

**Treatment of  
Parody**  
Main Topic

Sherry YIP/CITB/HKSARG  
04/12/2013 17:10

**Subject:** S0960A\_Justin Davidson (The HK Institute of Trade Mark Practitioners)

**Category:**

Originator	Reviewers	Review Options	
Sherry YIP/CITB/HKSARG		Type of review:	One reviewer at a time
		Time Limit Options:	No time limit for each review
		Notify originator after:	final reviewer

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From:  
To: "co\_consultation@cedb.gov.hk" <co\_consultation@cedb.gov.hk>  
Date: 22/11/2013 16:56  
Subject: RE: Replacement Submission to Public Consultation on Treatment of Parody under the Copyright Regime - HKITMP

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Dear Sirs,

Sincere apologies, but due to an administrative error on my part, the incorrect/incomplete submission was made last week on behalf of the HK Institute of Trade Mark Practitioners. Please disregard our earlier submission made last week and replace with the attached intended submission.

Apologies again for the inconvenience.

Kind regards  
Justin

President  
The Hong Kong Institute of Trade Mark Practitioners

-----Original Message-----

From: co\_consultation@cedb.gov.hk [mailto:co\_consultation@cedb.gov.hk]

Sent: 15 November 2013 12:48

To:

Subject: Re: Submission to Public Consultation on Treatment of Parody under the Copyright Regime

Thank you for your email. We will take account of your views in firming up the proposals, and no separate reply will be given to you. Please also be advised that unless you specifically request otherwise, the views that you put forward may be published and attributed to you.

Commerce, Industry and Tourism Branch  
Commerce and Economic Development Bureau

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工商及旅遊科  
商務及經濟發展局

From:

Sent: 15 November 2013 12:49

To: co\_consultation@cedb.gov.hk

Subject: Submission to Public Consultation on Treatment of Parody under the Copyright Regime

Dear Sirs

Please see attached the submission from the Hong Kong Institute of Trade Mark Practitioners to the "Public Consultation on Treatment of Parody under the Copyright Regime". The original is in the post.

Kind regards  
Justin Davidson

President  
The Hong Kong Institute of Trade Mark Practitioners

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20131115 - Replacement of Submission to Commerce and Economic Development Bureau.pdf



## BY EMAIL & BY POST

15 November 2013

### Commerce, Industry and Tourism Branch

Commerce and Economic Development Bureau  
23<sup>rd</sup> Floor, West Wing  
Central Government Offices  
2 Tim Mei Avenue  
Tamar, Hong Kong

Attention: **Division 3**

### Public Consultation on the Treatment of Parody under the Copyright Regime

Dear Sirs

We refer to the Consultation Paper issued by the Commerce and Economic Development Bureau on 11 July 2013, inviting the submission of views on how the treatment of parody under our copyright regime in Hong Kong.

We set out below the comments of the HKITMP.

#### HKITMP Background

- A. The Hong Kong Institute of Trade Mark Practitioners ("HKITMP") was formed in 1988 with the aim of protecting the interests of those who are engaged in the trade mark profession in Hong Kong. However, as many of our members are general intellectual property practitioners, who on a day-to-day basis engage in not only trade mark matters, but also copyright, patents and designs, the HKITMP's membership and its interests have evolved to cover all of these areas.
- B. The HKITMP also has regular meetings with the Intellectual Property Department ("IPD") in Hong Kong, to exchange views and ideas on everyday practice, and to pass on recommendations for any changes in Hong Kong's intellectual property laws that may be required out of the practical issues arising in day-to-day practice.
- C. The HKITMP regularly circulates its members with information about meetings with the IPD, IPD circulars on practice, details of seminars, and welcomes comments from its members about intellectual property law and practice in Hong Kong. The HKITMP acts as a conduit and sounding board, and helps to air views of the professionals in Hong Kong who actually engage in hands on trade mark, patent, copyright and other intellectual property works.
- D. This submission on behalf of the HKITMP has been prepared by the HKITMP's Copyright Committee, who have particular expertise and practice in the field of Copyright.

- E. The views expressed are from a legal and policy perspective in our capacity as solicitors and intellectual property law practitioners, acting independently, without regard to the views of any particular body or organization.

### **The Proposals**

The Consultation Paper sets out 3 options:

**Option 1:** Clarification of existing provisions for criminal sanction under the Copyright Ordinance (Cap. 528) to exclude infringing acts that cause only "trivial economic prejudice" to the copyright owner or that do not displace the market for the original copyright work.

