

Hong Kong Bar Association - Committee on Intellectual Property
Position Paper on the Proposed Copyright (Amendment) Bill

I. Background

1. On 24 November 2021, the HKSAR Government launched a consultation on updating Hong Kong's copyright regime. The Government proposes to introduce a new amendment Bill ("the **New Bill**") based on key legislative proposals in the Copyright (Amendment) Bill 2014 ("the **2014 Bill**") which had failed to be passed by the Legislative Council in 2016. The background to and objectives of the proposals are explained in detail in a consultation paper entitled "Updating Hong Kong's Copyright Regime" published by the Commerce and Economic Development Bureau ("the **Consultation Paper**").
2. The Intellectual Property Committee of the Hong Kong Bar Association ("the **IP Committee**") had previously presented a Position Paper dated 17 February 2016 on the 2014 Bill and amendments thereto proposed by certain members of the Legislative Council. This paper sets out the updated views of the IP Committee on the various questions posed in the Consultation Paper. Specifically the questions relate to:
 - (1) Exhaustive approach to fair dealing exceptions;
 - (2) Contract override;
 - (3) Illicit Streaming Devices ("**ISDs**");
 - (4) Judicial site blocking;
 - (5) Possible new issues for further studies.

II. Overview

3. First and foremost, copyright is a property right, the protection of which is guaranteed by the Basic Law.¹ The scope of protection requires a balance to be struck between the rights of the copyright owner and the rights of those desiring to make use of copyright works in a way that is not damaging to or unfairly taking advantage of such property. The rights and freedom of the individual, including freedom of speech², is also to be balanced against the property rights and other rights of the owner.

¹ Article 6 of the Basic Law provides that "The HKSAR shall protect the right of private ownership of property in accordance with law". Article 105 of the Basic Law provides, *inter alia*, that "The HKSAR shall, in accordance with law, protect the right of individuals and legal persons to the acquisition, use, disposal and inheritance of property...". Article 140 of the Basic Law requires the Government to "protect by law the achievements and the lawful rights and interests of authors in their literary and artistic creation."

² Guaranteed by Article 27 of the Basic Law and Article 16 of the Hong Kong Bill of Rights.

4. Secondly, it is noted that the primary objective of the 2014 Bill was to bring the law up to date by creating a communication right, i.e. an exclusive right to communicate a work to the public by electronic means.³ In the last twenty years or so, advances in mobile communication, e-commerce and streaming technology have revolutionised the daily lives of billions of people around the world. Furthermore, the widespread social distancing measures necessitated by the outbreak of the Covid-19 pandemic since 2020 have heightened the importance of streaming-based forms of communication and entertainment.
5. Under the existing law, restricted acts have always included making copies of a work or a substantial part of the work without authorisation.⁴ Restricted acts such as copying if done without authorisation of the copyright owner is an infringement, and the copies so made are “infringing copies”.⁵ Uploading copyright works onto and downloading copyright works from digital platforms involve making digital copies of the works, transient though they may be. If unauthorised, this form of copying is no different from making physical copies from works such as photocopying and transferring a sound recording.
6. It may not have been widely known that the existing law has always caught traditional means of distribution of infringing copies, be they hard copies or soft copies.⁶ However, modern means of distribution of copyright works such as streaming produce the same practical result as that achieved by dissemination of copies via traditional means, but with phenomenally enhanced reach, speed and quality.
7. The proposed amendments in the 2014 Bill introduced protection for a communication to the public right by creating civil⁷ and criminal liability⁸ for unauthorised communication. The reform sought to mirror the civil and criminal sanctions that currently exist in relation to unauthorised distribution of or dealings in infringing copies. Subject to one point, we welcome the proposal, as it will bring our copyright law in line with Hong Kong’s international treaty obligations⁹ as well as the legislative trend in other major industrial jurisdictions¹⁰.
8. Under the then proposed new s.28A, communication of a work to the public is defined as “the electronic communication of the work to the public, including (a) the broadcasting of the work; (b) the inclusion of the work in a cable programme service; and (c) the making available of the work to the public.” The first two

³ The new s.28A proposed in the Bill.

⁴ Copyright Ordinance, Cap. 528 (“CO”) ss.22(1)(a), 22(3) and 23.

⁵ CO s.35.

⁶ CO ss.24 and 31 etc. See also *Chan Nai Ming v HKSAR* (2007) 10 HKCFAR 273, at [34].

⁷ The new ss.28A and 32(2) proposed in the Bill.

⁸ The new s.118(8B) proposed in the Bill.

⁹ Such as Article 8 of the WIPO Copyright Treaty.

¹⁰ Such as the European Union, Australia, UK, Singapore, New Zealand and Canada.

types of communication referred to hark back to two of the extended forms of copyright that were first introduced in Hong Kong under s. 8 (broadcasting) and s. 9 (cable programme service) of the CO.

