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Report of the Bills Committee on Copyright (Amendment) Bill 2011

Purpose

This paper reports on the deliberations of the Bills Committee on Copyright (Amendment) Bill 2011 (the Bills Committee).

Background

2. With advances in information technology and the prevalence of high-speed Internet connectivity, new modes of content uses and transmissions have emerged which give copyright owners a wider choice of avenues to disseminate their copyright works. To make the copyright protection regime more forward-looking so as to keep pace with ongoing technological developments, the Administration issued a consultation document in December 2006 to seek public views on how best to strengthen copyright protection in the digital environment. Having regard to the views received, the Administration released in April 2008 a package of preliminary proposals for further public engagement.

3. Having taken into account the views that had been received regarding its preliminary proposals, and the latest developments in overseas jurisdictions, the Administration issued the refined proposals in November 2009. The key refined proposals are summarized below -

- (a) recognizing the exclusive right of copyright owners to communicate their works to the public through any mode of electronic transmission, with criminal sanctions against infringement;

- (b) introducing a statutory limitation of liability regime for online service providers (OSPs) in dealing with online piracy;
- (c) introducing a copyright exception for temporary reproduction of copyright works by OSPs (commonly known as caching);
- (d) prescribing additional factors for considering the award of additional damages; and
- (e) introducing a new exception for copying of sound recordings for private and domestic use (usually referred to as media-shifting).

Based on the refined proposals, the Administration subsequently introduced the Copyright (Amendment) Bill 2011 (the Bill) into the Legislative Council on 15 June 2011.

The Bill

4. The Bill mainly seeks to -

- (a) provide a technology-neutral exclusive right for copyright owners to communicate their works through any mode of electronic transmission, with criminal sanctions against those who make unauthorized communication of copyright works to the public. At the same time, exceptions will be provided for libraries, archives and museums as well as educational establishments for better preservation of works and dissemination of knowledge. Corresponding changes will also be made to provisions related to the rights in performances;
- (b) provide statutory provisions to establish a "safe harbour" for OSPs so that their potential liability for copyright infringement occurring on their service platforms would be limited. This "safe harbour" is underpinned by a non-statutory Code of Practice (CoP);
- (c) provide a copyright exception for temporary reproduction of copyright works by OSPs, which is technically required for the digital transmission process to function efficiently;

- (d) provide a copyright exception for copying of sound recordings (e.g. ripping music from CD into MP3 format) for private and domestic use under prescribed conditions; and
- (e) provide for additional factors to which the court may have regard in considering whether additional damages should be awarded in an action for infringement of copyright or performers' rights.

The Bills Committee

5. At the House Committee meeting held on 17 June 2011, Members agreed to form a Bills Committee to study the Bill. Hon CHAN Kam-lam was elected Chairman of the Bills Committee. The membership list of the Bills Committee is in **Appendix I**. The Bills Committee has held 11 meetings with the Administration, and also received views from the stakeholders, including copyright owners and users. A list of organizations and individuals who have given views to the Bills Committee is in **Appendix II**.

Deliberations of the Bills Committee

6. The Bills Committee generally supports the legislative intent of the Bill to update the Copyright Ordinance (Cap. 528) so as to ensure that it will endure the test of rapid advances in technology, encourage co-operation between copyright owners and OSPs in the fight against online infringement, and facilitate new modes of uses of copyright materials such as e-learning. In the course of deliberation, members have raised concerns about the proposed introduction of the right of communication for copyright owners, the making of parody for dissemination on the Internet, the "safe harbour" provisions for OSPs, certain proposed new permitted acts and the award of additional damages.

Right of communication for copyright owners (the proposed new section 22(1)(fa) and new section 28A)

7. The Bills Committee has noted that at present, the Copyright Ordinance gives copyright owners certain exclusive rights¹ including the

¹ Such exclusive rights are specified in the Copyright Ordinance by way of various acts restricted by copyright. The doing of a restricted act without the authorization of copyright owners may attract civil liability and also, in some circumstances, criminal sanctions. Copyright exceptions (known as "permitted acts") are available in the Copyright Ordinance which specifies that the doing of certain acts under prescribed conditions will not be amount to copyright infringement.

rights to make a copyright work available to the public on the Internet, to broadcast a work or to include a copyright work in a cable programme. With advances in technology, new modes of electronic transmission may keep emerging in future, and the current modes of transmission may not be adequate to cope with future developments in technology. In this connection, the Bill proposes to introduce the new section 28A which provides a new exclusive right, encompassing the three aforementioned rights, for copyright owners to communicate their works to the public through any mode of electronic transmission. The proposed introduction of this technology-neutral right is to facilitate copyright owners in exploiting their works in the digital environment and minimize the need to amend the law whenever a new mode of electronic transmission emerges in future thereby enabling the law to keep pace with advances in information technology.

8. Hon Emily LAU has asked whether the sharing of a work accompanied by one's comments or otherwise on the Internet without the authorization of the copyright owner would constitute copyright infringement under the Bill. She is also concerned that the sharing of hyperlink through social networking channels may be regarded as communication of copyright work to the public under the new section 28A.

9. The Administration has explained that the sharing of a work on the Internet would not constitute copyright infringement provided that such act constitutes one of the permitted acts under the Copyright Ordinance, such as a fair dealing for criticism, review or news reporting under section 39 of the Copyright Ordinance. The mere sharing or forwarding of a hyperlink would not constitute an act of communicating a copyright work to the public as the sender does not determine the content of the communication (re. the new subsections 28A(5) and (6)).

10. To tie in with the introduction of the right of communication, the new section 118(8B) in clause 51 of the Bill provides corresponding criminal sanctions against unauthorized communication of a copyright work to the public. The proposed sanctions, mirroring the existing sanctions available against unauthorized distribution in section 118(1)(e) and (1)(g)² of the Copyright Ordinance, are targeted at unauthorized communication conducted for the purpose of or in the course of any trade or business that consists of communicating copyright works to the public for profit or reward, or to such an extent as to affect prejudicially the copyright owner (hereinafter referred

² At present, unauthorized distribution of an infringing copy of a copyright work on the Internet may attract civil liability. Such an act may also attract criminal liability if an infringing copy is distributed either for the purpose of or in the course of any trade or business (includes business conducted otherwise than for profit) which consists of dealing in infringing copies of copyright works; or to such an extent as to affect prejudicially the copyright owners (hereinafter referred to as "the prejudicial distribution offence").

to as "prejudicial communication offence"). The Bill maintains the existing line demarcating the boundary between criminal and civil liabilities arising from copyright infringement.

Parody

11. The Bills Committee has noted that the Bill contains no provisions targeting parody³. Some copyright users have however expressed the view that parodies not involving large scale copyright piracy and profit-making should be exempted from the criminal liability, so as to protect the freedom of expression. Dr Hon Samson TAM, Hon Ronny TONG, Hon Audrey EU and Hon Emily LAU share a similar view. Dr Hon Samson TAM also suggests that the Administration should consider granting such an exemption to parodies making use of Government publicity and promotion materials.

12. The Administration has advised that where the making of parody for dissemination on the Internet is not for profit and does not prejudicially affect the copyright owners, such conduct will not constitute a criminal offence under the existing Copyright Ordinance and would remain so under the Bill. The suggestion of providing a specific copyright exemption for parody is not covered in the public consultations for the formulation of the Bill, and has also not attracted much public attention during the public consultations. The Administration is of the view that any legislative proposal to introduce a new exception for parody is liable to substantially change the existing balance of interests between copyright owners and users, thus requiring thorough consideration and extensive public consultation.

13. The Administration has further advised that given Hong Kong's international obligation on copyright protection and the complexity of the issues involved (such as the definition and scope of parody, legitimate interests of copyright owners and the qualifying conditions for such an exception), venturing into this subject in the context of the current Bill outright without prior public consultation is neither prudent nor responsible. The Administration will continue to listen to the views of copyright owners and users, and will continue to monitor the latest international developments before deciding whether a concrete legislative proposal on copyright exception for parody ought to be made.

³ According to the Oxford Advanced Learners' Dictionary, "parody" means "a piece of writing, music, acting, etc. that deliberately copies the style of somebody/something in order to be amusing". Similarly, Webster's Dictionary defines parody as "a literary or musical work in which the style of an author or work is closely imitated for comic effect or in ridicule". Most recently, parody, among such terms as re-mix, mash-up works and derivative works, are loosely and collectively referred to by the society to describe certain materials that sometimes adapt existing copyright works for amusement, criticism or satire.

14. The Administration has stressed that the early enactment of the Bill would help enhance copyright protection in the digital environment, and also allow the new permitted acts introduced by the Bill to benefit consumers, OSPs, schools, libraries, archives and museums. At the Bills Committee's request, the Administration has subsequently advised that the Secretary for Commerce and Economic Development (SCED) will reiterate in his speech during the resumption of the Second Reading debate on the Bill the Administration's commitment to conducting a public consultation on copyright exception for parody after the passage of the Bill.

Criminal provisions (new sections 118(2AA) and 118(8C))

15. Hon Emily LAU considers that the Administration should make it clear in the Bill that the policy objective of the criminal sanctions is to target large-scale and profit-making copyright piracy. The Administration should also consider whether additional provisions could be brought in to give greater clarity to what constitutes "to such an extent as to affect prejudicially the copyright owner". In this connection, Hon Cyd HO suggests that the Bill should specify that only those who engage in the communication of copyright works which cause direct and concrete economic prejudice to the copyright owners would attract criminal liability.

16. For elucidating the concept of "prejudice" to address the netizens' concerns about possible inadvertent breaches of the law, the Administration has looked into relevant decided cases in Hong Kong,⁴ the UK and Australia, and identified some commonalities. Firstly, the copyright works infringed have a commercial value. Secondly, the infringement involves more or less a complete reproduction of the original work which can be used as a substitute for the original work. Thirdly, the mode of distribution, namely through the Internet, enables a potentially large number of members of the public to receive the infringing copies. Fourthly, the infringer's overall conduct has the potential in displacing the demand for the original work thereby shrinking the legitimate market for the copyright work. The decided cases illustrate that clear economic prejudice can be caused to the copyright owners as a consequence of the infringement even though some infringers may not have an apparent profit motive.

⁴ In 2005, Customs and Excise Department took action against an Internet user who, through the use of BitTorrent software, uploaded three infringing movies onto the Internet for file sharing. The uploader (who used an alias "the Big Crook" (古惑天王) on the Internet to disguise his true identity) was prosecuted and sentenced to three months' imprisonment. The Administration has advised that the Magistrate's court had examined what constituted "to such an extent as to affect prejudicially the copyright owner" when adjudicating this case in 2005. In considering the meaning of "prejudice", the presiding magistrate considered that it was not necessarily restricted to economic prejudice but it would definitely be the major factor to look into. The appeal against conviction was dismissed by the Court of Final Appeal in May 2007. (*HKSAR v Chan Nai Ming* [2007] 1 HKLRD 95 (CFI) and [2007] 2 HKLRD 489 (CFA)).

17. The Administration has further advised that it had taken into account the decided cases in paragraph 16 above in formulating the non-exhaustive list of factors currently incorporated in the Bill, for the purpose of giving greater certainty as to what amounts to "prejudice". These factors as listed in the new sections 118(2AA) and 118(8C) in clause 51 of the Bill are as follows -

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

18. The Administration considers that as parodies in general target different markets from those of the underlying works, they should not displace the legitimate market of the underlying works. Where no prejudice is caused to the copyright owners, these parodies, as at present, would not be caught by the prejudicial offences. The non-exhaustive list of factors in paragraph 17 (a) to (e) above, with the stringent burden of proof for establishing criminal liability, would achieve the policy objective of targeting large-scale copyright piracy and address concerns about possible inadvertent breaches of the law.

