

Layout-Design (Topography) of Integrated Circuits Ordinance No. 17 of 1994^{*}

as last amended by the Adaptation of Laws (Courts and Tribunals) Ordinance No. 25 of
1998—Chapter 445

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^{*} *Official English title.*

Entry into force (of last amending ordinance): July 1, 1997.

Source: English text communicated by the Chinese authorities.

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An Ordinance to establish an intellectual property regime for the protection of layout-designs (topographies) of integrated circuits.

1. Short title

This Ordinance may be cited as the Layout-design (Topography) of Integrated Circuits Ordinance.

2. Interpretation

(1) In this Ordinance, unless the context otherwise requires—

“commercially exploit” includes, by way of trade—

- (a) to sell, let for hire or otherwise dispose of,
- (b) to offer or expose for sale or hire or otherwise offer to dispose of or expose for the purpose of disposing of, or
- (c) to import for the purpose of sale, letting for hire or other disposition;

“court” in [sections 20 to 23](#) means the Court of First Instance;

“designer”, in the case of a computer aided design of a layout-design (topography), means the person who made the arrangements for the creation of the layout-design (topography);

“exclusive licence” means a licence in writing signed by or on behalf of a qualified owner authorizing the licensee to the exclusion of all other persons, including the person granting the licence, to exercise a right that would otherwise be exercisable exclusively by the qualified owner;

“Government use” means the doing of anything by virtue of the application of [sections 19 to 23](#) that, but for the application of those sections, would be an infringement of a qualified owner’s rights under this Ordinance;

“integrated circuit” means a product, in its intermediate or final form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and on, or in or on, a piece of material and which is intended to perform an electronic function;

“layout-design (topography)” means the three-dimensional disposition, however expressed, of the elements of an integrated circuit (at least one of which is an active element) and of some or all

of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture;

“protected layout-design (topography)” means a layout-design (topography) that is protected under [section 3](#) and, in [sections 19 to 23](#), includes an integrated circuit in which the protected layout-design (topography) is incorporated;

“qualified owner” means,—

- (a) a qualified person who, under [subsection \(2\)](#), is the owner of a layout-design (topography); or
- (b) a person who, under [subsection \(2\)](#), is the owner of a layout-design (topography) which was not commercially exploited anywhere else in the world before it was commercially exploited in Hong Kong or in a qualifying country, territory or area,

and includes a person, whether or not he is a qualified person, who is a successor in title to a qualified owner of the layout-design (topography);

“qualified person” means—

- (a) a natural person—
 - (i) who is domiciled or ordinarily resident or has the right of abode in Hong Kong or in a qualifying country, territory or area; or
 - (ii) who has a real and effective industrial or commercial establishment for the creation of layout-designs (topographies) or for the production of integrated circuits in Hong Kong or in a qualifying country, territory or area; or
- (b) a person other than a natural person—
 - (i) the domicile, place of incorporation or place of formation of which is in Hong Kong or in a qualifying country, territory or area; or
 - (ii) which has a real and effective industrial or commercial establishment for the creation of layout-designs (topographies) or for the production of integrated circuits in Hong Kong or in a qualifying country, territory or area,

and includes the Government of Hong Kong and the government of a qualifying country, territory or area;

“qualifying country, territory or area” means a country, territory or area designated by the Governor under [section 24](#);

“reproduce”, in relation to a layout-design (topography), includes copying the layout-design (topography) so as to make an integrated circuit exactly or substantially to that layout-design (topography).

(2) Subject to an agreement to the contrary, the owner of a layout-design (topography) shall be determined as follows—

- (a) where the layout-design (topography) is not created in pursuance of a commission or in the course of employment, the designer of the layout-design (topography) is the owner;
- (b) where the layout-design (topography) is created in pursuance of a commission, the person who commissioned the layout-design (topography) is the owner; and
- (c) where the layout-design (topography) is not created in pursuance of a commission but is created by an employee in the course of his employment, the employer is the owner.

(3) A qualified person can be a qualified owner even if he shares ownership with a person who is not a qualified person.

3. Protected layout-designs (topographies)

(1) This Ordinance protects a layout-design (topography) that is owned by a qualified owner and—

- (a) is original in the sense that it is the result of its creator's own intellectual effort and is not commonplace among creators of layout-designs (topographies) and manufacturers of integrated circuits at the time of its creation; or
- (b) in the case of a layout-design (topography) that consists of a combination of elements and interconnections that are commonplace, the combination, taken as a whole, is original in the sense that it is the result of its creator's own intellectual effort and is not commonplace among creators of layout-designs (topographies) and manufacturers of integrated circuits at the time of its creation.

