

**INTELLECTUAL PROPERTY  
(MISCELLANEOUS AMENDMENT) ORDINANCE 2000**

**PROPOSED SUSPENSION**

**COMPARATIVE ANALYSIS OF CRIMINAL PROVISIONS**

1. The Intellectual Property (Miscellaneous Amendment) Ordinance 2000 came into effect on 1 April 2001. Due to certain concerns within the Legislative Council (“LegCo”), however, moves have been taken to suspend the operation of the Ordinance in so far as, inter alia, copyright works in books, magazines and periodicals and copyright works made available to the public via the internet.
2. From discussions held with various Honourable members of the LegCo, it appears that some members suspect that the Ordinance goes too far and provides for an excessive level of protection under provisions for criminal liability. In order to address these concerns, IFRRO’s Secretary General undertook to prepare a comparative analysis of criminal provisions in other jurisdictions and to supply a copy of the research. The results of these researches are set out below.
3. To whatever extent possible, the precise provisions of various national laws are set out in Appendix A.
4. As will be seen from the analysis below and the extracts from various laws, the approach in Hong Kong’s Ordinance is not unique, rather it is very similar

both as to its express language and its spirit as laws in other common law jurisdictions. In particular, the provision that has apparently caused the gravest concern in Hong Kong – possession of an article containing an infringed copyright work for use in the course of trade – is without doubt also prohibited in the laws of other countries that share a similar legal tradition.

5. For instance, such possession is expressly prohibited under New Zealand law. Acts such as distribution, possession and use of infringing copies otherwise than in the course of business to the prejudice of the copyright owner are also expressly prohibited under Australian law, while the laws of the UK, Ireland and Canada prohibit non-business associated distribution of infringing articles. The use of the words “to the prejudice” of the copyright owner reflect the language of Article 9(2) of the Berne Convention and thus potentially criminalize a very broad range of activities resulting from making/use/possession of infringing reproductions of copyright works in excess of the “de minimis” threshold.<sup>1</sup>

### **United Kingdom**

6. The approach taken in the UK’s Copyright, Designs & Patents Act (1988) is not dissimilar to that taken in Hong Kong:
  - a) the criminal provisions apply universally to all categories of copyright works without differentiation,
  - b) there is a requirement for “mens rea” (ie. the person must know or have reason to believe that they are dealing with infringing articles),
  - c) criminal liability applies to similar categories of usages as in Hong Kong, there are no quantitative limits for classifying particular behaviour as a criminal copyright offence,

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<sup>1</sup> See the Report of the Panel in US S.110(5) Copyright Act as to the meaning of Article 9(2) Berne Convention ([http://www.wto.org/english/tratop\\_e/dispu\\_e/1234da.pdf](http://www.wto.org/english/tratop_e/dispu_e/1234da.pdf))

- d) both the UK and Hong Kong provisions impose criminal liability for distributing infringing articles otherwise than in the course of business in such a way as to prejudicially affect the owner of copyright.
7. Unusually, it is also possible for offenders to be criminally culpable for infringement of the “publication” right (that is, in relation to publication of printed materials containing non-copyright works).
8. Under a long standing practice under the general law (rather than under the provisions of the Copyright, Designs & Patents Act, it is possible in the UK for private prosecutions to be conducted, so that collecting societies etc. may commence criminal proceedings without involving public authorities. This freedom to commence criminal proceedings has been found to be particularly useful because it enables collecting societies holding rights for copyright owners on a non-exclusive basis to commence criminal proceedings in circumstances when they could not commence civil proceedings in their own right (ie. civil proceedings may only be commenced in the name of the copyright owners themselves or the name of their exclusive licensees). It also enables rightsholders and collecting societies to initiate criminal proceedings when the resources of public authorities are otherwise engaged.

