



**THE LAW SOCIETY OF HONG KONG INTELLECTUAL PROPERTY
COMMITTEE'S FURTHER SUBMISSION ON THE MEANING OF
"LAWFULLY MADE" UNDER THE COPYRIGHT (AMENDMENT) BILL
2006, CSA 35 (5)**

1. PROPOSED AMENDMENT TO SECTION 198 (3)

- 1.1 The Administration proposes the following definition of "*lawfully made*" for the purpose of excluding certain imported infringing copies from the ambit of copyright protection in Hong Kong:

"(3) In this Part, "*lawfully made*" (合法地製作), in relation to a copy of a work made in a country, territory or area –

(a) means that the copy was made by -

(i) a person who is entitled to the copyright in the work in the country, territory or area, as the case may be;

or

(ii) a person who is authorized by the person referred to in subparagraph (i);

but

(b) does not include a work that was made in a country, territory or area where there is no law protecting copyright in the work or where the copyright in the work has expired."

2. A CHANGE IN THE LAW WITHOUT CONSULTING STAKEHOLDERS

- 2.1 We remain firmly of the view that the proposed definition of "*lawfully made*" (an expression that was previously undefined), in so far as it depends upon the making by or authorization of an overseas copyright owner, represents a fundamental change in the law as is well understood by the established principles of "exhaustion of rights".

- 2.2 Something made other than by or with the authorization of the Hong Kong copyright owner or for example made in breach of a contract with the copyright owner cannot on any normal construction be said to be "*lawfully made*".
- 2.3 The effect of the proposed definition has not been explained to stakeholders (see also paragraph 4.4 below).

3. BREACH OF ARTICLE 140 OF THE BASIC LAW

- 3.1 We add that in our view the proposed definition removes the rights of authors to restrict importation of infringing copies and thus fails to "*protect by law the achievements and the lawful rights and interests of authors in their literary and artistic creation*" as enshrined in Article 140 of the Basic Law.

4. LAWFUL RIGHTS OF THE HONG KONG COPYRIGHT OWNER

- 4.1 Whilst we accept that "*lawfully made*" in the parallel import context means lawfully made in the overseas territory, we entirely disagree the basis upon which the Administration assumes that under a Hong Kong Ordinance this is to be assessed by reference to the rights of an overseas copyright owner having no rights in Hong Kong.
- 4.2 Within the copyright context, legalising parallel imports is only justified where the owner's rights have been exhausted. No explanation has been given why an importer should be allowed to infringe copyright where the rights of the Hong Kong copyright owner have not been exhausted.
- 4.3 We note in passing that the proposed definition will not prevent the restriction of parallel imports where the making of the copy is not authorized by the overseas copyright owner. Copies made for territories in which the copyright owner has no rights cannot be authorised. The definition will be unworkable in practice.
- 4.4 Upon reviewing the Administration's response to our views and concerns in Paper No. CB(1)191/03-04(01), as at 23 February 2004, we note that it was then the Administration's view that no definition of "*lawfully made*" was required. It seems that a definition has now been proposed to exclude the very point that we were then and are now still arguing, namely that "*lawfully made*" does not cover works made without the authority of the Hong Kong copyright owner. This clearly demonstrates that our position was and still is tenable under the law as it currently stands. The proposal changes the law and removes the lawful rights and interests of authors.

5. CASE LAW

- 5.1 In further support of our position we refer to the attached Singapore case of *Public Prosecutor v Teo Ai Nee & Anor* (a copy of the judgment is attached and we have copyright permission to circulate this case for this purpose).

