Legislative Council Bills Committee

Copyright (Amendment) Bill 2001

Proposed use of the expressions "lawfully put on the market" and "has been published elsewhere" in section 35A under the Copyright (Amendment) Bill 2001

Paragraph (c) of the letter from the Clerk to Bills Committee dated 9 October 2002 requests the Administration to consider whether "lawfully put on the market" and "has been published elsewhere" should be included in section 35A of the Copyright Ordinance.

Use of the expression 'lawfully made' in Section 35A

2. The definition of "infringing copy" under section 35(3) of the Copyright Ordinance includes the cases where:

(a) goods were made abroad by a person (not being the copyright owner himself) without licence from the copyright owner (that is, pirated goods); and

(b) goods were made abroad with the consent of the copyright owner and destined for sale in a market outside Hong Kong (commonly known as "parallel imported goods").

3. To exclude parallel imported computer software from the definition of "infringing copy", the Bill uses the expression "lawfully made". This expression is already used in sections 35(4) and (5) of the Copyright Ordinance for broadly similar purposes. The meaning of "lawfully made" is clarified in sections 35(9) to exclude those countries, territories or places where there is no law protecting copyright in the work or where the copyright in the work has expired.

Whether "lawfully put on the market" should replace "lawfully made"

4. Paragraph 3.1 of the submission from The Law Society of Hong Kong dated 11 September 2002 proposed that the expression "lawfully put on the market" be used instead of "lawfully made". We understand that the main concern of the Law Society is that using the expression "lawfully made" would not allow parallel importation of computer software made by an overseas licensee in breach of its contract with the copyright owner which prohibits

importation of the software to Hong Kong.

5. We do not consider it necessary or appropriate to substitute “lawfully put on the market” for “lawfully made” for the reasons set out in paragraphs 6 to 9.

6. As we have pointed out in our last submission to the Bills Committee, where a manufacturing licence prohibits the licensee to import to Hong Kong copies of a computer program made by the licensee, if at the time of making copies of that computer program, the licensee does not intend to import them to Hong Kong, those copies will be lawfully made even though they are subsequently parallel imported to Hong Kong by a third party.

7. Very often parallel imported copies of computer programs are not imported into Hong Kong directly by the overseas manufacturers concerned. The scenario depicted by the Law Society represents a rare case. In practice, therefore, the Bill as presently drafted will be able to achieve our policy intention of allowing parallel importation of computer programs into Hong Kong.

8. From a legal point of view, the crux of the definition of “infringing copy” in section 35(3) of the Copyright Ordinance is built on “making”. Under the test in this section, a copy of a work is an infringing copy if its making in Hong Kong would have constituted, amongst others, an infringement of the copyright in the work. To exclude parallel imported copies from the definition of “infringing copies”, it is appropriate to address the issue of “making”. The expression “lawfully made” has therefore been rightly used to distinguish parallel imported copies from copies made abroad without consent of the copyright owner (that is, pirated copies).

9. The use of the expression “lawfully made” in the Bill is consistent with the its use in section 35(4) and (5) of the Copyright Ordinance. Its use is also broadly in line with the approach adopted by the Australian bill on liberalising parallel importation of computer software.

Whether “has been published elsewhere” should be included

10. The query has been raised as to whether the law should only permit the parallel importation of copies of a computer program which "has been published elsewhere". After careful consideration, we opine that such an additional requirement will serve no useful practical purpose. On the other hand, it will make the scope of the liberalisation more restrictive. There will be an additional burden on parallel importers to ascertain whether the computer

software in question has been published elsewhere before he can parallel import copies of the computer software into Hong Kong. We consider this not justified.

Commerce and Industry Branch
Commerce, Industry and Technology Bureau
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