

# SUMMARY OF THE LAW REFORM COMMISSION'S REPORT ON COPYRIGHT

## 1. INTRODUCTION

1.1 This summary is intended to give an outline of the Law Reform Commission's report on Copyright. While it includes the report's main recommendations, those wishing more detailed explanation should, of course, refer to the report itself. The Commission's terms of reference were:

*"To review the law of Hong Kong relating to copyright and to make recommendations for a Hong Kong Ordinance dealing comprehensively with the law of copyright."*

### ***The importance of copyright***

1.2 Copyright is one of the laws concerned with the protection of "intellectual property". "Intellectual property" is the product of intellectual effort, such as inventions, trademarks, designs, literature, music and art. Copyright exists to protect intellectual and financial investments in the production of a broad range of works including books, songs, plays, paintings, sound recordings, films, broadcasts, computer software and designs. Protection is afforded by restricting the use of copyright works without the owner's consent. That means protection against the unauthorised copying, public performance, or broadcasting of works in which copyright subsists. The copyright owner may forbid these restricted acts and may demand payment for exploitation of the work.

1.3 In the United Kingdom, a committee set up by the government to consider the law of copyright and designs ("the Whitford Committee") explained copyright thus:

*"A writer writes an article about the making of bread. He puts words on paper. He is not entitled to a monopoly in the writing of articles about the baking of bread but the law has long recognised that he has an interest not merely in the manuscript, the words on paper which he produces, but in the skill and labour involved in his choice of words and the exact way in which he expresses his ideas by the words he chooses. If the author sells copies of his article then again a purchaser of a copy can make such personal use of that copy as he pleases. He can read it or sell it second-hand, if he can find anyone who will buy it. If a reader of the original article is stimulated into writing another article about bread the original author has no reason to complain. But it has long been recognised that only the original author ought to have the right to reproduce the original article and sell the copies thus reproduced."*

1.4 While the primary concern of copyright is to protect the creators of intellectual property by ensuring that they receive a proper reward for their efforts, copyright is also important in providing an incentive to the individual and corporate investment in intellectual endeavour upon which our technological progress depends. By ensuring that there is adequate protection for authors of intellectual property, the legal provisions of copyright enable copyright material, including the latest technology, to be secured for use in Hong Kong. Copyright is thus of vital importance to progress in a wide range of activity and enterprise in industry, the arts, education and recreation. The law must ensure that copyright strikes an appropriate balance between, on the one hand, protection which ensures an adequate reward for authors and, on the other hand, the public interest in having access to creative ideas in a way that stimulates competition and does not inhibit progress.

1.5 Copyright protects the original expression of an idea in a protectable work or subject matter. It does not protect ideas themselves. It arises without formality, unlike other intellectual property rights conferred by patents, registered designs and trade marks, which require registration to obtain protection.

### ***Hong Kong's law of copyright***

1.6 Hong Kong's present law on copyright is the English Copyright Act 1956, the Copyright (Computer Software) Act 1985, the Copyright Ordinance (Cap 30) supplemented by the Copyright (Amendment) Ordinance 1991 and common law decisions.

### ***Subsistence of copyright***

1.7 When the law recognises the existence of copyright, copyright is said to subsist. The 1956 Act contemplates many types of works and subject matter in which copyright may subsist.

### ***Works and subject matter***

1.8 The 1956 Act divides copyright material into Part I works (namely: literary, dramatic, musical and artistic works) and Part II subject matter (namely: sound recordings, cinematograph films, television and sound broadcasts, and published editions of works).

***Literary work:*** This covers all work expressed in print or writing or recorded in some other material form. It includes tables and compilations. Computer programs are protected as literary works, as are electronic databases;

**Dramatic work:** This covers plays, screenplays and film scripts recorded in some material form. Dramatic work extends beyond the words to the characters and incidents of the play, and to the stage directions of the dramatist. Choreographic work and entertainment in dumb show can be protected as a dramatic work only if reduced to writing;

**Musical work:** The term appears wide enough to cover anything that could be described as music recorded in writing or some other material form;

**Artistic work:** This is widely defined to include drawings, paintings, sculptures, engravings and photographs, irrespective of artistic quality. Works of architecture and artistic craftsmanship are also included;

**Sound recording:** This means the aggregate of sounds embodied in, and capable of being produced by means of, a record of any description. This is wide enough to cover vinyl records, audio cassettes and compact discs. It does not include the sound track associated with a cinematograph film;

**Cinematograph film:** This means any sequence of visual images recorded on material of any description so as to be capable of being shown as a moving picture. It includes video recordings;

**Television and sound broadcasts:** Television broadcasts include the sound accompanying the visual images. This refers to broadcasting by wireless telegraphy. Local radio and television broadcasts are covered by the 1956 Act;

**Published editions of works:** This covers the typographic arrangement of a published edition of any literary, dramatic or musical work.

### ***Copyright protects original works***

1.9 Copyright subsists only in original works. Originality, however, is a low requirement, satisfied by the mere fact that the work is not copied, but is the product of the skill, effort or investment of the author. Originality is not expressed as a requirement for the subsistence of copyright in sound recordings, cinematograph films, television and sound broadcasts, and published editions.

### ***Copyright authorship***

1.10 The author of a work is normally the person who makes the work, such as the writer of a novel or the artist who paints a painting.

### ***Copyright ownership***

1.11 The author is normally the first owner of copyright unless employed, or in some instances commissioned, in which event the employer or commissioner will be the first owner. The bundle of rights that make up copyright can be assigned or licensed separately in terms of time, place and the nature of the activities.

### ***Qualifying author or publication***

1.12 Copyright subsistence also depends on either the status of the author or the country of first publication at the time when the work is made or published.

### ***Duration of copyright protection***

1.13 The life span of the author normally determines the duration or term of copyright in a work. His status (nationality, domicile or residence) is relevant to the determination of whether copyright subsists in the work.

### ***Copyright exceptions***

1.14 The "fair dealing" exception allows a degree of dealing with a copyright work for purposes of research or private study, criticism or review or news reporting.

### ***Copyright infringement***

1.15 Infringement is the term used to describe unlawful interference with a copyright. Copyright is a negative right. It is not a right to do something but the right to stop others from doing it. It means the exclusive right, subject to a limited number of exceptions, to do and to authorise other persons to do certain acts in relation to the work: "the restricted acts" (section 1(1) of the 1956 Act). The number and nature of the restricted acts differ with each work or subject matter but primarily cover reproduction, public performance and broadcasting. The restricted acts are actionable without proof or knowledge on the part of the defendant and are described as "primary infringements". It is also an infringement to import, sell or deal in the course of trade with infringing copies. Such acts are only actionable upon proof of knowledge on the part of the defendant and are described as "secondary infringements".

### ***International copyright obligations***

1.16 Copyright legislation is dependent not only upon local

considerations but must also have regard to international legal obligations. There are at present five international copyright conventions affecting Hong Kong. These are:

- (a) the International Convention for the Protection of Literary and Artistic Works 1886-1948 ("the Berne Convention");
- (b) the Universal Copyright Convention and Protocols 1952-1971 ("UCC");
- (c) the Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of their Phonograms 1971 ("the Phonograms Convention");
- (d) the Paris Convention for the Protection of Industrial Property ("the Paris Convention"); and
- (e) the Convention Establishing the World Intellectual Property Organization 1967 ("WIPO").

1.17 The first three of these multilateral conventions set out standards for copyright protection with which the signatory countries are bound to comply, whilst the fourth is concerned with patents, industrial designs and trademarks. The fifth convention establishes machinery to enhance and promote all types of intellectual property rights. The conventions do not impose obligations on individuals but only on the states which are parties to them, presumably on the basis that only the state is subject to international law and can bear international responsibility for its nationals who are beneficiaries under the conventions.

## **2. SUBSISTENCE OF COPYRIGHT**

2.1 While an original idea may have long existed in the author's head or been the subject of discussion it is only when that idea is recorded in some material form that copyright protection arises. Apart from this requirement as to fixation, in compliance with Berne, copyright arises without formality. Under the 1956 Act, copyright only subsists in protectable works and subject matter which fall within the category of Part I works or Part II subject matter. A work or subject matter which does not fit the descriptions of the works in Part I or of the subject matter in Part II is not entitled to copyright protection.

