



THE COPYRIGHT ETC (AMENDMENT) BILL 2013

EXPLANATORY NOTES

These notes are circulated for the information of Members with the approval of the Member in charge of the Bill, Mr L D Skelly MHK.

Introduction

1. These explanatory notes relate to the Copyright etc (Amendment) Bill 2013. They have been prepared by the Department of Economic Development in order to assist readers of the Bill. They do not form part of the Bill and have not been endorsed by the House of Keys.
2. The notes need to be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill.

General Note

3. This Bill is part of a package of measures which updates the law of intellectual property (IP) in the Isle of Man. The scope of the changes, and the legal and policy background to them, can be found in the consultation paper *Intellectual Property in the Isle of Man: A Consultation Document* (Department of Economic Development, May 2011). In addition, certain provisions of the Bill follow amendments in United Kingdom IP law made (or in the course of being made) since that paper was issued.
4. As explained in the paper, some IP rights are protected by registration while others do not require this. Registered rights (patents, trade marks and registered designs) are governed by United Kingdom legislation which extends to the Island. Unregistered rights (copyright, rights in performances and design rights) are governed generally by Acts of Tynwald. It should also be noted that the UK Intellectual Property Office, via which patents, trade marks and designs are registered also covers the Isle of Man, i.e. there is no separate Manx IP registry.
5. Most of the changes to IP relating to unregistered rights, have been effected by regulations made under the European Communities (Isle of Man) Act 1973, but certain changes require a Bill as they are outside the enabling powers conferred by that Act.
6. *Clauses 1 and 2* are introductory. *Clauses 3 to 10* deal with copyright. *Clause 11 and Schedule 1* create a new "publication right" where an out-of-copyright work is published for the first time. *Clauses 12 to 15* deal with design right. *Clauses 16 to 21 and Schedule 2* deal with rights in performances.

Clause 1

7. This clause gives the short title of the Act which the Bill will become if it is passed.

Clause 2

8. This clause provides for most of the Bill to come into operation on one or more appointed days. This is necessary because the changes made by the Bill are either dependent on changes made in the United Kingdom by the Digital Economy Act 2010, the Enterprise and Regulatory Reform Act 2013 and the Intellectual Property Bill 2013, some of which are not yet in operation, or require regulations for their implementation.

Clause 3

9. Clauses 3 to 10 deal with copyright, which is the right of the author of a literary, dramatic, musical or artistic work, or a sound recording, film or broadcast, to control the copying, public issue, public rental, public performance, communication to the public or adaptation of the work. The law is contained in the Copyright Act 1991.
10. The sanctions for breach of copyright are mostly civil, i.e. damages or an injunction, which may be awarded in an action in the High Court. However certain breaches, those relating to dealing with pirated goods ("infringing articles") and others which are either undertaken with a view to profit or which seriously prejudice the copyright owner, are criminal offences.
11. Clause 3 amends the Copyright Act 1991 so as to bring the maximum penalties for some of those offences into line with those in force in the United Kingdom. The intention behind the increase in the maximum penalties is to ensure that tools are in place to tackle serious and organised IP crime. The increase also brings them into line with the maximum penalties relating to counterfeit goods.
12. The penalties are higher than those which can be imposed by regulations under the European Communities (Isle of Man) Act 1973, which are limited to 2 years' custody on conviction on information (i.e. at General Gaol), or 3 months' custody and/or a fine of £5,000 on summary conviction (section 2B(4)(d)). Hence the need for their inclusion in this Bill.

Clause 4

13. This clause gives additional powers under which the High Court can order the forfeiture of an infringing copy of a work (i.e. pirated goods), or a "master" from which infringing copies can be made, over and above those available after seizure of, or on a conviction for dealings with, infringing copies.
14. Section 113 of the Copyright Act 1991 currently enables the Court to order the forfeiture or destruction of infringing copies or masters which have been ordered to be handed over either on an application by the copyright owner under section 98, or on a conviction for an offence under section 106 (making or dealing with infringing copies in the way of business or so as to prejudice the copyright owner), or which have been seized by the copyright owner under section 99.
15. The new powers will be available whenever such articles have come into anyone's possession in the course of investigating or prosecuting certain offences, including offences relating to trade descriptions, fraud or theft.