(2) This Ordinance does not protect a layout-design (topography) that is created before the commencement of this Ordinance.

(3) This Ordinance protects all independently created layout-designs (topographies) referred to in [subsection \(1\)](#), even if they are identical and, subject to [section 6](#), regardless of when they are, on or after the commencement of this Ordinance, created.

(4) A layout-design (topography) shall be deemed not to have been created until it has been recorded in documentary form or incorporated into an integrated circuit.

4. Rights of a qualified owner

(1) A qualified owner has the right—

- (a) to reproduce, whether by incorporation into an integrated circuit or otherwise, all or part of his protected layout-design (topography); or
- (b) to commercially exploit his protected layout-design (topography), an integrated circuit in which his protected layout-design (topography) is incorporated or an article that contains an integrated circuit in which his protected layout-design (topography) is incorporated.

(2) It is an infringement of a qualified owner's right in a protected layout-design (topography) for any person other than the qualified owner to do the acts referred to in [subsection \(1\)](#).

5. Non-infringing acts

Despite [section 4\(2\)](#), it is not, for the purposes of this Ordinance, an infringement of a qualified owner's right in a protected layout-design (topography)—

- (a) if the reproduction or commercial exploitation is done with the qualified owner's consent;
- (b) if the reproduction is done privately not for the purpose of commercial exploitation;
- (c) if the reproduction is done for the sole purpose of evaluation, analysis, research or teaching;

- (d) to use the results of an evaluation, analysis or research of the layout-design (topography) to create a different layout-design (topography) that would be a protected layout-design (topography);
- (e) for a qualified owner of a protected layout-design (topography) that is, as referred to in [section 3\(3\)](#), identical to the qualified owner's protected layout-design (topography) to do the acts referred to in [section 4\(1\)](#); or
- (f) to commercially exploit an integrated circuit in which the layout-design (topography) is incorporated or an article that contains an integrated circuit in which the layout-design (topography) is incorporated after that integrated circuit or that article has been put on the market anywhere in the world with the qualified owner's consent.

6. Duration of layout-design (topography) protection

(1) A layout-design (topography) ceases to be a protected layout-design (topography) 10 years after the end of the year in which it was first commercially exploited, with the qualified owner's consent, anywhere in the world.

(2) Where a layout-design (topography) has not been commercially exploited, with the qualified owner's consent, anywhere in the world, within 15 years after the end of the year in which it was created, it ceases to be a protected layout-design (topography) at the end of that time.

7. Civil remedies for infringement

(1) A qualified owner may take whatever proceedings and seek whatever remedy by way of damages, injunctions, accounts or otherwise with respect to an infringement of his rights in a protected layout-design (topography) as are available with respect to any other property rights.

(2) In any proceeding in which damages may be awarded, the court may, having regard to all of the circumstances of the case including the flagrancy of the infringement and any benefit accruing to the defendant by reason of the infringement, award additional damages.

8. Order for delivery up

(1) Where a person has in his possession, custody or control—

- (a) for commercial exploitation purposes an integrated circuit in which a protected layout-design (topography) is incorporated; or
- (b) anything specifically designed or adapted for making integrated circuits to a particular layout-design (topography), knowing or having reason to believe that it has been or is to be used to make an integrated circuit in which a protected layout-design (topography) is incorporated,

a qualified owner of the protected layout-design (topography) may apply to the court for an order that the integrated circuit or the thing referred to in [paragraph \(b\)](#) be delivered to the qualified owner or to another person that the court specifies.

(2) The court shall not make an order for delivery up unless it also makes, or it appears to the court that there are grounds for making, an order under [section 9](#).

(3) An application for an order under this section shall not be made after six years after the integrated circuit or the thing referred to in [subsection \(1\)\(b\)](#) was made.

(4) Despite [subsection \(3\)](#), if during the whole or any part of the six years the qualified owner is under a disability or is prevented by fraud or concealment from discovering the facts entitling him to apply for an order, an application may be made at any time before the end of six years after the date on which he ceased to be under a disability or, as the case may be, could with reasonable diligence have discovered the facts.

(5) A person to whom an integrated circuit or the thing referred to in [subsection \(1\)\(b\)](#) is delivered up shall, if an order under [section 9](#) is not made at the time of the order under this section, retain the integrated circuit or thing pending the making of an order, or a decision not to make an order, under [section 9](#).

