



INTERNATIONAL
FEDERATION OF
THE PHONOGRAPHIC
INDUSTRY
[HONG KONG GROUP]
LIMITED

國際唱片業協會(香港會)有限公司

12th January, 2007

Clerk to the Bills Committee on
Copyright (Amendment) Bill 2006
Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong

By email slchan@legco.gov.hk
and by fax : 2121 0420

Dear Sir/Madam,

Re : Copyright (Amendment) Bill 2006

We refer to the meeting of the Bills Committee on the Copyright (Amendment) Bill 2006 (the "Bill") on January 11, 2007 in which the learned Legco councillors did raise the legitimate issue of concern over the purpose and the wordings the proposed amendment to Section 81A and also on January 4, 2007 on section 43.

If we may be allowed to say a few words, we would venture to suggest that perhaps Hong Kong CITB may borrow the experience and wisdom of the United Kingdom and European Directives on the subject matters.

A. Section 81A

1. We wish to point out that the former Section 72¹ of the U.K. Copyright Designs and Patents Act 1988, the equivalent of the present section 81 of the Hong Kong Copyright Ordinance, has been substantially amended under and by virtue of The Copyright and Related Rights Regulations 2003 (2002/2498) implementing the European Directive 2001/29/EC on the "harmonization of certain aspects of copyright and related rights in the information society" (the "Information Society Directive"). The Copyright and Related Rights Regulations 2003 came into effect on 31st October 2003.
2. The original section 72 of the UK Copyright Designs and Patents Act 1988 was based on the earlier Directive 92/100/EEC, but the new 2003 amendment is necessary in order to import into that directive the three-step test under and by virtue of the Information Directive as article 10 (3) of the Directive 92/100/EC has been replaced by Article 11(2) of the information society Directive- EC directive 2001/29. This Article 11 (2) of the Information Society Directive requires that "all exceptions shall only be applied in certain special cases which do not conflict with a normal exploitation of the work or other subject-matter and do not unreasonably prejudice the legitimate interests of the right holder. This is known as the 'three-step' test and is found in international treaties (see, for example, Article 13 of The TRIPS Agreement and Article 10 of the WIPO

¹ Regulation 21 of the U.K. Copyright and Related Rights Regulations 2003 (2002/2498)



Copyright Treaty)".² Please see also Article 16 (2) of the WIPO Performances and Phonograms Treaty.

3. Please take note that Recital 44 of the Information Society Directive is relevant which provides that "when applying the exceptions and limitations provided for in this Directive, they should be exercised in accordance with **international obligations. Such exceptions and limitations may not be applied in a way which prejudices the legitimate interests of the rightholder or which conflicts with the normal exploitation of his work or other subject-matter**³...)
4. The United Kingdom considers that it is necessary to amend section 72 of the UK Copyright Designs and Patents Act 1988 in order to comply with the three step test of the international treaties) by narrowing the scope of free public showing and playing of broadcasts so that any commercial use of broadcast to provide a musical ambience or musical entertainment will require licence from the owners (the author of which are not the broadcasters) of the musical sound recordings. In a practical term, "the section 72 has been amended to cut down its provisions drastically with the aim of making the permitted act in compliance of the 3-step test as far as concern sound recordings."⁴
5. Section 72 divides sound recordings into two categories, namely excepted sound recordings⁵ and all other sound recordings. **Virtually, all musical sound recordings which are commercially released to the public will fall within the definition of the excepted sound recordings**⁶. The non-excepted sound recordings include the author of the broadcasts such as traffic information, weather conditions and forecast, news reporting other talk shows etc.

Then playing of the excepted sound recordings in the public will only be permitted if such playing of excepted sound recordings forms part of the activities of an organization that is not established or conducted for profit or is necessary for the purpose of demonstrating or repairing broadcast reception equipment⁷. For musical sound recordings that are not produced by the broadcaster, all other activities will now no longer be exempted.