19. In view of the netizens' lingering concern about the possibility of being prosecuted for making parodies, Hon Ronny TONG proposes that the Administration should consider amending the Bill to the effect that unauthorized distribution of an infringing copy of a work would attract criminal liability, only if such distribution amounts to affecting prejudicially the owner of the copyright to a "considerable", "serious" or "important" extent, so as to make it clear that the policy intent of the Bill is to combat large-scale copyright piracy.

20. Hon Audrey EU also proposes that the Administration should consider amending the Bill related to the offences of prejudicial distribution and communication to the effect that the relevant criminal liability might be imposed on infringements resulting in economic prejudice to the copyright owners, but not on those causing only non-economic prejudice, so as to

clearly reflect the policy intent of combating large-scale copyright piracy rather than parody.

21. The Administration has advised that members' suggestion to qualify "prejudice" would amount to raising the criminal threshold. Cases that would hitherto be caught might fall outside the criminal net. The Administration has also expressed concern whether the law as amended by the proposed additional qualification would meet the Government's obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights of the World Trade Organization. In addition, in the "Big Crook" case, the trial magistrate specifically pointed out that "prejudice" need not necessarily be restricted to economic prejudice though it would be the obvious area to which attention should be directed. In the light of this authority, the Administration does not consider it appropriate to fetter the court's discretion by solely confining the factor to economic prejudice.

22. The Administration has subsequently advised that without derogating from the original purpose underlying the new sections 118(2AA) and 118(8C) in clause 51 of the Bill of giving greater certainty as to what amounts to "prejudice", while at the same time acknowledging the merits of placing due prominence on the presence or otherwise of economic prejudice as a factor for determining whether an unauthorized act of distribution or communication has been conducted to "such an extent as to affect prejudicially the copyright owner", the Administration will propose CSAs to the effect that the court may take into account all the circumstances of the case and, in particular, whether more than trivial economic prejudice is caused to the copyright owner as a consequence of the distribution or communication having regard to, amongst others -

- (a) the nature of the work, including its commercial value (if any);
- (b) the mode and scale of distribution/communication; and
- (c) whether the infringing copy so distributed/communication amounts to a substitute for the work.

The revised new sections 118(2AA)(c) and 118(8C)(c) will address netizens' view that a parody in general will not substitute the original work and therefore will in no way hamper the legitimate markets of the original work.

23. The Bills Committee has discussed the legal definition of the term "trivial" in the context of the new sections 118(2AA) and 118(8C), as compared with the term "minimal", and also the usage of such terms in existing legislation of Hong Kong. According to the Administration, the term "trivial" is sometimes used in statutory provisions in connection with

criminal offences. For instance, under section 16 of the Defamation Ordinance (Cap. 21), if a libel is of a "trivial" character, the presiding magistrate may, under the prescribed condition, summarily convict a defendant and adjudge him to pay a fine of \$250. The term "輕微" has been adopted as the Chinese equivalent of the term "trivial" in these provisions. In fact, the concept of "trivial" is also reflected in the Statement of Prosecution Policy and Practice which states that a prosecution may not be required by the public interest if an offence is trivial or otherwise of a technical nature only. On the other hand, the term "minimal" is generally used in regulatory contexts. The terms "低量", "最小" and "低度" are used as the Chinese equivalents of the term "minimal" in different provisions. While the Administration takes the view that there is no material difference between the respective magnitude designated by the terms "minimal" and "trivial", the Administration remains of the view that the adoption of the term "trivial" is preferable to "minimal" in the context of both the prejudicial distribution and communication offences, having regard to the existing legislation as reflected above.

Exemption provisions (proposed sections 118(2E) and (2F))

24. At present, the Hong Kong Film Archive is exempted from the business end-user possession offence under the existing section 118(2A) of the Copyright Ordinance, if its possession or preservation of an infringing copy of a movie, television drama, musical sound recording or musical visual recording donated by the public is for the purposes of heritage conservation. The Bill proposes to amend sections 118(2E) and (2F) to extend this exemption to other appropriate libraries, museums and archives in furthering the public cause of heritage conservation.

25. The Administration has informed the Bills Committee that it will propose CSAs, mirroring the existing section 119B, to directly designate libraries, museums and archives owned by the Government under the new section 118(2FA), and provide for a mechanism through which SCED may make any other appropriate designation in future by way of subsidiary legislation under the new section 118(2FB).

Penalty provision (new section 119(1A))

26. Under the existing section 119(1) of the Copyright Ordinance, a person who commits an offence under section 118(1) or (2A) in relation to making or dealing with infringing copies etc., is liable to a fine at level 5 (i.e. \$50,000) in respect of each infringing copy and imprisonment for four years. The Bill originally proposes to apply the same penalty to the communication offence under the new section 118(8B). On further consideration, the Administration is of the view that such an approach may be liable to cause

enforcement difficulties. Technologically, an unauthorized communication (e.g. by streaming a song on the Internet from a legitimately-purchased copy without authorization of the copyright owner) may not always involve the reproduction of an infringing copy. To tackle this issue, the Administration will propose a CSA to introduce a new section 119(1A) that links the penalty for the communication offence to the number of copyright work being infringed, instead of tying it to the number of infringing copies. In other words, the proposed maximum penalty is a fine at level 5 for each copyright work being infringed, and imprisonment for four years.

"Safe harbour" for OSPs (new sections 88A to 88I)

27. To provide incentives for OSPs to cooperate with the copyright owners in combating online piracy, and to provide sufficient protection for their acts, the Administration has proposed to introduce a set of "safe harbour" provisions. These provisions, as set out in clause 45 of the Bill, aim to give OSPs the assurance that compliance with certain prescribed conditions would shelter them from liability (mainly pecuniary liability) in relation to copyright infringements which may have occurred or are occurring on their service platforms.

The "Notice and Notice" and the "Notice and Takedown" systems

28. The Bills Committee has noted that to facilitate the implementation of the safe harbour provisions, the Administration has conducted two rounds of public consultation on the CoP. The draft versions of CoP have also been provided for the Bills Committee's information. The CoP aims to provide practical guidelines and procedures for OSPs to follow after being notified of infringing activities on their network or service platform. The CoP sets out two main mechanisms, namely the "Notice and Notice" and the "Notice and Takedown" systems. Under the "Notice and Notice" system, OSPs are required to forward to subscribers notices of alleged infringement that they have received from copyright owners. Under the "Notice and Takedown" system, upon receipt of a notice of alleged infringement from a copyright owner, an OSP is required to remove or disable access to material or activity identified to be infringing, and notify the subscriber who has been identified in connection with the alleged infringement of such removal or disabling.

29. Hon Audrey EU has expressed concern on whether the "Notice and Takedown" system could be abused for the purpose of political censorship. The Administration has advised that such system has already been adopted for a period of time by several overseas jurisdictions, notably Australia, Singapore and the USA. Under the proposed safe harbour provisions, the following measures are adopted to prevent possible abuses -

- (a) Only the copyright owner (or his authorized representative) is entitled to initiate a complaint by filing a notice of alleged infringement. The Bill further requires the copyright owner to substantiate his claim by providing specific information in the notice of alleged infringement, such as a description of his copyright work, an identification of the infringing material and its location, and a description of how copyright has been infringed, etc. The copyright owner (or his authorized representative) must confirm his identity together with the truth and accuracy of the statements made in the notice of alleged infringement.
- (b) A person commits an offence (the maximum penalty of which is a fine of \$5,000 and imprisonment for two years) if he makes a false statement in a notice of alleged infringement and is liable to pay compensation by way of damages to any person who suffers loss or damage as a result of the false statement.
- (c) There is a mechanism under which the affected subscriber may elect to file a counter notice to dispute or deny the alleged infringement and request for reinstatement or restoration of access. When filing a counter notice, an individual subscriber is entitled to direct the OSP to withhold disclosure of his personal data in a copy of the counter notice sent to the complainant. OSPs are required to reinstate or restore access upon receipt of a counter notice, unless the copyright owner has commenced legal proceedings with a view to restraining the subscriber from engaging in infringing activity relating to the material.

30. Hon Emily LAU has noted that most copyright laws of overseas jurisdictions require OSPs to act expeditiously to remove or disable access to the allegedly infringing material, whereas the Bill proposes to require OSPs to take reasonable steps to limit or stop the infringement as soon as practicable. She opines that the prescribed condition that OSPs must fulfill to qualify for the "safe harbour" under the Bill is relatively lenient in comparison with the overseas standard.

31. The Administration has explained that the standard proposed by the Bill is tailored to accommodate different types of OSPs in the market some of whom may not have as much resources at their disposal as their larger counterparts, and hence may not be able to act at the same speed in removing or disabling access to the material concerned. As the definition of service provider will cover new types of online services that may emerge in the

future, the present formulation is more practicable and pragmatic to accommodate the operational needs of different types of OSPs.

32. Under clause 45 of the Bill, a new Division IIIA (with the new sections 88A to 88I) of Part II is provided for to establish a "safe harbour" for OSPs. The new section 88A provides for the meaning of the expressions used in the new Division. The new section 88B sets out the conditions for limiting OSPs' pecuniary liability in relation to copyright infringements occurring on their service platforms. The new section 88C provides for the procedures for giving a notice to an OSP in respect of an alleged infringement of copyright. The new section 88D provides for possible actions on the part of a subscriber following his receipt of a notice of alleged infringement, and specifies the format and substance of any counter notice contesting the infringement allegation. The new section 88E imposes criminal liability on any person who makes a statement in a notice which the person knows to be false, or recklessly makes a false statement in a notice. The new section 88F provides for civil liability for making a false statement in a notice. The new section 88G exempts OSPs from liability for removing or disabling access to the material or activity to which an alleged infringement relates, subject to compliance with prescribed conditions. The new section 88H provides a rebuttable presumption in favour of OSPs on evidence of compliance with the specified conditions. The new section 88I empowers SCED to publish a CoP for OSPs in the Gazette.

33. The Administration has informed the Bills Committee that it will propose a CSA to replace the expression "的成本有重大增加" by "承擔高昂成本" in the Chinese version of the new section 88A, for greater clarity and consistency with the English version.

34. The new section 88B(2)(a) sets out the following scenarios under which an OSP may elect to take reasonable steps to limit or stop an infringement on its service platform as soon as practicable should it wish to seek protection under the safe harbour provisions -

- (a) receipt of a valid notice of alleged infringement (i.e. a notice which complies with the statutory requirement prescribed by the new sections 88C(2) and (3)) by an OSP; or
- (b) acquisition of either actual knowledge under the new section 88B(2)(a)(ii) or constructive knowledge under the new section 88B(2)(a)(iii) by an OSP of the occurrence of an infringing material/activity on its service platform.

35. Under the new section 88C(4), a notice of alleged infringement that does not comply with the new section 88C(2) or (3) (i.e. a defective notice of alleged infringement) is of no effect for the purposes of the new section 88B(2)(a). In this connection, the Bills Committee considers that the Administration should amend the new section 88C(4) to clarify the legal effect of a defective notice of alleged infringement, particularly in the light of the new section 88B(2)(a)(ii) and (iii).

