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IFPI's Further Comments to the Hong Kong Legislative Council on the Protection of Technological Measures in the Copyright (Amendment) Bill 2006

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This note sets out further comments of the International Federation of the Phonographic Industry (IFPI) on the provisions dealing with Technological Protection Measures (TPMs) in the Hong Kong Copyright (Amendment) Bill 2006 ("the Bill").

IFPI has already submitted to CITB and the Legislative Council ("LegCo") a series of comments on the Bill's TPM provisions in previous stages of the consultation process. The purpose of this note is to further emphasise the concerns we have with the link imposed by sections 273A and 273B of the bill between TPM protection and copyright infringement.

Draft sections 273A and 273B condition liability for circumvention of TPMs on knowledge of copyright infringement. Under section 273A, a person does not bear liability for the act of circumvention unless he knows, or has reason to believe, that his act facilitates copyright infringement. A similar knowledge element is included in section 273B with respect to the liability associated with distribution of circumvention devices. By requiring knowledge of copyright infringement for liability to apply, these sections do not correspond to the requirements of the 1996 WIPO Treaties, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). These treaties establish independent legal protection to TPMs that is separated from copyright protection. Under WCT and WPPT, the subject matter of protection is the technological measure itself and liability for circumvention of TPMs is not premised on knowledge of copyright infringement. Imposing this "knowledge element" renders sections 273A and 273B of the Bill incompatible with articles 11 and 18 of WCT and WPPT, respectively.

The knowledge requirement places a heavy burden on right holders to prove the intent of the person circumventing or the degree of knowledge that the person dealing with circumvention devices has on the intentions of its customer. This would make enforcement against circumvention almost impossible and would significantly weaken the effectiveness of the provisions. We understand that CITB takes the view that this knowledge requirement serves to ensure that users' legitimate interests are not jeopardised. With respect, this argument cannot justify the linking of circumvention liability with infringement of copyright. Interpreting the WIPO treaty language in a way that protects TPMS only against acts of circumvention that facilitate copyright infringement would assist infringers to escape liability by allowing them to argue that their intent was not to circumvent the TPM. It would also effectively legalise circumvention in a broad range of cases where clear intent to infringe copyright is difficult to prove. Considerations of users' legitimate interests can be accommodated for by careful review of specific types of works with respect to which users' ability to make non-infringing use is adversely affected. As detailed in our previous submissions, this is the prevailing approach in comparative law, including the US and the UK.

A review of the implementation of the WIPO treaty provisions on TPMs in other jurisdictions demonstrates that correct implementation should establish independent protection for TPMS. The following examples demonstrate this approach and shows that

requiring an element of proof of copyright infringement for circumvention liability to apply is highly uncommon:

A) UK LAW

Section 296ZA of the Copyright, Designs and Patents Act 1988 as amended in 2003, setting the liability for the act of circumvention, only requires knowledge of the act of circumvention itself. No requirement for knowledge on copyright infringement is imposed. With respect to the liability associated with dealing with circumvention devices, no knowledge requirement of any type is imposed.

296ZA Circumvention of technological measures

(1) This section applies where -

- (a) effective technological measures have been applied to a copyright work other than a computer program; and
- (b) a person (B) does anything which circumvents those measures knowing, or with reasonable grounds to know, that he is pursuing that objective.

296ZB Devices and services designed to circumvent technological measures

(1) A person commits an offence if he -

- (a) manufactures for sale or hire, or
- (b) imports otherwise than for his private and domestic use, or
- (c) in the course of a business -
 - (i) sells or lets for hire, or
 - (ii) offers or exposes for sale or hire, or
 - (iii) advertises for sale or hire, or
 - (iv) possesses, or
 - (v) distributes, or
- (d) distributes otherwise than in the course of a business to such an extent as to affect prejudicially the copyright owner, any device, product or component which is primarily designed, produced, or adapted for the purpose of enabling or facilitating the circumvention of effective technological measures.

(2) A person commits an offence if he provides, promotes, advertises or markets -

- (a) in the course of a business, or
- (b) otherwise than in the course of a business to such an extent as to affect prejudicially the copyright owner, a service the purpose of which is to enable or facilitate the circumvention of effective technological measures.

B) US LAW

The DMCA prohibits the act of circumvention and the trafficking in circumvention devices without requiring any link to copyright infringement.

§ 1201. Circumvention of copyright protection systems

(a) VIOLATIONS REGARDING CIRCUMVENTION OF TECHNOLOGICAL MEASURES.

- (1)(a) No person shall circumvent a technological measure that effectively controls access to a work protected under this title. The prohibition contained in the preceding sentence shall take

effect at the end of the 2-year period beginning on the date of the enactment of this chapter.

(...)

