



LAW SOCIETY'S SUBMISSIONS ON PROPOSALS FOR STRENGTHENING COPYRIGHT PROTECTION IN THE DIGITAL ENVIRONMENT ("PROPOSALS")

INTRODUCTION

1. The Law Society previously submitted its views on the Preliminary Proposals published in April 2008 (see attached response dated 3 September 2008) and made extensive submissions on the original Consultation Document (see attached submissions dated 30 April 2007). We have now considered the Government's refined Proposals to Strengthen Copyright Protection in the Digital Environment dated November 2009 ("the Proposals"). After so much deliberation and effort we are somewhat disappointed by the limited scope of the proposals, particularly as regards the rejection of statutory damages and the lack of effective provisions for terminating on-line infringements, such as by a graduated response approach.
2. The Proposals once again stress the "Government's commitment towards upholding a robust copyright protection regime in Hong Kong and its importance to the further sustainable development of our creative industries". Indeed the Government and Legislature have a clear obligation under Article 140 of the Basic Law to "protect by law the achievements and the lawful rights and interests of authors in their literary and artistic creation." However, the Proposals remain disappointing in their overly cautious approach to the problem which will do very little to further the Government's cause of tackling infringement in the digital environment.
3. Hong Kong should in our view maintain a cutting edge approach in dealing with internet piracy issues and should clearly set out in legislation (rather than relying on Codes of Practice) rights and remedies that can be directly and conveniently enforced by the courts. In this connection it is well noted that any so-called "human right" to internet access is in fact a right that must be exercised legally and if done so illegally can be limited by a ruling of a court or tribunal.
4. We note that under the Proposals it is intended to have a statutory framework underpinned by a parallel Code of Practice (or perhaps it should be the other way around?). In any event we note that the implementation of the safe harbour provisions in the legislation must go hand in hand with any Code of Practice agreed by the relevant stakeholders.

THE PROPOSALS

- (a) ***Recognising copyright owners' rights to communicate their works through any mode of electronic transmission, with criminal sanctions against infringement***
5. We are pleased to note the proposal that criminal sanctions should be available against those who initiate unauthorised communication of copyright works to the public, whether in the course of business conducted for profit or where it affects prejudicially copyright owners.
- (b) ***Introducing a statutory limitation of liability regime for OSPs in dealing with online piracy***

6. We note the proposal to introduce a statutory regime which gives OSP's the assurance that compliance with certain conditions would qualify them for limitation of liability for copyright infringement. This will be underpinned by a Code of Practice. However, the Government considers this is not an opportune time to introduce a 'graduated response' system.
 7. On the contrary, we consider that if the proposal is to have any real effect, effective enforcement through a graduated response, with appropriate safeguards should be further examined in the light of the systems currently being debated in the UK, Australia and New Zealand and already implemented for example in USA, France, South Korea and Taiwan.
 8. Without effective remedies, including the ultimate sanction of suspending internet access, any statutory notice regime will have little effect in tackling the serious problem of internet piracy.
 9. We are aware of the criticisms of administrative suspension measures such as apply in USA, China and South Korea and agree that Hong Kong should provide measures which are subject to scrutiny by the Court or other Tribunal (ie the Copyright Tribunal) and include appeal procedures.
 10. We note the UK's version of graduated response under the Digital Economy Bill (now at the committee stage) which proposes obligations on OSPs to notify subscribers linked with an alleged online copyright infringement; to record the number of these notifications against each subscriber, and to provide anonymous lists of some or all of those subscribers to copyright owners upon request. Copyright owners may then apply to the court to learn the subscriber's identity.
 11. If these obligations are "insufficient to reduce significantly the level of online infringement of copyright" the Secretary of State will have power to impose (through OFCOM) "technical obligations" on OSPs requiring them to limit internet access by certain serious repeat infringing subscribers, eg those linked to a number of infringements sufficient to place them on a serious infringers list. Although this is an administrative remedy, it includes a right of appeal to the First -tier Tribunal (a new tribunal set up to hear appeals against certain Government decisions) and provides for copyright owner to contribute towards the cost that OFCOM and the OSPs incur.
 12. In New Zealand, legislation is being drafted under which copyright owners will be able to request ISPs to give alleged infringers up to 3 notices (education, cease and desist, advisory) to stop infringing activities, prior to any enforcement action either via the Copyright Tribunal under a fast track system or the Court (including internet account suspension for up to 6 months). Account holders may respond by issuing counter notices to the copyright holders, either via the ISPs, or deal directly with the right holders.
 13. Three strikes legislation is also being considered in Australia.
 14. We are disappointed by the Government's failure to address this issue and consider that to do so will leave Hong Kong behind the curve in its mission to uphold a robust copyright protection regime in Hong Kong.
- (c) *Introducing a copyright exemption for temporary reproduction of copyright works by OSPs***
15. As noted in our previous submissions, whilst recognising the technical need for such an exemption it should form part of the statutory limitation of liability regime for OSPs rather than a general exemption from copyright infringement. In this respect, we note the Government's commitment to fine tune the scope and conditions attached to the exemption.

