



Further Submissions on Copyright Amendment Bill 2014

by

Copyrights and Derivative Works Alliance

Introduction

1. The Copyrights and Derivative Works Alliance is an alliance formed by the Derivative Works Concern Group and Keyboard Frontline. On 15 November 2013, we submitted our proposal of the Option 4, User Generated Contents (“**UGC**”) exemption, to be adopted within the Copyright Amendment Bill (the “**Bill**”)¹. This paper is a response to the Administration's responses on various issues raised during the Bills Committee on Copyright (Amendment) Bill 2014 (the “**Bills Committee**”).

Update on the Proposed UGC Exemption

2. The Administration filed a paper to the Bills Committee in October 2014 to provide information on UGC exemptions as requested by the committee². Regrettably, the Administration rejected our proposal and decided not to adopt a UGC exemption in the Bill for various reasons including:-
 - a. our proposal of UGC exemption is wider than the Canadian UGC exemption;
 - b. only Canada has adopted UGC exemption in legislation; and
 - c. the concept of UGC is vague and undefined of which it may not pass the three-step test.
3. The Administration stated that our proposal is wider than the UGC exemption in Canada and it is unlikely to pass the three-step test. Despite the fact that we do not agree with the Administration's analysis in applying a restrictive interpretation of the three-step test (we shall not repeat the arguments against such narrow and restrictive interpretation here since it has been sufficiently argued by scholars, legal practitioners and stakeholders. All our supporting papers are highlighted and attached under Appendix B).
4. Furthermore, the drafting in the original submission serves an illustrative purpose that seeks to promote the netizens' and doujin community's initiatives of extending the coverage of the UGC exemption as to cover quotation-like transformative use of works (cases other than creation of new work). Since the Administration has decided to introduce a quotation exemption in the Bill and its provision would provide greater legal certainty for most individual case, we are prepared

¹ http://www.cedb.gov.hk/citb/doc/en/consultation/parody_submission/0789.pdf

² <http://www.legco.gov.hk/yr13-14/english/bc/bc106/papers/bc1061104cb4-100-1-e.pdf>

to concede to adopting the Canadian UGC exemption verbatim to avoid further delay of the legislation process of the Copyright (Amendments) Bill. (see Appendix A)

5. Notwithstanding the fact that the HKSAR government is a member of the World Trade Organisation and casted serious doubt upon whether the Canada's UGC could pass the three-step test, they have never taken any action nor they made any statement against Canada regarding the adoption of the UGC exemption in any international venue. We acknowledge that the Administration may not be keen on keeping up with the development of technology and may be hesitant in adopting a relatively new concept. We are also prepared to accept Professor Yu's proposal of a fair dealing for UGC so that the application of the UGC exemption would be confined to certain special cases within a limited scope. (see Appendix A)

Contract Override Provision

6. Each of the three newly introduced exceptions under the Copyright, Designs and Patents Act 1988 of the United Kingdom ("CDPA") as amended (quotation, parody and private copying) contains the following provision, known as the "contract override" provision:

“To the extent that a term of a contract purports to prevent or restrict the doing of any act which, by virtue of [the exception], would not infringe any right conferred by this Chapter, that term is unenforceable.”

7. In practice, this means that a contractual restriction imposed by a copyright owner on a person under a contract may not now be enforceable by the copyright owner if a restricted use falls within the exceptions of the CDPA.
8. The Alliance raises serious concern that without such provisions of equivalent effect, the interest of the user as well as the general public protected by statutory copyright exceptions, including the proposed fair dealing exceptions, will be prejudiced by contractual arrangements which is usually imposed by copyright owners in the terms and conditions to override the exemptions under the law. For example, the terms and conditions may prohibit users from creating derivative works by using the original copyrighted materials for the purposes of parody, caricature, satire, pastiche or quotation. In the cyber environment, it is very common that these terms and conditions are accepted by clicking an “Agree” button. We cast doubt upon if such explicit and clearly written terms and conditions would be ruled “unconscionable” under Section 6(1) of the Unconscionable Contract Ordinance (Cap 458). The Administration fails to provide case laws to demonstrate under what circumstances these terms would be ruled to be unconscionable if they are imposed in accordance with the law.
9. Furthermore, in the General Assembly of the United Nations Human Rights Council dated 24 December 2014, the Report of the Special Rapporteur in the field of cultural rights, stated that:-

