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SUBMISSIONS ON THE COPYRIGHT (AMENDMENT) BILL (THE “BILL”) 2004

ATMD as a law firm that advises clients in the intellectual property industry has an interest in ensuring that the rights of copyright owners are adequately safeguarded. We have reviewed the draft Copyright (Amendment) Bill 2004 and we are pleased to submit our comments below.

Summary

The submissions deal with the following 5 issues

1. Statutory damages

The Bill introduces statutory damages into Singapore copyright law for the first time and ATMD welcomes this introduction. However, we believe that the statutory damages provided in the Bill are not set at a sufficiently high level so as to act as a deterrent as is necessary.

2. Penalties for rights management information offence

The penalties for the offence of removal/ alteration of rights management information for commercial gain in the proposed Clause 52 of the Bill, which amends Section 260 of the Copyright Act should be increased.

3. Digital libraries

Clause 16 of the Bill which amends Section 45 of the Copyright Act relating to copying by libraries and archives for users should be re-considered as it is not required pursuant to the FTA and may have unwanted consequences.

4. Fair dealing and exceptions

The new fair dealing provisions should not take into account the possibility of obtaining the work at a reasonable price and within a reasonable time. In addition an amendment to Section 51 on multiple copying should be considered.

5. Willful copyright piracy

The provisions making willful copyright piracy an offence under the new Section 136(3A) should not require proof of both substantial prejudicial impact on the copyright owner and commercial scale.

1. Statutory Damages

In accordance with Clause 28 of the Bill, Section 119(2) of the Copyright Act would be amended to:

‘Subject to the provisions of this Act, in an action for an infringement of copyright, the types of relief that the court may grant include the following:

- (a) an injunction (subject to such terms, if any, as the court thinks fit);
- (b) damages;
- (c) an account of profits;
- (d) where the plaintiff elects for an award of statutory damages in lieu of damages or an account of profits, statutory damages of-
 - (i) not more than \$10,000 for each work or subject matter in respect of which the copyright has been infringed; or
 - (ii) not more than \$100,000 in respect of each action, whichever is lower.’

Under the current Trade Marks Act, which has been amended to fulfill Singapore’s FTA obligations, the plaintiff may elect to claim statutory damages:

- (1) not exceeding \$100,000 for each type of goods or service in relation to which the counterfeit trade mark has been used; and
- (2) not exceeding in the aggregate \$1 million, unless the plaintiff proves that his actual loss from such infringement exceeds \$1 million.

The introduction of statutory damages is intended to act as a deterrent to infringement and to remove the uncertainty of proving damages by mandating the payment of damages where copyright infringement is proved irrespective of the loss suffered by the copyright owner. For this reason, it is necessary that the Bill provide a minimum amount of damages payable as otherwise an amount as low as S\$1 may be awarded as damages. For the sake of consistency, the statutory damages provided in the Bill should not be drastically lower than that under the Trade Marks Act. Further, the maximum level of damages provided for must be sufficiently high to act as a deterrent, particularly in cases of willful infringement. We have therefore proposed adopting the US approach of a two-tier approach to the maximum damages payable. Finally, we urge the removal of the cap on damages based on each action as this will disadvantage copyright owners with many works and there does not appear to be any basis for doing so. Where a large number of works is involved, the copyright owner should be entitled to damages commensurate with the losses.

We therefore propose that Section 119(2)(d) be amended as follows:

where the plaintiff elects for an award of statutory damages in lieu of damages or an account of profits, statutory damages of –

- (i) at least \$1500 but not more than \$20,000 for work or subject-matter infringed ;
- or
- (ii) not more than \$100,000 for each work or subject-matter infringed where the defendant knew or ought reasonably to have known that the act was an infringement of copyright.

The statutory damages allowable in an infringement action should also be applicable in respect of Clause 48, which purports to effect a similar amendment to Section 253 of the Copyright Act pertaining to infringement of copyright in performances.

2. Penalties for criminal offences pertaining to rights management information

In the proposed Clause 52 of the Bill, which purports to make amendments to Section 260 of the Copyright Act, the following acts are made criminal offences:

- (1) the knowing removal or alteration of rights management information for commercial gain;
- (2) the knowing distribution or importation in altered rights management information relating to a work for commercial gain; and
- (3) the knowing commercial dealing in works of which rights management information has been removed or altered.