Clause 5

16. This clause repeals an exception in the Copyright Act 1991 which limits to 25 years the term of copyright in certain artistic works, copies of which have been

mass-produced, rather than the protection which extends to 70 years from the creator's death applying to all other copyrighted works.

17. An example of the way in which the exception operates is as follows:

A jeweller makes a ring which qualifies for copyright protection as a work of artistic craftsmanship. The ring is then manufactured with more than 50 copies being made and it is marketed throughout the world. 25 years after the end of the year in which the ring was first marketed, third parties can make their own copies without infringing copyright in the original ring.

Repeal of this exception will ensure that such works will enjoy copyright protection for the full 70 years from the designer's death.

18. The exception does not apply to films, or to certain works excluded by order, viz. sculptures (other than casts or models used or intended to be used as models or patterns for mass production), wall plaques, medals and medallions and printed material primarily of a literary or artistic character.
19. The exception in the UK legislation, upon which the Island's Copyright Act was based, was almost unique in Europe¹. It limited the protection for designers of e.g. furniture, and was seen as discouraging the British design industry. It was abolished in the United Kingdom by the Enterprise and Regulatory Reform Act 2013.

Clause 6

20. This clause extends an existing exemption, under which a person who uses a design registered with the Intellectual Property Office, with the permission of its registered owner, is not treated as infringing any associated copyright in the design, to cover a design registered at the EU design registry (a "Community design").
21. For example, an ornamental design applied to goods such as ceramics or fabrics can be protected in two separate ways: (i) as an artistic work, it attracts copyright from the moment of its creation; (ii) it may also be protected by registration, either within the Isle of Man and the UK under the Registered Designs Act 1949 (of Parliament), or throughout the EU under Regulation (EC) 6/2002.² In order for registration to confer a marketable right, it is necessary to ensure that use of the design with the permission of the registered owner does not infringe any copyright in the design. Section 53 of the Copyright Act 1991 provides that copyright in an artistic work, which is also registered as a design in the UK registry, is not infringed by anything done with the permission of the registered owner. However, the section does not currently cover designs registered in the EU registry. The clause will rectify this.

Clause 7

22. This clause removes a duplication in the legislation, under which procedural rules for the Isle of Man Copyright Tribunal may be made by the Council of Ministers

¹ Such an exception is permitted by the Berne Convention art.7(7), but only Estonia and Romania have similar exceptions.

² The Regulation will be applied to the Island by a Community Design Order under the European Communities (Isle of Man) Act 1973 s.2A, supplemented by Community Design Regulations under ib. s.2B (to be based on UK SI 2005/2339).

under either the Copyright Act 1991 or the Tribunals Act 2006. In future the rules will be made under the 2006 Act (with a saving for the existing rules made under the 1991 Act).

23. The Isle of Man Copyright Tribunal is an independent specialist tribunal, whose main responsibility is to decide disputes over the terms of licences granted by licensing bodies on behalf of copyright owners. It was created in 1991 in place of the UK Copyright Tribunal which had previously had jurisdiction in the Island, and was brought into the common system of tribunal appointments in 2006. The existing procedure is laid down by the Copyright Tribunal Rules 1996 made under section 145 of the Copyright Act 1991; the Rules apply, with modifications, the UK Copyright Tribunal Rules 1989 as amended.

