

# Legislative Council Panel on Commerce and Industry

## Proposals for Strengthening Copyright Protection in the Digital Environment

### Introduction

The Administration has refined its proposals to strengthen copyright protection in the digital environment, taking into account the views that we have received regarding our preliminary proposals, as well as the latest developments in overseas jurisdictions. This paper briefs Members on the refined proposals.

### Background

2. We issued a consultation document in December 2006 to seek public views on how best to strengthen copyright protection in the digital environment. In the document, we highlighted 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. In discussing options to tackle copyright infringing activities across the Internet, we have stressed the need to balance and address concerns about possible adverse implications that enhanced copyright protection may have on the dissemination of information, while safeguarding personal privacy on the Internet and promoting the development of Hong Kong as an Internet service hub.

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3. Having regard to the views received, the Administration released in April 2008 a package of preliminary proposals (as per Annex A) for further public engagement. We held two public forums in July 2008 and received over 60 submissions at the end of the public consultation period in August 2008. Annex B summarises the views received. We also engaged stakeholders through a Tripartite Forum (please see paragraph 9 below). Having examined the views received and taken reference of the experience and practices in overseas jurisdictions (as summarised in Annex C), we see merits in refining some of the preliminary proposals. The refined package and our underlying considerations are set out below.

## The Proposals

(a) ***Recognising copyright owners’ right to communicate their works through any mode of electronic transmission, with criminal sanctions against infringement***

4. In our preliminary proposals, we proposed that our copyright law should be amended to protect copyright works communicated to the public via any mode<sup>1</sup> of electronic transmission. The objective is to afford adequate protection to all forms of works transmitted electronically, consistent with demands generated by advances in technology. To strengthen this right, we proposed bringing in criminal sanctions against those who initiate unauthorised communication of copyright works –

- (a) in the course of business conducted for profit; or
- (b) other than in the course of business, by “streaming” technology and where the communication is made to such an extent as to affect prejudicially the copyright owner.

The proposed offence in relation to “streaming” was to catch a form of unlawful activity that is increasingly undermining the economics of the music, film and TV industries – three of Hong Kong’s important creative industries. As a corollary, we proposed to amend the law and expand the net as and when any new technology bearing similar consequences comes to light.

5. Most respondents supported recognising copyright owners’ right to communicate their works through any mode of electronic transmission, as well as the proposed criminal sanction against infringing activities conducted in the course of business. However, many questioned the rationale for limiting the criminal sanction against infringing activities conducted other than in the course of business to unauthorised communication using the “streaming” technology. Some advocated making the criminal sanction in this context technology neutral as well, so as to encompass future developments in electronic transmission. Copyright owners argued that criminal sanctions should be introduced against all infringing activities that cause grave prejudice to their interests, irrespective of whether they were motivated by financial gain.

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<sup>1</sup> At present, the Copyright Ordinance (Cap. 528) recognises copyright owners’ (civil) right to communicate their works through *certain specific modes* of transmission, including the right to “broadcast” a copyright work, to include it in a “cable programme service” or to “make it available” to the public by wire or wireless means including on the Internet.

Users resisted further extension of the criminal net to catch infringing activities conducted other than in the course of business. They considered that the existing civil remedies already afforded sufficient protection to copyright.

6. We consider that criminal sanctions should be available to combat large-scale infringing activities that cause prejudice to the copyright owners, irrespective of whether they are for the purposes of commercial advantage or financial gain. This concept is already reflected in the existing Copyright Ordinance in relation to the ‘distribution’ of infringing copyright works, as well as the copyright legislation of some overseas jurisdictions<sup>2</sup>.

7. Meanwhile, we are witnessing accelerated migration of the content industries (such as the movie and music industries) from the more traditional platforms to predominantly digital platforms for disseminating their works. Noting the pace at which new modes and technologies for content dissemination are being developed, we recognise the merits of taking a more forward looking approach in making our copyright law technology neutral. None of the overseas jurisdictions that we have surveyed (please see Annex C) chooses to tie the criminal sanctions (ancillary to the right of digital communication) to specific technology. We accept the argument that our preliminary proposal (of targeting the ‘streaming’ technology first, and then expanding the net later to catch whatever new technology that may be used as a tool prejudicing the interests of copyright owners) may not best serve our aim to afford timely and adequate protection to copyright works being communicated on digital platforms.

8. We propose that criminal sanction should be available against those who *initiate* unauthorised communication<sup>3</sup> of copyright works to the public –

- (a) in the course of business conducted for profit; or
- (b) where it is made to such an extent as to affect prejudicially the copyright owners.

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<sup>2</sup> Similar provisions to combat large-scale infringing activities irrespective of whether they are for the purpose of commercial advantage or financial gain, could be found in the laws of the UK, Australia, the US and Singapore etc.

<sup>3</sup> For the avoidance of doubt, the proposed criminal sanction only applies to the act of taking active steps to make an unauthorised communication to the public. It does *not* apply to the act of downloading/browsing infringing materials via electronic transmission.

Users are likely to express concerns about the adverse impact the proposed criminal sanction in (b) may have on the free flow of information via the Internet. We will consider bringing in appropriate exceptions<sup>4</sup> to facilitate the reasonable use of copyright works, taking into account the views of stakeholders and overseas experience.

***(b) Introducing a statutory limitation of liability regime for OSPs in dealing with online piracy***

*Statutory limitation of liability regime*

9. In our preliminary proposals, we expressed a preference for enlisting the support of OSPs in the fight against online piracy through voluntary industry cooperation rather than legislative means, in the hope that this would provide greater flexibility for the Internet service sector to come up with measures that are effective and responsive to the ever-changing mode of online piracy. We embarked on drawing up a voluntary code of practice for OSPs in combating online infringements, in collaboration with copyright owners, Internet users and OSPs through a Tripartite Forum<sup>5</sup> established in July 2008. We held that compliance with the code should be a factor to be taken into account by the Court when determining whether an OSP has authorised<sup>6</sup> infringing activities committed on its service platform.

10. In the process of drawing up the code, members of the Tripartite Forum expressed concern about the lack of appropriate incentives for OSPs to implement the proposed code voluntarily. The Forum unanimously supported introducing a statutory regime which would limit the liability of OSPs for copyright infringement provided that they complied with certain prescribed conditions as regards combating online infringements on their service platform. The proposed regime, which echoes similar provisions in the laws of the US and Australia, would help maintain a level-playing field (in terms of the responsibilities of OSPs) and provide incentives for OSPs to cooperate in combating online piracy.

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<sup>4</sup> Possible exceptions include those for the education and library sectors.

<sup>5</sup> The Tripartite Forum comprises representatives of right-holders in the content industry (e.g. Motion Picture Association), online service providers (e.g. Internet Professionals Association), and user groups (e.g. Concern Group of the Education Sector on Copyright Law).

<sup>6</sup> Under the Copyright Ordinance (Cap.528), any person who authorises another person to do an infringing act may attract civil liability. It is suggested that in certain circumstances including acquiescence, OSPs might be held liable for having authorised the online piracy activities occurring on their service platforms, although there has been no local ruling on how the term “authorised” might be interpreted by the Court in Hong Kong.

11. Noting such a consensus, we propose to introduce a statutory regime which gives OSPs the assurance that compliance with certain conditions would qualify them for limitation of liability for copyright infringement. This regime will be underpinned by a Code of Practice (please see paragraph 12 below) which sets out the conduct expected of OSPs when notified of infringing activities occurring on their service platforms. OSPs who observe the Code would be deemed to have complied with the conditions<sup>7</sup>.

### Code of Practice

12. Members of the Tripartite Forum have worked diligently to come up with a rough outline of the Code of Practice. It covers measures including the “Notice and Notice”<sup>8</sup> and “Notice and Takedown”<sup>9</sup> systems now practised in the UK and US etc. These measures have been found effective in putting across to Internet users the message that piracy is unlawful and that their unlawful activities can be detected. We believe that such measures could reduce the availability of infringing content on the Internet.

13. Meanwhile, copyright owners have been pressing the Tripartite Forum to introduce a “graduated response” system, as proposed or implemented in France, South Korea, New Zealand etc, into the Code. Under this system, warning notices will be issued to subscribers identified as having engaged in online infringing activities (such as unauthorised downloading or file-sharing activities). Repeat infringers who disregard the warning notices on three occasions could have their Internet access suspended for up to one year. The “graduated response” system is clouded by debates over its implications on civil rights and liberties even in jurisdictions where legislation introducing the system has been passed. Some criticise the system, which effectively deprives users of their Internet connection based on claims by copyright owners, as being disproportionate. Furthermore, the European

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<sup>7</sup> Other than those measures contained in the Code of Practice, OSPs are free to adopt measures they consider appropriate to deal with infringements committed by third parties using their service platforms. Should they choose to deviate from the Code, it would be up to them to demonstrate to the Court’s satisfaction that the alternative measures are adequate in addressing the problem.

<sup>8</sup> Under the “Notice and Notice” system, OSPs (mainly Internet *access* service providers) are required to forward to users or subscribers notices of claimed infringement that they receive from the right holders.

<sup>9</sup> Under the “Notice and Takedown” system, OSPs (mainly those providing information *storage* service, system *caching* service, and *information location tools*) are required, upon receipt of a notice from the copyright owner concerned, to (a) take down or disable access to materials identified to be infringing; and (b) where applicable, notify the alleged infringer who makes the materials available. The alleged infringer could file a counter-notice to the OSP if he opposes the infringement claim. Upon receipt of the counter-notice, the OSP is required to reinstate the materials or restore access.