### **Australia**

9. The Australian provisions are similar in many respects, but also go further for some purposes, to the Hong Kong provisions. In particular:
- a) the criminal provisions apply universally to all categories of copyright works without differentiation,
  - b) there is a requirement for “mens rea”, although in Australia the mental element can be inferred constructively. That is, whereas in Hong Kong (and the UK) the test of mens rea is objective viz. the person must known or have reason to believe that they are dealing with infringing articles), in

Australia mens rea can be established constructively by showing that the Defendant “knew or ought reasonably to have known” that they were dealing with infringing articles. According to Australian case law, such constructive knowledge goes beyond “notice of facts” and hence the threshold for criminal culpability in Australia is wider than in Hong Kong or the UK:

“Constructive knowledge focuses attention on the reasonableness of the conduct of the alleged infringer: ie whether acting reasonably the “infringer ought to have made further inquiries which would have resulted in it acquiring the requisite knowledge. The question is not simply whether there were reasonable grounds to suspect or believe, though this can be part of the exercise” (per Tamberlin J in *Raben Footwear Pty. Ltd v Polygram Records Inc.* [1997] 37 IPR 417 at pg 426.

This approach to “mens rea” appears to be unique to Australia, as the UK standard also appears in the Hong Kong, Irish and New Zealand provisions.

- c) criminal liability applies to all categories of copyright works when “made”, “possessed”, “used” or “distributed” in the course of trade as well as for any other purpose to an extent that will affect prejudicially the owner of the copyright in the work (ie. the commercial element which is fundamentally required for most offences in the Hong Kong copyright provisions is not essential under Australian law). In some circumstances, distribution is treated as though “for sale” (see section 103 of the Australian Act),
- d) Penalties in Australia appear to be more severe, especially in the case of corporations,
- e) there are no quantitative limits for classifying particular behaviour as a criminal copyright offence,

The provisions of Sections 103 and 132 (Australian Copyright Act) are substantially set out in Appendix “A” and exemplify the approach taken under Australian law (Note: the Act contains other criminal provisions than these provisions).

## **Ireland**

10. The new Irish Copyright Act provides:
  - a) for the criminal provisions to apply universally to all material categories of copyright works without differentiation and also to the making available right (ie. immaterial distribution via services such as the internet),
  - b) for requisite “mens rea” in relation to possession, custody or control of articles designed or adapted for making copies of a work (ie. the person must know or have reason to believe that the articles have been, or could be, used to make infringing copies),
  - c) no quantitative limits for classifying particular behaviour as a criminal copyright offence,
  - d) criminal liability for having possession, custody or control, or for making available in the course of a business, trade or profession copies of infringing works,
  - e) additionally, if a work is made available otherwise than in the course of a business, trade or profession so as to prejudice the interests of the owner of copyright, then an offence is committed (see Section 140(1)(e)).

## **New Zealand**

11. Although the New Zealand Copyright Act is largely based on the UK Act of 1988, the provisions dealing with criminal offences are far more detailed than in the UK legislation:
- a) the criminal provisions apply universally to all categories of copyright works without differentiation,
  - b) As in the Hong Kong Ordinance, a person is guilty of an offence if they have in their possession infringing objects “for use in the course of a business” (s.131(2)(b)),
  - c) Criminal liability applies for distributing infringing copies in the course of a business (s.131(1)(d)) and for distributing otherwise than in the course of a business, if the distribution prejudicially affects the copyright owner (s.131(1)(d) and (e)).

## **Canada**

12. The approach taken in the Canadian Copyright Act (R.S. 1985, c. C-46 ) is quite similar to that taken in Hong Kong:
- a) the criminal provisions apply universally to all categories of copyright works without differentiation,
  - b) there is a stricter requirement for “mens rea” than is the case in the UK, Australia and Hong Kong (ie. the person must knowingly do the particular infringing offence),
  - c) criminal liability applies to similar categories of usages as in Hong Kong, there are no quantitative limits for classifying particular behaviour as a criminal copyright offence,
  - d) as in the case of the UK, Australian and Hong Kong, the Canadian provisions impose criminal liability for distributing infringing articles

otherwise than in the course of business in such a way as to prejudicially affect the owner of copyright,

- e) “possession” of infringing copyright works is not, per se, an infringing act.

### **United States**

13. Under section 506 of the US law, criminal copyright infringement appears to apply universally to all categories of copyright. Successful criminal proceedings depend on their being a valid copyright in existence under US law, infringement by means of reproduction or distribution and wilfulness. Evidence of reproduction or distribution do not of themselves provide evidence of criminal wilfulness (by implication reproduction and distribution may provide evidence of wilfulness). Criminal liability applies if the offence is committed for commercial purposes or for private financial gain. Violations involving less than 10 copies or articles having a total retail value of less than \$2,500 are regarded as misdemeanours and punishable by up to one year in gaol. All violations above these limits during any 180 day period is punishable as a felony, and attract prison sentences of up to five years and/or fines of US\$250,000.

