

**IN THE COURT OF FINAL APPEAL OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION**

FINAL APPEAL NO. 3 OF 2007 (CRIMINAL)
(ON APPEAL FROM HCMA NO. 1221 OF 2005)

Between:

CHAN NAI MING

Appellant

- and -

HKSAR

Respondent

Court: Chief Justice Li, Mr Justice Bokhary PJ,
Mr Justice Chan PJ, Mr Justice Ribeiro PJ and
Lord Millett NPJ

Date of Hearing: 9 May 2007

Date of Judgment: 18 May 2007

J U D G M E N T

Chief Justice Li:

1. I agree with the judgment of Mr Justice Ribeiro PJ.

Mr Justice Bokhary PJ:

2. I agree with the judgment of Mr Justice Ribeiro PJ.

Mr Justice Chan PJ:

3. I agree with the judgment of Mr Justice Ribeiro PJ.

Mr Justice Ribeiro PJ:

4. It is a criminal offence to distribute an infringing copy of a copyright work in certain circumstances. Questions concerning two aspects of the offence are raised in this appeal, namely, as to what matter constitutes a “copy” capable of distribution; and when conduct is capable of constituting “distribution”. These questions arise in the context of the unlicensed dissemination of copyright films via the internet using technology known as “BitTorrent” technology.

A. *The charges on which the appellant was convicted*

5. The offence is created by section 118(1)(f) of the Copyright Ordinance (Cap 528) which provides as follows:

A person commits an offence if he, without the licence of the copyright owner ... distributes (otherwise than for the purpose of, in the course of, or in connection with, any trade or business) to such an extent as to affect prejudicially the owner of the copyright, an infringing copy of a copyright work.

6. The appellant was in fact convicted of attempting to commit that offence in relation to three films. However, the prosecution case has throughout been that infringing copies of those films were successfully distributed by the appellant via the internet. The reason why the prosecution resorted to the offence of attempt was to avoid any difficulties that might be posed by the requirement in the full offence of showing that distribution was to such an extent as to cause prejudice to the copyright owner. In this appeal nothing turns on the fact that the convictions were for attempt rather than for

the full offence. If the appellant were to succeed on the issues raised, the convictions for attempt could not stand.

B. The issues and decisions below

B.1 What is a “copy”?

7. The first issue raised by Mr Kevin Pun on the appellant’s behalf concerns the nature of a “copy” in the context of data transmitted on the internet. He accepts that a copyright work may be reproduced in a manner resulting in the creation of a copy in digital or electronic¹ form. But Mr Pun contends that such an electronic copy can only exist as something stored in a physical object which functions as a medium for storing digital data, such as a computer’s hard disk, a CD, a DVD, a flash memory card, and so forth. To hold otherwise would, he submits, be to suggest that an electronic copy can somehow exist in a vacuum or in some imaginary realm.

8. It follows, so Mr Pun argues, that a digital copy, obviously including an infringing digital copy, cannot be distributed unless the storage device is itself physically transferred to the recipient of the distribution. This, he argues, did not happen in the present case so that no infringing copies were distributed.

B.2 Was there conduct amounting to “distribution”?

9. The second argument is closely related to the first. Mr Pun argues that for “distribution” of a copy to occur, the distributor must first be in possession of the relevant copy which he then transfers to the recipient, after which he no longer has the distributed copy. This, he submits, was not the position in the present case. The infringing copy of each film, he argues, only

¹ The terms are used interchangeably in this judgment.

came into being after downloaders decided to initiate the downloading process and so to obtain their infringing copies. The appellant submits that while he can properly be said to have made the infringing copies available, his conduct does not qualify as “distribution” of such copies.

B.3 The decisions below

10. At the trial before the magistrate² (at which Mr Pun did not appear), the focus was on the second of the abovementioned issues, although with a somewhat different emphasis. The main submission was that the appellant did not “distribute” the infringing copies because his conduct was only passive and that the downloaders obtained copies by their own actions. After examining the evidence in detail and listing the steps taken by the appellant, the magistrate held that “distribution”, a term given its ordinary meaning, had been established.³ The appellant was sentenced to three months’ imprisonment on each charge, the sentences to run concurrently.