**Option 2:** The introduction of a criminal exemption for parody.

**Option 3:** The introduction of a fair dealing exception for parody.

### **General Comments**

We welcome the administration's decision to open up for public consultation the issue of the treatment of parody under the copyright regime in Hong Kong. The Institute's view is that **Option 3** is the preferred option for the reasons discussed below.

We note the arguments that parody can be an effective means of contributing to free speech, public debate and creativity and public concern over the issue is such that it should be addressed for the benefit of all concerned. We believe that the current fair dealing exceptions are insufficient to address the issue, which creates uncertainty for both copyright owners and parodists.

An effective parody should immediately invoke the original work and will, therefore, usually reproduce distinctive or memorable features of the original work. This means that the legal risk of infringement is significant unless the parodist can argue "fair dealing". However, Hong Kong does not have a general fair dealing exception but only specific "permitted acts" and the closest "permitted act" may be "criticism and review". However, the requirements for this exception are strictly defined and it is a difficult defence to establish.

We note the Consultation paper draws a distinction between "parody" and "secondary creations" ("二次創作"). The paper makes clear that "secondary creations" are not the subject of the current consultation. However, the exact scope of "secondary creations" should be clarified since this is not a term normally used in the context of copyright law. Legally, it would seem to us that "secondary creation" is probably closest to "derivative work" which is a term used in the Copyright Ordinance.

From our experience, copyright owners are usually more concerned about *derivative works*, especially where the derivative work is created for commercial purposes, or gives rise to a product that is a substitute for the copyright owner's own work. Under Hong Kong law, derivative works that copy a substantial part of an original work, compete with, or dilute the value of an original work, are considered to be infringing. However, contemporary culture constantly challenges the scope of the copyright law. Digital technology and the Internet have led to the emergence of numerous platforms and formats for user-generated content where consumers reproduce parts of copyright works to create their own parodies, pastiches, commentaries or tributes. The use of existing copyright works in contemporary art is another controversial area. Both raise difficult questions concerning the boundaries of artistic freedom and freedom of expression.

The free speech and social and commercial innovation arguments have to be balanced against the need for the law to protect against the use or appropriation of copyright works that cause harm to the original copyright owner (economic or otherwise), or result in unjust enrichment for the creator of a derivative work.

We believe that this it is important for the law to be reviewed in light of the above and, in particular, the impact of the current online culture and to consider whether any exemption should extend to non-commercial user-generated content, the so-called "mash-up exception". We note that Canada has specifically introduced a provision that exempts user-generated content that does not fall within the "fair dealing" exception, subject to meeting certain requirements.

We also note that the consultation only concerns exceptions under the copyright law. Has the Hong Kong Government also considered the issue of a parody exception under the trade mark law since this is an issue that also comes up in practice? If a parody exception is being considered, it would seem sensible to address parody under the trade mark law as well.

#### **Our views on the specific questions raised:**

##### **(1) Whether the application of criminal sanction of copyright infringement should be clarified under the existing copyright regime in view of the current use of parody?**

We understand that this option proposes to maintain the status quo but and the "clarification" would relate only to the criminal non-commercial "prejudicial distribution" offence and the "prejudicial communication" offence previously proposed by the Copyright (Amendment) Bill (2011).

Under this option the existing test for civil liability remains the same so that the copying of a substantial part of a copyright work in any material form will be an infringement. Also, assuming that the wording of any new amendment bill is unchanged in relation to the communication right, in addition to the existing acts restricted by copyright, unauthorised communication of a work through any mode of electronic transmission will be a civil offence and there will still be criminal liability for the unauthorised communication to the public in the course of any trade or business that consists of communicating works to the public for profit or reward? We feel that this option does not address the concerns of legitimate parodists who may still be liable for copyright infringement, including criminal infringement.

Also we note that the policy intent is to combat commercial-scale copyright infringement and, therefore, the provisions regarding distribution or communication of infringing works in the course of business will remain unchanged. Under this option, e.g. a political organisation that sells a parody t-shirt to its supporters to raise funds, or a satirical TV programme that sells a DVD of the show, may be liable for civil infringement and criminal infringement - making for sale, selling etc in the course of any trade or business. (The exception may be section 118(1)(e) which requires distribution to be in the course of any trade or business *which consists of dealing in infringing copies of copyright works*. This may not catch those parodists who exploit a parody work commercially, but are not in *the business of dealing in infringing works*.) Is this the Government's intention? If this is the Hong Kong government's position also, can this please be clarified? In connection with this, we note that the UK proposed parody exception *will allow use of parody works for commercial purposes*, to the extent that such use is considered fair.

