

PART IV — INFRINGEMENT OF COPYRIGHT

I General Principles

A Introduction

Copyright infringement occurs when someone other than the owner of copyright exercises any of the exclusive copyrights without permission. This is expressed in *Copyright Act* ss 36(1) and 101(1), which deal with infringement of works and other subject matter, respectively:

Copyright Act 1968 (Cth) s 36 — Infringement by doing acts comprised in the copyright:

- (1) ... the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, not being the owner of the copyright, and without the licence of [that] owner ..., does in Australia, or authori[s]es the doing in Australia of, any act comprised in the copyright.

The equivalent provision in relation to other subject matter is s 101(1), which provides as follows:

Copyright Act 1968 (Cth) s 101 — Infringement by doing acts comprised in copyright:

- (1) ... a copyright subsisting by virtue of [Part IV] is infringed by a person who, not being the owner of the copyright, and without the licence of the owner of the copyright, does in Australia, or authori[s]es the doing in Australia of, any act comprised in the copyright.

It will immediately be noted that ss 36(1) and 101(1) create two kinds of liability for copyright infringement:

- 1 Primary liability**
This kind of infringement arises upon the 'do[ing] in Australia ... of ... any act comprised in the copyright' ('primary infringement'); and
- 2 Secondary liability**
This kind of infringement occurs when someone 'authori[s]es the doing in Australia of ... any act comprised in the copyright' ('secondary infringement').

In addition to primary (direct) and secondary (authorisation) liability, the *Copyright Act* also provides for a number of specific forms of infringement. This infringement is indirect because it does not involve doing an act comprised in the copyright, but is still deemed to infringe:

- 3 Indirect liability**
This kind of infringement occurs upon the doing of an act falling within a specific infringement provision under the *Copyright Act*.

A few general principles concerning the nature of and requirements for establishing copyright infringement might here be conveniently expressed.

1 *Expression must be taken*

As seen in Chapter II above, copyright subsists in the form of expression of products of labour, skill or expertise. In order for there to be infringement, there must be an act done in relation to the form of expression, and not simply any ideas underlying it.

In the case of reproduction, for example, the putative infringing conduct must involve reproduction of the expression of the original copyright material, and not simply reproduce its ideas. Reproduction of ideas is insufficient. Of course, it may often be the case that infringement will still be shown where there is a taking of ideas. This is irrelevant. In such cases, what must be shown is reproduction of the form of expression, and it is immaterial whether the ideas of the original have or have not been taken.

Another example is provided by the facts of *Pike v Nicholas*, which provides a simple (if somewhat archaic) statement of the requirement that infringement be considered in relation to the expression of a work.

***Pike v Nicholas* (1869) UK Ch:**

Facts

- Pike and Nicholas enter an essay-writing contest, which requires participants competitively to write essays about the same topic
- Nicholas produces an essay that contains several similarities, uses many of the same sources, and gives similar treatment to many of those sources
- Pike alleges that Nicholas has infringed copyright in his essay

Issue

- Has there been an infringement of copyright in Pike's literary work?

Reasoning

- There are similarities in the underlying ideas — for example, the arguments, use of authorities, and treatments of those authorities
- However, the plaintiff cannot point to any reproduction of the form of expression used in his essay by the defendant
- This is unlike a situation where the putative copyist refers to the original work directly
- What must be reproduced is the author's form of expression, not just his ideas

Decision

- No copyright infringement has taken place

Therefore, in assessing issues of infringement, do *not* ask whether there has been a taking of the author's idea. Instead ask whether there has been a taking of the author's form of expression.

2 *A substantial part of the expression must be taken*

Primary infringement need not be total. It is sufficient that the exclusive right being infringed is exercised in relation to 'a substantial part of the work or other subject-matter': s 14(1)(a). In the

context of works, this means that a reproduction, adaptation or copy of a work need only be a reproduction, adaptation or copy of 'a substantial part' of the work: s 14(1)(b).

Copyright Act 1968 (Cth) s 14 — Acts done in relation to substantial part of work or other subject-matter deemed to be done in relation to the whole:

(1) In this Act, unless the contrary intention appears:

- (a) a reference to the doing of an act in relation to a work or other subject-matter shall be read as including a reference to the doing of that act in relation to a substantial part of the work or other subject-matter; and
- (b) a reference to a reproduction, adaptation or copy of a work shall be read as including a reference to a reproduction, adaptation or copy of a substantial part of the work, as the case may be.

(2) This section does not affect the interpretation of any reference in sections 32, 177, 180, 187 and 198 to the publication, or absence of publication, of a work.

This section has effect in relation to all acts of primary infringement, with significant implications for those who extract portions of copyright materials. The effect of s 14 is to render such a person liable for copyright infringement even though they have not reproduced or communicated, for example, the entirety of the work: it is enough that they have taken or communicated a substantial part of it.

It does not matter that the substantial part is used to create another work, or that the part taken is integral to the new work. For example:

- Reproducing a substantial part of a spare parts catalogue to create a new catalogue is infringement (*T R Flanagan Smash Repairs Pty Ltd v Jones*);
- A parody of a literary work is infringement if it reproduces a substantial part of the original and does not fall within the fair dealing exception (*TCN Channel Nine Pty Ltd v Network Ten Pty Ltd*); and
- Reproducing the entirety of a compression table is infringement even though it is necessary to ensure cross-compatibility (*Data Access Corporation v Powerflex Services Pty Ltd*, but see now *Copyright Act s 49D*).

Section 14 establishes a central theme in copyright infringement jurisprudence. It should be borne in mind at all times in the Parts that follow.

