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# *Chapter 1*

## Introduction

# Copyright Laws and Cases in Major Asian Jurisdictions

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### **Introducing the Next Stage of the Asian IP Research Agenda by the Applied Research Centre for Intellectual Assets and the Law in Asia**

In Asia, even in common law jurisdictions such as Singapore and Hong Kong, the development of intellectual property (“IP”) law is mostly driven by statutory law, namely parliament-made law, which is rightly so, to the extent that exclusive rights are better reserved for the legislature to create and define. Since the 1980s, statutory IP law in Asia has principally evolved as a result of pressure from trade talks with the United States, its dominant trading partner. Thus, technocrats in trade ministries and IP offices and interest groups have dominated the direction of IP legislation. There are many easily discernible downsides to this system, including (but not limited to) uneven regulation of the same issue across different legal regimes (such as exhaustion, fair use, and compulsory licensing) and creation of IP regimes that prioritize developmental needs in international trade negotiations over important issues of national public interest. In this system, IP rights seem to trump every other right, sometimes even basic human rights, and consumer protection.

In the copyright arena, Asia has special features. Being home to almost half of the world’s population, Asia is the fastest growing economic region (which stimulates the need for creative works) and has been the world’s factory (technically capable of exploiting creative works) for decades. And yet, Asia lacks effective collective management organizations (“CMOs”) to bridge the gap between rightsholders and users, rendering copyright regimes only law in book, rather than law in action. Notable exceptions include Japan, Hong Kong, and perhaps Singapore. The lack of functional CMOs almost unavoidably leads to rampant piracy in Asia, which triggers overuse of criminal sanctions.

Unfortunately, few studies have been conducted to assess Asian copyright law from a cross-jurisdictional perspective,<sup>1</sup> which is disappointing, given Asia's international importance. To study these nuances in regional IP regimes and industries, the School of Law of the Singapore Management University set up the Applied Research Centre for Intellectual Assets and the Law in Asia (“ARCIALA”) in May 2015. Using an Asia-oriented approach, ARCIALA seeks to collect and comprehensively analyze cases that have ramifications both regionally and internationally. This work was initiated with the publication of *Annotated Leading Patent Cases in Major Asian Jurisdictions*, the first book in the ARCIALA Asian IP Law Series. The present book *Annotated Leading Copyright Cases in Major Asian Jurisdictions* is the second book in the series, focusing on Asia-based copyright cases.

## Introducing the Present Book

The present volume was written to act as a foundation for more comprehensive and updated studies, much like the first volume was for patent law. However, given the diverse and complex legal and socioeconomic systems in Asia, no single author can purport to comprehensively analyze Asian copyright law in addition to setting out key principles and cross-jurisdictional comparisons. Thus, to encourage the study of Asian IP laws amongst as many IP scholars as possible, the present volume features 35 eminent scholars and practitioners from Asia and the United States, who have analyzed 36 recent decisions from eight major Asian jurisdictions,<sup>2</sup> including the People's Republic of China (“PRC”), India, Japan, Korea, Malaysia, the Philippines, Singapore, and Taiwan). The book concludes with an article discussing The Hague Convention on Choice of Court Agreements and its adoption in Singapore, which, to date, is the only Asian country to have done so. These leading cases have been chosen primarily as they were either the first to deal with a particular emerging issue, the first to apply a particular statutory provision, or are still considered the most authoritative decision in that particular jurisdiction. However, some of the chapters also discuss direction-changing, outlying, or even controversial decisions.

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1. See Christopher Heath and Kung-Chung Liu (eds), *Copyright Law and the Information Society in Asia, IIC Studies in Industrial Property and Copyright Law*, Vol. 26 (Hart Publishing, 2007).

2. Of these, 10 decisions are from 2001–2009, while the other 26 decisions are from 2010–2016.

Each of the cases analyzed can be categorized into one of six following areas:

- digital copyright;
- collective copyright (management of copyright and the interface between collecting societies and competition law);
- criminal copyright (criminal punishment of copyright infringement);
- limits to copyright protection (fair use and exhaustion);
- the relationship between copyright and other forms of protection; and
- choice of jurisdiction and applicable law in copyright litigation.