Parliament recognised access to the Internet as a fundamental right, the limitation of which should be subject to the prior ruling of the Court. We believe that it is not an opportune time to consider introducing such a system in Hong Kong, especially when its implications are yet to be fully tested in overseas jurisdictions.

**(c) *Introducing a copyright exception for temporary reproduction of copyright works by OSPs***

14. In our preliminary proposals, we proposed introducing an exception for temporary reproduction of copyright works by OSPs, which was *transient* or incidental in nature and technically required for the transmission process to function efficiently. Most OSPs and users supported the exception, considering that it would facilitate digital transmission on the Internet. Nevertheless, some copyright owners were concerned that the exception was too wide and might be abused.

15. We propose to proceed with this proposal, which is indispensable for efficient transmission of information on the Internet. For good measure, we will continue to engage stakeholders in fine-tuning the scope of and the conditions attached to the exception (e.g. not allowing the content contained in the original version to be modified during the reproduction process).

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

16. In our preliminary proposals, we recommended prescribing, in the Copyright Ordinance, additional factors that would assist the Court in awarding additional damages<sup>10</sup> particularly in online infringement cases.

17. Some copyright owners continued to press for the introduction of statutory damages<sup>11</sup> which in their view would give greater deterrence. However, they failed to come up with solutions that could help overcome the difficulties we envisaged in specifying a range (or ranges) of statutory damages that could do justice over a wide spectrum of infringements. Our proposal, which assists the Court in awarding damages that are closer to the prejudice likely to have been suffered by the copyright owners in online infringement

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<sup>10</sup> Under section 108(2) of the Copyright Ordinance, the Court may, in an action for infringement of copyright, award such additional damages as the justice of the case may require, having regard to all the relevant circumstances including a number of prescribed factors.

<sup>11</sup> That is to say the amount or range of damages to be awarded in a copyright infringement action would be fixed by statute.

cases, should go some way towards alleviating the difficulties encountered by copyright owners in proving the extent of loss. We propose to proceed with this proposal, and will further discuss with stakeholders the specific factors that should be brought in<sup>12</sup>.

*(e) Introducing a media shifting exception for sound recordings*

18. As an adjunct to our preliminary proposals, we sought public views on whether an exception for *media shifting*<sup>13</sup> of copyright materials for personal and private use should be introduced into our copyright law and, if so, the scope of the exception. Most copyright owners considered such an exception not necessary, noting that the content industries were already developing strategies to facilitate the use of copyright materials across different formats. In their view the exception would derail the promulgation of new business models in the digital market. Users welcomed the proposed exception. It would allow them to convert copyright materials to other formats for use at a time or a place convenient to them. They suggested that the new exception should apply to all types of copyright works.

19. Having regard to the possible impact of the exception on the emerging markets for digital content, as well as similar statutory exceptions in overseas jurisdictions, we propose to introduce a media shifting exception limited to sound recordings. Under the recommended exception, the owner of a non-infringing copy of a sound recording may make one copy of that recording in each device he lawfully owns for his personal and domestic use. Some conditions<sup>14</sup> may have to be imposed to guard against abuse, thus ensuring that the exception does not unreasonably prejudice the interest of the copyright owner. At present, we do not see a demonstrated need to extend the exception to other types of works (such as films or publications).

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<sup>12</sup> Taking into account the difficulties copyright owners may encounter in proving the actual loss sustained in infringement cases occurring in the digital environment, we consider that the factors to be added may include the possible widespread circulation of the infringing copy via digital transmission in the case of Internet piracy; and the conduct of the defendant after the act constituting infringement etc. such as whether the defendant has attempted to hide or disguise the infringement.

<sup>13</sup> “Media shifting” refers to the practice of copying an authorised copy of a copyright work from one medium to another, which may involve changing the format of the work, so that it can be enjoyed on an alternative device, for example by converting a genuine CD music recording to MP3 format for listening on an iPod. Although this practice is commonplace, it is technically a civil infringement of copyright law.

<sup>14</sup> Noting that any media shifting exception must comply with the “three-step test” stipulated in the Agreement on Trade-Related Aspects of Intellectual Property Rights of the WTO, we propose to impose some conditions such as : (a) no circumvention of technological measures applied by the copyright owner to protect the sound recording, be it a measure to restrict copying or control access; and (b) any copy made must not be sold or given away to other persons.

### Proposals that we do not support

20. When presenting our preliminary proposals, we had stated our reasons for **not** supporting the following measures advocated by copyright owners, namely (a) introducing, as an alternative to the “Norwich Pharmacal” principles<sup>15</sup>, an infringer identity disclosure mechanism that is not subject to scrutiny by the Court; (b) introducing statutory damages for copyright infringement actions involving the Internet; and (c) introducing new criminal liability pertaining to unauthorised downloading and Peer-to-Peer file-sharing activities. In the public engagement process since April 2008, we have not seen any added arguments that persuade us to change our mind. We therefore propose to maintain our position on these subjects.

### **Way Forward**

21. We will start preparing the necessary legislative amendments which entail, amongst others, an extensive review of the existing Ordinance. This is necessary to clarify the interface between the existing restricted acts and exceptions on the one hand, and the new proposals especially the copyright owners’ right to communicate their works through any mode of electronic transmission on the other. We intend to introduce the amendment bill into the Legislative Council in the second half of 2010. Meanwhile, we will take forward discussions at the Tripartite Forum to build consensus on the details of (a) the statutory regime on limitation of liability and (b) the Code of Practice for OSPs.

### **Advice Sought**

22. Members are invited to note and comment on the refined proposals as set out in paragraphs 4 to 19 above.

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<sup>15</sup> At present, copyright owners may rely on the “Norwich Pharmacal” discovery procedure to obtain a court order demanding disclosure of the identity of a suspected infringer from the relevant OSP when it is the only practicable source of information to pin down the suspected infringer.

## **Preliminary Proposals for Strengthening Copyright Protection in the Digital Environment**

### **Introduction**

This document sets out the results of a public consultation exercise on “Copyright Protection in the Digital Environment” conducted in 2007, and presents the Administration’s preliminary proposals.

### **Public consultation exercise in 2007**

2. The Government is committed to upholding a robust copyright protection regime. This helps provide an environment conducive to the sustainable development of our creative industries. We believe that our copyright protection regime should also facilitate advancement in technology and innovation in disseminating digital content, thereby helping Hong Kong develop into an internet service hub.

3. To meet the challenges posed by advances in technology, we issued a consultation document in December 2006 to seek public views on whether and if so how our copyright protection regime should be strengthened in this digital era. The main issues raised in the document include (a) whether unauthorised file sharing of copyright works and/or unauthorised downloading should be criminalised; (b) whether protection of copyright works transmitted to the public should be made technology neutral, rather than being tied to certain modes of transmission; (c) what role online service providers (OSPs) should play in combating internet piracy; (d) whether legislation should be introduced to facilitate copyright owners in taking civil actions against online infringement; (e) whether statutory damages should be introduced into the copyright law; and (f) whether the existing scope of copyright exemption for temporary reproduction of copyright works should be expanded.

4. The public consultation exercise ended in April 2007. We received over 600 submissions, mostly from individuals. Annex I gives the gist of the views expressed.

5. Copyright owners considered that internet piracy was so rampant and blatant that further protection by way of legislation was called for. The users, most trade associations as well as some professional groups were concerned about the possible adverse impact that such legislation might have on the free flow of information on the internet, personal data privacy, and the development of Hong Kong as an internet service hub. The majority view was against casting the criminal net to catch unauthorised downloading activities.

6. The practitioners in the intellectual property field including members of the legal profession were divided on whether the legislative changes demanded by copyright owners to facilitate the pursuit of civil actions, in particular the prescription of statutory damages, should be introduced. Those not in favor questioned whether the mechanism currently available to copyright owners in asserting their civil rights against online infringements were causing insurmountable problems to the extent that warranted such draconian relief measures as fettering the court's discretion in determining the appropriate damages.

7. There existed strong voices for trying out voluntary measures such as industry guidelines or a code of practice for OSPs before consideration was given to going down the legislative route.

### **The Administration's Preliminary Proposals**

8. We have carefully analysed the views received. In formulating the Administration's position on the various issues, we have also taken into account the experience of as well as latest developments in different jurisdictions overseas, including the UK, US, Singapore, Australia, and Korea. Our proposals and the underlying considerations are set out in the ensuing paragraphs.

*(a) Introduce a right of communication covering all modes of electronic transmission for copyright works, with related criminal sanctions against the breach of this right*

9. Advances in technology in recent years not only inject impetus into the development of internet and digital content, they also give copyright owners a wider choice of avenues (e.g. webcasting, on-demand services etc.) to

disseminate their copyright works. Given the pace at which technological developments are unfolding in recent years, we believe our copyright law should be made more forward-looking.

10. The existing Copyright Ordinance (Cap. 528) (“the Ordinance”) recognises copyright owners’ rights to disseminate their work through certain specific modes of transmission, including the rights to “broadcast” a copyright work, to include it in a “cable programme service” or to “make it available” to the public by wire or wireless means including on the Internet. When making a civil claim, a copyright owner has to demonstrate that the unauthorised act has infringed his right and done so vide a mode that falls under one or more of the prescribed categories. While the specified modes of transmission may still meet today’s needs, we see a case for introducing an all-embracing right of communication which could encompass future developments in electronic transmission. This will facilitate copyright owners in exploiting their works in the digital environment and is conducive to the development of digital content and advance technology in digital transmission.