“101. Given the inequality of legal expertise and bargaining power between artists and their publishers and distributors, States should protect artists from exploitation in the context of

copyright licensing and royalty collection. In many contexts, it will be most appropriate to do so through legal protections that may not be waived by contract. Enforceable rights of attribution and integrity, droit de suite, statutory licensing and reversion rights are recommended examples.”

10. Therefore, it is their recommendation that:-

“107. States should ensure that exceptions and limitations cannot be waived by contract, or unduly impaired by technical measures of protection or online contracts in the digital environment.”

11. Therefore, the Alliance urges the Administration to observe its obligations under the International Covenant on Economic, Social and Cultural Rights and provide protection to these social and cultural rights so that the exemption of the civil liability under the Bill will not be undermined by the private contractual arrangement. (Proposed Amendments see Appendix A)

Interaction between Section 118 and Section 161 of the Crimes Ordinance

12. The section 161 of the Crimes Ordinance provides for an offence of access to computer with criminal or dishonest intent (“**Section 161**”). It has been criticized for being overly broad, vague and draconian. Internet users and artists have expressed concern over the possibility of those who infringe copyright through computer, e.g. mocking would be prosecuted under section 161 for conducts unrelated to ordinary computer crimes.
13. The Administration noted in a written response to the bills committee dated 7 May 2015 and stated confirming no change to the policy intent in copyright enforcement. Although the officials from the Intellectual Properties Department and the Commerce and Economic Development Bureau repeatedly stated in the Bills Committee and submitted a paper to the LegCo to reiterate that the legislative intent of Section 161 was not there to charge in combination with the crimes under the Copyright Ordinance. However, the Security Bureau said in a LegCo meeting that the scope of applicability of Section 161 could be wide enough to cover Copyright related crimes. Finally, the Department of Justice did use this offense to charge Chan Nai-ming together with the crime under the Copyright Ordinance in 2005.
14. At the time of the passage of the Computer Crimes Ordinance in 1993 which introduced section 161, the copyright law in Hong Kong was primarily governed by the Copyright Act of 1956 of the United Kingdom as amended. In 1997, the Legislative Council enacted a local Copyright Ordinance modeled on the Copyright, Designs and Patents Act 1988. According to the TRIPS Agreement, Article 61:-

“Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale.”

15. Article 61 states that criminal penalties are to be applied in cases of wilful copyright piracy on a commercial scale. Clearly, it is not the intent of Article 61 to impose criminal liability on the copyright infringement act that is not of commercial scale. Accordingly, using section 161 to prosecute netizens’ secondary creation is in not in line with the TRIPS Agreement.

16. We seek from the Administration to a further clarification on their position and respond to the interpretation of Section 161 by the Security Bureau to examine if the Administration intends to raise the protection higher than it is required by TRIPS Agreement.