The meaning of the phrase 'substantial part' is discussed in greater detail below.

3 *A substantial part of the expression must be taken or derived from the copyright material*

This principle relates to the idea mentioned in Chapter I that copyright, unlike patents, does not confer a blanket monopoly upon authors. It will not protect against independent creation of an identical expression. For this reason, in assessing infringement, regard must be had for whether the defendant's allegedly infringing material derives from — or, indirectly, has a traceable causal connection with — the original copyright material. Derivation is required in all cases.

As was previously mentioned, where there is a high level of objective similarity between two articles, a rebuttable inference of derivation may sometimes be made. For further details, refer to the preceding comments.

4 *The scope of infringing conduct varies with the nature of the copyright material*

In order to primarily or secondarily infringe copyright, what must be done is 'any act comprised in the copyright'. The scope of potential infringement therefore varies depending upon the acts comprised in the copyright materials alleged to have been infringed.

The first step, then, in assessing infringement, is to ask a series of questions similar to the following:

- (a) *What is the original copyright material that has been infringed?*
- (b) *What sort of copyright work or subject matter is that material?*
- (c) *Consequently, what rights does the owner of copyright in that material have?*
- (d) *Which, if any, of these rights have been exercised by the defendant?*
- (e) *Have those rights been exercised with respect to a substantial part of the original material? and so on.*

Note that the phrase 'any act comprised in the copyright' refers only to the exclusive rights of the copyright owner (or their exclusive licensee). Indirect copyright infringement must be brought within another provision of the *Copyright Act* in order to give rise to liability.

Note also that works receive comparatively broader protection from infringement than do other subject matter. Other subject matter must be literally infringed; that is, there must be an actual dealing with respect to the subject matter itself. Part III works, by contrast, may be non-literally infringed; that is, they may be infringed by doing something with respect to material which, though derived from the original, is not itself the original.

B *Substantial Part*

Having established that relevant source copyright material exists, and that one or more rights of its owner have been exercised, the next issue is whether those rights have been exercised with respect to 'a substantial part' of the original material (question (e) in the above list). Section 14 provides the starting point for this assessment.

In light of various judicial elucidations, some more abstruse or apocryphal than others, the meaning of 'a substantial part' may confidently be stated to encompass:

- *Works*: a qualitative comparison between the original portion of the source material and the portion allegedly taken by the defendant (*Data Access*);
- *Other subject matter*: a qualitative and quantitative assessment of the 'potency' of the defendant's taking relative to the subject matter as a whole, as defined (*The Panel Case [No 1]*);
- In performing the comparison, ask whether the defendant's material comprises the 'highlight', the 'key moment', the 'memorable feature', the 'central element', the 'important ingredient', 'essentially the heart' or the 'best scenes' from the plaintiff's material; and
- If this is insufficient to resolve the issue, then look at the defendant's intention and the impact of their taking upon the value of the copyrights (*The Panel Case [No 2]*).

The following analysis seeks to expand upon the meaning of 'a substantial part'.

1 Qualitative assessment

The notion of substantiality is traditionally couched in terms of qualitative attributes such as significance, criticality and impression. One example of this approach is the oft-cited statement of Lord Reid in *Ladbroke (Football) Ltd v William Hill (Football) Ltd*:

The question of whether (an author) has copied a substantial part depends much more on the quality than on the quantity of what he has taken. One test may be whether the part which he has taken is novel or striking, or merely a commonplace arrangement of ordinary words or well-known data.

Hawkes and Son (London) Ltd v Paramount Film Service Ltd provides one example of an application of the qualitative approach. It is authority for an undemanding view of substantiality and a correspondingly broad view of the copyright monopoly. 'Substantial' is defined qualitatively in terms of recognition: if the of the copyright material taken is recognisably that material, it is a substantial part. The Court also refers to the fact that the extracted part of the song is the 'essential air' and a 'vital' or 'essential' part of it. This is so despite the fact that the extracted portion comprised only one minute out of a four-minute song.

Hawkes and Son (London) Ltd v Paramount Film Service Ltd (1934) UK Ch:

Facts

- Hawkes is the owner of copyright in a musical march entitled *Colonel Bogey*
 - See http://www.lexscripta.com/midi/jazz/Colonel_Bogey_March.mid
- This musical work is performed in Suffolk at the opening of a naval school
- The second defendant is present at the opening, and shoots a film of the proceedings
- The film consists of the following elements:
 - Footage of the arrival, movement and departure of His Royal Highness the Prince of Wales, and cheering consequent thereupon
 - The naval school and buildings
 - Footage of boys marching to the tune of *Colonel Bogey*
 - 28 bars of the march are reproduced, amounting to under a minute of music
 - The entire work is about four minutes long (25% taking)
- Hawkes argues that the film reproduces the musical work and infringes copyright
- The defendants argue that the reproduction was only incidental to the other features of the film, and subordinate to its general purpose, *inter alia*

Issue

- Has a substantial part of Hawkes' musical work been reproduced in the film?