11. On the appeal before Beeson J,⁴ both of the abovementioned issues were raised. Her Ladyship dismissed the appeal against conviction, upholding the magistrate’s approach to “distribution” and rejecting the argument that distribution of electronic copies requires delivery of the tangible objects in which they are incorporated. The custodial sentence imposed was also upheld.

12. This appeal, which is against conviction, comes before the Court by leave of the Appeal Committee granted on 7 February 2007.

² Mr Colin Mackintosh (as H H Judge Mackintosh then was).

³ [2005] 4 HKLRD 142.

⁴ [2007] 1 HKLRD 95.

C. How the appellant came to be charged

13. Internet newsgroups provide a forum for discussion and the exchange of information among persons sharing particular interests. On 10 January 2005, an officer of the Customs and Excise Department was browsing an internet forum devoted to BitTorrent movies, known as “bt.movie.hk”. He saw that a person using the nickname “Big Crook” had posted a message on that forum together with a “.torrent” file (that is, a computer file with a “.torrent” suffix to its name) to enable others to download a film entitled “Daredevil” from “Big Crook’s” computer using BitTorrent technology. The nature of .torrent files and how the BitTorrent system operates will require further discussion below. It is not in dispute that “Big Crook” was the nickname used by the appellant and that he had posted the relevant message.

14. The Customs Officer downloaded and activated the .torrent file. He thereby succeeded in downloading onto his own computer an entire copy of the copyright film “Daredevil”. On 11 January 2005, the same sequence of events, again commencing with messages and .torrent files posted by “Big Crook” on the news forum, led to the Customs Officer successfully downloading entire copies of copyright films respectively entitled “Red Planet” and “Miss Congeniality”.

15. Every computer has a unique “IP” or “Internet Protocol” address and the newsgroup messages gave an IP address which was traced by Customs Officers to the appellant’s computer. The next morning, they raided his flat where he was found sitting at a computer and surfing the internet. The officers seized the computer together with legitimate VCD copies of the three films in question as well as a digital camera later found to have been used to copy images relating to those films. The seized computer’s hard disk was subjected to detailed forensic analysis and a comparison made between the computer files

it contained and the files which had been downloaded onto the Customs Officer's computer. Postings and e-mails from "Big Crook" were also retrieved from the newsgroup's server.

16. On the basis of his analysis, the forensic expert concluded that the appellant's computer was the original source (or, in BitTorrent parlance, the initial "seeder" computer) from which copies of the films had been downloaded by the Customs Officer (and others), prompting the bringing of the charges.

17. To resolve the issues raised by the appellant, it is necessary to undertake a more detailed examination of how BitTorrent technology operates and how it was applied in the present case.

D. BitTorrent technology as applied in the present case

18. The technical evidence was not disputed and was accepted by the magistrate. It may be summarised as follows.

19. A motion picture, when reduced to digital form, represents a very large quantity of data. If it were sought to make such a film available using traditional client-server technology whereby all those wishing to download the film would have to gain access to it from a centralised server, a serious bottleneck would be likely to occur in the flow of data, making the downloading process so slow as to be impracticable.

20. The BitTorrent system, which is a variant of what is known as a "peer-to-peer" file sharing system, avoids such a bottleneck. It does not involve a centralised computer but is designed so that individual computers "share" the material they have downloaded from a source by re-transmitting it to other "peer" computers. The BitTorrent system requires there to be a computer which acts as the initial "seeder", that is, the original source of the files to be downloaded. It also requires a different computer to act as a "tracker

server” to coordinate the ensuing data flows between the seeder and the downloading computers, as well as the flows of data re-transmitted by peer computers among themselves.

21. To participate in such a BitTorrent network, it is of course first necessary to install BitTorrent software on one’s computer. Here, examination showed that the appellant had installed a version of such software known as “BitComet”.

22. A person who wishes his computer to act as a seeder must first store a copy of the files to be disseminated on his computer. In the present case, the appellant had stored on his computer’s hard disk, copies of the files making up each of the three films, the undisputed inference being that he had made those copies from the three legitimate VCDs found at his flat. It is not in dispute that the copies on his hard disk are infringing copies.