11. Ancillary to the introduction of this all-embracing right of communication, we have to consider whether and if so what criminal sanction should be brought in. A blanket criminalisation of all unauthorised communication might cast the net too wide and entail far-reaching unwanted implications. In the interest of clarity and certainty on one hand while ensuring that legitimate/fair use of copyright works would not be affected on the other, we propose that criminal sanctions should be introduced against acts of making/initiating unauthorised communication to the public in defined circumstances, namely –

- (a) where communication is made for the purpose or in the course of business (being a business conducted for profit, which includes the provision to the public of a service consisting of unauthorised communication of copyright works); or

- (b) where, other than for the purpose or in the course of business, communication is made by “streaming”<sup>1</sup> the copyright work to the recipients and the communication is made to such an extent as to affect prejudicially the copyright owner.

12. The proposal to criminalise unauthorised communication in the “business context” mirrors the existing sanctions as regards distribution of infringing copies for profit. For the “non-business context”, we propose that the criminal sanction to be brought in should be confined at this stage to unauthorised communication of copyright works by “streaming”. This would tackle the proliferation of such unauthorised communication of copyright works, which is at present one of the most common forms of copyright infringement causing undue prejudice to owners; while ensuring that the criminal net would not be cast too wide as to create uncertainty or affect normal sharing of ideas/information through electronic means. We will regularly review the provisions in the light of advances in technology to ensure that they remain adequate for meeting the prevailing needs, especially having regard to the rampancy of any infringing activities and the potential harm caused.

- (b) *Introduce a copyright exemption for temporary reproduction of copyright works by online service providers (“OSPs”), which is technically required for (or enables) the transmission process to function efficiently*

13. To facilitate the development of Hong Kong as a regional internet service hub, we propose to provide a new exemption for temporary reproduction of copyright works by OSPs, which is transient or incidental in nature, and is technically required for (or enables) the transmission process to function efficiently. This exemption will cover the “caching” activities<sup>2</sup> undertaken by OSPs, which help save bandwidth and are indispensable for efficient transmission of information on the internet.

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<sup>1</sup> “Streaming” is a technology for transferring data (usually multimedia data) such that the data can be processed as a steady and continuous stream. Very often, the technology enables users to view or listen to a work online though, unlike downloading, users will generally not be able to retain a complete copy of the work after streaming.

<sup>2</sup> It refers to the storing or caching of web content by OSPs on their proxy servers so that the content can be quickly retrieved in future requests.

14. While the proposed exemption will be beneficial to society as a whole, we are mindful that it should not compromise the legitimate interests of the copyright owners. In line with the “three-step test<sup>3</sup>” laid down under the World Trade Organization’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), we propose to qualify the exemption by limitations such as the following –

- the exemption only applies to communication that is not infringing;
- the exemption should be subject to any express prohibitions imposed by copyright owners/licensees in the form of any commonly available or adopted measures (i.e. the copyright owners could opt out); and
- the content as contained in the original version should not be modified during the reproduction process.

15. The proposed exemption would have to be carefully crafted to guard against abuse. We would make reference to similar exemptions in other jurisdictions (e.g. the UK) and take into account the views of the relevant stakeholders as appropriate.

***(c) Facilitate the drawing up of a voluntary code of practice for OSPs in combating internet infringements, the compliance with which or otherwise will be prescribed in law as a factor that the court shall take into account when determining whether an OSP has authorised infringing activities committed on its service platform***

16. The healthy development of the internet sector is of fundamental importance to maintaining Hong Kong’s competitiveness in the global economy. While we should avoid over-regulation of the internet sector lest this may stifle the free flow of information and the development of the internet industry, we need to put in place vigorous measures to minimise the use of the internet as a platform for massive infringements. Many would agree that OSPs are well

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<sup>3</sup> The “three-step test” requires that the exceptions to copyright restriction should (1) be confined to “special cases”; (2) not conflict with a normal exploitation of the work concerned; and (3) not unreasonably prejudice the legitimate interests of the copyright owner.

placed to help combat internet piracy and hence should play an active role in this fight.

17. We propose to facilitate the process of drawing up a code of practice for OSPs in protecting copyright in the internet environment. We will establish a tripartite forum comprising representatives from OSPs, copyright owners and users to explore the merits of different systems (e.g. a “Notice and Notice” system<sup>4</sup>) and to draw up details and plans for implementing the agreed system(s), such as authentication of the notices, indemnity and cost implications etc. To provide incentives for OSPs to comply with the code of practice, we suggest amending the law such that compliance with the code of practice would be a factor that the court shall take into account in determining whether or not an OSP has authorised an infringement committed on its service platform.

18. The drawing up of a code of practice for OSPs will be a major step forward in enhancing the industry’s contributions towards the fight against internet piracy. The Administration will closely monitor the progress made in drawing up the code and its effectiveness in combating internet piracy. If necessary and in the light of experience both local and overseas, the Administration will consider providing an appropriate legislative framework to facilitate implementation of the agreed systems.

***(d) Continue to rely on the “Norwich Pharmacal” principles, as opposed to introducing an alternative infringer identity disclosure mechanism that is not subject to scrutiny by the court***

19. For copyright infringements committed on the internet, the identity of the online infringer is often unknown to the copyright owner, and difficult to track down unless with the cooperation of the relevant OSP. At present, copyright owners may rely on the “Norwich Pharmacal” discovery procedure to obtain a court order demanding disclosure from the relevant OSP (notwithstanding that it may be an innocent third party to the action) when it is the only practicable source of information. Nevertheless, some copyright owners claimed that the Norwich Pharmacal proceedings were slow and costly. They demanded the provision of a simpler and more expedient mechanism,

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<sup>4</sup> In short, if a copyright owner finds that a copyright infringement occurs on an OSP’s service platform, he/she may issue a notice in a prescribed form to the OSP concerned, who would then relay the notice or issue a warning notice to the alleged infringer.

such as the subpoena system in the US, whereby a copyright owner may request the clerk of any US District Court to issue a subpoena to an OSP for the identification of an alleged infringer by furnishing certain prescribed information, without scrutiny by the court.

20. While noting copyright owners' concerns, the Privacy Commissioner for Personal Data considered that the mere need for a "quick and inexpensive" alternative mechanism to facilitate effective enforcement of civil rights was not a sufficient justification for invasion of personal data privacy. Users were also concerned that the alternative mechanism might be subject to abuse and worried that their personal data would be used for other ulterior motives. Whilst the existing "Norwich Pharmacal" mechanism for obtaining disclosure may not be perfect for pursuing civil claims against infringements on the internet, we are yet to be convinced that the difficulties experienced are such as to warrant putting in place an alternative infringer identity disclosure mechanism that bypasses judicial scrutiny and which may compromise the protection of personal data privacy.

21. That said, we stand ready to explore other ways to facilitate the copyright owners in taking civil actions against online infringements. We will further discuss with stakeholders to explore opportunities for streamlining the disclosure mechanism, with our baseline being that any such mechanism should be subject to the court's scrutiny. Furthermore, in the tripartite forum referred to in paragraph 17 above, we would, for instance, put forth the idea of requiring the relevant OSPs to retain records of the relevant infringing activities by the alleged infringer if and when "Norwich Pharmacal" proceedings have been triggered, as a line of conduct for inclusion in the code of practice for OSPs.

*(e) Prescribe in law additional factors to assist the court in considering the award of additional damages, in lieu of introducing statutory damages for copyright infringement actions*

22. Under the Ordinance, a copyright owner in an infringement action may seek damages to compensate for the loss he suffered. The nature of damages is compensatory<sup>5</sup> and, as a general rule, the plaintiff has to prove to the court the loss he suffered and that the infringement in question is the

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<sup>5</sup> Copyright infringement is a statutory tort. Damages in tort are generally awarded to place the claimant in the position he/she would have been had the tort not taken place.

effective cause of the loss. Copyright owners have called for the introduction of statutory damages, whereby a range of damages would be prescribed by the legislature, in the interest of relieving their burden to prove actual loss, reducing legal cost and helping deter future infringements. We are not aware of any example of statutory damages for tort actions in Hong Kong. In other words, the introduction of statutory damages into our intellectual property rights protection regime could have far-reaching implications on other civil proceedings. Moreover, we envisage substantive difficulties in specifying a range (or ranges) of damages that could do justice over a wide spectrum of infringements, ranging from massive blatant cases to innocent ones.

23. Having said the above, we recognise that the process of proving the extent of actual loss, in particular, in the digital environment is often fraught with difficulties. We hence propose to prescribe in law additional factors to assist the court's determination of additional damages. The factors may include –

- the conduct of the defendant after the act constituting infringement. For example, attempts to hide or disguise infringements or to take other action prejudicial to the copyright owner;
- the possible widespread circulation of the infringing copy via digital transmission in the case of internet piracy; and
- the need to deter similar infringements of copyright.

***(f) Refrain from introducing new criminal liability pertaining to unauthorised downloading and peer-to-peer (P2P) file-sharing activities***

24. Under the Ordinance, it is an offence for a person to, amongst others, distribute an infringing copy of a copyright work in a “business context”<sup>6</sup> or otherwise to such an extent as to affect prejudicially the copyright owner. In our view, this offence provision is wide enough to cover both the distribution of infringing copies in the physical and the digital environment,

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<sup>6</sup> It refers to the distribution of infringing copies for the purpose of or in the course of any trade or business which consists of dealing in infringing copies of copyright works.

such as distribution of infringing copies by uploading them on an online service platform or via a P2P file-sharing network. We consider the current coverage coupled with the introduction of the new criminal sanctions associated with introduction of the communication right discussed in paragraph 11 above sufficient. Hence, we propose to maintain the existing criminal liability pertaining to distribution of infringing copies.

