

## Submission of the International Association of Scientific, Technical and Medical Publishers (STM)

### on the Proposed Amendments to the

### Hong Kong Special Administrative Region Copyright Ordinance (Cap. 528)

#### Introduction

The International Association of Scientific, Technical and Medical ('STM') publishers, as more fully described at the end of this submission, is grateful for the opportunity to provide comments and suggestions to the public consultation paper published on 24 November 2021 (the "Public Consultation Paper").

STM welcomes the Government's intention to update Hong Kong's Intellectual Property (IP) regime with a view to strengthening Hong Kong as a hub and key international trading place for IP and to engage in a copyright reform consistent with international standards and practices.

Whilst the Public Consultation Paper's point of departure are the previous Bills of 2011 and 2014, which did not result in adopted changes to the Copyright legislation, there remain a number of concerns and shortcomings that are part of the 2014 Bills. STM is of the view that these shortcomings and concerns would need to be addressed to achieve the Government's objectives and would then better relate to the new consultation topics the Public Consultation Paper chiefly discusses. Addressing the 2014 shortcomings and concerns will also allow a better future discussion of the items posited in Chapter 7 of the Public Consultation Paper as potential future topics.

After a high level summary under I., this submission provides under II. a submission in detail comprised of comments and suggestions with regards to the following items:

- (1) Suggestions how to address key remaining shortcomings and concerns STM has in relation to the 2014 Bill; and
- (2) Comments and positions on some of the topics dealt with in Chapters 1 to 6 of this 2022 consultation to the extent relevant to STM and its members; and
- (3) Comments relating to possible future topics contained in Chapter 7 of the Consultation Document;

followed by a brief Conclusion under III.

#### I. High Level Summary

Regarding the four issues that generated interest from stakeholders during the deliberation of the 2014 Bill, STM recommends:

- An exhaustive approach to exceptions should be maintained to ensure legal certainty in Hong Kong's copyright regime.
- Contract override should be maintained to support the critical principles of the freedom and sanctity of contract as well as to ensure legal certainty. The Government should make dealing

with illicit streaming devices an offence and extend this to online applications having the same purpose and effect.

- To the extent the Government wants to be a leading jurisdiction for IP trading and legal certainty and security, the Government should keep an open mind to introduce an additional clear legal basis for injunctions against intermediaries, in addition to the inherent jurisdiction of Hong Kong Courts and the jurisdictions conferred on them through statute. The clear legal basis in the Copyright Ordinance should include website blocking injunctions, being the most effective tool to reduce online piracy, including dynamic blocking orders and also orders against intermediaries such as search engines to de-index and/or delist offending sites.

Regarding future topics, STM recommends:

- Text and Data Mining: the Government should ensure that a fair balance is struck between the needs of copyright owners and users, such as software and Artificial Intelligence analytical tool makers and also research intensive sectors. To this end the TDM exception should be subject to the three-step test limitation and protect the way copyright owners license their works for TDM and for use with AI. STM agrees with the world-wide emerging best practice to require the content to be lawful and lawfully acquired. This will be essential also to ensure the high quality of any corpus that is being mined, and to avoid it being manipulated or from opaque sources.
- Artificial Intelligence: For STM the question of Artificial Intelligence (AI) and IP is one dominated by “Data First”. Any consultation should thus be broad-based and include a broad discussion of the infrastructure needed to lead to high quality of data, metadata and also where copyright-protected works are used as source material for AI applications or Machine Learning or calibration or de-biasing of AI entities, there needs to be a sufficient copyright infrastructure that allows high quality content to thrive and lead to high quality human-centred outcomes utilising or relying in whole or part on AI.

## II. Submission in Detail

### 1. Suggestions on 2014 Bill

#### 1.1 Criminal Sanctions

The wording in criminal appears confined to commercial infringements or infringements within commercial organisations. In practice, even non-commercial or unqualified infringers can do as much harm as commercial organisations. For those, the 2014 Bill in STM’s view contains language that leaves too much discretion with judges which will lengthen proceedings and not have a deterrent effect for individuals and non-profit entities that may establish themselves in Hong Kong SAR and work against its aspirations of becoming an IP trading hub. Recommendation: clarify criminal sanctions so that infringements by private individuals are punishable on same level as commercial entities where private individuals act on a systematic or repeated basis or large scale. The scale and threshold should be defined also in the law and not be left to codes of conduct or other flexible norms.

## 1.2 Clarify that the lending exception is confined to hard copy editions of works

Lending of works to be confined to lending of physical works (books), not eBooks or e-lending of copyright protected works.

