

IFPI Submission on the Proposed Amendments to the Hong Kong Special Administrative Region Copyright Ordinance (Cap. 528)

14 February 2022

I. INTRODUCTION

IFPI is the voice of the recording industry worldwide, representing over 8,000 record company members across the globe. We work to promote the value of recorded music, campaign for the rights of record producers and expand the commercial uses of recorded music around the world.

The recording industry is at the heart of the creative sector, generating a substantial proportion of many countries' GDP and providing direct and indirect employment to millions of individuals, with global recorded music revenues totalling USD 21.6 billion in 2020.¹ Record companies are the largest investors in music and repertoire, igniting and driving music, working to discover and develop artists around the world and connecting them to fans across the globe. In 2020, Hong Kong's recorded music industry was the 31st largest in the world, with a market size of US\$58.8 million.²

IFPI has provided a number of substantive recommendations to the Hong Kong Government in the past in order to assist with the improvement of Hong Kong's copyright regime, including in response to the major consultations and amendment bills introduced in 2011 and 2014. We commend the Government for its initiative and efforts to revive the copyright review exercise once more, along with its choice of key topics to be addressed as part of the reform process, and thank the Government for the opportunity to provide further feedback in response to the public consultation paper published on 24 November 2021 (the "Public Consultation Paper").

We welcome the Government's intention to update Hong Kong's IP regime in keeping with international standards and practices and are fully supportive of this goal. However, we respectfully recommend that a number of the proposals are revisited in order to ensure that they meet the stated objectives of modernising and enhancing Hong Kong's copyright regime. This includes a number of proposals from the 2014 Bill which give rise to areas of serious concern for right holders and accordingly require reconsideration, particularly in light of legal and policy developments that have taken place since the proposals were first introduced.

¹ IFPI Global Music Report 2021.

² Ibid.

II. KEY RECOMMENDATIONS

We make the following recommendations (each explained in further detail in **Annex 1**), which are central to ensuring that Hong Kong's legal framework is compatible with international treaties, achieves the stated goal of ensuring that its copyright regime keeps abreast with international norms, and can support sustainable growth.

Key recording industry priority

- 1. The term of protection for sound recordings should be increased to at least 70 years in keeping with international practices and to increase the economic incentives for phonogram producers to invest in new and existing talent.**

Recommendations regarding the four issues that generated interest from stakeholders during the deliberation of the 2014 Bill

- 2. A clear legal basis for injunctions against intermediaries should be introduced in the Copyright Ordinance - this should include website blocking injunctions (the most effective tool to reduce online piracy).**
- 3. An exhaustive approach to exceptions should be maintained to ensure legal certainty in Hong Kong's copyright regime.**
- 4. Contract override should be maintained to support the critical principles of the freedom and sanctity of contract as well as to ensure legal certainty.**
- 5. The Government should make dealing with illicit streaming devices an offence and extend this to online applications having the same purpose and effect.**

Recommendations regarding the key legislative proposals that were included in the 2014 Bill

- 6. The proposed "technology-neutral" communication to the public right should be amended to remove the overbroad carve-out under section 28A(5) in order to ensure that the digital markets in Hong Kong are not undermined and that Hong Kong complies with its obligations under the relevant international treaties.**
- 7. The proposed safe harbour liability privileges regime should be revisited and modernised to ensure that it cannot be taken advantage of to distort the digital market and provide a shield to infringing services in Hong Kong.**
- 8. Proposals for revised and new copyright exceptions should be adequately scoped or withdrawn to ensure Hong Kong's compliance with the three-step test.**

Recommendations regarding topics proposed for potential further study

- 9. Any implementation of a text and data mining exception should be done within carefully prescribed parameters to avoid unintended consequences.**
- 10. The introduction of any legislation relating to artificial intelligence and copyright should be deferred while such technology processes are still in their nascence and while consultations and discussions on the matter in international fora are only just beginning.**

III. CONCLUSION

We respectfully invite the Government to consider our recommendations when proposing amendments to the Copyright Ordinance, to support growth in Hong Kong's music industry and the broader economy. We thank the Government for the opportunity to provide our comments and stand ready to assist with any further information as required.

For further information, please contact:

Guo Biao
Regional Director Greater China
IFPI Greater China Office

ANNEX 1: DETAILED IFPI RECOMMENDATIONS

1. THE TERM OF PROTECTION FOR SOUND RECORDINGS SHOULD BE INCREASED TO AT LEAST 70 YEARS IN KEEPING WITH INTERNATIONAL PRACTICES

While we welcome the Government's proposal to consider extending the term of protection for copyright in the future, we respectfully suggest that there is no reason such an amendment cannot be made at this stage. This would not only provide support to Hong Kong's music industry but would furthermore allow Hong Kong's copyright reform to achieve its modernising aim of ensuring that its IP regime keeps abreast with times and international norms.

In particular, we strongly recommend increasing the term of protection of sound recordings from the existing 50 years to at least 70 years from the date that the recording is made or, if published, from that date. A term of protection for sound recordings of 70 years or longer has become the international standard, with at least 69 countries now providing a term of protection for sound recordings of 70 years or more, including 17 out of the top 20 music markets (by total revenue in 2020)³ and some of Hong Kong's major trading partners, including the United States, the United Kingdom and Switzerland.⁴ Japan, another important trading partner of Hong Kong, has most recently extended its term of protection for sound recordings to 70 years following the adoption of the EU-Japan Economic Partnership Agreement.

This longer term of protection would provide for a longer potential economic life of a sound recording. In turn, this would increase investments while providing recording artists with the security of knowing that their recordings have the potential to generate income during their lifetime. The longer potential economic life of a sound recording would also enable producers to continue to offer recordings to local consumers in updated and restored formats as they are developed. As a result, the longer term would support the development of the industry and the creation of new jobs. Of particular note for the music industry in Hong Kong, if the term of protection is not extended imminently, a significant number of classics from the 1970s – including the music of Teresa Teng, Paula Tsui, Samuel Hui and Adam Cheng - will fall out of copyright protection, despite the fact that they are still widely consumed by the public.

2. A CLEAR LEGAL BASIS FOR INJUNCTIONS AGAINST INTERMEDIARIES SHOULD BE INTRODUCED IN THE COPYRIGHT ORDINANCE

The piracy problem in Hong Kong

One-third of all piracy activity in Hong Kong occurs via cyberlockers (centralised file-hosting sites). Individual sites in this category received millions of visits from Hong Kong during 2021: for instance, there were 8.12m visits from Hong Kong to *Mega.nz* during 2021, 4.61m to *Katfile.com*, and 3.52m to *Rapidgator.net*. Each of these sites host hundreds of millions of unlicensed files including music, films, television episodes, and software which are open for

³ IFPI Global Music Report 2021.

⁴ According to information at <https://www.worldstopexports.com/hong-kongs-top-import-partners>.

any individual to download. The top five cyberlockers alone were responsible for half (49.9%) of all locker activity in Hong Kong, demonstrating how blocking even a small number of popular destinations in the first instance can have a large impact on piracy.

Stream ripping was another key music piracy threat in Hong Kong and accounted for 27.4% of all piracy activity in the territory. Stream ripping allows users to download permanent copies of music stored on sites like YouTube. Certain stream ripping sites dominated the landscape in Hong Kong: *YTMP3.cc* had 7.3m visits from Hong Kong during 2021; *Y2Mate* 4.9m; and *SaveFrom* 3.1m. The most-visited five stream ripping sites in Hong Kong were responsible for 47.2% of all stream ripping.

An additional one-fifth (19.9%) of piracy activity in Hong Kong took place over the peer-to-peer network bittorrent. The top five sites contributed two-thirds (66.9%) of all bittorrent visits during 2021. The most popular site, *Rarbg*, was visited 11.0m times from Hong Kong alone during 2021; *1337x.to* received 2.5m visits; and *The Pirate Bay*, the most notorious bittorrent site worldwide which is already blocked in multiple territories, had 1.5m visits.

Injunctions against intermediaries including website blocking injunctions – the most effective tool to reduce online piracy

Intermediaries are often best placed to take measures to prevent or at least disrupt the operation of infringing services. This includes local ISPs which can be required to block access to copyright infringing sites. Website blocking is the most effective tool with respect to the enforcement of rights online and is often the sole remedy available to right holders if they are unable to identify the operator of the website. It is proven to reduce overall piracy, is effective in reducing use of pirate services in a particular category (for example bittorrent) and leads to increased licensed activity. ISPs in at least 36 countries have now been ordered to implement website blocks in relation to over 3,700 infringing websites containing music. An express legal basis for website blocking is available in many countries around the world, including in most EU Member states, Australia, India, Indonesia, Malaysia, Singapore, South Korea, Thailand, and Vietnam. Litigation undertaken by right holders to date has demonstrated the costs of implementing the blocks are modest and it is easy for ISPs to implement them.

While we agree with the Government’s assessment in Chapter 6 of the Public Consultation Paper that Section 21L of the HCO may provide a legal basis for intermediary injunctions, including website blocking, our experience in other territories shows that there is significant merit to providing an express legal basis for intermediary injunctions (including website blocking measures), in terms of legal certainty and ease of use of the mechanism to combat piracy.

By way of example, in the EU, injunctions against intermediaries, including ISPs, are available pursuant to the application of Article 8(3) of the Information Society Directive (Directive 2001/29/EC)⁵ which provides that “*Member States shall ensure that rights holders are in a position to apply for an injunction against intermediaries whose services are used by a third*

⁵ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:167:0010:0019:EN:PDF>.

party to infringe a copyright or related right.” Pursuant to Article 8(3) of the Directive, regardless of safe harbours, right holders can apply for injunctive relief and, in particular, injunctions requiring ISPs to block access to infringing websites.

We, therefore, strongly recommend introducing an express provision to allow right holders to apply for injunctions requiring intermediaries to take reasonable and proportionate measures to stop and prevent copyright infringements, including the options to require ISPs to block access to infringing websites (both those hosted in Hong Kong and hosted or operated in other countries but available in Hong Kong) without the need to establish the liability of the intermediary (i.e. on a “no-fault” basis). In particular, to ensure that such a mechanism is effective, it should provide right holders with recourse to measures that:

- (i) allow an injunction against all types of intermediaries on a non-fault basis requiring them to take reasonable measures to stop and prevent infringements;
- (ii) are sufficiently flexible to remain effective over time, i.e. injunctions or other measures that cover the provision of an infringing online service without being limited to specific online locations (URL addresses) as these are easy to change;
- (iii) are effective, e.g. it should be made clear that ISPs have to implement the blocks at DNS and IP level; and
- (iv) are genuinely available on an expedited basis where the circumstances require.