25. Under the existing law, the act of unauthorised downloading of copyright works entails civil liability. The issue of criminalising unauthorised downloading activities is highly controversial. There were ample discussions in the community since 2000 as regards how wide the criminal net should be cast to combat copyright infringements. The existing formulation of the criminal sanctions reflects the consensus in the community not to criminalise the act of mere purchasers and users of infringing copies or products, with the exception of business end-users in a limited context<sup>7</sup>. Since the existing law does not criminalise those purchasers or users of pirated products, it would require very strong justifications to introduce an asymmetric legal regime solely for the sake of internet piracy. In the absence of such justifications and consensus, we propose to maintain the existing legal position pertaining to unauthorised downloading activities.

26. As regards file-sharing activities using P2P technology, we note that it is a feature of P2P technology that all participating P2P users (“participants”) will contribute their computing power and bandwidth to facilitate file-sharing and if online connection is maintained, the downloaded material will be shared amongst participants. While the Court of Final Appeal’s decision in Chan Nai-ming’s case<sup>8</sup> affirmed that the initiator of file-sharing activities using P2P technology may be liable to an offence of prejudicial distribution, there is as yet no court case or authoritative ruling on the legal liability that a participant may attract. We consider that our existing regime is already wide enough to catch those participants with guilty intent. Depending on his/her role in the file sharing activities and other relevant circumstances, a participant, by his/her conduct and with the necessary mental element, may have already committed the offence of distributing infringing copies to an extent prejudicial to the interest of the copyright owner. We

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<sup>7</sup> The criminal sanctions (section 118(2A)) are now limited to business end-users in possession of infringing copies of the following four categories of works for use in the course of business, namely computer programs, movies, television dramas and musical recordings (sound or visual).

<sup>8</sup> HKSAR v. Chan Nai-ming FACC 3/2007.

therefore do not see a need to introduce additional and specific criminal sanctions against unauthorised P2P file-sharing activities. Instead, we would continue to place our focus on combating upstream infringements (i.e. those who distribute infringing copies) and infringements in the business context.

### **New Issue - Media shifting**

27. Though the subject is not covered in the consultation document, some respondents suggested that the Government should provide an exception as regards media or format shifting<sup>9</sup>. There have also been some important developments in other jurisdictions since December 2006. Australia introduced two new copyright exceptions which allow owners of legitimate copies of sound recordings and certain types of other copyright materials to make a copy of the recordings or materials for private and domestic use under certain specified circumstances. This would, for example, allow the owner of a genuine CD to make a copy of the recording to play on a portable device for his own personal enjoyment. The UK Government also released a consultation paper early this year, which proposed legislative changes including a format shifting exception. The New Zealand Parliament is currently scrutinising a legislative proposal which provides for a format shifting exception.

28. In the light of these developments, we are inclined to provide a similar exception which would provide greater flexibility for the legitimate use of copyright work. A note on the subject including the key issues is at Annex II.

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<sup>9</sup> Format shifting is the practice of copying material from one format to another (e.g. copying musical recordings from audio CD to the embedded memory of a portable music player).

**Summary of views sought**

29. Yours views are sought on -
- (a) the Administration's preliminary proposals as set out in paragraphs 9 to 26 above; and
  - (b) the proposal to introduce a media shifting exception in the legislative package and the scope of the exception (paragraphs 27 to 28 and Annex II).

Commerce, Industry and Tourism Branch  
Commerce and Economic Development Bureau  
April 2008

**Copyright Protection in the Digital Environment  
Summary of Views Received**

<u>Chapter 1</u>	
<p><b>Issue :</b></p> <p><i>Views Received :</i></p>	<p><b>Whether and if so how the scope of criminal liability should be expanded to combat unauthorised uploading and downloading activities in Hong Kong</b></p> <p><i>Users (including most of the major trade associations, the education sector and general users):</i></p> <ul style="list-style-type: none"> <li>● <i>The existing regime already provided sufficient copyright protection. Introduction of any new criminal sanction would affect normal business operation and deter the use of internet for information dissemination.</i></li> <li>● <i>Infringing materials on the internet were hard to distinguish and innocent people might inadvertently fall into the criminal net.</i></li> <li>● <i>Criminalisation might dampen Hong Kong's momentum in developing into an internet service hub and increase the operating costs of local companies.</i></li> <li>● <i>Currently, it was not an offence for purchasing or acquiring infringing products.</i></li> </ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"> <li>● <i>Civil remedy alone was not effective or sufficient. Criminalisation could help deter massive and blatant infringements which occurred on the internet.</i></li> <li>● <i>The most effective way of combating internet piracy was to control the demand for infringing products.</i></li> <li>● <i>Criminalisation would not affect the free flow of information as users could continue to use the internet for legitimate purpose.</i></li> <li>● <i>Should criminalise those unauthorised downloading and P2P file-sharing activities that were for the purpose of commercial advantage or financial gain and/or on a commercial scale.</i></li> </ul>

Chapter 2

**Issue :**

**Whether an all-embracing right to communicate copyright works to the public should be introduced into the copyright law of Hong Kong, and if so, whether infringement of this right should attract criminal sanctions**

*Views*

*Received :*

*Users:*

- *The majority supported introducing the right of communication, although some were concerned about the scope of the right and the implications involved.*
- *Some users were concerned that the introduction of the right could possibly hamper the free flow of information and freedom of speech.*
- *The criminal net should not be expanded to cover unauthorised communication of copyright works because of the far-reaching implications to society at large.*

*Copyright Owners*

- *The right of communication could accommodate technological development and obviate the need for legislative amendments each time new technology arises.*
- *Such a right was also consistent with the World Intellectual Property Organization Copyright Treaty.*
- *The right should be underpinned by criminal sanctions in defined circumstances, such as where the infringements of the right were “willful” and “committed for the purpose of commercial advantage or private financial gain, and/or where they occur on a commercial scale”.*

Chapter 3

**Issue :**

**Whether the Copyright Ordinance should be amended to impose liability on online service providers (OSPs) for the online piracy activities undertaken by their clients on their service platforms, and if so, under what circumstances the liability would arise and what remedies or sanctions should be imposed**

*Views*

*Received :*

*Users:*

- *Generally opposed to imposing civil liability on OSPs because they had no responsibility (and no right) to screen, filter or otherwise censor the content or flow of information occurring on their platforms.*

*OSPs:*

- *OSPs should not be made the scapegoats for the wrongdoings of third parties.*
- *Given the enormous traffic which occurred on the internet everyday, it would be very difficult and costly for OSPs to actively monitor the web content.*
- *OSPs were willing to cooperate with copyright owners on a voluntary basis.*

*Copyright Owners:*

- *Supported imposing liability on the OSPs, because that would provide incentives for OSPs to cooperate in preventing massive infringement.*
- *OSPs were well-placed to help prevent or combat internet infringements by adopting appropriate measures or policies.*
- *Many overseas jurisdictions required OSPs to comply with certain conditions in order to enjoy limitation of liability.*

Chapter 4

**Issues :**

- (i) Whether a specific infringer identity disclosure mechanism similar to the subpoena system in the US should be provided under the Copyright Ordinance;**
- (ii) Whether a legislative route should be pursued to require OSPs to keep records of their clients' online communication**

*Views  
Received :*

*Users:*

- *The disclosure mechanism might be abused and personal data might be misused for ulterior purposes.*
- *The disclosure mechanism might have chilling effect on freedom of expression.*
- *The burden of record-keeping will lead to additional costs to the IASPs which would be passed on to the consumers.*

*OSP:*

- *The Norwich Pharmacal principles already provided a functional procedure for copyright owners to obtain disclosure.*
- *Concerned about the cost implications for a mandatory record-keeping requirement (some OSPs also stated that they would not vow for the accuracy of the personal data captured in their records).*

*Copyright Owners:*

- *Norwich Pharmacal proceedings were complicated, timely and costly. The difficulties experienced in identifying online infringers severely inhibited right holders' incentive in taking legal actions.*
- *While some preferred the introduction of a disclosure mechanism similar to the subpoena system in the US, others suggested streamlining the Norwich Pharmacal procedures.*

*Some supported imposing a mandatory record-keeping requirement as the information was essential for the pursuit of civil actions by copyright owners.*

<u>Chapter 5</u>	
<b>Issue :</b>  <i>Views Received :</i>	<b>Whether statutory damages for copyright infringement should be introduced into Hong Kong, and if so, what range(s) of damages should be provided and how the system should operate</b>  <i>Users:</i> <ul style="list-style-type: none"><li>• <i>The introduction of statutory damages departed from the established principle that a party seeking damages should substantiate his loss.</i></li><li>• <i>It might also fetter the courts' discretion in assessing the appropriate level of damages.</i></li><li>• <i>Read-across effect on other civil liabilities in Hong Kong.</i></li><li>• <i>Should wait for more civil cases to build up before considering the need to introduce statutory damages.</i></li></ul> <i>Copyright Owners:</i> <ul style="list-style-type: none"><li>• <i>In the case of internet piracy, there existed genuine difficulties in proving and quantifying loss, which dampened copyright owners' motivation in instituting civil actions in the first place.</i></li><li>• <i>Statutory Damages provided certainty and encouraged settlement of cases, thus enhancing efficiency of the legal process.</i></li><li>• <i>Statutory Damages were available in the laws of the US and Singapore.</i></li><li>• <i>Some suggested that statutory damages could be introduced only to fight rampant piracy cases, such as those for commercial purposes or financial gain, in order to deter massive infringements.</i></li></ul>

Chapter 6

**Issue :**

**Whether and if so how the existing scope of copyright exemption for temporary reproduction of copyright works should be expanded**

*Views Received :*

*Users:*

- *Expanding exemption to cover caching activities of OSPs would be conducive to the development of information technology.*
- *Such reproduction was unlikely to have any prejudicial effect on the copyright owners.*
- *Some advocated the introduction of more exemptions/fair use principles to encourage creativity and innovation.*

*OSPs*

- *Some supported the exemption as the setting up of proxy servers could help save bandwidth and facilitate information retrieval.*
- *Some considered the exemption unnecessary.*

*Copyright Owners:*

- *Exempting all kinds of temporary reproduction might prejudice the normal exploitation of copyright works by copyright owners.*
- *The exemption was unnecessary and might be abused.*
- *Some were amenable to expanding the temporary reproduction exemption to cover various temporary reproductions including caching activities so long as, amongst others, the reproduction was transient and automated, the copy itself had no independent economic value, and the reproduction was made from lawful copies of the work (i.e. not from an infringing copy).*

## **A Limited Copyright Exception for Digital Media Shifting**

“Media shifting”<sup>1</sup> refers to the practice of copying genuine copyright material from one medium to another, such as copying legitimate musical recordings from an audio CD to a portable music player. This often involves a change in the format e.g. in the case of sound recordings, from CD digital audio format to MP3<sup>2</sup> format.