2.2 Criticisms of the 1956 Act in the United Kingdom led to the enactment of the Copyright, Designs and Patents Act 1988 ("the 1988 Act"), which follows the recommendations of the Whitford Committee for a more logical and consistent restatement of the law. Section 1 gathers together all the descriptions of work, including cable programmes as a further category of copyright work. "Cinematograph films" become simply "films". The Parts I and II division is dropped. To attract copyright, literary, musical, dramatic or

artistic works must be original, though originality remains undefined. A requirement of originality as the basis of protection for sound recordings, films, broadcasts, cable programmes and published editions is incorporated by precluding the subsistence of copyright in copies or infringements of pre-existing material.

2.3 The 1988 Act defines "literary work" and specifically includes a computer program within that definition. Definitions of "artistic work" and "sound recording" and "films" are also given, the latter two worded to take account of possible advances in technology.

### ***Qualification for copyright protection***

2.4 A work or subject matter only attracts copyright protection under the 1956 Act if the requirement as to "qualification" is satisfied. "Qualification" depends on the author's status (the author's citizenship, domicile or residence) or alternatively on the place of first publication of the work. The 1988 Act broadly follows the 1956 Act on this.

### ***Recommendations***

2.5 The 1988 Act offers clearer definitions of the different kinds of work and expressly restates the requirements for fixation. It protects works representing the product of labour and skill if fixed in such a way that they can be reproduced. **The Commission conclude that the relevant provisions of the 1988 Act on subsistence of copyright (especially sections 1 to 8, 58 and 175) should provide a better alternative to the equivalent provisions under the 1956 Act and recommend that these provisions be adopted in Hong Kong.**

## **3. OWNERSHIP OF COPYRIGHT**

### ***The present law***

3.1 *Literary, dramatic, musical and artistic works* Under section 4 of the 1956 Act, the author of a literary, dramatic, musical or artistic work is in general the owner of the copyright in it. However, there are three exceptions to this principle, each of which is subject, in any particular case, to an agreement excluding its operation. The exceptions are:

- (a) copyright in a work created by an author in the course of his employment by the proprietor of a newspaper, magazine or periodical under a contract of service or apprenticeship, is split: the proprietor is entitled to copyright so far as it relates to publication in his newspaper, magazine or periodical and the author retains copyright for all other purposes (section 4(2));

- (b) in the case of all other works created in the course of the author's employment under a contract of service or apprenticeship, the employer is entitled to the copyright (section 4(4)); and
- (c) where the taking of a photograph, the painting or drawing of a portrait, or the making of an engraving is commissioned, the commissioner is entitled to copyright provided he pays or agrees to pay for the work (section 4(3)). Note that in relation to a photograph the author means the person who, at the time the photograph is taken, is the owner of the material on which it is taken (section 48(1)).

3.2            *Sound recordings and cinematograph films*        The maker of a sound recording is the owner of the copyright, except in the case of a commissioned sound recording, where the owner will be the commissioner in the absence of any contrary agreement (section 12(4)).

3.3            The "maker" of a cinematograph film is the owner of the copyright (section 13(4)), in this case defined as "the person by whom the arrangements necessary for the making of the film are undertaken" (section 13(10)).

3.4            *Published editions of works*            The 1956 Act gives protection to the typographical arrangement of published editions of literary, dramatic and musical works provided that the arrangement is not a reproduction of the typographical arrangement of a previous edition. The publisher is entitled to the copyright (section 15(2)).

### ***The 1988 Act***

3.5            Significant changes were introduced in the 1988 Act:

- (i) the photographer, painter, engraver and draftsman are brought into line with other authors and become the first owners of copyright in their work (section 11(1));
- (ii) there is a new provision (section 85) which grants a right to privacy for the commissioner of photographs or films to prevent their public dissemination;
- (iii) the journalists' exception is removed. They are brought into line with other employees in that work created in the course of employment is owned by the employer, subject to any agreement to the contrary (section 11(2));
- (iv) joint authorship now contemplates the joint contribution to any type of work where the contribution of each author is not "distinct" from that of the other author or authors (section 10(1)).

Section 11(3) of the 1956 Act used the word "separate" rather than "distinct" in an otherwise identical provision;

- (v) authorship and ownership do not depend, under the 1988 Act, upon the ownership of the material upon which the new work is created. In the case of sound recordings and films the author, and thus the owner, is the person by whom the arrangements necessary for the making of the recording or film are undertaken (sections 9(2)(a) and 11(1));
- (vi) the provisions concerning ownership of cable programmes are revised (section 9(2)(c));
- (vii) a new provision dealing with computer generated work is introduced (section 9(3));
- (viii) a small change is made regarding the anonymous author. The identity of an author is unknown if it is not possible for a person to ascertain his identity by reasonable enquiry; but if his identity is once known it is not to be subsequently regarded as unknown (section 9(5)).

3.6 In response to the problem of defining the author, the 1988 Act states that "author", in relation to a work, means the person who creates it (section 9(1)).

### ***Recommendations***

3.7 **The Commission conclude that the authorship and ownership provisions should be as clear as possible and recommend the adoption of the relevant provisions of the 1988 Act subject to the following modifications.**

3.8 *Commissioned works* **The Commission recommend that subject to any agreement to the contrary, the copyright in all commissioned works should belong to the author (or his employer) subject to two important qualifications:**

- (i) **the person commissioning the work should have an exclusive licence for all purposes which could reasonably be said to have been within the contemplation of the parties at the time of commissioning; and**
- (ii) **the person commissioning the work should have the power to restrain any exploitation for other purposes against which he could reasonably take objection.**

3.9 *Employee works* **The Commission recommend that copyright should vest in the employer, but, if the work is exploited (by**



the employer or someone else with his permission) in a way that was not within the contemplation of the employer and employee at the time of making the work, the employee should have a statutory right to an award from his employer which, if not agreed, should be settled by a Tribunal. This provision, which would be subject to any agreement to the contrary, would replace the journalist exception in section 4(2) of the 1956 Act, as well as the general employee exception in section 4(4).

3.10 *Dispute settlement* Difficulties may arise in determining what is within the contemplation of the parties at the moment of commissioning or at the time when the employee work is made. The Commission do not think that this will cause significant problems. The new Copyright Tribunal should, the Commission believe, be able to deal with any disagreements that may arise.

3.11 *Ownership of design right* In the case of first ownership of a design right which is created in pursuance of a commission or in the course of employment, the Commission conclude that different considerations apply for two reasons. Firstly, design right is a new property right outside the scope of international copyright conventions, and, secondly, it seems desirable that, in order to achieve consistency as far as possible, the 1988 Act's provisions on design right be adopted in their entirety. The Commission therefore recommend the adoption of section 215 of the 1988 Act which vests first ownership of a design right in the commissioner if the work is a commissioned work, and in the employer if the work is created by the employee in the course of his employment.

## **4. DURATION OF COPYRIGHT**

### ***The present law***

4.1 *Part I works* The 1956 Act provides for several different terms of copyright. The usual term is the life of the author plus fifty years after the end of the year in which he dies and is provided for:

- (i) published literary, dramatic or musical works (section 2(3));
- (ii) published artistic works, except for photographs (section 3(4));  
and
- (iii) unpublished artistic works, other than photographs or engravings (section 3(4)).

4.2 If unpublished, the term of protection for literary, dramatic or musical works, photographs and engravings, continues indefinitely.

4.3 The rationale for a lengthy term of protection is that it allows the author to derive the benefit of his work throughout his life and pass it on to his

spouse and heirs.

4.4 *Part II subject matter* Copyright in a sound recording continues until the end of a fifty year period from the end of the calendar year in which the recording is first published (section 12(3)). Copyright in a cinematographic film subsists for a similar period after first publication (section 13(3)). Television or sound broadcasts enjoy copyright protection for fifty years from the end of the calendar year in which the broadcast was first made (section 14(2)) and cannot be extended by repeats. Copyright in a published edition continues for 25 years from the end of the calendar year in which it was first published (section 15(2)).

4.5 *Crown copyright* Crown copyright in literary, musical or dramatic work is perpetual if the work is unpublished but, if published, subsists for 50 years from the end of the calendar year in which the work was published (section 39(3)). An artistic work, other than a photograph of an engraving, is given fifty years protection from the end of the calendar year in which it was made. A photograph or engraving is protected for fifty years following publication (section 39(4)). Crown copyright in sound recordings and cinematograph films subsists for the same periods applicable to a normal copyright for these works (see section 39(5)).