Copyright Implications of Hyperlinks

17. TVB recently has advocated that hyperlinks to infringing copyrighted materials should be made illegal. This is a worrying suggestion from content providers in order to combat the so-called “online piracy”. They suggested that by making such hyperlinks illegal it will be a deterrent to providing and facilitating infringing copyrighted materials online.
18. Hyperlinks themselves are just pointers to other online resources or content. They are not the resources or content themselves and should not be treated as such. The nature of hyperlinks is vital to the interconnectedness of the internet and without hyperlinks the internet as it is today would not exist. Therefore, turning hyperlinks illegal sets as a dangerous precedent to balkanize the internet into unconnected bits of pieces in which certain resources are barred from certain parts of the world. We are certain that this is not the intended outcome of the Administration, but this precedent is rather dangerous.
19. The Court of Justice of the European Union has ruled in *Svensson and Others v Retriever Sverige AB* (C466/12) that hyperlinking to any content is generally not illegal, because if the content is generally available then linking to or embedding that content does not amount to communicating it to a new audience. Therefore the act of hyperlinking is not a breach of EU law. This is also the position held by the current laws and courts in Hong Kong and we hope that this will not be altered.
20. The second landmark case was a Canadian case of *Wayne Crookes, et al. v. Jon Newton, 2011 SCC 47*. A brief summary of the case was that Wayne Crookes, a Canadian businessman had brought an action against p2pnet claiming that the news site had defamed him by linking an article to which he disagreed. This was an important case because the freedom of speech was at stake that if the judgement favored Crookes, the “net in Canada would to all intents and purposes have been killed stone dead” as Jon Newton, the owner of P2Pnet declared. The Supreme Court of Canada rightfully held that “although a hyperlink provides immediate access to material published on another website, this does not amount to republication of the content on the originating site. This is especially so as a reader may or may not follow the hyperlinks provided.” Therefore, defamation requires publication and providing a hyperlink to another website does not establish the notion of republishing.
21. The U.S. landmark case *Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007)* held that:-

“First, the HTML instructions are lines of text, not a photographic image. Second, HTML instructions do not themselves cause infringing images to appear on the user's computer screen.

The HTML merely gives the address of the image to the user's browser. The browser then interacts with the computer that stores the infringing image. It is this interaction that causes an infringing image to appear on the user's computer screen.”

22. It is clear that courts around the world are careful when dealing with cases of hyperlinks at both the criminal and civil level and emphasis on the freedom of speech and the freedom of press must be prioritized when challenging the legality of hyperlinks.
23. The development of the internet is not based solely on the needs of large corporate organizations because they simply have bigger economic market values. The perception seems to be that big corporations like TVB are the ones that are demanding the ban of hyperlinks. If this is the case, “it would represent a major shift in how the Internet works. It would eliminate the liberating effects and the free flow of knowledge of the Internet. The Internet would simply become another medium by which incumbent media giants can communicate their messages and theirs alone”³
24. Economically, the banning of hyperlinks would only halt the evolution of business. It is important to keep in mind that the current and evolving Networked Economy and the hyper connected world we live in will witness “*in the next 10 to 15 years, the potential to double the size of the gross world product and represent an economic value of at least \$90 trillion.*”⁴
25. There is really no better analogy than that of Stefaan Verhulst in which he stated that “*Maps, just like hyperlinks, help us make sense of the world?*”. Our society cannot live without maps, and an internet without hyperlinks would not be possible. “*The presence of a link reminds users of the democratic nature of the Internet. Links are powerful tools placed in the hands of every Internet user to push an obscure idea into national relevance. It is an important barometer for social relevance.*”⁵

Other Alternatives: Fair Use

26. Furthermore, the authorities raised the concern that the UGC exemption has only been adopted by Canada since 2012. It is important to note that other jurisdictions adopted an open-ended exemption, Fair Use, which already provides protection wide enough to include user generated contents. Since the Administration is reluctant to take the lead of the development of the copyright law in Asia, the Administration may simply follow the footsteps of other countries to adopt a fair use exemption like United States, Israel, South Korea, Singapore and the Philippines or modify it as appropriate in the way recommended in the Report of the Copyright Review Committee by Ireland,

“It recommends the introduction of a new CRR A section allowing for fair use, but tying it very closely to existing exceptions and making it clear that these exceptions should be exhausted before any claim to fair use should be considered. The exceptions should be regarded as examples

³ Amjali Dalalo, PROTECTING HYPERLINKS AND PRESERVING FIRST AMENDMENT VALUES ON THE INTERNET, Journal of Constitutional Law Vol 13:4., pg. 1076

⁴ <http://www.technologyreview.com/view/530241/revolution-in-progress-the-networked-economy/>

⁵ Amjali Dalalo, PROTECTING HYPERLINKS AND PRESERVING FIRST AMENDMENT VALUES ON THE INTERNET, Journal of Constitutional Law Vol 13:4., pg. 1036

of fair use so as to allow workable analogies to be developed, and sets out the criteria for the court to take into account in determining whether or not a matter amounts to fair use.”⁶

27. The government may not have the will to lead, but they must not lag behind of other Asian countries.

Conclusion

28. The Copyright law has long been said to be favourable to the copyright owners. The Alliance is of the view that the current proposed Bill is still far from ideal in providing sufficient protection to the users, netizens and citizens. We urge the Administration to take this opportunity to place more emphasis on the user’s rights in the Bill and adopt our proposed amendments under Appendix A of this Submissions to keep abreast with the international trend of copyright law.