The 2014 Bill appears to create some exception for lending of books. The provision is not clear enough that this exception only applies to the lending of physical copies of works. Only this restriction is consistent with international practice and the concept of exhaustion of the exclusive right of distribution. Exhaustion is not a concept that should be applied to eBooks or electronic resources, where any so-called “lending” is in fact an infringement of the communication to the public right or the making available right.

## 1.3 Take into account evolution of international standards and practice of supplementing ISP limitation of liability towards ISP co-responsibility and due diligence obligations since 2014

Since 2014 and the Government’s response in 2015, ISP liability has seen much development internationally growing from a concept of a safe harbour to one of ISP responsibility and due diligence. The provisions and reference to a private voluntary code of conduct are in STM’s respectful view outdated and should be updated to include the developments and the greater role ISPs and other intermediaries play in ensuring that only compliant content is made available to users or uploaded by users. Recommendation: the ISP liability provisions should be combined with due diligence obligations by ISPs leading to responsible behaviour. The details may still be handled in a code of conduct that should however only be voluntary to the extent of the mechanisms but not its objectives. The updated provisions should at least include:

1.3.1 An efficient notice and stay-down obligation, instead of a cumbersome and inefficient “notice and notice” system.

1.3.2 An obligation to use relevant and necessary information provided by rightsholders to assess compliant and infringing content. Failure to use the information provided in inter-operable ways by or on behalf of rightsholders should be considered a red flag and lead to the loss of a “safe harbour” protection.

1.3.3 Repeat infringers should be suspended from the operation of ISPs. In STM’s experience only a handful of infringers abuse intermediary services and rather than relying purely on a notice-and-stay-down system, persons not abiding by rules should be suspended from participating or benefitting from services, if they are found to do so systematically or repeatedly.

## **2. Comments on topics of 2022 consultation (comments on Chapters 1 to 6)**

### 2.1 An exhaustive approach to exceptions should be maintained – fair dealing not fair use

STM share the government’s view that a long-standing fair dealing provision increases legal certainty compared to the open-ended fair use approach, particularly where case law is absent and would have to be imported or transplanted from other jurisdictions. At the end of the day it is about a fair balance between tech companies and rightsholders that in a modern copyright system must

be considered. Certain intermediaries that claim to stand in the shoes of their customers, the end-users, do so self-servingly to derive hefty profits from uncontrolled and often anonymous copying and uploading. This should not be enabled. To the extent that a system change were contemplated in Hong Kong – which STM would not recommend – STM would be of the view that any fair use provisions should exclusively apply to natural persona and it should not be possible for an intermediary or media platform to claim fair use of its end-user customers. In other words, even where any use may be considered as fair use from the perspective of the individual, the aggregate uses of a great number of individuals engaging in the said use, substantially of the same materials at substantially the same time, should be considered infringing in the absence of a license by the platform or other intermediary that aggregates or facilitates the uses of individual users.

## 2.2 Freedom of contracting should not be limited to ensure legal certainty and to preserve the sanctity of contracting

STM also shares the government view that contract override provisions do more harm than good in eroding contractual freedom, privity of contract and legal certainty. Any contract override should be based on evidence of over-reaching in the form of common law concepts such as unconscionable contracts or duress. An over-broad concept of contract override will frequently be inefficient as many users and rightsholders are able by contract to regulate the scope and contour of licensed and permitted uses bespoke and adapted to the sub-sector of content concerned, rather than a one-size fits all. Also rightsholders and users frequently engage in settlement negotiations following infringements that necessarily contain detailed rules about future allowed and disallowed conduct on the part of the users. Contract override provisions may get in the way of settlements and lead thus also to more litigation than necessary, making settlements harder or impossible to reach.

## 2.3 Efficient and expedited web-blocking injunctions should be available specifically in relation to copyright-protected works regardless of fault of ISPs involved

STM is in favour of clear rules on web-blocking. STM welcomes the Government's assessment that under the present legislation and based on present Court jurisdiction rules, web-blocking is a remedy available in Hong Kong SAR in appropriate cases. Nevertheless, STM is of the view that web-blocking legislation that is bespoke to copyright-protected works would be helpful, in particular the following elements should be considered:

2.3.1 The remedy should be available on an expedited basis;

2.3.2 The remedy should be available against all kinds of intermediaries not only hosting service providers or access providers, but also search engines allowing a de-indexing of offending foreign web-sites;

2.3.3 The remedy should not only be available in cases relying on a finding of infringement or contravention of the intermediaries safe harbour due diligence obligations (in this regard, see above STM's submission on safe harbour due diligence and ISP responsibility), but should also be available against intermediaries who are well-placed to stop ongoing or prevent future infringements even where they have no fault of their own or are not liable to the applicant. The

EU's InfoSoc Directive (Directive 29/2001) Article 8(3) is pertinent and could serve as a model in this regard.

