

**Bills Committee on the Copyright (Amendment) Bill 2011**

**Copyright and Freedom of Expression**

**Purpose**

At the meeting on 5 July 2011, Members requested the Administration to elaborate on the basis underlying the commentary that the provisions related to the exclusive right of communication and corresponding criminal sanctions in the Copyright (Amendment) Bill 2011 (“the Bill”) were consistent with the human rights provisions upholding the freedom of expression. This paper provides the information required.

**General Legal Principles**

*Copyright*

2. Copyright as a property right is recognised and protected not only under ordinary Hong Kong law. Pursuant to the Basic Law, Hong Kong has a constitutional duty to protect the right to property (including copyright). Article 6 of the Basic Law provides that “The Hong Kong Special Administrative Region shall protect the right of private ownership of property in accordance with law”. Article 105 of the Basic Law provides, inter alia, that “The Hong Kong Special Administrative Region shall, in accordance with law, protect the right of individuals and legal persons to the acquisition, use, disposal and inheritance of property ...”. In addition, Article 140 of the Basic Law specifically requires the Government to “protect by law the achievements and the lawful rights and interests of authors in their literary and artistic, creation.”

3. At the international level, Hong Kong has an obligation to protect copyright pursuant to several international copyright conventions which apply to Hong Kong.<sup>1</sup> The importance of intellectual property right including copyright is also recognised under Article 15(1) of the International Covenant on Economic, Social and Cultural Rights (“ICESCR”), which provides, inter alia, that “The States Parties to the present Covenant recognise the right of everyone...(c) to benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author ...”. Article 27(2) of the Universal Declaration of Human Rights (“UDHR”) also has a similar provision.<sup>2</sup>

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<sup>1</sup> These treaties include The Berne Copyright Convention, The Universal Copyright Convention, The World Trade Organisation - Agreement on Trade-Related Aspects of Intellectual Property Rights, The World Intellectual Property Organization Copyright Treaty and The World Intellectual Property Organization Performances and Phonograms Treaty.

<sup>2</sup> Article 27(2) of the UDHR provides, “Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.”

*The freedom of expression*

4. The freedom of expression on the other hand is protected under Article 27 of the Basic Law and Article 16 of the Hong Kong Bill of Rights (“BOR”). Article 27 of the Basic Law provides inter alia that “Hong Kong residents shall have freedom of speech, of the press and of publication; freedom of association, of assembly, of procession and of demonstration; and the right and freedom to form and join trade unions, and to strike.” BOR Article 16(2) provides that “Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.”

5. The freedom of expression enables a person to freely express ideas and convey information. However, the English Court of Appeal had also said in *Ashdown v Telegraph Group Ltd.*<sup>3</sup> that “it is stretching the concept of freedom of expression to postulate that it extends to the freedom to convey ideas and information using the form of words devised by someone else” and that “freedom of expression should not normally carry with it the right to make free use of another’s work.”

6. Copyright, on the other hand, does not grant any monopoly over the use of ideas or information. It only protects the form of expression of ideas and information used by the author. In other words, the use of ideas or information underlying a copyright work is not limited by copyright law. Thus, the Court of Appeal in *Ashdown* held that copyright restriction “will not normally constitute a significant encroachment on the freedom of expression”, and that “in most circumstances, the principle of freedom of expression will be sufficiently protected if there is a right to publish information and ideas set out in another’s literary work, without copying the very words which that person has employed to convey the information or express the ideas”.<sup>4</sup>

7. Furthermore, BOR Article 16(3) qualifies the freedom of expression by recognising that the exercise of the right “carries with it special duties and responsibilities”, and that this right may be subject to restrictions as are provided by law and which are necessary for certain specified purposes, including “respect of the rights or reputations of others”. Copyright protection may therefore constitute a valid reason for restricting the freedom of expression.

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<sup>3</sup> [2002] R.P.C. 5, per Lord Phillips M.R., paragraphs 31 and 46.

<sup>4</sup> [2002] R.P.C. 5, per Lord Phillips M.R., paragraphs 31 and 39. The Court of Appeal also recognised that “Rare circumstances can arise where the right of freedom of expression will come into conflict with the protection afforded by the Copyright Act, notwithstanding the express exceptions to be found in the Act.” In such circumstances, “the court is bound, insofar as it is able, to apply the Act in a manner that accommodates the right of freedom of expression”. Whereas “this will make it necessary for the court to look closely at the facts of individual cases (as indeed it must whenever a “fair dealing” defence is raised”, the Court of Appeal did “not foresee this leading to a flood of litigation” (see paragraph 45).