Copyrights & Derivative Works Alliance

29 June 2015

⁶ at page 176 of Modernising Copyright, A Report prepared by the Copyright Review Committee for the Department of Jobs, Enterprise and Innovation, Dublin, 2013

Appendix A:

User-generated Content

<u>Clause</u>	<u>Amendment Proposed</u>
19	In the heading, by deleting “39A” and substituting “39A and 39B”.
19	<p>After the proposed section 39A, by adding –</p> <p>“39B. Predominantly Non-commercial User-generated Content</p> <ol style="list-style-type: none">1. It is not an infringement of copyright for an individual to use an existing work or other subject-matter (or copy of one) which has been published or otherwise made available to the public, in the creation of a new work or other subject-matter in which copyright subsists and for the individual (or, with the individual’s authorisation, a member of their household) to use the new work or other subject-matter or to authorise an intermediary to disseminate it, if –<ol style="list-style-type: none">a. the use of, or the authorisation to disseminate, the new work or other subject-matter is done predominantly for non-commercial purposes;b. the source (and, if given in the source, the name of the author, performer, maker or broadcaster) of the existing work or other subject-matter (or copy of it) are mentioned, if it is reasonable in the circumstances to do so;c. the individual had reasonable grounds to believe that the existing work or other subject-matter (or copy of it) as the case may be, was not infringing copyright; andd. the use of, or the authorisation to disseminate, the new work or other subject-matter does not have a substantial adverse effect, financial or otherwise, on the exploitation or potential exploitation of the existing work or other subject-matter (or copy of it) or on an existing or potential market for it, including that the new work or other

subject-matter is not a substitute for the existing one.

2. For the purposes of subsection (1),— **“intermediary”** means a person or entity who regularly provides space or means for works or other subject-matter to be enjoyed by the public, and **“use”** means to do anything that by this Ordinance the owner of the copyright has the sole right to do, other than the right to authorise anything.”

<u>Clause</u>	<u>Amendment Proposed</u>
19	In the heading, by deleting “39A” and substituting “39A and 39B”.
19	<p>After the proposed section 39A, by adding –</p> <p style="padding-left: 40px;">“39B. Predominantly Non-commercial User-generated Content</p> <p style="padding-left: 40px;">1. It is not an infringement of copyright for an individual to use an existing work (or copy of one) which has been published or otherwise made available to the public, in the creation of a new work in which copyright subsists and for the individual (or, with the individual’s authorisation, a member of their household) to use the new work or to authorise an intermediary to disseminate it, if –</p> <ul style="list-style-type: none"> a. the use of, or the authorisation to disseminate, the new work is done predominantly for non-commercial purposes; b. the source (and, if given in the source, the name of the author, performer, maker or broadcaster) of the existing work (or copy of it) are mentioned, if it is reasonable in the circumstances to do so; c. the individual had reasonable grounds to believe that the existing work (or copy of it) as the case may be, was not infringing copyright; and d. the use of, or the authorisation to disseminate, the new work does not have a substantial adverse effect, financial or otherwise, on the exploitation or potential exploitation of the existing work (or copy of it) or on an existing or potential market for it, including that the new work is not a substitute for the existing one. <p style="padding-left: 40px;">1. For the purposes of subsection (1), – “intermediary” means a person who regularly provides space or means for works to be enjoyed by the public, and “use” means to do anything that by this Ordinance the owner of the copyright has the sole right to do, other than the right to authorise anything.”</p>