- 5.2 The issue in that case was whether the making of an article without the consent of the owner of the copyright meant the owner of the copyright of the article in Singapore or the owner of the copyright of the article in the country in which the article was manufactured.
- 5.3 The prosecution submitted that this must be interpreted to refer to the Singapore copyright owner. The defence argued that it referred to the copyright owner in the place of manufacture.
- 5.4 The District Court accepted the defence's contention that the owner of the copyright referred to the owner of the copyright in the country in which the article was manufactured. This was based on the grammatical construction that if "*the making of the article was carried out without the consent of the owner of the copyright*" this must refer to the actual making of the article before it is imported into Singapore, so the only consent required would be from the copyright holder in the country of manufacture.
- 5.5 On appeal the High Court interpreted the relevant provision as meaning the Singapore copyright owner. It pointed out that any other interpretation would prove impossible in practice. It "*would require the Singapore copyright owner, in order to enforce his rights against imports, to be able to prove, beyond reasonable doubt, the place and country of manufacture of each of the imports, something which could well be impossible if the articles were not marked 'Made in Japan', as they conveniently were in the instant case. Further, he would also have to establish the identity, if any, of the owner of the relevant copyright in that country of manufacture, and the provisions of the copyright law in the place of manufacture, in order to prove that the making of the articles was done in an infringement of the copyright laws of that country and/or of the rights of the owner of the copyright in that country. This would not only result in the expenditure of considerable time and expense, for example in obtaining expert evidence of foreign copyright law, but also, in my opinion, pose too onerous an obligation on the party seeking to enforce his intellectual property rights in Singapore.*"
- 5.6 The Court also accepted that it would otherwise "*give rise to a wholesale evasion of the copyright protection afforded to Singapore copyright holders by the 1988 Act, as, by making the determination of what constitutes an 'infringing copy' contingent on the article in question having been manufactured without the consent of the owner of the copyright in the place of manufacture, this would allow persons to deliberately manufacture copies of the genuine article in countries which offered little or no copyright protection, or which did not recognize the ownership of the copyright in the genuine article. Such persons could thus validly import these copies into Singapore and sell them at disastrously low prices.*"
- 5.7 The defence argued that the law should only "*afford protection against the import of pirated goods. If the goods are not pirated when they are made, the free market policy would be to allow entrepreneurs to manufacture non-infringing goods and to bring them into Singapore to sell competitively; and to allow the first position to stand would give the Singapore copyright owner a complete monopoly to set prices.*"

5.8 The Court held that if "*articles were made and released onto the international market place by the owner of the copyright in the place of manufacture who is unconnected with the Singapore owner, it is difficult to see as the law stands why the Singapore copyright owner should not be able to repel those imports into Singapore.*"

6. **CONCLUSION**

6.1 It is evident from the above that "*lawfully made*" would as the law now stands be likely to be interpreted by reference to the consent of the Hong Kong copyright owner. The proposed definition will change this. The Administration should in our view honestly explain to stakeholders its intentions by this amendment and how it can justify its position in the light of Article 140 of the Basic Law.

**The Law Society of Hong Kong
Intellectual Property Committee
5 June 2007**
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Singapore Law Reports

PUBLIC PROSECUTOR V TEOH AI NEE & ANOR

[1994] 1 SLR 452

MAGISTRATE'S APPEAL NO 126/93/01-2

HIGH COURT

DECIDED-DATE-1: 4 DECEMBER 1993

YONG PUNG HOW CJ

CATCHWORDS:

Copyright - Parallel importing - What constitutes an infringing copy - Consent of 'owner of copyright' under s 7 of Copyright Act (Cap 63, 1988 Ed) - Whether it refers to the owner at the place of manufacture or the owner in Singapore - Copyright Act (Cap 63, 1988 Ed) s 7

Copyright - Copyright protection - Subsistence thereof - On whom the onus of proof lies - Effect of original publication in England in 1958 during the 'interregnum period' - Effect of affidavit pursuant to s 137 Copyright Act (Cap 63, 1988 Ed) - Copyright Act (Cap 63, 1988 Ed) s 137

Words and Phrases - 'Owner of copyright' - Copyright Act (Cap 63, 1988 Ed) ss 7, 25(1) & (2)

HEADNOTES:

The accused faced five charges of exposing for sale various sound recordings, including one 'Move it' by Cliff Richard. At the close of the prosecution case, the two accused were acquitted without their defence being called. The public prosecutor now appeals against the acquittal.

The prosecution argued that the consent referred to in s 7 of the Copyright Act (Cap 63, 1988 Ed) ('the 1988 Act') was that of the Singapore copyright owner, and that, if they were manufactured in a foreign country with the consent of the owner of the copyright there, but not with the consent of the copyright owner in Singapore, they were infringing copies for the purpose of the 1988 Act. In order to prove that EMI were the owners of the copyright in Singapore in these sound recordings, the prosecution had relied on an affidavit in accordance with s 137 of the 1988 Act which affirmed this. The defence did not object to the admission of the affidavit or express a desire to cross-examine its maker. However, the defendants argued, in respect of the sound recording 'Move it', that it was not subject to copyright protection as, when it was published in 1958, assuming it was published in England, the provisions of the English Copyright Act 1911 did not extend to it. On that basis, they argued that they had rebutted the presumption in s 137 of the 1988 Act.