### ***The 1988 Act***

4.6 The 1988 Act removed the distinction between Part I and Part II Works. Copyright in a literary, dramatic, musical or artistic work expires at the end of the period of 50 years from the calendar year in which the author dies (section 12(1)). Copyright for film and sound recordings is 50 years from the date made or, if released, 50 years from the date of release (section 13).

4.7 The copyright in anonymous and pseudonymous works continues under the 1956 Act for 50 years after the end of the year in which they are first published. Computer generated works are protected for 50 years from the end of the year in which the work was made (section 12(3)). Crown copyright for unpublished work is 125 years from the making of the work and, if published within 75 years of its making, a further 50 years is granted (section 163).

### ***Recommendations***

4.8 **The Commission recommend that the durations of protection for each type of work as provided under the 1988 Act should be adopted. They also recommend the adoption of the provisions of the 1988 Act which remove indefinite protection from unpublished literary, dramatic, and musical works, and photographs and engravings.**

## **5. PERFORMING RIGHTS**

### ***The present law***

5.1 Copyright owners have an exclusive right to control public performance of their works, subject to certain specific exceptions. This right is described as the "performing right".

5.2 Public performance is a way in which works are disseminated to the public in a non-material form. It is one form of direct infringement and is dealt with in several sections of the 1956 Act. Section 48(6) of the 1956 Act provides that, where a work is performed, or visual images or sounds are caused to be seen or heard, by means of apparatus provided by or with the consent of the occupier of the premises where the apparatus is situated, the occupier shall be taken to be the person giving the performance, or causing the images or sounds to be seen or heard, whether he is the person operating the apparatus or not.

### ***The 1988 Act***

5.3 The 1988 Act introduced relatively few changes to the law regarding performing rights. The main features of the Act are:

- (i) section 19 brings together the infringing acts: performance of literary, dramatic or musical works, and the playing or showing in public of sound recordings, films, broadcasts or cable programmes. The section is broadly similar to the provisions in the 1956 Act;
- (ii) section 26 provides that the supplier of the apparatus or a copy of a sound recording or film, or the occupier of the premises where an infringement takes place, will be liable if he knew or had reason to believe that the apparatus or copy was likely to be used in an infringement. In addition, where the normal use of the apparatus involves a public performance, playing or showing, the supplier infringes if "he did not believe on reasonable grounds that [the apparatus] would not be so used as to infringe copyright".

### ***Recommendations***

5.4 **The Commission recommend that the whole of section 26 should be adopted without modification. The Commission add that they think it desirable that widespread publicity should be given to these provisions if they are adopted, explaining to the public the dangers inherent in supplying apparatus.**

## 6. COPYRIGHT EXCEPTIONS

### *The present law*

6.1 Section 6 of the 1956 Act lists the general exceptions from protection of literary, dramatic or musical works. Fair dealing does not constitute an infringement of copyright in the work if:

- (i) it is for the purposes of research or private study (section 6(1));
- (ii) it is for the purposes of criticism or review, whether of that work or of another work, and is accompanied by a sufficient acknowledgment (section 6(2));
- (iii) it is for the purpose of reporting current events
  - (a) in a newspaper, magazine or similar periodical, or
  - (b) by means of broadcasting or cinematograph film, provided in case (a) it is accompanied by a sufficient acknowledgment (section 6(3)).

6.2 Section 6 also contains exceptions permitting public recitation of a "reasonable extract" of a published literary or dramatic work, if accompanied by a sufficient acknowledgment (section 6(5)). The same section includes an exception permitting the inclusion of a short passage from a published literary or dramatic work in a collection intended for use in schools provided certain requirements are met. Those include requirements that the work was not published for the use of schools, that the collection consists mainly of non copyright material, and that there is sufficient acknowledgment (section 6(6)).

6.3 Section 7 of the 1956 Act and the regulations made thereunder contain detailed provisions for the supply of copies by librarians in prescribed non-profit-making libraries. The provisions in subsections (1) to (3) are limited to the needs of bona fide researchers who require the copies for research or private study (i.e. they correspond to the exceptions in section 6(1)).

6.4 There are general exceptions dealing with artistic works in section 9 of the 1956 Act permitting fair dealing for research or private study (section 9(1)), or for the purpose of criticism or review, provided it is accompanied by sufficient acknowledgment (section 9(2)).

6.5 Section 41 details limited exceptions for the use of copyright material for the purposes of education, though this is limited to schools within the meaning of the Education Ordinance (Cap 279):

- (i) copyright in literary, dramatic, musical or artistic works is not infringed if they are reproduced by a teacher or pupil in the course of instruction, otherwise than by use of a duplicating

process, or where they are reproduced as part of questions or answers in an examination (section 41(1));

- (ii) performance of a literary, dramatic or musical work in class, or otherwise in the presence of an audience limited to teachers and pupils, or others directly connected with the activities of a school, is not a public performance (and hence does not infringe) if it is performed in the course of the activities of the school by teachers or pupils (section 41(3));
- (iii) section 41(3) applies to the playing of sound recordings, cinematograph films and television broadcasts in the same manner as it applies to the performance of literary, dramatic, musical or artistic works (section 41(5)).

6.6 In the 1956 Act there is no "fair dealing" in derivative works (i.e. sound recordings, cinematograph films or broadcasts) though they are subject to various exceptions that permit public performance rather than copying. Most significantly, the copyright in the typographic arrangement of the published edition is only subject to the library exceptions in the Copyright (Library) Regulations (section 15). The effect is that, for instance, a person who photocopies passages from a book breaches the copyright in the typographical arrangement of the book, even though fair dealing allows him to copy the content.

6.7 The principle of fair dealing allows conduct which would otherwise be an infringement. To constitute an infringement, there must be a "substantial" taking of part of the work.

6.8 The 1956 Act provides a number of exceptions to allow the Crown to publish copyright material belonging to another person, or to permit access to works in which Crown copyright subsists. The most significant of these exceptions allow:-

- (i) fair dealing in literary, dramatic or musical works for the purposes of research, private study, criticism, review or reporting current events (section 6) and corresponding special exceptions as respects libraries and archives (section 7).
- (ii) reproduction of literary, dramatic or musical works for the purposes of judicial proceedings, or a report of judicial proceedings (section 6(4));
- (iii) the making or supplying to any person of any reproduction of the record where copyright subsists in public records (section 42).

## **(A) - Fair dealing**

### ***The 1988 Act***

6.9 Section 29 of the 1988 Act makes it clear that fair dealing in literary, dramatic, musical or artistic works for research or private study does not infringe copyright in the work, nor does it infringe copyright in the typographical arrangement. The 1988 Act does not attempt to define fair dealing. The fair dealing exception for research or private study does not extend to the old Part II derivative works. No distinction is drawn between private and commercial research.

6.10 Section 3 of the 1988 Act provides that the speaker's literary copyright comes into existence when the speech is recorded, in writing or otherwise, whether or not the work is recorded with the permission of the author. This poses a serious problem to journalists who conduct interviews. The speaker may wish to restrain an unfortunate or embarrassing remark. Section 58 of the 1988 Act attempts to remove this difficulty by creating an exception to the effect that there is no infringement where a direct record of spoken words is used for the purposes of reporting current events or broadcasting. This exception is subject to conditions, the most important of which is that neither the making of the recording nor its subsequent use are forbidden by the speaker in advance.

### ***Recommendations***

6.11 **They recommend that there should not be a statutory definition of fair dealing nor should a distinction be drawn between commercial and non-commercial research for purposes of the fair dealing exception.**

6.12 The Commission believe that the law should allow copying of a reasonable proportion of a printed work. Such an amendment will reduce the danger of an unenforceable law bringing the legal process into disrepute and will recognise an everyday reality. **The Commission therefore recommend that the fair dealing exception should be extended to the published edition.**

6.13 **They further recommend that the fair dealing exception for the purpose of research or private study should be extended to all copyright works. They do not see why the old Part II derivative works should be excluded, since fair dealing does not permit multiple copying.**

6.14 **Similarly, the Commission also recommend the removal of the limits on fair dealing for the purposes of criticism, review or news reporting, so that the exception applies to all copyright works.**

6.15 The Commission think that great care must be taken to ensure in any reforming legislation that freedom of speech and freedom of the press

are fully maintained by clear exceptions. **We take the view that section 58 strikes a fair balance and recommend that the section be adopted in Hong Kong.**

## **(B) - Educational exceptions**

### ***The 1988 Act***

6.16 Section 32, which excepts things done for the purposes of instruction or examination, maintains the prohibition on copying by reprographic means. It extends the exception to the making of copies of sound recordings, films, broadcasts or cable programmes for the purpose of instruction in the making of films or sound-tracks (the "film school" exception). Copies used for any other purpose become infringing copies. Section 32 also extends the material upon which examination may be based to include all copyright material.