**UNITED KINGDOM COPYRIGHT, DESIGNS & PATENTS ACT 1988**

**S.107**

- (1) A person commits an offence who, without the licence of the copyright owner
- (a) makes for sale or hire, or
  - (b) imports into the UK otherwise than for his private and domestic use, or
  - (c) possesses in the course of business with a view to committing any act infringing the copyright or
  - (d) in the course of business:
    - (i) sells or lets for hire or
    - (ii) offers or exposes for sale or hire or
    - (iii) exhibits in public or
    - (iv) distributes ordistributes otherwise than in the course of a business to such an extent as to affect prejudicially the owner of copyright an article which is and which he knows or has reason to believe is an infringing copy of a copyright work”

**AUSTRALIAN COPYRIGHT ACT (1968)(Cth) AS AMENDED**

**103 Infringement by sale and other dealings**

- (1) A copyright subsisting by virtue of this Part is infringed by a person who, in Australia, and without the licence of the owner of the copyright:
- (a) sells, lets for hire, or by way of trade offers or exposes for sale or hire, an article; or
  - (b) by way of trade exhibits an article in public;
- if the person knew, or ought reasonably to have known, that the making of the article constituted an infringement of the copyright or, in the case of an imported article, would, if the article had been made in Australia by the importer, have constituted an infringement of the copyright.
- (2) For the purposes of the last preceding subsection, the *distribution* of any articles:
- (a) for the purpose of trade; or
  - (b) *for any other purpose to an extent that affects prejudicially the owner of the copyright concerned; shall be taken to be the sale of those articles.*

**132 Offences<sup>1</sup>**

- (1) A person shall not, at a time when copyright subsists in a work:
- (a) make an article for sale or hire;
  - (b) sell or let for hire, or by way of trade offer or expose for sale or hire, an article;
  - (c) by way of trade exhibit an article in public; or

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<sup>1</sup> The provisions of s.132 are not set out exhaustively



- (d) import an article into Australia for the purpose of:
  - (i) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
  - (ii) distributing the article for the purpose of trade, or for any other purpose to an extent that will affect prejudicially the owner of the copyright in the work; or
  - (iii) by way of trade exhibiting the article in public;

if the person knows, or ought reasonably to know, the article to be an infringing copy of the work.

- (2) A person shall not, at a time when copyright subsists in a work, distribute:

- (a) for the purpose of trade; or
- (b) *for any other purpose* to an extent that affects prejudicially the owner of the copyright;

an article that the person knows, or ought reasonably to know, to be an infringing copy of the work.

- (2A) A person shall not, at a time when copyright subsists in a work, *have in his or her possession* an article for the purpose of:

- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
- (b) *distributing the article for the purpose of trade, or for any other purpose* to an extent that will affect prejudicially the owner of the copyright in the work; or
- (c) by way of trade exhibiting the article in public;

if the person knows, or ought reasonably to know, the article to be an infringing copy of the work.

- (3) A person shall not, at a time when copyright subsists in a work, make or have in his or her possession a device that the person knows, or ought reasonably to know, is to be used for making infringing copies of the work.

- (5AA) A person shall not cause:

- (a) a sound recording to be heard in public at a place of public entertainment; or
- (b) a cinematograph film, in so far as it consists of visual images, to be seen in public at a place of public entertainment or, in so far as it consists of sounds, to be heard in public at such a place;

if the person knows, or ought reasonably to know, that copyright subsists in the sound recording or the cinematograph film and that the copyright will thereby be infringed.

- (5A) A person must not provide, or by way of trade promote, advertise or market, a circumvention service if the person knows, or is reckless as to whether, the service will be used to circumvent, or facilitate the circumvention of, a technological protection measure.

- (5B) A person must not:

- (a) make a circumvention device; or
- (b) sell, let for hire, or by way of trade offer or expose for sale or hire, or otherwise promote, advertise or market, a circumvention device; or
- (c) distribute a circumvention device with the intention of trading, or engaging in any other activity that will affect prejudicially an owner of copyright; or
- (d) by way of trade exhibit a circumvention device in public; or
- (e) import a circumvention device into Australia with the intention of:

- (i) selling, letting for hire, or by way of trade offering or exposing for sale or hire, or otherwise promoting, advertising or marketing, the device; or
- (ii) distributing the device for trading, or for engaging in any other activity that will affect prejudicially an owner of copyright; or
- (iii) exhibiting the device in public by way of trade; or
- (f) make a circumvention device available online to an extent that will affect prejudicially an owner of copyright;

if the person knows, or is reckless as to whether, the device will be used to circumvent, or facilitate the circumvention of, a technological protection measure.

