

Monday, 28 January, 1991

Tentative Law Reform on Copyright Proposed

A Sub committee under the Law Reform Commission has recommended a series of changes to copyright laws to safeguard the interests of creators of intellectual property while at the same time allow access to creative ideas that stimulate competition.

At present the types of works that are governed by copyright laws are classified as literary, dramatic, musical and artistic works, sound recordings, cinematograph films, sound broadcasts, television broadcasts and published editions of literary, dramatic or musical works.

The existing copyright law that is applied in Hong Kong is the English Copyright Act 1956, supplemented by the Hong Kong Copyright Ordinance.

Technological progress in various fields, such as micro-computers, satellite broadcasting, cable diffusion, reprographic copying, double spool audio recorders and other digital recording equipment, has called for a need to conduct a comprehensive review.

The Law Reform Commission Sub-committee, chaired by Mr Justice Nazareth, having studied in the past three years the many subjects and issues with the assistance of seven working groups of experts, has made tentative recommendations, which are contained in a consultative document published today (Monday). These recommendations will be amended in the light of public comments.

Industrial Design

The majority of Sub-committee members recommended that an industrial design registry be established to protect artistic designs applied industrially. Apart from facilitating the search for novelty locally, a Hong Kong based registry could also register foreign designs.

Computer

At present a computer program is protected as a literary copyright work. The Sub-committee recommended that the duration of protection of a computer program should be the author's life plus 50 years. A 50-year term

should apply if there is no human author.

The Sub-committee also recommended that when the computer program is fixed into a medium which can be easily destroyed, the making of back-up copies should be permitted unless that right had been expressly excluded in the contract of sale.

It is the view of the Sub-committee that the mere possession of infringing copies of computer programs should not be a criminal offence. The use of an infringing copy of a computer program in the business environment should also not be a criminal offence if such use is merely incidental to the business.

On the other hand, the Sub-committee recommended heavy penalties against commercial piracy and distribution of infringing copies of computer programs.

Broadcasting

The Sub-committee felt that the definition of broadcast should encompass local radio and television services and satellite broadcasting.

In the case of satellite broadcasting, the place from which the broadcast is made is the place from which the signals carrying the broadcast are transmitted to the satellite.

The definition of cable programme service should include a range of different types of cable diffusion but exclude closed circuit systems internal business services, personal and domestic cable and cable systems within premises in single occupation.

In order to encourage competition, the cable programme service provider should be obliged to receive and immediately re-transmit wireless television broadcasts.

Blank tape levy

The Sub-committee has studied the issue of private copying of audio, video and broadcast materials. Most members supported the introduction of a levy scheme whereby copyright owners could collect payment for the *use of* their copyright works by members of the public. They recommended that such a levy be first imposed on blank audio tapes, and that the amount of the levy should vary according to the length of the tape.

Public performance

On the question of infringing public performance of copyright works, an occupier of premises who gives permission for an apparatus to be brought onto the premises should be liable for the infringement if that owner, when giving the permission, knew that the apparatus was likely to be used to infringe copyright.

Records

There is at present a statutory recording licensing system. Once records of a musical work have been made or imported into Hong Kong for the purpose of retail sale, the copyright owner loses his exclusive right to authorize the manufacture of other records of the work.

Playing of sound recordings in hotels

The Sub-committee thought that the existing exception permitting the playing of sound recordings in hotels without infringing copyright should be removed, and that no new exceptions should be created to allow for the playing of sound recordings in shopping malls, shops and factories.

Public administration

The Sub-committee recommended that for purposes of public administration, any material which was open to public inspection or was on an official register might be copied without copyright infringement.

Similarly, any literary, dramatic, musical or artistic work that has in the course of public business been communicated to the administration might be copied or issued to the public for the purpose for which it was communicated to the administration, or for any related purpose which could reasonably have been anticipated by the copyright owner.

Collecting societies

The issues concerning the joint exploitation of copyright by copyright owners through collecting societies, the mechanism for copyright dispute settlement, remedies and special court procedures were also reviewed.

The Sub-committee observed that it had not been the administration's policy to intervene in private commercial matters unless there

were good reasons for intervention.

It recommended that there should be a limited statutory framework under suitable circumstances regulating collecting societies in Hong Kong so as to safeguard the interests of both copyright owners and copyright users.

Copyright Tribunal

The Sub-committee recommended an extension of the jurisdiction of the existing Performing Right Tribunal which should be renamed the Copyright Tribunal. It should have additional jurisdiction to modify licences where the terms are unreasonable, and over disputes regarding industrial design copyright.

Provisions should be enacted to empower the Copyright Tribunal to award interim payment in favour of the licensing body and to restrict the licensing body's liberty to apply for interlocutory injunction against the licensee, pending final determination by the Tribunal.

Civil remedies

In relation to civil remedies, the majority of the Sub-committee thought conversion damages were a harsh remedy and should be removed.

Rental

Most members recommended that, as regards computer programs, sound recordings and cinematograph films, it should be a copyright infringement for purchasers of these products, without the consent of the copyright owner, to rent them to members of the public.