2. With advances in technology, the way consumers use copyright works in digital form has changed. In recent years, a great variety of personal compact digital media products have come onto the market (one such example is the ‘iPod’). These products started out with music devices based on the MP3 digital music compression format and have now developed to cover high quality video players. Some devices (including mobile phones) are able to support the playing of digital sound and video as well as interactive digital games.

### **Possible Format Shifting Exception in Hong Kong**

3. Under the existing law, except as allowed by permitted acts, any copying of copyright works without the authorisation of the copyright owners may attract civil liability<sup>3</sup>. However, users generally consider such restriction unreasonable in the context of media shifting for private and personal use. They argue that so long as they own a legitimate copy of the work, they should be entitled to convert the work to other format for personal use on their own digital portable device such that they could enjoy the work at a time or a place convenient to them.

4. On the other hand, copyright owners, particularly those in the music and movie industries, are concerned that a media shifting exception may open the floodgate for uncontrolled unauthorised sharing of copyright works. Whilst there is growing recognition by the industry worldwide that media shifting by consumers is a fact of life, some copyright owners

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<sup>1</sup> The terms "media shifting" and "format shifting" are often used interchangeably.

<sup>2</sup> MP3, or MPEG-1 Audio Layer 3, is a digital audio encoding format.

<sup>3</sup> Unauthorised copying of copyright works for sale or hire may attract criminal liability, apart from civil liability, under the Copyright Ordinance.

remain adamant that the current civil remedies, though difficult to enforce, should be kept if only as a deterrent.

### **Situations in other jurisdictions**

5. The issue of whether a “media shifting” exception should be introduced was not included in the public consultation document we released in December 2006. Since then, some overseas jurisdictions have either introduced or proposed specific media shifting exceptions under their copyright legislation. For example, copyright legislation in Australia now allows owners of legitimate copies of sound recordings and certain types of other copyright materials to make a copy of the recordings or materials for private and domestic use under certain specified circumstances. In New Zealand, a legislative proposal which provides for a media shifting exception for sound recordings is being scrutinised by the Parliament. In the UK, a consultation paper on “proposed changes to copyright exceptions” was released in January 2008, which includes a proposal on a media shifting exception. The consultation has just ended on 8 April.

6. The Appendix sets out the existing/proposed exceptions in these countries.

### **Considerations and recommendation**

7. Advances in technology have altered the way in which musical and visual works are recorded and the way consumers enjoy such works. We consider a very limited media shifting exception could afford greater certainty to users, without prejudicing the interests of copyright owners. In this connection, we propose to introduce an exception that allows limited copying<sup>4</sup> of copyright works that consumers legally own for personal and private use subject to specified conditions<sup>5</sup>.

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<sup>4</sup> This may include limits in respect of the types of copyright works to which the exception applies, and the number and format of copies which may be allowed.

<sup>5</sup> For example, similar to other existing exceptions under the Copyright Ordinance, where a copy of copyright work that is legitimately made by virtue of the exception is subsequently dealt with (such as sold, let for hire or exposed for sale or hire), it would become an infringing copy. For other possible conditions, please refer to the major conditions / restrictions as set out in the Appendix.

8. In considering the possible exception, we need to take into account the following –

- (a) any exceptions must be fully compliant with the “three-step test” requirement under the TRIPS Agreement of the WTO. Hence, the relevant provisions would need to be carefully formulated having regard to similar provisions in other jurisdictions so as to ensure that Hong Kong remains fully TRIPS-compliant; and
- (b) at present, copyright owners have the option of using “technological measures”<sup>6</sup> to prevent copyright infringement. The Copyright (Amendment) Ordinance 2007 introduces additional protection for such technological measures, including prohibition against activities that circumvent the technological measures applied by copyright owners. We consider that the proposed new exception should not confer any right to circumvent such technological measures so as to enable copyright owners to develop appropriate business model in face of the proposed new exception.

### **Views sought**

9. Public views are sought on whether an exception for media shifting for personal and private use should be introduced into the copyright law of Hong Kong to facilitate reasonable use of copyright works, and if so, (a) the scope (i.e. the types and formats) of copyright works to be covered; and (b) the limitations/restrictions that should be imposed in relation to such an exception (e.g. the pre-condition for users to own a legitimate copy, the requirement for users to retain the legitimate

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<sup>6</sup> “Technological measures” include measures that prevent or restrict unauthorised copying of copyright works (“copy protection measures”) and measures that protect copyright works from unauthorised access (“access control measures”).

copy, the number of permitted copy in other format(s), the restrictions against any file sharing, etc<sup>7</sup>).

Commerce, Industry and Tourism Branch  
Commerce and Economic Development Bureau  
April 2008

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<sup>7</sup> For further reference, please see the limitations/restrictions for media shifting exceptions in other jurisdictions, as set out in the Appendix.

## Media shifting exception in Australia, New Zealand and United Kingdom

	Australia (existing exception)	New Zealand (proposed exception)	United Kingdom (proposed exception)
Scope of exception	<p>(1) The owner of a non-infringing copy of a <i>book, newspaper or periodical publication</i> may make <i>a copy</i> of a work contained in the book, newspaper or periodical publication into <i>a different format</i>, for his private and domestic use (including the private and domestic use of his family and household member).</p> <p>(2) The owner of a non-infringing copy of a <i>photograph</i> may make <i>a copy</i> of the photograph, in <i>hard copy form if the original photograph is in electronic form</i> or in <i>electronic form if the original photograph is in hardcopy form</i>, for his private and domestic use (including the private and domestic use of his family and household member).</p> <p>(3) The owner of a non-infringing copy of a <i>videotape embodying a cinematograph film in analog form</i> may make <i>a copy</i> of the film in <i>electronic form</i>, for his private and domestic use (including the private and domestic use of his family and household member).</p> <p>(4) The owner of a non-infringing copy of a <i>sound recording</i> may make <i>a copy</i> of that recording <i>multiple times</i> into <i>any format</i> for his private and domestic use (including the private and domestic use of his family and household member) on <i>devices he owns</i>.</p>	<p>The owner of a non-infringing copy of a <i>sound recording</i> may make <i>one copy</i> of that recording in <i>each device he owns</i> for his personal use (and the personal use of a member of his household).</p>	<p>Allow consumers to make <i>a copy of a copyright work</i> they legally own for personal and private use, so that they can make the work accessible in <i>another format</i> for playback on <i>a device in their lawful possession</i>.</p> <p>Questions such as the classes of work (e.g. sound recordings, films and/or other types of works) to be covered and number of format shifts to be allowed are subjects of the consultation.</p>

	<p style="text-align: center;"><b>Australia (existing exception)</b></p>	<p style="text-align: center;"><b>New Zealand (proposed exception)</b></p>	<p style="text-align: center;"><b>United Kingdom (proposed exception)</b></p>
<p><b>Major conditions/restrictions</b></p>	<p><u>For works in (1) to (3)</u></p> <ul style="list-style-type: none"> <li>● There should be <i>no more than one copy in each format</i>.</li> <li>● Dealing with (such as sale, hire or distribution of) the private use copy or subsequent disposal of the original copy (such as to sell or give away the original copy) is not allowed.</li> </ul> <p><u>For work in (4)</u></p> <ul style="list-style-type: none"> <li>● The original copy of sound recording must not be made by downloading over the Internet a digital recording of a radio broadcast or similar program.</li> <li>● Dealing with, playing in the public or broadcasting the original copy or private use copy is not allowed.</li> </ul>	<ul style="list-style-type: none"> <li>● There should be <i>no more than one copy for each device</i>.</li> <li>● The sound recording is not borrowed or hired.</li> <li>● The owner must acquire the sound recording legitimately.</li> <li>● The owner of the sound recording must retain the ownership of both the original copy and any copy made under the exception.</li> <li>● The proposed exception does not apply if there are express contractual provisions to the contrary.</li> </ul>	<ul style="list-style-type: none"> <li>● <i>Only one copy</i> of a work is allowed <i>on each device</i>.</li> <li>● The owner would not be permitted to sell, loan, or give away the copy or share it more widely (for example in a file sharing system or on the Internet).</li> <li>● The owner would not be permitted to retain the copy if he was no longer in possession of the original.</li> <li>● Third parties would not be able to copy works on behalf of consumers.</li> <li>● Copying for friends and family would not be covered.</li> </ul>

