

立法會
Legislative Council

(Revised)

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(These minutes have been seen
by the Administration and
cleared by the Chairman)

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**Bills Committee on Intellectual Property
(Miscellaneous Amendments) Bill 2000**

**Minutes of first meeting
held on Thursday, 1 June 2000, at 2:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon SIN Chung-kai (Chairman)
Hon MA Fung-kwok
Hon YEUNG Yiu-chung

Members absent : Hon Ronald ARCULLI, JP
Hon HUI Cheung-ching

Public Officers attending : Mr Kenneth MAK
Deputy Secretary for Trade and Industry

Mr Philip CHAN
Principal Assistant Secretary for Trade and Industry

Mr Peter CHEUNG
Deputy Director, Intellectual Property Department

Mr Johann WONG
Assistant Secretary for Trade and Industry

Mr Jeffrey E GUNTER
Senior Assistant Law Draftsman

Mr CHEUNG Wing-leung
Senior Government Counsel

Miss Lavinia CHANG
Solicitor, Intellectual Property Department

Mr Vincent Y K POON
Assistant Commissioner of Customs & Excise

Clerk in attendance : Mrs Mary TANG
Chief Assistant Secretary (1)6

Staff in attendance : Miss Anita HO
Assistant Legal Adviser 2

Ms Sarah YUEN
Senior Assistant Secretary (1)4

I Election of Chairman

Nominated by Mr YEUNG Yiu-chung and seconded by Mr MA Fung-kwok, Mr SIN Chung-kai was elected Chairman of the Bills Committee.

II Meeting with the Administration

(The Bill, the relevant Legislative Council (LegCo) Brief (Ref.:TIB 09/46/12), Legal Service Division Report (LC Paper No. LS62/99-00) and members' brief (LC Paper No. CB(1)1721/99-00)

General introduction

2. The Deputy Secretary for Trade and Industry (DSTI) briefed members on the Intellectual Property (Miscellaneous Amendments) Bill 2000 (the Bill), which sought to make miscellaneous amendments to the Copyright Ordinance (Cap.528), the Prevention of Copyright Piracy Ordinance (Cap. 544) and the Patents Ordinance (Cap. 514). The main purposes of the Bill were to create an offence of unauthorized possession of video recording equipment in a place of public entertainment and to clarify the law to facilitate prosecution of corporate copyright infringement.

3. In recognition of the tight legislative timetable, members agreed to go straight into clause-by-clause examination of the Bill.

Clause-by-clause examination

Clause 1 - Short title and commencement

4. Members noted that clause 1 was a general commencement clause.

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5. In response to the Assistant Legal Adviser 2 (ALA2), the Principal Assistant Secretary for Trade and Industry (PAS/TI) confirmed that a Committee Stage amendment (CSA) would be introduced to change the reference to the Secretary for Trade and Industry in the English version of clause 1(2) to “Secretary for Commerce and Industry”.

Clauses 2 to 12 - Copyright Ordinance

6. DSTI, PAS/TI and the Deputy Director of Intellectual Property (DDIP) explained that the purpose of clauses 2 to 12 was to repeal the expression “for the purpose of trade or business” in the Copyright Ordinance and substitute it by “for the purpose of, in the course of, or in connection with, any trade or business”. Members noted that the substitution would make it clear that it would constitute an infringement act under the relevant provisions of the Copyright Ordinance to use an infringing article in the course of or in connection with business activities, regardless of whether the business was in the dealing of the infringing articles themselves.

The widened scope

7. In reply to the Chairman on the need for such substitution and the difference in legal effect so brought about, DDIP explained that at present, in order to take actions, especially criminal actions, against copyright infringement, the Administration had to prove that the act concerned had been performed intentionally for the purpose of trade or business but such was difficult to prove unless it involved actual transactions. The proposed substitution to effect a widened scope of application as described above could hence facilitate effective enforcement. Moreover, in view of the significant economic loss suffered by the copyright owner if his copyright work was used in connection with or in the course of trade or business, the Administration also considered it necessary to make it clear that such use of copyright products would also constitute an infringement act.