This would be a critical (and the most significant) step that the Government could take towards tackling piracy and supporting the growth of a thriving digital music market in Hong Kong.

3. AN EXHAUSTIVE APPROACH TO EXCEPTIONS SHOULD BE MAINTAINED TO ENSURE LEGAL CERTAINTY IN HONG KONG’S COPYRIGHT REGIME

We strongly support the Government’s proposal to maintain the current exhaustive approach to copyright exceptions and limitations in Chapter 3 of the Public Consultation paper.⁶

The Copyright Ordinance currently provides for specific exceptions and limitations for the purpose of fair dealing. In common with many other countries, the fair dealing exceptions comprise a comprehensive list, and consequently provide a high degree of certainty as to the acts that are permitted in respect of protected works or subject matter. This legal certainty is essential to making Hong Kong’s online market predictable for new entrants.

By way of illustration, record companies have licensed more than 60 million tracks and more than 400 digital music services in some 200 countries worldwide. Some of the most successful of these services were developed and launched in countries that do not have fair use, for example Spotify (Sweden), Tidal / WiMP (Norway) and Deezer (France). Indeed, the vast majority of the 200 or so countries where licensed digital music services are available have an exhaustive approach to exceptions, including in Hong Kong where some 11 digital services are licensed.⁷ This demonstrates that non-exhaustive exceptions are not necessary to drive or

⁶ Which, we note, is in keeping with the approach taken in other jurisdictions in recent years, including Australia.

⁷ <https://www.pro-music.org/legal-music-services-asia.php>.

sustain innovation, as evidenced by the huge increase in innovative licensed digital music services globally.

On the contrary, the adoption of a non-exhaustive approach to exceptions would only serve to create unnecessary uncertainty, litigation and conflicting decisions. They are harmful not only to right holders but also to users who need certainty as to when they can lawfully use a work under an exception or limitation. Indeed, even in the US where a very substantial body of case law examining the parameters of fair use under Section 107 of the US Copyright Act has developed over many years, the scope of fair use is uncertain. The inherent uncertainty of the scope of fair use creates an uneasy and complicated relationship to the first requirement of the three-step test, that exceptions must be limited to “certain special cases”.

Any exceptions in the Copyright Ordinance should, therefore, continue to be clearly defined in compliance with the three-step test so that they are limited to certain special cases, do not conflict with a normal exploitation of the works and do not unreasonably prejudice the legitimate interests of the right holders. On this point, we provide certain comments on the proposals for new copyright exceptions in the 2014 Bill under Key Recommendation 8, below.

4. CONTRACT OVERRIDE SHOULD BE MAINTAINED TO SUPPORT THE CRITICAL PRINCIPLES OF THE FREEDOM AND SANCTITY OF CONTRACT AS WELL AS TO ENSURE LEGAL CERTAINTY

We strongly support the Government’s proposal not to introduce provisions to the Copyright Ordinance to restrict the use of contracts to exclude or limit the application of statutory copyright exceptions in Chapter 4 of the Public Consultation Paper.

In a fair and functioning marketplace, parties should be free to agree the terms of their relationship. Introducing any contractual interference, such as contract override, would undermine the freedom and sanctity of contract, create unnecessary and unjustified legal and commercial uncertainty, and become a barrier against investment.

5. THE GOVERNMENT SHOULD MAKE DEALING WITH ILLICIT STREAMING DEVICES AN OFFENCE AND EXTEND THIS TO ONLINE APPLICATIONS

Chapter 5 of the Public Consultation Paper considers the introduction of new offences for the infringement of copyright in any work by a person who among others manufactures, imports or sells or lets for hire an illicit streaming device.

We strongly recommend the inclusion of such a provision in the Copyright Ordinance to help combat piracy issues in Hong Kong (see Key Recommendation 2 in relation to website blocking above for further detail on these piracy issues).

We also urge the Government to extend the scope of it to dealings with online applications having the same effect. Online piracy is moving from physical streaming devices and pirate websites to illegal streaming applications, which are available online on major and less well-

known “app stores”. The making, operating and provision of such applications should equally be made an offence. This would be in keeping with international legal developments in this area. By way of example, the CJEU has held that, *inter alia*, the sale of multimedia players containing add-ons with hyperlinks to streaming websites with content made available without the authorisation of the right holder constitutes an unlawful act.⁸ Other countries have also in recent years sought to introduce language to clarify expressly that such an act is an infringement of copyright, e.g. in 2021, Singapore introduced a provision in its copyright framework to make it an offence to make available devices *or services* (e.g. set top boxes or software applications), which allow access to copyright infringing material, for sale. Under this provision, the copyright owner can also sue anyone who makes such devices or services commercially available.⁹

6. THE OVERBROAD CARVE-OUT IN THE PROPOSED “TECHNOLOGY-NEUTRAL” COMMUNICATION TO THE PUBLIC RIGHT SHOULD BE REMOVED

The issue

The Public Consultation Paper refers to the introduction of a broad, technology-neutral communication to the public right, which is intended to facilitate greater development of the creative industries.¹⁰ As previously raised with the Government in earlier consultation processes, the proposal in section 28A(5) of the 2014 Bill includes a highly problematic carve-out to the scope of the communication to the public right, which is inconsistent with the way the right is defined in international treaties.

Based on the proposed carve-out, all re-transmission activities where the re-transmitter does not “determine the content” could be argued to fall outside the scope of the restricted act. Moreover, the provision also appears to exempt all acts of linking from the communication to the public right. Such an exemption would be highly problematic and would mainly benefit online pirate services which rely on the provision of links to copyright infringing materials. Right holders struggle to effectively tackle the problem of online piracy through linking, for example piracy caused by peer-to-peer link sites, link aggregator sites or download sites. By way of illustration, IFPI estimates that there were over 2 million visits to linking sites in Hong Kong in December of 2021 alone.

While it is an understandable policy aim to rule out private individuals being at risk of liability for the sharing of a hyperlink to a particular web page with a friend, the current proposed wording of section 28A(5) is so broad that it could also exempt currently licensed online services that disseminate third party content as well as egregious copyright infringers which share copyright-protected content without authorisation. Such an overly broad carve-out would undermine the digital markets in Hong Kong and constitute a breach of Hong Kong’s

⁸ *Stichting Brein v Wullems t/a filmspeler* (C-527/15).

⁹ S. 150 of the Singapore Copyright Act 2021.

¹⁰ We would like to note that, in practice, IFPI has not encountered noteworthy problems regarding the licensing of online usages under the existing making available provisions of the current Copyright Ordinance.

obligations under international treaties.¹¹ It may also lead to more infringing services moving to Hong Kong in order to rely on the overly broad carve-out, which would be very problematic.

Expert opinion confirming that proposed section 28A(5) is in breach of international treaties

As part of the copyright consultations in Hong Kong in 2014 and 2015, IFPI provided the Government with legal opinions from the noted international copyright scholar, Professor Sam Ricketson, who concluded that the proposed section 28A(5) is inconsistent with Hong Kong's obligations contained in the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT). Copies of these legal opinions are provided at **Annex 2**.

Developments in international law since the consultation process in 2014 and 2015

In the time since the linking exception was debated as part of the copyright consultation in Hong Kong in 2014 and 2015, the CJEU has considered extensively the issue of liability over linking. It has held that, inter alia: a) the act of linking to freely available content online made available without the authorisation of the right holder¹²; b) the sale of multimedia players containing add-ons with hyperlinks to streaming websites with content made available without the authorisation of the right holder¹³; and c) the making available and management on the internet of a sharing platform which allows users to locate the works and share them in the context of a peer-to-peer network¹⁴, all constitute unauthorised acts of communication to the public. Other countries have also in recent years sought to introduce language to clarify that linking *is* expressly an infringement of copyright, e.g. Malaysia has most recently passed a Bill to introduce an amendment to its copyright law framework to clarify that linking to content made available without authorisation infringes copyright.¹⁵

Recommendation

We are not aware of any evidence of practical problems that would need to be addressed by the introduction of section 28A(5) and corresponding section 28A(6). IFPI, therefore, recommends that proposed sections 28A(5) and 28A(6) are withdrawn and that an alternative provision is introduced in line with the balanced, legal standard set by the CJEU in the defining case in this area, *GS Media*¹⁶, setting out that: the act of linking to freely available (i.e. not restricted by a technical measures), but unauthorised, copyright-protected material infringes the right of communication to the public, if the linker knew, or could reasonably have known, that the material was unauthorised. Further, if the linker posted the links for profit, there would be a rebuttable presumption that he or she had the requisite knowledge, on the basis

¹¹ It has been previously suggested that this problem could be resolved through the Copyright Ordinance's authorisation provisions. However, these are not sufficient to remedy the gap in rights left by the proposed carve-out, or to render the proposed law compliant with the relevant international treaties.

¹² *GS Media BV v Sanoma Media Netherlands BV* (C-160/15)

¹³ *Stichting Brein v Wullems t/a filmspeler* (C-527/15)

¹⁴ *Brein v Ziggo BV and XS4All Internet BV* (Case C-610/15)

¹⁵ S. 41 of the Copyright Act 1987 (as amended by the Copyright Amendment Act 2021): "(1) Any person who during the subsistence of copyright in a work or performers' right – [...] (k) provides or shares access to an online location of any works or copies of works to any other person without authority [...] shall, unless he is able to prove that he had acted in good faith and had no reasonable grounds for supposing that copyright or performers' right would or might thereby be infringed, be guilty of an offence..."

¹⁶ *GS Media BV v Sanoma Media Netherlands BV* (C-160/15)

that he or she can be presumed to have undertaken the “necessary checks” before posting the link.

7. THE PROPOSED SAFE HARBOUR LIABILITY PRIVILEGES REGIME SHOULD BE REVISITED AND MODERNISED

Section 88A et seq. of the 2014 Bill introduces safe harbour liability privileges to limit the liability of online service providers with respect to illegal content online. To accompany these liability privileges, there is a proposed voluntary Code of Practice setting out practical guidelines and procedures for OSPs to follow after notification.

