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LAWYERS ■ INTELLECTUAL PROPERTY AGENTS

## COPYRIGHT (AMENDMENT) BILL 2004 PUBLIC CONSULTATION

### 1 Summary of the subject of the submission

This submission proposes that the burden of proof in copyright infringement actions be shifted by:

- a creating the presumption that, an imported article is, in the absence of evidence to the contrary, presumed to be infringing; and
- b requiring an importer to prove that he has reasonable cause to believe, or has taken reasonable steps to ascertain, that an imported article has been manufactured with the consent of a person owning the copyright in the country of manufacture.

At the same time, it is proposed that the law protects legitimate parallel importers by providing that a court should not compel an importer to disclose his source of parallel imports if it appears to the court that it would be unreasonable to do so.

### 2 Parallel imports and counterfeits

The commonly cited objective for permitting parallel importing is to ensure that consumers could access imported goods at world-best prices by promoting a more open and competitive environment. It was with this objective in mind that the Copyright (Amendment) Act 1994 was passed to insert Sections 25(3) and 25(4)<sup>1</sup> into the Copyright Act (Cap. 63) and therefore overrule the decision in *PP v Teoh Ai Nee and Anor* [1994] 1 SLR 452.

While achieving the laudable objective of permitting parallel imports, these sections have also created an opportunity for an infringer to take refuge in the onerous burden of proof laid upon a Singapore copyright owner.

### 3 The difficulty faced by Singapore copyright owners

In a copyright infringement action based on Section 32 of the Copyright Act, a Singapore copyright owner faces the burden of proving that the infringer knew or ought reasonably to have known that the article was made without the consent of the copyright owner.

Where the offending article is manufactured in Singapore, this burden is less difficult to face since the Singapore copyright owner generally needs only prove that he has not given his consent for the manufacture.

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<sup>1</sup> Cited Sections of the Singapore and New Zealand legislation are set out in the Appendix.

In the case where the offending article is manufactured outside of Singapore, however, this burden becomes exponentially more onerous. Due to the operation of Sections 25(3) and 25(4) of the Copyright Act, the Singapore copyright owner would need to prove:

- a that the offending article is infringing in that the consent of the copyright owner in the country of manufacture (who may or may not be known to the Singapore copyright owner) had not been obtained for the manufacture of the offending article; and
- b that the infringer knew or reasonably ought to have known that the offending article is infringing.

This onus has proven to be extremely difficult to overcome. In practice, the Singapore copyright owner would firstly, obtain proof that the offending article is infringing and thereafter warn the infringer that the offending article is infringing.

Actual or constructive knowledge of the infringement is easy to prove after delivery of this warning enabling the copyright owner to take action against further sales and distribution of the offending article by the infringer. However, it is usually the case that no action is taken against the infringer for the sales and distribution for the period prior to the delivery of the warning due to the difficulty of proving actual or constructive knowledge during that period.

It is therefore proposed that the burden of proof in copyright infringement actions be shifted in the following manner:

- a By creating the presumption that, an imported article is, in the absence of evidence to the contrary, presumed to be infringing. A similar presumption of infringement exists in Section 35(2)(a) of the New Zealand Copyright Act 1994.
- b By requiring an importer to prove that he has reasonable cause to believe, or has taken reasonable steps to ascertain, that an imported article has been manufactured with the consent of a person holding the copyright in the country of manufacture.

#### 4 Protection of the parallel importer's sources

If an importer is compelled to disclose his sources of legitimate parallel imports, such disclosure may enable the Singapore copyright owner to identify the leakages in the distribution channels and take steps to plug these leakages. It is therefore proposed that the law protects legitimate parallel importers by providing a court should not compel an importer to disclose his source of parallel imports if it appears to the court that it would be unreasonable to do so. A similar provision exists in Section 35(2)(b) of the New Zealand Copyright Act 1994. A similar concept has also been implemented in Section 68(2) of the Singapore Patents Act (Cap. 221).