8. In fact, generally speaking, copyright law may perform three functions which support the exercise of the freedom of expression. Firstly, it provides an economic incentive and legal protection to reward original artistic and scientific creation. Secondly, it provides a stream of income to creators making it possible for them to stay independent from government or other forms of political patronage. Thirdly, the creation of new copyright works enriches public discourse and encourages dissemination of knowledge.<sup>5</sup>

### **Maintaining a Fair Balance**

9. It is trite law that the court will apply the “proportionality test”<sup>6</sup> in determining whether restrictions on fundamental rights including the freedom of expression are lawful. In the current context, the freedom of expression is not the only right at stake; the legitimate right and interest of copyright owners are also involved. Since competing rights are involved, a fair balance needs to be struck between copyright protection and the freedom of expression on the part of those who seek to use or communicate the copyright work. The court will give due weight to the views of the legislature in determining how to strike a fair balance between copyright protection and the freedom of expression of users and communicators of copyright work.

### **Provisions of the Bill**

10. The Copyright Ordinance (Cap. 528) (the “Ordinance”) was last amended in 2009. A general framework of the relevant parts of the Ordinance is as follows –

- (a) defining the *exclusive rights* of the copyright owners in terms of acts restricted by copyright – Divisions I and II under Part II of the Ordinance;
- (b) ring-fencing the exclusive rights granted to copyright owners by providing certain *copyright exceptions* (or *permitted acts*) in the public interest, so that doing the acts restricted by copyright in certain circumstances would not constitute an actionable infringement – Division III under Part II of the Ordinance; and
- (c) prescribing *remedies* by providing how the right owners and the government may enforce copyright by civil and criminal proceedings – Division VI under Part II of the Ordinance.

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<sup>5</sup> N. W. Nethanel, ‘Is copyright the “engine of free expression”?’ in *Copyright’s Paradox*, Oxford University Press (2008).

<sup>6</sup> The restriction of the freedom of expression should be rationally connected to a specified purpose (in the current context, protecting the right of copyright owners), and is no more than necessary to achieve the purpose. See *HKSAR v Ng Kung Siu* [1999] HKCFA 10.

11. As can be seen from the above general framework, the provisions of the Ordinance seek to balance the protection of copyright on the one hand and permit certain acts which would otherwise infringe copyright on the other hand, in order to serve the broader public interest, including protecting the freedom of expression of users or communicators of copyright work. Using the present Ordinance as the starting point, we have set out below the amendments related to the new exclusive right of communication and the corresponding criminal sanctions which may have a bearing on the freedom of expression.

*Exclusive communication right*

12. The Bill proposes to introduce an exclusive right for copyright owners to communicate their works through any mode of electronic transmission to the public (“communication right”).<sup>7</sup> It should be noted that the existing Ordinance already recognises copyright owners’ exclusive rights to disseminate their work through certain specific *electronic* modes of transmission, including the rights to “broadcast” a copyright work, to include it in a “cable programme service” or to “make it available” to the public by wire or wireless means including on the Internet (see section 22 of the Ordinance).

13. When making a civil claim, a copyright owner has to demonstrate that the unauthorised act has infringed his right and done so vide a mode that falls under one or more of the prescribed categories. Noting the pace at which new modes and technologies for content dissemination are being developed, we recognise the merits of taking a more forward looking approach in making our copyright law technology-neutral. This will facilitate copyright owners in exploiting their works in the digital environment, and is conducive to the development of digital content and advancement of technology in digital transmission. By introducing a technology-neutral right encompassing future developments in electronic transmission, it would enable copyright to remain adequately protected in the digital environment, and minimise the need to amend the Ordinance whenever a new digital technology emerges.

14. It should be noted that Article 8 of the World Intellectual Property Organization Copyright Treaty (Geneva, 1996) (“WCT”) also specifically provides for authors of literary and artistic works to “enjoy the exclusive right of authorising any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them”.<sup>8</sup> The introduction of the communication right by the Bill is consistent with Hong Kong’s international obligation to safeguard this specific right. Other common law jurisdictions which are parties to the WCT have similarly introduced a communication right in their copyright laws (including

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<sup>7</sup> New sections 22(1)(fa) and 28A under Clauses 9(3) & 13 of the Bill.