While IFPI appreciates the Government’s efforts in this area, we have concerns regarding the scope of the liability privilege provisions and the corresponding Code of Practice. Due to legal and policy developments in recent years, we respectfully recommend that the legislative proposals and Code of Conduct are revisited and revised in order to reflect today’s modern liability regimes and enforcement needs. In absence of such a re-examination, there is a serious risk that the proposals would aggravate, rather than improve, the current enforcement situation in Hong Kong.

Background to legal and policy developments in relation to liability privileges since 2014/2015

Liability privileges (sometimes referred to as “safe harbours”) were first introduced some 20 years ago in the US and EU, and were intended to protect the technical, automatic and passive intermediaries providing the critical infrastructure for the internet. Today, however, these privileges are being relied upon by highly active services such as user upload content (“UUC”) services that are monetising and curating recorded music. This was never the intention of these laws, and their misapplication is depriving artists and record companies (and other right holders) of fair revenues by emboldening UUC services to make available protected content, using it to attract vast numbers of users and to generate revenues, while claiming not to be liable for the very content that underpins their businesses.

The misapplication of liability privileges has been recognised by Governments and policy makers internationally in recent years.

For instance, in the EU, Article 17 of the Directive on Copyright in the Digital Single Market came into force on 7 June 2019 and confirmed that: (i) services that actively engage with works and recordings their users have uploaded on the services infringe copyright by performing acts of communication to the public (or making available as the case may be) of works or other subject matter; and (ii) that such services are not eligible for safe harbour liability privileges.

Most recently, the US Copyright Office concluded its Study into Section 512 of the US Digital Millennium Copyright Act by which liability privileges were introduced into US law in 1998,

issuing its Report in May 2020.¹⁷ In broad terms, the Copyright Office concluded that the intended balance has not been achieved, to the disadvantage of right holders:

- *“Over the decades, the shift in the balance of the benefits and obligations for copyright owners and OSPs [Online Service Providers] under section 512 has resulted in an increasing burden on rightsholders to adequately monitor and enforce their rights online, while providing enhanced protections for OSPs in circumstances beyond those originally anticipated by Congress.”*
- *“even if section 512(c) [the ‘hosting’ liability privilege] was meant to include some ‘related services,’ Congress did not intend to include related services that modify the content or that promote consumption of specific content, rather than just increasing access to the content.” In other words, services that provide additional services that are “related to storage” but go beyond mere hosting, should not be eligible for the safe harbour.”*

The misapplication of overly broad liability privileges has accordingly provided, on the one hand, the opportunity for some online services to free-ride and engage with copyright material without entering into free and fair licence negotiations or any licence at all for the use of those works, while, on the other hand, also offering a pretext for brazenly infringing services to continue to operate.

This not only deprives right holders of their legitimate income and enables piracy, but it also creates unfair competition in the digital music services market.

Specific recommendations to bring balance to the proposed liability privileges in the Copyright Ordinance

In order to ensure that liability privileges in Hong Kong’s copyright framework are not taken advantage of to distort the licensed music market and provide a shield to infringing services, we recommend that the Government takes the opportunity to revisit and revise the proposed regime set out in the 2014 Bill in line with the following key elements, which will be elaborated on below:

- (i) The scope of the proposed liability privileges is currently too broad and requires redefining to ensure that it is, *inter alia*, reserved to only *technical, automatic and passive* intermediaries.
- (ii) The conditions which must be fulfilled by services before the liability privileges are applicable should be revised to ensure that they are meaningful and effective.

(i) The scope of the proposed liability privileges is currently too broad and requires redefining to ensure that it is, inter alia, reserved to only technical, automatic and passive intermediaries

- The Copyright Ordinance should expressly state that any liability privileges only apply to certain activities (i.e. hosting, caching and mere conduit) of online intermediaries

¹⁷ The United States Copyright Office Section 512 Study, available at <https://www.copyright.gov/policy/section512>.

that are truly *technical, automatic and passive*. For example, “hosting” services that play an active role in relation to the content on their services, for instance by optimising the presentation of the content or promoting it (and whose services therefore go beyond the mere hosting of third-party information), must be expressly excluded from being able to rely on liability privileges. These active services must be treated like any other digital content distributors and must not be able to benefit from liability privileges that were never intended to protect them.

- The Copyright Ordinance should expressly state that any liability privileges only provide immunity against claims for monetary damages and criminal sanctions. Right holders must always be able to obtain injunctions against services requiring them to terminate and / or prevent infringements.
- There is no need for a specific safe harbour for online location tools. If one is provided, however, it should follow the same rules and conditions as the safe harbour for hosting service providers.

(ii) The conditions which must be fulfilled by services before the liability privileges are applicable should be revised to ensure that they are meaningful and effective

The Copyright Ordinance should expressly set out that liability privileges are only applicable to services that meet the following conditions:

- Condition 1 – Constructive knowledge (aka red flag knowledge)

The Copyright Ordinance should include a specific obligation to take down content if the service becomes aware of facts or circumstances, or should reasonably have been aware of facts or circumstances, from which the infringing activity becomes apparent.

- Condition 2 – An effective notice and stay down procedure

The Copyright Ordinance should provide for “notice and stay down” whereby services shall not only terminate a notified infringement, but also terminate all other infringements on its service of the same notified content and prevent future infringements of that content.

The reason for this is that the process of mere notice and takedown is ineffective to address large scale piracy on the internet. Following receipt of a notice, most services remove only the specific URL link notified in the takedown notice without taking any further action. This makes the process ineffective because:

- Even if one URL link or one copy of an infringing title is removed, there are typically many other URL links to, or other copies of, the same infringing title which remain online on the same service.

- Content or links once removed are often quickly re-posted and most services do not take any steps to prevent this.

This leaves right holders to pursue a constant game of “whack-a-mole”. Right holders are forced to expend substantial resources to locate every single URL that leads to a specific sound recording, to notify them to the services, and to then repeat the process after the content is re-posted. The effect is that “notice and takedown” is ineffective in enabling right holders to prevent the unauthorised availability of their content online.

To illustrate the point, IFPI estimates that in 2020, users illegally downloaded 6.6 billion individual music tracks via stream ripping; 4.7 billion individual tracks via cyberlockers; and 3.8 billion via bittorrent. This adds up to 15.1 billion tracks downloaded via these channels alone. Furthermore, 88% of notices sent by IFPI refer to works that have already been notified to the same service previously. In the case of Twitter, The Weeknd's Blinding Lights was notified over 3,700 times and Harry Styles's Watermelon Sugar was notified over 2,900 times after the first notice, in 2020 alone.

Case law from various countries supports a stay down obligation, including decisions by the Court of Justice of the European Union (CJEU) and national courts.¹⁸ For instance, the CJEU stated in *L'Oréal v eBay*¹⁹ that the prevention duty included the duty to ensure that an online market place takes measures “*which contribute, not only to bringing to an end infringements of these rights by users of the market place, but also to preventing further infringements of that kind*”. Meanwhile, legislation adopted in Mexico in 2020 expressly includes a stay down obligation as a condition for safe harbour eligibility for hosting service providers.

This is an appropriate and proportionate obligation which could be implemented through a variety of means (that do not conflict with the prohibition against “general monitoring” applicable in some jurisdictions), including thorough widely used Automatic Content Recognition (ACR) technologies. Such technologies are already used by many online services to identify works including for licensing and monetisation purposes.

¹⁸ Examples include: *Re Rapidshare* (Germany – Federal Court of Justice, 15 August 2013, No. I ZR 80/12): the Court required some ISPs including Rapidshare and Uploaded which are cyberlockers to, apart from taking down the content that was notified, search external link sites including Google, Facebook and Twitter to identify the same content on their services and prevent infringement of the same title; *Re YouTube* (Germany – Higher Regional Court of Hamburg, 1 July 2015, No. 5 U 87/12): The Court required YouTube to ensure that notified content is taken down and stays down, and ordered it to implement Content ID, MD5 hash and word filters; *Re Dailymotion* (Italy – Court of Turin, 3 June 2015, No. 11343/2015): The Court issued a preliminary injunction against Dailymotion which includes a stay-down obligation in respect of future uploads of the same content; *Re YouTube* (Italy – Court of Turin, 7 April 2017, No. 38112/2013): The Court held that YouTube was under a stay down obligation, i.e. to prevent future uploads of the same videos or other videos containing the same copyright content and to ensure that all such videos (whether uploaded before or after the notice) are removed completely from YouTube's systems.

¹⁹ CJEU, 12 July 2011, C-324/09 paras. 127-134.

- Condition 3 – No financial benefit may be attributable to the infringing activity

Services must not receive financial benefits attributable to the infringing activity, including where that financial benefit is in the form of the availability of the infringing content enhancing the attractiveness of the service.

- Condition 4 – There can be no interference with industry standard technical measures

Services must accommodate and not interfere with industry standard technical measures used by right holders to locate, identify or protect copyright works.

Burdensome notice requirements should be avoided

In correspondence with Condition 2, above, the proposed requirements for notice and action should be modernised to ensure that they are not overly burdensome and are workable at the scale which is required in today's digital environment.

Currently, the list of requirements for a takedown notice in the proposal goes beyond the international standard (such that of the US DMCA and the EU E-Commerce Directive²⁰), even requiring the indication of a postal address in Hong Kong (s88C(3)). This is also required in the proposed Code of Practice. In addition, service providers appear to have the right to specify the form of a notice and even the technical means by which a notice has to be provided to the provider. This invariably would result in different notice requirements set by individual service providers and constitute an unreasonable burden on right holders, inconsistent with international standard practice.

Based on experience of dealing with infringing content online, we recommend revising the notice requirements simply to require *"information reasonably sufficient to permit the online service provider to identify the infringing content"*. This will ensure that the procedure is as effective as possible, without requiring unnecessary and burdensome formalities, while also being flexible for future changes in how technology works and content is consumed.

Greater responsibilities should be placed on *all* online service providers

Finally, given the recent movement towards applying a "duty of care" style standard on online services more broadly, we recommend that all online service providers, not only those that may avail themselves of liability privileges, be required to take reasonable steps to prevent copyright infringements, including the implementation of a repeat infringer procedure²¹ and an effective 'know-your-business-customer' ('KYBC') procedure. This would ensure that all

²⁰ For instance in *RTI v Yahoo!*, the Italian Supreme Court confirmed that a simple indication of the title of the work in a take-down notice could be sufficient if it is proven that there is available technology that allows the hosting provider to identify and remove the infringements (for instance using an Automatic Content Recognition (ACR) system); it is not necessary to provide further information unless this is indispensable to identifying the infringing content.