36. The Administration has advised that the new section 88C(4) is intended to clarify that an OSP is not obliged to process a defective notice of alleged infringement, and that a defective notice received by an OSP shall not be further taken into account in determining whether an OSP has acquired any actual or constructive knowledge of an infringement under the new section 88B(2)(a)(ii) or (iii). To make its legislative intent clearer, the Administration will propose CSAs to the effect that if a notice of alleged infringement given to an OSP does not comply with the new section 88C(2) or (3), the notice is of no effect for the purposes of the new section 88B(2)(a)(i), and in determining whether the service provider was aware of any of the matters mentioned in the new section 88B(2)(a)(ii) or (iii), no account is to be taken of such defective notice.

37. To improve the presentation of the new sections, the Chairman of the Bills Committee has suggested that the Administration should consider deleting subsection (1) from the new section 88D dealing with counter notice, and placing the subsection under the new section 88C dealing with notice of alleged infringement. The Administration has agreed to propose CSAs to rearrange some provisions under the new sections 88C and 88D and add a new section 88CA in order to clarify the procedure pertaining to the receipt of a notice of alleged infringement by an OSP and his forwarding the same to a subscriber, and the procedure that an OSP should take if it elects to remove or disable access to material or activity identified to be infringing after its acquisition of actual or constructive knowledge of the infringement. In view of the deletion of section 88D(3)(b) in the proposed CSAs, the new section 88D(6) will be revised to the effect that a counter notice that does not comply with subsection (4) or (5) is of no effect for the purposes of subsection (1)(b).

38. Under the new section 88F(1), any person who makes any statement in a notice of alleged infringement or counter notice that the person knows to be false, or does not believe to be true, in a material respect, is liable in damages to any person who suffers loss or damage as a result of the making of the statement. Under subsection (2), loss or damage means it is reasonably foreseeable as likely to result from the making of the statement. The Administration will propose a CSA to expressly provide that "loss or damage" refers to both actual and foreseeable loss or damage under the new section 88F(2).

39. Some members of the Bills Committee including Hon Audrey EU have suggested that the Administration should consider whether the expression "in good faith" should be removed from the new section 88G(1) and other relevant provisions of the Bill, so as to avoid putting too onerous a burden on the OSP when acting to remove or disable access to any material pursuant to a notice of alleged infringement, or reinstate the material or cease disabling access pursuant to a counter notice.

40. The Administration has explained that while compliance with the safe harbour provisions is entirely voluntary on the part of OSPs, some OSPs indicate that they may choose to remove the material in question if they are reasonably confident that the allegation and the information therein adequately point to a specific incident of copyright infringement on their service platform, even though the notice of alleged infringement may contain minor technical deficiencies. Some OSPs have also expressed concerns that they could not rule out the possibility of their removing materials by mistake (or instances where more materials than specifically pinpointed in the notice of infringement are removed) due to mere administrative oversight, even though they believe in good faith that they have followed the notices. In this respect, the present formulation of the statutory exemption under the new section 88G which carries the expression "in good faith" may provide OSPs with the added protection they seek. The imposition of the requirement on "good faith" is also largely in line with the statutory provisions in other comparable overseas jurisdictions, such as Australia, Singapore and the US. The Administration therefore considers that the expression "in good faith" should be kept.

41. The Bills Committee has noted that the implementation of the safe harbour provisions is underpinned by a non-statutory CoP rather than a code prescribed by way of subsidiary legislation. Hon Paul TSE has expressed concern whether it would undermine LegCo's power to scrutinize the subsidiary legislation.

42. The Administration has advised that the aim of underpinning the safe harbour provisions by the non-statutory CoP is to provide flexibility in implementation. The policy intent of the safe harbour provisions is embodied in the new section 88B. To accommodate changes in business environment as well as rapid advances in technology, the Administration may need to revise and update the guidelines and procedures set out in the CoP in consultation with stakeholders from time and time. As opposed to prescribing the guidelines by way of subsidiary legislation, a non-statutory CoP allows the Administration to introduce revisions in a more timely fashion. To address members' concerns, the Administration has undertaken to consult the Panel on Commerce and Industry (the CI Panel) on any future

amendments to the CoP.

43. Having carefully considered the comments received from the stakeholders and members of the public on the CoP, the Administration has proposed the following major amendments to clause 45 of the Bill -

- (a) Section 88A
To refine the definition of "online service" to clarify that the online service covered in the safe harbour provisions should be those provided otherwise than through an intranet.
- (b) Sections 88A ("personal data"), 88D(5)(cb), 88G(2)(c)(ia)
To provide a subscriber with an option to request an OSP not to disclose his personal data when sending a copy of his counter notice to a complainant.
- (c) Sections 88C(3)(a), (3)(b) & (3)(da), 88D(5)(a) & 5(ca)
To require both the complainants and subscribers to provide more information to substantiate their infringement claims or responses as the case may be, in the interest of facilitating resolution of disputes in a quicker and more cost-effective manner.
- (d) Sections 88B(2)(d), 88C(2)(ab), (2)(c), (3)(a) & (5) to (6)
To streamline the procedure for handling a notice of alleged infringement.
- (e) Section 88D(1), (4)(ab), (4)(c), (7) & (8)
To streamline the procedure for handling a counter notice.
- (f) Section 88G(6) & (7)
To clarify OSPs' liability in relation to restoration of removed online materials or access to online materials/activities.
- (g) Section 88I(3)
To clarify that references to a CoP include references to a revised CoP.

44. For the avoidance of doubt, the Administration has also made some technical adjustments to the CoP to make it clear that compliance with the CoP is voluntary. For clarity, the CoP also refers to certain provisions of the Bill, such as the new section 88B(5)(b) which provides that the failure of a service provider to qualify for the limitation of liability under the safe harbour provisions has no adverse bearing on the consideration of any defence that may be available to the service provider in proceedings for

copyright infringement. The CoP will further spell out that OSPs will be given the flexibility to design their own notice of alleged infringement and counter notice as long as the notices comply with the statutory requirements respectively under the new sections 88C(3) and 88D(5). Two templates (namely Forms A and B in Annex to the CoP) have been provided in the CoP to facilitate OSPs to comply with these requirements. The latest revised draft version of CoP (as at March 2012) is given in **Appendix III**.

45. Hon Emily LAU calls on the Administration to step up business facilitation efforts to help lower the costs of compliance to be incurred by copyright owners and OSPs, so as to maintain Hong Kong's favourable business environment. The Administration has advised that the corresponding statutory "safe harbour" in Australia, Singapore and the United States does not prescribe any cost-sharing mechanism (i.e. copyright owners and service providers would have to bear their own costs). The Administration considers it reasonable to require the parties concerned to shoulder the costs in implementing the system. The guidance provided by the CoP, such as the provision of standard forms for notice of alleged infringement and counter notice, serves to lower the parties' costs of compliance with the "safe harbour".

Permitted acts

Meaning of the term "dealt with"

46. Sections 37 to 88 and sections 240 to 261 of the Copyright Ordinance specify respectively that the doing of certain permitted acts under prescribed conditions will not be considered as infringing copyright and the rights in performance. Many of these provisions carry one common condition, namely, if a legitimate copy of a work or fixation of performance made by virtue of the relevant permitted act has been subsequently "dealt with", the copy shall be treated as an infringing copy or fixation, as the case may be.

47. The Bill originally proposes to add a new section 37(6) in clause 18 of the Bill to unify the definition of the term "dealt with" which appears in different sections governing permitted acts. The intent is to clarify that no one other than the intended beneficiaries should be permitted to possess, exhibit in public or distribute a copy of a copyright work/a fixation of performance made pursuant to the relevant section for the purpose of or in the course of any trade or business, or distribute such copy to such an extent that affects prejudicially the copyright owner. In addition, the Administration wishes to make it clear that one should not be permitted to do acts otherwise than for the purposes prescribed by the statutory provisions governing certain permitted acts.

48. The Administration has subsequently informed the Bills Committee that after the introduction of the Bill, there are views that the intended beneficiaries under different permitted acts vary from one provision to another. There may be uncertainties as to who the beneficiaries are in respect of the permitted acts if these are not defined clearly in each relevant section. The Administration subsequently agrees that on balance, the purpose of giving greater legal certainty would be better served if the meaning of "dealt with" is specified in each relevant section in a self-contained manner reflecting the individual circumstance of each permitted act. The Administration will therefore move CSAs to delete clause 18 and to insert a provision which specifies the meaning of the term "dealt with" in each of the following clauses –

- (a) Clauses 21 to 23 (sections 40B(6), 40C(8), & 40D(8))
Making a special copy of a copyright work for people with a print disability.
- (b) Clause 24 (section 41A(8)) and clause 69 (section 243(3A))
Fair dealing for the purposes of giving or receiving instruction.
- (c) Clause 25(3) (section 41(6)) and clause 68A (section 242A(3A))
Things done for the purposes of instruction or examination.
- (d) Clause 26(6) (section 44(4)) and clause 70 (section 245(3A))
Recording, copying or communication by educational establishments.
- (e) Clause 27(9) (section 45(4)) and clause 71 (section 245A(4A))
Copying or communication by educational establishments or pupils.
- (f) Clause 37 (section 54A(4)) and clause 71B (section 246A(3A))
Fair dealing for the purposes of public administration.
- (g) Clause 43 (section 72(3))
Advertisement of sale of artistic work.

Communication of specified works to authorized recipients for educational purposes (proposed sections 44 and 45)

49. Clauses 26 and 27 of the Bill amend sections 44 and 45 to allow the communication of specified works to authorized recipients for educational purposes and specify the conditions for the exceptions. An authorized recipient means a teacher or pupil of the establishment who has been

authorized by or on behalf of the establishment to receive the communication under the new section 44 or 45. Hon Emily LAU and Hon WONG Ting-kwong have expressed concern that it is necessary to facilitate sharing of reference materials amongst teachers and pupils.

50. The Administration has advised that in addition to the proposed section 45 of the Bill, other existing provisions in the Copyright Ordinance, such as section 38 on fair dealing with a work for the purposes of research or private study, section 39 on fair dealing with a work for criticism or review, section 41 on things done for purposes of instruction or examination and section 41A on fair dealing with a work for purposes of giving or receiving instructions, are also applicable to meet different educational purposes as specified in the provisions.

Copyright exception for libraries, museums and archives (proposed sections 46, 51 to 53 and new sections 51A and 52A)

51. Clauses 29 and 32 to 36 of the Bill amend sections 46, 51 to 53 and add new sections 51A and 52A to allow libraries, museums and archives to make copies of copyright work for preservation or replacement purposes, and to communicate or play or show copyright work to users within their premises, subject to the specified conditions. The proposed amendments to section 46(1)(b) will enable SCED to specify by notice in the Gazette the eligible libraries, museums and archives. The Administration has assured the Bills Committee that in drawing up the subsidiary legislation for specifying the eligible libraries, museums and archives, the Administration will consult the stakeholders' views and make reference to the overseas practice.

52. Some members of the Bills Committee including Hon WONG Ting-kwong have expressed concern about the conditions for copying by librarians, curators or archivists for preservation or replacement of works. The Administration has explained that a specified library, archive or museum will, subject to prescribed conditions, be allowed to make and keep not more than three preservation or replacement copies for an item pursuant to section 51(1)(a) and (1A) at any one time, and make a preservation or replacement copy pursuant to section 51(1)(b) for another specified library, archive or museum which used to keep the same item that was subsequently lost, destroyed or damaged. One prescribed condition under section 51(2) is that it is not reasonably practicable to purchase a copy of the item in question to fulfill the preservation or replacement purpose. Where the institution in question wishes to communicate a copy to its users, the Bill proposes that only one user can access the copy at any one time. The restriction is to preserve the status quo, namely but for the preservation or replacement copies, the original item would have been accessible to only one user at any time.