(5C) A person must not remove or alter any electronic rights management information attached to a copy of a work or other subject-matter in which copyright subsists, except with the permission of the owner or exclusive licensee of the copyright, if the person knows, or is reckless as to whether, the removal or alteration will induce, enable, facilitate or conceal an infringement of the copyright in the work or other subject-matter.

(5D) A person must not:

- (a) distribute a copy of a work or other subject-matter in which copyright subsists with the intention of trading; or
- (b) import into Australia a copy of such a work or other subject-matter with the intention mentioned in paragraph (a); or
- (c) communicate to the public a copy of such a work or other subject-matter;

without the permission of the owner or exclusive licensee of the copyright if any electronic rights management information attached to the copy has been removed or altered and the person:

- (d) knows that the electronic rights management information has been so removed or altered without the permission of the owner or exclusive licensee of the copyright; and
- (e) knows, or is reckless as to whether, the doing of the act referred to in paragraph (a), (b) or (c) will induce, enable, facilitate or conceal an infringement of the copyright in the work or other subject-matter.

(6AA) If:

- (a) a person contravenes subsection (1), (2) or (2A); and
- (b) the article to which the contravention relates is an infringing copy because it was made by converting a work or other subject-matter from hardcopy or analog form into a digital or other electronic machine-readable form;

the person is guilty of an offence punishable on summary conviction by a fine of not more than 850 penalty units and/or imprisonment for not more than 5 years.

(6AB) If:

- (a) a person contravenes subsection (1), (2) or (2A); and
- (b) subsection (6AA) does not apply;

the person is guilty of an offence punishable on summary conviction by a fine of not more than 550 penalty units and/or imprisonment for not more than 5 years.

- (6A) A person who contravenes subsection (3), (5), (5AA), (5A), (5B), (5C) or (5D) is guilty of an offence punishable on summary conviction by a fine of not more than 550 penalty units and/or imprisonment for not more than 5 years.

Note: A corporation may be fined up to 5 times the amount of the maximum fine. See subsection 4B(3) of the *Crimes Act 1914*.

- (9) In this section:

*article* includes a reproduction or copy of a work or other subject-matter, being a reproduction or copy in electronic form.

*distribute* includes distribute by way of communication.

*qualified person* means:

- (a) a person referred to in paragraph 47D(1)(a), 47E(1)(a) or 47F(1)(a); or
- (b) a person who is an sed officer for the purposes of section 48A, 49, 50 or 51A; or
- (c) a person authorised in writing by the Commonwealth or a State for the purposes of section 183; or
- (d) a person authorised in writing by a body administering an institution (within the meaning of Part VB) to do on behalf of the body an act that is not an infringement of copyright because of that Part.

*supply* means:

- (a) in relation to a circumvention device— sell the device, let it for hire, distribute it or make it available online; and
- (b) in relation to a circumvention service— provide the service.

## **IRISH COPYRIGHT & RELATED RIGHTS ACT 2000**

- 140 (1) A person who, without the consent of the copyright owner-
- (a) makes for sale, rental or loan,
  - (b) sells, rents or lends, or offers or exposes for sale, rental or loan,
  - (c) imports into the State, otherwise than for his or her private and domestic use,
  - (d) in the course of a business, trade or profession, has in his or her possession, custody or control, or makes available to the public, or
  - (e) otherwise than in the course of a business, trade or profession, makes available to the public to such an extent as to prejudice the interests of the owner of the copyright,
- a copy of a work which is, and which he or she knows or has reason to believe is, an infringing copy of the work, shall be guilty of an offence.
- (2) In this section "loan" means a loan for reward and in particular does not include a loan to a family member or friend for private and domestic use, and "lends" shall be construed accordingly.
- (3) A person who-
- (a) makes,
  - (b) sells, rents or lends, or offers or exposes for sale, rental or loan,
  - (c) imports into the State, or

(d) has in his or her possession, custody or control,

an article specifically designed or adapted for making copies of a work, knowing or having reason to believe that it has been or is to be used to make infringing copies, shall be guilty of an offence.