8. Providing examples of likely infringement acts should the proposed substitution come into effect to widen the scope of application, DSTI and DDIP confirmed that an infringement act would have been committed if a company used pirated software to conduct business, e.g., for accounting purposes, or made unlicensed copies of newspaper cuttings and magazine articles for reference in conducting business, or if a shop owner broadcast songs from a pirated compact disc as background music for his shop, or to promote the music products sold therein.

9. In response to Mr YEUNG Yiu-chung, DDIP confirmed that it would not constitute an infringement act if the infringing article was for personal use only. As for the Chairman's question on whether a store owner who played pirated CDs in his store for his own enjoyment would commit an infringement act, DDIP advised that in so doing the store owner should use a personal stereo set to avoid getting into trouble. DSTI supplemented that members should note the use of pirated copies was essentially a wrongful act even for personal use.

10. Noting that unauthorized photocopying of newspaper cuttings for business use might constitute an infringement act under the proposed provisions of the Bill, Mr YEUNG Yiu-chung was concerned about the implications of such provisions on schools, which often had to reproduce newspaper cuttings as reference materials for teaching purposes, and enquired about the availability of any exemption. In response, DDIP said that due to the need to strike a balance between protecting the rights of the copyright owner and the needs of the community, there were specific permitted acts (i.e., acts which did not infringe copyright) relating to educational purposes. As such, copying for the purposes of conducting research, private study and instruction would be allowed if the extent was reasonable.

11. As for Mr YEUNG Yiu-chung's questions on the definition of "reasonable extent", DDIP referred members to section 35 of the Copyright Ordinance and advised that if each student was given a copy, the extent of copying would be unreasonable because in that way the students would have no need to buy the copyright product concerned and hence the copyright owner would suffer financial loss. DSTI supplemented that multiple photocopying of a copyright work on a large scale might constitute a civil offence even under the present Copyright Ordinance and urged schools to liaise with newspapers for a general agreement to copy. DDIP however assured members that as copying in schools were for the purpose of education and not for trade and business, enforcement actions might not be taken against schools engaged in copying of copyright products even though the scope of criminal liability for infringement acts would be extended as proposed.

12. While expressing support for the proposed extension of the scope of the Copyright Ordinance, the Chairman and Mr YEUNG Yiu-chung had reservation about the proposal if it should affect the conduct of school activities. The Chairman further enquired whether the school management of profit-making educational institutes, which might be interpreted as conducting business, would enjoy exemption as described in paragraph 10. In response, DSTI agreed to examine how the implications of the Bill on schools and educational institutes could be minimized and advise whether the reproduction of newspaper cuttings for educational purpose by educational institutes would in any case be regarded as copyright infringement acts under the Bill.

The legal consequence

13. Noting the various incidents quoted above which might constitute infringement acts upon enactment of the Bill, the Chairman opined that the Bill carried serious implications in that all people conducting business would then need to exercise great care to ensure that all copyright goods used by them in conducting business were authorized products. He therefore called for wide publicity of the relevant provisions. In response, DSTI and DDIP assured members that a defence was available in section 118(3) of the Copyright Ordinance. However, in claiming the defence the accused would have to prove to the court that he did not know and had no reason to believe that the copy in question was an infringing copy of the copyright work.

14. Explaining at Mr MA Fung-kwok's request the relationship between the Bill and end-user liability, DSTI admitted that the Bill was aiming at effecting some form of end-user liability by making the use of pirated products for conducting trade or business a criminal offence. As for personal or domestic usage, end-user liability had yet to be established. In reply to the Chairman and Mr MA on the enforceability of end-user liability, the Assistant Commissioner of Customs & Excise (AC of C&E) stressed that each case would be considered on its own merits and cases which were too trivial would not be followed up as the Customs and Excise Department (C&ED) had its own priority considerations. He also confirmed that a search warrant would be necessary for C&ED to search premises for evidence of infringing acts under the Copyright Ordinance.

Other concerns

15. Advising Mr MA Fung-kwok on whether the Bill covered copyright products on the Internet as well, DDIP said that protection for copyright works in the digital environment had been established as early as 1997 when the Copyright Ordinance was enacted. Section 26 of the Ordinance stipulated that infringement by making available of copies to the public covered the "making available of copies of works through the service commonly known as the INTERNET".