Under each topic, the case reports are further grouped according to common sub-areas. This categorical arrangement was used to systematically analyze case reports while also highlighting how intertwined and related each area is to the others. Each case report starts with a title that reflects the jurisdiction from which it originated and the holding of the respective court. It is then divided into six sections: summary, legal context, facts, reasoning of the decision, legal analysis, and commercial or industrial significance. The purpose of this structure is to give readers both an overview of the legal context in which individual cases were adjudicated and how those cases should be deciphered legally and commercially. To ensure readability, each case report uses subtitles to help the reader focus on the essential aspects of the case. Case reports average between 4,000–5,500 words. Chapter 5 concerning the limits of copyright is the longest chapter, containing 11 case reports, followed by Chapter 4 (Criminal Copyright) and Chapter 7 (Choice of Jurisdiction and Law in Copyright Litigation), each of which contains six case reports. The length of these chapters highlights their importance and, in some instances, controversial nature. Taken together, the topics covered in this book provide the most comprehensive assessment of IP copyright decisions in the region to date.

## **Chapter 2: Digital Copyright**

The digitalization of works and their availability and dissemination online as well as in cloud-based archiving systems give rise to a series of legal problems across Asian jurisdictions. In general, India, Singapore, and Taiwan tend to take a more lenient approach toward imposing liability compared to Japan and South Korea, which have based their approaches on those of the United States and European Union. On the issue of primary (direct) liability of internet intermediaries for copyright

infringement, courts in the United States<sup>3</sup> and in the European Union<sup>4</sup> have held that intermediaries' online retransmission of broadcasts amounted to infringement. In 2011, the Japanese Supreme Court ruled in line with these decisions,<sup>5</sup> holding that the service provider, who, under their management and control, receives and inputs broadcasts into an automated reproduction device, should be liable for the infringement even if the command to record is issued by the user of the service. This decision is assessed for the *Rokuraku II* and *Maneki TV* cases by Professor Masabumi Suzuki ("Internet Intermediary Held Liable for Reproduction through Command by Its User in Japan").

In contrast, the Singapore Court of Appeal shielded the internet-based service provider RecordTV, which deploys the iDVR that functioned like a traditional digital video recorder that allowed its registered users to request the recording of MediaCorp's free-to-air broadcasts, from all legal liabilities on the following grounds: it did not reproduce the MediaCorp shows (rather, it was the registered users requesting for the recording who did so), it did not communicate the MediaCorp shows to the public, and it did not authorize the registered users to do any of the restricted acts comprised in MediaCorp's copyright. This particular case has been analyzed by Professor Susanna Leong ("Who 'Makes' the Copy? Copyright Infringement of Internet Intermediaries in Singapore").<sup>6</sup> Notably, the Court of Appeal does not shy away from defending "public interest" in *obiter dictum*:

"the public interest is better served by encouraging rather than stifling the use of RecordTV's novel technology, especially given that MediaCorp has apparently not suffered any loss from RecordTV's provision of an additional and better time-shifting service to registered users who are licensed to view the MediaCorp shows."

Similarly, the Taiwan Intellectual Property Court held that although they have set up webpages with an embedded video player which hyperlinks the

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3. *ABC Inc v. Aereo Inc*, 134 S Ct 2498 (2014).

4. *ITV Broadcasting Ltd v. TV Catchup Ltd*, C-607/11, Judgment of the European Court of Justice (Fourth Chamber) (March 7, 2013).