2.3.4 Web-blocking orders need to allow in appropriate cases for dynamic and DNS as well as IP-level blocks that can be added to.

2.3.5 The costs for web-blocking applications need to be allocated between applicants and respondents to avoid litigation over court costs, which is a potentially wasteful consequence over legal uncertainty.

### 3. Comments on possible future topics (Chapter 7)

3.1 Text and Data Mining is an existing licensing market for a tool well understood in commerce, R&D and business. Exceptions should be carefully crafted if at all in relation to public research or tertiary educational institutions who pursue exclusively non-commercial purposes

In any future norm-setting of specific exceptions in relation to Text and Data Mining (TDM), the Government should ensure that a fair balance is struck between the needs of copyright owners and users, such as software and AI analytical tool makers and also research intensive sectors. To this end the TDM exception should be subject to the three-step test limitation and protect the way copyright owners license their works for TDM and for use with AI. A formulation in legal norms should be provided that recognizes that viable markets exist already for licensing works for TDM activities with a commercial purpose. TDM, machine learning and AI are general application technologies that require not only software and tools but depend foremost on quality content as input. Absent a continued flow and investment in quality content, TDM machine learning and AI would quickly degenerate according to the principle "garbage in, garbage out". It is therefore necessary to create an ecosystem where all parties contributing to value creation are rewarded so they continue to invest. Science publishers are not only providers of high quality inputs for TDM, but also use or develop TDM and machine learning applications themselves.

Consequently, STM's position is made from the perspective of both producers and users of content and software applications, fully cognisant that the adopted framework needs to be fair equitable and sustainable. STM stands ready in whatever way may be appropriate to contribute to any future norm-setting consultations in the field of TDM and share experiences its members have in this arena.

3.2 Artificial Intelligence regulation should take into account re-use of pre-existing and co-existing human-generated IP in order to arrive at ethical, transparent and high-quality applications of AI

In STM's view data is a new frontier and perhaps a consultation on rights management data infrastructure would be a useful follow up to the consultation first, rather than diving straight into questions of AI and IP and whether or not AI entities may be ascribed IP protection or authorship or inventor quality. STM respectfully submits that foremost it is important to unpack the amorphous concept of "data" underpinning all successful AI concepts and projects. Data does not exist in a vacuum, especially not data that is able to be re-used. Required are both standards and incentives to gather, collect, enhance and curate as well as curate and preserve data with context. This is the field of metadata and many STM members see tremendous opportunities to contribute value to

the AI-value chain or ecosystem, as publishers are extremely well positioned to organize data and metadata. STM will be happy to provide examples of AI-technology related applications and emphasizes already now that STM publishers are engaged in numerous standard-setting initiatives as well as in actively building a data and metadata infrastructure that will lead to new forms of knowledge entities. The domain is fast evolving and STM publishers are part of this evolution. Any norm-setting activity needs to take great care not to cast in stone any particular technological developments.

### III. Conclusion

STM supports the motivation for the currently contemplated update of Hong Kong's copyright legislation and stands ready to support implementation of a balanced and future-oriented copyright reform. STM commends the Government of Hong Kong for engaging in evidence-based norm-setting and to pursue this reform in a responsible manner. If the Government can carry through the copyright reform in this way, Hong Kong will indeed increase its role as a hub for international intellectual property trading in the region as new technologies and new materials and new services continue to be adopted for business prosperity and growth and the advancement of human-centred societies with it.

### About STM

At STM we support our members in their mission to advance research worldwide. Our over 140 members based in over 20 countries around the world collectively publish 66% of all journal articles and tens of thousands of monographs and reference works. As academic and professional publishers, learned societies, university presses, start-ups and established players we work together to serve society by developing standards and technology to ensure research is of high quality, trustworthy and easy to access. We promote the contribution that publishers make to innovation, openness and the sharing of knowledge and embrace change to support the growth and sustainability of the research ecosystem. As a common good, we provide data and analysis for all involved in the global activity of research.

### Contact details

Ms Caroline Sutton, CEO, STM,

Mr Carlo Scollo Lavizzari, Lenz Caemmerer Basel, Switzerland, outside legal counsel,