Clause 8

24. This clause enables the effects of a transitional provision of the Copyright Act 1991 relating to pre-1992 unpublished works to be mitigated.
25. To preserve the protection for such works conferred by the former UK Copyright Act 1956 (which covered the Isle of Man until the Copyright Act 1991 was passed by Tynwald), such works remain in copyright until the end of 2042 (50 years from the end of 1992). This is reasonable for recent works, but has absurd effects for old documents. For example, a library in possession of an unpublished 13th century manuscript may not publish it until 2043, nor may it copy the manuscript without risking legal action except in accordance with the restrictions imposed by regulations under section 43 of the Copyright 1991 Act, i.e. only for non-commercial research or private study³. This is the case even though copyright in the document would probably never be claimed.
26. The clause enables the Department of Economic Development to make regulations reducing the term of copyright of such works, so that any changes in the UK can be adopted on the Island.

Clause 9

27. This clause seeks to remedy deficiencies in the present system of licensing on behalf of the owners of copyright.
28. The benefit of copyright to the creators ("authors") of works is that they can license persons to copy, perform, adapt etc. their works in return for payment of a lump sum or periodical sums, usually called "royalties"; alternatively they can sell ("assign") the copyright to publishers, who can then license others in the same way. In some cases, e.g. musical works, there are so many copyright owners that various bodies representing them grant licences on their behalf, collecting the royalties and accounting to the owners; the best known is the Performing Right Society, which licenses the public performance of musical works on behalf of composers, songwriters and music publishers. The monopoly of such "licensing bodies" is not unlimited, but is controlled by the Isle of Man Copyright Tribunal in the Island (see cl.7).
29. There are two major gaps in the system of licensing, which were recommended for reform by the UK Hargreaves report *Digital Opportunity: A Review of*

³ Commercial research is excluded by an amendment of section 43 made by the Copyright (Amendment) Regulations 2013 (SD 74/13).

Intellectual Property and Growth (2011) as they preclude the commercial exploitation of works without any corresponding benefit to copyright owners.

30. Firstly, there are many copyright works for which the copyright owner cannot be traced. These "orphan works" include published or broadcast works, and unpublished works such as diaries and photographs. Libraries, archives, museums and galleries may hold the original or a copy of such works, but without the permission of the copyright owner they are limited in what they can do to make such works available for public view without the threat of legal action. This clause allows for a system under which a licensing body can be authorised to license the use of "orphan works", subject to safeguards, for the missing copyright owners.
31. Secondly, for a licensing body to license the use of a work, it must be authorised to do so on behalf of all the copyright owners. For example, copyright in a musical show may be owned by —
 - the author of the original novel,
 - the librettist who adapted it for the stage,
 - the composer of the music,
 - the arranger of the score, and
 - the writer of the lyrics,and the agreement of all of them is required before a public performance can take place, i.e. they must all *opt in* to any licensing scheme. The UK intends to allow a copyright owner or licensing body, subject to safeguards, to grant licences on behalf of all the owners of copyright in a work, except any who *opt out*.
32. The clause enables regulations to be made allowing for (a) licensing in relation to orphan works, and (b) "extended collective licensing" on behalf of all owners of copyright in a work, thereby allowing such schemes to cover the Isle of Man.

Clause 10

33. Manx law restricts the persons who are able to claim copyright; otherwise authors in other countries would gain protection for their works in the Isle of Man with no reciprocal protection for Manx authors. This is dealt with in the Copyright Act 1991 by the concept of "qualification". The author of the work must have a connection either with the Isle of Man or with a "qualifying country" specified in an order. (Similar rules apply to design right and rights in performances: see clauses 14 and 20.)
34. This clause removes the need to make orders applying the provisions of the Copyright Act 1991 to —
 - nationals of other countries;
 - companies incorporated in other countries;
 - works first published in other countries; and
 - broadcasts sent from other countries;by providing for the automatic application of those provisions to specified descriptions of country (e.g. EEA states).
35. At present the "qualifying countries" are specified (either directly or by reference) in the Copyright (Application to Other Countries) Order 2003 (SD 292/03). That order specifies the United Kingdom, and also applies to the Isle

of Man two UK orders (SI 1999/1751 and SI 2003/774) which list numerous other countries⁴. New UK orders have been made almost annually since 2003, to reflect the accession of countries to various international conventions, but have not yet been applied to the Isle of Man. In consequence Manx law does not afford protection in all cases required under those conventions.