Held, allowing the appeal:

(1) Section 25(2) of the 1988 Act makes it clear that, in the context of an article being imported without the licence of the copyright owner in the second limb of s 7, the copyright owner referred to is the owner in the country of importation. Further, reference to the relevant preparatory materials would also indicate that the legislature had intended to prevent imports from other countries which did not have adequate copyright laws, and that the definition of an 'infringing copy' made overseas and imported into Singapore was an article made without the consent of the Singapore copyright owner.

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(2) Section 137 of the 1988 Act placed the onus on the defendants to prove that copyright did not subsist in the 'Move it' recording; particularly since the defence did not rely on the mechanism given in s 137(2) which allowed them to object to the tendering of such initially conclusive affidavit evidence of copyright subsistence in the first place, and to call for the deponent to be produced and cross-examined as to that copyright subsistence.

Per curiam: Accepting the prosecution's interpretation of s 7 would not extend a complete bar on parallel imports of articles to which copyright holders in Singapore object. Where the articles which are the subject of parallel importing are in some way connected to the Singapore copyright holder, by virtue of having been manufactured by or with the consent of the Singapore copyright holder, then it seems reasonable that his rights in those articles should be regarded as exhausted. If, on the other hand, articles were made and released onto the international market place by the owner of the copyright in the place of manufacture who is unconnected with the Singapore owner, it is difficult to see, as the law stands, why the Singapore copyright owner should not be able to repel those imports into Singapore.

Cases referred to

Butterworth & Co (Publishers) Ltd & Ors v Ng Sui Nam [1985] 1 MLJ (HC) 196, [1987] 2 MLJ (CA) 5

Television Broadcasts Ltd & Ors v Golden Line Video & Marketing Ltd [1989] 1 MLJ 201

Pepper (Inspector of Taxes) v Hart [1992] 3 WLR 1033

Legislation referred to

Copyright Act (Cap 63, 1988 Ed) ss 7, 25(1), (2), 87(3), 105(1), 136, 137(1), (2), 219(1), (3)

Copyright (International Protection) Regulations 1987 (1990 Ed)

Copyright Act 1911 [UK]

Richard Tan, Tan Lay Sang and Boo Yee Suan (Lee & Lee) for the appellant.

Wong Siew Hong (Teh Yip & Wong) for the first respondent.

Lam Wai Seng (Peter Chua Sobaran & Pnrs) for the second respondent.

JUDGMENTBY: YONG PUNG HOW CJ

This appeal was brought by the public prosecutor against the decision of district judge Jasvender Kaur. The respondents, proprietors of the music store at Paradiz Centre known as Valentine Music Centre, on 3 February 1993, originally faced three charges in the district court under s 136(1)(b) of the Copyright Act (Cap 63, 1988 Ed) ('the 1988 Act'), of knowingly exposing for sale infringing copies of the sound recordings entitled 'And I love Her', 'Let it be' and 'Eleanor Rigby' by 'The Beatles', and two charges under s 136(2)(a) of the 1988 Act of knowingly having in their possession for the purposes of sale infringing copies of the sound recordings entitled 'Move it' by Cliff Richard and 'Anna (go to him)' by 'The Beatles'.

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At the conclusion of the prosecution's evidence in the court below, defence counsel submitted that there was no case to answer, and the district judge acquitted the respondents without calling for their defence. The public prosecutor appealed to this court, and having heard lengthy arguments from both sides, I decided to allow the appeal. I accordingly ordered that the case be sent back to the district judge to call on the respondents to enter upon their defence. I now set out my reasons.

The district court hearing

It is, at the outset, essential to review the evidence tendered by the prosecution in the court below which was considered insufficient to meet the charges against the respondents by the learned district judge; this consisted of the testimony of four witnesses and an affidavit tendered pursuant to the provisions of s 137(1) of the 1988 Act.