53. The Bills Committee has enquired about the level of payment which the audience is required to pay for the playing or showing of sound recordings or films within the premises of a specified library, museum or archive. The Administration has confirmed that under the new section 52A, the specified libraries, archives and museums can decide whether or not the audience should be charged for the playing or showing of sound recordings or films. If a fee is charged, this should be no more than a reasonable contribution towards the maintenance of the library, archive or museum in question.

Copyright exception for temporary reproduction of copyright works by OSPs (new sections 65A and 252A)

54. The new section 65A in clause 41 of the Bill provides that, subject to the specified conditions, an OSP may, without infringing copyright, make and store a temporary copy of a work to enable more efficient transmission of the work through a network. The new section 252A in clause 72 provides for a new permitted act in respect of the making and storage of a temporary copy of a fixation by an OSP to enable more efficient transmission of the fixation through a network.

55. At present, both clauses 41 and 45 share the same definition of "service provider". The Bills Committee has noted that clause 41 aims to provide a copyright exception for temporary reproduction of a copyright work (e.g. proxy-server caching) by service providers who provide all types of online service, whether through the Internet (which is accessible to the public) or an intranet. Clause 45, on the other hand, covers online service provided through the Internet but not an intranet. The online service under clause 41 therefore should have a wider coverage than clause 45 in order to provide adequate protection to service providers who are engaged in caching activities. The Administration will propose CSAs to amend clause 41 to better reflect this policy intent.

56. Under the new sections 65A(1)(f) and 252A(1)(f), the copyright in a work/the right conferred in a fixed performance is not infringed by the making and storage of a copy of the work/a fixation by a service provider, if the service provider acts promptly to remove the copy or disable access to the copy when either of the following facts comes to the service provider's actual knowledge—

- (a) the work/fixation has been removed from the original source from which the copy was made; or

- (b) access to the work/fixation at the original source from which the copy was made has been disabled.

57. The legal adviser to the Bills Committee has suggested that the expression "一且" in the Chinese text of the new sections 65A(1)(f) and 252A(1)(f) should be deleted as it does not appear in the English text of the provisions. The Administration agrees to propose CSAs to replace "in the event that" with "when", so that the meaning of the expression "一且" in the Chinese version is reflected in the English version.

Copyright exception for copying of sound recordings for private and domestic use (new section 76A)

58. According to the Administration, media shifting refers to the making of a copy of a copyright work from one media or format into another, usually for the purpose of viewing or listening to the work in a more convenient manner. As copying a copyright work is an act restricted by copyright, media shifting may technically constitute copyright infringement. Having regard to similar statutory exceptions already prescribed in two overseas common law jurisdictions, notably Australia and New Zealand, the Administration has proposed to introduce a copyright exception for copying limited to sound recordings for private and domestic use to give greater certainty to users. To ensure that the proposed exception complies with the "three-step test"⁵ requirement under the Berne Convention (1971) and the Trade-Related Aspects of Intellectual Property Rights Agreement of the World Trade Organization, a new section 76A is proposed under clause 44 to allow copying of sound recordings for private and domestic use, subject to the specified conditions.

59. The new section 76A(1)(b) in clause 44 of the Bill provides that copyright in a sound recording or in any literary, dramatic or musical work included in a sound recording is not infringed by the making of a copy of the sound recording, if it is made by the lawful owner of the original copy solely for the private and domestic use by the owner, or by a member of the household in which the owner lives.

60. Hon Emily LAU has enquired whether persons living in "sub-divided units" of the same flat and students living in the same hostel would be regarded as members of the same household, and whether "mini-halls" in which several college students share a flat would be regarded as "households" under the Bill.

⁵ The "three-step test" requires that the exceptions should (a) be confined to "certain special cases"; (b) not conflict with a normal exploitation of the work concerned; and (c) not unreasonably prejudice the legitimate interests of the copyright owner.

61. The Administration has explained that unrelated persons living under the same roof in different and independent sub-divided units, and students living in different and independent rooms of the same hostel, would not be regarded as members of the same household. However, "mini-hall" in which several college students share the same living room, kitchen and other common facilities of a flat akin to living as a family unit would be regarded as members of the same household.

Award of additional damages (proposed sections 108(2) and 221(2))

62. The Bills Committee has noted that a copyright owner may seek damages in an infringement action. As a general rule, damages are compensatory in nature. Accordingly, the copyright owner has to prove the loss suffered by him and that the infringement in question is the effective cause of such loss. Under the Copyright Ordinance, the copyright owners may invite the Court to award additional damages as the justice of the case may require⁶. In recognition of the difficulties encountered by copyright owners in proving actual loss, injury or harm caused by the infringement, particularly in online piracy cases, clauses 49 and 65 respectively propose to add to sections 108(2) and section 221(2) two more non-exhaustive factors for the court to take into account when considering the award of additional damages in a civil action for copyright infringement or infringement of rights in performance, namely the conduct of an infringer after having been informed of the infringement, and the likelihood of widespread circulation of infringing copies as a result of the infringement.

63. As far as the statutory additional damages are concerned, the Bills Committee has noted that this relief is currently only available under two Ordinances, namely the Copyright Ordinance and the Layout-Design (Topography) of Integrated Circuits Ordinance (Cap. 445). In determining an award of such relief under the relevant provisions of both pieces of legislation, the court has an unfettered discretion to consider all the circumstances of the case having regard to a list of non-exhaustive factors. None of these existing non-exhaustive factors contain reference to the defendant's conduct. In some cases, the difficulties encountered by a copyright owner as mentioned in paragraph 62 above may be attributable to the defendant's unreasonable or unlawful conduct after the act constituting the

⁶ Section 108(2) provides that the court may in an action for infringement of copyright having regard to all the circumstances, and in particular to -

- (a) the flagrancy of the infringement;
- (b) any benefit accruing to the defendant by reason of the infringement; and
- (c) the completeness, accuracy and reliability of the defendant's business accounts and records,

award such additional damages as the justice of the case may require.

A corresponding provision for the award of additional damages in an action for infringement of rights in performance is section 221(2).

infringement. Examples of such conduct that have been taken into account by the UK courts in *Nottinghamshire Healthcare NHS Trust v News Group Newspapers Ltd* [2002] EWHC 409 and *Peninsular Business Services Ltd v Citation Plc* [2004] F.S.R. 17 include destruction of evidence of infringement, attempting to conceal or disguise the infringement, and persisting in the infringement in the face of a warning. These suggest that the current provisions of the Copyright Ordinance on additional damages permit the court to take into account, amongst others, the defendant's conduct even though the relevant factors have not been spelt out in the provisions.

64. The Bills Committee has suggested that the Administration should consider amending the new sections 108(2)(d) and 221(2)(d) to clarify that only unreasonable or unlawful conduct such as those mentioned in the case authorities in paragraph 63 above would be taken into account under the factor related to "the conduct of an infringer after having been informed of the infringement". Having considered the Bills Committee's suggestion, the Administration will propose CSAs to put it beyond doubt that the nature of the defendant's conduct that should be taken into account by the court in deciding whether to award additional damages in civil proceedings refers to any unreasonable conduct including acts such as destroying, concealing or disguising evidence of the infringement after having been informed of the infringement by the plaintiff.

Commencement

65. The Bills Committee has noted the Administration's proposal for commencing the provisions in the Bill by two stages. The first batch will mainly cover certain more straight-forward provisions, e.g. copyright exceptions related to temporary reproduction of copyright works by online service providers, copying of sound recordings for private and domestic use, and certain copying by educational establishments, etc. The Administration anticipates that these provisions will commence shortly after the enactment of the Bill. Assuming that the Bill will be passed in May 2012, the commencement of the first batch of the provisions will take place in the summer of 2012. The second batch of provisions are mainly those relating to the "safe harbour" and the right of communication to the public (including the relevant copyright exceptions and criminal sanctions). The Administration's initial plan is to bring these relevant provisions into operation about nine months after enactment of the Bill. The relevant commencement notice will be gazetted by SCED, and the notice is subject to the negative vetting by LegCo. The Administration will report to the CI Panel on the latest state of play when preparing for the commencement of the second batch of provisions nearer the time.

66. Hon Emily LAU considers that the new provisions should be widely publicized so as to minimize the risk of inadvertent breaches by members of the public. The Administration has assured the Bills Committee that after the passage of the Bill, the Administration will conduct comprehensive publicity campaigns to educate the public on the new provisions, including the rights and responsibilities of different parties under the safe harbour provisions and the CoP, before bringing them into operation.

Committee Stage amendments

67. A set of CSAs to be moved by the Administration is in **Appendix IV**. The Bills Committee has not proposed any CSAs.

Recommendation

68. The Bills Committee supports the resumption of the Second Reading debate on the Bill on 9 May 2012.

Follow-up actions to be taken by the Administration

69. During the deliberations of the Bills Committee, the Administration has undertaken to take the following actions –

- (a) SCED will reiterate in his speech during the resumption of the Second Reading debate on the Bill the Administration's commitment to conducting a public consultation on copyright exception for parody after the passage of the Bill (paragraph 14 above);
- (b) the CI Panel will be consulted on any future amendment to the CoP after its implementation (paragraph 42 above); and
- (c) the Administration will report to the CI Panel on the latest state of play when preparing for the commencement of the second batch of provisions nearer the time (paragraph 65 above).

Advice sought

70. Members are requested to note the deliberations and recommendation of the Bills Committee.

Council Business Division 1
Legislative Council Secretariat
19 April 2012

Bills Committee on Copyright (Amendment) Bill 2011

Membership List

Chairman	Hon CHAN Kam-lam, SBS, JP
Members	Hon Emily LAU Wai-hing, JP
	Hon Timothy FOK Tsun-ting, GBS, JP
	Hon Audrey EU Yuet-mee, SC, JP
	Hon WONG Ting-kwong, BBS, JP
	Hon Ronny TONG Ka-wah, SC
	Hon Cyd HO Sau-lan
	Hon Paul TSE Wai-chun, JP
	Dr Hon Samson TAM Wai-ho, JP
	 (Total : 9 members)
Clerk	Ms YUE Tin-po
Legal Adviser	Miss Kitty CHENG

Bills Committee on Copyright (Amendment) Bill 2011

List of organizations/individuals that have given views to the Bills Committee

1. IFPI Asian Regional Office
2. International Federation of the Phonographic Industry (Hong Kong Group) Limited
3. Internet Society Hong Kong
4. Asia Internet Coalition
5. The Professional Commons
6. Impoverished Friends of Future Feeling Expression
7. Online Service Providers Alliance
8. Hong Kong Human Rights Monitor
9. Hong Kong and International Publishers' Alliance
10. Hong Kong Reprographic Rights Licensing Society
11. Hong Kong Information Technology Federation
12. Inmediahk.net
13. Hong Kong In-media
14. Mr Jacki Dominic LEE
15. Doujin Organisation and Working Network of Hong Kong
16. Internet Freedom Concern Group
17. Green Radio
18. The Melancholy of Creative Freedom
19. Concern Group of Rights of Derivative Works
20. Mr Timothy CHENG
21. Mr Ricky CHAN
22. Mr WONG Yeung-tat
23. Mr CHAN Ching-tao
24. Open Radio Hong Kong
25. Business Software Alliance
26. Motion Picture Association – International
27. International Federation Against Copyright Theft (Greater China) Limited
28. Movie Producers and Distributors Association of Hong Kong Ltd
29. Mr LEE Siu-cheong
30. Mr WONG Ka-lok
31. Entertainment Software Association
32. Peanut Fans Club
33. Pirate Party Hong Kong
34. 全球改圖苦主大聯盟香港分部