Reasoning

- Lord Hanworth MR:
 - Is the amount taken so slender that it would be impossible to recognise it?
 - '[T]he intention of an infringer is immaterial': *Hanfstaengl v Empire Palace* per Lindley LJ
 - Infringement is not measured by the amount of damage sustained by the copyright owner; it is a right of property and the plaintiff is entitled to protect it regardless of damage: *Weatherby & Sons v International Horse Agency and Exchange Ltd* per Parker J
 - Here, Hawkes has the exclusive right to reproduce the work or any substantial

- part of it, including the right to make a record of it
 - The second defendants have made a record of the march, ‘and they have in so doing infringed the right of the owner of the copyright’
 - **[603]** But it is said, first, that there is no substantial part of this musical work taken, and that the cases show that we must look into the question of the degree and what was the nature of the reproduction.’
 - **[604]** [W]hen one deals with the word “substantial,” it is quite right to consider whether or not the amount of the musical march that is taken is so slender that it would be impossible to recogni[s]e it.’
 - Their Lordships examine the video record, and ‘it appeared plain to us that there is an amount taken which would be recogni[s]ed by any person’
 - The quantum that is taken is ‘substantial’
 - The plaintiffs are therefore entitled to relief
- Slesser LJ:
 - The central issue is whether a substantial part has been taken
 - The authorities do indicate that ‘matters beyond mere quantity’ should be looked at
 - However,
 - Looked at from any point of view, whether it be quantity, quality, or occasion’, this reproduction is clearly substantial
 - Here the amount taken is a ‘substantial’ and ‘vital’ and an ‘essential’ part
 - ‘Any one hearing it would know it was the march called “Colonel Bogey”, and though it ... was not very prolonged in its reproduction, it is clearly ... a substantial, a vital, and an essential part which is there reproduced’
- Romer LJ:
 - **[608]** In my opinion, the defendants have made a cinematograph film by which a substantial portion of the “Colonel Bogey” march can be reproduced. That the portion which they have taken is **[609]** substantial cannot be denied.’
 - ‘The part which has been taken consists of 28 bars, which bars contain what is the principal air of the “Colonel Bogey” march—the air which every one who heard the march played through would recogni[s]e as being the essential air of the “Colonel Bogey” march.’

Decision

- An injunction is ordered restraining distribution of the film by Paramount

2 *A substantial part of the original material*

The test of substantiality identifies the source material by reference to what is original. It does not matter that the defendant has taken a substantial part of the unoriginal material in the plaintiff’s source work. It matters that he has taken a substantial part of the original expression. The comparison that must, therefore, be made is between the original elements of the plaintiff’s expression and the elements of that expression which have been copied by the defendant.

The Court’s assessment of infringement in *Bauman v Fussell* provides an example of a taking being insubstantial because it was not a taking of the original expression of the source. Here, the Court is far more sympathetic to the defendant’s work than in *Hawkes*, because it does not reproduce the form of expression of the plaintiff’s work. Instead, it reproduces only the postures of the birds, which are not parts of the original expression in the original photograph.

Bauman v Fussell (1978) UK CA:Issue

- Was a substantial part of Bauman's photograph reproduced in Fussell's painting?

Reasoning

- Somervell LJ:
 - Whether the position of the birds comprises a 'substantial part' of Bauman's photograph must depend on how important that position is to the work; this includes an assessment of whether that position was intentional:
 - '[487] I do not think that a painter who was minded to make a picture of the procession, in his own style, would be committing a breach of copyright if he used the photograph to enable him to get accurately the relative positions of those taking part. What he would be taking would not be a substantial portion of the plaintiff's work.'
 - 'At the other end of the photographic scale one can imagine a case whether the photographer has made an original arrangement of the objects animate and inanimate which he photographs in order to create a harmonious design. ... Here the design would be his work. The position of the birds here is betwixt and between. It is, I think, nearer to the former than the latter category.'
 - Because the position of the birds was happenstance and not artificially contrived by Bauman, it is not as central as it might otherwise have been
 - Essentially, the postures of the birds does not form a part of Bauman's artistic expression because it was 'happenstance'
 - This is what Fussell took (the position of the birds)
 - The artistic character of the photograph was not taken
 - Consequently, the painting cannot contain a substantial part of the original
- Birkett LJ:
 - The postures of the birds are not part Bauman's artistic expression
 - Therefore, although Fussell had reproduced these postures, he had not reproduced Bauman's artistic expression
- Romer LJ (dissent)
 - 'Does, then, the form of the birds, separately and relatively to one another, constitute a substantial part of the photograph?'
 - Yes, it is a substantial part of the photograph
 - '[492] A cock-fight is neither a static nor a leisurely affair but a combat of rapid movement, involving, one may suppose, attack and counter-attack in which the birds deploy to their greatest advantage such armament of wing and claw as each possesses. It is true that in the passage from the judgment to which I have already referred the learned judge said, "the birds are interlocked in a way very similar to the photo — but any birds fighting would get similar interlocked" but I have been unable to find anything in the evidence which supports that statement.'
 - 'The plaintiff's photograph appears to me to have captured a very striking attitude, more especially perhaps with regard to the bird on the right which, with outspread wings and thrusting claws, is leaping to the attack whilst his adversary, with pinions raised, is apparently bracing himself to meet the assault. I cannot bring myself to think that these respective attitudes of the two antagonists are a relatively unimportant feature of the photograph. The photograph is of two birds engaged in the one activity for which they were reared and trained; and I cannot but

- think that the positions in which the camera caught them are of the essence of the plaintiff's skilful presentation of that activity.'
- The painter reproduced that feature
 - 'The spectacle of a cock-fight in a particular phase has certainly been reproduced, but the judge rightly held that such a reproduction does not constitute an infringement, for it is nothing more than the presentation of an idea or conception'
 - However, here the particular positions of the cocks vis-à-vis each other have been reproduced
 - This feature is 'of the essence' of the photograph (and therefore an essential part)
 - The postures of the birds were part of Bauman's expression and they had been reproduced in Fussell's painting
 - Therefore, Fussell's painting reproduced a substantial part of the original work

Decision

- (2:1) No, the painting does not reproduce a substantial part of the photograph

Similarly, in *Ladbroke*, Lord Pearce observed that substantiality is only assessed by reference to what is original in the plaintiff's source work:

The reproduction of a part which by itself has no originality will not normally be a substantial part of the copyright and therefore will not be protected. For that which would not attract copyright except by reason of its collocation will, when robbed of that collocation, not be a substantial part of the copyright and therefore the courts will not hold its reproduction to be an infringement. (at 481)

In *Ladbroke*, the original work consisted of the layout and presentation of a coupon as a literary work. This layout, if reproduced, would be a substantial part of the destination work. In *Bauman*, by contrast, the posture of the birds was not an original part of the source work, and therefore no amount of reproduction (of that unoriginal aspect) by the defendant could amount to a taking of a substantial part of the (original aspects of the) source work.