Section 137(1) provides that an affidavit made before a notary public by or on behalf of the owner of the copyright, stating that, at the material time, copyright in Singapore subsisted in the specified work, that the person named therein was the owner of the copyright, and that copies of the work annexed to the affidavit were true copies, would be prima facie proof of those matters as stated unless the contrary was proved. The affidavit so adduced by the prosecution complied with the requirements of s 137(1) and affirmed that, at the material time, copyright in the five material sound recordings existed in Singapore, and the owner of the copyright in all five was EMI Records Ltd. Defence counsel did not object to the admission of the s 137(1) affidavit, nor did he express a desire to cross-examine the maker of the affidavit, as provided for in s 137(2) of the 1988 Act.

The further evidence was to the effect that the ten compact discs which were the subject-matter of the five charges against the respondents had been seized pursuant to a search warrant from the showroom and storeroom of the respondents' music store. Seven of these discs were marked 'Made in EEC' and three were marked 'Made in Japan'; five bore the logo 'World Star Collection', two the logo, 'BRS' and the remaining three, the logo 'Star Pack'. The testimony of two senior officials of EMI Singapore was that while the recordings in the seized compact discs were exact reproductions of the relevant original sound recordings, the ten seized discs did not bear the EMI logo and the catalogue numbers on those discs did not belong to EMI. The seized discs were expressed to have been manufactured (in the EEC and Japan) without the consent or licence of EMI Records Ltd and, therefore, constituted infringing copies under the second limb of s 7 of the 1988 Act.

Section 7 of the 1988 Act generally states that an:

'infringing copy' ...

(b) in relation to a sound recording, means ...

... an article the making of which constituted an infringement of the copyright in the ... recording ... or, in the case of an article imported without the licence of the owner of the copyright, *the making of which was carried out without the consent of the owner of the copyright*; [Emphasis added.]

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The central controversy which necessitated that the case be brought before me on appeal arose at the close of the prosecution case as to the second part of the second limb of the section, which refers to the making of the article without the consent of the owner of the copyright (of the article); the section, however, is silent on whether that owner so referred to is the owner of the copyright of the article in Singapore, or whether it means the owner of the copyright of the article in the country in which the article was manufactured.

The prosecution at the close of their case submitted that this second part must be interpreted to refer to the Singapore copyright owner. They submitted that since they had adduced evidence that the Singapore copyright holder, EMI, had not consented to the making of the seized compact discs, they had put forward a prima facie case that the discs were 'infringing copies' under s 7.

The defence, on the other hand, argued that the second part referred to the copyright owner in the place of manufacture, ie Japan and the EEC, and that since the prosecution had failed to adduce any evidence regarding, first, the existence of protection of copyright (either EMI's, or any other licensed person) in those five sound recordings in both Japan and the EEC, and secondly, the lack of authorization to make the discs in Japan and the EEC, ie that the discs were, vis-a-vis the relevant Japanese or EEC copyright laws, *pirated* in Japan and the EEC, the prosecution had failed to make out a prima facie case that the discs were 'infringing copies'. This argument was accepted by the district judge in the court below.

The defence raised, in the alternative, an objection to the subsistence in Singapore of EMI's copyright over the sound recording by Cliff Richard entitled 'Move it', which was agreed to have been first published in 1958. They cited the local case of *Butterworth & Co (Publishers) Ltd & Ors v Ng Sui Nam*, [1985] 1 MLJ (HC) 196; [1987] 2 MLJ (CA) 5 as affirmed by the Court of Appeal, as authority for the proposition that works first published in the United Kingdom during what was termed the interregnum period between 1 June 1957 and 26 January 1959 did not enjoy copyright protection

under the Copyright Act 1911 ('the 1911 Act') due to the repeal of that Act in the United Kingdom, and thus did not enjoy copyright protection in Singapore under the 1988 Act. This argument was also accepted by the district judge, who held, for the sake of completeness, that, by virtue of this reasoning, the prosecution could not rely on the assertions in their s 137(1) affidavit that copyright in 'Move it' subsisted in Singapore at the material time and had failed to make out a prima facie case as regards this charge.

The issues on appeal

The two issues on appeal are, therefore, questions of law: what constitutes an 'infringing copy' under the 1988 Act, and whether the copyright in the Cliff Richard recording entitled 'Move it' subsisted in Singapore at the material time and was, therefore, entitled to protection under the 1988 Act. I deal with these in turn.

(1) What constitutes an 'infringing copy' under the second limb of s 7?