Reprography

Under existing copyright law, there is copyright in the published edition, that is, copyright in the particular format or layout of the publisher's edition, quite distinct from any protection which the author might have in respect of the content of the edition.

The effect of the copyright in published works can be used to prohibit any photocopying, even when the extent of the copying is limited and it is carried out for legitimate research, private study and educational purposes.

At present, in order to avoid breaching the publishers' copyright,

reproduction of copyright work for fair dealing purposes can only be done by hand or by means of a typewriter, an option which is clearly unrealistic in view of the ready availability of reprographic machines.

The majority of Sub-committee members therefore recommended that it was necessary to extend the fair dealing exception to the typographical arrangement of a published edition.

The Sub-committee also thought that since reproduction by reprographic means was widespread in Hong Kong, collective reprographic licensing, both for education and other purposes should be encouraged.

Educational

The Sub-committee thought that sometimes it might be difficult for educational establishments to obtain authorization from copyright owners to record broadcasts or cable programmes of potential educational value.

It recommended that recordings of broadcasts and cable programmes for educational purposes should not infringe copyright in the broadcasts or cable programmes, or in any work included in them, until and unless there was a certified licensing scheme to facilitate such authorizations.

Copying by librarians and archivists

The majority of Sub-committee members recommended that when librarians and archivists were asked to make copies for purposes of research or private study, they should be able to supply a copy of an article in a periodical, and a copy of part of a literary, dramatic or musical work without infringing any copyright, by relying on the signed declarations of persons making the request, unless they were aware that the declarations were false.

Subject to the payment of statutory royalties and giving of notice, anyone is free to make recording of that musical work and cc) sell such records in Hong Kong. The Sub-committee recommended that the system be maintained.

Performer

A performer should be protected against unauthorised recording of live performances. The Sub-committee recommended the creation of a regime for the protection of rights in performances as part of a comprehensive Copyright Ordinance.

Folklore

Folklore, which is a special category of anonymous and unpublished works, should also be protected.

Moral right

The Sub-committee recommended the provision of protection for an author's moral rights. These are the rights to be identified as the author or director, and the right to object to derogatory treatment of one's work.

Typefaces

Hong Kong is the second largest exporter of quality printing work in Asia. Local designers and printers should have clear and effective protection for typefaces. The Sub-committee welcomes views whether typefaces should be protected as artistic works under copyright law.

Government

Works generated under the direction and control of the government, like any other copyright owners, should be protected. The Sub-committee felt that the duration of copyright protection of such government works, especially unpublished ones, should not be unduly long.

Parallel importation

Parallel importation occurs when articles intended for sale in one national market, not Hong Kong, are imported *into* Hong Kong for sale.

Copyright is infringed by those who, without the permission of the copyright owner, import articles into Hong Kong, if to their knowledge, the making of these articles in Hong Kong would have constituted an infringement.

The majority of Sub-committee members favoured removing any restriction on parallel importation in order to encourage competition.

Conversion damages are assessed on the basis of the value of infringing copy without any deduction for the cost of manufacture or purchase by the unsuccessful defendant.

The members recommended that the court should have the

discretion to award additional damages where the infringement was flagrant, or to take account of any benefit accruing to the wrong-doer.

A majority of the members also recommended the creation of a civil remedy in damages to counter groundless threats of proceedings, especially against customers.

Criminal sanctions

On criminal provisions relating to copyright infringement, a majority of the Sub-committee favoured an increase in the level of maximum fines to take account of inflation. They suggested a second tier of higher penalties for second and subsequent offences.

Special court procedure

The Sub-committee gave a lot of thought to the special court procedure under section 9 of the Copyright Ordinance, concerning the filing of affidavit evidence and the effect and implication of the presumption of ownership of copyright it created. It recommended that section 9 should be modified and should at least continue to apply to criminal proceedings.

The Sub-committee chairman, Mr Justice Nazareth, hoped that the consultative document would generate public and professional interest, and would promote informed comments on the tentative law reform proposals.

He said that while the primary concern of copyright was to protect creators of intellectual property by ensuring they would receive a proper reward for their labour, skill and investment, the law must also safeguard the public interest in having access to creative ideas that would stimulate competition.

During deliberations in the past three years, the Sub-committee had looked at recent legislative initiatives in this area in other jurisdictions.

The United Kingdom Copyright Act 1956, which is still applied in Hong Kong, has been replaced by the Copyright, Designs and Patents Act 1988. The Sub-committee has considered the advantage of remaining associated with a ready source of precedent by following the 1988 Act wherever suitable to Hong Kong's needs.

Mr Justice Nazareth pointed out that new legislation in Hong Kong had to be compatible with Hong Kong's international legal obligations on copyright standards in order to enable works of Hong Kong copyright owners or works published in Hong Kong to receive reciprocal treatment in other countries.

Comments on issues discussed in the consultative document are welcome, and should be forwarded no later than April 30, 1991.

All enquiries and comments should be sent to:

The Secretary,
The Copyright Sub-Committee,
The Law Reform Commission of Hong Kong, 1/F, High Block,
Queensway Government Offices, 66 Queensway,
Hong Kong

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