(4) A person who-

(a) (i) makes,

(ii) sells, rents or lends, or offers or exposes for sale, rental or loan,

(iii) imports into the State, or

(iv) has in his or her possession, custody or control,

a protection-defeating device, knowing or having reason to believe that it has been or is to be used to circumvent rights protection measures, or

(b) provides information, or offers or performs any service, intended to enable or assist a person to circumvent rights protection measures,

shall be guilty of an offence.

(5) Where copyright is infringed by-

(a) the public performance of a literary, dramatic or musical work,

(b) the playing or showing in public of a sound recording, artistic work, original database or film, or

(c) broadcasting a work or including a work in a cable programme service,

the person who caused the work to be so performed, played, broadcast, included in a cable programme service or shown shall be guilty of an offence where he or she knew or had reason to believe that the copyright in the work would be infringed.

(6) An offence shall not be committed under *subsection* (1) or (5) by the undertaking of an act which under this Part may be undertaken without infringing the copyright in a work.

(7) A person guilty of an offence under *subsection* (1), (3) or (4) shall be liable-

(a) on summary conviction, to a fine not exceeding £1,500 in respect of each infringing copy, article or device, or to imprisonment for a term not exceeding 12 months, or both, or

(b) on conviction on indictment, to a fine not exceeding £100,000, or to imprisonment for a term not exceeding 5 years, or both.

(8) A person guilty of an offence under *subsection* (5) shall be liable-

(a) on summary conviction, to a fine not exceeding £1,500 in respect of such offence or to imprisonment for a term not exceeding 12 months, or both, or

(b) on conviction on indictment, to a fine not exceeding £100,000, or to imprisonment for a term not exceeding 5 years, or both.

141 A person who, for financial gain, makes a claim to enjoy a right under this Part which is, and which he or she knows or has reason to believe is, false, shall be guilty of an offence and shall be liable on conviction on indictment to a fine not exceeding £100,000, or to imprisonment for a term not exceeding 5 years, or both.

142 (1) The court may on conviction of a person or being satisfied that there is a *prima facie* case to answer, where the court is satisfied that at the time of the arrest or charge the person had in his or her possession, custody or control-

- (a) in the course of a business, trade or profession, a copy of a work, knowing or having reason to believe it to be an infringing copy.
- (b) an article specifically designed or adapted for making copies of a work, knowing or having reason to believe that it had been or was to be used to make infringing copies, or
- (c) a protection-defeating device.

order that the infringing copy article or device be delivered up to the copyright owner or to such other person as the court may direct.

- (2) An order may be made by the court of its own motion, or on the application of the person bringing a prosecution, and may be made whether or not the person is convicted of the offence, but shall not be made--
  - (a) after the expiration of the period specified in *section 144* (3) as being the limit of the period for delivery up, or
  - (b) where it appears to the court unlikely that any order will be made as to the disposal of the infringing copies, articles or devices.
- (3) A person to whom an infringing copy, article or device is delivered up pursuant to an order made under this section shall retain it pending the making of a final order or decision not to make an order, as the case may be.

#### **NEW ZEALAND COPYRIGHT ACT 1994**

##### 131. Criminal liability for making or dealing with infringing objects---

- (1) Every person commits an offence against this section who, other than pursuant to a copyright licence,---
  - (a) Makes for sale or hire; or
  - (b) Imports into New Zealand otherwise than for that person's private and domestic use; or
  - (c) Possesses in the course of a business with a view to committing any act infringing the copyright; or
  - (d) In the course of a business,---
    - (i) Offers or exposes for sale or hire; or
    - (ii) Exhibits in public; or
    - (iii) Distributes; or
  - (e) In the course of a business or otherwise, sells or lets for hire; or
  - (f) Distributes otherwise than in the course of a business to such an extent as to affect prejudicially the copyright owner---

an object that is, and that the person knows is, an infringing copy of a copyright work.

- (2) Every person commits an offence against this section who---
  - (a) Makes an object specifically designed or adapted for making copies of a particular copyright work; or
  - (b) Has such an object in that person's possession,---

knowing that the object is to be used to make infringing copies for sale or hire or for use in the course of a business.