36. Under the terms of this clause it will no longer be necessary to replace or amend an order to ensure protection, as a list of most of the relevant countries will be incorporated in the Copyright Act 1991. The clause is equivalent to provision in the UK Intellectual Property Bill which is currently progressing through Parliament.
37. The specific countries to be incorporated into the Copyright Act 1991, rather than included in orders, are —
- the UK
 - the EEA states⁵;
 - the Channel Islands;
 - Gibraltar; and
 - countries party to —
 - the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations;
 - the Berne Convention for the Protection of Literary and Artistic Works; and
 - the WIPO⁶ Performances and Phonograms Treaty ("WPPT").

Clause 11 — Schedule 1

38. This clause introduces Schedule 1, which creates a new "publication right", giving protection for 25 years to the first publisher of an out-of-copyright work, similar to the copyright protection given to the author of a work.
39. For example, an early piano work by Sir Edward Elgar (1857-1934), was performed in 1880 but never published; the copyright in it therefore expired at the end of 1984⁷. The owner of the manuscript wishes to publish it, but would have no protection if it were dealt with in ways which would, in the case of a new work, be restricted by copyright, e.g. copied by other publishers, recorded, performed in public, broadcast etc.
40. This lack of protection discourages enterprise and is a disincentive to the publication of unpublished masterpieces. Germany introduced protection for the first publisher of an out-of-copyright work in 1965, initially for 10 years, but from 1990 for 25 years, from first publication. Similar protection was introduced throughout the EC by Council Directive 93/98/EEC, harmonising the term of

⁴ Orders and regulations under the Act closely follow equivalent UK legislation. Section 176 of the Act enables UK instruments to be applied to the Island with modifications, instead of setting out their provisions in full.

⁵ The European Economic Area comprises the 28 EU Member states, plus Iceland, Liechtenstein and Norway.

⁶ World Intellectual Property Organisation, a UN agency.

⁷ Under the Copyright Act 1956 the performance of the work started time running, and the copyright expired 50 years after the end of the year in which Elgar died. If it had never been performed in public, published, broadcast etc. in his lifetime or since, it would have remained in copyright until the end of 2042 (see note on clause 8).

protection of copyright and certain related rights. This was implemented in the United Kingdom as from December 1996 by the Copyright and Related Rights Regulations 1996 (SI 1996/2967)⁸. Schedule 1 makes similar provision for the Island.

Clause 12

41. Clauses 12 to 15 relate to design right, which is the right of the creator of an industrial design (e.g. the shape of a car body) to control the exploitation of the design. It is protected in the Island by the Design Right Act 1991, and (like copyright) is not dependent on registration. It expires 15 years after the design was first recorded or, if articles made to the design were marketed within 5 years after the design was first recorded, 10 years after the first marketing.
42. Regulation (EC) 6/2002 introduced an EU-wide system for protecting such designs, dependent on registration. For 3 years after the design was first made available to the public, it is protected without registration. Once registered in the EU registry, it is protected for 5 years from the date of the application; protection can be renewed for 5 years at a time, to a maximum of 25 years. It is intended that the "Community design" should be protected in the Island as well by the application to the Island of the Regulation.⁹
43. Clause 12 excludes "trivial" features of designs from design right protection. It also clarifies the scope of protection to ensure that designs should not be "commonplace" in the Island or in qualifying countries to attract protection.

Clause 13

44. This clause changes the initial ownership of designs created on commission from another person. Under the Design Right Act 1991 section 3 the person by whom the design is commissioned is the first owner of the design right in it. But under Regulation (EC) 6/2002 the designer is the first owner of the rights in a "Community design".¹⁰ To avoid the anomaly of Isle of Man design right belonging to one person and Community rights to another, the clause brings the Island's legislation into line with the Regulation by making the designer the first owner of design right even where the design is commissioned by another. A similar amendment is made by the UK Intellectual Property Bill 2013 in respect of UK design right.