35. Professor Alice LEE, Associate Dean, Faculty of Law, The University of Hong Kong
36. Mr NG Yui-hang
37. Civil Disobedience Against Impotent Government Council
38. Keyboard Frontline
39. Mr AU Wai-kong
40. Flying Public Will Creative Training Conference
41. The Frontier
42. The Full Monty
43. Citiety Visual Media College
44. Ms LEE Wai-ye, Part-time Lecturer, Gender Studies, The Chinese University of Hong Kong
45. Feeding Bald Eagle Focus Group
46. Proletariat People Force
47. The Law Society of Hong Kong
48. tvRhk*
49. Miss Anny CHENG*
50. Consumer Council*
51. The Hong Kong Bar Association*
52. Mr Ramona CHEUNG*
53. Time Warner Inc.*
54. Hong Kong Motion Picture Industry Association*
55. Dr Haggen SO*
56. Luvi LEUNG*
57. Rocky LO, K B TSE, Stephen LAU Chi-Kin, 藍輝田*
58. Mr Hin LEUNG*
59. Fung, a member of the public*
60. A member of the public*
61. Mr CHEUNG Shek-kan*
62. The Chinese Manufacturers' Association of Hong Kong*
63. 小郎(自由撰稿人)*
64. 水君(學生)*
65. Pang nick*
66. Free Creation Alliance 23th Special Force*
67. Cable and Satellite Broadcasting Association of Asia*
68. Composers and Authors Society of Hong Kong*

* submitted written views only

LATEST DRAFT VERSION
(MARCH 2012)

COPYRIGHT PROTECTION IN THE DIGITAL ENVIRONMENT

CODE OF PRACTICE

published pursuant to Section 88I of the Copyright Ordinance (Cap. 528)

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[Date of publication]

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I. INTRODUCTION

Editorial note: the cross-references to the provisions of the Copyright Ordinance herein will be updated upon the enactment of the Copyright (Amendment) Bill 2011.

- 1.1 THIS CODE OF PRACTICE (“the Code”) is published by the Secretary for Commerce and Economic Development pursuant to section 88I of the Copyright Ordinance (Cap. 528) (“the Ordinance”).
- 1.2 The Code provides practical guidance to service providers in the context of Division IIIA of the Ordinance, which particularly includes the relevant practices and procedures to be adopted in order to limit or stop copyright infringement on their service platforms upon receipt of a notice of alleged infringement.
- 1.3 Where copyright infringement has occurred on the service platform of a service provider, and the service provider, after receipt of a notice of alleged infringement from a complainant¹, elects to comply with all applicable provisions in Part III, IV or V of the Code (as the case may be), it will be treated by virtue of section 88B(3) of the Ordinance as having taken reasonable steps to limit or stop the infringement in question. Subject to compliance with the other three qualifying conditions in section 88B(2) of the Ordinance, the service provider will not be held liable for damages or other pecuniary remedy for the infringement merely because it has provided, or operated facilities for, online services (see section 88B(1) of the Ordinance). The other three qualifying conditions are:-
 - (a) the service provider has not received and is not receiving any financial benefit directly attributable to the infringement;
 - (b) the service provider accommodates and does not interfere with standard technical measures that are used by copyright owners to identify or protect their copyright works; and

¹ The complainant must be the copyright owner of the copyright work concerned, or his authorised representative. If a person falsely states in a notice of alleged infringement that he is the copyright owner of the copyright work concerned, or his authorised representative, he not only commits an offence but may also be held civilly liable to pay damages to any other person who suffers actual loss or damage as a result of such false statement.

- (c) the service provider designates an agent to receive notices of alleged infringement, by supplying through the service provider's service, including on the service provider's website in a location accessible to the public, the agent's name and contact details.
- 1.4 Compliance with the Code on the part of service providers is entirely voluntary. A service provider who has received a notice of alleged infringement may, in any case, qualify for the limitation of liability under section 88B(1) of the Ordinance so long as it can show to the Court's satisfaction in proceedings relating to its liability for copyright infringement on its service platform that it has, *inter alia*, taken reasonable steps to limit or stop the infringement as soon as practicable. In any case, the failure of a service provider to qualify for such limitation of liability has no adverse bearing on the consideration of any defence that may be available to the service provider in proceedings for copyright infringement (see section 88B(5)(b) of the Ordinance).
- 1.5 For the avoidance of doubt, when electing to implement any procedure and practice to limit or stop any alleged infringement on its service platform (including the removal of any material, or the disabling of access to any material or activity), a service provider should ensure due compliance with all applicable laws, notably the *Telecommunications Ordinance* (Cap. 106) and the *Personal Data (Privacy) Ordinance* (Cap. 486).
- 1.6 The service provider should also ensure that its contracts with subscribers enable it to take appropriate actions in accordance with the Code, including the forwarding of a notice of alleged infringement to a subscriber, and the removal of or disabling of access to any material or activity on its service platform.
- 1.7 The service provider should take reasonable steps to notify individuals who supply their personal data in a notice of alleged infringement or counter notice of its Personal Information Collection Statement (PICS).² It should inform those individuals:-

² Service providers may wish to refer to the information leaflets published by the Office of the Privacy Commissioner for Personal Data, such as its guide on how to prepare on-line PICS and Privacy Policy Statements at http://www.pcpd.org.hk/english/publications/files/pic_pps_e.pdf.

- (a) that sections 88C(3) and 88D(5) of the Ordinance require the complainant and the subscriber to supply certain specific personal data in a notice of alleged infringement and counter notice respectively;
 - (b) that a notice of alleged infringement or counter notice which does not contain the personal data of the complainant or the subscriber (as the case may be) will be considered as defective and that the service provider is not required to process the same;
 - (c) the purpose for which the personal data is to be used;
 - (d) the intended recipients of the personal data under subsequent notification steps prescribed in the Code, e.g. onward transmission of (i) the notice of alleged infringement to the subscriber, or (ii) the counter notice to the complainant, as the case may be (please also refer to paragraph 4.24(a) below); and
 - (e) the rights of the complainant and subscriber to request access to and the correction of the personal data, and how such request may be made.
- 1.8 The service provider should take all practicable steps to ensure that the personal data collected from the complainants and/or subscribers are protected against unauthorised or accidental access, processing, erasure, or other use.
- 1.9 Separately, a service provider who has not received any notice of alleged infringement may also qualify for the limitation of liability under section 88B(1) of the Ordinance if it has, *inter alia*, taken reasonable steps to limit or stop the infringement as soon as practicable after it either becomes aware that the infringement has occurred (see section 88B(2)(a)(ii) of the Ordinance), or becomes aware of facts or circumstances that would lead inevitably to the conclusion that the infringement has occurred (see section 88B(2)(a)(iii) of the Ordinance).
- 1.10 Expressions used in the Code have the same meaning as in Division IIIA of the Ordinance.

II. UNDERLYING OBJECTIVES

2.1 The objectives underlying the formulation of the Code are:-

- (a) to enhance copyright protection in the digital environment, in the interest of providing an environment conducive to the healthy development of the creative and information technology industries in Hong Kong;
- (b) to facilitate a digital economy by promoting the development of advanced technology for creating and disseminating digital content;
- (c) to combat online piracy and free up online resources that would otherwise be taken up by infringing activities; and
- (d) to foster industry cooperation and entrench a culture of respect for intellectual property rights in the community.

2.2 The Code seeks to provide a mechanism through which the Administration, copyright owners, copyright users and service providers may join forces, within the framework of the applicable laws, rules and regulations, to combat online copyright infringement, and promote respect for intellectual property rights.

III. NOTICE AND NOTICE SYSTEM

A. Applicability

- 3.1 Part III is applicable to a service provider who transmits, routes, or provides connections for digital online communications, between or among points specified by a user, of material of the user's choosing and who satisfies the conditions set out in paragraph 3.2.
- 3.2 The conditions referred to in paragraph 3.1 are that the service provider:-
- (a) does not initiate the transmission;
 - (b) does not select the recipient of the transmission except as an automatic response to the request of another person; and
 - (c) does not select or modify the material contained in the transmission.
- 3.3 Paragraphs 3.9 to 3.15 below set out the steps to be taken by the service provider following receipt of a notice of alleged infringement from a complainant.

B. Notice of alleged infringement

Issue of notice of alleged infringement

- 3.4 A complainant may send a notice of alleged infringement to a service provider if he believes in good faith that the account of a subscriber to the service provider's online service has been used in activities that infringe the copyright in relation to a copyright work.

Form and delivery of notice of alleged infringement

- 3.5 The complainant shall send a notice of alleged infringement to the service provider in the form specified by the service provider, which for the purposes of the Code shall contain all statements and data fields specified in Form A in the Annex (hereinafter referred as “the mandatory data fields” in this Part). The complainant shall furnish full particulars as required by the mandatory data fields.³
- 3.6 The notice of alleged infringement should be signed or otherwise authenticated by the complainant.
- 3.7 The notice of alleged infringement shall be sent to the service provider’s designated agent by the means specified by the service provider, which for the purposes of the Code shall at least include an electronic means.
- 3.8 Failure by the complainant to comply with paragraphs 3.5, 3.6 and/or 3.7 shall render the notice of alleged infringement defective. The service provider is not required to process the same.

C. Receipt of notice of alleged infringement

Receipt of notice of alleged infringement

- 3.9 On receipt of the notice of alleged infringement, the service provider shall acknowledge receipt. An automated response will suffice.

Notice to complainant

- 3.10 The service provider shall notify the complainant as soon as practicable if there are grounds for not processing the notice of alleged infringement, and these grounds may include the following:-
- (a) the conditions under paragraphs 3.5, 3.6 and/or 3.7 are not met;

³ For the avoidance of doubt, a service provider who specifies a form containing any non-mandatory data field should make clear in the form that a complainant is not obliged to provide any particulars as required by the non-mandatory data fields, and that the complainant’s failure to provide such particulars does not render the notice defective.

- (b) the information in the notice of alleged infringement does not relate to one of the service provider's subscribers (e.g. the IP address identified was not allocated to the service provider at the time of the alleged infringement);
- (c) the notice of alleged infringement refers to an account that is no longer valid; or
- (d) the subscriber to which the IP address was assigned at the time of the alleged infringement cannot be reliably identified.

3.11 The service provider shall provide the relevant ground(s) for not processing the notice of alleged infringement when notifying the complainant pursuant to paragraph 3.10.

3.12 For the avoidance of doubt, a service provider is not required to verify the authenticity of the content entered into a notice of alleged infringement.

D. Notice to subscriber

Notice to subscriber

3.13 Unless the service provider has notified the complainant pursuant to paragraph 3.10, the service provider shall, as soon as practicable, send a written notice to the subscriber containing the information set out in paragraph 3.14.