**Preliminary Proposals for Strengthening  
Copyright Protection in the Digital Environment  
(released in April 2008)**

**Summary of Views Received**

<p><b>Proposal 1 :</b></p> <p><i>Views Received :</i></p>	<p><b>Introduce a right of communication covering all modes of electronic transmission for copyright works, with related criminal sanctions against the breach of this right</b></p> <p><i>Users (mainly general users and organisations in the education sector):</i></p> <ul style="list-style-type: none"><li>● <i>Some supported the introduction of the right provided that no criminal sanction would be attached.</i></li><li>● <i>Most opposed to criminalisation of “streaming” in the non-business context for fear that it might inhibit free flow of information.</i></li><li>● <i>Requested the Government to introduce appropriate exemptions for education sector, non-profit-making organisations etc.</i></li></ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"><li>● <i>Supported the introduction of the right and related criminal sanctions.</i></li><li>● <i>On our proposal to criminalise, in the “non-business context”, unauthorised communication using the “streaming” technology : most considered the proposal not going far enough, since it was technology specific.</i></li><li>● <i>Some suggested that criminal sanctions should be introduced for all forms of infringements occurring on a commercial scale, irrespective of whether the unauthorised communication is motivated by commercial gain.</i></li></ul> <p><i>OSPs:</i></p> <ul style="list-style-type: none"><li>● <i>Most supported the introduction of the right, but had reservations about imposing additional criminal sanctions.</i></li><li>● <i>Some opined that legislation should preferably be technology neutral.</i></li></ul>
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<p><b>Proposal 2 :</b></p> <p><i>Views Received :</i></p>	<p><b>Introduce a copyright exemption for temporary reproduction of copyright works by online service providers (“OSPs”), which is technically required for (or enables) the transmission process to function efficiently</b></p> <p><i>Users:</i></p> <ul style="list-style-type: none"><li>● <i>Most supported the exemption as it would facilitate efficient data transmission.</i></li></ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"><li>● <i>Opposed to the exemption, commenting that it was unnecessary and unduly wide.</i></li><li>● <i>Some suggested that the Government should introduce a limitation of liability regime instead of a blanket exception to the reproduction right.</i></li></ul> <p><i>OSPs:</i></p> <ul style="list-style-type: none"><li>● <i>Most supported the exemption, but disagreed with the proposed conditions attached to the exemption.</i></li><li>● <i>Some suggested that the exception should apply to all kinds of temporary reproduction incidental to the efficient use of the Internet.</i></li></ul>
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<p><b>Proposal 3 :</b></p> <p><i>Views Received :</i></p>	<p><b>Facilitate the drawing up of a voluntary code of practice for OSPs in combating internet infringements, the compliance with which or otherwise will be prescribed in law as a factor that the court shall take into account when determining whether an OSP has authorised infringing activities committed on its service platform</b></p> <p><i>Users:</i></p> <ul style="list-style-type: none"><li>● <i>Welcomed the drawing up of a Code of Practice for OSPs, which should be procedurally sound, substantively fair and legally clear.</i></li><li>● <i>Any Notice and Takedown regime must be transparent and supplemented by appeal mechanism.</i></li><li>● <i>Schools and not-for-profit organisations etc. should be exempted.</i></li></ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"><li>● <i>Most supported pursuing voluntary measures but some were concerned about their effectiveness.</i></li><li>● <i>Most suggested that voluntary codes should be backed by legal incentives, such as a limitation of liability regime similar to that of the US.</i></li><li>● <i>Some suggested that the costs incurred by OSPs in implementing the measures should be recovered from the infringers.</i></li></ul> <p><i>OSPs:</i></p> <ul style="list-style-type: none"><li>● <i>Supported voluntary cooperation, backed up by a limitation of liability regime to set the ground rules.</i></li><li>● <i>Some expressed concerns over (a) sharing of costs, (b) possible abuses, (c) availability of end user appeal process etc.</i></li><li>● <i>Strongly opposed to any presumption of “authorisation” on the part of OSPs, or any request for OSPs to police the cyberspace.</i></li></ul>
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<p><b>Proposal 4 :</b></p> <p><i>Views Received :</i></p>	<p><b>Continue to rely on the “Norwich Pharmacal” principles, as opposed to introducing an alternative infringer identity disclosure mechanism that is not subject to scrutiny by the court</b></p> <p><i>Users:</i></p> <ul style="list-style-type: none"><li>● <i>Supported continual reliance on Norwich Pharmacal Principles which struck a right balance between enforcement of rights and protection of personal data.</i></li><li>● <i>Opposed to record retention requirement because of the cost and privacy implications.</i></li></ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"><li>● <i>Most welcomed the proposal to consider ways to streamline the disclosure mechanism. Some considered that an ex parte and expedited disclosure mechanism should be introduced.</i></li><li>● <i>Some reiterated their support for the subpoena system used in the US.</i></li><li>● <i>Some believed that a standardised record retention requirement would be helpful.</i></li></ul> <p><i>OSPs:</i></p> <ul style="list-style-type: none"><li>● <i>Supported maintaining the status quo.</i></li><li>● <i>Opposed to any record retention requirement.</i></li></ul>
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<p><b>Proposal 5 :</b></p> <p><i>Views Received :</i></p>	<p><b>Prescribe in law additional factors to assist the court in considering the award of additional damages, in lieu of introducing statutory damages for copyright infringement actions</b></p> <p><i>Users:</i></p> <ul style="list-style-type: none"><li>● <i>Agreed not to introduce statutory damages which were unprecedented in Hong Kong. Reiterated that damages should be compensatory in nature.</i></li></ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"><li>● <i>Most welcomed the proposal to introduce additional factors to assist the court in determining the award of additional damages.</i></li><li>● <i>Some maintained that statutory damages would be an effective tool for deterrence and education.</i></li></ul>
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<p><b>Proposal 6 :</b></p> <p><i>Views Received :</i></p>	<p><b>Refrain from introducing new criminal liability pertaining to unauthorised downloading and peer-to-peer (P2P) file-sharing activities</b></p> <p><i>Users:</i></p> <ul style="list-style-type: none"><li>● <i>Agreed with the proposal to refrain from introducing such criminal liability.</i></li><li>● <i>Supported enforcement actions at the upstream level.</i></li></ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"><li>● <i>Some opined that the existing sanctions, together with the proposed new criminal sanctions associated with the communication right, would be sufficient for the purpose of combating online piracy.</i></li><li>● <i>Some advocated introducing criminal sanctions for all forms of serious infringements occurring on a commercial scale.</i></li></ul> <p><i>OSPs:</i></p> <ul style="list-style-type: none"><li>● <i>Generally content with the proposal.</i></li></ul>
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<p><b>New Issue :</b></p>          <p><i>Views Received :</i></p>	<p><b>Public views are sought on whether an exception for media shifting for personal and private use should be introduced into the copyright law of Hong Kong to facilitate reasonable use of copyright works, and if so,</b></p> <p><b>(a) the scope (i.e. the types and formats) of copyright works to be covered; and</b></p> <p><b>(b) the limitations/restrictions that should be imposed in relation to such an exception (e.g. the pre-condition for users to own a legitimate copy, the requirement for users to retain the legitimate copy, the number of permitted copy in other format(s), the restrictions against any file sharing, etc)</b></p> <p><i>Users:</i></p> <ul style="list-style-type: none"><li>● <i>Some suggested the exception should cover all types of works to avoid any confusion to the public, while others suggested the exception should apply to printed works, photographs, videos and sound recordings.</i></li><li>● <i>Some opined that the prohibition against circumvention of technological measures applied by copyright owners would render the exception meaningless.</i></li><li>● <i>Some suggested that the exception should allow backup activities of libraries and archives for preservation of records and dissemination of knowledge.</i></li></ul> <p><i>Copyright Owners:</i></p> <ul style="list-style-type: none"><li>● <i>Most considered the exception unnecessary and might be abused.</i></li><li>● <i>Most believed that the introduction of the exception would disrupt the development of new digital market.</i></li><li>● <i>Some commented that if the Government was minded to introduce such an exception, it should be subject to the technological measures applied by copyright owners. Moreover, restrictive conditions should be imposed to prevent abuse.</i></li></ul> <p><i>OSPs:</i></p> <ul style="list-style-type: none"><li>● <i>Generally adopted a neutral stance.</i></li><li>● <i>Some commented that the exception should apply to all types of copyright works, where the format-shift was for a small number of copies for personal consumption.</i></li></ul>
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**Overseas Practice**

**Owners’ right to communicate their works to the public through any mode of electronic transmission**

	<b>UK</b>	<b>US</b>	<b>Singapore</b>	<b>Australia</b>	<b>New Zealand</b>
<b>Availability of a (civil) right for copyright owners to communicate their works to the public through any mode of electronic transmission</b>	<b>Yes<sup>1</sup></b>	<b>No specific right</b> <b>But</b> US courts have construed that certain acts commonly included under the right of communication could be covered by the exclusive right of reproduction, public distribution and public performance.	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Criminal sanctions against the breach of this right</b>	Unauthorised communication of any copyright work to the public by a person (a) in the course of business; or (b) to such an extent prejudicial to the copyright owner. <sup>2</sup>	<b>No dedicated offence</b> <b>but</b> subject to a general offence of willful copyright infringement committed on a large scale or for commercial advantage or private financial gain.  Other specific offences could also cover certain types of unauthorised communication.	<b>No dedicated offence</b> <b>but</b> subject to a general offence of willful copyright infringement where (a) the extent of the infringement is significant; or (b) the act is done to obtain a commercial advantage.	Unauthorised communication of works or other subject matters to the public (a) with the intention of trading or obtaining a commercial advantage or profit; or (b) the extent of communication affects prejudicially the copyright owner.	<b>No criminal offence (except</b> if a person causes an illicit recording* to be communicated to the public.)  * An “illicit recording” is a recording of a performance made without the performer’s consent and otherwise than for private/domestic use.