Clause 14

45. As in the case of copyright (see clause 10), the Design Right Act 1991 includes the concept of "qualification": for a design to be protected, the designer or the article made to the design must have a connection either with the Island or with a "qualifying country" specified in an order.
46. This clause simplifies and expands that concept: the criterion will be the country where the designer or his or her employer is economically active, or where

⁸ Further provision was made by the Copyright and Related Rights Regulations 2003 (SI 2003/2498) and the Intellectual Property (Enforcement etc.) Regulations 2006 (SI 2006/1028).

⁹ See footnote 2 on page 3.

¹⁰ See footnote 2 on page 3.

articles made to the design are first marketed, not the country of which the designer, employer or first marketer is a national or where he or she is resident.

Clause 15

47. This clause introduces two new exceptions to infringement of design right. They mirror those applying to registered designs under the Registered Designs Act 1949 (of Parliament)¹¹, and will harmonise with Regulation (EC) 6/2002¹².
48. The clause inserts two new sections in the Design Right Act 1991, the first exempting the use of protected designs for private, non-commercial, experimental and teaching purposes. The second creates an exception relating to overseas ships and aircraft.

Clause 16

49. Clauses 16 to 21 relate to rights in performances. These are rights, similar to copyright, conferred on performers (actors, musicians etc.) to control the exploitation of their performances, particularly by recording and reproduction. They were created on the Isle of Man by the Performers' Protection Act 1996, and are significantly expanded by the Performers' Protection (Amendment) Regulations 2013 (SD 75/13).
50. Clause 16 amends the Performers' Protection Act 1996 so as to increase the maximum penalties for unauthorised dealings with recordings of performances, on similar lines to the increases in respect of breaches of copyright made by clause 3 above.

Clause 17

51. Section 26 of the Performers' Protection Act 1996 currently enables the High Court to order the forfeiture, destruction etc. of illicit recordings which have been ordered to be handed over either on an application by the rights owner under section 16, or on a conviction for an offence under section 21, or which have been seized by the rights owner under section 17.
52. This clause gives additional powers under which the Court can order the forfeiture of an "illicit recording" of a performance, over and above those available after seizure of, or on a conviction for dealings with, infringing copies. The powers are similar to those conferred by clause 4 in relation to infringing copies, and are available whenever such recordings have come into anyone's possession in the course of investigating or prosecuting certain offences, including offences relating to trade descriptions, fraud or theft.
53. An "illicit recording" is one made, otherwise than for private purposes, without the consent of the performer or, if a record company has an exclusive recording contract, without the record company's consent¹³.

¹¹ Provision for such exceptions was made by section 7A of the 1949 Act, which was inserted in the Act as it has effect in the UK by the Registered Designs Regulations 2001 (SI 2001/3949), and in the Act as it has effect in the Isle of Man by the Registered Designs (Isle of Man) Order 2001 (SI 2001/3678).

¹² See footnote 2 on page 3.

¹³ Performers' Protection Act 1996 s.18

Clause 18 – Schedule 2

54. This clause, with Schedule 2, provides for performers to have artistic (non-commercial) rights in relation to their performances similar to those which authors and directors have in relation to certain copyright works. These "moral rights" are (i) the right to be *identified* as the performer (e.g. not to have the performance attributed to someone else), and (ii) the right to object to *derogatory treatment* of the performance (e.g. a doctored recording wrongly implying that a singer was out of tune).
55. The protection of authors' moral rights was introduced by the Rome revision of the Berne Convention in 1928 and is given effect in Manx law by Part IV of the Copyright Act 1991. Similar protection for performers was introduced by the WIPO¹⁴ Performances and Phonograms Treaty ("WPPT") in 1996, and was given effect in the United Kingdom by the Performances (Moral Rights etc.) Regulations 2006 (SI 2006/18). This clause makes comparable provision for the Island.¹⁵