(b) ADDITIONAL VIOLATIONS. -

- (1) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that -
- (a) is primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof;
 - (b) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof; or
 - (c) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof.

C) SINGAPORE

Under the new provisions on TPM protection, introduced into the Copyright Act in 2005, the knowledge requirement is similar to the one available under UK law and extends only to knowledge of the act of circumvention itself:

Circumvention of technological measures

261C. -

- (1) Subject to sections 261D and 261E, where a technological measure is applied to a copy of a work or other subject-matter by or with the authorisation of the owner of the copyright in the work or subject-matter in connection with the exercise of the copyright, or to a copy of a performance by or with the authorisation of the performer of the performance in connection with the exercise of any right in the performance, no person shall, without the authorisation of the owner of the copyright or the performer of the performance, as the case may be -
- (a) if the technological measure is a technological access control measure, do any act which he knows or ought reasonably to know circumvents the technological measure;
 - (b) manufacture, import, distribute, offer to the public, provide or otherwise traffic in any device, product or component which -
 - (i) is promoted, advertised or marketed for the purpose of circumventing the technological measure;
 - (ii) has only a limited commercially significant purpose or use other than to circumvent the technological measure; or
 - (iii) is designed or made primarily for the purpose of circumventing the technological measure;
 - (c) offer to the public or provide any service which -
 - (i) is promoted, advertised or marketed for the purpose of circumventing the technological measure;
 - (ii) has only a limited commercially significant purpose or use other than to circumvent the technological measure; or

(iii) is performed primarily for the purpose of circumventing the technological measure.

D) JAPAN

No knowledge element is required for circumvention liability to apply:

Article 120bis.

The following shall be punishable by imprisonment for a term not exceeding one year or a fine not exceeding one million Yen;

- (i) any person who transfers to the public the ownership of, or lends to the public, manufactures, imports or possesses for transfer of ownership or lending to the public, or offers for the use by the public, a device having a principal function for the circumvention of technological protection measures (such a device includes such a set of parts of a device as can be easily assembled) or copies of a program having a principal function for circumvention of technological protection measures, or transmits publicly or makes transmittable such program;
- (ii) any person who, as a business, circumvents technological protection measures in response to a request from the public.

E) DENMARK

The TPM provisions in the 2001 Copyright Act of Denmark do not require any knowledge element for circumvention liability to apply:

75 c.-

- (1) It is not permitted to circumvent effective technological measures without the consent of the rightholder.
- (2) It is not permitted to produce, import, distribute, sell, rent, advertise for sale or rental, or to possess for commercial purposes devices, products or components that
 - (i) are promoted, advertised or marketed for the purpose of circumvention of effective technological measures;
 - (ii) have only a limited commercially significant purpose or use other than to circumvent effective technological measures; or
 - (iii) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of effective technological measures.

75 e.-

- (1) It is not permitted without the consent of the rightholder to
 - (i) remove or alter any electronic rights-management information; or
 - (ii) distribute, import for distribution or communicate to the public works and performances or productions, etc. from which electronic rights-management information has been removed or altered without consent.

- (2) The provision of subsection (1) shall apply only if the actions concerned are carried out by a person who knows, or has reasonable grounds to know, that by so doing he is inducing, enabling, facilitating or concealing an infringement of the right to a work or performance or production, etc. protected under this Act.

F) GERMANY

The knowledge element refers only to the act of circumvention itself and not to copyright infringement:

Article. 95 - Protection of technological measures

(1) effective technological measures for the protection of a work protected under this legislation or another subject matter protected under this legislation may not be circumvented without the consent of the holder of the right insofar as the person carrying out the circumvention knows that such circumvention is taking place in order to facilitate access to or the use of such work or protected subject matter.

(...)

(3) the manufacture, importation, distribution, sale, rental, marketing with a view to sale or rental and possession of devices, products or components for commercial purposes and the provision of services which:

- (1) are the subject of sales, promotion, advertising or marketing with the objective of circumventing effective technological measures or
- (2) apart from the circumvention of effective technological measures, have only limited economic purpose or use, or
- (3) are primarily designed, manufactures, adapted or provided to enable or facilitate the circumvention of technological measures

Are prohibited.

G) PORTUGAL

No knowledge element is required.

Article 217 - Protection of technological measures

(1) The provision of adequate legal protection shall be ensured, pursuant to the terms provided for in this Code, to rightholders of any copyright or any right related to copyright, as well as to the *sui generis* rightholders provided for in Decree-Law no. 122/2000, of 4 July, except for computer programs, against the circumvention of any effective measure of a technological nature.

Article 218 - Penal protection

(1) Whoever circumvents any effective measure of a technological nature, not being authorized thereto, which the person concerned carries out in the knowledge thereof, or with reasonable grounds to know, shall be punishable by a penalty of a maximum of one year of imprisonment or a fine penalty up to a 100 days.