6.17 Section 33 permits the inclusion of short excerpts of copyright material in anthologies for educational use. Section 34 allows the performance of literary, dramatic or musical works at an educational establishment before an audience of teachers and pupils without infringement. Section 35 allows a recording of a broadcast or cable programme to be made by or on behalf of an educational establishment. Section 36 allows multiple reprographic copies to be made of passages of copyright works for the purposes of instruction.

### ***Recommendations***

6.18 The Commission think that the 1988 Act's provisions relating to educational exceptions are an improvement on those under the 1956 Act and **recommend the adoption of the educational exceptions in sections 32 to 36 of the 1988 Act, subject to the following modifications and remarks.**

6.19 **The Commission recommend that "educational establishments" should be defined and only those educational establishments run as non-profit-making bodies should be included in the statutory definition.**

6.20 **They also recommend that section 34(3) should be extended to include parents or guardians of a pupil as persons directly connected with the activities of the educational establishment.**

6.21 **The Commission recommend, therefore, that there should be a requirement that any acknowledgements of authorship or other creative input contained in the work recorded is incorporated in the recording made by the educational establishment.**

6.22 **They also recommend that a proviso should be added to**

**section 35(1) to the effect that recording should not be done on behalf of the educational establishment by any person for gain.**

**6.23           The Commission do not propose any change to the 1% quantitative limit on copying under section 36, though they concede it may need to be reviewed in future to suit local circumstances.**

### **(c) - Library copying**

#### ***The 1988 Act***

**6.24           Sections 37 to 44 of the 1988 Act, which relate to libraries and archives represent a development of Hong Kong's existing laws.**

**6.25           The two most important exceptions that permit the copying of articles from periodicals and parts of books by librarians for private research or study are retained in sections 38 and 39 respectively. The most significant change is in section 39 which allows the copying "from a published edition ... of part of a literary, dramatic or musical work". It is available even though the librarian may be aware of the identity of the person authorised to make the copy.**

**6.26           Section 40 empowers the making of regulations to restrict production of multiple copies; to ensure that librarians are not faced with multiple applications for the same material; and to prevent related applications designed to allow the applicant to exceed the exceptions in section 38 and 39.**

**6.27           Section 41 of the 1988 Act, which permits copying by librarians to supply copies to other libraries, is effectively a restatement of the previous section 7(5).**

**6.28           Section 42 applies to prescribed libraries and archives. The librarian or archivist may copy a literary, dramatic or musical work in the permanent collection of the library or archives to preserve or replace an existing copy or replace a damaged or destroyed copy. The section envisages prescribed conditions in regulations which permit such copying where it is not reasonably practical to purchase a copy of the item in question.**

#### ***Recommendations***

**6.29           The Commission recommend the adoption in Hong Kong of provisions similar to those in sections 37 to 43 of the 1988 Act. They believe that these provisions best serve the public interest.**



## **(D) - Copying of articles of cultural or historical importance prior to export**

6.30 Section 44 of the 1988 Act permits a copy of an article of historical importance or interest to be made and deposited in an appropriate library or archives if the article is likely to be lost through sale or export. **The Commission recommend the adoption of section 44, with modification to take account of the fact that Hong Kong has no restrictions on exports similar to those in the United Kingdom.**

## **(E) - Public performance**

### **(a) *Public performance of sound recordings***

6.31 Section 12(7) of the 1956 Act provides an exception where a record is played (a) at residential premises, or (b) as part of the activities of a non-profit club. The 1988 Act removed the exception under (a) as far as hotels are concerned. **The Commission feel that any commercial enterprise running for profit should pay a proper licence fee for the public performance of sound recordings. They therefore recommend that the existing exception in section 12(7)(a) which allows the public performance of sound recordings (but not the underlying works in the sound recordings) should be removed.**

### **(b) *Public showing of broadcast or cable programme***

6.32 Section 14(4)(c) of the 1956 Act makes it a restricted act to cause a television broadcast to be seen or heard in public by a paying audience. Section 72 of the 1988 Act extends the exception for non-paying audiences to cover sound broadcasts and cable programmes. **The Commission take the view that the showing or playing in public of a broadcast or cable programme to an audience who have not paid for admission to the place where the broadcast or programme is to be seen or heard should be a copyright exception. Unlike the position with sound recordings, royalties will already have been paid by the broadcaster or cable operator, who will wish to maximise their audience. The Commission therefore recommend that a provision to the same effect as section 72 of the 1988 Act should be adopted.**

## **(F) - Exceptions necessary for public administration**

6.33 The 1988 Act contains several important exceptions to copyright necessary for the proper administration of government and justice.

- (i) Copyright is not infringed by anything done for the purposes of Parliamentary or judicial proceedings, or reporting such

proceedings, but this shall not be construed as authorising the copying of a published report of the proceedings (section 45).

- (ii) Similarly, copyright is not infringed by anything done for the purposes of a Royal Commission or a statutory inquiry, or for reporting on any such proceedings held in public, but this shall not be construed as authorising the copying of a published report of the proceedings (section 46).
- (iii) Material open to public inspection pursuant to a statutory requirement or on a statutory register (eg a planning application) may be copied if the various conditions under section 47 are met. The Secretary of State may order copies so made available to be marked in such manner as he may specify.
- (iv) Section 48 applies where "literary, dramatic, musical or artistic work has in the course of public business been communicated to the Crown for any purpose, by or with the licence of the copyright owner and a document or other material thing recording or embodying the work is owned by or in the custody or control of the Crown". It may be copied or issued to the public for the purpose for which it was communicated to the Crown, or for any related purpose which could reasonably have been anticipated by the copyright owner.
- (v) Material contained in public records within the meaning of the various Public Records Acts which are open to public inspection may be copied and a copy may be supplied to any person without infringement of copyright (section 49).
- (vi) Where the doing of a particular act is specifically authorised by an Act of Parliament whenever passed then, unless the Act provides otherwise, the doing of the act does not infringe copyright (section 50).

### ***Recommendations***

6.34 The Commission consider the exceptions in the 1988 Act to assist public administration to be a considerable improvement and **recommend that sections 47 and 48 of the 1988 Act be adopted.**

## **7. MORAL RIGHTS**

### ***The present law***

7.1 In Hong Kong, moral rights are at present protected by the 1956 Act, which contains remedies in section 43 regarding false attribution of authorship, and to some extent by the law of contract, passing off and

defamation. One of the changes introduced by the Paris Act of Berne was to extend the duration of moral rights beyond the lifetime of the author to the same period as economic rights (i.e. the life of the author plus 50 years). In these circumstances it is clear that the existing laws are not sufficient, in particular because defamation is only available during the author's lifetime. To remove any doubts concerning the provision for moral rights in the domestic law the United Kingdom makes express provision for their protection in Chapter IV of the 1988 Act.

### ***The 1988 Act***

7.2            *The right to be identified as the author or director*    The author of a copyright literary, dramatic, musical or artistic work, and the director of a copyright film has the right to be identified as the author or director (section 77), but this right is not infringed unless the author or director has asserted it in accordance with section 78.

7.3            *The right to object to derogatory treatment of a work*    Section 80 gives the author of a copyright literary, dramatic, musical or artistic work, and the director of a copyright film, the right not to have his work subjected to "derogatory treatment". That is treatment which "amounts to distortion or mutilation of the work or is otherwise prejudicial to the honour or reputation of the author or director".