5. Japanese Supreme Court, First Petty Bench, January 20, 2011, 2009 (Ju) 788, Minshu Vol. 65, No.1, p. 399.

6. However, this has been criticized as "all or nothing" approach and "not likely to be the most conducive for negotiating voluntary licenses to allow use of copyrighted works in the Internet TV sector" in Ng-Loy Wee Loon, "Compulsory Licences as an Enabler of New Business Models," in: Kung-Chung Liu and Reto Hilty (eds), *Remuneration of Copyright Owners — Regulatory Challenges of New Business Models* (Springer, 2017) p. 295.

user to copyrighted TV dramas previously uploaded by unknown actors on a video platform, YouTube does not communicate the works to the public; rather, they merely take the user to the target website, and it is the target website that communicates the works to the public. Therefore, providing hyperlinks did not violate the right of public transmission as reported by Szu-Ting Chen (“Providing Hyperlinks to Watch Illegal Videos on YouTube Does Not Communicate Works to the Public in Taiwan”).

Another legal problem that arises in this context is whether internet intermediaries carry secondary liability for copyright infringement when transmitting to or hosting the content of their users. In India, whether intermediaries can be held liable under the doctrine of secondary liability centers on the twin requirements of knowledge and profit; however, there are two statutes that contain safe harbor provisions: the Information Technology Act (“IT Act”), section 79 and the Copyright Act.<sup>7</sup> In the IT Act case reported by Raman Mittal (“Actual Knowledge for Secondary Liability of Internet Intermediaries for Third-Party Content Means Knowledge of Unlawful Content Based on a Court Order according to the Indian Information Technology Act”), the Indian Supreme Court interpreted section 79 of the IT Act, clarifying that “actual knowledge” refers to knowledge of unlawful content based on a court order. This case holding certainly informs the interpretation of the Copyright Act, which employs the same standards for removal of online content. With regards to the imposition of secondary liability for copyright infringement in Korea, the Seoul High Court granted a preliminary injunction against a peer-to-peer (“P2P”) intermediary after the Plaintiffs showed irreparable harm had been caused to the rightsholders. This case is further discussed by Professors Byungil Kim and Chang-Hwa Kim (“Injunctive Relief Granted Against a Peer-to-Peer Intermediary for Indirect Copyright Infringement in Korea”).

### Chapter 3: Collective Copyright

This chapter discusses the CMO’s power via trust and the oversight over CMOs.

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7. Both statutes provide for safe harbor in cases of transient and incidental storage. Thus, in cases of secondary infringement of copyright by intermediaries, the provisions of the Copyright Act should apply. However, section 79 of the IT Act is wider than the Copyright Act, as it provides safe harbor even in cases that are not limited to transient and incidental storage. In such cases, section 79 of the IT Act should prevail.

### *CMO's power via trust*

The legal nature of the authorization given by copyright holders to CMOs is often deemed as a trust. However, the scope of the meaning of “trust” has been disputed in some countries. In China, for example, Suzhou Intermediate Court recognized that the rights that the Music Copyright Society of China (“MCSC”) obtained through a Music Copyright Agreement (“MCA”) should be protected, and that the MCSC had the legal right and standing to bring lawsuits in its own name when these rights were infringed without explicitly defining the contractual nature of the MCA. This case has been analyzed by Professor Yahong Li (“Music Copyright Society of China Has Legal Right and Standing to Bring Lawsuit in Its Own Name”).

Another interesting legal issue arises when a rightsholder terminates a trust with a CMO: it gives rise to the questions of whether these assets automatically return to the copyright owner and if not, who legally holds the underlying assets while the transfer is pending. According to the 2012 case described by Professor Won Bok Lee (“Termination of Copyright Trust and the Return of Copyrights under Korean Law”), the Korean Supreme Court held that copyrights in the trust are not deemed returned automatically upon termination of the trust agreement, unless otherwise specified in the trust agreement; instead, the underlying assets are held in a constructive trust, until the trustee transfers the copyrights back to the copyright owner.