(d) Prescribing additional factors for considering the award of additional damages

16. We note the Government proposes to prescribe additional factors to assist the court's determination of additional damages. Whilst this is a welcome step, the continued rejection of statutory damages for copyright cases does not resolve the difficulty of proving actual loss for online infringement (which can of course be very extensive)
17. Whilst the Government's response is that it envisages difficulties in specifying a range of statutory damages, it fails to recognise the value of certainty in having at least a range of damages to guide the court, rather than as now through the lengthy and costly process of an enquiry as to damages.
18. We previously submitted that there is a clear positive reason for introducing statutory damages to assist copyright owners in the face of rampant piracy. The Government in response claimed that "far-reaching implications" arise if statutory damages for copyright cases are introduced. We sought clarification of this and have received none.

(e) Introducing a media shifting exception for sound recordings

19. We note the limitation of the proposed exception to sound recordings. Although styled as "media shifting", we consider that the scope should be clearly limited for personal and private use (as indicated) and for the purpose of enabling it to be listened to at a more convenient time or place (this being the rationale) along the lines of the existing exception for broadcasts and cable programmes in section 70 of the Copyright Ordinance.

PROPOSALS NOT SUPPORTED BY THE GOVERNMENT

(f) An alternative infringer identity disclosure mechanism that is not subject to scrutiny by the court

20. In our previous submission, we proposed an alternative cost and time effective infringer identity disclosure mechanism that is subject to court's scrutiny. No response has been received to this proposal, which involved a simplified paper based ex parte application to the court. For reference we repeat our proposals:
 - (i) The legislation should specify the information to be provided by the copyright owner to prove (i) copyright ownership – such as the section 121 affidavit; (ii) the nature of the infringing activity; and (iii) sufficient information to identify the infringing work.
 - (ii) The application is to be made ex parte to the court on affidavit, accompanied by a skeleton argument and draft order.
 - (iii) The judge will be empowered to make an order without a hearing, but will have the discretion to call for a hearing if deemed necessary.
 - (iv) Any person affected by the Order (including an OSP) may apply to vary or discharge the order within a specified period of time (e.g., within 7 days of the service of the order). If no such application is made, the OSP must comply with the order within a certain period of time (e.g., likewise within 7 days of the service).
 - (v) Copyright owners shall continue to bear the administrative (but not, subject to any order of the court, the legal) costs of the OSPs in providing the information required. On any application to vary or discharge the order, the court may make an order for costs in the usual way.
21. It would be helpful to have the Government's proper response on this proposal rather than one implying that the proposal would not be subject to scrutiny by the court.

(g) Statutory damages

See 16-18 above

(h) Introducing new criminal liability pertaining to unauthorised downloading and peer to peer file sharing activities

22. The Government claims not to have seen any added arguments to persuade it to change its mind on this issue.
23. In its Preliminary Proposals, the Government used the argument that the consensus of the community was "not to criminalise the act of mere purchasers and users of infringing copies or products", noting that "the existing law does not criminalise those purchasers of pirated products."
24. In our previous submission we stated *"in principle we do not see why the unauthorised taking (by downloading) without payment of a copyright protected work should not be treated like an unauthorised taking of a CD or DVD from a shop and regarded as criminally culpable. This is not to "criminalise the act of mere purchasers and users of infringing copies or products" but relates to the actual extraction of the copyright work, which is akin to manufacture."*
25. We note that the Government has not addressed this argument at all.

FURTHER CONSULTATION

26. We trust that consultation will continue when the precise legislative amendments are drafted, particularly as regards the interface with existing restricted acts and exemptions. We also note that the matters under consideration are also being addressed in other jurisdictions and urge the Government to keep Hong Kong's copyright law "robust" and at the forefront of these developments.
27. We have referred in this paper to the Copyright Tribunal and are aware that rules as to its constitution and practice are under review. We would strongly support a wider role for the Tribunal as a specialist, user friendly and effective forum for matters involving the enforcement of digital rights. Currently the jurisdiction of the Tribunal is limited to licensing and ownership issues and is not well used. We appreciate that legislative amendment would be required to expand its scope.

**The Law Society of Hong Kong
Intellectual Property Committee
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