The two limbs to the definition in s 7 are clearly separate. The first refers to an infringing article made in Singapore, and the second refers to an infringing article [*456] made overseas which was then imported into Singapore; this distinction has been clearly established by the decision of Chan Sek Keong J, as he then was, in the case of *Television Broadcasts Ltd & Ors v Golden Line Video & Marketing Ltd* [1989] 1 MLJ 201. The definition in the first limb is clear and unambiguous; it is the definition under the second limb which concerns us in the instant case as to whether it refers to the consent of the owner of the copyright of the article in the place of importation Singapore, or that of the owner of the copyright of the article in the country in which the article was manufactured.

The learned district judge in the court below accepted the defence's contention that the owner of the copyright referred to in the second limb of s 7 should be read to mean the owner of the copyright in the country in which the article was manufactured. Her reasons for doing so, as set out in her grounds of decision, were rehearsed by the respondents before me at the appellate hearing.

She firstly derived support from the dicta of Chan Sek Keong J in the *Golden Line*, case [1989] 1 MLJ 201 mentioned earlier, which concerned a decision by the learned judge to strike out an action against a defendant for breach of s 105(1) of the Act, when the plaintiff conceded that the articles in question, video tapes of the plaintiff's films, had in fact been made in Singapore with the plaintiff's licence and consent. The wording in s 105(1) is similar to that in s 7. It provides that:

A copyright ... is infringed by a person who, in Singapore, and without the licence of the owner of the copyright --

(a) sells, lets for hire ... an article; ...

where he knows, or ought reasonably to know, that the making of the article constituted an infringement of the copyright or, in the case of an imported article, the making of the article was carried out without the consent of the owner of the copyright.

The learned district judge relied on the following passage of Chan Sek Keong J's judgment:

... the relevant words in the second part of s 105(1) in relation to an imported article are 'the *making of the article was carried out* without the consent of the owner of the copyright' These words, as a matter of grammatical construction, are a clear reference to the actual making of the article before it is imported into Singapore. An actual making must imply an actual maker and the maker must be abroad. The formula in s 105(1) in the case of imported articles is significantly different from that in s 10(2) of the Copyright Act 1962 of New Zealand or s 5(2) of the Copyright Act 1956 of the United Kingdom.

She agreed with the defence contention that although Chan Sek Keong J confined his remarks to the interpretation of the words 'the making of the article' and did not directly refer them to the phrase 'the consent of the owner of the copyright', as that consent relates to the making of the article abroad, it would make more sense to interpret the reference to the copyright owner as being the copyright owner in the country of manufacture since the only consent reasonably required to manufacture the article abroad would be that given by the copyright holder in the country of manufacture. The learned district judge was of the opinion that if the prosecution's interpretation was adopted, it would lead to the 'startling and absurd consequence' that a local copyright holder would be required to consent to the making of an article in another country.

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The learned district judge also drew support for her interpretation of s 7 from the provisions of s 25(1) of the 1988 Act, which states:

In the case of a copyright of which (whether as a result of a partial assignment or otherwise) different persons are the owners in respect of its application to --

- (a) ...
- (b) the doing of one or more acts or classes of acts in different countries ...

the owner of the copyright, for any purpose of this Act, shall be deemed to be the person who is the owner of the copyright in respect of its application ... to the doing of a particular act or class of acts in the particular country ... that is relevant to that purpose ...

Finally, the learned district judge was of the opinion that her interpretation of s 7 would be consistent with the scheme or policy of the legislature of allowing parallel imports as stated in the *Golden Line* case [1989] 1 MLJ 201, where Chan Sek Keong J said:

It would, therefore, appear that, in the area of copyright protection, our legislation has adopted a mercantile policy of allowing in Singapore a free market where copyright articles, whether parallel imports or made under licence in Singapore, may be sold or dealt with in competition with one another.

She held that, if the prosecution's interpretation was to be adopted, the door to parallel imports would be closed.

Before me, the prosecution adduced the following arguments in support of their interpretation of the provisions under s 7, which I found to be compelling. First, under s 25(2) of the 1988 Act, it is expressed that:

... where under any provision of this Act a question arises whether an article ... has been imported, sold, or otherwise dealt with, without the licence of the owner of any copyright, the owner of the copyright, for the purposes of determining that question, shall be taken to be the person entitled to the copyright in respect of its application to the making of the articles [in question] ... in the country into which the article was imported ... sold or otherwise dealt with.