²¹ This requirement can be found in the legislation in other jurisdictions. For example, under s.512(i)(1) of title 17 of the US Code, limitations on liability only applies to an ISP that *"has adopted and reasonably implemented, and informs subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers"*.

players in the digital ecosystem play their part in reducing unlawful activities online and allow for fair and legal competition and innovation in the digital marketplace.

8. PROPOSALS FOR REVISED AND NEW COPYRIGHT EXCEPTIONS SHOULD BE ADEQUATELY SCOPED OR WITHDRAWN

To ensure that the proposed new copyright exceptions are adequately scoped and in compliance with the three-step test, we make the following recommendations.

New copyright exceptions:

- (i) The education exception and the libraries, museums, archives exception should be adequately scoped in keeping with the three-step test.**

Education exception

This exception should be limited to “illustration” purposes in keeping with international practice, e.g. Article 5(3)(a) of the European Information Society Directive (InfoSoc Directive) which states: “*use for the sole purpose of illustration for teaching or scientific research, as long as the source, including the author's name, is indicated, unless this turns out to be impossible and to the extent justified by the non-commercial purpose to be achieved.*”²² Further, the material must be accessed lawfully or acquired from lawful sources; institutions should be non-commercial; the exception should apply only to the premises of the institution; and must be made subject to the three-step test.

Libraries, museums, archives exception

This exception should apply only to the lending of physical copies of works. Were the exception to be misinterpreted as covering e-lending, it would undermine digital markets where the licensed provision of access to sound recordings is now the key driver of recorded music industry revenues. Such an interpretation would therefore render the exception incompatible with the three-step test.

Further, the archiving and preservation of historic sound recordings should be limited to non-commercial purposes and not be made available to the public, in which case they should be licensed.

- (ii) The temporary reproduction of copyright works by OSPs exception (transient/incidental copies) should be adequately scoped in keeping with international practices.**

We recommend that, in keeping with the standard set out in Article 5.1 of the InfoSoc Directive) and section 28A of the UK Copyright, Designs and Patent Act 1988 (CDPA),²³ the

²² European Information Society Directive available at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32001L0029>.

²³ UK CDPA available at: <https://www.legislation.gov.uk/ukpga/1988/48/section/28A>.

temporary reproduction of copyright works by OSPs exception (transient/incidental copies) in proposed section 252A should be limited to the following:

- (i) acts of temporary reproduction, which are transient or incidental reproductions forming an integral and essential part of a technological process;
- (ii) carried out for the sole purpose of enabling either efficient transmission in a network between third parties by an intermediary or a lawful use of a work; and
- (iii) the acts of reproduction should have no independent economic significance.

Recommended amendments

(1) The rights conferred by this Part in a fixed performance are not infringed by the making and storage of a temporary copy of a fixation work which is transient or incidental by a service provider if-

(a) the sole purpose of the making and storage of the work is to enable more efficient transmission of the fixation work by the provider through a network-

(i) between third parties by an intermediary; or

(ii) any other lawful use of the work;

and which has no independent economic significance.

(b) the making and storage forms an automatic integral and essential part of a technological process, and that process neither modifies the fixation work, nor interferes with the lawful use of technology to obtain data on the use of the fixation work;

(c) the storage is temporary;

(d) the provider updates the database in which the copy is stored in accordance with reasonable industry practice;

(e) the provider complies with conditions (if any) on access to the fixation work; and

(f) the provider acts promptly to remove the copy or disable access to the copy in the event that either of the following facts comes to the provider's actual knowledge-

(i) the fixation work has been removed from the original source from which the copy was made; or

(ii) access to the fixation work at the original source from which the copy was made has been disabled.

(iii) The proposed private copying exception should not be introduced.

Record companies have licensed more than 60 million tracks and more than 400 digital music services in some 200 countries worldwide with most licensed music download services offering the ability to make limited private copies for personal use and most music access services (streaming services) enabling users to access music across a range of devices any place, any time, and across borders. Therefore, in the absence of justification of a proven market failure, the private copying exception in proposed section 76A should not be introduced.

However, should the private copying exception proposal be maintained, to ensure that the exception is adequately scoped in keeping with the three-step test, we recommend amending it to introduce reasonable limits to the exception:

- (i) the exception must only apply to a work that is acquired lawfully by a natural person for that person's personal use (which by definition excludes uses with commercial purpose);
- (ii) a copy that has been acquired lawfully includes a copy which has been purchased, obtained by way of a gift, or acquired by means of a download resulting from a purchase or a gift; and does not include a copy which has been borrowed, rented, broadcast or streamed, or a copy which has been obtained by means of a download enabling no more than temporary access to the copy²⁴; and
- (iii) permitted personal uses are limited to the making of a back-up copy or for time or format shifting only; the exception should not extend to copying by online services (including by cloud services) as this would undermine existing licensing practices with digital services and thus be wholly inconsistent with the three-step test.

In keeping with point (ii), a private copying exception permitting copying from unlawful source would clearly fall foul of the three-step test. As much has been confirmed, for example, by the Court of Justice of the European Union.²⁵

Further, the introduction of a levy on devices and storage media as a quid pro quo for the loss of the copying exclusive right has been found in many jurisdictions as necessary to compensate copyright owners and performers. In countries with levy systems, it is typical for manufacturer or importer of devices or other media on which private copies may be made (blank CDs, PCs, smart phones, USB sticks, tablets etc) to pay the levy. Before proceeding with the proposed exception, we highly recommend that due consideration be given to international practice in this area, and we stand ready to assist with providing any assistance required in that respect.²⁶

Recommended amendments

(1) Copyright in a sound recording or in any literary, dramatic or musical work included in a sound recording is not infringed by the making of a copy of the sound recording (private copy) if-

- (a) the copy of the sound recording from which the private copy is made (original copy) is not an infringing copy; and acquired lawfully;*
- (b) the private copy is made by the lawful owner (owner) of the original copy solely for the private and domestic use by the owner or a member of the household in which the owner lives;*

²⁴ See Section 28B(4) of the UK CDPA.

²⁵ *ACI Adam vs Stichting de Thuiscopie* (Case C-435/12, paragraphs 22 et seq).

²⁶ In 2014, the UK introduced a private copying exception without a levy scheme on the alleged basis that the harm caused by private copying was minimal. A coalition of right holders challenged this decision, and the private copying exception was quashed by the High Court in July 2015.

- (c) not more than one private copy of the original copy is made and stored in each device lawfully owned by the owner; and*
- (d) the owner retains the ownership of both the original copy and the private copy.*

(2) A private copy that, but for subsection (1), would be an infringing copy is to be treated as an infringing copy if-

- (a) it is used otherwise than for the purpose mentioned in subsection (1)(b); or*
- (b) the condition mentioned in subsection (1)(c) or (d) is broken.*

(3) For the purposes of section 1(a), a “copy” that is acquired lawfully-
(a) includes a copy which has been purchased, obtained by way of a gift, or acquired by means of a download resulting from a purchase or a gift and
(b) does not include a copy which has been borrowed, rented, broadcast or streamed, or a copy which has been obtained by means of a download enabling no more than temporary access to the copy.

(4) For the purposes of section 1(b), permitted private and domestic use are-
(a) the making of a back-up copy and
(b) time or format-shifting.

New fair dealing exceptions:

- (i) There is no need for a separate exception for parody, satire, caricature and pastiche.**

The existing copyright regime in Hong Kong already provides adequate exceptions to allow reasonable use of copyright works for certain purposes including fair dealing for the purposes of criticism, review, and quotation. Therefore, there is no need for a separate exception addressing uses for the purposes of parody, satire, caricature and pastiche. However, should this exception be maintained we recommend the following: (i) that the exception be narrowly applied in keeping with three-step test; (ii) that the purpose and intent of the exception are taken into consideration; and (iii) that such an exception is limited to fair dealing for the purpose of parody alone, i.e. it should not extend to the overbroad and uncertain categories of satire, caricature or pastiche.

- (ii) The reporting or commenting on current events exception is an unprecedented exception.**

The proposal for an exception for “commenting on current events” in section 39(3) is an unprecedented exception, which is, for example, not provided for in the UK CDPA, on which the Copyright Ordinance is modelled. We are of the view that the existing regime is more than sufficient to accommodate a very wide range of contemplated use of copyright works by third parties that would be exempt from the need for permission for such use.

(iii) **The quotation exception is unduly broad and does not comply with the three-step test.**

To ensure that the quotation exception in proposed section 39(2) is adequately scoped and in keeping with the three-step test, we recommend the following amendments:

- (i) clarification that the exception is limited for the purpose of criticism and review; the phrase “*whether for the purpose of criticism, review or otherwise*” is open-ended and too wide in scope; and
- (ii) clarification that the quotation exception does not apply to sound recordings. The application of the quotation exception to sound recordings would undermine the existing market for licensing sampling (an important aspect of the music licensing market) and, therefore, would not comply with the three-step test. Sampling refers to using parts of an existing sound recording in the process of creating a new recording. This would undermine the existing market and harm right holders whose recordings are used commercially and for whom the licensing of sampling constitutes a “normal exploitation” of sound recordings, and who therefore have a “legitimate interest” in being able to control uses of samples of sound recordings.

Recommended amendments

(2) Copyright in a work, with the exception of sound recordings, is not infringed by the use of a quotation from the work (~~whether~~ for the purpose of criticism, ~~or~~ review ~~or otherwise~~) if –

- (a) the work has been released or communicated to the public;
- (b) the use of the quotation is fair dealing with the work;
- (c) the extent of the quotation is no more than is required by the specific purpose for which it is used; and
- (d) (subject to subsection (6)) the use of the quotation is accompanied by a sufficient acknowledgment.

9. ANY IMPLEMENTATION OF A TEXT AND DATA MINING EXCEPTION SHOULD BE DONE WITHIN CAREFULLY PRESCRIBED PARAMETERS TO AVOID UNINTENDED CONSEQUENCES

We note the Government’s proposal to undertake further studies to evaluate the need for a specific text and data mining exception in the Copyright Ordinance. We do not consider such an exception to be necessary. However, if the Government is minded to introduce one, we recommend that it is only done within carefully prescribed parameters to avoid unintended consequences.