Content of notice to subscriber

3.14 A notice sent under paragraph 3.13 shall include/enclose:-

- (a) a statement that the subscriber's account for online services has been identified in connection with an allegation of copyright infringement;
- (b) a copy of the notice of alleged infringement;

- (c) information about the legal consequences of copyright infringement in Hong Kong, together with a reminder to the subscriber that he may seek independent legal advice, if in doubt, and/or contact the complainant direct regarding the alleged infringement; and
- (d) information about the service provider's policy and/or contractual terms against any use of its online services in breach of copyright, including the consequences of such use.

E. Records

3.15 The service provider shall keep for 18 months a record of the following:-

- (a) any notice of alleged infringement received by the service provider; and
- (b) any notice sent by the service provider pursuant to paragraph 3.13 which shall, amongst others, contain the identity of the subscriber to which the notice was sent.

IV. NOTICE AND TAKEDOWN SYSTEM (STORAGE)

A. Applicability

- 4.1 Part IV is applicable to a service provider who has stored, at the direction of a subscriber, material or activity on its service platform.
- 4.2 Paragraphs 4.8 to 4.14 and paragraphs 4.21 to 4.26 below set out the respective steps to be taken by the service provider following receipt of a notice of alleged infringement from a complainant and a counter notice from a subscriber.

B. Notice of alleged infringement

Issue of notice of alleged infringement

- 4.3 A complainant may send a notice of alleged infringement to a service provider, in relation to material or activity residing on the latter's service platform, if he:-
- (a) believes in good faith that the material or activity infringes the copyright in relation to a copyright work; and
 - (b) requests the service provider to remove the material or disable access to the material or activity in question.

Form and delivery of notice of alleged infringement

- 4.4 The complainant shall send a notice of alleged infringement to the service provider in the form specified by the service provider, which for the purposes of the Code shall contain all statements and data fields specified in Form A in the Annex (hereinafter referred as "the mandatory data fields in Form A" in this Part). The complainant shall furnish full particulars as required by the mandatory data fields in Form A⁴.

⁴ For the avoidance of doubt, a service provider who specifies a form containing any non-mandatory data field should make clear in the form that a complainant is not obliged to provide any particulars as required by the non-mandatory data fields, and that the complainant's failure to provide such particulars does not render the notice defective.

IV. NOTICE AND TAKEDOWN SYSTEM (STORAGE)

4.5 The notice of alleged infringement should be signed or otherwise authenticated by the complainant.

4.6 The notice of alleged infringement shall be sent to the service provider's designated agent by the means specified by the service provider, which for the purposes of the Code shall at least include an electronic means.

4.7 Failure by the complainant to comply with paragraphs 4.4, 4.5 and/or 4.6 shall render the notice of alleged infringement defective. The service provider is not required to process the same.

C. Receipt of notice of alleged infringement

4.8 On receipt of the notice of alleged infringement, the service provider shall acknowledge receipt. An automated response will suffice.

D. Takedown and notice to subscriber

Takedown

4.9 Upon receipt of a notice of alleged infringement that complies with paragraphs 4.4, 4.5 and 4.6, the service provider shall, as soon as practicable, remove the material or disable access to the material or activity as specified in the notice of alleged infringement.

4.10 For the avoidance of doubt, a service provider is not required to verify the authenticity of the content entered into a notice of alleged infringement.

Notice to subscriber

4.11 Where the service provider has removed material or disabled access to material or activity residing on its service platform, the service provider shall promptly take reasonable steps to send a written notice to the subscriber who had directed the storage of the material or activity on its service platform containing the information set out in paragraph 4.12.

Content of notice to subscriber

4.12 A notice sent under paragraph 4.11 shall include/enclose:-

- (a) a statement that material or activity stored at the direction of the subscriber has been identified in connection with an allegation of copyright infringement and that the service provider has removed the material or disabled access to the material or activity accordingly;
- (b) a copy of the notice of alleged infringement;
- (c) a statement that if the subscriber wishes to dispute or deny the alleged infringement and/or dispute the removal or disabling, he may send a counter notice to the service provider within 20 working days⁵ after the date of receipt of the service provider's notice;
- (d) information about the legal consequences of copyright infringement in Hong Kong, together with a reminder to the subscriber that he may seek independent legal advice, if in doubt, and/or contact the complainant direct regarding the alleged infringement; and
- (e) information about the service provider's policy and/or contractual terms against any use of its online services in breach of copyright, including the consequences of such use.

4.13 The service provider shall be treated as having complied with paragraph 4.11 if it sends the documents to the subscriber as required.

⁵ For the purpose of the Code, "working day" means any day other than:-

- (a) a public holiday within the meaning of section 3 of the Interpretation and General Clauses Ordinance (Cap. 1); or
- (b) a gale warning day or black rainstorm warning day as defined in section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1).

Notice to complainant

4.14 The service provider shall notify the complainant as soon as practicable if the conditions under paragraphs 4.4, 4.5 and/or 4.6 are not met.

E. Counter notice

Issue of counter notice

4.15 A subscriber who wishes to dispute or deny the alleged infringement, and dispute the removal or disabling may send a counter notice to the service provider within 20 working days after the date of receipt of the service provider's notice.

Form and delivery of counter notice

4.16 The subscriber shall send a counter notice to the service provider in the form specified by the service provider, which for the purposes of the Code shall contain all statements and data fields specified in Form B in the Annex (hereinafter referred as "the mandatory data fields in Form B" in this Part). The subscriber shall furnish full particulars as required by the mandatory data fields in Form B⁶.

4.17 In any event, the counter notice must allow the subscriber (as long as he is an individual) to opt for or against the service provider's disclosure of his personal data contained in the counter notice sent to the complainant pursuant to paragraph 4.24(a).

4.18 The counter notice should be signed or otherwise authenticated by the subscriber.

4.19 The counter notice shall be sent to the service provider's designated agent by the means specified by the service provider, which for the purposes of the Code shall at least include an electronic means.

⁶ For the avoidance of doubt, a service provider who specifies a form containing any non-mandatory data field should make clear in the form that a subscriber is not obliged to provide any particulars as required by the non-mandatory data fields, and that the subscriber's failure to provide such particulars does not render the notice defective.

IV. NOTICE AND TAKEDOWN SYSTEM (STORAGE)

4.20 Failure by the subscriber to comply with paragraphs 4.16, 4.18 and/or 4.19 shall render the counter notice defective. The service provider is not required to process the same.

F. Receipt of counter notice

4.21 On receipt of the counter notice, the service provider shall acknowledge receipt. An automated response will suffice.

G. Notice to complainant and reinstatement

Notice to complainant

4.22 Upon receipt of a counter notice that complies with paragraphs 4.16, 4.18 and 4.19, the service provider shall promptly send a written notice to the complainant containing the information set out in paragraph 4.24.

4.23 For the avoidance of doubt, a service provider is not required to verify the authenticity of the content entered into a counter notice.

Content of notice to complainant

4.24 A notice sent under paragraph 4.22 shall include/enclose:-

- (a) a copy of the counter notice (where the subscriber expressly in the counter notice opts against the service provider's disclosure of his personal data contained in the counter notice to the complainant, such data must be omitted from the copy of the counter notice); and
- (b) a statement that if the complainant does not, within 20 working days after the date of the service provider's notice, inform the service provider by way of written notice to its designated agent, that proceedings have been commenced in Hong Kong seeking a court order in connection with any infringing activity that relates to the material or activity as specified in the notice of

alleged infringement⁷, the service provider will reinstate the material or cease disabling access to the material or activity.

Reinstatement

4.25 Unless the service provider receives a notice from the complainant pursuant to paragraph 4.24(b), the service provider shall, within 25 working days after the date of the notice sent under paragraph 4.22, take reasonable steps to reinstate the material or cease disabling access to the material or activity.

H. Records

4.26 The service provider shall keep for 18 months a record of the following:-

- (a) any notice of alleged infringement received by the service provider;
- (b) any notice sent by the service provider pursuant to paragraph 4.11 which shall, amongst others, contain the identity of the subscriber to which the notice was sent; and
- (c) any counter notice received by the service provider.

⁷ This includes the commencement of proceedings for a court order requiring the service provider to disclose the identity of the subscriber involved in the relevant infringing activities.

V. NOTICE AND TAKEDOWN SYSTEM (INFORMATION LOCATION TOOLS)

A. Applicability

5.1 Part V is applicable to a service provider who has linked or referred users to an online location containing infringing material or activity, by information location tools⁸ on its service platform.

5.2 Paragraphs 5.8 to 5.12 below set out the steps to be taken by the service provider following receipt of a notice of alleged infringement from a complainant.

B. Notice of alleged infringement

Issue of notice of alleged infringement

5.3 A complainant may send a notice of alleged infringement to a service provider, in relation to a link or reference on its service platform, if he:-

- (a) believes in good faith that the link or reference refers to material or activity that infringes the copyright in relation to a copyright work; and
- (b) requests the service provider to disable access to the material or activity in question.

Form and delivery of notice of alleged infringement

5.4 The complainant shall send a notice of alleged infringement to the service provider in the form specified by the service provider, which for the purposes of the Code shall contain all statements and data fields specified in Form A in the Annex (hereinafter referred as “the

⁸ “Information location tools” is defined under section 65A(2) of the Ordinance as tools such as directories, indexes, references, pointers, or hypertext links that link or refer users to an online location.

V. NOTICE AND TAKEDOWN SYSTEM (INFORMATION LOCATION TOOLS)

mandatory data fields” in this Part). The complainant shall furnish full particulars as required by the mandatory data fields⁹.

5.5 The notice of alleged infringement should be signed or otherwise authenticated by the complainant.

5.6 The notice of alleged infringement shall be sent to the service provider’s designated agent by the means specified by the service provider, which for the purposes of the Code shall at least include an electronic means.

5.7 Failure by the complainant to comply with paragraphs 5.4, 5.5 and/or 5.6 shall render the notice of alleged infringement defective. The service provider is not required to process the same.

C. Receipt of notice of alleged infringement

5.8 On receipt of the notice of alleged infringement, the service provider shall acknowledge receipt. An automated response will suffice.

D. Takedown

5.9 Upon receipt of a notice of alleged infringement that complies with paragraphs 5.4, 5.5 and 5.6, the service provider shall, as soon as practicable:-

(a) disable access to the material or activity as specified in the notice of alleged infringement; and

(b) remove or disable access to any material alleged to be infringing or the subject of any infringing activity that has been made and stored by the service provider on its service platform.

5.10 For the avoidance of doubt, a service provider is not required to verify the authenticity of the content entered into a notice of alleged infringement.

⁹ For the avoidance of doubt, a service provider who specifies a form containing any non-mandatory data field should make clear in the form that a complainant is not obliged to provide any particulars as required by the non-mandatory data fields, and that the complainant’s failure to provide such particulars does not render the notice defective.

V. NOTICE AND TAKEDOWN SYSTEM (INFORMATION LOCATION TOOLS)

5.11 The service provider shall notify the complainant as soon as practicable if the conditions under paragraphs 5.4, 5.5 and/or 5.6 are not met.

E. Records

5.12 The service provider shall keep for 18 months a record of any notice of alleged infringement received by the service provider.

VI. ANNEX

Form A – Notice of Alleged Infringement

To: [Name of service provider]

NOTICE OF ALLEGED INFRINGEMENT

This notice is furnished pursuant to section 88C of the Copyright Ordinance, Cap. 528 and the Code of Practice published by the Secretary for Commerce and Economic Development on [date of publication].