6. "The overall effect of section 72 is that all public places such as café, bar, boutique shop, public transport etc will need one or more licences to have a television or radio broadcasts playing for the benefit of its employees and customers unless the broadcasts do not include any copyright literary, dramatic

² See article 11.1 of the transposition note of the UK Patent Office on Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society - (O.J. No L167, 22.6.2001, P.10) transposed into UK law by the Copyright and Related Rights Regulations 2003 (SI 2003/2498).

³ Same provision is found in section 34 (3) of the Hong Kong Copyright Ordinance (Cap 528).

⁴ Copinger and Skone James on Copyright, Vol. 1 15th edn. London Sweet and Maxwell 2005. Paragraph 9-199 at page 570.

⁵ Section 72 (1) (b) of the Copyright, Designs and Patents Act 1988 refers.

⁶ Section 72 (1 A) of the Copyright, Designs and Patents Act 1988.

⁷ Section 72 (1B) of the Copyright, Designs and Patents Act 1988.



or musical works or any commercially released musical sound recordings (excepted sound recordings).⁸

7. It appears that the wordings of the proposed section 81 A has widened the scope of the permitted act without due respect to the copyright subsists in the broadcast which comprises literary dramatic and musical works and the commercially released musical sound recordings. We invite the Government to amend section 81 in line with the amended section 72 of the Copyright, Designs and Patents Act 1988.

B. Re : the Proposed Amendment to Section 43

8. As regards the proposed amendment to section 43 to include the attendance of the near relatives of the students in school, we wish to point out that the United Kingdom has always been of the view from the year of 1988 up to now that:⁹

“This exclusion of parents was felt to be necessary in order to comply with the Berne convention¹⁰, which does not allow for the granting of exception in relation to a public performance. Thus a school play with all parents or the parents of participants are invited will constitute a public performance and may infringe copyright accordingly”.

9. This is the position adopted by section 34 of the U.K. Copyright Designs and Patents Act (equivalent of section 43); section 28 of the Australian Copyright Act 1968¹¹; section 29.5 of the Canadian Copyright Act 1985¹²; and section 47 of the New Zealand Copyright Act 1994¹³.
10. There is no equivalent provision to the proposed amendment of section 43 in other leading jurisdictions which have sought in compliance with the Berne Convention.

C. Re : “de minimis Principle”

⁸ Copinger and Skone James on Copyright, Vol. 1 15th edn. London Sweet and Maxwell 2005. The last paragraph of Paragraph 9-200 at page 571.

⁹ Ibid paragraph 9-96 at page 520.

¹⁰ No reference is made to TRIPS and the opinion of the Dispute Settlement body of the WTO in this book which was published in 2005, 5 years after the WTO panel decision on the US Homestyle exemption case.

¹¹ Section 28 (3) provides that “a person shall not be taken to be directly connected with a place where instruction is given by reason only that he or she is a **parent or guardian of a student** who receives instruction at that place.

¹² Section 29.5 provides that “.. before an audience **consisting primarily of students** of the educational institution, instructors acting under the authority of the educational institution or **any person who is directly responsible for setting a curriculum for the educational institution**”. See also section 29.6 in relation to the licensing scheme for education.

¹³ Section 47 (3) provides that “for the purposes of this section, a **person shall not be treated as a person directly connected with the activities of an educational establishment by reason only that the person is a parent or guardian of a student** at that educational establishment”.



