for copyright infringement?

- NGO can be held liable if it authorises someone else to do any act restricted by copyright.¹⁸ Consider:-
 - Extent of NGO's power over the infringement
 - Relationship between NGO and the start-up
 - Whether NGO has taken any reasonable steps to limit or stop the infringement
- NGO may also be liable for secondary infringement of permitting the use of premises for an infringing performance¹⁸
- Issue exhibition rules or guidelines
- Patrol the exhibition to look out for infringing or other unlawful acts

¹⁸ CO, s22(2) and (2A)

¹⁹ CO, s33



Q&A





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