23. Preparations for transferring data to downloaders on a BitTorrent network then have to be made. A .torrent file has to be created in relation to the files to be disseminated. In the present case, to take the film “Daredevil” for example, it was found that the appellant had created a folder entitled “D:\BT upload\MOVIE\01 to publish\Daredevil_by_Big Crook”, thereby configuring his computer to effect a BitTorrent transfer of the relevant files.

24. The availability of the relevant files and the means of obtaining them from the seeder have to be publicised to those who may be interested in obtaining them. This is usually done by publishing a .torrent file to a newsgroup. In the present case, examination of his computer revealed that the appellant had posted .torrent files in relation to each of the three films to six different newsgroups, including the forum “bt.movie.hk” which was accessed by the Customs Officer. Those .torrent files contained information about the IP

addresses of the tracker server and the appellant's seeder computer, as well as information regarding the files to be downloaded.

25. In addition, it was found that the appellant had used the camera seized on the raid to take digital pictures of film-poster like images corresponding to the pictures on the seized VCDs and had copied those images onto his computer. He had sent them as images embedded in e-mails to the newsgroups to advertise the availability of the films.

26. The seeder computer must then be connected to the tracker server which, after examining the files being made available, registers the connected computer as the initial seeder for those files. A downloader wishing to obtain the relevant files would then be able to connect with the tracker server which would direct him to the seeder's computer, enabling copies of the target files to be downloaded. In the present case, it was found that the appellant had established a connection with a tracker server referred to as "sml.dyndns.org".

27. When the first person wishing to obtain the target files (call him A) activates a .torrent file (usually downloaded from a newsgroup) this connects him with the tracker server which directs him to the seeder computer. On being accessed, the seeder computer transmits the desired files to A's computer. In so doing, the seeder's own electronic copy of the film remains on his computer's hard disk. What is transmitted is an electronic reproduction of that copy, generated by the appellant's computer in the form of discrete packets of digital information designed to be transmitted to and re-assembled by downloading computers in the correct sequence so as to constitute (in the present case) an entire viewable copy of the film.

28. If, in the course of this transmission process, a second downloader, "B", joins in to download the files, the seeder computer transmits digital packets simultaneously to both A and B. To speed things up, the software

ensures that the parcels of data sent to B are different from those already sent to A. The tracker server, coordinating this data flow, causes A to re-transmit the data it has already received to B, thus relieving the seeder of that burden. Similarly, since B is receiving data which A has not yet received, the tracker server directs B to re-transmit that data to A. Thus, the “peer” computers A and B share data they have received from the seeder. As C, D and E join in, the tracker server coordinates the data flows with a view to each member of the downloading network (termed a “swarm” in BitTorrent usage) receiving an entire copy of the film directly or indirectly from the initial seeder.

29. This system is generally understood by participants and, as was pointed out in evidence, “it is considered good BT manners for a downloader to stay connected for some time after finishing his download, in order to make his packets available to other downloaders and to assist in completing their downloads.”

30. In the present case, in relation to “Daredevil”, the tracker server’s peer list indicated that 40 peer computers were downloading the film when the Customs Officer gained access to the tracker server. In the case of each of the other two films, the presence online of two other peers was indicated. As previously noted, the officer succeeded in downloading entire copies of each of the three films.

31. From the foregoing facts, it is clear that via an internet BitTorrent network in which the appellant’s computer acted as the initial seeder, a number of downloaders obtained infringing copies of the films which were duplicates of the infringing copies residing on the appellant’s computer. The question is whether this was the result of a process amounting in law to distribution by the appellant of infringing copies of the films.

E. Electronic copies and s 118(1)(f)

E.1 The statutory provisions

32. Three sections of the Ordinance are of particular importance for ascertaining the meaning of the term “copy” as used in section 118(1)(f):

Section 23

- (1) The copying of the work is an act restricted by the copyright in every description of copyright work; and references in this Part to copying and copies are construed as follows.
- (2) Copying of a work means reproducing the work in any material form. This includes storing the work in any medium by electronic means.
- ...
- (6) Copying in relation to any description of work includes the making of copies which are transient or are incidental to some other use of the work.