Section 25(2), therefore, makes it clear that, in the context of an article being imported without the licence of the copyright owner in the second limb of s 7, the copyright owner referred to is the owner in the country of importation. The prosecution argued that, as this was the case, the subsequent allusion in the section to the consent of the copyright owner, in the context of the manufacture of the article, must likewise refer to the consent of the owner of the copyright in the country of importation, that is to say, Singapore. I found this argument compelling. On a plain and instinctive interpretation of the words of the section, it seems to me completely ordinary and natural that the expression 'the owner of the copyright', in respect of the two elements of the section, importation and non-consensual manufacture, must be taken to have the same meaning in the section.

Even more compelling was the prosecution's second argument that the interpretation taken by the learned district judge would prove impossible in practice. This would require the Singapore copyright owner, in order to enforce his rights against imports, to be able to prove, beyond reasonable doubt, the place and country of manufacture of each of the imports, something which could well be impossible if the articles were not marked 'Made in Japan', as they conveniently were in the instant case. Further, he would also have to establish the identity, if [*458] any, of the owner of the relevant copyright in that country of manufacture, and the provisions of the copyright law in the place of manufacture, in order to prove that the making of the articles was done in an infringement of the copyright laws of that country and/or of the rights of the owner of the copyright in that country. This would not only result in the expenditure of considerable time and expense, for example in obtaining expert evidence of foreign copyright law, but also, in my opinion, pose too onerous an obligation on the party seeking to enforce his intellectual property rights in Singapore.

The prosecution's third contention was that, if the learned district judge's interpretation was adopted, this would give rise to a wholesale evasion of the copyright protection afforded to Singapore copyright holders by the 1988 Act, as, by making the determination of what constitutes an 'infringing copy' contingent on the article in question having been

manufactured without the consent of the owner of the copyright in the place of manufacture, this would allow persons to deliberately manufacture copies of the genuine article in countries which offered little or no copyright protection, or which did not recognize the ownership of the copyright in the genuine article. Such persons could thus validly import these copies into Singapore and sell them at disastrously low prices.

They contended that this danger was specifically considered by Parliament when it passed the first Copyright Act in 1987, and, thus, that the relevant protections in the Act were designed to combat this danger. They relied on the speeches on the Minister of Law when the relevant Bill was being passed (by virtue of *Pepper (Inspector of Taxes) v Hart*, [1992] 3 WLR 1033 and, now, the new s 9A of the Interpretation Act (Cap 1)) to this effect.

The Select Committee, at the second reading of the Bill, forwarded the following version of the second limb of s 7: in the case of an article imported without the licence of the owner of the copyright, the making of which constituted an infringement of that copyright in the country in which that article was made.

The underlined words above appear to be an unequivocal adopting of the interpretation taken by the district judge in the court below, ie that it is the lack of consent of the owner of the copyright in the country where the article is made that makes it an infringing copy, and that, if that person's consent is obtained, notwithstanding the objection of the Singapore copyright holder to the import of such articles, these would not constitute infringing copies, and the Singapore copyright holder would have no recourse under the 1988 Act.

However, the Minister for Law at the Bill's third reading caused the underlined words to be deleted and replaced with the present words, 'was carried out without the consent of the owner of the copyright', arguably thereby rejecting the defence's interpretation of the section. He had this to say:

The clauses (32, 33, 104, 105 and 142, which all refer to infringement by importing) as they are present prohibit the importation for the purposes of trade of foreign articles if they are actually made in breach of the copyright laws of the country of manufacture. However, if they are made in a country where there is no adequate protection given to intellectual property, they may be technically legitimate reproductions in the country of manufacture and may be freely imported into Singapore. *Imports from countries which offer little or no copyright protection will undermine the interests of copyright holders [*459] in Singapore. Whilst we, Parliament, cannot stop the manufacture of these articles, we are in a position to stop them from coming into Singapore.* [Emphasis added.]

Thus, it would appear, as argued by the prosecution, that in order to prevent imports from countries which did not have adequate copyright laws, the legislature intended that the definition of an 'infringing copy' made overseas and imported into Singapore was an article made without the consent of the Singapore copyright owner. This would also cover the situation in which articles are manufactured in a country in which there exists no copyright holder, and prevent, for example, a person from going to one of those countries, manufacturing such goods quite legally, and flooding the Singapore market with them.