<sup>1</sup> In compliance with EU Directive 2001/29/EC which requires member states to provide authors of work with the exclusive right to authorise or prohibit any communication to the public of their works by wire or wireless means.

<sup>2</sup> EU Directive 2001/29/EC requires member states to provide appropriate sanctions and remedies that are effective, proportionate and dissuasive.

Overseas Practice

**Role of Online Service Providers (OSPs) in Combating Internet Piracy**

	<b>UK</b>	<b>US</b>	<b>Singapore</b>	<b>Australia</b>	<b>New Zealand</b>
<b>Secondary liability of OSPs for infringing acts committed by third parties over their service platforms</b>	<ul style="list-style-type: none"> <li>• Authorises a third party to do an infringing act, or</li> <li>• Acts as a joint tortfeasor with another person to commit an infringing act</li> </ul>	<p>US courts have developed the following principles through case decisions –</p> <ul style="list-style-type: none"> <li>• contributory infringement</li> <li>• vicarious infringement</li> <li>• liability for inducing infringements</li> </ul>	<ul style="list-style-type: none"> <li>• Authorises a third party to do an infringing act, or</li> <li>• Acts as a joint tortfeasor with another person to commit an infringing act</li> </ul>	<ul style="list-style-type: none"> <li>• Authorises a third party to do an infringing act, or</li> <li>• Acts as a joint tortfeasor with another person to commit an infringing act</li> </ul>	<ul style="list-style-type: none"> <li>• Authorises a third party to do an infringing act, or</li> <li>• Acts as a joint tortfeasor with another person to commit an infringing act</li> </ul>
<b>Limitation of liability on OSPs</b>	<p>Subject to compliance with certain conditions, OSPs would not be liable for damages, other pecuniary remedy or any criminal sanction<sup>3</sup>. OSPs could however still be subject to injunctive measures if they have actual knowledge that their services are</p>	<p>Injunctive or equitable relief could be granted in prescribed forms. OSPs not liable for monetary relief.</p> <p>To enjoy limitation of liability, OSPs must comply with certain conditions which include –</p> <ul style="list-style-type: none"> <li>• OSPs must adopt and implement policy that provides for</li> </ul>	<p>Injunctive or equitable relief could be granted in prescribed forms. OSPs not liable for monetary relief.</p> <p>To enjoy limitation of liability, OSPs must comply with certain conditions which include –</p> <ul style="list-style-type: none"> <li>• OSPs must adopt and implement</li> </ul>	<p>Injunctive or equitable relief could be granted in prescribed forms. OSPs not liable for damages, an account for profits, additional damages or other monetary relief.</p> <p>To enjoy limitation of liability, OSPs must comply with certain conditions</p>	<p>OSPs not liable for any relief (except injunctive relief) merely because its services were used by others to carry on infringing activities.</p> <p>To enjoy limitation of liability, OSPs providing storage/caching activities should remove infringing materials if –</p>

<sup>3</sup> In compliance with EU Directive 2000/31/EC which requires member states to limit the liability of OSPs arising from the course of providing services in electronic commerce provided that they comply with certain prescribed conditions.

	<b>UK</b>	<b>US</b>	<b>Singapore</b>	<b>Australia</b>	<b>New Zealand</b>
	<p>being used for carrying on infringing activities.</p> <p>Conditions applicable include removal of infringing materials from hosting platform upon obtaining knowledge. But there is no standardised Notice and Takedown system.</p>	<p>termination of accounts of repeat infringers</p> <ul style="list-style-type: none"> <li>• OSPs must comply with the Notice and Takedown system.</li> </ul>	<p>policy that provides for termination of accounts of repeat infringers</p> <ul style="list-style-type: none"> <li>• OSPs must comply with the Notice and Takedown system.</li> </ul>	<p>which include –</p> <ul style="list-style-type: none"> <li>• OSPs must adopt and implement policy that provides for termination of accounts of repeat infringers</li> <li>• OSPs must comply with the Notice and Takedown system.</li> </ul>	<p>(a) (for storage) OSPs have knowledge of the infringement. Receipt of a notice of infringement could constitute “knowledge”; or</p> <p>(b) (for caching) OSPs become aware of court orders requiring deletion of the material from original source or the material at source has been removed.</p>
<b>Positive statutory obligation imposed on OSPs</b>	No, but currently proposed (please refer to the “Legislative and other Government initiatives” section below)	No	No	No	OSPs to adopt and implement policy that provides for termination of accounts of repeat infringers (Note: this provision is currently suspended)

## **Legislative and other Government initiatives**

### **UK**

The UK Government has since late 2006 launched several rounds of public consultations on possible regulatory solutions to combat unlawful P2P file sharing. A new round of public consultation on “Legislation to Address Illicit P2P File-Sharing” was launched on 16.6.09. According to the latest proposals, a statutory duty will be placed on the Office of Communications (“Ofcom”) to take steps aimed at reducing online copyright infringement. Specifically Ofcom will be required to impose the following obligations on ISPs (which include all providers of electronic communications networks and services) –

- (i) to notify alleged infringers (subject to reasonable levels of proof from right-holders) that their conduct is unlawful; and
- (ii) to collect anonymised information on serious repeat infringers (derived from their notification activities), and to make available the anonymised data to rights holders to enable them to decide whether to pursue court proceedings against the alleged serious infringers.

It is proposed that the obligations above will be underpinned by a Code of Practice to be prepared by an industry self-regulatory body and approved by Ofcom, or failing which, to be provided by Ofcom. Ofcom will review the effectiveness of the notifications and targeted legal action scheme one year after initial implementation. If Ofcom is satisfied that the scheme has proved to be insufficient to dissuade serious infringers, it will have a power to require ISPs to apply various technical measures, such as blocking (in relation to websites or Internet Protocol addresses), protocol blocking, port blocking, bandwidth capping, bandwidth shaping, content identification and filtering.

The UK Government issued a statement on 25.08.09 sharing its further proposals on the issue. It proposed to (a) empower the Ofcom to carry out preparatory work on the introduction of suitable technical measures, (b) introduce a new sanction for suspending the Internet accounts of infringers, and (c) implement a cost-sharing arrangement (i.e. 50:50 split of administrative/operational costs to be shared by the OSPs and the right holders as a result of their obligations under the proposed legislation and Code of Practice).

The consultation ends on 29.9.09.

### **France**

The Creation and Internet Law, also commonly known as the “graduated response” law, was passed by the French parliament in May 2009. Under the said law, an administrative body known as “Hadopi” will have the power to issue (via the Internet service providers) warning notices to subscribers who were identified by right owners to have engaged in infringing online activities, and furthermore, the power to impose penalty on repeat infringers, namely infringers who disregarded the warning notices on two previous occasions could have their internet access suspended for up to one year. However, certain aspects of the new law were ruled unconstitutional by the French Constitutional Council in June 2009. In particular, the Council ruled that it was inappropriate for an administrative authority to be entrusted with the power to restrict or prevent access to Internet by general members of the public, as this may be in conflict with the rights to freedom of expression and freedom of communication which are guaranteed under the French constitution. Furthermore, the Council found that the sanction proceedings under the new law (which involves reversal of the burden of proof) may not be consistent with the presumption of innocence. The French parliament has passed a revised bill conferring power on a judge to rule on terminations of Internet access.

### **Industry Cooperation**

We note that in the past few years, there are developments in the form of voluntary industry cooperation *around the globe*.

#### **US**

A coalition of some of the world's largest media groups and internet companies have agreed, in October 2007, on a set of guidelines on user-uploaded and user-generated audio and video content. The guidelines include the implementation of filtering systems by service providers that will block copyright materials from being posted without the owners' authorisation.

#### **France**

A Memorandum of Understanding was signed in November 2007 between audiovisual, film and music rightholders, broadcasters, internet access providers and the public authorities with a view to facilitating lawful supply of online contents and formulating measures to prevent piracy on the internet.

#### **UK**

Certain rightholders signed a Memorandum of Understanding in July 2008 with major OSPs under which the OSPs agreed, on a trial basis, to send notifications to subscribers identified to have engaged in infringing online activities.

#### **New Zealand**

A working party consisted of representatives of internet service providers was set up to prepare a draft Code of Practice, which aimed to facilitate OSPs to comply with their statutory obligation by adopting and implementing a policy for terminating the accounts of repeat infringers. The draft Code was issued for public consultation in February 2009. However, due to the statutory obligation being suspended, the working party has stopped working on the Code until further notice.

Overseas Practice

Media shifting exception

	<b>UK (proposed exception)</b>	<b>US (existing exception)</b>	<b>Singapore</b>	<b>Australia (existing exception)</b>	<b>New Zealand (existing exception)</b>
<b>Scope of exception</b>	<p>It has been proposed to allow consumers to make a copy of a copyright work they legally own for personal and private use, so that they can make the work accessible in another format for playback on a device in their lawful possession<sup>4</sup>.</p> <p>Questions such as the classes of work (e.g. sound recordings, films and/or other types of works) to be covered and number of format shifts to be allowed were the subjects of the first consultation.</p>	<p>No copyright infringement action may be brought based on the non-commercial use by a consumer of a <i>digital audio recording device</i>, a <i>digital audio recording medium</i>, an analog recording device or an analog recording medium for making <i>digital musical recordings</i> or analog musical recordings.</p> <p>It seems possible that certain kinds of media shifting activities may fall within the “fair use” copyright exception in the US Copyright Law.</p>	<p>No specific exception, but similar to the US position, it seems that in appropriate circumstances, media shifting activities may fall within a general “fair dealing” provision in the Singaporean Copyright Act</p>	<p>The owner of a non-infringing copy of –</p> <ol style="list-style-type: none"> <li>(1) a book, newspaper or periodical publication may make a copy of a work contained in the book, newspaper or periodical publication into a different format;</li> <li>(2) a photograph may make a copy of the photograph, in hard copy form if the original photograph is in electronic form or in electronic form if the original photograph is in hardcopy form;</li> <li>(3) a videotape embodying a cinematograph film in analog form may make a copy of the film in electronic form;</li> <li>(4) a sound recording may make a copy of that recording multiple times into any format on devices he owns;</li> </ol> <p>for his private and domestic use (inclusive of lending such copy to his family and household member for private and domestic use).</p>	<p>The owner of a non-infringing copy of a sound recording may make no more than one copy of that recording in each device he owns for his personal use (and the personal use of a member of his household).</p>

<sup>4</sup> EU Directive 2001/29/EC provides that in certain cases of exceptions or limitations, rightholders should receive fair compensation to compensate them adequately for the use of their works. It also states that in situations where the prejudice to the rightholder would be minimal, no obligation for payment may arise. In this regard, the UK Government proposed not to introduce a levy system as the proposed exception was very narrow in scope.