<sup>8</sup> This Treaty (at [http://www.wipo.int/treaties/en/ip/wct/trtdocs\\_wo033.html](http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html)) has been applied to Hong Kong with effect from 1 October 2008.

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Australia in 2001, New Zealand in 2008, Singapore in 2005, and the UK in 2003) to ensure that their legislation could keep pace with advances in information technology. The relevant provisions are extracted at Annex A which show that their definitions are similar to that in the Bill. We are not aware of any decided case in these jurisdictions which suggests that the creation of a separate communication right is inconsistent with human rights, including the freedom of expression. In fact, the Preambles of the WCT recognise the principles as reflected in the Berne Convention including the need to maintain a balance between “the rights of authors and the larger public interest, particularly education, research and access to information”.

### *Copyright exceptions*

15. At the same time, taking into account the introduction of the communication right and relevant overseas experience, we have proposed in the Bill modified and new copyright exceptions which, on the whole, aim at providing greater flexibility, when compared with current provisions in the Ordinance, to individual users, the education sector and libraries/archives/museums in using digital technology to advance study and research, giving and receiving instructions, preserving valuable works and disseminating information and knowledge – all of which contribute towards promoting the free flow of information and the freedom of expression in society. The details are as follows –

- (a) section 38 (research and private study): this provision remains unchanged meaning that fair dealing with a work for the purposes of research or private study does not infringe any copyright in the work;
- (b) section 39 (criticism, review and news reporting): the exception of fair dealing for criticism and review remains available under the Ordinance as a safeguard to protect the freedom of expression. While the Bill proposes that the fair dealing exception would apply only to work which has been released or communicated to the public,<sup>9</sup> this proposal is in line with the amendment made to section 30 of the Copyright, Designs and Patents Act 1988 of the UK (on which section 39 of the Copyright Ordinance is modelled) in 2003. In fact, even under existing law, review or criticism of a work that is not published will unlikely to be considered as a fair dealing for

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<sup>9</sup> There are authorities suggesting that the concept of criticism and review under section 39(1) should receive a liberal interpretation by the courts (e.g. *Pro Sieben Media v Carlton UK Television Ltd.* [1999] 1 WLR 05.614 (CA) and *CCH Canadian Ltd. v Law Society of Upper Canada* [2002] 1 SCR 339, 2004 SCC 13). It has been held that “criticism or review need not be limited to criticism or review of literary style or merit of the work, and may include, for example, the doctrine or philosophy expounded in the work. . . or ideas and events expounded in the work . . .” and that “The criticism or review can also be of either the work copied, or of another work . . .”.

qualifying as a copyright exception.<sup>10</sup> It should also be noted that this proposed amendment is not applicable to news reporting. It remains a fair dealing exception to use a copyright work (even unpublished) for the purpose of news reporting. In the circumstances, the amendment is not considered a serious restriction on the freedom of expression;

- (c) sections 41A to 45: other than some technical amendments to sections 41A to 45, the proposed amendments to sections 44 and 45 will expand the exceptions to cater for the need of distance learning; and
- (d) sections 46 to 53: the relevant sections have been expanded to include museums and more types of copyright work. Together with the proposed sections 51A and 52A, these proposals aim to facilitate the daily operations of libraries, archives and museums in preserving valuable works and knowledge as well as facilitating learning and research.

### *Remedies*

16. To give the communication right adequate protection, the Bill not only provides civil remedies, but also introduces corresponding criminal sanctions against those who make unauthorised communication of copyright works to the public in the course of business conducted for profit or reward; or to such an extent as to affect prejudicially the copyright owners. The proposed criminal sanctions mirror the existing sanctions available against unauthorised distribution in section 118(1)(e) and 118(1)(g) of the Ordinance (Annex B). It has been decided in *HKSAR v Chan Nai Ming*<sup>11</sup> that distribution of an infringing copy of a work over the Internet is subject to the *existing* criminal sanction against unauthorised distribution made “to such an extent as to affect prejudicially the copyright owner”. Thus, it is a misconception that the Bill is extending a hitherto non-existent rule to the Internet. The Bill therefore maintains the line demarcating the boundary between criminal and civil liability arising from copyright piracy.