9. We note that the definitions of those two rights were largely (but not entirely) based on the corresponding statutory definitions under the UK Copyright, Designs and Patents Act 1988 (“CDPA”) prior to its amendment in 2003. In particular,

- (1) A “broadcast” is defined, *inter alia*, as “a transmission by wireless telegraphy of sounds or of visual images and sounds or of representations thereof ...” (CO s.8(1)); and
- (2) A “cable programme” means any item included in a cable programme service, the latter being defined as “a service which consists wholly or mainly in the lawful sending by any person, by means of a telecommunications system ... of sounds, visual images, other information or any combination of them either (a) for lawful reception, otherwise than by wireless telegraphy, at 2 or more places in Hong Kong or elsewhere, whether they are so sent for simultaneous reception or at different times in response to requests made by different users of the service; or (b) for lawful reception, by whatever means, at a place in Hong Kong or elsewhere for the purposes of their being presented there either to members of the public or to any group of persons ...” (CO s.9(1)).

10. In our view, there are strong reasons for reforming and even amalgamating the definitions of broadcasts and cable programmes:

- (1) First, the definition for “cable programmes” is obviously and notoriously convoluted.¹¹ The basic definition partially reproduced above is further subject to a host of exceptions based on, *inter alia*, the precise technical arrangements for transmission (CO s.9(2)).
- (2) Secondly, the key difference between the two types of transmission lies in the different technology employed, namely, wire versus wireless telegraphy. In the context of the new communication right,¹² the retention of such differentiation is hardly justifiable in view of the objective of pursuing a technology-neutral legislative strategy.

¹¹ Copinger & Skone James on Copyright, Vol 1, 18th ed, §7-213.

¹² See the new s.28A(2) proposed in the Bill.

- (3) Thirdly, it is not entirely clear whether a website constitutes a cable programme service.¹³ It is somewhat surprising that such a basic question cannot be answered with confidence and without reference to fine technical distinctions.
11. In the UK, in October 2003, the entire class of cable programmes was abolished and subsumed within a widened definition of broadcasts. Under the new (and current) definition, a broadcast is, subject to certain exceptions, “an electronic transmission of visual images, sounds or other information which (a) is transmitted for simultaneous reception by members of the public and is capable of being lawfully received by them, or (b) is transmitted at a time determined solely by the person making the transmission for presentation to members of the public ...”¹⁴ (Protection for “on demand videos”, previously regarded as a “cable programme”, was deliberately excluded from the definition of “broadcasts” but then re-introduced as part of the new communication right.¹⁵)
12. In Australia, in 2000, the former broadcasting right (limited to wireless telegraphy) and diffusion right (limited to works) were abolished and replaced by a compendious, technology-neutral communication right.¹⁶ The latter is defined as “[making] available online or electronically transmit (whether over a path, or a combination of paths, provided by a material substance or otherwise) a work or other subject-matter ...”.¹⁷
13. It is submitted that the Government should look into simplifying and streamlining copyright protection for broadcasts and cable programmes by reference to the current regime in the UK or Australia. However it is understood that this requires legislative reform that may go beyond the scope of the current round of consultation and would necessitate consequential amendments to a number of existing provisions in the CO as well as those currently proposed in the Bill.

III. Exhaustive approach to fair dealing exceptions

14. The Government has invited views on the following issue, namely, whether Hong Kong, similar to most jurisdictions worldwide, should continue to maintain the current exhaustive approach by setting out all copyright exceptions based on specific purposes or circumstances in the CO.

¹³ In the UK it has been held that this is arguably so: *Shetland Times Ltd v Wills* [1997] FSR 604, approved, *obiter*, in *Sony Music Entertainment (UK) Ltd v Easyinternetcafe Ltd* [2003] FSR 48. Cf. *Copinger, sup cit*, at §7-213, fn 904.

¹⁴ CDPA, s.6(1), as amended pursuant to the requirements of the Information Society Directive (2001/29).

¹⁵ CDPA s.20(2)(b).

¹⁶ Copyright Amendment (Digital Agenda) Act 2000.

¹⁷ Copyright Act 1968 (Australia), s.10(1).