11. It appears that the CITB would also seek to justify whatever exemptions or limitation of the copyright by relying on the *de minis principle*¹⁴, we wish to point out that this *de minis principle has been well known or understood in the United Kingdom, Australia, New Zealand and European Community as they are the backbone members of the Berne which formulates the terms and conditions of the Berne*.¹⁵ They have implemented their law in accordance with the text and purpose of the Berne Convention in the context of their full knowledge of the application of the *de minis principle in the Berne Convention*.
12. The WTO panel in the US Homestyle Case¹⁶ sought to justify its somewhat contradicting conclusion on the reason that article 11 bis could be under a **separate treatment of free use exemption under the minor exception doctrine (which is subject to Article 13 of the TRIPS) and of the equitable remuneration requirement under article 11 bis (2)**¹⁷ (Article 13 of the TRIPS has no application)¹⁸. However the WTO panel's aforesaid view that Article 13 of the TRIPS might justify a free use exception to the rights protected under Article 11 bis (1) of the Berne under the minor exception doctrine based on *de minis* use but where such article 11 bis (1) would be necessary to have equitable remuneration by virtue of Article 11 bis (2) (which does not allow any free use) is considered by the Berne Scholars as *per incuriam*.¹⁹
13. In any event, the principle of stare decisis is not applicable to any decision of the WTO Settlement Body. Every new WTO case will be based on the new facts and the fresh interpretations of the relevant treaties and conventions. There is still a possibility that the WTO panel might find Hong Kong proposed amendments not in compliance with the TRIPS and the Berne Convention.

¹⁴ Please refer to your reference CB (1) 1633/05-06 (01) (Revised version Issued on 3.7.2006) under the Administration's response column in respect of section 43 in which it suggests that "*The Dispute Settlement Body of the World Trade Agreement has confirmed in a decision (WT/DS/160R) that, inter alia, Article 11 of the Berne Convention (public performance rights) comprises the possibility of providing minor exceptions to the exclusive rights in question. The minor exceptions, as in the case of the other exceptions, are subject to the three-step test in Article 13 of the TRIPS Agreement. We are satisfied that the proposed amendments to section 43 would comply with the three-step test.*"

¹⁵ US only joined the Berne Convention in 1989 but the latest Berne's version is Paris Act 1971 which was amended in 1979.

¹⁶ WTO decision (WT/DS/160R) On January 29, 1999, the WTO Secretariat received notification from the European Communities requesting consultations with the United States pursuant to Article 4 of the Dispute Resolution Understanding and Article 64 of the TRIPS Agreement, contending that Section 110(5) of the U.S. Copyright Act is inconsistent with Article 9(1) of the TRIPS Agreement which requires member states to comply with Articles 1-21 of the Berne Convention. On April 15, 1999, the European Communities requested the establishment of a WTO Panel under Article 6 of the Dispute Settlement Understanding (DSU) and Article 64.1 of the TRIPS Agreement, alleging that Section 110(5), of the Fairness in Music Licensing Act, violates U.S. obligations under the TRIPS Agreement and cannot be justified under any of the exceptions or limitations allowed under TRIPS". The Dispute Settlement Body of the World Trade Agreement has confirmed in a decision (WT/DS/160R) June 15, 2000.

¹⁷ Ibid, Para 6.87. The report said that "Article 11 bis (2) authorizes members to determine the conditions under which the rights conferred by Article 11 bis (1) (i)-(iii) may be exercised. The imposition of such conditions may completely replace the free exercise of the exclusive right of authorizing the use of the rights embodied in sub-paragraphs (i)-(iii) provided that equitable remuneration and the author's moral rights are not prejudiced. However, unlike Article 13 of the TRIPS Agreement, Article 11 bis (2) of Berne (1971) would not in any case justify the use free of charge."

¹⁸ David Brennan "Retransmission And US Compliance with TRIPS" (2003) Kluwer Law International, Netherland, Pp. 86-87.

¹⁹ Ibid p 87.



We shall be grateful if the learned Legco members and the Administration would consider our views as expressed in this submission with a view to harmonizing our copyright law with the international norms and obligations.

Thank you for your kind attention.

Yours truly,
For and on behalf of the International Federation of the
Phonographic Industry (Hong Kong Group) Ltd

A handwritten signature in black ink, appearing to read 'Ricky Fung', written over a circular stamp or seal.

Ricky Fung
Chief Executive Officer

c.c. IFPI (Hong Kong Group) Committee