### ***Recommendations***

7.4            **The Commission believe that the provisions of the 1988 Act have struck a fair balance among the various competing interests and recommend that these provisions be adopted in Hong Kong.**

## **8. COLLECTIVE ADMINISTRATION OF RIGHTS AND DISPUTE SETTLEMENT**

### ***(A) - Collective administration of rights***

8.1            "Collective administration of rights" refers to the administration of the rights of copyright owners by collecting societies. The rationale for collective administration of rights is to be found in economies of scale: it is too difficult for an individual copyright owner to enforce his rights against all potential users or for users to obtain the required permission from copyright holders and this is far more efficiently and effectively achieved by a collecting society which acts for him with respect to authorization of use and the collection of royalties. The collecting societies issue licences to prospective licensees, enforce the rights of their members by legal action and distribute the royalties collected back to the copyright owners after deducting the necessary costs of administration.

## ***Recommendations***

8.2 A number of collecting societies already operate in Hong Kong but there is no regulation of their conduct. While the evidence available to the Commission did not suggest widespread abuse or overcharging, the Commission nevertheless feel that there is a need for a regulatory framework to be established for the collecting societies. The Commission did not think it part of their brief to draft the precise contents of the scheme of control but instead identified a number of elements which they felt should be included. They recommended that the statutory controls should apply to all collecting societies, both existing and future.

8.3 **The Commission think that a combination of statutory implied indemnity and statutory limited damages would be the most effective approach in Hong Kong to collective licensing, especially in relation to the licensing of reprographic copying. This could limit by law the amount of damages a non-society member might claim against the society for wrongful exploitation of his work. The Commission concluded that this approach was not contrary to international copyright standards.**

8.4 **In the United Kingdom, section 136 of the 1988 Act provides for an implied indemnity in certain schemes and licences for reprographic copying. It applies to schemes or licences which do not specify the works to which they apply "with such particularity as to enable licensees to determine whether a work falls within the scheme or licence by inspection of the scheme or licence and the work." An indemnity is implied in favour of the licensee "against any liability incurred by him by reason of his having infringed copyright by making or authorising the making of reprographic copies of a work in circumstances within the apparent scope of the licence." The Commission agree with this the adoption of section 136 of the 1988 Act, subject to a modification as to the maximum damages which may be recovered by a non-member of a collecting society to the amount the author would receive if he joined the collecting society.**

## **(B) - Dispute settlement**

### ***The present law***

8.5 Sections 23 to 30 of the 1956 Act provide for the establishment of a standing Tribunal, called the Performing Right Tribunal, to decide disputes between collecting societies and prospective copyright users of controlled works. The provisions of the 1956 Act, with certain modifications and exceptions, have been extended to Hong Kong by the Copyright (Hong Kong) Orders 1972 to 1990. The rules regulating the procedure for making references and applications to the PART, and the proceedings before the PART, are provided under the Copyright (Performing Right Tribunal) Rules

1979.

### ***The 1988 Act***

8.6 The 1988 Act provides the statutory framework for collecting societies in a number of areas and also widens the jurisdiction of the Performing Right Tribunal (renamed the Copyright Tribunal) to oversee the proper administration of licensing schemes.

8.7 The Copyright Tribunal has jurisdiction over two main classes of case: licensing schemes under sections 117 to 123 and licences granted by licensing bodies under sections 124 to 128. The Tribunal can confirm or vary the licensing scheme, whichever it determines "to be reasonable in the circumstances". The Act sets out criteria for reasonableness in section 129, but there is a general obligation to have regard to all relevant considerations. Disputes between the collecting society and users can be referred to the Tribunal on a number of grounds.

### ***Recommendations***

8.8 **The Commission recommend the extension of the Performing Right Tribunal's jurisdiction along the lines of the 1988 Act. They also favour express provisions empowering the Copyright Tribunal to award interim payment in favour of the licensing body and to restrict the licensing body's liberty to apply for an interlocutory injunction against the licensee, potential or actual, pending final determination of the reference by the tribunal.**

8.9 **The Tribunal should have unlimited jurisdiction to award costs but it should have the discretionary power not to award costs in special circumstances.**

8.10 **The Copyright Tribunal Rules 1989, with necessary modifications, should be adopted in Hong Kong.**

8.11 **The Commission recommend that the composition of the Copyright Tribunal should consist of a legally qualified Chairman or President, assisted by a number of lay assessors from the copyright field as members. Members of the Tribunal who do not hold public office should be properly remunerated.**

## **9. MECHANICAL RIGHTS AND THE STATUTORY RECORDING LICENCE**

9.1 "Mechanical rights" are the rights of copyright owners to make or to authorise the making of records embodying their works. The "statutory recording licence" ("SAL") is a form of statutory licence enabling new

recordings to be made in Hong Kong of a musical work together with the accompanying literary or dramatic work in the form of words sung or spoken incidentally to or in association with the music, all of such works having previously been recorded for sale in Hong Kong, subject to payment of a statutory royalty.

### ***Recommendations***

9.2           The Commission argue that, while the number of cases that use the SAL procedure might be small, it appears that there is overall support for retention of the SAL. They believe that there is a continuing need to encourage the growth of the local recording industry and **recommend that the SAL scheme should be retained in Hong Kong.**

9.3           **The scope of the SAL scheme should be clarified so as to exclude its application from the manufacture of recordings of audio-visual works and karaoke discs.**

9.4           The Commission considered the possibility of a compulsory right to translation or lyric substitution to promote the creation of Cantonese popular songs and **recommend that the new legislation should make it plain that the SAL scheme only covers records in which the same music and lyrics are used in association.**

9.5           **The Commission recommend that no formalities should be required of the music copyright owner before he becomes entitled to claim royalties. A significant advantage of the present regime of copyright protection is its lack of formalities. It is also a legal principle which has been internationally recognised.**

9.6           **The Commission recommend that the Copyright Tribunal should be vested with the power to review the statutory royalty and to make recommendations to the Legislative Council on the appropriate level of royalty. It would be for the Legislative Council to set the statutory royalty by resolution, taking into account the public interest.**

## **10. PRIVATE COPYING OF AUDIO AND VISUAL WORKS**

### ***The present law***

10.1           It is an infringing act under the 1956 Act to reproduce literary, dramatic, musical or artistic copyright works in any material form, and it is also an infringing act to make a record embodying a sound recording or to make a copy of a film. As to sound and television broadcasts, it is an infringing act to make a sound recording or a cinematograph film of a broadcast (or a record embodying such a recording or a copy of such a film) otherwise than for private purposes (section 14(4)). The private purposes exception extends only to the copyright in the broadcast and not to copyright material contained

in the broadcast. There is no exception for domestic copying of a television broadcast to be viewed by the person making the copy at a more convenient time, a practice known as "time shifting."

### ***The 1988 Act***

10.2 The idea of introducing a blank tape levy to ensure that copyright owners received some recompense for the copying of their work was rejected by the UK Government. The 1988 Act did make provision, in section 70, to allow "time shifting".

### ***Recommendations***

10.3 While the Commission are sympathetic to the difficulties faced by copyright owners, they do not believe that those difficulties justify the introduction of a scheme which would unfairly penalise the innocent user of blank tapes who did not engage in the copying of copyright material. In their view it would be wholly wrong to impose a levy on all users merely to ensure that the guilty were caught. The most compelling argument against a levy is that it works rough justice. The Commission therefore reject the idea of a blank tape levy but recommend that a provision in similar terms to section 70 of the 1988 Act be adopted in Hong Kong. This would permit "time shifting".

## **11. BROADCASTING, SATELLITE BROADCASTING AND CABLE DIFFUSION**

### ***The present law***

11.1 The present law grants ownership of copyright in sound and television broadcasts to specific authorised broadcasters. The copyright in a broadcast is additional to and independent of the copyright in the works from which it is wholly or partly derived.

11.2 Broadcasting a work (or in the case of an artistic work including the work in a television broadcast) is a restricted act requiring the authorization of the owner of the copyright in the literary, dramatic, musical and artistic work in question. The same is the case for broadcasts of sound recordings and cinematograph films, and the re-broadcasting of sound or television broadcasts. Essentially, "broadcasting" in the context of copyright protection means the emission of messages intended for general reception by electromagnetic energy otherwise than by wires.