15. Under the CO the question of fair dealing is addressed by a two-step test. The Court first looks at whether the dealing falls into one of the exceptions provided by the legislation. If so, but not otherwise, it goes on to examine all the circumstances of the case (i.e. the fairness factors), in particular the purpose and nature of the dealing, the nature of the work, the amount and substantiality of the portion dealt with in relation to the work as a whole and the effect of the dealing on the potential market for or value of the work.¹⁸ Thus, the current approach may be referred to as an “exhaustive approach”. A similar approach is taken in the EU, New Zealand, Australia, the UK and Canada.
16. In contrast, the USA adopts an open-ended, or non-exhaustive, approach to the question of fair dealing exceptions, under a concept known as “fair use”.¹⁹
17. As a result of recent statutory reform, a hybrid model has been adopted in Singapore.²⁰ Under the new legislation, it is a permitted use of a work to make a fair use of the work.²¹ The court will look at all relevant matters in deciding whether a work is fairly used, including (a) the purpose and character of the use, (b) the nature of the work, (c) the amount and substantiality of the portion used in relation to the whole work, and (d) the effect of the use upon the potential market for, or value of, the work.²² In addition, the statute goes on to enumerate certain specific instances of use which, subject to compliance with certain conditions (such as sufficient acknowledgment), are deemed to be fair use.²³
18. Which system is best for Hong Kong? On the one hand, an open-ended approach such as that prevailing in the USA gives the Court greater flexibility to do justice in individual cases. On the other hand, a closed or exhaustive list of exceptions will be relatively easier to apply in practice and afford a greater degree of certainty and predictability. However, the virtue of certainty is to some extent undermined by the element of value judgment inherent in the definition of “fair dealing”. To address this issue, the Bill proposes to add (in relation to certain prescribed purposes such as research, private study, criticism, review and news reporting) a non-exhaustive list of factors similar to those under the Singaporean legislation to aid the Court’s consideration.
19. We note that Hong Kong courts have yet to develop a significant body of local jurisprudence on the interpretation and practical application of the fair dealing provisions. Adopting an open-ended exception, whether under the USA model or the Singapore model, is likely to generate more litigation, which is expensive in Hong Kong. It would also afford less practical guidance to owners and consumers of copyright works on a daily basis.

¹⁸ CO s.38.

¹⁹ Copyright Act of 1976, s.107.

²⁰ Copyright Act 2021, passed in September 2021.

²¹ *Ibid*, s.190(1).

²² *Ibid*, s.191.

²³ *Ibid*, ss.192 to 205.

20. **For the above reasons, we support the view expressed in para 3.8 of the Consultation Paper that the exhaustive approach embodied in the Bill strikes the right balance in light of the current legal and social conditions in Hong Kong.**

IV. Contract override

21. The next issue is whether Hong Kong should introduce provisions to the CO to restrict the use of contracts to exclude or limit the application of statutory copyright exception(s).
22. We have studied the various legislative solutions adopted in other jurisdictions such as Australia, Singapore, the UK, Canada and the USA. In summary, and as stated in para 4.2 of the Consultation Paper, there is no unified approach to the question of contract override.
23. In the view of the Committee, the proposed prohibition against contracting out presents the following problems and challenges:
- (1) The proposal does not address the major concerns of most ordinary users such as netizens. They would seldom be in any contractual relationship with copyright owners when they download materials on the Internet. Thus, any protective measures against contract override are unlikely to be of benefit to such users.
 - (2) The proposal would harm the spirit of freedom of contract, which is deeply-rooted in Hong Kong, and may deter copyright owners from entering into flexible agreements with users. This would stifle the sharing of creative work and further creation.
 - (3) In Singapore, the prohibition (in those cases where it applies) against contract override is not absolute. It only applies to the extent that the relevant restriction is unfair or unreasonable.²⁴ (By contrast, in the UK and Australia, the prohibition is not subject to any test of fairness or reasonableness.) Such “soft-edged” prohibition adds an additional layer of uncertainty for the parties in terms of the enforceability of the contractual provision.
 - (4) Any attempt to impose restrictions on contract override must include a detailed consideration of each fair use exception (assuming that an exhaustive approach is retained), as well as the precise circumstances in which the restrictions should apply. Other than Ireland, we have not come

²⁴ Copyright Act 2021, s.186(2).

across any common law jurisdiction that has gone so far as to impose a blanket restriction on all fair dealing exceptions. However, it is far from easy or uncontroversial for the legislature to pick and choose which fair dealing exceptions should attract a restriction against contracting out, and in what circumstances.

24. As observed in para 4.4(c) of the Consultation Paper, there is no empirical evidence of practical injustice caused by the absence of any anti-avoidance provisions. In other words, there is no palpable tendency on the part of copyright owners to exploit restrictive contractual provisions to the disadvantage of users and consumers. As the saying goes, “If it ain’t broke, don’t fix it!”
25. **For these reasons, we agree with the conclusion expressed in in para 4.6 of the Consultation Paper that there is at present no justification for introducing any restrictions on contract override in the CO.**