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<sup>10</sup> In *British Oxygen Co. Ltd v Liquid Air Ltd* [1925] Ch 383, Romer J took the view that it would not be “fair dealing” to subject an unpublished literary work to criticism, review or newspaper summary. The English Court of Appeal (Lord Denning MR) scaled this down and held in *Hubbard v Vosper* [1972] 2 WLR 389 that where a work, although not formally “published”, has been so widely circulated, it may be “fair dealing” to allow extracts to be taken from the work and to criticise it. Since *Hubbard v Vosper*, subsequent cases have generally confined fair dealing in unpublished materials to widely circulated works – see Patrick Masiyakurima, “Fair Dealing and Freedom of Expression” in *Copyright and Human Rights – Freedom of Expression – Intellectual Property – Privacy* (edited by Paul Torremans), Kluwer Law International (2004). The proposed amendments to the fair dealing exception in section 39 do not preclude application of the exception to copyright work which, although unpublished, have been duly released or communicated to the public, provided that use of the work is fair in the circumstance.

<sup>11</sup> [2005] 4 HKLRD 142 (Reasons for Verdict of Tuen Mun Magistrates’ Court); [2007] 1 HKLRD 95 (judgment for appeal against both conviction and sentence before the Court of First Instance of the High Court); and [2007] 2 HKLRD 489 (judgment for appeal against conviction before the Court of Final Appeal).

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17. The provisions are not unique in comparison to other common law jurisdictions. Australia and the UK have introduced similar corresponding criminal sanctions against unauthorised communication made “to such an extent as to affect prejudicially the copyright owner” (Annex C). We are not aware of any decided case in these jurisdictions holding that the criminal sanctions are inconsistent with human rights, including the freedom of expression.

18. At the same time, to provide greater legal certainty, the Bill has further introduced a list of non-exhaustive factors that the court may take into account when examining what constitutes “to such an extent as to affect prejudicially the copyright owner” for the purpose of the existing and proposed offences in sections 118(1)(g) and 118(8B)(b). These factors are –

- (a) the purpose of the act in question;
- (b) the nature of the copyright work, including its commercial value;
- (c) the amount and substantiality of the portion infringed 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 this act including its effect on the potential market for or value of the work.<sup>12</sup>

19. These factors have been drawn up having regard to the relevant cases in Hong Kong, the UK and Australia. The proposed non-exhaustive list of factors has been distilled from the applicable principles from the local and overseas authorities involving large-scale copyright infringement. Members may refer to the Administration’s paper on “*Prejudice*” in *Criminal Copyright Infringement Cases in Hong Kong and Overseas Jurisdictions* for discussion on the relevant case law in these jurisdictions. The inclusion of such a list of factors into the Ordinance would, we believe, achieve our policy objective of targeting large-scale copyright piracy.

20. After the introduction of the Bill into the Legislative Council in June 2011, we have picked up commentaries alleging that it aims to stifle the freedom of expression by way of “criminalising” the dissemination of parody on the Internet. We believe that this is due to a misconception about the objective and scope of the Bill. In fact, the Bill does not alter the existing legal principles in determining whether a certain parody disseminated on the Internet constitutes a copyright infringement. In this connection, parody that does not amount to copyright infringement nowadays will remain so under the Bill. Further, where the dissemination of a parody on the Internet is not made for profit, and does not prejudicially affect the copyright owners, such conduct will not constitute a criminal offence under the existing Ordinance or the Bill. Members may refer to the Administration’s paper on *Parody* for further details.

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<sup>12</sup> See sections 118(2AA) and 118(8C) under Clause 51 of the Bill.

*Other safeguard in the Ordinance*

21. Lastly, section 192(3) of the Ordinance also reaffirms the court's jurisdiction to prevent or restrict the enforcement of copyright on the ground of public interest.<sup>13</sup>

**Conclusion**

22. Whereas the freedom of expression is an important fundamental right, copyright is also constitutionally protected. Copyright may also be supportive of the exercise of the freedom of expression. Having regard to the purpose, nature and scope of the proposed amendments, and bearing in mind the provisions of section 192(3) of the Ordinance, the Administration considers that after introduction of the amendments, a fair balance can still be maintained between the interests of copyright owners and the freedom of expression of the users and communicators of copyright work. The court will give due regard to the views of the legislature in striking a fair balance between the rights of copyright owners and the freedom of expression of others.