1. Particulars of the ** individual / business furnishing this notice (the complainant):-
 - (a) Name:
 - (b) Address for service in Hong Kong:
 - (c) Contact telephone number:
 - (d) E-mail address:
2. Particulars of the copyright work alleged to be infringed (the copyright work):-
 - (a) Name or description of the copyright work:
 - (b) Type of work:
 - (c) Name of owner of the copyright work (the copyright owner):
 - (d) ** Year of creation / first publication of the copyright work:
3. The complainant confirms that he is:-
 - the copyright owner; or
 - an authorised representative of the copyright owner.
4. Identification of the material and/or activity which is the subject of the alleged infringement (the material or activity in question) and its location (please see Guidance Note):
5. (Applicable only to cases in which the complainant issues a notice under Part V of the Code of Practice) ** Identification of the reference or link to the material or activity in question and its location:

6. Description of how the material or activity in question infringes the copyright owner's rights in the copyright work (more than one box may be selected):-
- the material is a whole or substantial copy of the copyright work;
 - the material has been uploaded to a website accessible to the public without the copyright owner's authorisation;
 - others: _____
7. The complainant believes in good faith that use of the material, or conduct of the activity in the manner complained of is not authorised by the law of Hong Kong, the copyright owner or its authorised representative.
8. The complainant requests the service provider to send a copy of this notice to its subscriber whose account for online services has been used or involved in the alleged infringement.
9. (Applicable only to cases in which the complainant issues a notice under Parts IV or V of the Code of Practice) ** The complainant requests the service provider to:-
- remove or disable access to the material; or
 - disable access to the activity
- referred to in paragraph 4.
10. The complainant declares that the information contained in this notice is true and accurate to the best of his knowledge and belief.
11. The complainant understands that it is an offence to make any false statement in this notice (the maximum penalty of which is a fine of \$5,000 and imprisonment of 2 years), and that he is also liable to pay compensation by way of damages to any person who suffers loss or damage as a result of the false statement.

Signed or authenticated by the complainant:

Date:

** Delete if not applicable

Guidance Note

This may, for instance, be provided by way of a reference to one or a combination of the following items:

- the file name, a description of the contents of the file, and the hash code of the infringing material;
- the IP address related to the alleged infringement;
- the port number used to conduct the alleged infringement;
- the website, protocol, via which the alleged infringement occurred.

Form B – Counter Notice

To: [Name of service provider]

Counter Notice

This notice is furnished in accordance with section 88D of the Copyright Ordinance, Cap. 528 and the Code of Practice published by the Secretary for Commerce and Economic Development on [date of publication]. The purpose of this notice is to request a service provider to either (a) reinstate material that has been removed or (b) restore access to material or activity the access to which has been disabled pursuant to a notice of alleged infringement, on grounds that there has been a mistake or misidentification.

1. Particulars of the ** individual / business furnishing this notice (the respondent):-
 - (a) Name:
 - (b) Address for service in Hong Kong:
 - (c) Contact telephone number:
 - (d) E-mail address:

2. Identification of the material or activity in question:-
 - (a) The material or activity in question involves
 - material that has been removed or to which access has been disabled; or
 - activity to which access has been disabled.
 - (b) Description of the material or activity in question and its location prior to such removal or disabling of access:

3. The respondent believes in good faith on the grounds set out in paragraph 4 below, that the removal or disabling of access was the result of a mistake or misidentification.

4. The grounds on which the respondent relies in making the statement in paragraph 3 above are as follows:-
 - no copyright subsists in the copyright work concerned;
 - the respondent has been licensed to use the copyright work
(Please set out
(a) the date of the licence: _____;
(b) the duration of the licence: _____; and
(c) the scope of the licence: _____);
 - the material in question does not constitute a whole or substantial copy of the copyright work;
 - the respondent is permitted to use the copyright work by virtue of one of the copyright exceptions under the Copyright Ordinance
(Please set out the exception: _____).

5. (Applicable only to cases in which the respondent is an individual) The respondent
 agrees; or
 does not agree
to the disclosure of his personal data herein to the complainant.
6. The respondent declares that the information contained in this notice is true and accurate to the best of his knowledge and belief.
7. The respondent understands that it is an offence to make any false statement in this notice (the maximum penalty of which is a fine of \$5,000 and imprisonment of 2 years), and that he is also liable to pay compensation by way of damages to any person who suffers loss or damage as a result of the false statement.

Signed or authenticated by the respondent:

Date:

** Delete if not applicable

Copyright (Amendment) Bill 2011

Committee Stage

Amendments to be moved by the Secretary for Commerce and Economic
Development

<u>Clause</u>	<u>Amendment Proposed</u>
15(2)	In the proposed section 31(3)(b), by adding “(if any)” after “value”.
15(2)	In the proposed section 31(3)(e), by adding “(if any)” after “prejudice”.
18	By deleting the clause.
21	By deleting the clause and substituting— “21. Section 40B amended (Making a single accessible copy for a person with a print disability) Section 40B— Repeal subsection (6) Substitute “(6) For the purposes of subsection (5), an accessible copy is dealt with if it is— (a) possessed, exhibited in public or distributed, by any person other than the person by whom the copy is made or to whom the copy is supplied under subsection (1), for the purpose of or in the course of any trade or business; or (b) sold or let for hire, or offered or exposed for sale or hire.”.”.

22 By deleting the clause and substituting—

“22. Section 40C amended (Making multiple accessible copies by specified bodies for persons with a print disability)

Section 40C—

Repeal subsection (8)

Substitute

- “(8) For the purposes of subsection (7), an accessible copy is dealt with if it is—
- (a) possessed, exhibited in public or distributed, by any person other than the specified body by whom the copy is made under subsection (1) or the person to whom the copy is supplied under that subsection, for the purpose of or in the course of any trade or business; or
 - (b) sold or let for hire, or offered or exposed for sale or hire.”.

23 By deleting the clause and substituting—

“23. Section 40D amended (Intermediate copies)

Section 40D—

Repeal subsection (8)

Substitute

- “(8) For the purposes of subsection (7), an intermediate copy is dealt with if it is—
- (a) exhibited in public or distributed, by any person other than the specified body entitled to possess the copy under subsection (1) or the specified body to whom the copy is lent or transferred under subsection (3), for the purpose of

or in the course of any trade or business; or

- (b) sold or let for hire, or offered or exposed for sale or hire.”.”.

24 By deleting the clause and substituting—

“24. Section 41A amended (Fair dealing for purposes of giving or receiving instruction)

Section 41A—

Repeal subsection (8)

Substitute

“(8) For the purposes of subsection (7), a copy is dealt with if it is—

- (a) possessed, exhibited in public or distributed (otherwise than for the purposes mentioned in subsection (1)) for the purpose of or in the course of any trade or business; or
- (b) sold or let for hire, or offered or exposed for sale or hire.”.”.

25(3) By deleting the proposed section 41(6) and substituting—

“(6) For the purposes of subsection (5), a copy is dealt with if it is—

- (a) possessed, exhibited in public or distributed (otherwise than for the purposes of instruction or examination) for the purpose of or in the course of any trade or business;
- (b) sold or let for hire, or offered or exposed for sale or hire; or
- (c) communicated to the public, unless that communication is not an infringement of copyright by virtue of subsection (3).”.

26(6) By deleting the proposed section 44(4) and substituting—

“(4) For the purposes of subsection (3), a recording or copy is dealt with if it is—

- (a) possessed, exhibited in public or distributed (otherwise than for the educational purposes of the educational establishment concerned) for the purpose of or in the course of any trade or business;
- (b) sold or let for hire, or offered or exposed for sale or hire; or
- (c) communicated to the public, unless that communication is not an infringement of copyright by virtue of subsection (1A).

(5) In this section—

authorized recipient (獲授權收訊人), in relation to a communication made by a person authorized by an educational establishment, means a teacher or pupil of the establishment who has been authorized by or on behalf of the establishment to receive the communication.”.

27(9) By deleting the proposed section 45(4) and substituting—

“(4) For the purposes of subsection (3), a copy is dealt with if it is—

- (a) possessed, exhibited in public or distributed (otherwise than for the educational purposes of the educational establishment concerned) for the purpose of or in the course of any trade or business;
- (b) sold or let for hire, or offered or exposed for sale or hire; or
- (c) communicated to the public, unless that communication is not an infringement of copyright by virtue of subsection (1A).

(5) In this section—

authorized recipient (獲授權收訊人), in relation to a

communication made by a person authorized by an educational establishment, means a teacher or pupil of the establishment who has been authorized by or on behalf of the establishment to receive the communication.”.

37 By deleting the clause and substituting—

“37. Section 54A amended (Fair dealing for purposes of public administration)

Section 54A—

Repeal subsection (4)

Substitute

“(4) For the purposes of subsection (3), a copy is dealt with if it is—

- (a) possessed, exhibited in public or distributed (otherwise than for the purposes mentioned in subsection (1)) for the purpose of or in the course of any trade or business; or
- (b) sold or let for hire, or offered or exposed for sale or hire.”.

41 In the proposed section 65A(1)(f), in the English text, by deleting “when” and substituting “in the event that”.

41 By deleting the proposed section 65A(2) and substituting—

“(2) In this section—

hosting (寄存) means providing space on a network server or any electronic retrieval system for storage of information or material at the direction of a user;

information location tools (資料搜尋工具) means tools such as directories, indexes, references, pointers, or hypertext links that link or refer users to an online location;

online service (聯線服務) includes—

- (a) the transmission, routing, or provision of connections for digital online communications, between or among points specified by a user, of material of the user's choosing;
- (b) the hosting of information or material that can be accessed by a user;
- (c) the storing of information or material on a system or network that can be accessed by a user;
- (d) the linking or referral of users to an online location by the use of information location tools; and
- (e) the provision of online social networking services to users;

routing (路由選擇) means directing or choosing the means or routes for the transmission of data;

service provider (服務提供者) means a person who, by means of electronic equipment or a network, or both, provides, or operates facilities for, any online services.”.

43 By adding—

“(3) After section 72(2)—

Add

“(3) For the purposes of subsection (2), a copy is dealt with if it is—

- (a) possessed, exhibited in public or distributed (otherwise than for the purpose mentioned in subsection (1)) for the purpose of or in the course of any trade or business; or
- (b) sold or let for hire, or offered or exposed for sale or hire.”.

45 In the proposed section 88A, in the definition of **counter notice**, by deleting “88D(3)” and substituting “88D(1)”.

- 45 In the proposed section 88A, by deleting the definition of *online service* and substituting—
- “*online service* (聯線服務) has the meaning given by section 65A(2) but does not include any service provided through an intranet;”.
- 45 In the proposed section 88A, in the definition of *service provider*, by deleting “or operates facilities for” and substituting “, or operates facilities for,”.
- 45 In the proposed section 88A, by deleting the definitions of *hosting*, *information location tools* and *routing*.
- 45 In the proposed section 88A, by adding—
- “*personal data* (個人資料) has the meaning given by section 2(1) of the Personal Data (Privacy) Ordinance (Cap. 486);”.
- 45 In the proposed section 88A, in the Chinese text, in the definition of *標準技術措施*, by deleting “的成本有重大增加” and substituting “承擔高昂成本”.
- 45 In the proposed section 88B(1), by deleting “or operates facilities for” and substituting “, or operates facilities for,”.
- 45 In the proposed section 88B(2)(d), by deleting everything after “the public,” and substituting “the agent’s name and contact details.”.
- 45 In the proposed section 88C(2), by adding—
- “(ab) (if the service provider specifies the form of the notice under subsection (5)) must be in the form specified by the service provider;”.
- 45 In the proposed section 88C(2)(c), by deleting “electronic or other means” and substituting “the means specified by the service provider under subsection (6)”.
- 45 By deleting the proposed section 88C(3)(a) and (b) and

substituting—

- “(a) must contain the complainant’s name and address for service in Hong Kong and any other information that is reasonably sufficient for contacting the complainant;
- (b) must substantially identify the copyright work that is alleged to have been infringed;”.