### ***The 1988 Act***

11.3 Section 6(1) of the 1988 Act defines "broadcast" as:

*"a transmission by wireless telegraphy of visual images, sounds or other information which -*

- (a) is capable of being lawfully received by members of the public, or*
- (b) is transmitted for presentation to members of the public;*

*and references to broadcasting shall be construed accordingly. "*

**11.4 The Commission do not recommend any modification of section 6(1).**

**11.5 As far as encrypted transmissions are concerned, the Commission recommend that an unencrypted programme signal should be presumed to be intended for general reception, unless the programme originator or its agent or its licensee have declared publicly and notified the Broadcasting Authority that (i) the programme is not intended for general reception and (ii) it will charge a fee for the right to view the programme in Hong Kong.**

**11.6 Section 7(1) of the 1988 Act defines "cable programme service" as a service wholly or mainly for sending visual images, sound or other information otherwise than by wireless telegraphy.**

**11.7 The Commission recommend that the definition sections 6(1) and 7(1) of the 1988 Act should be modified by using the expression "unguided transmission" for wireless telegraphy and "guided transmission" for cable. The Commission do not favour drawing any distinction between business and residential property.**

**11.8 In relation to restricted acts, the Commission think that it is contrary to general copyright principles to make the unauthorized reception of signals a copyright infringement. They believe, however that copyright owners should have a statutory remedy in cases where their subscription broadcasting programmes or cable programme services have been dishonestly received. They therefore recommend that a statutory remedy should be created against the dishonest reception of subscription broadcasting programme or cable programme services so as to protect the copyright owners under such circumstances.**

**11.9 The Commission favour the "must carry" requirement for both unguided transmissions and guided transmissions (cable diffusion, etc) on the grounds that the simultaneous, unaltered and complete re-transmission within the service area is but a part of the original broadcast. Copyright owners do not suffer in financial terms since the "must carry" requirement will not generate any new audience and**



therefore they should not be entitled to double royalties in respect of what is essentially the same communication to the public. The Commission recommend that provisions similar to sections 73(1), (2)(a) and (3)(a) of the 1988 Act.

11.10        Given Hong Kong's small size and dense population, the Commission do not recommend the adoption of the "in area" exception, with the proviso that adequate provision should be made for re-transmission to cover tunnels and certain remote areas currently covered by private transposers.

11.11        The Commission feel that the fraudulent reception of a transmission should be a criminal offence. In relation to the supply of apparatus or the publication of information for unauthorised reception of a transmission, they take the view that civil rights and remedies against the person should be sufficient. The Commission recommend that section 297 (Offence of fraudulently receiving programmes) and section 298 (Rights and remedies in respect of apparatus, etc, for unauthorised reception of transmissions) should be adopted in their totality.

11.12        The Commission agree that foreign broadcasting organisations (ie organisations other than those which have some link with Hong Kong) should be protected under the copyright law in Hong Kong and recommend that copyright protection should be granted on a reciprocity or treaty basis. They also recommend that the rights and duties under the Rome Convention should be extended to apply to Hong Kong so that the scope of mutual copyright protection of broadcasting organisations between Hong Kong and other parties to the Convention can be extended to the international level.

11.13        The Commission recommend that an appropriate authority to monitor broadcasting copyright infringement should be identified. Whatever authority is chosen for the task of monitoring infringement should be given adequate resources to fulfil its functions satisfactorily.

## **12. PERFORMERS' PROTECTION**

12.1        "Performers' protection" means the legal remedies available to deter the unauthorised recording or filming of performances of literary, dramatic or musical works or performances by variety artists. Hong Kong at present has no body of law specifically available to protect performers, though such legislation has been in existence in the United Kingdom for many years.

12.2        Such protection grew out of a need to deter or take action against the making and dealing in illicit recordings of live performances, commonly known as "bootleg" recordings.

12.3        Part II of the 1988 Act provides a performer with protection

against the unauthorised recording of a performance, or unauthorised transmission of a live performance. There is an exception for recordings for private or domestic purposes.

12.4 The Commission consider that it is necessary to go beyond the mere provision of criminal remedies for unauthorised recording or dealing in such recordings. The performer should be given the exclusive right to control fixation of his or her performance.

12.5 **The Commission recommend that Part II (Rights in Performances) of the 1988 Act be adopted, subject to such technical modifications as may be necessary.**

### **13. COMPUTER PROGRAMS AND DATABASES**

#### ***The present law***

13.1 The Copyright (Computer Software) (Amendment) Act 1985 was extended to Hong Kong on 1 February 1988 by Order in Council. The effects of the 1985 Act in Hong Kong are threefold

- (a) to make it clear that computer programs attract copyright protection;
- (b) to establish that a work created directly in a computer (e.g. by typing in from the keyboard without its first having been written on paper) attracts copyright protection; and
- (c) to make it clear that storing a work in a computer is a form of reproduction requiring the copyright owner's consent.

#### ***Recommendations***

13.2 **The Commission recommend that original computer programs should continue to attract copyright protection as literary works, and computer programs and other works created in any medium should be protected at creation.**

13.3 **The Commission consider whether there should be a definition for "computer program" but concluded that there is no compelling reason to depart from the United Kingdom in this respect and therefore recommend that "computer program" should not be defined.**

13.4 **On the question of originality, the Commission think it unwise to put a gloss on the word "original" for computer programs and recommend that there should be no express modification or explanation of originality as it relates to computer programs.**

**13.5** As to the extent of protection, the Commission recommend that the extent of the protection for original computer programs be left to be determined by the courts employing established copyright principles. No specific protection should be given for "look and feel".

**13.6** The Commission recommend that no express provision be made for compulsory licensing to permit the copying of part of the operating system of a computer to facilitate the development of applications software.

**13.7** In relation to adaptation, the Commission recommend that the relevant provisions of the 1988 Act be adopted in Hong Kong. A limited right to decompilation would in the Commission's view be tantamount to creating another exception to infringement and they do not recommend any such limited right.

**13.8** The Commission take the view that provisions to sanction improvement or repair are already implied in the contract of sale and recommend that no such express provisions should be provided.

**13.9** The Commission conclude that Hong Kong should not follow the 1988 Act in respect of loading or using a computer program or making back-up copies. Instead, they recommend a provision similar to section 39 of the Singapore Copyright Act 1987 which permits copying or adaptation as an essential step in the utilisation of the computer program with a machine. They also agree with the Singapore Act's approach on back-up copies and recommend that the making of back-up copies should be permitted. That right should only be capable of exclusion by express terms in the contract of sale. The right should be modified to exclude back-up copies where the program is not fixed into a medium which is easily destroyed. In that case, the necessity of allowing back-up copies no longer arises.

**13.10** The Commission believe that a more even balance between the interests of software producers and purchasers can be achieved by:

- (a)** making it an infringement, unless licensed by the producer, for a program to be copied in order to enable it to be used simultaneously on more than one computer or workstation (where several workstations are linked by network); and
- (b)** making it an exception to the prohibition at (a) for the program to be copied by an individual purchaser who installs it onto more than one computer ordinarily used by that purchaser personally and where, in the ordinary course of events, only one of the machines is expected to be in use at any one time.

**13.11** The Commission believe that copying necessary to operate

the program would not be prohibited by the terms of section 17(6) as the effect of such a prohibition would be to render the software unusable for the purpose for which it was sold. An alternative to put the matter beyond doubt might be to adopt a provision similar to clause 17(7) of the original Bill in the United Kingdom specifying that copying necessary for the purpose of operating a computer program on one machine at one time did not amount to an infringement of section 17(6).

13.12 The Commission think the period of protection for computer programs and computer generated works should be in line with that for other literary works and recommend no change in the existing duration of protection of the author's life plus 50 years.

13.13 On authorship and ownership of computer generated works, the Commission recommend the adoption of sections 9(3) and 178 of the 1988 Act. They think it sensible that the rights in computer generated work should fall to the program user rather than the program maker. It is the application of the former's abilities to the program which results in the computer generated result.

13.14 The Commission recommend that there should not be any special category of copyright work for electronic databases. These should continue to be protected as original literary works. They further recommend that the 1988 Act should be followed in its protection of databases to the extent that they receive protection upon creation in any medium and protection against being copied by electronic means in any medium. Broadcast or networked databases should be protected as broadcasts or cable programme services.

## **14. HONG KONG GOVERNMENT AND LEGISLATIVE COUNCIL COPYRIGHT**

### ***The present law***

14.1 The term "Crown copyright" is used to describe the copyright applying to works generated by the machinery of government and administration under Hong Kong's existing law.

14.2 Section 39 of the 1956 Act provides that the Crown is entitled in the first instance, setting aside the rights arising from publication, to the copyright in every original literary, dramatic, musical or artistic work and in every sound recording or cinematographic film "made by or under the direction or control of Her Majesty or a Government department", unless there is an agreement to the contrary. For the purposes of section 39, "Government department" means any department of Her Majesty's Government in the United Kingdom or of the Government of Northern Ireland, or "any department or agency of the Government of any other country to which [section 39] extends," which includes Hong Kong.