Clause

Amendment Proposed

19 In the heading, by deleting “39A” and substituting “39A and 39B”.

19 After the proposed section 39A, by adding –

**“39B. Non-profit making User-generated Contents or
User-generated Contents not in the course of business**

1. It is not an infringement of copyright for an individual to use an existing work or copy of one, which has been published or otherwise made available to the public, in a new work, a new work of joint authorship or a work with transformative purpose, in which copyright subsists, and for the individual to use the work or to authorize to an intermediary to disseminate it, if –
 - a. at the time of the use of, or the authorization to disseminate the work or the work of joint authorship, is one mainly for the non-profit making purpose or not in the course of business;
 - b. the individual had reasonable ground to believe that the existing work or copy of it, as the case may be, was not infringing copyright. The court in deciding if the individual had reasonable ground under this subsection, it may consider if the name of the author, performer, maker or broadcaster – of the existing work or copy of it are mentioned, if it is reasonable in the circumstances to do so; and
 - c. the use of, or the authorization to disseminate the work does not have a substantial adverse financial effect on the exploitation or market for the existing work to the extent that the work substitutes for the existing work.
1. For the purposes of subsection (1), – **“intermediary”** means a person who regularly provides space or means for works to be enjoyed by the public; and **“use”** means to exercise the right of the owner of the copyright in an existing work under section 22(1).”

Contract override

Clause

Amendment Proposed

19

In the proposed section 39A, by adding—

“(3) To the extent that a term of a contract purports to prevent or restrict the doing of any act which, by virtue of subsection (1), would not infringe copyright, that term is unenforceable.”

Clause

Amendment Proposed

18

In the proposed section 39, by adding—

“(7) To the extent that a term of a contract purports to prevent or restrict the doing of any act which, by virtue of subsection (3), would not infringe copyright, that term is unenforceable.”

Appendix B

List of References In Support of UGC Exemption

	Title	Author	url
1	Can the Canadian UGC Exception Be Transplanted Abroad?	Professor Peter K. Yu	http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2405821
2	TOWARD THE DEVELOPMENT OF A USER-FRIENDLY COPYRIGHT REGIME	Professor Peter K. Yu	http://www.law.drake.edu/clinicsCenters/ip/docs/ipResearch-op9.pdf
3	Digital Copyright and the Parody Exception in Hong Kong: Accommodating the Needs and Interests of Internet Users	Professor Peter K. Yu	http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2349007
4	COPYRIGHT PROTECTION IN THE DIGITAL ENVIRONMENT: CREATING A BETTER DIGITAL FUTURE FOR HONG KONG	Professor Peter K. Yu	http://www.peteryu.com/jmsc2.pdf
5	DIGITAL COPYRIGHT REFORM IN HONG KONG: PROMOTING CREATIVITY WITHOUT SACRIFICING FREE SPEECH	Professor Peter K. Yu	http://www.peteryu.com/jmsc.pdf
6	The International Three-Step Test A Model Provision for EC Fair Use Legislation	Martin Senftleben	https://www.jipitec.eu/issues/jipitec-1-2-2010/2605/JIPITEC%20-%20-%20Senftleben-Three%20Step%20Test.pdf
7	Paying it Forward: The Case for a Specific Statutory Limitation on Exclusive Rights for User-Generated Content Under Copyright Law	Kam Wai, Warren Bartholomew CHIK	http://ink.library.smu.edu.sg/cgi/viewcontent.cgi?article=3020&context=sol_research
8	Growers Reports of Intellectual Property	Andrew Growers	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228849/0118404830.pdf

9	Max Planck Declaration on a Balanced Interpretation of the 'Three-Step Test' in Copyright Law	Max Planck	http://www.law.nyu.edu/sites/default/files/ECM_PRO_061920.pdf
10	The Three-Step Test Revisited: How to Use the Test's Flexibility in National Copyright Law	Christophe Geiger, Daniel Gervais, Martin Senftleben	http://digitalcommons.wcl.american.edu/cgi/viewcontent.cgi?article=1041&context=research
11	User-generated Online Content 2: Policy Implications	Michael B. McNally, Lola Wong, Caroline Whippey, Jacquelyn Burkell and Pamela J. McKenzie	http://firstmonday.org/article/view/3913/3267