16. The Chairman quoted the case of Napster.Com, which created many links on the Internet to provide an efficient search engine that could facilitate the unauthorized downloading of music, and enquired if its operation would constitute an infringement act in Hong Kong. In reply, DDIP and PAS/TI said that the authorization of infringement acts would amount to secondary infringement under the present Copyright Ordinance, actions might be taken against the said company if it was operating in Hong Kong.

17. ALA2 referred to her letter to the Administration seeking clarifications on some technical points, and enquired about how the Administration would address her comment on the adequacy of the Chinese expression "買賣版權作品" in clause 2(c) in conveying the meaning of its English version "dealing in infringing copies", which when used in the context of trade or business had a broader meaning than just selling

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and buying as suggested in the Chinese version. In reply, PAS/TI admitted that the expression “dealing in” in clauses 2 to 12 meant to cover activities such as trading, trafficking, buying and selling, letting, hiring, etc. and undertook to think of a better Chinese term that would more accurately reflect the said policy intention.

18. In reply to the Chairman on whether the Bill would put Hong Kong in the front line of the fight against piracy in South East Asia, DDIP confirmed that by clarifying ambiguities and plugging loopholes in its legislation against piracy, Hong Kong was one of the forerunners in copyright protection.

Clauses 13 to 29 - Prevention of Copyright Piracy Ordinance (PCPO)

19. PAS/TI and DDIP explained that clauses 13, 15-24 and 26-28 were only technical amendments to the PCPO by which the Ordinance was reorganized into different parts to accommodate the addition of a new Part III. The main changes proposed would be effected by clauses 14 and 25. Clause 25 sought to add a new Part III to PCPO to prohibit the unauthorized possession of video recording equipment in places of public entertainment used primarily as a cinema, theatre or concert hall for the showing of films or playing of performances. Clause 14 would amend section 2 of the PCPO to add definitions of several terms used in the new Part III.

Clause 14 - Interpretation

- Definition of “place of public entertainment”

20. The Chairman enquired whether karaoke restaurants would be covered by the definition of a “place of public entertainment” under clause 14 and be subject to the above proposed prohibition of unauthorized possession of video recording equipment. In reply, PAS/TI and DDIP said that only those licensed under the Places of Public Entertainment Ordinance (Cap. 172) would be covered. Pointing out that the scope of the Places of Public Entertainment Ordinance was very wide and might cover sports grounds and venues of photo exhibitions and bazaars, ALA2 was concerned about the wide scope of prohibition. In reply, PAS/TI assured members that to avoid unnecessarily affecting normal social functions, the Administration had intentionally limited the scope of the proposed prohibition to only those used primarily as a cinema, theatre or concert hall for the showing or playing of films or the performance of literary, dramatic or musical works. As such, the proposed prohibition would not cover temporary venues or venues that were used only occasionally for the showing or playing of films or performances such as clubs and sports grounds.

21. In this regard, Mr MA Fung-kwok was concerned about whether and how the proposed prohibition would apply to protect the copyrights of the works shown in venues which were not used primarily as a cinema, theatre or concert hall but would be showing films on some occasions. For example, a function room of the Hong Kong Convention and Exhibition Centre temporarily hired for use as the venue for a musical performance, or halls in universities such as the Academic Community Hall where

performances were sometimes staged. The Chairman also enquired whether the organizer of a function could seek copyright protection by applying for permission to prohibit possession or use of video recording equipment at his function.

Admin 22. DSTI noted the above concerns for consideration and stressed that in deciding whether the proposed prohibition would apply to a particular venue, the Administration would examine each case on its own merits having regard to such considerations as the nature and frequency of the shows staged there. PAS/TI added that even without the proposed prohibition, the operator of a venue could already implement administrative measures to prohibit the unauthorized use or possession of video recording equipment within his premises in accordance with the needs of the show. The proposed prohibition had in fact stemmed from the need for an additional tool to tackle the specific problem of the production of pirated optical discs from unauthorized recordings in local cinemas, where because of a darkened and usually crowded environment, unauthorized recordings were difficult to discover.