5 Suggested amendment

To effect the above proposals, we propose that the Copyright Act be amended as follows:

a By amending Section 32 in the following manner:

32. (1) ~~The~~ *Subject to the provisions of sub-section (2), the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, without the licence of the owner of the copyright, imports an article into Singapore for the purpose of—*

(a) *selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;*

(b) *distributing the article —*

(i) *for the purpose of trade; or*

(ii) *for any other purpose to an extent that will affect prejudicially the owner of the copyright; or*

(c) *by way of trade exhibiting the article in public,*

*where ~~he knows, or ought reasonably to know,~~ that the making of the article was carried out without the consent of the owner of the copyright.*

(2) *Notwithstanding the provisions of sub-section (1), the copyright in the relevant literary, dramatic, musical or artistic work is not infringed if the person who imports the article into Singapore has reasonable cause to believe, or has taken reasonable steps to ascertain, that the making of the article was carried out with the consent of the owner of the copyright.*

Corresponding amendments to Section 33 of the Copyright Act should also be considered.

b By inserting the following Section 33A after Section 33 of the Copyright Act:

***Reversal of burden of proof***

33A. *In any proceedings for the infringement of a copyright where the article in question is an imported article,*

(1) *the making of the article is presumed to be carried out without the consent of the owner of the copyright in the absence of evidence to the contrary; and*

(2) *the court shall not require any person to disclose any information concerning the sources of supply of the object if it appears to the court that it is unreasonable to do so.*

6 Conclusion

The objectives in permitting parallel imports are laudable. A balance however, needs to be struck between the achievement of these objectives and the rights of a Singapore copyright owner. The allowance of parallel imports should not have the unintended effect of allowing an importer to sell and distribute infringing articles without any realistic fear of an infringement action against him. At the same time, a Singapore copyright owner should not be permitted to initiate an infringement action to compel identification of the sources of a legitimate parallel importer. It is suggested that the proposals set out at the beginning of this submission meet this balance.

AppendixCited Sections of the Singapore Copyright Act**Ownership of copyright for particular purposes**

- 25 (3) Where reference is made in this Act to an imported article the making of which was carried out without the consent of the owner of the copyright, the reference to the owner of the copyright shall be read as a reference to —
- (a) the person entitled to the copyright in respect of its application to the making of an article of that description in the country where the article was made; or
  - (b) if there is no person entitled to the copyright in respect of its application to the making of an article of that description in the country where the article was made, the person entitled to the copyright in respect of that application in Singapore.
- (4) The making of the article shall be deemed to have been carried out with the consent of the owner referred to in subsection (3) if, after disregarding all conditions as to the sale, distribution or other dealings in the article after its making, the article was made with his licence (other than a compulsory licence).

**Infringement by importation for sale or hire**

32. The copyright in a literary, dramatic, musical or artistic work is infringed by a person who, without the licence of the owner of the copyright, imports an article into Singapore for the purpose of —
- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
  - (b) distributing the article —
    - (i) for the purpose of trade; or
    - (ii) for any other purpose to an extent that will affect prejudicially the owner of the copyright; or
  - (c) by way of trade exhibiting the article in public,
- where he knows, or ought reasonably to know, that the making of the article was carried out without the consent of the owner of the copyright.

**Infringement by sale and other dealings**

33. (1) The copyright in a literary, dramatic, musical or artistic work is infringed by a person who, in Singapore, and without the licence of the owner of the copyright —

(a) sells, lets for hire, or by way of trade offers or exposes for sale or hire, an article; or

(b) by way of trade exhibits an article in public,

where he knows, or ought reasonably to know, that the making of the article constituted an infringement of the copyright or, in the case of an imported article, the making of the article was carried out without the consent of the owner of the copyright.

(2) For the purposes of subsection (1), the distribution of any articles —

(a) for the purpose of trade; or

(b) for any other purpose to an extent that affects prejudicially the owner of the copyright concerned,

shall be taken to be the sale of those articles.

Cited Sections of the Singapore Patents Act (Cap. 221)

**Reversal of burden of proof**

68. (2) In considering whether a party has discharged the burden imposed upon him by this section, the court shall not require him to disclose any manufacturing or commercial secret if it appears to the court that it would be unreasonable to do so.

Cited Sections of the New Zealand Copyright Act 1994

35. Infringement by importation—

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(2) In civil proceedings for infringement of copyright under subsection (1), in the case of a work that is a sound recording, film, or computer program to which subsection (6) applies,—

(a) an object is presumed to be an infringing copy in the absence of evidence to the contrary; and

(b) the Court must not require any person to disclose any information concerning the sources of supply of the object if it appears to the Court that it is unreasonable to do so.

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