- (3) Subject to subsection (4) of this section, every person commits an offence against this section who--
- (a) Causes a literary, dramatic, or musical work to be performed, where that performance infringes copyright in that work; or
  - (b) Causes a sound recording or film to be played in public or shown in public, where that playing or showing infringes copyright in that sound recording or film,--
- knowing that copyright in the work or, as the case requires, the sound recording or film would be infringed by that performance or, as the case requires, that playing or that showing.
- (4) Nothing in subsection (3) of this section applies in respect of infringement of copyright by the reception of a broadcast or cable programme.
- (5) Every person who commits an offence against this section is liable on summary conviction,--
- (a) In the case of an offence against subsection (1) of this section, to a fine not exceeding \$5,000 for every infringing copy to which the offence relates, but not exceeding \$50,000 in respect of the same transaction, or to imprisonment for a term not exceeding 3 months;
  - (b) In the case of an offence against subsection (2) or subsection (3) of this section, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 3 months.
- (6) Where any person is convicted of an offence against this section in circumstances where that offence involves the making of profit or gain, that offence shall be deemed to have caused a loss of property for the purposes of section 22 (1) (b) of the Criminal Justice Act 1985, and the provisions of that Act relating to the imposition of the sentence of reparation shall apply accordingly.

**CANADIAN COPYRIGHT ACT ( R.S. 1985, c. C-42 )**

- 42(1)** Every person who knowingly
- (a) makes for sale or rental an infringing copy of a work or other subject-matter in which copyright subsists,
  - (b) sells or rents out, or by way of trade exposes or offers for sale or rental, an infringing copy of a work or other subject-matter in which copyright subsists,
  - (c) distributes infringing copies of a work or other subject-matter in which copyright subsists, either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright,
  - (d) by way of trade exhibits in public an infringing copy of a work or other subject-matter in which copyright subsists, or
  - (e) imports for sale or rental into Canada any infringing copy of a work or other subject-matter in which copyright subsists
- is guilty of an offence and liable
- (f) on summary conviction, to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding six months or to both, or
  - (g) on conviction on indictment, to a fine not exceeding one million dollars or to imprisonment for a term not exceeding five years or to both
- (2) Every person who knowingly
- (a) makes or possesses any plate that is specifically designed or adapted for the purpose of making infringing copies of any work or other subject-matter in which copyright subsists, or
  - (b) for private profit causes to be performed in public, without the consent of the owner of the copyright, any work or other subject-matter in which copyright subsists
- is guilty of an offence and liable
- (c) on summary conviction, to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding six months or to both, or
  - (d) on conviction on indictment, to a fine not exceeding one million dollars or to imprisonment for a term not exceeding five years or to both.
- (3) The court before which any proceedings under this section are taken may, on conviction, order that all copies of the work or other subject-matter that appear to it to be infringing copies, or all plates in the possession of the offender predominantly used for making infringing copies, be destroyed or delivered up to the owner of the copyright or otherwise dealt with as the court may think fit.
- (4) Proceedings by summary conviction in respect of an offence under this section may be instituted at any time within, but not later than, two years after the time when the offence was committed.

**US COPYRIGHT LAW (Title 17 of the United States Code)**

**§ 506. Criminal Offenses**

- (a) Criminal Infringement.-Any person who infringes a copyright willfully either -

- (1) for purposes of commercial advantage or private financial gain, or
- (2) by the reproduction or distribution, including by electronic means, during any 180-day period, or 1 or more copies or phonorecords of 1 or more copyrighted works, which have a total retail value of more than \$1,000,

shall be punished as provided under section 2319 of title 18, United States Code. For purposes of this subsection, evidence of reproduction or distribution of a copyrighted work, by itself, shall not be sufficient to establish willful infringement.

- (b) **Forfeiture and Destruction.**-When any person is convicted of any violation of subsection (a), the court in its judgment of conviction shall, in addition to the penalty therein prescribed, order the forfeiture and destruction or other disposition of all infringing copies or phonorecords and all implements, devices, or equipment used in the manufacture of such infringing copies or phonorecords.
- (c) **Fraudulent Copyright Notice.**-Any person who, with fraudulent intent, places on any article a notice of copyright or words of the same purport that such person knows to be false, or who, with fraudulent intent, publicly distributes or imports for public distribution any article bearing such notice or words that such person knows to be false, shall be fined not more than \$2,500.
- (e) **Fraudulent Removal of Copyright Notice.**-Any person who, with fraudulent intent, removes or alters any notice of copyright appearing on a copy of a copyrighted work shall be fined not more than \$2,500.
- (e) **False Representation.**-Any person who knowingly makes a false representation of a material fact in the application for copyright registration provided for by section 409, or in any written statement filed in connection with the application, shall be fined not more than \$2,500.
- (f) **Rights of Attribution and Integrity.**-Nothing in this section applies to infringement of the rights conferred by section 106A(a).