Section 24

- (1) The issue of copies of the work to the public is an act restricted by the copyright in every description of copyright work.
- ...
- (4) References in this Part to the issue of copies of a work include the issue of the original and the issues of copies in electronic form.

Section 26

- (1) The making available of copies of the work to the public is an act restricted by copyright in every description of copyright work.
- (2) References in this Part to the making available of copies of a work to the public are to the making available of copies of the work, by wire or wireless means, in such a way that members of the public in Hong Kong or elsewhere may access the work from a place and at a time individually chosen by them (such as the making available of copies of works through the service commonly known as the INTERNET).

33. When these sections speak of “this Part” they speak of Part II of the Ordinance which also encompasses section 118(1)(f). They are supplemented by section 35(2) which defines a copy of a work as an infringing copy “if its making constituted an infringement of the copyright in the work in question”. They are also supplemented by the definitions in section 198, in particular:

“‘electronic’ means actuated by electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical energy, and ‘in electronic form’ means in a form usable only by electronic means...”

E.2 “Electronic copies”

34. As noted above, Mr Pun accepts that under the Ordinance, a “copy” of a work may exist in electronic or digital form. That is plainly correct. Section 24(4) expressly refers to issuing copies of a work in electronic form. It is, moreover, important to distinguish between the electronic copy itself and the physical medium in which it resides. Thus, section 23(2) refers to storing a work “in any medium by electronic means” as an instance of copying. The resultant reproduction of the work, ie, the copy, is “in electronic form” consisting of a specific combination of digital data which is “usable only by electronic means”. The physical storage article is therefore conceptually and physically different from the electronic copy it contains. Obviously, if a further reproduction of the work were to be made from that electronic copy, the resultant copy would constitute a further electronic copy.

35. In the present case, when the appellant electronically copied a film from the VCD and stored the copy made on his computer’s hard disk, he was “reproducing the work in [a] material form” as provided by section 23(2). The copy was an infringing copy since its making was an infringement of the copyright in the film, as stipulated by section 35(2). Each copy was also a copy in electronic form as it was only usable by electronic means. If it were to be further reproduced, the resultant electronic copies would also be infringing copies of the protected work.

36. Mr Pun accepts that the appellant incurred civil liability not only for making the infringing copies on his hard disk, but also for making them available to the public contrary to section 26. However, the Ordinance does not create any criminal offence based simply on “making available” infringing

copies and the appellant denies that he committed the section 118(1)(f) offence because, he argues, nothing constituting such “copies”, infringing or otherwise, were distributed by him.

E.3 Copies in a “material form”

37. Mr Pun’s argument focuses on the meaning of the words “in any material form” in section 23(2). He points out that the learned authors of *The Modern Law of Copyright and Designs* state that :

“...the expression connotes two different concepts. First, it means ‘reproducing the work in any material form’ (covering changes in the form of expression)... Secondly, it means ‘reproducing the work in any material form’ (emphasising the physical nature of the reproduction)...”⁵

38. The first of those concepts is not relevant to this appeal. Mr Pun relies on the second. He contends that the requirement that a copy be a reproduction of a work “in a material form” means that a digital or electronic copy must be contained or stored in some “tangible physical object” which serves as a suitable storage medium for such copy. Thus, he argues, an electronic copy necessarily consists both of the bundle of digital information reproducing the work and the disk or other storage medium which incorporates that data. This is stated in the following terms in the appellant’s Supplemental Case:

- (a) “... the issue in this appeal is not whether a ‘copy’ can be in digital/electronic form – this question is clearly answered in the affirmative by the second part of s 23(2) – but whether a copy in

⁵ Laddie et al, *The Modern Law of Copyright and Designs*, Butterworths, 3rd ed (2000), §14.6.

digital/electronic form must also be a physical material object at the same time.”⁶

- (b) “... a copy in digital/electronic form can only be made by storing its contents in a physical digital/electronic medium ... As such, a copy in digital/electronic form is necessarily a physical material object.”⁷
- (c) “... ‘distribution of copies’ is only meant for acts involving the physical transfer of material objects. If contents are transmitted without such physical transfer, the act will not be ‘distribution of copies’, and it can only be infringing because of other provisions...”⁸