Taking the interpretation canvassed by the prosecution would certainly entrench the Minister's policy (underlying the 1987 Act), as expressed above, of protecting the localized rights of Singapore copyright owners and the sovereignty of our copyright laws within our jurisdiction.

Counterbalancing this policy of protecting local intellectual property rights is the policy of allowing free trade and parallel imports, which is in favour of the interpretation taken by the respondents and accepted by the learned district judge, as enunciated by Chan Sek Keong J in the *Golden Line* case [1989] 1 MLJ 201. The respondents' argument for this position is that the 1988 Act should only afford protection against the import of pirated goods. If the goods are not pirated when they are made, the free market policy would be to allow entrepreneurs to manufacture non-infringing goods and to bring them into Singapore to sell competitively; and to allow the first position to stand would give the Singapore copyright owner a complete monopoly to set prices.

For the purposes of my decision regarding the interpretation of s 7, I did not have primary regard to the competing policy factors involved in the case. It is my opinion that the formulating of Singapore's policy on parallel imports should rightly be the task of the legislature and should not be entered into by the judiciary. I have based my interpretation of the

relevant portions of the Copyright Act on the ordinary and natural meaning of their wording, and on the practical consequences of preferring one interpretation over another. I have also had some regard for the fact that reference to the relevant preparatory materials would indicate that the legislature had rejected the interpretation adopted by the district judge in the court below. Be that as it may, I am nevertheless minded to comment on the various findings of the learned district judge, and on the policy considerations she raises and relies on in her grounds of decision.

I am firstly inclined to distinguish Chan Sek Keong J's decision in the *Golden Line* case [1989] 1 MLJ 201. The learned judge, in the part of his judgment quoted above, was replying to plaintiff's counsel's reliance on two decisions, one involving the UK Copyright Act 1956, and the other, the New Zealand Copyright Act 1962. The learned judge rejected these two cases as not being relevant to the case before him as, firstly, the instant case concerned alleged infringing copies which were manufactured in Singapore, whereas the two foreign cases involved articles manufactured abroad and imported into the country, and secondly, in any case, the provisions of the foreign statutes cited which involved imported articles which had been manufactured abroad were differently worded from the equivalent local section. The test used in the foreign provisions did not refer to the actual place of manufacture of the article in question but to whether the person would have [*460] committed an infringement of copyright had he manufactured the article in the country of importation. No doubt Chan Sek Keong J felt compelled to emphasize, as he did in the section of his judgment quoted above, that as regards the domestic copyright law, the test is to the *actual making of the article abroad* before it was imported, and not to the hypothetical test propounded by foreign copyright laws. Taken in this context, the observations of Chan Sek Keong J cannot be regarded as supportive of either interpretation.

As regards the further expositions of the learned judge regarding the apparent domestic policy of allowing parallel imports, these must of necessity be regarded as dicta. However, it should be emphasized at the outset that the effects of accepting the prosecution's interpretation of s 7 would not extend a complete bar on parallel imports of articles to which copyright holders in Singapore object. Although it might at first blush appear difficult to envisage a Singapore entity who had consented to the manufacture of copies of an article over which he has the Singapore copyright but who would object to its import into Singapore, given the present moves towards forging international mutual recognitions of copyright, such a situation will become more and more likely. An example of the manner in which this works is given at p 146 in George Wei's textbook on the local copyright law:

Suppose X, the copyright owner of a book who has the copyright in Singapore and Canada, grants an exclusive licence to Y to produce copies of the book on the Canadian market, but only the Canadian market. X himself produces the book for sale and distribution in Singapore. Z is a parallel importer who purchases copies from Y in Canada and imports them into Singapore against X's wishes. It is clear that, under the prosecution's interpretation of s 7, Z would not be infringing the Act, *as the copies which Z bought were manufactured (by Y) with the consent of X, the copyright owner in the place of import, Singapore.*

On the other hand, if X can prove that Y manufactured the copies which Z bought in an unauthorized manner, in breach of their licensing agreement, eg Y produced these for sale outside Canada, then Z would not be protected as X did not consent to the manufacture.