In (2) and (3), the maximum penalty prescribed under the proposed new Section 260 is a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 2 years or to both. However, in (1), the maximum penalty prescribed is only a fine not exceeding \$20,000, without the possibility of a custodial sentence.

Given that the removal/ alteration of rights management information for commercial gain is no less morally culpable or economically detrimental to the copyright owner, it is unclear why a custodial sentence is not similarly mandated by the amendments.

It is our proposal that the new Section 260(3) should be amended to read:

'Where a person does an act referred to in subsections (2), (2A) or (2B)-

(a) wilfully; and

(b) for the purpose of obtaining any commercial advantage or profit,

such person shall also be guilty of an offence and **shall be liable on conviction to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 2 years or to both.**

3. Digital Libraries

Clause 16 of the Bill amends Section 45 of the Copyright Act relating to copying by libraries and archives for users. The effect of the amendments is to allow libraries/ archives to make digital items in their collection available online within the premises so long as users cannot by using equipment supplied by the library or archives make electronic copies or communicate the material.

These changes to Section 45 of the Copyright Act are not required under the FTA and it is proposed that they not be enacted until further study is made to allow for the development of marketplace solutions. A hasty enactment of these changes could lead to unforeseen consequences which could be detrimental to the interests of the copyright owner.

4. Enhanced Fair Use Provisions and Exceptions

Section 35(2) of the Copyright Act

In the proposed Clause 10 of the Bill, Section 35(2) of the Copyright Act would be amended to read:

“For the purposes of this Act, the matters to which regard shall be had, in determining whether a dealing with a literary, dramatic, musical or artistic work or with an adaptation of a literary, dramatic or musical work, being a dealing by way of copying the whole or a part of the work or adaptation, constitutes a fair dealing with the work or adaptation shall include-

- (a) the purpose and character of the dealing, including whether such dealing is of a commercial nature or is for non-profit educational purposes;
- (b) the nature of the work or adaptation;
- (c) the amount and substantiality of the part copied taken in relation to the whole work or adaptation;
- (d) the effect of the dealing upon the potential market for, or value of, the work or adaptation; and
- (e) the possibility of obtaining the work or adaptation within a reasonable time at a reasonable price.”

We take the view that the underscored portion should not be included as a factor for determining whether a particular dealing with a work is in fact a “fair dealing”. This would unduly and unfairly hamper a copyright owner’s distribution and pricing decisions, which should be based on market forces.

We therefore propose that the new Section 35 should read instead:

“For the purposes of this Act, the matters to which regard shall be had, in determining whether a dealing with a literary, dramatic, musical or artistic work or with an adaptation of a literary, dramatic or musical work, being a dealing by way of copying the whole or a part of the work or adaptation, constitutes a fair dealing with the work or adaptation shall include-

- (a) the purpose and character of the dealing, including whether such dealing is of a commercial nature or is for non-profit educational purposes;
- (b) the nature of the work or adaptation;
- (c) the amount and substantiality of the part copied taken in relation to the whole work or adaptation; and
- (d) the effect of the dealing upon the potential market for, or value of, the work or adaptation.’

Section 51 of the Copyright Act

We take the view that the Bill should have included a revision to the current Section 51 of the Copyright Act, which provides for the multiple copying of insubstantial portions of works. The current Section 51(5) of the Copyright Act states:

“Where -

- (a) a person makes or causes to be made a copy of a part of a work; and
 - (b) subsection (1) applies to the making of that copy,
- that subsection does not apply to the making, by or on behalf of that person, of a copy of any other part of that work within **14 days** after the day on which the previous copy was made.”

The short limitation period of 14 days does not sit in comfortably with Section 52 of the Copyright Act, which provides for the multiple copying under statutory licence by educational institutions. Copying provided that it is within the confines of Section 51 is free. By contrast, educational institutions would have to pay the copyright owners equitable remuneration if the extent of copying exceeds the quantitative limits of Section 51 but remains within the quantitative limits of Section 52, and the educational institutions intends to rely on Section 52 as a defence to copyright infringement.