39. This is an ingenious argument which was advanced with ability and enterprise by Mr Pun. It must, however, be rejected. I agree of course that an electronic copy must exist in some physical medium or environment and not in a vacuum. But as the evidence established and as everyday experience indicates, electronic data constituting a digital copy of a work can plainly be transmitted via the medium of the network of computers and cables making up the internet. Electronic copies can thus plainly be transmitted without first being stored in a tangible article such as a CD or DVD to be physically handed over to a recipient.

40. The point may be illustrated by two commonplace examples:

- (a) An academic publishes a book review which he has written on his computer and stored on his hard disk as an electronic document

⁶ Supp Case §3.

⁷ Supp Case §5.

⁸ Supp Case §20.

file. His friends A, B and C ask for copies. The academic creates electronic copies and sends the reproduced document files as e-mail attachments to A, B and C. Giving “distribution” its ordinary meaning, he has distributed electronic copies of his work without delivery of any physical storage device to the recipients.

- (b) A computer user decides to install anti-virus software on his computer and purchases an online copy of such a program. He pays by credit card and a copy of the program is transmitted to him via the internet to be downloaded onto his computer and activated to give protection against computer viruses. That copy is in electronic form and has been bought, sold and delivered via the medium of the internet without anyone delivering a disk or other storage medium containing that program. This is a common method adopted for distributing copies of computer programs. Each electronic copy sold is distinguishable from any other such copy and each commonly requires a distinct code or “product key” for activation.

41. It is of course true that an electronic copy will often be stored in a disk or some similar tangible object which is capable of and intended for physical delivery. But use of such a storage device is not an essential condition for the transfer or distribution of an electronic copy. An internet network made up of linked computers is no less tangible and effective a medium for its transmission.

42. Mr Pun seeks support for his argument from various sections which, he submits, show that the Ordinance treats copies as physical objects capable of being dealt with as such because it envisages copies being bought, sold, exported, imported and so forth. He points, for example, to acts of

secondary infringement covered by section 31, involving possession of an infringing copy for the purpose of, etc, any trade or business; selling, letting or hiring such copies; and indeed, distributing such copies in the circumstances specified.⁹

43. But the weakness of that argument is exposed by examples such as those discussed above. Plainly, electronic copies of copyright works can be bought, sold and delivered entirely via the internet. Reference by the Ordinance to such commercial transactions therefore does not imply that it intends to apply only to dealings with electronic copies involving the physical handling of storage devices.

44. It is of course true that in some cases, such as with rentals, one would normally envisage persons renting and then returning disks containing electronic copies of the relevant works. But it does not follow that because one particular form of dealing with an electronic copy may require physical delivery of the storage device, all forms of dealing, and in particular distribution, of such copies must inevitably require similar physical handling, to the exclusion of delivery via the internet. Indeed, technological advances are constantly being made with a view to eliminating the need for such physical delivery. Thus, an electronic copy of a “rented” film may be sent to the

⁹ Section 31: (Secondary infringement: possessing or dealing with infringing copy)

(1) The copyright in a work is infringed by a person who, without the licence of the copyright owner –

- (a) possesses for the purpose of, in the course of, or in connection with, any trade or business;
- (b) sells or lets for hire, or offers or exposes for sale or hire;
- (c) exhibits in public or distributes for the purpose of, in the course of, or in connection with, any trade or business; or
- (d) distributes (otherwise than for the purpose of, in the course of, or in connection with, any trade or business) to such an extent as to affect prejudicially the owner of the copyright, a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

recipient on the internet, programmed to delete itself after a stated period.¹⁰ In other words, there is no factual imperative for dealings with, and in particular distribution of, electronic copies to be confined to the physical transfer of storage devices.