23. While considering the proposed prohibition essential, Mr MA Fung-kwok also highlighted the importance of flexibility and suggested that the Bill should allow lifting of the prohibition where necessary by authorizing the use and possession of video recording equipment at a certain function through the issue of invitation cards or admission tickets. In response, DSTI assured members that such flexibility would be made available to enable the manager of a facility to exercise discretion and lift the prohibition when necessary.

Admin 24. Pointing out that the general public or tourists might not know which places of public entertainment would be covered by the proposed prohibition and might hence be caught unawares by the new legislation, Mr YEUNG Yiu-chung was concerned about the criminal liability of the proposed prohibition. He therefore suggested that to avoid unnecessary confrontation, the Bill should, as in the designation of smoking and non-smoking areas, include a mandatory requirement for the relevant cinema or other places of public entertainment to put up warning notices on the proposed prohibition. DSTI and PAS/TI agreed to consider his suggestion but made the following points -

- (a) There was every incentive for cinemas and other places of public entertainment to put up warning notices and as such a voluntary approach should be sufficient. In fact, the Hong Kong Theatres Association Limited had already undertaken to ask its members to put up clear warning notices, prominently at the entrances of cinemas, and to provide secure storage facilities for customers to deposit their video equipment before entering the cinemas. They would also put in place eye-catching posters and announcements about the prohibition. In addition, warning messages would be relayed to those who purchased tickets via the telephone or the Internet. A similar message would also be shown on the screen before the beginning of a movie.

- (b) On a wider front, the Administration would produce radio and television announcements of public interest to publicize the proposed prohibition.
- (c) The exclusion of “a foyer” in the definition of “place of public entertainment” was specially designed to allow visitors to be adequately forewarned before entering the “place of public entertainment” for the show.
- (d) If the Bill were to include the mandatory requirement, it would also need to prescribe the size, content and location of placement of the notice. This might not be straightforward having regard to the different types of places of public entertainment and possible physical limitations in some of them.

- Other definitions

25. On the definition of “manager”, DDIP explained in reply to the Chairman that apart from the owner and the hirer, the definition could also cover the temporary hirer. He further pointed out that in whichever case, the manager could restrict or authorize the possession and use of video equipment in his premises.

26. As to whether the definition of “video recording equipment” was modelled after overseas legislation and was technically sufficient, the Senior Assistant Law Draftsman advised that the definition was similarly used in other legislation. Since the definition aimed to describe what the device could do and the key words were “moving images”, photographic cameras would be excluded. DDIP however confirmed that digital cameras, which could record moving images, would be covered.

Clause 25 - Part added

- Concerns about the proposed strict liability

27. ALA2 expressed concerns about the legal effect of clause 25. Highlighting its proposed section 31C(1), under which “any person who, without lawful authority, has in his possession in a place of public entertainment any video recording equipment commits an offence”, she cautioned that the offence so created appeared to be a strict liability offence where the purpose of possessing the video recording equipment was not relevant. Since a person might be convicted of the offence of mere possession even though he did not have the intention to record any film or other copyright works, or commit any other acts of copyright infringement, and that he might even be convicted when at the material time, a film was not being shown at that place of public entertainment, ALA2 questioned the fairness of the proposed criminal liability. In her view, greater care should be exercised in creating a criminal offence for the mere possession of essentially harmless and common video recording equipment, when the intent to do wrong need not be proved.

28. In response, DDIP assured members that the mere possession of video recording equipment would not constitute an offence. Only when the possession occurred in the places of public entertainment covered by the prohibition would the act constitute an offence. As such, the implications of the proposed prohibition would not be too serious. Moreover, as indicated in the relevant public consultation exercise, there was wide support for the proposed provision.

29. DDIP and PAS/TI further highlighted the need for the proposed prohibition by pointing out that at present, to bring charges against a suspected bootlegger, the prosecution had to provide reliable evidence that the accused was making a video recording of the movie being shown. This would be difficult in a darkened and usually crowded cinema. Even though the defendant had been caught “red-handed”, it would also be necessary for the court to be satisfied beyond reasonable doubt that the recording was made for sale or hire and not for private or domestic use. There was therefore a need for the proposed prohibition to overcome the above enforcement hurdles to tackle bootlegging, which was doing great harm to the community and threatening the survival of the film industry.