23. Members are invited to note the information provided in this paper.

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Intellectual Property Department  
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<sup>13</sup> Section 192(3) of the Copyright Ordinance reads: "Nothing in this Part affects any rule of law preventing or restricting the enforcement of copyright, on grounds of public interest or otherwise."

## **Hong Kong**

Proposed new section 28A(2) under Clause 13 of the Bill

References in this Part to communication of a work to the public are to the electronic communication of the work to the public, including —

- (a) the broadcasting of the work;
- (b) the inclusion of the work in a cable programme service; and
- (c) the making available of the work to the public.

## **Australia**

Section 10 of Copyright Act 1968

**“communicate”** means make available online or electronically transmit (whether over a path, or a combination of paths, provided by a material substance or otherwise) a work or other subject-matter, including a performance or live performance within the meaning of this Act

## **New Zealand**

Section 2 of Copyright Act 1994

**communicate** means to transmit or make available by means of a communication technology, including by means of a telecommunications system or electronic retrieval system, and **communication** has a corresponding meaning

## **Singapore**

Section 7 of Copyright Act

**“communicate”** means to transmit by electronic means (whether over a path, or a combination of paths, provided by a material substance or by wireless means or otherwise) a work or other subject matter, whether or not it is sent in response to a request, and includes —

- (a) the broadcasting of a work or other subject-matter;
- (b) the inclusion of a work or other subject-matter in a cable programme; and
- (c) the making available of a work or other subject-matter (on a network or otherwise) in such a way that the work or subject-matter may be accessed by any person from a place and at a time chosen by him,

and **“communication”** shall have a corresponding meaning

## **The UK**

### Section 20(2) of Copyright, Designs and Patents Act 1988

References in this Part to communication to the public are to communication to the public by electronic transmission, and in relation to a work include —

- (a) the broadcasting of the work;
- (b) the making available to the public of the work by electronic transmission in such a way that members of the public may access it from a place and at a time individually chosen by them.

Note: This Annex only compares the general definition given to “communication” in the relevant copyright laws. We do not deal with carving-out provisions related to “communication” in individual legislations.

**Existing and Proposed Criminal Sanctions  
of the Copyright Ordinance**

<b>Existing offence</b>	<b>Proposed offence</b>
<p>Existing section 118(1) -</p> <p>A person commits an offence if he, without the licence of the copyright owner of a copyright work-</p> <p>...</p> <p>(e) ... distributes an infringing copy of the work for the purpose of or in the course of any trade or business which consists of dealing in infringing copies of copyright works;</p> <p>...</p> <p>(g) distributes an infringing copy of the work (otherwise than for the purpose of or in the course of any trade or business which consists of dealing in infringing copies of copyright works) to such an extent as to affect prejudicially the copyright owner.</p>	<p>Proposed new section 118(8B) -</p> <p>A person commits an offence if the person –</p> <p>(a) without the licence of the copyright owner of a copyright work, communicates the work to the public for the purpose of or in the course of any trade or business that consists of communicating works to the public for profit or reward; or</p> <p>(b) without the licence of the copyright owner of a copyright work, communicates the work to the public (otherwise than for the purpose of or in the course of any trade or business that consists of communicating works to the public for profit or reward) to such an extent as to affect prejudicially the copyright owner.</p>

## **Australia**

### Section 132AI of the Copyright Act 1968

- (1) A person commits an offence if:
  - (a) the person distributes<sup>1</sup> an [infringing] article, with the intention of:
    - (i) trading; or
    - (ii) obtaining a commercial advantage or profit...
- (2) A person commits an offence if:
  - (a) the person distributes<sup>1</sup> an article; and
  - (b) the article is an infringing copy of a work or other subject matter; and
  - (c) copyright subsists in the work or other subject matter at the time of the distribution; and
  - (d) the extent of the distribution affects prejudicially the owner of the copyright.

## **The UK**

### Section 107(2A) of Copyright, Designs and Patents Act 1988

A person who infringes copyright in a work by communicating the work to the public—

- (a) in the course of a business, or
- (b) otherwise than in the course of a business to such an extent as to affect prejudicially the owner of the copyright,

commits an offence if he knows or has reason to believe that, by doing so, he is infringing copyright in that work.

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<sup>1</sup> According to section 132AA of the Copyright Act 1968, distribution in the context of the prejudicial distribution offence under section 132AI covers distribution by way of communication.