By way of example, the equivalent exception in the UK²⁷ and the newly proposed exception in the EU²⁸ are indicative of how a text and data mining exception may be delineated. In this regard, any text and data mining exception should:

- a) apply to specified non-for-profit public interest beneficiaries;
- b) apply for specified non-commercial purposes, such as non-commercial research;
- c) apply only when the beneficiaries of the exception have lawful access to the data; and
- d) apply to the reproduction right and not subsequent uses of the data.

10. THE INTRODUCTION OF ANY LEGISLATION RELATING TO ARTIFICIAL INTELLIGENCE AND COPYRIGHT SHOULD BE DEFERRED

We agree with the Government's position that it is too early to introduce legislation relating to artificial intelligence and copyright while such technology processes are still in their nascence and while consultations and discussions on the matter in international fora are only just beginning.

As an industry that continues to embrace technological innovations across its operations and processes, from using new technologies in the creative process to embracing innovative methods to deliver music to consumers, we would, nevertheless, welcome the opportunity to participate in any studies and/or discussions on this matter going forward.

²⁷ See section 29A of the UK CDPA 1988, available here: <https://www.legislation.gov.uk/ukpga/1988/48/section/29A> .

²⁸ See Articles 3 and 4 of the Copyright in the Digital Single Market Directive (Directive (EU) 2019/790), available at: <https://eur-lex.europa.eu/eli/dir/2019/790/oj#d1e961-92-1> .

**CONFIDENTIAL ANNEX 2: LEGAL OPINIONS ON PROPOSED SECTION 28(5) OF THE 2014
HONG KONG COPYRIGHT ORDINANCE BILL**

DRAFT CONFIDENTIAL – final version 29 June 2015

Opinion on proposed section 28(5) of the Hong Kong Copyright Ordinance 2014

**Sam Ricketson
Professor of Law, Melbourne Law School**

Introduction

1. I have been instructed by the Regional Office (Hong Kong) of the International Federation of the Phonographic Industry to prepare an opinion on certain matters relating to proposed section 28A(5) of the Hong Kong Copyright Ordinance 2014.

Qualifications

2. I am a Professor of Law at the Melbourne Law School, University of Melbourne, Victoria, Australia, and am presently a distinguished visiting professor at King' College London. I have taught and written extensively in the area of intellectual property law, with an emphasis on international copyright law.
3. From 2000 to 2015, I was also a member of the Victorian Bar, practising in all areas of intellectual property.
4. A short curriculum vitae is provided in the Appendix to this Opinion.

Instructions

5. I have been asked to consider and comment upon the following questions:
 - a. whether the proposed s 28A(5) is contrary to Hong Kong's obligations under the relevant international treaties;
 - b. whether Hong Kong is alone with its approach under section 28A(5) in setting a worrying precedent deviating from the WPPT;
 - c. whether the approach is in any way different from the Australian approach;
 - d. whether all acts of retransmission would be excluded from the scope of communication to the public right in Hong Kong;

- e. whether all acts of linking (including infringing links aggregating sites) would be exempted from liability for infringing the communication right in Hong Kong;
- f. whether the liability for authorisation (under section 22(2) and the proposed section 22(2A)) could remedy the problem;
- g. any other relevant points.

The proposed amendments

6. According to my instructions, the proposed s 28A(5) is part of a package of amendments moved by the Hong Kong Government with a view to making Hong Kong's copyright laws consistent with Hong Kong's obligations under relevant international treaties, notably the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty which have been applied to Hong Kong pursuant to the accessions of China to these treaties in 2008¹ and 2007² respectively. In this regard, it should also be noted that Hong Kong is bound by the Berne Convention,³ but not by the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations
7. The proposed s 28A will replace s 28 of the Ordinance which presently deals with just the broadcasting of works, films and sound recordings. It will provide for the institution of a broad-based communication to the public right in respect of a 'work of any description' (proposed s 28A(1)). Under s 2(2) of the Ordinance, 'copyright work' includes sound recordings, which will therefore come within the scope of the expression 'work of any description' in proposed s 28A(1), and will accordingly receive a communication right to replace the broadcasting right specifically conferred on sound recordings under present s 28(b)). The communication right to be conferred is then defined in proposed s 28(2) as referring to the 'electronic communication of the work to the public', and this includes (a) the broadcasting of the work, (b) its inclusion in a cable programme service, and (c) making the work available to the public. The last-mentioned of these acts is then defined in proposed s 28A(3) as 'making the work available by wire or wireless means, in such a way that members of the public in Hong Kong or elsewhere may access the work from a place and at a time individually chosen by them (such as by making works available on the Internet).' Proposed s 28A(4) provides that the 'mere provision' by a person of

¹ http://www.wipo.int/treaties/en/remarks.jsp?cnty_id=1989C

² http://www.wipo.int/treaties/en/remarks.jsp?cnty_id=1990C

³ http://www.wipo.int/treaties/en/remarks.jsp?cnty_id=931C

facilities for enabling or facilitating the making of a communication to the public does not 'of itself' constitute an act of communication to the public.

8. Proposed s 28A(5), on which the present advice is sought, then provides:

A person does not communicate a work to the public if the person does not determine the content of the communication.

This provision, in turn, is amplified by proposed s 28A(6) which provides that a person does not determine the content of a communication only because that person takes one or more steps for the purpose (a) of gaining access to a work that someone else has made available in the communication, or (b) receiving the electronic transmission of which communication consists.

Relevant international obligations

9. It will be seen that these proposed amendments reflect the language of the provisions of the WCT and WPPT dealing with the right of communication to the public. In the case of literary and artistic works, this is to be found in Article 8 of the WCT, which provides for a full-blooded communication to the public right that includes the making available to the public of works. This is to be read together with an Agreed Statement that is appended to the article:

Article 8 Right of Communication to the Public

Without prejudice to the provisions of Articles 11(1)(ii), 11bis(1)(i) and (ii), 11ter(1)(ii), 14(1)(ii) and 14bis(1) of the Berne Convention, authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.

Agreed statements concerning Article 8: It is understood that the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Treaty or the Berne Convention. It is further understood that nothing in Article 8 precludes a Contracting Party from applying Article 11bis(2).

10. In the case of literary and artistic works falling under the Berne Convention, it will be seen that Article 8, WCT, sits alongside the various obligations with respect to broadcasting and related rights under the Berne Convention – it does not replace or diminish them in any way, as indicated by the opening words 'Without prejudice to...' In

the case of Article 11*bis*(1) in particular, it is useful to set out the text of this paragraph in full:

(1) Authors of literary and artistic works shall enjoy the exclusive right of authorizing:

(i) the broadcasting of their works or the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images;

(ii) any communication to the public by wire or by rebroadcasting of the broadcast of the work, when this communication is made by an organization other than the original one;

(iii) the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work

11. In the case of sound recordings (phonograms) which are the subject of the WPPT, the communication right is bifurcated into a separate making available right (Article 14, WPPT), on the one hand, and a broadcasting and other communication right (Article 15(1)), on the other. The first of these is an exclusive right, while the second is a shared right to remuneration (although this is a minimum obligation and Contracting Parties would be free to treat this as an exclusive right, together with the making available right). The text of these provisions is as follows:

Article 14

Right of Making Available of Phonograms

Producers of phonograms shall enjoy the exclusive right of authorizing the making available to the public of their phonograms, by wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them.

Article 15

Right to Remuneration for Broadcasting and Communication to the Public

- (1) Performers and producers of phonograms shall enjoy the right to a single equitable remuneration for the direct or indirect use of phonograms published for commercial purposes for broadcasting or for any communication to the public.*

...

Agreed statement concerning Article 15: *It is understood that Article 15 does not represent a complete resolution of the level of rights of broadcasting and communication to the public that should be enjoyed by performers and phonogram producers in the digital age. Delegations were unable to achieve consensus on differing proposals for aspects of exclusivity to be provided in certain circumstances or for rights to be provided without the possibility of reservations, and have therefore left the issue to future resolution.*

12. Relevant here, as will be explained below, is Article 14 of the WCT, which provides:

Article 14
Provisions on Enforcement of Rights

- (1) Contracting Parties undertake to adopt, in accordance with their legal systems, the measures necessary to ensure the application of this Treaty.*
- (2) Contracting Parties shall ensure that enforcement procedures are available under their law so as to permit effective action against any act of infringement of rights covered by this Treaty, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements*

13. A similar provision is contained in Article 23, WPPT.

Whether the proposal is contrary to Hong Kong's obligations under the relevant international treaties

14. As noted above, the language of proposed s 28A aligns closely with that of Article 8 of the WCT and Articles 14 and 15 of the WPPT. In the case of phonograms, it appears also that the legislation has conferred a full communication right in proposed s 28A(1) and (2) that includes broadcasting, cablecasting and making available, that is, the draft provisions do not appear to have taken the option of legislating for a remunerated broadcasting right as allowed for in Article 15, WPPT (nor is this the case under the present Ordinance). Furthermore, the making available right is defined in the same terms as in Article 8, WCT, and Article 14, WPPT (making available the work (or phonogram) to the public ‘...in such a way that members of the public may access them from a place and at a time individually chosen by them’.)

15. Under both the WCT and WPPT, these formulations are apt to cover a wide range of communications, including re-transmissions or simultaneous transmissions of broadcasts and cablecasts) and, potentially, the provision of links on websites. The first of these activities (re-transmissions and simultaneous transmissions) fall within the general understanding of ‘broadcasting’ under the WCT⁴ and WPPT.⁵ The second activity, with all its infinite variations, including ‘deep linking’ and ‘inline linking’, comes within the concept of the making available right, subject to the separate question of whether this is ‘to the public’.⁶ The only limitation here is that the making available does not extend to

⁴ J Reinbothe and S von Lewinski, *The WIPO Copyright Treaties: A Commentary on the WCT, the WPPT, and the BTAP*, Oxford University Press, Oxford, 2nd ed 2015, pars 7.813-7.8.16.

⁵ WPPT, Article 2(f); J Reinbothe and S von Lewinski, *The WIPO Copyright Treaties, op cit*, par 8.2.19.