	<b>UK (proposed exception)</b>	<b>US (existing exception)</b>	<b>Singapore</b>	<b>Australia (existing exception)</b>	<b>New Zealand (existing exception)</b>
<b>Major conditions/restrictions</b>	<ul style="list-style-type: none"> <li>• Only one copy of a work is allowed on each device.</li> <li>• The owner must retain the original and would not be permitted to sell, loan, or give away the copy or share it more widely (e.g. on the Internet).</li> <li>• Third parties would not be allowed to copy works on behalf of others (e.g. consumers).</li> <li>• Broader range of private use, such as multiple copying of all types of work or copying for friends, would not be covered.</li> </ul>	<ul style="list-style-type: none"> <li>• Royalties are imposed on the manufacture, distribution or importation of digital audio recording devices and digital audio recording media.</li> <li>• All digital audio recording devices imported, manufactured or distributed should include prescribed copying control systems.</li> </ul>		<p>For works in (1) to (3)</p> <ul style="list-style-type: none"> <li>• There should be no more than one copy in each format.</li> <li>• Dealing with (such as sale, hire or distribution of) the private use copy or subsequent disposal of the original copy (such as to sell or give away the original copy) is not allowed.</li> </ul> <p>For work in (4)</p> <ul style="list-style-type: none"> <li>• The original copy of sound recording must not be made by downloading over the Internet a digital recording of a radio broadcast or similar program.</li> <li>• Dealing with, playing in the public or broadcasting the original copy or private use copy is not allowed.</li> <li>• No circumvention of technological protection measure is allowed.</li> </ul>	<ul style="list-style-type: none"> <li>• The sound recording is not a communication work<sup>5</sup> or part thereof.</li> <li>• The sound recording is not borrowed or hired. The owner must acquire the sound recording legitimately, and must retain the ownership of both the original copy and any copy made under the exception.</li> <li>• The exception does not apply if the owner of the sound recording is bound by any contractual provision to the contrary.</li> </ul>

<sup>5</sup> The Copyright Act 1994 defines “communication work” as “a transmission of sounds, visual images, or other information, or a combination of any of those, for reception by members of the public, and includes a broadcast or a cable programme”.

**Overseas Practice**

**Exemption Provisions for Temporary Reproduction**

	<b>UK</b>	<b>US</b>	<b>Singapore</b>	<b>Australia</b>	<b>New Zealand</b>
<b>Availability of exemption provisions</b>	<b>Yes</b>	<b>No specific exemption provision<sup>6</sup></b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Details of the provisions</b>	<p>To exempt the making of a temporary copy which is transient or incidental<sup>7</sup>, which is an integral and essential part of a technological process and the sole purpose is to enable –</p> <p>(a) a transmission of the work in a network between third parties by an intermediary; or</p>	N/A	<p>(i) To exempt the making of a temporary or transient reproduction if –</p> <p>(a) the reproduction is made incidentally as part of the technical process of making or receiving a communication; and</p> <p>(b) the act of making the communication itself does not constitute an infringement, provided that the reproduction of the</p>	<p>(i) To exempt the making of temporary reproduction of the work as part of the technical process of –</p> <p>(a) making a communication, if the making of the communication is not a copyright infringement; or</p> <p>(b) receiving a communication.</p> <p>(ii) To exempt the making of temporary reproduction of the work if the reproduction is</p>	<p>To exempt transient or incidental reproduction of a copyright work if the reproduction is an integral and essential part of a technological process for –</p> <p>(a) making or receiving a communication that does not infringe copyright; or</p> <p>(b) enabling the</p>

<sup>6</sup> It has however been argued that the making of temporary copies in the course of licensed digital transmission (e.g. temporary buffer copies in the course of audio streaming) would constitute fair use or is subject to implied licence. The Copyright Office once recommended introducing an express exemption provision with respect to temporary buffer copies that are incidental to a licensed digital transmission of a public performance of a sound recording and any underlying musical work, but it does not appear that the proposal was taken further.

<sup>7</sup> In compliance with EU Directive 2000/31/EC which requires member states to ensure that an Internet service provider is not liable for the automatic, intermediate and temporary storage of information performed for the sole purpose of making more efficient the information's onward transmission, subject to compliance with certain prescribed conditions.

	<b>UK</b>	<b>US</b>	<b>Singapore</b>	<b>Australia</b>	<b>New Zealand</b>
	<p>(b) a lawful use of the work;</p> <p>and which has no independent economic significance.</p>		<p>work communicated is not an infringing copy.</p> <p>(ii) To exempt user caching, i.e., the making of a transient and incidental electronic copy of the material from an electronic copy of the material made available on a network, if the making of the former copy is required for -</p> <p>(a) viewing;                      (b) listening; or                      (c) utilisation</p> <p>of the material by a user or another network.</p>	<p>incidentally made as a necessary part of a technical process of using a copy of the work, provided that the work is not an infringing copy and the use of the work does not constitute copyright infringement.</p> <p>(iii) To exempt proxy web caching by educational institutions if</p> <p>(a) the computer system is operated primarily to enable staff and students of the institution to use the system to gain online access for educational purposes to works and other subject-matter, and</p> <p>(b) the reproductions are made by the system merely to facilitate efficient later access to the works and other subject-matter by users of the system.</p>	<p>lawful use of, or lawful dealing in, the work,</p> <p>and the reproduction has no independent economic significance.</p>

Overseas Practice

**Facilitating Copyright Owners in taking Civil Actions against Online Infringements**

	UK	US		Singapore / Australia	New Zealand
<b>Mechanism for disclosure of information about alleged online infringers</b>	Copyright owners can apply for a Norwich Pharmacal order.	<b>Procedural mechanism - DMCA Subpoena</b> <ul style="list-style-type: none"> <li>This is provided under the Digital Millennium Copyright Act (DMCA) which enables a copyright owner to request the clerk of any US District Court to issue a subpoena to an OSP for identification of an alleged infringer.</li> <li>The clerk of the court will accede to the request if all the required information / documents are available.</li> <li>The subpoena procedure would be available</li> </ul>	<b>Legal proceedings “John Doe actions”</b> <ul style="list-style-type: none"> <li>The plaintiff can request the court to open a legal discovery process to obtain the subscriber information associated with the IP addresses of alleged infringers from the OSPs.</li> <li>The subscribers would be given a chance to settle before their names are added to the lawsuits.</li> <li>The factors that the US court would consider in granting the John Doe subpoena are similar to</li> </ul>	Norwich Pharmacal order and some statutory discovery rules <sup>8</sup> are available.	Norwich Pharmacal order as well as some statutory discovery rules are available. <sup>9</sup>

<sup>8</sup> These rules can be used for pre-action discovery for the identity of alleged infringers and in these pre-action applications, the principles of Norwich Pharmacal are, to different extents, regarded by the courts as relevant.

<sup>9</sup> Whilst we are not aware of any direct authority in New Zealand addressing the applicability of Norwich Pharmacal discovery principle in IP infringement cases, it seems that such principle is considered as generally applicable in its local civil proceedings. In addition, statutory rules providing for pre-proceedings disclosure are also potential avenues open to copyright owners for seeking disclosure of the individual identities of their alleged online infringers.

	UK	US		Singapore / Australia	New Zealand
		where an OSP performs storage or linking function. It would not apply if an OSP is merely performing transmission function, e.g., in activities involving P2P file sharing programs.	the considerations by the court in other jurisdictions in granting a “Norwich Pharmacal Order”.		

**Legal obligation for OSPs to keep records**

At present, there is no express provision in the copyright legislation imposing such legal obligation.

In **the UK**, the Government proposed imposing an obligation on ISPs to collect and maintain anonymised data about serious repeat infringers (e.g. the number of times ISPs have been requested to send and have sent notices of alleged infringement to persisting infringers) and for such data to be made available to right owners to facilitate Norwich Pharmacal proceedings and the subsequent court actions.

In **Canada**, the mechanism for disclosure of information about alleged online infringers is similar to that available in Australia and Singapore. There was once a proposal under the Bill C-61 which –

- (i) required a network or hosting service provider to retain records that would identify an alleged infringer for a period of 6 months upon the service provider’s receipt of (a) a notice of claimed infringement in writing and (b) applicable fee from a copyright owner; and
- (ii) (where the copyright owner had commenced infringement proceedings and so notified the service provider before the expiration of the aforesaid 6-month record retention period) extended the record retention period to 1 year after the notification.

This Bill died on the order paper following the premature dissolution of the Parliament in September 2008. Since then, we are not aware of any similar bill having been tabled by the Canadian Government.