Originality is fundamental to the notion of substantiality. If the part taken 'represents the application of a high degree of skill and labour on the part of the author, it may be regarded as substantial, although comparatively slight in quantitative terms'.¹ However, if the part taken is unoriginal, no quantity of reproduction can infringe.

3 *Substantiality is assessed relative to the source work*

Note that the effect of a taking upon the new work is irrelevant. It does not matter that the copied material forms a substantial part of the *destination* work. This is immaterial. What is relevant is whether the copied material forms a substantial part of the *source* work. This is the comparison — copied material against its source — that must be made. The transformative use does not enter into the equation in the slightest, except to identify that which has been copied.

¹ Ricketson & Creswell, *Intellectual Property* (2002) [9.30].

4 Computer programs

Courts have struggled to define with precision what will amount to a substantial part of a computer program. Early attempts proved embarrassing for courts, as reflected by *Autodesk Inc v Dyason [No 1]*. In this case, the High Court of Australia endorsed a 'but for' test of substantiality: if an element could be removed from a computer program and have it continue to function, it will not be substantial. However, if its removal would cause the program to stop functioning, then it is a substantial part of the work.

Autodesk Inc v Dyason [No 1] (1992) HCA:Issue

- Is a lookup table a substantial part of a computer program?

Reasoning

- The lookup table is a substantial part because without it the program would not function
 - The lookup table operates as a security check executed upon startup of the program
 - Without the lookup table, the program would not run
 - Therefore, it is an 'essential' or 'critical' — and therefore a substantial — part of the program
 - This kind of functionality test should be applied in software cases: ask whether, 'but for' the element in question, the program would continue to function
- Test of infringement
 - Section 14(1)(a), (b) codifies the test for infringement
 - Doing an act that falls within a protected right in relation a substantial part of the work or subject matter is infringement if done without permission
- Mason CJ (dissenting):
 - Functionality is irrelevant
 - Substantiality should be determined by 'considering the originality of the part allegedly taken' (at 305)

Decision

- Yes, the lookup table is a substantial part of the computer program

Dyason [No 1] has rightly been the subject of criticism. However, such criticism often bears the ignoble appearance of striking a very soft target. The primary complaint is obviously that even minor, insubstantial takings could infringe, since removing one line or even one character (a semi-colon) could cause a computer program to stop functioning. A more appropriate test in relation to computer programs could involve assessing functionality less syntactically and rigidly. Given that the assessment is qualitative, substantially necessarily depends upon the semantics of a computer program, rather than the syntax with which the instructions are given.

Data Access Corporation v Powerflex Services Pty Ltd (1999) HCA:Issue

- Has a substantial part of the computer program been taken by copying certain reserved words from the program?

Reasoning

- Endorses the view of Mason CJ in *Dyason [No 1]*
- What is relevant is the ‘originality of the part taken’; that is, the originality with which the source computer program expresses the algorithmic or logical relationship between the program and the device it controls
- Thus, reproduction of data which is irrelevant to those relationships is unlikely to constitute a substantial part
- Substantial parts are more likely to consist in the:
 - Structure of a program
 - The choice of commands; or
 - The combination and sequencing of commands
- Rather than their mere syntax or form of those commands themselves
- Thus, ‘reserved words’ — even as a collocation — do not possess sufficient originality to constitute a substantial part of the Dataflex program, because they do not relate to the algorithmic relationship with the underlying object code
- This is because, it will be recalled, the reserved words are merely syntactic aliases for other instructions

Decision

- Thus, because the reserved words are unoriginal, they cannot be a substantial part of the computer program, even though their removal would cause it to stop working

5 *Television and sound broadcasts*

Part IV subject matter do not require originality in the same way that is required of part III works. For this reason, a slightly different comparison is made; namely, between the defendant’s allegedly copied material and the entirety of the source material. The issue is still whether, on that comparison, what has been taken amounts to a substantial part of the source. However, the source must be viewed in its entirety.

For this reason, defining the scope of the source subject matter becomes particularly important. In *The Panel Case [No 1]*, the issue was whether a ‘television broadcast’ comprises the entirety of a television programme or just any individual frame from it. Clearly, if the latter interpretation is adopted, any taking of one or more frames would be substantial, since a broadcast would be contained in any single one of those frames, and replicated in its entirety. However, the High Court of Australia held that this would be an ‘artificial’ construction at odds with the intention of the legislature, and settled upon the former construction.

The Panel Case [No 1] (2004) HCA:Facts

- [Refer to Chapter II for details]
- Ten extracts portions of Nine’s broadcasts on *The Panel*, a programme involving ‘entertaining and unscripted’ comments made by celebrities who were ‘musing irreverently over the topical issues of the week’

Issue

- Does Ten’s taking of excerpts, ranging in duration from 8–42 seconds, of Nine’s television broadcasts constitute a reproduction of ‘a substantial part’ within the meaning of s 14?