30. Mr MA Fung-kwok echoed the Administration’s views and pointed out that as a result of the hurdles, no bootlegging act had been successfully prosecuted so far. As such, after having thoroughly examined the problem, the film industry was of the view that the proposed prohibition would be the only viable solution. He pointed out that there would be enforcement difficulties regarding the Chairman’s suggestion to criminalize the act of unauthorized recording since the offender would be able to destroy the unauthorized recording once this was detected.

- The need for a defence

31. ALA2 opined that as a matter of legal policy and in terms of fairness to a person who merely possessed a video recording equipment and had no intention of bootlegging in cinemas, a defence should be provided for the proposed offence. For example, in cases where the video recording equipment was without battery/tape or was just not operational. The Chairman also saw a need for the defence having regard that the proposed offence might easily catch the public unawares, particularly with the increasingly common use of digital cameras, which as confirmed above would be regarded as video recording equipment.

32. In response, DSTI and DDIP said that the Administration had already carefully considered whether there should be a defence provision in the proposed prohibition. However, if as suggested by ALA2 the intention had to be proved, the legislative intent of this Bill would be defeated and the provision would be fraught with the same enforcement difficulties which it aimed to tackle. Moreover, the possibility of the video recording equipment without battery/tape or not operational was remote and making this a defence might be of little help. DSTI further assured members that in recognition of the consequence of the proposed prohibition, the Administration would ensure that the provision would not take effect until after

sufficiently wide and effective publicity measures were undertaken.

- Other concerns and views

33. Responding to the Chairman's comment on the absence of overseas precedents for such prohibition, PAS/TI emphasized that the making of pirated optical discs from unauthorized recordings in local cinemas was a problem unique to Hong Kong and therefore had to be tackled by this special legislative proposal.

34. As regards the maximum penalty for unauthorized possession of video recording equipment in cinemas and other places of public entertainment, DDIP said that the offence would be liable to a fine at level 2 (maximum \$5,000) on first conviction, and a fine at level 5 (maximum \$50,000) and imprisonment for three months on a second or subsequent conviction.

35. The Chairman was concerned about the proposed section 31D, which would allow the use of reasonable force if necessary to remove any person who had in his possession any video recording equipment from a place of public entertainment. To assure him, DDIP confirmed that such a provision was not uncommon in common law.

36. Addressing the Chairman's concern about the proposed section 31E concerning the power of authorized officers to enter and search, DDIP emphasized that to facilitate enforcement, there was a need to enable authorized officers to enter and search premises even without a warrant when the officers had reason to suspect that an offence had been or was being committed. He however assured members that the power would only be exercised in relation to the new Part III. He and AC of C&E further explained that such officers would be authorized by the Commissioner of Customs & Excise and could be persons other than C&ED staff such as the Police.

37. In response to the Chairman's comment on the expression "any other person who appears to be at the time responsible for the control or management of the place" in the proposed section 31E(4)(c), PAS/TI said that such an expression was not uncommon and was necessary because in many cases it was not easy to know who the manager of the premises was.

Clauses 30 - Patents Ordinance

38. DDIP explained that clause 30 aimed at effecting a minor amendment to rectify an existing technical error in section 116 of the Patents Ordinance.

III Any other business

39. The Chairman drew members' attention to the tight legislative timetable. Members noted that to enable the Bill to resume Second Reading debate at the Council Meeting on 26 June 2000, which was the last Council Meeting for the current

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legislative session, the Bills Committee would have to report to the House Committee on 16 June 2000. They however also saw a need to listen to the views of any organization which might have dissenting views on the provisions of the Bill and agreed that a notice inviting views on the Bill should be placed on the LegCo web site. In this regard, DSTI undertook to provide a list of such organizations so that consideration could be given to inviting them to the second meeting of the Bills Committee scheduled for 9 June 2000 at 8:30 a.m.

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(Post-meeting note: The invitation for submissions on the Bill was placed on the LegCo web site on 2 June 2000.)

40. The meeting ended at 4:30 pm.

Legislative Council Secretariat

4 October 2000