V. Illicit streaming devices

26. Should Hong Kong introduce specific provisions to the CO to govern devices used for accessing unauthorised contents on the Internet, including set-top boxes and Apps?
27. As pointed out in para 5.5 of the Consultation Paper, the current CO contains detailed provisions that impose civil and criminal liability in relation to circumvention activities, devices and services.²⁵ In particular s.273C creates the offences of commercial dealing in devices intended to circumvent effective technological measures. According to para 5.5 of the same paper, this provision formed the basis of a successful prosecution by the Customs & Excise Department in relation to the provision of circumvention services enabling buyers of set-top boxes to receive illicit TV programmes via streaming.
28. In para 5.3 of the Consultation Paper, it is said that Singapore is the only common law jurisdiction that imposes civil and criminal liabilities on those who engage in commercial dealings in ISDs in its new Copyright Act 2021. Like the CO, the Singapore Copyright Act 2021 also contains detailed provisions (both civil and criminal) dealing with circumventing devices and services.²⁶ In addition, the Act creates a new form of infringement for knowingly dealing commercially in a device (and for providing a service) which is capable of facilitating access to a work.²⁷ For this liability to arise there must be an unauthorised communication of the work to the public. The same acts also give rise to a new form of criminal liability.²⁸ The provisions are targeted at (among others) retailers of set-top

²⁵ CO ss.273 to 273H.

²⁶ Copyright Act 2021, ss. 425 to 439.

²⁷ Copyright Act 2021, s.150.

²⁸ Copyright Act 2021, s.445(b).

boxes that are pre-loaded with certain applications that make it easier for viewers to access via streaming movies hosted by unauthorised websites.

29. We note that the current provisions of the CO will be updated to include acts of unauthorised communication.²⁹ Similarly worded provisions in the EU Information Society Directive have been interpreted by the Court of Justice of the EU to cover the sale of media players with pre-installed add-ons containing hyperlinks which connect to illicit streaming websites operated by third parties.³⁰ Thus, we believe that the proposed amendments will be able to sufficiently address problem of ISDs and related services such as pre-loaded applications that enable streaming of illicit content.
30. **For these reasons, we agree with the view expressed in para 5.11 of the Consultation Paper that there is no need at present to introduce any specific provisions in the CO to combat ISDs and related activities.**

VI. Judicial Site Blocking

31. Should Hong Kong introduce a copyright-specific judicial site blocking mechanism to the CO?
32. As noted in para 6.2 of the Consultation Paper, some jurisdictions have enacted copyright-specific legislation to enable their courts to target online service providers whose services are being unwittingly used by operators of websites (usually based offshore) to infringe copyright. Such jurisdictions include Australia³¹, Singapore³² and the UK³³. Typically those provisions prescribe certain factors that guide the court's decision as to whether an injunction should be granted, such as the cost of compliance, proportionality and effectiveness of an injunction.
33. In the UK the Supreme Court has recently confirmed that the English courts have common law jurisdiction to grant website blocking orders even in the absence of legislation.³⁴ Such jurisdiction is derived from the courts' power in certain circumstances to order parties to assist those whose rights have been invaded by a wrongdoer. The same power is the foundation of the *Norwich Pharmacal* jurisdiction and it is not confined to the provision of information about the wrongdoer or wrongdoing.³⁵ (In the UK, however, legislation was nonetheless

²⁹ S. 13 (civil liability) and s.57(8) of the Bill.

³⁰ *Stichting Brein v Wullems* [2017] Bus LR 1816

³¹ Copyright Act 1968, s.115A.

³² Copyright Act 2021, s.325.

³³ CDPA, ss.97A and 191JA.

³⁴ *Cartier International AG v British Sky Broadcasting Ltd* [2018] RPC 11, at [15].

³⁵ *Ibid*, at [9]-[10].

introduced to remove any doubt that the domestic law was in compliance with certain mandatory provisions of the EU Information Society Directive.³⁶⁾

34. We have no reason to doubt that the common law jurisdiction is also part of the common law of Hong Kong. Whilst we are not aware of any precedent where a judicial blocking order was made by a Hong Kong court, the *Norwich Pharmacal* jurisdiction is very well-recognised and firmly established in Hong Kong jurisprudence. It would therefore appear strictly unnecessary to enact any copyright-specific legislation to enable the courts here to make such orders. (By the same token it is strictly unnecessary to enact any legislation to give the courts the power to block certain websites that are used to conduct trademark infringement.)
35. Given that the legal position is clear, the only tangible benefit of the proposed legislation would be to provide some statutory guidance to the courts on the relevant factors when considering whether to make a blocking order and the terms of the order. However, we have no doubt that the courts can and will derive such assistance as may be necessary from overseas precedents.
36. **Therefore, we support the view expressed in para 6.12 of the Consultation Paper that Hong Kong should not introduce a copyright-specific judicial site blocking mechanism to the CO.**

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Intellectual Property Committee
Hong Kong Bar Association

³⁶ 2001/29, Article 8(3).