Notwithstanding that this may not be the best option in relation to the parody issue alone, we would comment that a proposed "more than trivial economic prejudice" test seems sensible, *regardless of the parody issue*, as it would give guidance in other non-commercial, small-scale distribution cases.

##### **(2) Whether a new criminal exemption or copyright exception for parody or other similar purposes should be introduced into the Copyright Ordinance?**

Please see comments above regarding a criminal exemption.

We do not believe that it is necessary to introduce a specific exception for parody just for the purpose of criminal liability. It is more appropriate for parody to be exempted generally and considered as a "fair dealing" exception. Please see discussion below.

(3) If a new criminal exemption or copyright exception for parody, or other similar purposes is to be introduced, what should be the scope of and the appropriate qualifying conditions or limitations for such a criminal exemption or copyright exception?

Please see comments above.

(4) Whether moral rights for authors and directors should be maintained notwithstanding any special treatment of parody in the copyright regime.

We believe that any parody exception will also need to address the issue of moral rights as there is no point in exempting parody from copyright infringement if it will still be prevented by moral rights. The Institute represents clients on both sides of the argument and it is difficult for us to express a view as to whether moral rights should be maintained notwithstanding any special treatment of parody.

However, moral rights protect the personal and reputational rights of authors and the recognition of moral rights accepts that authors are not only entitled to protect their economic rights in a work but should also be allowed to defend the integrity of their works and the use of their names. Moral rights are protected in many jurisdictions including Hong Kong and the United Kingdom. We note that the Hong Kong Government chose to recognise moral rights when it passed the current Copyright Ordinance in 1997 and we query what policy considerations would lead to a change in this position?

We, therefore, do not believe that moral rights should be completely eliminated but if a parody exception for infringement is included, there must also be a corresponding exemption from breach of moral rights.

(5) If criminal exemption (option 2) or fair dealing exception (option 3) is to be provided, we have to consider the following issues-

(a) What subject matter should be covered by the exemption? Should it cover "parody", "satire", "caricature" or "pastiche", or a certain combination of such terms? Or should the exemption instead cover a more specific formulation such as "commentary on current events, social, economic or political issues"?

We believe the "parody", "satire", "caricature" or "pastiche" do have different connotations and meanings. However, all of the terms indicate a deliberate imitation which incorporates, to a greater or lesser extent, elements of an original work. To the extent that the Government intends to exempt works that use another's copyright work to legitimately comment on current events, social, economic or political issues, then the exemption should not just be limited to "parody" as other styles or techniques of commentary may be used. Such a limitation would only create uncertainty; it may often be difficult to determine whether something is a "parody" and, therefore protected, or merely a "satire", which would not. This would also be inconsistent with the legislative intent of allowing the use of existing copyright works for certain purposes.

However, we note that "pastiche is defined as "an artistic work in a style that imitates that of another work, artist, or period". There is not necessarily any critical or satirical intent. The implications of an exemption that includes "pastiche" should be considered carefully as this may be relevant to user-generated content, derivative art works and "artistic works" used in a commercial context, e.g. designs for commercial products.

We do not think that the exemption should be expressed as a specific formulation requiring "commentary on current events, social, economic or political issues". Firstly, it is not clear whether the proposed formulation would cover commentary on an underlying work itself or on artistic issues. Secondly, it seems to us that this is the approach already taken by the existing fair dealing exception for criticism and review. Neither the proposed formulation, nor the existing fair dealing provisions, requires the dealing to be in a particular style. The concepts of "parody", "satire" and "caricature" connote commentary on the underlying work or on social, economic, political and current events etc, in a particular manner or technique that arguably should be permitted, but may not be under the existing parameters of the law.

Also, although there is very little case law concerning parody and satire exceptions, these issues have been considered by various courts. A formulation that relies on a new terminology and concepts may not benefit from any guidance that may be gleaned from these earlier discussions.

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(b) Should a statutory definition of “parody”, “satire” or other relevant terms be provided or would the ordinary dictionary meanings of these terms be sufficient?

We do not believe that it is necessary to have a statutory definition of “parody”, “satire” or other relevant terms. What constitutes parody and satire is not easily defined and perceptions will alter over time. As with other similar concepts, it is better to allow the courts to determine on a case by case basis whether something qualifies as a parody or fair use taking into account all the circumstances of the case. As new technologies emerge and popular culture changes, we believe that notions such as parody and satire should remain fluid. We note that even jurisdictions that have a parody exception do not necessarily have a definition of parody or satire e.g. Australia.