⁶ See further *Nils Svensson v Retriever Sverige AB*, Case C-466/12, 13 February 2014, 4th Chamber, European Court of Justice, Svensson, par 20. The further gloss added by court of the need for a ‘new public’ for the purposes of a new communication to the public is not relevant for present purposes, but

the distribution and rental of physical copies, which are covered by Articles 6 and 7 of the WCT⁷ and Articles 12 and 13 of the WPPT respectively. A further point to note is that, unlike Article 6, WCT, which reserves to Contracting Parties the freedom to determine whether the right of distribution is exhausted following first sale by the copyright owner, there is no similar reservation in the case of the communication right in Article 8, WCT. This gives rise to a clear *a contrario* argument that there can be no ‘exhaustion’ of the communication right where a work is re-transmitted or made available to the public on subsequent occasions. A similar argument can be made in relation to Articles 12 and 14, WPPT, in relation to the making available of phonograms.

16. Having said this, is the prescription in proposed s 28A(5) of situations in which communication of a work will not have occurred consistent with these international obligations? The effect of this provision is to stipulate that a person does not communicate a work to the public if that person does not determine the content of that communication – in other words, no communication of the work will have occurred. Such a prescription may well give rise to no difficulties in the case of a person or entity that initiates a transmission of protected material to the public, for example, a broadcaster or cablecaster of the traditional kind, or a person posting a work on a website where it can be accessed without restriction by members of the public. Each of these persons or entities may reasonably be described as ‘determining the content’ of what it is they are broadcasting, cablecasting or making available (although the words ‘determining the content’ may themselves be unclear – for instance, does the maker of a live broadcast determine the content of that transmission?) On the other hand, this is hardly appropriate to describe a re-transmitter or a person who simply provides a link to a work: if these acts would otherwise meet the description of a ‘communication to the public’, the further requirement of content determination will probably be absent in most instances. They may have ‘determined’ in some abstract sense to pass on the transmission in question, but will usually have had little, if any, role in determining the content of what is transmitted. To return the question raised at the start of this paragraph, is such an outcome consistent with the requirements of the WCT and WPPT?

has received criticism from a number of sources, including the International Literary and Artistic Association (‘ALAI’): see opinion dated 17 September 2014, and available at <http://www.alai.org/en/>

⁷ See Agreed Statement to Articles 6 and 7, WCT, and Agreed Statement to Articles 2(e), 8, 9, 12 and 13, WPPT.

17. There is no direct answer to this question to be found in the wording of either Article 8, WCT, and Articles 14 and 15, WPPT, respectively, in that they do not define when a communication is made (or not made) or by whom. A great deal of flexibility has been deliberately left to Contracting Parties to determine how the exclusive rights accorded in these provisions are to be implemented in national laws (the ‘umbrella solution’, adopted at the 1996 WIPO Diplomatic Conference⁸). Nonetheless, there are some general principles or guidelines that may be called in aid here, and which indicate that the particular solution opted for in proposed s 28A(5) does not, on its face, comply with these international obligations.
18. First, proposed s 28A(5) appears to embody a subjective, as well as objective, requirement on the part of the alleged communicator – that he or she has determined the content of what it is that is actually made available in the sense of (a) having caused this to occur (an objective question) and (b) knowingly intended (‘determined’) this to be so with respect to the work or subject matter – the ‘content’ – that is contained in the communication (the subjective element). In principle, this must be incorrect. As the European Court of Justice recognized in the recent *Svensson* case,⁹ the issue here is a purely causal one, namely whether the work has been ‘made available to the public’ (whether this requires this to be a ‘new public’ in each instance is a further question, which has been the subject of much criticism, but is not relevant for present purposes¹⁰). A literal interpretation of proposed s 28A(5) would mean that there is no communication at all in the case of an unknowing or simply careless re-transmitter or ‘linker’, even though their act has brought about the making available, and would limit the scope of the communication right to the acts of the initial broadcaster, streamer or poster of content.¹¹ Such an interpretation would also be inconsistent with the formulation of other exclusive rights under the Ordinance, as well as under the Berne Convention, WCT and WPPT respectively, where there is no requirement of subjective knowledge or intention on the part of a person doing an act that otherwise falls within the scope of any of these rights.

⁸ See further Reinbothe and von Lewinski, *op cit*, pars 7.8.3, 7.8.24, 8.10.23 and 8.14.13.

⁹ In relation to Article 3 of the EU Information Society Directive which gives effect to the WCT and WPPT): Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, *Official Journal L 167*, 22/06/2001 P. 0010 – 0019 (‘Info Soc Directive’).

¹⁰ See note 6 above.

¹¹ In this regard, the involvement of the re-transmitter or ‘linker’ is clearly greater than the provider of telecommunications cables and other infrastructure, as contemplated in the Agreed Statement to Article 8, WCT.

The question in each instance is simply whether or not the act in question has been carried out, and there is provision for allowable exceptions and limitations to any liability thereby imposed which is provided for under other articles, such as Article 10, WCT, or Article 16, WPPT.

19. Secondly, while the WCT and WPPT formulations allow Contracting Parties a great deal of flexibility in implementation in their national laws, they nonetheless require that all relevant acts of communication to the public are covered by those laws. While this need not be done by a 'communication right' as such, there must be coverage of all relevant acts by some exclusive right however called.¹² Re-transmission and linking are separate and continuing acts of communication that are covered by Article 8, WCT, and Article 10, WPPT (in the case of making available), but proposed s 28A(5) appears to exclude a large proportion, if not the majority, of these acts from liability. This is not the same as a national law exercising the flexibility that it might have to exclude certain categories of persons and/or uses from liability pursuant to an allowable exception or limitation, eg in the case of a use that falls within the three-step test under Article 10, WCT, or, again, variations that might arise from differing national interpretations of the concept of 'to the public' (a matter left at large under the WCT and WPPT). In this regard, it is also worth noting that re-broadcasting is treated as a separate act under Article 11*bis*(1)(ii) of the Berne Convention (see above), where this is done by an organization other than the original one. Insofar, then, as proposed s 28A(5) would allow immunity to such a re-transmitter, this would appear to be a contravention of Article 11*bis*(1)(ii), Berne, where the re-transmission is of Berne-protected works.
20. Thirdly, the limiting effect of proposed s 28A(5) seems inconsistent with the broader obligations imposed under Article 14(1), WCT (quoted above), and also Article 23(1), WPPT, pursuant to which Contracting Parties undertake to 'adopt, in accordance with their legal systems, the measures necessary to ensure the application of this Treaty'. While a great deal of flexibility is allowed to Contracting Parties in implementing their obligations under the treaties, this does not extend to a provision which has the effect of sterilizing or quarantining a significant portion of the exclusive right of communication required to be protected.

¹² See further Rienbotle and von Lewinski, *op cit*, par 8.14.23.

Whether Hong Kong is alone with its approach under section 28A(5) in setting a worrying precedent deviating from the WPPT

21. It will be for others to judge where the proposed s 28A(5) sets a 'worrying precedent'.

Comments in relation to the Australian position, which is materially different from the Hong Kong proposals, are set out in the following section, but one point in relation to the European Union and its Information Society Directive¹³ is worth making in the present context. The Directive is intended to implement the provisions of the WCT and WPPT so as to harmonize laws in this area throughout the EU.¹⁴ In the case of communication to the public, this is done in Article 3(1) with respect to works (communication, including making available) and Article 3(2)(b) with respect to sound recordings (making available). Article 3(3) then provides:

3. The rights referred to in paragraphs 1 and 2 shall not be exhausted by any act of communication to the public or making available to the public as set out in this Article.

22. This provision is in contrast to Article 4(2) of the Directive, which provides for regional exhaustion of the distribution right with respect to the authorized first distribution of physical copies (this is specifically allowed under Article 6(2), WCT, and Article 12(2), WPPT, but there is no corresponding provision in relation to Article 8, WCT, and Article 14, WCT: see further par 15 above). In the case of the making available right, this underlines the separate and distinct legal character of each act of making available, and means that each successive act of linking to protected works and sound recordings is to be covered. To the extent, therefore, that the content of these links is not 'determined' by the person providing the link, proposed s 28A(5) appears to provide for an exhaustion of the making available right inconsistent with Article 8, WCT, and Article 14, WPPT.

Whether the approach is in any way different from the Australian approach

23. Proposed s 28A(5) appears to have some similarities to s 22(6) of the *Copyright Act 1968* (Australia), which provides:

¹³ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society, *Official Journal L 167*, 22/06/2001 P. 0010 – 0019 ('Info Soc Directive').

¹⁴ Info Soc Directive, recital (15).

- (6) *For the purposes of this Act, a communication other than a broadcast is taken to have been made by the person responsible for determining the content of the communication.*

On closer reading, it will be seen that this differs significantly from proposed s 28A(5) in that it is simply a deeming provision that indicates a specific category of persons who are to be regarded as having made that communication, that is, those persons who are responsible for determining the content of the communication. However, it does not provide a comprehensive or exhaustive definition of who is otherwise the maker of a communication other than a broadcast. Indeed, in the absence of the deeming provision, it might be that there would be some categories of persons responsible for determining the content of a communication who would not be regarded as having made it, for example, because the actual act of making available has been carried out by someone else at their direction. In this regard, the Australian provision can be seen as embodying a form of ancillary or deemed liability on persons determining the content of a communication, without the need to rely upon concepts of authorization that would otherwise be the only way in which a facilitator or inducer might be held liable. However, a precaution against extending this liability too far is then provided in s 22(6A) which seeks to exclude liability with respect to persons who simply click on a link provided by someone else (this appears to be replicated in proposed s 28A(6) of the Hong Kong Ordinance):

(6A) *To avoid doubt, for the purposes of subsection (6), a person is not responsible for determining the content of a communication merely because the person takes one or more steps for the purpose of:*

- (a) *gaining access to what is made available online by someone else in the communication; or*
- (b) *receiving the electronic transmission of which the communication consists.*

Example: A person is not responsible for determining the content of the communication to the person of a web page merely because the person clicks on a link to gain access to the page.

24. It should be noted that s 22(6) is confined to communications other than broadcasts, and that there is a separate deeming provision (s 22(5)) that applies to broadcasts. This links the act of broadcasting directly to the person providing the broadcasting service by which the broadcast was delivered (a reference to the *Broadcasting Services Act 1992* (which defines various categories of 'broadcasting services'). Thus, s 22(5) provides:

(5) For the purposes of this Act, a broadcast is taken to have been made by the person who provided the broadcasting service by which the broadcast was delivered.