### ***The 1988 Act***

14.3 The 1988 Act cuts back the wide terms under which Crown copyright material is created, placing the Crown in a position much closer to that of an ordinary person. The 1988 Act draws a novel distinction between Crown and Parliamentary copyright. The distinction was introduced as an expression of Parliament's independence from the Crown and to give Parliament more direct control of the reports of its own proceedings in the light of sound and television broadcasting.

### ***Recommendations***

14.4 The Commission recommend that the relevant provisions of the 1988 Act on Crown and Parliamentary copyright should be adopted in Hong Kong but with technical modifications to suit the local circumstances. The terms "Crown" and "parliamentary" copyright used in the United Kingdom should be replaced in Hong Kong by "Hong Kong Government" and "Legislative Council" copyright.

## **15. TYPEFACES**

### ***The present law***

15.1 The present position in Hong Kong is that although an individual character may attract protection under existing copyright law or may be registered as a design, the set as such is not registrable under the Registered Designs Act 1949, and probably does not qualify for copyright protection.

15.2 The Commission considered providing special protection for Chinese characters but concluded that the definition of typefaces under section 178 of the 1988 Act was sufficiently broad to include Chinese characters.

15.3 The Commission favour the application to Hong Kong of the Vienna Agreement (upon the United Kingdom's ratification of the Agreement) so that locally designed typefaces can be protected in other member countries and territories of the Agreement on the basis of reciprocity.

## **16. FOLKLORE**

16.1 Folklore, for copyright purposes, is an unpublished work where the identity of the author is unknown, but where there is every reason to believe that the author is the national of a particular country. There is at present no statutory provision which directly provides for the protection of

folklore in Hong Kong.

16.2 Article 15(4) of the Berne Convention places an obligation upon member states to protect folklore as a special category of anonymous and unpublished works of other member states.

16.3 **Since the Berne Convention requires the protection of folklore, the Commission think it right that Hong Kong should introduce appropriate legislative provisions and recommend the adoption of a regime similar to that in the United Kingdom under the 1988 Act.**

## **17. COPYRIGHT IN DESIGNS, REGISTERED DESIGNS AND DESIGN RIGHTS**

### ***The present law***

17.1 The central features of Hong Kong's design law are the 1949 Act which gives protection to designs by registration, and the 1956 Act in the form in which it was extended to Hong Kong in 1972, which gives protection to designs without requiring the formalities of registration. Registration of a design in the United Kingdom is effective to protect the design in Hong Kong by virtue of the United Kingdom Designs (Protection) Ordinance (Cap 44). Section 2 of that Ordinance grants to the proprietor of a design registered in the United Kingdom the same privileges and rights as though the certificate of registration had been issued with an extension to Hong Kong. Registration confers on the proprietor for a period of 15 years a number of exclusive rights over the design (or a design not substantially different from it).

17.2 Whilst a purely functional object is not registrable and not protectable as a registered design, it may nevertheless be entitled to copyright protection (as the test for originality is a low one) and, somewhat surprisingly, for a much longer period of protection than a novel and aesthetic design which *is* capable of registration. Under the 1956 Act (as amended by the 1968 Act) as extended to Hong Kong, the present position is broadly as follows:

- (i) pre-1973 registrable designs (if intended to be applied industrially) attract no copyright protection;
- (ii) post-1972 registrable designs attract copyright protection for 15 years from the date of their industrial application and subsequent sale or hire or offer for sale or hire in Hong Kong or elsewhere;
- (iii) unregistrable designs attract copyright protection for the life of the author plus 50 years.

### ***The 1988 Act***

17.3 The 1988 Act introduced radical changes to the way in which designs are protected in the United Kingdom. In particular, it has created a new concept of "design right" alongside the concepts of registered designs and artistic copyright.

17.4 This is a wholly new intellectual property right. The right arises automatically without the need for registration when a design is recorded or an article is made to the design. The right subsists in original (not commonplace) designs consisting of the shape or configuration (whether internal or external) of the whole or part of an article. The right lasts for 10 years from first marketing or a maximum of 15 years from the creation of the design. The right is a right against copying and there are licensing provisions.

### ***Recommendations***

17.5 The Commission feel that the central feature of Hong Kong's design protection regime should be a registry that grants certificates to proprietors of innovative designs and is accessible to public search.

17.6 They conclude that establishing a Hong Kong Industrial Design Registry without examination capability (ie a deposit or re-registration registry) in order to save cost would not be desirable and recommend that the ideal legal institution for registering industrial designs in Hong Kong should be an Industrial Design Registry with examination capability. There should be some saving in costs by establishing such a registry alongside other related registries. In addition, once established any such registry should be self-financing through user fees.

17.7 In order to maintain continuity of the present regime post 1997, the Commission recommend that the United Kingdom Design Registry database should be transplanted to Hong Kong. The novelty requirement should be restricted to local novelty, an approach which mirrors that in the 1949 Act in the United Kingdom.

17.8 The Commission recommend adopting the design right provisions of the 1988 Act, subject to an expansion of the jurisdiction of the Copyright Tribunal in relation to disputes regarding licences of right under the design right regime. By doing so, Hong Kong could continue to benefit from development of the common law in the United Kingdom.

17.9 The Commission think that the proposed Copyright Tribunal should have extended jurisdiction to settle design right disputes even at first instance. They therefore recommend that section 237 should be retained, subject to the minor modification that the Copyright Tribunal would be the appropriate institution in Hong Kong to

monitor the operation of the section.

## **18. IMPORTATION AND RENTAL RIGHTS**

### **(A) - Importation**

#### ***The present law***

18.1 Under section 16(2) of the 1956 Act, importation is restricted otherwise than for private or domestic use. The copyright is infringed by any person who, without the licence of the owner of the copyright, imports (which includes goods in transit) the article into Hong Kong, if he knows the making of the article was an infringement of that copyright, or would have been an infringement if the article had been made in the place into which it is imported. It should be noted that this not only prohibits the importation of goods which are counterfeit copies, commonly referred to as "pirate copies", but also copies lawfully manufactured elsewhere, commonly known as "parallel imports".

#### ***The 1988 Act***

18.2 Importation of an infringing copy remains a restricted act (section 22), as does possession in the course of a business or other dealings (section 23).

#### ***Recommendations***

18.3 The decisive factor in the Commission's deliberations was the international copyright framework within which Hong Kong must operate. The existing restriction on parallel imports is in conformity with the copyright law of many countries with which Hong Kong has an ongoing trade. There have undoubtedly been moves in some jurisdictions to modify or remove the parallel imports prohibition, and the Commission are in no doubt that the present restriction acts to the consumer's detriment in many cases. Nevertheless, they take the view that, unless there are compelling reasons to the contrary, Hong Kong should follow the international copyright standards. Those standards in general favour continued regulation of parallel imports.

18.4 **The Commission accordingly recommend that parallel importation of copyright articles should be subject to continued regulation. At the same time, they express their concern that the present regime frequently results in the consumer paying prices higher than would otherwise be the case. They note in this regard in particular the cost of books in Hong Kong as compared with, for instance, the United States and believe that, in a free trade environment such as Hong Kong's, this is an issue that deserves attention.**



18.5           The Commission believe that criminal sanctions should not apply to parallel imports. They also rejected the suggestion that certain types of works, such as computer software and books should be deregulated.

18.6           In view of the recent decision in *Mattel Inc v. Tonka Corporation* (HCA No. 1918/91) that the meaning of "import" includes goods in transit, the Commission recommend that any new copyright legislation should make it clear that "import" does not include goods in transit. By "goods in transit" is meant goods genuinely passing through Hong Kong and the term should be extend to goods off-loaded and transferred to a go-down for export from Hong Kong at an indeterminate future date. As to how the definition of "import" is framed, the Commission are content to leave that as a matter for decision by the Government. They add that their recommendation applies only to parallel imports: where pirated goods are concerned, we believe that even goods in transit should be subject to seizure.