9. Order for disposal

(1) An application may be made to the court for—

- (a) an order that the integrated circuit or the thing delivered up under section 8 be forfeited to the qualified owner, destroyed or disposed of as it specifies; or
- (b) a decision that no order be made under [paragraph \(a\)](#).

(2) In deciding what order or decision to make under [subsection \(1\)](#), the court shall consider whether other remedies available to the qualified owner would be adequate to compensate or protect his interest.

(3) Where there is more than one person who is an owner of the layout-design (topography), the court may make whatever order it considers appropriate under [subsection \(1\)](#) in order to do justice between the owners and it may, in particular, direct that the integrated circuit or the thing referred to in [section 8\(1\)\(b\)](#) be disposed of and the proceeds be divided among the owners as the court directs.

(4) If the court decides that no order should be made under this section, the person in whose possession, custody or control the integrated circuit or the thing was before being delivered up is entitled to its return.

10. Innocent infringement

(1) It is a defence in a proceeding to enforce a qualified owner's rights under this Ordinance for a person who commercially exploits a protected layout-design (topography), an integrated circuit in which a protected layout-design (topography) is incorporated or an article that contains an integrated circuit in which a protected layout-design (topography) is incorporated to prove that he did not know, and had no reasonable grounds to know, when he acquired the layout-design (topography), integrated circuit or article that it was a protected layout-design (topography), that the integrated circuit incorporated a protected layout-design (topography) or that the article contained an integrated circuit in which a protected layout-design (topography) is incorporated.

(2) Where a person referred to in [subsection \(1\)](#) has become aware that the layout-design (topography) is a protected layout-design (topography), that the integrated circuit incorporates a protected layout-design (topography) or that the article contains an integrated circuit in which a protected layout-design (topography) is incorporated he may commercially exploit the protected layout-design (topography), the integrated circuit in which the protected layout-design (topography) is incorporated or the article that contains the integrated circuit in which the layout-design (topography) is incorporated but he is liable to pay to the qualified owner an amount of royalty that would be payable under a freely negotiated licence for the layout-design (topography).

(3) The right to commercially exploit under [subsection \(2\)](#) applies only to a protected layout-design (topography), integrated circuit or article that came into the possession, custody or control of or was ordered by the person before he became aware that the layout-design (topography) is a protected layout-design (topography), that the integrated circuit incorporated a protected layout-design (topography) or that the article contained an integrated circuit in which a protected layout-design (topography) is incorporated.

11. Presumption of protection and ownership

In a proceeding to enforce a qualified owner's rights under this Ordinance it shall be presumed, unless a defendant puts the matter in issue, that in respect of the layout-design (topography) that is the subject-matter of the proceedings—

- (a) the plaintiff is a qualified owner of the layout-design (topography); and
- (b) the layout-design (topography) is a protected layout-design (topography).

12. Affidavit evidence

(1) In a proceeding to enforce a qualified owner's rights under this Ordinance evidence may be submitted by affidavit asserting facts relevant to show that—

- (a) the plaintiff is a qualified owner of the layout-design (topography); and
- (b) the layout-design (topography) is a protected layout-design (topography).

(2) Where the court considers, on the application of a party, that the deponent to an affidavit should be available to be cross-examined with respect to matters asserted in the affidavit, it shall exclude the admission of the affidavit without the appearance of the deponent.

13. Groundless threat of proceedings

(1) Where a person, by means of circulars, advertisements or otherwise, threatens another person with proceedings in respect of an infringement of a right under this Ordinance, then, whether or not the person making the threat is a qualified owner, the court may, on the application of a person aggrieved, do one or more of the following—

- (a) declare that the threat is unjustified;
- (b) grant an injunction against the continuance of the threat;
- (c) award compensation for damage sustained.

(2) The court shall not make any order under [subsection \(1\)](#) if the defendant satisfies the court that the acts in respect of which the proceeding was threatened constituted, or would constitute, an infringement of a qualified owner's right under this Ordinance.

(3) The mere notification of the existence of a right under this Ordinance does not constitute a threat of a proceeding for the purposes of [subsection \(1\)](#).

(4) An application may not be brought under this section where the threat is to bring a proceeding for an infringement that is alleged to consist of making or importing anything.

Dealings with a layout-design (topography) right

14. Assignments and licences of layout-design (topography)

(1) A right in a layout-design (topography) is movable property and is therefore transmissible by any means by which such property may be lawfully transmitted including assignment, licence, testamentary instrument and operation of law.

(2) An assignment or transmission may be total or partial.

(3) An assignment is ineffective unless it is in writing and signed by or on behalf of the assignor.