45. There is also no legal reason to confine distribution of copies to cases involving delivery by physical means. “Distribution” is not defined in the Ordinance and should be given its ordinary meaning. In the present case, the evidence showed that upon being accessed by downloaders seeking to obtain a copy of the relevant film, the appellant’s computer reproduced the infringing electronic copy (which remained on his hard disk) in the form of packets of digital information which were sent to the downloaders and reassembled by their computers in the correct sequence to constitute an entire infringing copy of that film. In my view, that process in aggregate is aptly described as involving the appellant’s creation of infringing electronic copies (transient or otherwise) of the film and their distribution directly or indirectly to each member of each swarm.

46. Section 26 strongly supports the view that electronic copies may be distributed via the internet. It concerns “making available” copies of works and expressly recognizes “the making available of copies of works through the service commonly known as the INTERNET.” It is true that section 26 concerns “making available” and not “distribution”. But that does not matter for the purposes of the present argument. The section addresses the making available of copies “through” the internet. It therefore unambiguously recognizes that an electronic copy can be transmitted through the internet and

¹⁰ Section 25 defines “rental” as “making a copy of the work available for use, on terms that it will or may be returned, for direct or indirect economic or commercial advantage”. It therefore contemplates temporary use without necessarily having to return the copy made available, which (without deciding the point) would appear to cover the postulated form of dealing.

does not need to be made available through the physical transfer of a storage device incorporating the copy. The fact that it is conceded (correctly) that the appellant is civilly liable under section 26 necessarily undermines the argument that “copies” in section 118(1)(f) require physical delivery.

E.4 International instruments and textbook views

47. Mr Pun also seeks support for his argument from the treatment given to the circulation of copies in certain international treaties. The contracting parties to the WIPO Copyright Treaty¹¹ agreed that the scope of the exclusive distribution right which they were prepared to recognize in favour of authors of copyright works should be limited to rights in relation to “fixed copies that can be put into circulation as tangible objects”.¹² Hong Kong is not a party to the Treaty. But in any event, as Article 10(1) indicates, the Treaty represents an agreement as to minimum levels of copyright protection to be implemented.¹³ It does not by any means follow that the scope of the section 118(1)(f) offence should be similarly confined, if, as a matter of its proper construction, it provides more extensive protection. This is especially so where, as in the present case, the Court is not concerned with ascertaining the scope of a rightholder’s distribution right nor with conduct permissible after exhaustion of that right – which was the relevant focus of the Treaty – but with the unlicensed dissemination of multiple infringing copies via the internet.

¹¹ World Intellectual Property Organisation (WIPO) Copyright Treaty, Geneva, 20 December, 1996.

¹² WIPO Copyright Treaty 1996, Art 6, footnote 5: “*Agreed statement concerning Articles 6 and 7: As used in these Articles, the expressions ‘copies’ and ‘original and copies,’ being subject to the right of distribution and the right of rental under the said Articles, refer exclusively to fixed copies that can be put into circulation as tangible objects.*”

¹³ Article 10(1): “Contracting Parties may, in their national legislation, provide for limitations of or exceptions to the rights granted to authors of literary and artistic works under this Treaty in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.”

48. Mr Pun can, however, claim support for his argument in *The Modern Law of Copyright and Designs*, which contains a passage stating as follows:¹⁴

“It is submitted that the distribution right does not normally apply to the transmission of works by means of the Internet. This depends on what is meant by putting copies ‘into circulation’. In a metaphorical sense it may be said that, for example, a person who uploads a file to the Internet is putting copies into circulation, but this is an inexact use of language. It does not matter where precision of thought is not important, and earlier in this chapter we have ourselves referred to downloading ‘copies’ of works; but precision does matter here. What is actually happening is that he has and retains his copy in the memory of his computer and his machine sends out a series of electronic instructions (which are not themselves a ‘copy’) which cause other copies to be created in the memories of other computers.”

49. It is not clear on what basis this passage regards the matter being transmitted as merely “electronic instructions causing other copies to be created” rather than copies in electronic form destined for the downloading recipients.¹⁵ To take the example of purchasing an online copy of an anti-virus program, it is hard to conceive the process as one in which the seller is giving the purchaser’s computer “instructions causing a copy to be created” as opposed to transmitting to the buyer an electronic copy of the program (access to which usually requires the entry of a code or “product key”). In any case, the evidence and findings in the present case do not correspond with the approach taken in the textbook. It is true that the initial infringing copy remains on the appellant’s hard disk. But the evidence was that files, broken up into small packets of digital information were reproduced on the appellant’s computer and sent to the downloading network. Given our statutory definitions and provisions, it is appropriate to describe the aggregate of the packets created

¹⁴ At §34A.21.