### *Oversight over CMOs*

The collective management of copyrights through CMOs and the intersection between CMOs and competition law are gradually gaining importance in Asia, as an increasing number of new CMOs are being allowed into the market to compete with incumbent CMOs. In Japan and Taiwan, there is a separate law on CMOs,<sup>8</sup> partly to deal with this intersection issue. In Korea, almost all of the CMOs enjoy monopoly in the respective field of copyright, although there is no explicit legal provision in copyright law that requires monopoly. Only recently the Minister of Culture, Sports, and Tourism started to approve more than one CMO in each field

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8. The Law on Intermediary Business Concerning Copyrights (effective in Japan since 1939) was replaced by the Law on Management Business of Copyright and Neighboring Rights in 2000. The Copyright Collective Management Organization Act has been effective in Taiwan since 1997. Korea also deals with CMO in its Copyright Act. In the PRC, there is no statute, but there is the Regulations on Collective Management of Copyright. In Singapore, there is no law on CMOs, which have jointly submitted a code of conduct to the Ministry of Law.

of right. As of 2016, there are 13 CMOs in Korea. In Japan, several newcomers such as e-License, Japan Rights Clearance and Daiki Sound entered the management business of music copyrights soon after the liberalizing Law on Management Business of Copyright and Neighbouring Rights took effect on October 1, 2001. In Taiwan, CMOs have not been doing well since their inception. The Taiwan Intellectual Property Office (“TIPO”) revoked the licenses of two CMOs in 2016 and 2017 due to ineffective management, leaving only four CMOs in operation.<sup>9</sup> In the PRC, there is only one collecting society for one business scope, and five CMOs in total.

Traditionally, CMOs are under the oversight of a jurisdiction's IP Office and anti-monopoly law. Often CMOs cannot agree with right users on the royalty rates and require intervention. However, this intervention might be challenged by commercial users. In Taiwan, the Supreme Administrative Court in a series of five cases in 2015 revoked the decisions of the Taiwan IP Court that denied the legality and appropriateness of the royalty rates decided by TIPO, affirming that the decision made by TIPO on royalty rates is only subject to an arbitrariness test. The Court then remanded the cases back to the Taiwan IP Court for retrial. In a series of decisions analyzed by Professors Kung-Chung Liu (“Royalty Setting Disputes between Collective Management Organizations, the Taiwan Intellectual Property Office, and Cable TV Operators”), the Taiwan IP Court reversed the holding and recognized the legality and appropriateness of those royalty rates and stated that unless found to be arbitrary abuse of power or violation of law, such decisions shall be respected by other agencies, including the administrative courts.

Blanket licensing agreements are commonly used by CMOs, but their validity has come under scrutiny across a number of jurisdictions. In Taiwan, the Copyright CMO Act defines and allows blanket licensing agreements, and is also mindful of the competition-constraining effects of such agreements and therefore stipulates that:

“when a blanket license agreement is employed, users shall be provided with a choice of the following fee collection methods:

1. A specific monetary amount or ratio.
2. A monetary amount set on a per use-per work basis. (Article 24(1)).”

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9. See [www.tipo.gov.tw/ct.asp?xItem=202448&ctNode=7001&mp=1](http://www.tipo.gov.tw/ct.asp?xItem=202448&ctNode=7001&mp=1).

Similarly, the Japanese Supreme Court is of the view that blanket licensing could constitute private monopolization. In one case, it held that use of blanket licensing by the Japanese Society for Rights of Authors, Composers and Publishers could be seen as “restraining broadcasting companies from using songs managed by other copyright collecting societies” as described by Professor Kazuhiro Ando (“Blanket Licenses of Music Copyrights for Broadcasting Found to Be Private Monopolization in Japan”).

## Chapter 4: Criminal Copyright

### *Deterrence-driven criminal punishment*

Criminal sanction is only suitable for crimes that are clearly identifiable from the outset, so that people’s behavior can be regulated towards a specific direction. In the realm of copyright, there is a lack of public notice mechanism and the boundary of copyright and its encroachment are highly amorphous and unforeseeable. Only intentional and slavish copying of others’ works for commercial gains (blatant piracy) seems to be of such nature that deserves criminal punishment.<sup>10</sup> In addition, the overuse of penal punishment will mix up the civil law judgment on contributory (indirect) infringement and joint infringement with the criminal law judgment of aider, abettor and accomplice. The determination of aiding, abetting and accomplice according to the criminal law will even replace the discussion of contributory (indirect) infringement. The sweeping criminalization of copyright infringement could further lead to draconian results, which will denature copyright into “marshal” (copyright) law, in which criminal concerns overtake substantive copyright issues, and criminal punishment deteriorates into an instrument for right owners to blackmail unintentional infringers.<sup>11</sup> In criminal cases for copyright infringement in civil law jurisdictions, the issues of compound crimes and substantive concurrent crimes become an inevitable nightmare for IP scholars.