Reasoning

- Conti J (trial judge):
 - Ten has not taken the whole or a substantial part of any of Nine's broadcasts
 - The test proposed by Nine (that a television broadcast may be found in even a single frame of a broadcast) would mean that all copying of any part of a broadcast would be characterised as reproducing a substantial part of the subject matter
- Full Court of the Federal Court of Australia (Hely J (Sundberg J agreeing)):
 - Ten infringed Nine's copyright in the broadcasts (subject to defences)
- High Court of Australia (McHugh ACJ, Gummow and Hayne JJ):
 - The Full Court misinterpreted the phrase 'a television broadcast'
 - The effect of this misinterpretation was to render questions of substantiality without practical operation, and to expand the ambit of the copyright monopoly in broadcasts beyond that which the legislature sought to confer
- The fact that something has been copied is insufficient to conclude that there has been an infringement or that copyright subsists in the copied material
 - Rejects dictum from *University of London Press*: 'what is worth copying is prima facie worth protecting'
 - This is insufficient: the fact that there has been a taking does not mean that the taking was substantial
 - Nor does it mean that copyright ever subsisted in the material taken
 - Stigmatising the conduct of alleged infringers as 'theft' and 'piracy' is proprietary rhetoric that serves to enlarge the rights of one class of persons at the expense of another
 - The *University of London Press* aphorism is indicative of the dangers of treating infringement too rhetorically: it is too widely encompassing
 - Plaintiffs must prove more than copying: they must also prove that the copied matter is material in which copyright subsists, and that a substantial part of it has been copied (*Ibcos Computers Ltd v Barclays Mercantile Highland Finance Ltd*)
 - The fact that someone has bothered to copy a part of a work 'is ... unlikely to be of great assistance in determining whether a particular reproduction involves a substantial part of a work or subject matter of copyright' (*Nationwide News Pty Ltd v Copyright Agency Ltd* per Sackville J)
- The Full Court's interpretation of the term 'television broadcast' goes beyond s 14(1) by providing that any period of broadcasting, however brief, is a broadcast, such that any taking, however minor, will be substantial; this ignores the effect of s 14(1)
 - '[18] All the species of copyright enjoy a protection which is not limited to infringement by the taking of the whole of the protected subject-matter. The taking of something less will do. That lesser degree of exploitation is identified in s 14(1) by the phrase "a substantial part". The decision in *Data Access Corp v Powerflex Services Pty Ltd* with respect to infringement of the literary works in computer programs provides a recent example of the operation of s 14(1).' (citation omitted)
 - 'The term "substantial part" has a legislative pedigree.'
 - An analysis of the drafting history and Parliamentary committee reports that preceded enactment of the provision reveals that it imposes a freestanding requirement on plaintiffs in infringement actions, and is separate from any consideration of defences
 - Quality as well as quantity must be assessed when assessing alleged infringement of copyright material, regardless of whether it is a works and an

other subject matter

- The assessment of 'potency' is relative to the broadcast as a whole, ie, the entire programme, rather than any portion or frame of it
 - Television broadcasts are not original, so the originality test can't be applied; instead, consider the significance of taking using the potency test
 - This is an extension of *Data Access* to subject matter
 - '[47] Questions of quality (which could include the potency of particular images or sounds, or both, in a broadcast) as well as quantity arise both in respect of Pt IV copyrights and those copyrights in original works to which Pt III applies.'
 - Potentially a single frame could infringe copyright in a television programme — if it formed a substantial part of that programme
 - However, this would be rare indeed
 - Conti J raised the issue of 'whether', if a programme is divided into 'segments', 'it may be legitimate in the facts of a given case to use a segment of a program for measurement of the television broadcast, rather than the whole of the program'
 - '[77] We would reserve consideration of that proposition for a particular case where the point arises. However, the circumstance that a prime-time news broadcast includes various segments, items or "stories" does not necessarily render each of these "a television broadcast" in which copyright subsists under s 91 of the Act.'
 - This tends to suggest that the title under which a programme is promoted will be determinative: what is of commercial significance?
 - Each segment simply forms a part of the larger programme; the question to be asked remains whether what is taken — whether a part of a segment, or one, or more segments — amounts to a substantial part of the programme as a whole
- '[48] The outcome of the decision of the Full Court now under appeal is that the interest of broadcasts are placed by the Act in a privileged position above that of the owners of copyright in the [works] which may have been utilised in providing the subject of the images and sounds broadcast. This is because of the diminished requirements in respect of infringement ... for the taking of a substantial part of the subject-matter facilitate the proof of infringement there while leaving the owners of copyrights under Pt III with a heavier burden'
- '[A] television broadcast' is not a singular or small portion of a broadcaster's signal is to give the term an artificial meaning
 - A pragmatic view of the meaning of 'a television broadcast' is adopted
 - Protection is given to that which has 'commercial significance' to the broadcaster, 'identified by the use of the term "a broadcast" in its sense of "a programme"'
 - 'In the same way, the words, figures and symbols which constitute a "literary work", such as a novel, are protected not for their intrinsic character as the means of communication to readers but because of what, taken together, they convey to the comprehension of the reader'
 - Copyright in a television broadcast does not protect the medium or means of communication itself, but rather the commercially significant grouping of those means to produce a matter of comprehension (commercial significance) to the broadcaster
 - '[39] In fixing upon that which was capable of perception as a separate image upon a television screen and what were said to be accompanying sounds as the subject-matter comprehended by the phrase "a television broadcast", the Full Court appears to have fixed upon the medium of transmission, not the message

conveyed by its use'

- The *Broadcasting Act* refers, in s 14, to broadcasting services as being services 'that provide program[me]s'; it defines 'program[me]' in s 6 to mean 'matter the primary purpose of which is to entertain, to educate or to inform an audience; or advertising or sponsorship matter'
- '[75] There can be no absolute precision as to what in any of an infringe possibility of circumstances will constitute "a television broadcast". However, the programmes which Nine identified ... as the Nine programs, ... answer that description. These broadcasts were put out to the public, the object of the activity of broadcasting, as discrete periods of broadcasting identified and promoted by a title, such as *The Today Show*, *Nightline*, *Wide World of Sports*, and the like, which would attract the attention of the public.'