¹⁵ At §34A.16, the textbook suggests that what is transmitted “is just a stream of electrical signals telling the home computer how to make a copy; and these are no more a ‘copy’ than are the sounds emitted by – or the keyboard depressions committed by – a person who plays a piano.”

and transmitted by the appellant in this way as constituting an electronic copy (transient or otherwise) of the protected works.

50. It appears clear that the view expressed in the textbook is heavily conditioned by the limited scope of the distribution right stipulated by the applicable European Directive.¹⁶ Thus, Recital (28) of the Directive makes it clear that the exclusive right to control distribution of a work receiving harmonised protection was limited to works “incorporated in a tangible article.” This echoes the level of protection agreed to by the contracting parties to the WIPO Treaty. But, as previously stated, the minimum level of protection accepted by States at the international or Community level does not constrain the proper construction of our domestic legislation.

51. It is against this background that §A34A.21 of the textbook should be read. It states:

“What the framers of the Act (and of the European Directive to which it must conform) had in mind was that the copies themselves should travel through appropriate trade channels. But this is not what happens on the Internet. It should be emphasised that, for something to be a “copy”, it must be a material entity which embodies the content of the work, or at least a substantial part thereof. That work, or part, must be capable of being found in that material entity at a given point in time ... This is not what happens on the Internet either.”

52. The learned authors were therefore expounding the position adopted in Recital 28 of the Directive. They were postulating a construction of

¹⁶ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (usually referred to as the Information Society Directive). Recital (28) states: “Copyright protection under this Directive includes the exclusive right to control distribution of the work incorporated in a tangible article. ...” Article 4 states: “(1) Member States shall provide for authors in respect of the original of their works or of copies thereof, the exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise. (2) The distribution right shall not be exhausted within the Community in respect of the original or copies of the work, except where the first sale or other transfer of ownership in the Community of that object is made by the rightholder or with his consent.”

UK legislation which would reflect the limited level of protection stipulated by the Directive, which was a measure aimed at harmonising copyright law in the European Community. Those concerns do not engage the Hong Kong courts. The learned authors appear to have advanced as an explanation of why the protection under the European regime was limited to the distribution of works incorporated in a tangible article, a policy of regulating only the distribution of works “through appropriate trade channels”. Whether or not that correctly explains the policy underlying the limitation adopted in the Directive, I would comment, merely in passing, that the increasingly significant volume of e-trade in electronic copies of works of all sorts would tend to suggest that the internet has become very much an established channel of trade. If and in so far as the textbook asserts – as Mr Pun seeks to suggest – that an electronic copy of a copyright work somehow *a priori* cannot be distributed via the internet, I am with respect unable to agree.

F. Was there conduct constituting “distribution”?

F.1 The argument in the magistrate’s court

53. Before the magistrate, the appellant¹⁷ sought to argue that the word “distribute” in the section should be construed as requiring active conduct on the distributor’s part throughout the process and that here, the copies were obtained by the actions of the downloaders at a stage when the appellant’s conduct was purely passive. The argument advanced in this Court, while closely related, was somewhat different, as further discussed below.

54. I would not accept the aforesaid argument both as a matter of construction of the word “distribution” and as a matter of fact. “Distribution”

¹⁷ Represented by Mr Paul Francis of Messrs Tang, Wong & Cheung, instructed by the Duty Lawyer Service.

in its ordinary meaning, is clearly capable of encompassing a process in which the distributor first takes necessary steps to make the item available and the recipient then takes steps of his own to obtain it. A simple example involves distribution of soft drinks or other consumer items by means of coin-operated vending machines. Turning to the facts, I would *not* regard the appellant's conduct, described in section D above, to be in any relevant sense "passive". After having taken the numerous preparatory steps described, he kept his computer connected with the network and continued to run the software to ensure that entire copies of the films would be transferred to the downloaders. It would be wrong to mistake his use of automated means (ie, the BitTorrent software) to achieve his purpose for mere passivity on his part.