Clause 19

56. This clause makes provision for the licensing of "orphan rights" and extended collective licensing in relation to performances, corresponding to that made in relation to copyright by clause 9. It amends Schedule 1A¹⁶ to the Performers' Protection Act 1996, which deals with the licensing of performers' commercial rights, and is based on amendments made to the UK Copyright, Designs and Patents Act 1988 by the Enterprise and Regulatory Reform Act 2013.
57. For the background to licensing, and an explanation of orphan rights and extended collective licensing, see the notes on clause 9.

Clause 20

58. As in the case of copyright and design right (see clauses 10 and 14), the Performers' Protection Act 1996 includes the concept of "qualification": for a performance to be protected, it or the performer must have a connection with the Island, an EU member state (including the United Kingdom), or another "qualifying country" specified in an order.
59. At present the other "qualifying countries" are specified (by reference) in the Performers' Rights (Reciprocal Protection) Order 2003 (SD 293/03). That order applies to the Island a UK order (SI 2003/773) which lists numerous other countries¹⁷. New UK orders have been made almost annually since 2003, to

¹⁴ World Intellectual Property Organisation, a UN agency

¹⁵ The WPPT was implemented in the UK by regulations under the European Communities Act 1972 s.1(3). However, it does not extend to the Island, and compliance with it is not an 'EU obligation of the Island' for the purpose of the European Communities (Isle of Man) Act 1973 s.2B(1)(a). The machinery for adopting EU legislation by regulations under s.2B cannot therefore be used; hence the need for this clause and Schedule.

¹⁶ Schedule 1A is inserted by the Performers' Protection (Amendment) Regulations 2013.

¹⁷ As in the case of copyright (see footnote 4 on page 14), orders and regulations under the Act closely follow equivalent UK legislation. Section 31 of the Act, applying section 176 of the Copyright Act 1991, enables them to apply UK instruments to the Island with modifications, instead of setting out their provisions in full.

reflect the accession of countries to various international conventions, but have not yet been applied to the Island. In consequence Manx law does not afford protection in all cases required under those conventions.

60. As in the case of the comparable changes which clause 10 makes in respect of copyright it will no longer be necessary to replace or amend an order to ensure protection, as a list of most of the relevant countries will be incorporated in the Performers' Protection Act 1996. The clause is equivalent to provision in the UK Intellectual Property Bill which is currently progressing through Parliament.
61. The specific countries to be incorporated into the Performers' Protection Act 1996, rather than included in orders, are —
 - EEA states which are not also EU member states¹⁸;
 - the Channel Islands;
 - Gibraltar; and
 - countries party to the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations.

Clause 21

62. This clause corrects an error in the Transfer of Functions (New Departments) (No. 2) Order 2010 (SD 155/10).
63. Under section 16 of the Performers' Protection Act 1996 the owner of rights in a performance may apply to the High Court for an order that illicit recordings of the performance be handed over to him. Under section 17 he or his agent may also seize and detain illicit recordings, subject to safeguards, e.g. prior notice must be given to the police, and a notice giving certain information must be left at the place where the recordings are seized. Similar powers are given to copyright owners under sections 98 and 99 of the Copyright Act 1991.
64. The power to make regulations prescribing the form of the notice to be left at the place of seizure was originally conferred on the former Department of Trade and Industry. In the 2010 reorganisation, matters relating to intellectual property were transferred to the Department of Economic Development, but in error the power in the 1996 Act to prescribe the form of notice was transferred to the Department of Community, Culture and Leisure¹⁹. This clause transfers the power to the Department of Economic Development.

¹⁸ Iceland, Liechtenstein and Norway.

¹⁹ 2010 Order (SD 155/10) Schedule 1 Part 2 paragraph 2(1)