- Kirby and Callinan JJ (dissenting)

Decision

- The appeal is allowed and remitted to the Full Court for determination of the issue of substantiality
- Broadcasting the excerpts does not inherently amount to rebroadcasting of a substantial part of the broadcast
- Broadcasters were not intended to be placed in a better position than other copyright owners; the requirement that 'a substantial part' be taken applies equally to them
- The phrase 'a television broadcast' refers a programme or advertisement identified under a title and of commercial significance to the broadcaster
- What must be taken is a substantial part of the programme (ie, the broadcast)

The High Court's decision raises several issues of its own: how are the boundaries of a programme to be determined, for example? It also left one explicit issue unresolved; namely, whether individual segments or discrete portions within a single programme that consists of multiple such segments are each individual programmes and, hence, broadcasts. The matter was remitted to the Federal Court for determination in light of the appellate Court's findings.

In *The Panel Case [No 2]*, Finkelstein J extensively canvasses the multitude of meanings accorded to the phrase 'a substantial part' throughout copyright history. His Honour settles upon a qualitative approach, which may be summarised as represented by the following enquiry:

- (a) **Comparison**
Identify the source copyright work, on the one hand, and the part allegedly taken by the defendant, on the other;
- (b) **Evaluation**
Ask whether that taken part is a 'substantial part' of the source work; namely, whether it comprises:
 - 'essentially the heart' of the work (*New Era Publications International*)
 - 'the essential part of the copyright work' (*Home Communications Corporation v Network Productions Inc*)
 - 'at least an important ingredient' in the work (*Salinger v Random House*)
 - 'the best scenes' from the work (*Hi-Tech Video Productions Inc v Capitol Cities*)

- 'highlights' from the work (*New Boston Television Inc v Entertainment Sports Programming Network Inc*)
 - 'excerpts central to the [work]' (*Roy Expert Co Establishment of Vaduz Liechtenstein*)
 - 'the "heart" — the most valuable and pertinent portion — of the copyright material' (*Los Angeles News Service v CBS Broadcasting Inc*)
- (c) **Clear cases**
If there is clearly no taking of a substantial part, the enquiry ends
- (d) **Borderline cases**
However, in borderline cases, a visual comparison will not suffice, as where a programme has no 'core' or 'heart' at all; instead, ask:
- (i) Was the defendant's intention in taking the material unfair in that he wanted to compete with the plaintiff?
 - (ii) What is the impact of the defendant's taking upon the financial interest comprised by the plaintiff's copyrights?

The Panel Case [No 2] (2005) FCA:

Issue

- Has a substantial part of each broadcast (programme) been taken by Ten?

Reasoning (Finkelstein J)

- Background to the dispute
 - '[2] The High Court ... pointed out ... that the interest to be protected by [television broadcast] copyright (being copyright in non-original subject matter) is the cost and skill in assembling or preparing and transmitting the programme to the public. The nature of this interest, as well as the enacting history of s 9, led the High Court of Australia ... to the conclusion that "broadcast" means "programme". In reaching this conclusion the High Court said ... that the contrary view "fixed upon the medium of transmission, not the message conveyed by its use".'
 - '[3] The dispute still to be resolved is whether the remaining 11 extracts that were copied and re-broadcast were "substantial" parts of the programmes from which they were taken. Only if they were "substantial" parts of those programmes will Nine's copyright be infringed.'
- Relevant factors to be considered in an assessment of infringement
 - '[4] In the case of broadcast copyright it is necessary to identify with precision the particular programme in which it is alleged the copyright has been infringed. This task is not as easy as it seems.'
 - Each of the discrete programmes, which range in duration from 30 minutes to five hours, is a broadcast
 - However, Nine argues that programmes may further be 'divided into separate and distinct parts in terms of theme, story and impact', so that each may be treated as a separate broadcast
 - 'This is an important point. If a copyright owner is able to confine a programme in terms of length and subject matter, it will be easier for the owner to establish that the part that is taken is "substantial".'