(c) What should be the qualifying conditions for the exemption? Should reference be made to elements like economic prejudice?

We believe that incorporating parody into the fair dealing provisions as suggested in Option 3 is the best option. A parody exception should not be a magic shield and, in order to balance the rights of copyright owners, there need to be safeguards. Recognising parody, satire or other relevant terms as a specific category of “fair dealing” will give the courts the flexibility to determine whether the use of the copyright work has been for the purpose of parody etc and the power to ensure that the defence is limited to use that is *fair*.

The current law already provides in section 38 of the Copyright Ordinance that, in determining whether any dealing with a work is “fair”, the court shall take into account *all the circumstances of the case*, in particular

- the purpose and nature of the dealing, including whether the dealing is for a non-profit-making purpose and whether the dealing is of a commercial nature;
- 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.

This is non-exhaustive and already allows the court to consider all the circumstances of the case *including* economic prejudice. However, we believe that economic prejudice is a highly relevant factor for many copyright owners and we see no problem with including this as one of the factors that the court may take into consideration. This is effectively the current position in any case, even though the term “economic prejudice” is not specifically referred to in the law. However, we wonder if it should be clarified that the degree to which the use of a parody work competes with the exploitation of the copyright work by the owner, causing potential economic harm to the copyright owner, is only *one of the factors* when considering fairness? A parody work may not compete in the same market as the original work, or cause direct economic harm to the copyright owner, and many parody works will not be a substitute for the original work. We do not think that competition in the same market, or economic harm, should be determinative, otherwise many copyright owners will have no redress, even if the parodist makes a substantial amount of money from copying another's work and utilizing, or riding on, the skill and labour expended by others. Is this the intention of the Hong Kong Government?

This may be a good opportunity to consider whether there are other factors that may be expressly clarified and/or to provide some further guidelines on the application of the exception. As mentioned above, the UK Government (which has proposed exempting fair dealing with a work for the purpose of



caricature, parody or pastiche) made clear, during the consultation process, that the defence does not rule out fair dealing for a commercial purpose allows parodists to profit from their parody; the key is whether the dealing is *fair*. The UK Government goes on to comment that the exception is not to be misused and the exemption would not allow the copying of entire works, which would not be considered as fair. Does the Hong Kong Government subscribe to similar views? If so, can it please specify?

Other issues that should be considered are whether it necessary for there to be transformative use in certain cases (as in the US) and whether the concept of unjust enrichment should be relevant. The law should also address the issue of sufficient acknowledgment and breach of moral rights. Please see further comments below.

(d) Should the proposed exception be subject to the requirement of making sufficient acknowledgement as in the current fair dealing exceptions for criticism or review? If the requirement of making sufficient acknowledgement for parody is not necessary, should a corresponding exception to the relevant moral right be added in respect of the parody exception, in particular, the right to be identified as author or director of a work?

Requirement for sufficient acknowledgment would be consistent with the existing law if parody is to be regarded as a category of fair dealing. However, we note that explicit acknowledgment of the underlying work or author is rarely given since it is often impractical and/or would undermine the effectiveness of the parody. A successful parody should implicitly reference the original work. We note that this is a difficult area.

Perhaps giving due acknowledgment can be incorporated into the law as one of the factors in considering "fairness" so as to acknowledge when it is clearly impractical or unnecessary to acknowledge the source, provided that the over all use is still fair in the circumstances?

If the use of a work is found to be fair dealing, it would be logical for it to also be exempted from breach of the relevant moral rights (i.e. the right to be identified as the author or creator of a work, to object to false attribution of authorship and to derogatory treatment) and the legislation should provide for this. This should be regardless of whether sufficient acknowledgment is required. In addition, we see no reason why the courts cannot take derogatory treatment and damage to a copyright owner's reputation into consideration as relevant factors when determining fairness.

(e) Should all classes and types of copyright works be covered by the exception? Is there any reason for excluding any particular classes or types of works from the exception? For instance, should we exclude unpublished works from the exception or should we leave it as one of the factors for determining whether the dealing is fair?

Yes. We do not see any reason to exclude any particular classes or types of work from the exception. With regard to unpublished works, we note that the UK specifically refers to whether a work has been published as one of the factors in determining whether the dealing is fair. This approach gives maximum flexibility and seems sensible.

(f) Should a list of factors for determining fairness (similar to that as provided in the existing permitted acts under sections 38 and 41A) be stipulated?

Please see comments above.

Yours faithfully



Justin Davidson  
President

The Hong Kong Institute of Trade Mark Practitioners