



The University of Hong Kong

Department of Law

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Submissions on the Copyright (Amendment) Bill 2011 **and** **Responses to questions raised at the Legislative Council meeting (23 July 2011)**

There is consensus among different sectors of the public that there is a need for Hong Kong to follow the international trend of introducing a technology-neutral exclusive right for copyright owners to communicate their works through any mode of electronic transmission (“right of communication”). The current controversy, focusing as it is on whether parody should be made an explicit exemption, could have been avoided had the following points been made clear, or clearer, at the outset.

Firstly, it has never been the intention of the Bill to “combat parody”, as it was claimed in some news reports or by some of the concern groups. The proposed right of communication is included in the Bill because it is technology-neutral so that it is not necessary to amend the statute every time a new technology emerges. Even under the existing copyright law, a parody would amount to infringement of copyright if it is a substantial reproduction of a copyright work without licence. Neither the existing law nor the proposed Bill is targeting at parodies as such.

Secondly, the proposed right of communication is subject to similar restrictions as the other existing copyright provisions are. Such restrictions are consistent with the existing copyright law in Hong Kong as well as in other major jurisdictions, and should serve to strike a proper balance between the interests of copyright owners and those of copyright users, as shown in the proposed section 118(8B).

Section 118(8B): A person commits an offence if the person –

- (a) without the licence of the copyright owner of a copyright work, communicates the work to the public for the purpose of or in the course of any trade or business that consists of communication works to the public for profit or reward; or**
- (b) without the licence of the copyright owner of a copyright work, communicating the work to the public (otherwise than for the purpose of or in the course of any trade or business that consists of communicating works to the public for profit or reward) to such an extent as to affect prejudicially the copyright owner.**

While it is abundantly clear, and thus uncontroversial, that the offence under paragraph (a) is confined to cases where “profit or reward” is involved, the offence under paragraph (b) has also been properly limited to cases where the communication is “to such an extent as to affect prejudicially the copyright owner”, which is also the test for the existing “distribution offence” under section 118(1)(g) (formerly section 118(1)(f) under which Chan Nai Ming, the “Big Crook”, was charged in 2005). The expression “to such an extent as to affect prejudicially the copyright owner” has already been carefully scrutinized by three levels of court in the Chan Nai Ming case, and some of the factors identified in that case as relevant in determining whether there is prejudicial effect are now reproduced in the proposed section 118(8C).

Section 118(8C): For the purposes of subsection (8B)(b), in determining whether any communication of the work to the public is made to such an extent as to affect prejudicially the copyright owner, the court may take into account all the circumstances of the case and, in particular –



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- (a) the purpose of the communication;
 - (b) the nature of the work, including its commercial value;
 - (c) the amount and substantiality of the portion communicated in relation to the work as a whole;
 - (d) the mode of communication; and
 - (e) the economic prejudice caused to the copyright owner as a consequence of the communication, including the effect of the communication on the potential market for or value of the work.

The list in section 118(8C) is intended to provide guidance and certainty on the requirement of prejudicial effect with emphasis on the *commercial* value of the work and the *economic prejudice* caused by the infringing communication.

That the proposed criminal sanctions are intended to catch only certain types of communication, namely, those that affect the commercial value of a copyright work and/or cause economic prejudice to the copyright owner, can be made clear by the following hypothetical illustration: If the official photograph of a politician is being “altered” in order to make fun of a view held by the politician, and neither the original photograph nor the “altered” one is for sale, then there is no criminal liability under the proposed section 118(8B) and (8C). It might make a difference if the photograph is that of a celebrity whose photographs may have a higher commercial value, or if the “altered” photographs are for sale so that it might cause economic prejudice to the copyright owner (provided that the original photograph is of some commercial value).

It could be said that, although there is no explicit exemption for “parody” in the Bill, the safeguards in section 118(8B), (8C) and (8D) should, on the one hand, offer sufficient protection to true parodists, and on the other hand, prevent those who trade in infringing products from getting away by packaging the infringing products as parodies. It is necessary to draw a line between the two, and the provisions in section 118(8B), (8C) and (8D) are included for exactly this purpose. This should address the concern of Hon Cyd Ho and should answer the first question posed by Hon Audrey Eu at the Legislative Council meeting on 23 July 2011.

As to the two other questions posed by Hon Audrey Eu, namely, whether the current fair dealing exception for criticism in section 39 of the Copyright Ordinance is of any assistance to parodists and whether it is advisable to adopt the US concept of fair use, the short answer is that the fair dealing regime in Hong Kong is similar to that in UK and Australia and is fundamentally different from the open-ended fair use concept in US. Such a fundamental shift would not and should not be implemented unless there is consensus derived from public consultation. A few years ago, there was already public consultation in Hong Kong on whether it was desirable to replace the fair dealing regime by that of fair use, but no consensus was reached at that time. Thus, the fair dealing regime has been retained. Under section 39, fair dealing is permitted if it is for the purpose of criticism, review or news reporting and if it is accompanied by sufficient acknowledgment. There is an additional requirement in the Bill, that the original work has been released or communicated to the public. If these requirements are satisfied, a parodist may be able to rely on section 39. In any event, as mentioned above, there are already sufficient safeguards for true parodists in the proposed section 118(8B), (8C) and (8D).



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Last but not least, in case the Bill is allowed to proceed, the wording of the new provisions may have to be scrutinized again in order to ensure that it is consistent with that of the existing provisions. For instance, the proposed section 118(8B) provides that “A person commits an offence if *the person* ...” whereas the existing section 118(1) provides that “A person commits an offence if *he* ...”. The current section 118(1) has worked well and its wording may be adopted in the new provisions. Another example is the proposed section 118(8D) which provides as follows:

It is a defence for a *person* charged with an offence under subsection (8B) to prove that *the person* did not know and had no reason to believe that, by communicating the work in question in the circumstances described in subsection (8B)(a) or (b), *the person* is infringing the copyright in the work.

The simpler language as used in the existing section 118(3) may be preferable:

It is a defence for *the person* charged with an offence under subsection (1) or (2A) to prove that *he* did not know and had no reason to believe that the copy in question was an infringing copy of the copyright work.

In conclusion, the Bill has struck a proper balance between the interests of different parties and the proposed technology-neutral right of communication should add value to the copyright regime in Hong Kong.

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