This distinction is reasonable. If the books' manufacture was authorized by X (and presumably made in the proper form and quality and for sale at a regulated price), Z should not be liable despite X's objection to the importing. This example therefore demonstrates that this kind of parallel import is allowed under the 1988 Act: where the articles which are the subject of parallel importing are in some way connected to the Singapore copyright holder, by virtue of having been manufactured by or with the consent of the Singapore copyright holder, then it seems reasonable that his rights in those articles should be regarded as exhausted. If, on the other hand, articles were made and released onto the international market place by the owner of the copyright in the place of manufacture who is unconnected with the Singapore owner, it is difficult to see as the law stands why the Singapore copyright owner should not be able to repel those imports into Singapore.

Having adopted the prosecution's interpretation, I ordered that the district judge's acquittal be reversed and the case be sent back to the subordinate courts for the defence to be called.

[*461]

(2) Whether Singapore copyright subsisted in the Cliff Richard recording 'Move it'

The defence elicited evidence at the trial, under cross-examination, that the copyright in the recording, 'Move it', might not subsist in Singapore as the recording was first recorded in 1958. Their argument was as follows:

Under ss 219(3) and 87(3) of the 1988 Act, copyright in sound recordings which were protected in Singapore under the 1911 Act, by virtue of the recording being first published in those countries to which the 1911 Act extended, continued to be protected under the 1988 Act. The 1911 Act was an Imperial Act of the British Parliament which established copyright law in Britain and extended to all His Majesty's dominions save self-governing dominions. It came into force in Singapore, who was then a colony, on 1 July 1912, and was only repealed here by the coming into force of the Copyright Act 1987.

By virtue of the Court of Appeal decision in *Butterworth v Ng Sui Nam*, [1985] 1 MLJ (HC) 196; [1987] 2 MLJ (CA) 5 it was established that, long after the English had repealed the 1911 Act by the Copyright Act 1956, the 1911 Act continued to be in force in Singapore, *but England had ceased from 1956 to be a country to which the 1911 Act extended*. It was not until the UK realized this problem and passed the Copyright Act (Transitional Order) in 1959 to solve it did its copyrights become re-enforceable in Singapore. (Similarly, various other 1911 Act countries, such as India and Australia, repealed the 1911 Act in their jurisdictions, and accordingly removed themselves from the protection of the 1911 Act vis-a-vis the other 1911 countries, including Singapore.)

As the Cliff Richard recording 'Move it' was first published in 1958, presuming that the country of its first publication was England at that time and the copyright to it was acquired in that way by EMI, then, by virtue of the *Butterworth* case [1985] 1 MLJ (HC) 196; [1987] 2 MLJ (CA) 5, EMI's 1958 copyright would not be recognized under the 1911 Act and, thus, the 1988 Act, since it falls in the 1956-1959 interregnum period of British copyright limbo.

They further correctly argued that since the Copyright (International Protection) Regulations 1987 (1990 Ed), which only extend retrospective copyright recognition to the US and to Australia, only apply to recognize English copyrights which arose *after* the Regulations' enactment, 10 April 1987, this is no help.

Thus, the defence contended at the trial that they had, with respect to 'Move it', rebutted the presumption laid down in the s 137(1) affidavit that EMI's copyright in it subsisted in Singapore at the material time. The district judge agreed with them and held that the prosecution, on this ground also, had failed to establish a prima facie case, although she refers in her grounds, wrongly, to s 210 of the 1988 Act, which deals with author's works only, instead of s 219 which deals with sound recordings.

On their part, the prosecution argued equally cogently that it was not necessarily their case at trial that 'Move it' had been first published in England; and that there are other ways under the 1988 Act in which EMI's copyright in that recording could exist in Singapore, for example 'Move it' could have been first published in Singapore, or any of the other 1911 countries who had in 1958 not yet repealed the 1911 Act and who enjoyed local protection by virtue of s 219(1) or (3) of the 1988 Act. The prosecution argued that the wording of s 137(1) of the 1988 Act meant that the onus was on the defence to prove that their copyright could not [*462] subsist in any of the ways, and that, until then, EMI were entitled to not give evidence as to which of the ways they relied on to derive their copyright protection.

The wording of s 137 does indeed appear to put the onus on the defence at trial; particularly since the defence did not rely on the mechanism given in s 137(2) which allows them to object to the tendering of such initially conclusive affidavit evidence of copyright subsistence in the first place, and to call for the deponent to be produced and cross-examined as to that copyright subsistence. For this reason, I was of the view that the defence contention should fail, and the defence case should be called in respect of the 'Move it' charge as well.

Appeal allowed.