THE LAW SOCIETY OF HONG KONG 香港律師會

COMMENTS BY THE LAW SOCIETY OF HONG KONG ON COPYRIGHT (AMENDMENT) BILL 2003

1. Introduction

1.1 Your letter of 7 January 2004 requests our comments on certain proposed amendments to the Bill under Clause 4 of the Copyright (Amendment) Bill 2003, namely new sections 118, 118A and 118C. We understand that there may be further technical amendments to these sections and other provisions of the Bill, in particular sections 36, 118B and 187 upon which our views will be sought separately. We have also noted the matters raised in the paper considered by the Bills Committee on 27 November 2003, setting out the Administration's response to the views and concerns raised by interested groups.

1.2 In the short time available to respond we will limit our comments to the proposed amended sections although we may wish to add further comments when we have reviewed all the proposed amendments.

2. Transporters and storers

2.1 Section 118(1) (f). This refers to someone who "transports or¡K..stores for profit or reward an infringing copy of a copyright work". We have previously raised the concerns about the criminal liability of intermediaries such as transporters and storers who do not deal directly in goods (such as manufacturers, importers, exporter or distributors) but are in a similar position to those merely in possession of goods for the purpose of or in the course of any trade or business, for which a more limited criminal regime under section 118A is proposed.

2.2 In its response, the Administration states that storage and transportation are part of the supply chain and should be equally culpable with "dealings in". However it does seem to us that this provision and the presumptions in sub-paragraphs 118(5) and 118(6) could add financial and insurance burdens to carriers and storage companies and their customers due the enquiries that should be made. We note that the Hong Kong Society of Accountants and the Australian Chamber of Commerce raised similar concerns and there do not appear to be any submissions in support of this proposal.

2.3 We would urge reconsideration of this proposal and our suggested additional defence that the person charged honestly did not know and had no reason to believe that he was or would be transporting or storing an infringing copy (ie innocence as to his

transporting/storing activity rather than innocence as to what might or might not be an "infringing copy").

3. Storage by search engines

3.1 We have a further concern that storage is a technical term used in the context of storing a work in electronic form, as in the extended meaning of copying under section 23(2) of the Copyright Ordinance. This is presumably not the meaning intended here although there is no reason why it should not have such a meaning. An alternative wording might be "keeps for profit or reward".

3.2 However, even adopting this wording, search engines could be liable under proposed section 118(1)(f). Search engines "cache" copies of webpages in their servers so that they can respond to search requests quickly. The cache copy is not a transient copy, and it is not necessary for viewing by the user, although it is necessary for a user to locate a website. There are so many webpages on the Internet it is impossible to obtain express licence from the copyright owner to cache the webpages and keep them in the server.

3.3 Subject to any possible "implied licence" allowing search engines to cache copies of webpages, the cache copy is an unlicensed and infringing copy. Storing or keeping cache copies in a server waiting for search requests could fall within the phrase "stores [or keeps] for profit or reward".

3.4 Section 26(4) of the Copyright Ordinance expressly excludes from liability for "making available of copies to the public" the mere provision of physical facilities for enabling the same. We propose a similar exclusion for ISPs from liability for "storage" solely where such is necessary to enable copies of work to be searched by the public. However we are aware that this may cause some disquiet with some copyright owners if not carefully drafted (see also paragraph 6 below).

4. Possession

4.1 The order of the wording of section 118(2) is unclear and for some reason different from the format of the previous subsection - is the "possession" or the selling etc to be "for the purpose of or in the course of any trade or business"? We suggest the following amended order of wording:

"(2) A person commits an offence if, without the licence of the copyright owner, he possesses an infringing copy of a copyright work for the purpose of or in the course of any trade or business with a view to - (a) selling…..etc".

5. Liability of legal professionals

5.1 We note the Bar Association's concerns that proposed section 118A(1) may catch professionals for possessing infringing copies provided by clients "with a view to the copyright work being used, without the licence of the copyright owner, in doing any act for the purpose of or in the course of any trade or business."

5.2 The point is raised in Copinger paragraph 8-13 where it is said that in the context of the UK Act, possession must be part of the ordinary course of the business "otherwise a party's solicitor might become liable if he came into possession of an infringing article while acting for him, which would be absurd". In Pensher Security Door Co Ltd v Sunderland CC [2000] RPC 249 at 281, Aldous LJ said "transactions which are only incidental to a business may not be possessed in the course of that business" (such as a carpet in a solicitor's office).

5.3 The UK Act wording on possession is different and does not include acts done "for the purpose of", but the point may be covered by a provision that "possession for the purpose of or in the course of any trade or business does not extend to anything done merely incidental to a business". However, such a provision may create a loophole.

5.4 Section 54 of the Copyright Ordinance states that copyright is not infringed by anything done for the purpose of judicial proceedings. This could be amended to "anything done for the purpose of …. or judicial proceedings or, if done by a legal practitioner, anything done by him on behalf of the person instructing him in the course of his retainer with that person".

6. Downloads from the Internet

6.1 The exemption for downloading a computer program to enable another work to be viewed or heard under proposed Section 118A(6) is not easy to follow. We suggest the following clearer wording, specifically to ensure that only legitimate works may be downloaded:

"(6) Subsection(1) does not apply to the possession of a copy of a computer program that has been made available to the public within the meaning of section 26(2) together with another work (not being a computer program itself and not otherwise offending subsection (1)) solely to enable that other work to be viewed or listened to."

7. Lawfully made

7.1 The reference in S 118(3) (a) and elsewhere to "lawfully made" still causes us concern. The Administration has repeatedly said that the expression is defined but this is simply not true.

7.2 The Ordinance states what is not "lawfully made". The implication is that "lawfully made" means made with the authorisation of the Hong Kong copyright owner, but this is not spelled out. As it stands it could be interpreted to mean lawfully made by the US copyright owner which is different from the Hong Kong owner (ie ownership is in different hands in different territories, as is often the case (for example the design of the Scrabble board which is owned by Hasbro Inc./Milton Bradley in USA and Canada and by Mattel/JW Spear & Sons plc elsewhere). These are not "parallel imports" but the legislation does not make this clear. We have previously suggested the following definition :

""*Lawfully made*" in relation to a work means made whether in Hong Kong or elsewhere either by the owner, or a person authorised by the owner, of copyright in the work in question which the owner is entitled to protect under this Ordinance"

7.3 We have further pointed out that with this definition it would not be necessary to exclude a copy of a work made in a place where there is no copyright law or copyright has expired as it would be a matter of fact whether the making is authorised or not for the goods to be genuine goods and so it does not matter whether there is any relevant local law.

7.4 We have made this submission several times and never received a satisfactory answer. The repeated reply that the expression is already defined ignores the fact that there is no positive definition, only a negative exclusion. The issue remains that "lawfully made" should not include lawfully made by or with the authorisation of someone other than the Hong Kong copyright owner.

The Intellectual Property Committee
The Law Society of Hong Kong
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