The situation in Australia with respect to broadcasting (now widely interpreted in that country to include cablecasting, narrowcasting and subscription services under the *Broadcasting Services Act 1992*) covers a wide range of persons, and this may well differ from the situation in Hong Kong. Nonetheless, it is not an exhaustive statement of the persons who may be responsible for making a broadcast, which is obviously significant in the case of alleged infringements. As with s 22(6), it will remain a question for case by case determination as to who has actually made the broadcast or communication. In many, if not most, cases, this determination will be assisted by the deeming provisions in s 22(5) (in the case of broadcasts) and s 22(6) (in the case of communications other than broadcasts). These provisions, however, do not obviate the need for this inquiry.

25. So far as the proposed s 28(5) of the Hong Kong Ordinance is concerned, by contrast the relevant inquiry will stop once it is resolved that a person has not determined the content of a particular communication: in such a case, there will have been no communication at all, even if the work or recording has otherwise been made available to the public. For the reasons given above, this appears contrary to the relevant provisions of the WCT and WPPT.

Whether all acts of retransmission would be excluded from the scope of communication to the public right in Hong Kong

26. This is difficult to answer at large, in that there may be some instances in which it can be said that the content of the retransmission has been 'determined' by the re-transmitter. Clearly, this will be a factual inquiry in each instance. Furthermore, the words 'determine the content of the communication' are disturbingly imprecise, and suggest a distinction is being drawn between the 'communication' as a carrier or vehicle for the work or subject matter carried, and the 'content' which is the subject of the communication. It has been suggested above that these words appear to require some intentional act of the person alleged to have made the material available, but how precise will this knowledge have to be? Does it require a conscious choice by that person to re-transmit the specific work or sound recording in question? Would it suffice if there was knowledge that a particular category of sound recordings or works was being re-transmitted? Or would it be enough if there was simply knowledge that the content of the communication was some kind of

protected subject matter generally? Not only are these difficult legal issues which are not clarified by the terms of proposed s 28A(5), but they will also require significant factual inquiries in any given case, and certainly give rise to the possibility that re-transmitters will readily be able to arrange their delivery modes by arranging the technology so that they remain simple conduits or deliverers of protected content. As noted above, this result seems inconsistent with the requirements of Article 8, WCT, and Article 14, WPPT, as well as Article 11*bis*(1)(ii) of Berne (in the case of works).

Whether all acts of linking (including infringing links aggregating sites) would be exempted from liability for infringing the communication right in Hong Kong

27. Again, this is hard to answer at large, other than to indicate that difficult factual inquiries will be required as to what is meant by ‘determining the content’ of communications in these circumstances. While it may be doubted that the provision of a mere ‘reference link’ to where a protected work or subject-matter may be accessed on the Internet will ever be a making available to the public, there will be many linking uses of a commercial character which the proposed requirement of content determination will place outside the scope of the making available right. Obvious examples here would be the provision of aggregated links or torrent files where the website operator constructs them in such a manner as to ensure that it is not determining the content that is thereby being made available to the public. The scale and number of these kinds of activities is hard to estimate, but on any view they must constitute a significant carve-out from the scope of the communication right.

Whether the liability for authorisation (under section 22(2) and the proposed section 22(2A)) could remedy the problem

28. Reliance upon notions of ancillary liability has been suggested as one way of imposing liability on those who might otherwise avoid this by reason of proposed s 28(5A). Included here would be the concept of ‘authorization’ which applies under s 22(2) of the Hong Kong Ordinance, to be supplemented by proposed s 22A which appears to draw heavily upon s 36(1A) of the *Copyright Act 1968* (Australia). In addition, there is an extensive body of relevant common law jurisprudence which no doubt could be called in aid by rights owners. While I am not in a position to comment upon how these concepts would be applied by a Hong Kong court, authorization at the very least will require some

form of 'sanctioning, approving or countenancing' of the infringing activity, some degree of control over it and the absence of reasonable steps to avoid its occurrence.

29. In the cases of re-transmission and linking posited above, the application of authorization concepts will be difficult for the reason that authorization requires the commission of an infringing act by someone else before there can be anything that can be authorized. But if there is no act of communication by the re-transmitter or linker in the first place, what infringing act is there to be authorized and by whom? It would be odd if this person could authorize themselves to do something that is not an infringing act (because they are not determining content), and the same would apply to any third party one stage removed who might conceivably have encouraged or facilitated this activity.
30. In short, there does not seem to be any scope here for authorization concepts to be applied.

Any other relevant points.

31. In light of the above, my conclusion is that proposed s 28A(5) appears to be inconsistent with the obligations contained in the WCT and WPPT. I am happy to respond to any further questions that my instructors may have on any issue raised in this opinion.

Sam Ricketson
London,
29 June 2015

ATTACHMENT - PROFESSOR SAM RICKETSON

Sam Ricketson graduated in law and arts from the University of Melbourne and holds the degrees of Master and Doctor of Laws from the University of London. He is also a Fellow of the Academy of Social Sciences of Australia and of the Australian Academy of Law.

Prior to his appointment to the University of Melbourne in November 2000, Sam was the Sir Keith Aickin Professor of Commercial Law at Monash University (1991 to 2000). Before this, he had held academic positions at the University of Melbourne (1977 to 1991) and in the Centre for Commercial Law Studies, Queen Mary & Westfield College, London (1984-1986). Most recently, he has been a Herbert Smith Visitor in the Faculty of Law, University of Cambridge (August to November 2010), Yong Shook Lin Visiting Professor in IP Law at the National University of Singapore (February-March 2011), a visiting professor at the Wuhan Law School in China in October and November 2012 and in June 2014, a Watts Visiting Research Fellow at the British Institute of International and Comparative Law, London, July-November 2013, and is presently a visiting professor at the Dickson Poon Law School, King's College London.

Sam has written, taught and advised widely in all areas of intellectual property law (copyright and designs, patents, trade marks and unfair competition, and breach of confidence), conflicts of law, trade practices and corporate law. He has also held various professional as well as governmental appointments in the intellectual property area, including membership of the Commonwealth Copyright Tribunal and as a consultant to the Australian Law Reform Commission. He is currently a panel member of the World Intellectual Property Organisation's dispute resolution body in relation to domain names and was a member of the Victorian Law Reform Commission from 2001 to 2010. Between 2000 and 2015, he also practised part-time at the Victorian Bar and was counsel or co-counsel in a number of leading Australian IP cases, both at first instance and on appeal.

In addition to co-authorship of two student casebooks (the first on conflict of laws and the second on intellectual property, now in its fifth edition), and sole authorship of over 50 journal articles, 20 book chapters, 4 commissioned reports, and numerous conference papers, Sam's principal published works include the following:

1. Ricketson, S, *The Law of Intellectual Property*, Sydney, Law Book Company, 1984 (i-clxxv, 1-1202); second edition published in 1999 as Ricketson, S, *The Law of Intellectual Property: Copyright, Designs and Confidential Information*, LBC, Sydney, 1999 (2,000 pages approximately, 3 volumes, with Creswell, C, as co-author since 2001). This is now produced in a loose leaf format, with regular updates and has now been substantially reissued in the form of a new edition (from 2006 on).
2. Ricketson, S *The Berne Convention for the Protection of Literary and Artistic Works: 1886-1986*, London, Centre for Commercial Law Studies, Queen Mary College, and Kluwer, 1987, (i-cxii, 1-1030); second edition published in 2006: Ricketson, S, and Ginsburg, J, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond*, Oxford University Press, Oxford, UK, 2006 (substantially rewritten and added to: i-lxxxvii, 1-1540, (70% authorship).

Sam has been the recipient of several major research grants from the Australian Research Council, including one in relation to universities and their intellectual property with Professor Ann Monotti of Monash University. He has also been co-editor of a book of essays on landmark Australian IP cases (published by Cambridge University Press) and serves on the editorial board of several prestigious professional and academic IP journals, including the *European Intellectual Property Review*, the *Queen Mary Journal of Intellectual Property*, and *IP Forum* (Australia). Most recently, he was editor of a Special Issue of the *Singapore Academy of Law Journal* on intellectual property (published December 2012). He is currently working on a commentary on the *Paris Convention for the Protection of Industrial Property*, which is to be published by Oxford University Press in late 2015.

DRAFT CONFIDENTIAL

Further comments in relation to proposed section 28A(5) of the Hong Kong Copyright Ordinance 2014

Sam Ricketson
Professor of Law, Melbourne Law School

Introduction

1. I have been asked to comment further on several aspects of my opinion dated 30 June 2015.
2. Essentially, these relate to the following matters:
 - a. Whether the proposed s 28A(5) of Ordinance will be compatible with the WCT and WPPT in light of the further response provided by IPD.¹
 - b. The scope for the concept of authorization liability, in the light of the Australian *Cooper* case (and others).

Compatibility with the WCT and WPPT

3. As noted in my previous opinion, Article 8 of the WCT and Article 14 of the WPPT leave considerable flexibility as to how the obligations under those provisions are to be carried out in domestic laws.
4. In particular, neither of the provisions specifies who is to be regarded as being responsible for the acts of communication and making available referred to in those provisions. The significant point, however, is that rights owners are to have exclusive rights in relation to the doing of these acts – there is nothing in the provisions that indicates that this inquiry is to be subject to, or qualified by, the need, for a subjective intention on the part of the person alleged to be making the communication in order for that act to be regarded as “communication”. The sole question under these articles as to whether there has been a communication of protected subject matter, including a making available online, is a purely factual one. In this regard, Articles 8 and 14 follow the

¹ IPD, *Bills Committee on the Copyright (Amendment) Bill 2014, Communication Right*, LC Paper No CB(4)1182-15(02) (“IPD Response”).

format that is established for the other exclusive rights provided in the WCT, WPPT and Berne Convention.