1 May 2001

Hon. Mr. Kenneth TING Woo-shou, JP  
Chairman  
Panel On Commerce & Industry  
Legislative Council  
Hong Kong Special Administrative Region  
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Dear Mr. TING

**SUBMISSIONS ON INTELLECTUAL PROPERTY (MISCELLANEOUS AMENDMENTS) ORDINANCE 2000**

I refer to my letter of 18 April 2001. Since that letter was written, I have visited Hong Kong and have met with several members of LegCo as well as with the Deputy Secretary of Commerce and Industry, Mr. Kenneth MAK, and Mr. Selby, Director of the Intellectual Property Department.

As a result of these meetings and further research undertaken since returning to Brussels, it is apparent that the Hong Kong Government, members of the Legislative Council, civil servants and the general public at large are suffering under important misapprehensions. Accordingly, I will briefly address certain matters in this letter and am also attaching an analysis of other criminal provisions in countries other than Hong Kong.

**Criminal Offences for Infringements of Copyright**

1. The analysis of foreign laws attached to this submission makes it abundantly clear that Hong Kong's recent amendments to the Copyright Ordinance are compatible with the approaches undertaken in other countries. The amendments do not lower the threshold for criminal behaviour in a way that is unjustified by the Berne Convention or to a greater degree than exists in other countries throughout the world. In particular, despite extensive researches of laws in both common law and civil jurisdictions, I am aware of no country in which illicit reproductions, including photocopying, of copyright works is treated differently in a quantitative or qualitative way to infringements of copyright for other classes of copyright matter.
2. Possession of infringing articles including photocopies for use in the course of business or trade are commonly treated within the criminal provisions of national laws.
3. It is a complete defence in Hong Kong that a person did not know or had no reason to believe that they were dealing with infringing articles. Insufficient attention has been given to the scope of this defence, which invokes the accused's actual state of mind or "mens rea". This defence provides a strong protection to so-called "innocent" infringers and those who negligently infringe copyright. The Hong Kong provisions should be compared with those applying in Australia, where an accused can be found criminally liable if he/she negligently fails to make the necessary inquiries that would have established that the particular act would infringe copyright.
4. Repeated reference has been made in Hong Kong to the possibility of "casual" photocopying attracting criminal liability. These fears are unfounded. As is in other common law countries (UK, Australia, New Zealand, Ireland, Canada), as well as civil law countries, it is clear from the Ordinance that neither criminal or civil liability will attach to usages of copyright material that do not "conflict with a normal exploitation of a work and do not unreasonably prejudice the legitimate interests of the right holder" [implementing Article 9(2) of the Berne Convention].
5. Thus, the following acts of infringement would not attract criminal liability in Hong Kong:

- (i) innocent infringements where reproductions (including photocopying) are undertaken by persons who did not know that they were infringing copyright by doing so (a subjective test)
- (ii) negligent infringements where reproductions (including photocopying) are undertaken by persons who ought to have known – or could have made reasonable inquiries as a result of which they would have known – that they were infringing copyright by doing so, and
- (iii) deliberate but minor usages that are of minimal value to the copyright owner (so-called “casual photocopying” would fall into this category)

### **Existence of An Operational Licensing Body for Photocopying Permissions**

6. Repeated reference has been made in Hong Kong to the fact that there is no licensing body to clear photocopying rights in newspapers. This assertion is not correct.
7. The collecting society Hong Kong Reprographic Rights Licensing Society (“HKRRLS”) is:
  - Operational as a fully functioning licensing body. I am informed that it has issued licences to more than 1,000 schools, to the government for more than 190,000 civil servants, and that negotiations with other major user groups – such as tertiary institutions etc. – are well advanced. It has been operational full time for two years; it is in receipt of mandates from other Reprographic Rights Organisations (“RRO’s”) throughout the world; it is an IFRRO member and is accordingly the only organisation operational in Hong Kong which is “plugged in” to the international system for rights clearance;
  - In receipt of mandates from a large representative group of local and overseas publishers, and it is accordingly able to grant licenses in respect of more than 1.7 million publications in Hong Kong (a

considerable repertoire on any assessment). Via its arrangements with foreign RRO's, it also has the right to authorise photocopying of foreign newspaper articles. It is the only organisation in Hong Kong with the right to grant licences for photocopying of such foreign newspaper articles, as such rights are traditionally administered via the international system of RRO's.