- Segmentation of television programmes?
 - [6] It is, I think, clear that the High Court of Australia did not resolve whether any of Nine’s programmes can be divided into segments where each segment is treated as a separate “television broadcast”. ... So the position is still open, but for reasons that will soon become apparent the dispute need not be resolved on this appeal.’
- Determination of ‘a substantial part’
 - [9] There is no fixed rule for determining how much of a copyright work must be taken for it to be a substantial part of the work. The area of substantial similarity is at the heart of copyright law, yet it remains one of its most elusive aspects.’
 - ‘The general rule is that substantiality depends on quality not quantity: *Ladbroke (Football) Ltd v William Hill (Football) Ltd*’
 - Easy cases can be resolved with visual or aural comparison between the two works (‘ordinary observer test’: *Daly v Palmer*; or ‘audience test’: *Arnstein v Porter*)
 - Where the amount copied is small, a visual or aural comparison may be of little assistance
 - ‘In a doubtful case other factors must be considered.’ These include:
 - The economic significance of what has been taken: *Bramwell v Halcomb*
 - ‘minute and trifling’ and ‘extreme minuteness’ of value and injury (*Bell v Whitehead*) of ‘the great bulk’ of the work, ‘a large and vital portion of his work and labour’, and will ‘materially injure his copyright’ (*Scott v Stanford*)
 - However, damage is not essential; there can be infringement without harm: *Kipling v Genatosan*
 - *Hawkes and Son (London) Ltd v Paramount Film Service Ltd* per Lord Hanworth: ‘the right of the owner of a copyright is not determined or measured by the amount of actual damage to him by reason of the infringement; copyright is a right of property, and he is entitled to come to the Court for the protection fo that property even though he does not show or prove actual damage’
 - Whether the use of the copied portion made by the defendant is unfair: *Bradbury v Hotten*
 - Eg, going into competition with the plaintiff: *Bradbury v Hotten* (per Kelly CB: ‘Is [the defendant] by so doing applying to his own use and for his own profit what otherwise the plaintiffs might have turned, and possibly may turn, to a “profitable account”?’)
 - Intent of the copyist and the nature of his work: *Cooper v Stephens* per Romer J (rendering plaintiff’s copyright ‘practically valueless’ and ‘destroyed’)
 - However, the defendant’s intention to profit from competition with the plaintiff is not necessarily decisive: at [13]
 - *Folsom v Marsh* per Storey J:
 - ‘It is certainly not necessary, to constitute an invasion of copyright, that the whole of the work should be copied, or even a large portion of it, in form of in substance. If so much is taken, that the value of the original is sensibly diminished, or the labors of the original author are substantially to an injurious extent appropriated by another, that is sufficient, in point of law, to constitute a piracy *pro tanto*. ... Neither does it necessarily depend upon the quantity taken. ... It is often affected by other considerations, the value of the materials taken, and the

importance of it to the sale of the original work. ... In short, we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.’ (at 348)

- The authorities set out the test of substantiality as a qualitative notion, and one not confined to an examination of the intrinsic elements of the plaintiff’s work.’
 - The enquiry may be broader so as to encompass ‘the context of the taking’
 - Three key ideas:
 - First, copyright protects the owner’s financial interest
 - Second, financial harm evidences unfair or injurious appropriation of skill and labour; thus: ‘has an unfair or undue use been made of the work protected by copyright?’ (*Blackie & Sons Ltd v The Lothian Book Publishing Co Pty Ltd* per Starke J)
 - Third: piracy, which relates to financial harm through the offering for sale of a cheaper version of the copyright work
 - Fourth; value, which encompasses both financial and artistic aspects
 - *Copinger and Skone James on Copyright*: at 8–27 —
 - ‘In deciding [the quality or importance of the part taken] regard must be had to the nature and objects of the selection made, the quantity and value of the materials used, and the degree to which the use may prejudice the sale, or diminish the profits, direct or indirect, or supersede the object of the original work.’
- Relevant of evidence of financial harm:
 - May indicate that the financial interest protected by copyright has, or has not (absence of harm), been interfered with
 - May indicate that the taking was is (eg, by reducing profits)
 - Third, may indicate ‘straightforward piracy’
 - Fourth, may demonstrate that ‘the part taken is important, vital or material in the sense that the part gives the work its financial value’
 - The test is primarily qualitative, and only secondarily quantitative:
 - A purely quantitative test was rejected by the House of Lords in *Newspaper Licensing Agency Ltd v Marks & Spencer plc*
 - Lord Hoffman: substantiality depends upon quality and not quantity
 - ‘But what quality is one looking for?’
 - Original works: the originality of the skill and labour in producing the work
 - Published editions: the skill of designing the arrangement and the labour and cost of implementing it
 - Published editions: ‘The test is quantitative in the sense that as there can be infringement only by making a facsimile copy, the question will always be whether one has made a facsimile copy of enough of the published edition to amount to a substantial part. But the question of what counts as enough seems to be qualitative, depending not upon the proportion which the parts taken bears to the whole but on whether the copy can be said to have appropriated the presentation and layout of the edition.’
 - This approach is followed in Australia: *The Panel Case [No 1]* (High Court of Australia): ‘Questions of quality ... as well as quantity arise both in respect of [subject matter] and [works]’
 - Application of these principles to television broadcasts:

- The exclusive right of the owner of a television broadcast is only to film, rebroadcast or communicate it to the public
- '[20] Thus there will only be an infringement if the actual broadcast or a substantial part of [it] is faithfully copied or rebroadcast. It will not suffice to show that the defendant has broadcast a colourable copy of the plaintiff's work as it would in the case of, say, artistic copyright.'
- The quality of what is taken must be assessed by reference to the interest protected by the copyright; namely, the cost and skill involved in preparing and transmitting the programmes to the public
- Conti J:
 - Start with a primarily quantitative approach
 - Cannot have been any infringement by Ten, since the extracts were so short relative to the programme length
 - Then examine qualitative factors with a view to determining whether harm has been inflicted upon the plaintiff's commercial interests
 - Technical presentation, arrangement appearance of the broadcast
 - Object or purpose of the re-broadcaster: satire, comedy or light entertainment will not normally involve infringement because it will involve imitation and thus copying [may be misleading: this could still be done by quoting and mocking the source material, as *The Panel* did]
- Finkelstein J:
 - The starting point is most definitely not 'primarily quantitative
 - The technical matters such as presentation and arrangement are irrelevant; these are not the interest protected by the copyright: at [29]
 - The principal enquiry is not whether there has been harm caused to the plaintiff's commercial interests
 - Instead:
 - Start with a comparison between the part taken and the copyright work
 - Ask whether that part is a "substantial part" of the plaintiff's programme
 - 'essentially the heart' (*New Era Publications International*)
 - 'the essential part of the copyright work' (*Home Communications Corporation v Network Productions Inc*)
 - 'at least an important ingredient' (*Salinger v Random House*)
 - 'the best scenes been taken from the programme' (*Hi-Tech Video Productions Inc v Capitol Cities*)
 - 'highlights' from the programme (*New Boston Television Inc v Entertainment Sports Programming Network Inc*)
 - 'excerpts central to the program' (*Roy Expert Co Establishment of Vaduz Liechtenstein*)
 - 'constitute the "heart" — the most valuable and pertinent portion — of the copyright material?' (*Los Angeles News Service v CBS Broadcasting Inc*)
 - If there is clearly no taking of a substantial part, the enquiry ends
 - However, in borderline cases, a visual comparison will not suffice, as where a programme has no 'core' or 'heart'