5. Providing, as in proposed s 28A(5), that a person does not “communicate a work to the public if the person does not determine the content of the communication” therefore appears to remove from consideration a potentially significant number of communications that might otherwise fairly be regarded as communications. The policy reasons behind the proposed provision are clear enough: to provide a fair balance between the interests of copyright owners and users of the Internet.² But it must be questioned whether the provision achieves this purpose: not only is it uncertain in its scope, but it potentially tips the balance too far against the interests of copyright owners.
6. In the first place, it begs the question as to the meaning of the expression “determine the content”. More importantly, it appears to exclude communications where the maker is ignorant of what content is being communicated or has taken steps to remove him or herself from such knowledge, that is, where it could not be said that that person has determined the content of a that communication, or category of communications.
7. While there is a similar formulation to proposed s 28A(5) in s 22(6) of the Australian *Copyright Act 1968*, the latter is a deeming provision only and therefore, in theory at least, leaves open the possibility that there might still be responsibility for the making of communications in cases where the person concerned is not directly determining the content but where it is clear that it has nonetheless caused that communication, including a making available online, to occur. This point has not been directly addressed in any of the Australian cases in which s 22(6) has arisen for consideration. It can also be argued that this provision, like proposed s 28A(5), is not very helpful in resolving the factual issue of whether a communication has occurred in the first place. In this regard, it is worth noting that there is no equivalent provision in the EU *Information Society Directive*; which is intended to be consistent with the terms of the WCT and WPPT; likewise, there is nothing of this kind in UK law (which is required to implement the Directive).
8. Leaving aside the question of who has determined the content of communications, it is noteworthy that, in the case of hyperlinks, court decisions in the UK and EU have underlined the essentially factual inquiry that is otherwise involved in determining whether there has been a making available of protected subject matter online. Thus, in the

² IPD Response, par 5.

Svensson case,³ the CJEU held that the provision of “clickable links” did amount to a communication, being a making available, but was not “to the public” in that this did not involve a communication to a “new public”.⁴ Cases in the UK in relation to website blocking injunctions have also underlined the wide range of factual situations that that can arise where hyperlinks are provided, but where liability for making available can arise where there has been some further indexing, cataloguing, etc, of hyperlinks that make a material contribution to the making available.⁵ By contrast, in the first instance decision in *Universal Music v Cooper*,⁶ Tamberlin J that there was no “making available” through the provision of organized or aggregated links to third party websites from which protected sound recordings could be accessed and downloaded, on the basis that the content of any communication from that website was not determined by the provider of the links but by the third party website.⁷ This aspect of his Honour’s decision was not revisited on appeal,⁸ as the issues there were concerned with authorization of infringement and not whether there had been a direct infringement by way of communication.⁹

9. While the facts of each of these cases differ considerably and therefore make it difficult to generalise as to whether there has been a making available online – and hence a communication – it is possible to draw a broad distinction between links of a “reference” kind that simply take the user to the third party website in the same way that a bibliographic reference takes one to a book in a library – and it is clear that this is what is occurring – and those cases where there are “deeplinks” and the like where the user remains essentially unaware that he or she has been redirected and obtains access to the

³ *Nils Svensson, Sten Sjögren, Madelaine Sahlman, Pia Gadd v Retriever Sverige AB*, Case C-466/12, 4th Chamber, 13 February 2014, [17]-[20].

⁴ This conclusion is open to doubt and has been strongly criticised by various commentators, but has not been raised in my brief.

⁵ See further *Dramatico-Entertainment Ltd v British Broadcasting Ltd* [2012] EWHC 268 (Ch) (Arnold J); *Paramount Home Entertainment International Ltd v British Sky Broadcasting Ltd* [2013] EWHC 3479 (Ch), [10]-[31] (Arnold J); *1967 Ltd and others v British Sky Broadcasting Ltd and others* [2014] EWHC 3444 (Ch), [14]-[17] (Arnold J); *Paramount Home Entertainment International Ltd v British Sky Broadcasting Ltd* [2014] EWHC 937 (Ch), [32] (Henderson J commenting on the effect of *Svensson*); cf *Twentieth Century Fox Film Corporation and others v Sky UK Ltd and others* [2015] EWHC 1082 (Ch), [32]-[42] (Birss J).

⁶ *Universal Music Australia Pty Ltd v Cooper* [2005] FCA 972, [60]-[68].

⁷ *Ibid*, [74]-[76].

⁸ *Cooper v Universal Music Australia Pty Ltd* [2006] FCAFC 187.

⁹ Although the issues of making available has been considered by other Australian cases since *Cooper*, these were concerned with links and simply serve to underline the many different factual situations in which these questions can arise: see *Roadshow Films Pty Limited v iiNet Limited* [2011] FCAFC 23, [151]-[158] (Emmett J), [327]-[330] (Jagot J), [661]-[662] (Nicholas J); *Singtel Optus Pty Ltd v National Rugby League Investments Pty Ltd (No 2)* [2012] FCA 34, [86]-[96] (Rares J at first instance).

protected subject matter subject matter.¹⁰ In each instance, the underlying technologies and the way in which this is done may differ, but the essential question remains whether the subject matter has been made available to the user by the simple action of clicking on the link. *Svensson* suggests the answer to this is “yes”. This approach is supported in turn by the UK injunction cases, at least where the provider of the links has done something further, such as the addition of particular functions such as indexing, cataloguing and other interventions that make a material contribution to the subject matter being made available to the user, even though that subject matter is situated on other sites or drawn from many sources as in the case of BitTorrent technologies.¹¹ None of these activities may amount to determining the content of a communication in a specific instance for the purposes of a provision such as proposed s 28A(5), but they are certainly relevant in a causal sense to the question of whether a making available online has occurred. In principle, this approach must be correct, in that it looks at the effect or consequence of the particular activity, and is consistent with a technology-neutral interpretation of Article 8 of the WCT and Article 14 of the WPPT. The absence of a similar provision to proposed s 28A(5) in both the EU and UK has clearly made it easier for courts in those jurisdictions to impose liability directly on the providers of links for making available online, and to do so without the need to rely upon doctrines of authorization or joint liability (although clearly those doctrines have also been invoked and relied upon in those cases).

10. The above considerations suggest strongly that nothing material is added to the resolution of these factual issues by the adoption of a provision such as proposed s 28A(5) or even a deeming provision such as s 22(6) of the Australian Act. Indeed, such provisions may have a limiting effect in that they potentially exclude acts that could otherwise be considered as making available online and hence infringing communications. On this basis, it is therefore submitted that that proposed s 28A(5) cannot be read as being consistent with either the article 8 of the WCT or article 14 of the WPPT.

¹⁰ See further the discussion of this distinction by Arnold J in relation to *Svensson* and other CJEU proceedings in *Paramount Home Entertainment International Ltd v British Sky Broadcasting Ltd* [2013] EWHC 3479, [20]-[29].

¹¹ See further the cases cited in note 5.

Authorization

11. The IPD response argues that any gaps that may arise from the adoption of the proposed s 28A(5) will be filled by reference to doctrines of authorization and/or joint liability.¹² My understanding is these doctrines are similar in both Hong Kong and Australia, and that there are also proposals to insert provisions in the Ordinance that will reflect those in s 36(1A) of the Australian *Copyright Act 1968*.
12. It is certainly correct that these doctrines have an important part to play in curbing egregious online infringements by websites and the like. In this regard, Australian decisions such as *Cooper* and *iiNet* may provide useful precedents for Hong Kong courts.
13. However, there are several qualifications or reservations that need to be made here:
 - a. In *Cooper*, the main thrust of the arguments on liability concerned the making of downloads – infringing reproductions – from third party websites. While there were also findings of authorization in relation to communication to the public, on appeal there was no specific consideration of this and no argument as to whether the finding of the first instance judge on this issue was correct. For reasons explained below, it is unclear which aspect of the communication right Tamberlin J was considering – whether this was the “making available online” of the protected subject matter or the transmission of that subject matter from the remote website to the user.
 - b. Thus, if the protected subject matter is already available on the third party website, the infringing act has already been committed and is continuing to occur without any authorization from the provider of the links. In this instance, it is therefore difficult to argue that the provider of the links has “authorized” the infringing act in any causal sense. This contrasts with the situation where the subject matter is downloaded by the user from the third party website, as this is an act that flows directly from the provision of the link to the user, that is, the act of authorization.
 - c. It might be possible to argue that a separate act of communication is authorized when the protected subject matter is streamed from the third party website to the user at the latter’s request. On the other hand, as this is a bilateral communication between the third party website and the user, there might be an argument that this is not a communication “to the public” and hence not an infringing act that can be

¹² IPD Response, pars 17-19.

authorized.¹³ In conceptual terms, there might well be a communication to the public at the point at which the protected subject matter is made available on the website where it can be accessed by members of the public. However this “public” aspect may disappear when the subject matter becomes is then transmitted from the website to the user alone in response to the latter’s request.

14. There are clearly arguments that can be made against those outlined in 13.b and c, and these would obviously need to be tested in litigation. For present purposes, however, my purpose is simply to point to them and note that authorization concepts may not provide clear answers in these different situations. This indicates again that provisions such as proposed s 28A(5), which place limits on the imposition of direct liability on the providers of hyperlinks, may weaken the position of rights owners and that assistance from doctrines of ancillary liability, such as authorization, may be insufficient to shore up that position. Similar arguments may also apply with respect to notions of joint liability.

Other matters

15. I have not been asked to comment on other matters arising in relation to communication rights, but it would be remiss of me not to draw your attention to one particular problem that arises here, quite apart from the difficulties posed by the proposed s 28A(5).
16. This concerns the meaning of the requirement that communications should be “to the public”, and the potential difficulties that arise for rights owners here if the reasoning adopted by the CJEU in *Svensson* in relation to the need for there to be a “new public” is adopted. This decision has received strong criticism as being inconsistent with international treaty obligations from certain groups in Europe such as the International Literary and Artistic Association,¹⁴ but does appear to have been accepted by some first instance courts in the UK.¹⁵ If these decisions are followed in other jurisdictions, this may be a matter that will require legislative clarification from the perspective of rights owners who presumably will not be happy with such an approach.

Sam Ricketson

London, 31 July 2015

¹³ See further the comments of Rares J in *Singtel Optus Pty Ltd v National Rugby League Investments Pty Ltd (No 2)* [2012] FCA 34, [105]-[106] (not considered on appeal).

¹⁴ Available at <http://www.alai.org/en/assets/files/resolutions/2014-opinion-new-public.pdf>

¹⁵ See, for example, *1967 Ltd and others v British Sky Broadcasting Ltd and others* [2014] EWHC 3444 (Ch), [16] (Arnold J).