F.2 The argument developed before this Court

55. As pointed out in Section B above, it was argued in this Court that for "distribution" of a copy to occur, the distributor must first have possession of the relevant copy which he transfers to the recipient, after which the distributed copy is no longer in his possession. It is obviously closely connected to the argument that an electronic copy can only exist as incorporated in a storage article which is only distributed by its physical transfer. It seeks to apply a paradigm of physical delivery to the dissemination of copies by electronic means.

56. Mr Pun relies on the magistrate's finding that the prosecution expert had accepted "that it was the decision of the operator of the downloader computer to obtain the file in question from the seeder, and it was that action which commenced the flow of data to the downloader computer".¹⁸ This means, so Mr Pun submits, that the appellant did not transfer any infringing

¹⁸ Statement of Findings §29.

electronic copy away from his computer. Rather, copies were only created by the downloading activities of the members of the swarm. In other words, there was no distribution since the appellant did not transfer any copy previously in his possession to the downloading swarm. He merely enabled them to make copies of their own.

57. This argument must be rejected on the facts. It is of course true, but not relevant, that the initial infringing copy of each film remained on the appellant's hard disk. As previously stated, the magistrate accepted the evidence as establishing that electronic copies duplicating that initial infringing copy were generated by the appellant's computer and were then sent to the downloaders as a stream of digital packets designed to be reconstituted as entire, viewable films. Accordingly, even assuming for the sake of this argument, that Mr Pun's approach to the meaning of "distribution" is correct — namely, that it requires the transfer of a copy in the distributor's possession to the recipient — the findings were to the effect that the appellant did create and did have possession of such a copy (transiently or otherwise) for distribution to the downloading swarm.

58. I would expressly leave open the question of construction, that is, whether Mr Pun is right to suggest that "distribution of a copy" necessarily requires the transfer of a copy which was first in the distributor's possession. Thus, if the evidence had been different and if it had shown that no further electronic copy of any film was ever created by the appellant's computer and that no such copy was ever transmitted to the downloaders; but that the appellant had enabled the recipients by some technological means to create infringing electronic copies of the three films on their own computers, the question would still arise as to whether such conduct on his part could constitute the "distribution of infringing copies". The fact would remain that by his use of technology the appellant had caused reproductions of the

infringing copies on his computer to appear on the computers of the downloaders, even if the process did not involve the prior creation by his computer of an electronic copy (transient or otherwise). I leave open the question whether such conduct might nevertheless be caught by section 118(1)(f).

Conclusion

59. For the foregoing reasons, neither of the objections to the appellant's conviction succeeds. He plainly succeeded in distributing infringing copies of the films in question and was correctly convicted of an attempt to commit the section 118(1)(f) offence. The appeal must accordingly be dismissed.

60. It follows that it is unnecessary to deal with the respondent's submission, naturally resisted by the appellant, that if the appeal were allowed, the Court should substitute convictions on the alternative charges upon which the magistrate gave no verdict.¹⁹ Those charges were not pursued before Beeson J and I would, for my part, have been inclined to reject the respondent's suggested course. As Mr Pun indicates, it is questionable to what extent the magistrate made the necessary findings. Additionally, he points to arguable questions of law, not previously explored, which may well arise in respect of those charges.

Lord Millett NPJ:

61. I agree with the judgment of Mr Justice Ribeiro PJ.

¹⁹ These were charges of obtaining access to a computer with dishonest intent, contrary to section 161(1)(c) of the Crimes Ordinance, Cap 200.

Chief Justice Li:

62. The Court unanimously dismisses the appeal.

(Andrew Li)
Chief Justice

(Kemal Bokhary)
Permanent Judge

(Patrick Chan)
Permanent Judge

(R A V Ribeiro)
Permanent Judge

(Lord Millett)
Non-Permanent Judge

Mr Kevin KH Pun (instructed by Messrs Chak & Associates) for the appellant

Mr RG Turnbull and Mr Hayson KS Tse (of the Department of Justice) for the respondent