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10. Articles 217 and 218 of the PRC’s Criminal Law of 1997 are the legal basis for criminal punishment for copyright infringement. Article 217 penalizes whoever reproduces or distributes copyrighted works without permission of the copyright owner and stands to make large illicit gains or will cause other serious consequences. The punishment includes being sentenced to not more than three years of fixed-term imprisonment or criminal detention. A fine may also be imposed. Article 218 penalizes whoever, for the purpose of reaping profits, knowingly sells the infringing works described in Article 217 of this Law in return for huge illegal gains and includes a sentence of not more than three years of fixed-term imprisonment or criminal detention. A fine may also be imposed.

11. One such tactic is through so-called speculative invoicing, whereby rightholders send out warning letters randomly and get payment from those who blindly pay to avoid criminal complexation rather than going through litigation.

Unfortunately, many Asian copyright laws are plagued by criminal sanctions. For example, in Taiwan, copyright infringement, whether for profit or not, can lead to up to 3-year imprisonment, whereas manslaughter is subject only to 2-year imprisonment, and on average criminal cases against copyright infringement exceed civil cases by 300 percent.<sup>12</sup> Japan follows similar thinking and imposes even heavier punishment for copyright infringement: imprisonment for a term of up to 10 years, a fine of up to 10 million yen, or both.<sup>13</sup>

In Singapore, incarceration has been used as a means to deter copyright infringement since at least 1914. This punishment was imposed under the Copyright Ordinance 1914, which was promulgated by the Governor of the Straits Settlements and left in force after Singapore's independence in 1965. To implement its obligation under the 2003 U.S.–Singapore Free Trade Agreement, Singapore added a new section (section 136(3A)) in an amendment in 2004 to further expand the scope of copyright offenses by criminalizing willful copyright infringement in the case where the extent of infringement is significant or where the person does the act to obtain a commercial advantage. Section 136(3A) is “a strong signal from the Legislature that the State does not condone such forms of activity and serves as a tangible layer of deterrence to potential infringers of copyright who easily fall into temptation whenever the opportunity to upload or download arises.”<sup>14</sup> Professor Ng-Loy Wee Loon assesses this case further in “The Criminal Offense of Willful Copyright Infringement Where the Extent is Significant or Where a Commercial Advantage Is Obtained.”

In Malaysia, criminal punishment for copyright infringement has been a standard component of the Malaysian copyright regime for more than five decades. Ainee Adam (“The Crime of Possessing Infringing Copies Not for Private and Domestic Use in Malaysia”) describes section 41(1)(d) of the Copyright Act, which effectively criminalizes the possession of even a single infringing copy, with rebuttable

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12. Kung-Chung Liu, Min-Yang Shieh, and Jerry Fong, “Empirical Study on Copyright Decisions of the Taiwan IP Court between 2009–2011” (in Chinese), *Taiwan Law Journal* No. 203 (April 2012) p. 47–62.

13. Article 119(1) of the Japanese Copyright Act stipulates that: “A person that infringes a copyright, print rights, or neighboring rights (other than one that personally reproduces a work or performance, etc. for the purpose of private use as referred to in Article 30, paragraph (1)) ... is subject to imprisonment for a term of up to ten years, a fine of up to ten million yen, or both.”

14. Cheng Lim Saw, “The Case for Criminalising Primary Infringements of Copyright — Perspectives from Singapore,” *International Journal of Law and Information Technology* Vol. 18 (2010) p. 109.