8. It is true that HKRRLS is in the early years' of its establishment and is hence still in the process of acquiring repertoire and establishing licensing relationships. Like all other SME's in Hong Kong, this small RRO has to begin somewhere. HKRRLS will be dealt a mortal blow from which it will never recover if the Ordinance is suspended in so far as photocopying of rights controlled by HKRRLS is concerned. This is because the Ordinance to suspend has been associated with public statements that effectively deny the existence and/or viability of HKRRLS. This extraordinary invalidation of the RRO has been extremely damaging.
9. If the Government proceeds to suspend the Ordinance and – as we believe will be the case – HKRRLS founders, Hong Kong will be in a worse position when the Ordinance is re-introduced in 2002 because it would have no licensing body covering the international and local repertoire of works contained in text books, periodicals, journals and international newspapers when the Government seeks to re-introduce the Ordinance (that is, Hong Kong will be further behind in having the necessary licensing infrastructure than currently). The move to suspend the Ordinance will therefore be self-defeating.
10. On the other hand, if the provisions remain in force, HKRRLS will grow in strength and resources and will quickly provide the necessary level of efficiency in clearing permissions.

### **Suspension of Reproduction Rights Generally (Material and Immaterial Copies)**

11. The proposed suspension of the Ordinance in so far as reproduction rights are concerned (i.e. exercises of the reproduction rights by means other than photocopying) cannot be justified on any basis. These rights

are never administered by RRO's or newspaper licensing agencies in any part of the world, rather they are always administered by authors and publishers themselves.

12. It greatly concerns IFRRO and its members throughout the world that Hong Kong is considering suspending the Ordinance in so far as it relates to criminal piracy and counterfeiting of text books, journals, periodicals etc. This will send the wrong message to counterfeiting and piracy criminals based in Hong Kong and elsewhere in the region and is likely to result in an upsurge of criminal piracy and counterfeiting activities in Hong Kong both by use of traditional printing techniques and by use of modern scanning techniques in association with digital distributions on electronic networks.
13. The scope of the proposal to suspend the Ordinance in respect of such rights is accordingly excessive and unjustified by any factual or legal matter.

I therefore appeal to you to reconsider the matter. If, as I understand is the case, local newspaper publishers agree with the suspension of the Ordinance in respect of their reprographic (photocopying) rights, then clearly IFRRO cannot object. IFRRO, RRO's, publishers and authors throughout the world, however, strongly object to the suspension of the Ordinance in relation to reproduction and reprographic rights in all other works, viz. the worldwide repertoire of literary and artistic works and urge that all concerned with the proposed suspension urgently reconsider the matter.

Yours sincerely

Stephanie Faulkner  
Secretary General

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Subject: Proposed Suspension of Intellectual Property (Miscellaneous Amendments) Ordinance

Dear Member of LegCo

As you will recall, the International Federation of Reproduction Rights Organisations strongly urges LegCo to reconsider suspending the Intellectual Property (Miscellaneous Amendments) Ordinance in so far as reproduction rights are concerned.

For your information, I am attaching a copy of a letter forwarded today to Hon Mr. Kenneth TING Woo-Shou, JP together with a comparative analysis of the Hong Kong provisions in light of the laws of other countries throughout the world.

The IP (Miscellaneous Amendments) Ordinance does not provide a higher level of protection to copyright owners than exists elsewhere throughout the world. The criminal provisions - for the first time - make Hong Kong's laws compatible with those of other countries. The proposed suspension is thus an extremely retrograde step and is likely to damage Hong Kong's standing in the region and internationally, especially if - as we strongly believe - the suspension will result in an intolerable upsurge of counterfeiting and piracy of text books and printed material generally using both traditional printing techniques and scanning/electronic distribution on electronic networks such as the internet.

Yours sincerley

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