## **(B) - Rental rights**

### ***The present law***

18.7           What is meant by the term "rental right" is not the right to rent but the right of a copyright owner to prohibit the purchaser of his product from renting it out. Hong Kong's law provides no statutory prohibition on the rental of copyright works but it is possible to restrict rental by contract in the terms of sale of the particular work, though this contractual right will not extend to third parties if the same work is subsequently sold without restriction.

### ***Recommendations***

18.8           The Commission think it right that rental rights should be introduced in Hong Kong to ensure that Hong Kong's copyright law remains in tune with international standards. **They therefore recommend that rental rights should be introduced in relation to sound recordings, films and computer software.**

18.9           Section 66 of the 1988 Act in the United Kingdom provides that the Secretary of State may provide by order that "the rental to the public of copies of sound recordings, films or computer programs shall be treated as licensed by the copyright owner subject only to the payment of such reasonable royalty or other payment as may be agreed". **The Commission think that this is a useful device to ensure that the creation of a new rental right does not lead to that right being exercised to impose a total ban on all rentals and recommend that a provision in similar terms to section 66 be incorporated in our legislation.** The effect would be to enable the government to intervene in appropriate cases to reduce the rental right of the owner to a right of equitable remuneration.

18.10 In relation to computer software, the Commission recommend that the hiring of a computer program should be a restricted act, but only where the program passes from the possession of the hirer. They further recommend that, in order to simplify the administration of the new rental right, the exercise of the right should rest with the producers while authors of the underlying works should be able to share in any rental royalties.

18.11 The Commission recommend an unrestricted right to rent copies which were bought before the introduction of a rental right in Hong Kong.

## **19. REMEDIES**

### **(A) - Civil remedies**

19.1 *Conversion damages* In the Commission's view, conversion damages are an unsatisfactory means of enforcing the copyright owner's rights in his work. They do not relate to the measure of loss caused by the infringer and seem to be a harsh and undesirable remedy. The Commission would prefer to see the question of damages left to the court to assess in each case in the light of the particular circumstances and are reinforced in this view by the fact that the court already has the power to award additional damages having regard to the flagrancy of the infringement which should ensure that adequate compensation is given for copyright infringement, and that prospective infringers are adequately deterred. In the circumstances, the Commission have no hesitation in recommending that conversion damages should be abolished.

19.2 *Delivery up* As to a discretion in the court to order delivery up, the Commission recommend that delivery up should be a discretionary remedy, exercisable in a similar fashion to that provided by the 1988 Act in the United Kingdom.

19.3 *Seizure of infringing copies* Section 100 of the 1988 Act would permit, for instance, the seizure of infringing copies from hawkers without a court order. In the Commission's view problems exist with such remedies and they **therefore recommend that section 100 of the 1988 Act should not be adopted.**

19.4 *Disclosure of information* The Commission conclude that there is nothing wrong in principle with Customs and Excise divulging information about the wrongdoer to the copyright owner in order that civil action can be taken in a timely manner. On the other hand, they would not wish such disclosure to be to the detriment of any enforcement action. They therefore recommend that the Commissioner of Customs and Excise should have a discretion as to whether to assist

or not.

19.5            *Joinder*            The Commission recommend the retention of the present rules that require the exclusive licensee to seek joinder of the copyright owner as a plaintiff or a defendant.

## **(B) - Criminal remedies**

### ***The present law***

19.6            Section 21 of the 1956 Act provides a wide range of summary offences prohibiting, inter alia, manufacture for sale or hire, sale, or offering for sale, or importing other than for private and domestic use) an article which the defendant knows to be an infringing copy. Section 5 of the Ordinance creates offences in connection with infringing copies, without prejudice to section 21 of the 1956 Act. Any person who for the purposes of trade or business has any infringing copy of a work or other subject matter in which copyright subsists under the Act or the Ordinance, shall, unless he proves to the satisfaction of the court that he did not know and had no reason to believe that it was an infringing copy of any such work or other subject matter, be guilty of an offence (section 5(1)).

### ***Recommendations***

19.7            The Commission think that, as a matter of legal policy, the remedies provisions should generally apply to all works and that computer software should not be subject to a different regime. For reasons of consistency, they conclude that it would be desirable to adopt all the relevant provisions of the 1988 Act and to repeal the existing offence provisions under the Copyright Ordinance, instead of adopting some United Kingdom provisions while retaining parts of the existing Hong Kong provisions.

19.8            The Commission recommend that the offence provisions (sections 107-110) of the 1988 Act should be adopted in Hong Kong. They recommend that in adopting section 107(2)(a), the words "specifically designed or adapted for making copies of a particular copyright work" are to be deleted.

19.9            The Commission recommend an increase in the level of maximum fines to take account of inflation. They also recommend a second tier of higher penalties for second or subsequent offences. Such a second tier could operate where two or more offences are committed within a specified time of each other. The Commission recommend that the Commissioner of Customs and Excise should be authorised at any time to release goods seized to the person who appears to be the owner.

19.10            **The Commission think it right that an indemnity should be given by the copyright owner where he or his agents have advised the Customs & Excise Department that the goods seized are infringing.**

### **(C) - Statutory presumptions**

19.11            Section 20 of the 1956 Act provides a variety of presumptions available to assist in the proof of facts in copyright actions. Section 20(1) establishes presumptions dealing with:

- (i)        the subsistence of copyright in a work; and
- (ii)       the plaintiff's ownership of that copyright.

19.12            Sections 104 to 106 of the 1988 Act broadly follow the provisions contained in section 20 of the 1956 Act. The presumptions under the 1988 Act do not apply to criminal proceedings under section 107 (section 107(6)).

19.13            New presumptions are added in section 105(2) and (3) of the 1988 Act concerning films and computer programs. Section 105(2) permits presumptions where copies of a film are issued to the public bearing the name of the author or director, naming the owner of the copyright at the date of issue and recording that the film was first published in a specified year or country. Until the contrary is proved this information is presumed correct. Section 105(3) gives the benefit of a similar presumption to computer programs issued to the public in electronic form bearing a statement that a named person was the owner of the copyright at the date of issue of the copies, and that the program was first published in a specified country or that copies were first issued to the public in electronic form in a specified year. In the 1988 Act the presumptions are only available in civil proceedings.

### ***Recommendations***

19.14            **The Commission think that the presumption provisions in the 1988 Act will facilitate the administration of justice and recommend the adoption of the relevant provisions without modifications.**

### ***Section 9 of the Copyright Ordinance (Cap 39)***

19.15            Section 9 provides a convenient means to establish subsistence and ownership of copyright in the courts. It allows the copyright owner to provide the court with an affidavit rather than having to appear personally in court.

## **Recommendations**

19.16        The Commission accept that the section 9 presumption is an important tool for those prosecuting criminal breaches of copyright. They are satisfied that the presumption should continue to operate in criminal proceedings, subject to such modifications as may be necessary to ensure compliance with the Bill of Rights Ordinance. They agree that the section 9 presumption should not apply to civil proceedings.

19.17        The Commission recommend that an affidavit under section 9 should be admitted as *prima facie* evidence of the truth of its contents, subject to a discretion in the court to require the attendance of the witness where the defendant successfully persuades the court that the ownership or subsistence of the copyright is genuinely in issue.

19.18        They recommend that section 9 should be redrafted to provide that: -

- (1)    the copyright owner should in the first instance provide an affidavit dealing only with facts within the knowledge of the deponent and which are relevant to prove the existence of ownership of the relevant copyright, such as the making of the copyright work, the pre-existence of other material from which the copyright work may or may not have been derived, the existence of assignments (provided they are exhibited), etc;
- (2)    those statements should be admissible, and the presumption of veracity in section 9(2)(a) should apply, but only where notice is given that it is intended to rely on affidavit evidence and no demand has been made by the defendant to produce the witness in court;
- (3)    the right to proceed under section 9 should be exercised well in advance so that it is possible, if necessary, to give adequate notice to attend to copyright owners resident abroad;
- (4)    in appropriate cases, the court should be asked to award costs against the defendant where the defendant has not agreed to affidavit evidence and is subsequently convicted; and
- (5)    in the case of computer software, a disk containing a true copy of the computer program will suffice as a copy of the work if it is exhibited to the affidavit.

The end result of these changes would render section 9 compatible with the Bill of Rights. The effect of the revised section would be similar to section

65B of the Criminal Procedure Ordinance (Cap 221), which allows evidence to be admitted by agreed statements. The difference would remain that section 9 statements must be made on oath, unlike those under section 65B of Cap 221.