(4) A licence granted in respect of a layout-design (topography) right by a qualified owner binds each successor in title to his interest in the right, except a purchaser in good faith for value without notice (actual or constructive) of the licence and a person who derives title from the purchaser.

15. Prospective ownership of layout-design (topography)

(1) Where, by an agreement made in relation to a future right in a layout-design (topography) that is signed by or on behalf of the person who would be the owner of the right on its coming into existence, the person purports to assign the future right in the layout-design (topography), wholly or partially, to an assignee, the right, on coming into existence, vests in the assignee or his successor in title.

(2) A licence granted in respect of a future layout-design (topography) right by a prospective qualified owner binds each successor in title to his interest (or prospective interest) in the right, except a purchaser in good faith for value without notice (actual or constructive) of the licence and a person who derives title from the purchaser.

16. Exclusive licence

(1) An exclusive licensee has the same rights against a successor in title to the qualified owner as he has against the grantor of the licence.

(2) An exclusive licensee has, except against the qualified owner, the same rights and remedies in respect of matters occurring after the grant of the exclusive licence as if the licence had been an assignment.

(3) An exclusive licensee's rights and remedies are concurrent with those of the qualified owner.

(4) In a proceeding brought by an exclusive licensee a defendant may avail himself of any defence that would have been available to him if the proceeding had been brought by the qualified owner.

17. Exercise of concurrent rights

(1) Where a proceeding for infringement of a qualified owner's right in a layout-design (topography) is brought by a qualified owner or an exclusive licensee and the proceeding relates wholly or partly to an infringement in respect of which they have concurrent rights of action, neither of them, without leave of the court, may continue with the proceeding unless the other is joined as a plaintiff or added as a defendant.

(2) A qualified owner shall, by post or otherwise, notify any exclusive licensee who has concurrent rights of action in respect of an infringement of a layout-design (topography) before applying for an order for delivery up under section 8, and the court may on the application of the licensee make a delivery up order that it considers just having regard to the terms of the licence.

(3) [Subsection \(1\)](#) does not apply to an application by a qualified owner or exclusive licensee for interlocutory relief.

(4) A qualified owner or exclusive licensee who is added as a defendant pursuant to [subsection \(1\)](#) is not liable for costs in the proceeding unless he takes part in the proceeding.

(5) Where a proceeding for infringement of a qualified owner's right in a layout-design (topography) is brought and the proceeding relates wholly or partly to an infringement in respect of which a qualified owner and an exclusive licensee have concurrent rights of action—

- (a) the court shall, in assessing damages, take into account the terms of the licence and any pecuniary remedy previously awarded or available to either of them in respect of the infringement;
- (b) the court shall, if an account of profits is directed, apportion the profits between them as the court considers just, subject to any agreement between them; and
- (c) the court shall not, if an award of damages has been made or an account of profits has been directed in favor of either of them, direct that an account of profits be made in favor of the other in respect of the infringement.

(6) [Subsection \(5\)](#) applies whether or not the qualified owner and the exclusive licensee are both parties to the proceeding.

Government use of protected layout-designs (topographies)

18. Declaration of extreme urgency

The Governor in Council may, for the purposes of applying [sections 19 to 23](#), by regulation declare a period of extreme urgency whenever he considers it necessary or expedient—

- (a) for the maintenance of supplies and services essential to the life of the community; or
- (b) for securing sufficient supplies and services essential to the life of the community.

19. Government use of protected layout-designs (topographies)

(1) During a period of declared extreme urgency a public officer authorized in writing by the Governor may without the consent of a qualified owner—

- (a) do anything for the purpose of acquiring protected layout-designs (topographies) for the non-exclusive use of the Government for use in Hong Kong; or
- (b) dispose of protected layout-designs (topographies).

(2) A person who acquires from a public officer a protected layout-design (topography) disposed of under [subsection \(1\)](#) may deal with it in the same manner as if the Government were the owner of the protected layout-design (topography).

20. Terms for Government use

(1) Where Government use is made of a protected layout-design (topography) the Government shall, unless the identity or whereabouts of the qualified owner cannot be ascertained on reasonable inquiry, by post or otherwise, notify the qualified owner as soon as practicable and give him information from time to time if the situation changes as to the extent of the Government use of the protected layout-design (topography).

(2) Government use of the protected layout-design (topography) shall be on terms that are, either before or after the use, agreed to between the Government and the qualified owner or, where no agreement is reached, on terms determined by the court.