With the current short limitation period of 14 days under Section 51(5), educational institutions can easily photocopy the entire work by photocopying tranches of the book in 14 days intervals. Notwithstanding such “bad faith” copying of works, the educational institution could still technically claim the protection of the defence under Section 51. This is grossly unfair to the copyright owner and we propose that the limitation period of 14 days under Section 51(5) be enhanced to 1 year. This would make it less easy for institutions which intend to copy a substantial portion of the work but avoid obtaining a licence or paying equitable remuneration under Section 52 to the copyright owner, by simply engaging in such “bad faith” copying practices.

We propose that the new Section 51(5) should read:

“Where-

- (a) a person makes or causes to be made a copy of a part of a work; and
 - (b) subsection (1) applies to the making of that copy,
- that subsection does not apply to the making, by or on behalf of that person, of a copy of any other part of that work within 1 year after the day on which the previous copy was made.”

With the expansion of the ambit of “educational institutions” in the new proposed Section 7 by removing the requirement of declaration by the Minister for qualification in respect of institutions which previously require such declaration, the threat to copyright owners of institutions taking advantage of the technical loophole in the current Section 51 is further amplified. It therefore should only be fair if

the requisite amendments to Section 51 are made in accordance with the above proposal to remove such a possibility to ensure that institutions who want to make substantial reproductions of work should either pay equitable remuneration or seek a licence to do so.

5. Willful copyright piracy

The FTA clearly specifies that two separate and distinct types of infringements must be the subject of criminal penalties and procedures as being “on a commercial scale”. These include:

- (1) any *significant* and *willful* infringements; and
- (2) any non-significant willful infringements for the purpose of commercial advantage or financial gain.

ATMD believes that the proposed Section 136(3A) may not fully implement the provisions of the FTA. In order to qualify as an offence under the proposed section 136(3A), it must be proved:

- (1) that there is an act of infringing the copyright in the work
- (2) the act was carried out willfully
- (3) the infringement has a substantial prejudicial impact on the copyright owner; and
- (4) the act must be carried out on a commercial scale

The requirement to prove “a substantial prejudicial impact on the copyright owner” introduces an additional requirement. Non-significant willful infringements must also be the subject of criminal penalties and procedures if they are carried out for the purpose of commercial advantage or financial gain. Therefore, the requirement in the Bill that the infringement have a substantial prejudicial impact on the copyright owner in all cases leads to a narrower application of the criminal procedures and penalties than that which is required pursuant to the FTA.

Further, the new Section 136(6A) refers to quantity and value of infringing copies and implies that the infringement must relate to a significant quantity or value before it may qualify as a criminal offence. As stated above, the FTA provides that all willful infringements must be criminalized even if they are not significant if they provide a commercial advantage or financial gain.

In addition, the maximum punishment provided in section 136(3A) is S\$20,000 or 6 months imprisonment for a first offence and S\$50,000 or 3 years imprisonment for a second and subsequent offence. This is not sufficient to act as a deterrent and is not consistent with sections 136(1) and (2) of the Copyright Act.

Finally, it is not clear what thresholds the Bill applies to as no guidance is provided in the definition in 136(6A). We therefore suggest that a presumption be provided in Section 136(6A).

We therefore suggest that the following amendments to 136(3A) and (6A) be adopted:

(3A) Where at any time when copyright subsists in a work -

- (a) a person does an act which he knows or ought reasonably to know is an infringement of copyright in the work; and
- (b) the infringing act is on a commercial scale, being either
 - (i) a significant infringement of copyright that has no direct or indirect motivation of financial gain; or
 - (ii) an infringement for the purpose of commercial advantage or financial gain

that person shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 for each infringing copy of a work in respect of which the offence was committed or \$100,000, whichever is the lower or to imprisonment for a term not exceeding 5 years or to both.

(6A) For the purpose of subsection (3A)(b)(i), the court shall presume that the infringement is significant if the total retail value of the work or works infringed exceeds \$1000.

Conclusion

Our firm welcomes the amendments to the Copyright Act but urges the Singapore Government to take these views into consideration in determining the appropriate amendments to be enacted.

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