45 In the proposed section 88C(3), by adding—

- “(da) must contain a description of how the material or activity mentioned in paragraph (c) infringes the rights of the copyright owner of the copyright work;”.

45 By deleting the proposed section 88C(4) and substituting—

- “(4) If a notice of alleged infringement given to a service provider does not comply with subsection (2) or (3)—
 - (a) the notice is of no effect for the purposes of section 88B(2)(a)(i); and
 - (b) in determining whether the service provider was aware of any of the matters mentioned in section 88B(2)(a)(ii) or (iii), no account is to be taken of the notice.
- (5) For the purposes of subsection (2)(ab), a service provider may specify the form of a notice of alleged infringement in so far as it is not inconsistent with the provisions in subsection (3).
- (6) For the purposes of subsection (2)(c), a service provider must specify, through the service provider’s service (which may include on the service provider’s website), the means (which may include electronic means) by which a notice of alleged infringement is to be provided to the designated agent of the service provider.
- (7) On receiving a notice of alleged infringement from a complainant, a service provider may—
 - (a) send a copy of the notice to the service provider’s subscriber whose account for online services has been used or involved in the alleged infringement;

- (b) notify the subscriber that the subscriber may contact the complainant directly;
- (c) remove the material to which the alleged infringement relates, or disable access to the material or activity to which the alleged infringement relates; and
- (d) (if the service provider removes the material to which the alleged infringement relates, or disables access to the material or activity to which the alleged infringement relates) notify the subscriber of the removal or disabling.”.

45 In the proposed Division IIIA, by adding—

“88CA. Notice given by service provider

If a service provider becomes aware that an infringement of the copyright in a work has occurred on the service provider’s service platform or becomes aware of facts or circumstances that would lead inevitably to the conclusion that the infringement has occurred, the service provider may—

- (a) remove the material to which the infringement relates, or disable access to the material or activity to which the infringement relates; and
- (b) by notice in writing given to the service provider’s subscriber whose account for online services has been used or involved in the infringement, notify the subscriber of the removal or disabling.”.

45 By deleting the proposed section 88D(1), (2) and (3) and substituting—

- “(1) Within a reasonable time after receiving a copy of notice of alleged infringement sent by the service provider under section 88C(7) in respect of the matter mentioned in section 88C(7)(d) or a notice given by the service provider under section 88CA(b), the service provider’s subscriber may give a counter notice to the service provider—

- (a) disputing or denying the infringement alleged by the complainant or service provider; and
- (b) requesting the service provider to take reasonable steps to reinstate the material, or cease disabling access to the material or activity, within a reasonable time after receiving the counter notice.”.

45 In the proposed section 88D(4), by adding—

- “(ab) (if the service provider specifies the form of the counter notice under subsection (7)) must be in the form specified by the service provider;”.

45 In the proposed section 88D(4)(c), by deleting “electronic or other means” and substituting “the means specified by the service provider under subsection (8)”.

45 By deleting the proposed section 88D(5)(a) and substituting—

- “(a) must contain the subscriber’s name and address for service in Hong Kong and any other information that is reasonably sufficient for contacting the subscriber;”.

45 In the proposed section 88D(5)(c), by deleting “and”.

45 In the proposed section 88D(5), by adding—

- “(ca) must contain the grounds for the subscriber’s belief mentioned in paragraph (c);
- (cb) (if the subscriber is an individual) must state whether the subscriber opts for or against the service provider’s disclosure of the subscriber’s personal data contained in the counter notice to the complainant; and”.

45 By deleting the proposed section 88D(6) and substituting—

- “(6) A counter notice that does not comply with subsection (4) or (5) is of no effect for the purposes of subsection (1)(b).
- (7) For the purposes of subsection (4)(ab), a service provider may specify the form of a counter notice in so

far as it is not inconsistent with the provisions in subsection (5).

- (8) For the purposes of subsection (4)(c), a service provider must specify, through the service provider’s service (which may include on the service provider’s website), the means (which may include electronic means) by which a counter notice is to be provided to the designated agent of the service provider.”.

45 In the proposed section 88F(2), in the definition of *loss or damage*, by adding “actual and” after “that is”.

45 In the proposed section 88G(2)(c)(i), by deleting “and”.

45 In the proposed section 88G(2)(c), by adding—

- “(ia) (if the subscriber is an individual) the service provider acts in accordance with the subscriber’s option stated in the counter notice under section 88D(5)(cb); and”.

45 By deleting the proposed section 88G(6) and (7) and substituting—

- “(6) Subsection (5) does not apply in a case where the material was removed, or access to the material or activity was disabled, pursuant to a notice of alleged infringement unless—

- (a) the service provider promptly sends a copy of the counter notice to the complainant; and
- (b) (if the subscriber is an individual) the service provider acts in accordance with the subscriber’s option stated in the counter notice under section 88D(5)(cb).

(7) Subsections (2)(c)(ii), (4)(c) and (5) do not apply if—

- (a) proceedings have been commenced in Hong Kong seeking a court order in connection with any infringing activity that relates to the material or activity mentioned in those subsections; and
- (b) the designated agent of the service provider has been notified in writing, by the person who brings the proceedings, of the proceedings—

- (i) in the case of subsection (2)(c)(ii) or (5), within a reasonable time after the service provider sent a copy of the counter notice to the complainant; or
- (ii) in the case of subsection (4)(c), within a reasonable time after the service provider received the counter notice.”.

45 In the proposed section 88I(3), by adding “including” after “construed as”.

49(3) By deleting the proposed section 108(2)(d) and substituting—

- “(d) any unreasonable conduct of the defendant after the act constituting the infringement occurred, including any act done or attempt made by the defendant to destroy, conceal or disguise evidence of the infringement after having been informed of the infringement by the plaintiff; and”.

51(1) By deleting the proposed section 118(2AA) and substituting—

“(2AA) For the purposes of subsection (1)(g), in determining whether any distribution of an infringing copy of the work 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, whether more than trivial economic prejudice is caused to the copyright owner as a consequence of the distribution having regard to, amongst others—

- (a) the nature of the work, including its commercial value (if any);
- (b) the mode and scale of distribution; and
- (c) whether the infringing copy so distributed amounts to a substitution for the work.”.

51 By deleting subclause (2) and substituting—

“(2) Section 118(2E)—

Repeal

“recording by the Hong Kong Film Archive”

Substitute

“recording by a designated library, museum or archive”.”.

51 By deleting subclause (5) and substituting—

“(5) Section 118(2F)—

Repeal

“recording by the Hong Kong Film Archive”

Substitute

“recording by a designated library, museum or archive”.”.

51 By adding—

“(6A) After section 118(2F)—

Add

“(2FA) In subsections (2E) and (2F), references to a designated library, museum or archive are to—

- (a) a library, museum or archive owned by the Government; or
- (b) a library, museum or archive designated by the Secretary for Commerce and Economic Development under subsection (2FB).

(2FB) The Secretary for Commerce and Economic Development may, having regard to the advice of the Director of Leisure and Cultural Services, by notice published in the Gazette, designate, for the purposes of subsection (2FA)(b), any library, museum or archive that is exempt from tax under section 88 of the Inland Revenue Ordinance (Cap. 112).”.”.

51(7) By deleting the proposed section 118(8C) and substituting—

“(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, whether more than trivial economic prejudice is caused to the copyright owner as a consequence of the communication having regard to, amongst others—

- (a) the nature of the work, including its commercial value (if any);
- (b) the mode and scale of communication; and
- (c) whether the communication amounts to a substitution for the work.”.

52 By deleting the clause and substituting—

“52. Section 119 amended (Penalties for offences under section 118)

After section 119(1)—

Add

“(1A) A person who commits an offence under section 118(8B) is liable on conviction on indictment to a fine at level 5 in respect of each copyright work and to imprisonment for 4 years.”.

56 By deleting subclause (4) and substituting—

“(4) Section 199, Table—

Add in alphabetical order

“communication to the public	section 28A(2)
curator (in sections 46 to 53)	section 46(5)
make available to the public	section 28A(3)”.

65(3) By deleting the proposed section 221(2)(d) and substituting—

“(d) any unreasonable conduct of the defendant after the act constituting the infringement occurred, including any

act done or attempt made by the defendant to destroy, conceal or disguise evidence of the infringement after having been informed of the infringement by the plaintiff; and”.

New By adding—

“68A. Section 242A amended (Fair dealing for purposes of giving or receiving instruction)

After section 242A(3)—

Add

- “(3A) For the purposes of subsection (3), a fixation is dealt with if it is—
- (a) possessed, shown or played in public or distributed (otherwise than for the purposes mentioned in subsection (1)) for the purpose of or in the course of any trade or business; or
 - (b) sold or let for hire, or offered or exposed for sale or hire.”.

69 By adding—

“(3) After section 243(3)—

Add

- “(3A) For the purposes of subsection (3), a fixation is dealt with if it is—
- (a) possessed, shown or played in public or distributed (otherwise than for the purposes of instruction or examination) for the purpose of or in the course of any trade or business;
 - (b) sold or let for hire, or offered or exposed for sale or hire; or
 - (c) communicated to the public, unless that communication is not an infringement of copyright by virtue of subsection

(2).”.”.

70 By adding—

“(6) After section 245(3)—

Add

“(3A) For the purposes of subsection (3), a recording or copy is dealt with if it is—

- (a) possessed, shown or played in public or distributed (otherwise than for the educational purposes of the educational establishment concerned) for the purpose of or in the course of any trade or business;
- (b) sold or let for hire, or offered or exposed for sale or hire; or
- (c) communicated to the public, unless that communication is not an infringement of copyright by virtue of subsection (1A).”.”.

71 In the proposed section 245A(1), in the English text, by deleting “education purposes of that establishment” and substituting “educational purposes of the establishment”.

71 In the proposed section 245A, by adding—

“(4A) For the purposes of subsection (4), a copy is dealt with if it is—

- (a) possessed, shown or played in public or distributed (otherwise than for the educational purposes of the educational establishment concerned) for the purpose of or in the course of any trade or business;
- (b) sold or let for hire, or offered or exposed for sale or hire; or
- (c) communicated to the public, unless that communication is not an infringement of copyright by virtue of subsection (2).”.

New By adding—

“71A. Section 246 amended (Copying by librarians or archivists: articles of cultural or historical importance)

- (1) Section 246, heading, after “**librarians**”—

Add

“, **curators**”.

- (2) Section 246(1)—

Repeal

“librarian or archivist of a specified library or archive”

Substitute

“librarian, curator or archivist of a specified library, museum or archive”.

- (3) Section 246(1), after “at the library”—

Add

“, **museum**”.

71B. Section 246A amended (Fair dealing for purposes of public administration)

After section 246A(3)—

Add

“(3A) For the purposes of subsection (3), a fixation is dealt with if it is—

- (a) possessed, shown or played in public or distributed (otherwise than for the purposes mentioned in subsection (1)) for the purpose of or in the course of any trade or business; or
- (b) sold or let for hire, or offered or

exposed for sale or hire.”.”.

72 In the proposed section 252A(1)(f), in the English text, by deleting “when” and substituting “in the event that”.