21. Rights of third parties in case of Government use

(1) The provisions of a licence, assignment or agreement made between a qualified owner (or any person deriving title from him or from whom he derives title) and any person other than the Government are of no effect in relation to Government use of the qualified owner's protected layout-design (topography) so far as the provisions—

- (a) restrict or regulate anything done in relation to the protected layout-design (topography); or
- (b) provide for the making of payments in respect of the use or calculated by reference to the use.

(2) Where an exclusive licence is in force in respect of the protected layout-design (topography)—

- (a) if the licence was granted for royalties (including any benefit determined by reference to the use of the protected layout-design (topography))—
 - (i) any agreement between the qualified owner and the Government under [section 20](#) requires the consent of the licensee; and
 - (ii) the licensee is entitled to recover from the qualified owner whatever portion of the payment for Government use under [section 20](#) as they have agreed or, in the absence of an agreement, as determined by the court; and
- (b) if the licence was granted otherwise than for royalties—
 - (i) [section 20](#) applies in relation to anything done which but for [subsection \(1\)](#) and [section 19](#) would be an infringement of the rights of the licensee, with the substitution in those provisions of references to the qualified owner with references to the licensee; and
 - (ii) [section 20](#) does not apply in relation to anything done by the licensee by virtue of an authority given under [section 19](#).

(3) Where the protected layout-design (topography) has been assigned to the qualified owner for royalties, [section 20](#) applies in relation to Government use of the protected layout-design (topography) as if the references to the qualified owner included the assignor, and any payment for Government use under [section 20](#) shall be divided between them in whatever proportion they have agreed or, in the absence of an agreement, as determined by the court.

22. Compensation for loss of profit due to Government use

(1) Where Government use is made of a protected layout-design (topography) the Government shall pay—

- (a) to the qualified owner; or
- (b) if there is an exclusive licence in respect of the protected layout-design (topography), to the exclusive licensee,

compensation for any loss resulting from his not being awarded a contract to supply integrated circuits in which the protected layout-design (topography) is incorporated.

(2) Compensation is payable only to the extent that a contract could have been fulfilled from the qualified owner's or exclusive licensee's existing production capacity, but is payable despite the existence of circumstances that would render him ineligible for the award of such a contract.

(3) In determining the loss, regard shall be had to the profit which would have been made on such a contract and to the extent to which any production capacity was under-used.

(4) No compensation is payable in respect of any failure to secure contracts for the supply of integrated circuits in which the protected layout-design (topography) is incorporated, otherwise than for the services of the Government.

(5) The amount payable is in addition to any amount payable under [section 20](#) or [21](#).

(6) The amount payable shall be determined by the court if it is not agreed between the qualified owner or exclusive licensee and the Government.

23. Determination of matters by the court

(1) A dispute as to any matter which is to be determined by the court under [section 20](#), [21](#) or [22](#) may be referred to the court by application of any party to the dispute.

(2) In determining a dispute between the Government and any person as to the terms for Government use of the protected layout-design (topography), the court shall have regard to—

- (a) any money which that person or a person from whom he derives title has received or is entitled to receive, directly or indirectly, from the Government in respect of the protected layout-design (topography); and
- (b) whether that person or a person from whom he derives title has in the court's opinion, without reasonable cause, failed to comply with a request of the Government for the use of the protected layout-design (topography) on reasonable terms.

(3) One of two or more joint qualified owners of the protected layout-design (topography) may, with the agreement of the others, refer a dispute to the court under this section, but shall not do so unless the others are made parties, and none of those others is liable for any costs unless he takes part in the proceedings.

(4) Where the consent of an exclusive licensee is required by [section 21\(2\)\(a\)\(i\)](#) a determination by the court of the amount of any payment to be made for Government use is ineffective unless the licensee has been notified of the reference to the court and given an opportunity to be heard.

(5) On the reference of a dispute under [section 21\(2\)\(a\)\(ii\)](#) as to the portion recoverable, the court shall determine what is just having regard to any expenditure incurred by the licensee—

- (a) in developing the protected layout-design (topography); or
- (b) in making payments to the qualified owner in consideration of the licence (other than royalties or other payments determined by reference to the use of the protected layout-design (topography)).



24. Designation of qualifying countries

(1) In this section “qualified owner” means a person who is a qualified owner by virtue of relationship to Hong Kong under the definition of qualified person.

(2) The Governor may, by regulation, designate a country, territory or area as a qualifying country, territory or area if he considers that provisions have been or will be made under the laws of that country, territory or area that will give to a qualified owner under this Ordinance adequate protection in that country, territory or area.