(2) The attempt shall be punishable with a fine of up to 25 days.

H) GREECE

The knowledge element is similar to the UK one, referring only to knowledge on the act itself:

Article 66A

Technological measures

"2. It is prohibited to circumvent, without the permission of the rightholder, any effective technological measure when such act is made in the knowledge or with reasonable grounds to know that he is pursuing that objective (article 6 par. 1 of Directive 2001/29)".

"3. It is prohibited without the permission of the rightholder, the manufacture, import, distribution, sale, rental, advertisement for sale or rental, or possession for commercial purposes of devices, products or components or the provision of services which: a) are promoted, advertised or marketed for the purpose of circumvention of, or b) have only a limited commercially significant purpose or use other than to circumvent, or c) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of, any effective technological measures".

"4. The practice of activities in violation of the above provisions is punished by imprisonment of at least one year and a fine of 2.900-15.000 Euro and entails the civil sanctions of article 65 Law 2121/1993. The One-member First Instance Court may order injunction in accordance with the Code of Civil Procedure, the provision of article 64 Law 2121/1993 also being applicable". (article 6 par. 1 and 2 of Directive 2001/29).

(...)

I) AUSTRALIA

The requirement is only for knowledge of the act of circumvention itself.

Actions in Relation to Circumvention Devices and Electronic Rights Management Information - Importation, Manufacture etc. of Circumvention Device and Provision etc. of Circumvention Service

116A.-

- (1) Subject to subsections (2), (3) and (4), this section applies if:
 - (a) a work or other subject-matter is protected by a technological protection measure; and
 - (b) a person does any of the following acts without the permission of the owner or exclusive licensee of the copyright in the work or other subject-matter:
 - (i) makes a circumvention device capable of circumventing, or facilitating the circumvention of, the technological protection measure;

- (ii) sells, lets for hire, or by way of trade offers or exposes for sale or hire or otherwise promotes, advertises or markets, such a circumvention device;
- (iii) distributes such a circumvention device for the purpose of trade, or for any other purpose that will affect prejudicially the owner of the copyright;
- (iv) exhibits such a circumvention device in public by way of trade;
- (v) imports such a circumvention device into Australia for the purpose of:
 - (a) 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
 - (b) distributing the device for the purpose of trade, or for any other purpose that will affect prejudicially the owner of the copyright; or
 - (c) exhibiting the device in public by way of trade;
- (vi) makes such a circumvention device available online to an extent that will affect prejudicially the owner of the copyright;
- (vii) provides, or by way of trade promotes, advertises or markets, a circumvention service capable of circumventing, or facilitating the circumvention of, the technological protection measure; and
- (d) the person knew, or ought reasonably to have known, that the device or service would be used to circumvent, or facilitate the circumvention of, the technological protection measure.

J) RUSSIAN FEDERATION

Art. 48.1 - Technical Means of Protecting Copyright and Neighbouring Rights

- (2) It shall not be allowable in respect of works or objects of neighbouring rights:
 - a) to commit without permission of the persons indicated in Item 1 of this article actions aimed at lifting restrictions in respect of using works or objects of neighbouring rights established by way of using technical means of protecting copyright and neighbouring rights;
 - b) to manufacture, distribute, to hire out, to grant for temporary free use, to import or advertise any device or components thereof, to use them for the purpose of deriving incomes or to render services in the instances when as a result of such actions it becomes impossible to use technical means of protecting copyright and neighbouring rights or these technical means cannot ensure the proper protection of the said rights.

The prohibitions against circumvention and dealing with circumvention devices can be evaded easily if conditioned on knowledge of copyright infringement. As detailed, countries have taken steps to implement WIPO treaty obligations with respect to technological measures without requiring any proof of copyright infringement. Hong Kong should also separate the liability associated with the act of circumvention and dealing with circumvention devices from the question of whether there is intent to infringe copyright that underlies these acts. It is suggested that, in order to effectively implement article 18 of the WPPT and to fulfill the obligation to provide adequate legal protection, the link to copyright infringement in sections 273A and 273B be deleted.

IFPI thanks the Legislative Council for the opportunity to submit these comments. We remain available to provide any further assistance or clarifications concerning our position.



For further information, please contact:

May Seey Leong, IFPI Asian Regional Office, 16/F, Guardian House, 32 Oi Kwan Road, Wanchai,
Hong Kong, Tel: +852 2861 4367; Fax: +852 2865 6326;
email: leongmayseey@ifpi-asia.com.hk

or

Gadi Oron, IFPI Secretariat, 54 Regent Street, London W1B 5RE, United Kingdom,
Tel: +44 (0)20 7878 7900; Fax: +44 (0)20 7878 6832; e-mail: gadi.oron@ifpi.org,
Website: www.ifpi.org