- Eg, certain Andy Warhol films that have no plot or substantial occurrences: how could the heart of these films be determined?
 - In these cases, it is necessary to consider 'factors such as the plaintiff's financial interest as well as the defendant's purpose to resolve the issue'
 - However, these factors are only relevant in borderline cases, it would seem
- Application to the facts of the case:
 - The rebroadcasting by Ten of the following extracts infringed Nine's copyright:
 - *Inaugural Allan Border Medal Dinner*
 - 10 seconds
 - Glen McGrath's reaction to winning the award
 - 'the highlight of the dinner'
 - *Midday* (Prime Minister singing Happy Birthday)
 - 17 seconds
 - Appearance of the Prime Minister was a 'key part'
 - 'a key and memorable feature'
 - Described by a Ten panellist as worthy of inclusion in the 'best of' special of the *Midday* programme
 - *Wide World of Sports* (Grand Final)
 - 8 seconds
 - Glen Lazarus cartwheel: 'was, on any view, a "highlight"'
 - Last game of rugby league by that player
 - *Australia's Most Wanted* (re-enactment of stabbing)
 - 26 seconds
 - Re-enactment was central to the programme, which sought assistance in relation to the crime enacted
 - 'very dramatic and clearly central'
 - *Pick Your Face* (Keri-Anne Kennerley)
 - 20 seconds
 - Game show for children: identification 'an important part'
 - Ten panellist described the misidentification extracted as 'a "little highlight"'
 - *The Today Show* (child yawning)
 - 9 seconds
 - Part of an interview
 - Interviewee's yawn during interview 'is a memorable part of the interview'
 - However, the rebroadcasting by Ten of these extracts did not so infringe:
 - *A Current Affair* (brothel)
 - *The Today Show* (Boris Yeltsin)
 - *The Crocodile Hunter* (scuba diving)
 - *The Today Show* (Prasad interview)
 - *Nightline* (Kevin Gosper interview)
 - Rationale:
 - All extracts very short (though quantity does *not* dictate the outcome)
 - Extracts were insignificant ('*de minimis* is another description') in the context of the programme ('or, if it be relevant, the segment of the programme from which they were taken')
 - Further, there was no financial injury to Nine

- Sundberg J agreeing in part:
 - 'I have not viewed the Andy Warhol films referred to at [28] of Finkelstein J's judgment. I agree with his Honour's reasons, which do not turn on that paragraph'

Decision

- Appeal allowed in part: some of the broadcasts were substantially taken, but not others
- [Note: a defence is ultimately available in relation to some 70 per cent of the alleged infringements; see below Chapter V]

In essence, this approach is qualitative. It asks whether the 'heart' has been taken. Put another way, it assesses the significance of the taking relative to the subject matter as a whole. Significance may arise by virtue of either quality or quantity. However, the taken part must be original. It is more likely to be qualitatively significant if it represents a high degree of originality.

II Primary Infringement of a Work

A Reproduction in a Material Form

A direct or primary infringement consists of the doing of an act comprised in the copyright: *Copyright Act* s 36(1). Liability is strict in that no infringing intention needs to be established on the part of the defendant, who need not even know that the work is subject to copyright. This is unlike indirect infringements, which require actual or constructive knowledge, and is also unlike secondary infringement, which requires some additional conduct on the part of the authoriser.

1 Definition

Reproduction is the most frequently-exercised of exclusive copyrights. It attaches to all works. The right is limited to reproductions 'in a material form': *Copyright Act* s 31(1)(a)(i), (b)(i). It is therefore an infringement of this right to 'reproduce' a work 'in a material form' without permission. Material form, as will be seen, has a broad meaning: essentially, the reproduction can be stored in any form of storage, and need not be retrievable from it.

The meanings of these terms are now discussed in turn.

2 'Reproduction'

The notion of 'reproduction' is broad and largely undefined. Unlike pt IV 'copying', it can be non-literal, but must involve a reproduction of the 'form of expression' that is the basis for the source work's originality. The reproduction must also give rise to some record having material form.

(a) Deemed

The term 'reproduction' is not exhaustively defined in the *Copyright Act*; however, certain provisions in s 21 operate to deem particular kinds of conduct a reproduction:

Copyright Act 1968 (Cth) s 21 — Reproduction and copying of works and other subject-matter:

- (1) ... a [work] shall be deemed to have been reproduced in a material form if a sound recording or cinematograph film is made of the work, and any record embodying such a recording and any copy of such a film shall be deemed to be a reproduction of the work.
- (1A) ... a work is taken to have been reproduced if it is converted into or from a digital or other electronic machine-readable form, and any article embodying the work in such a form is taken to be a reproduction of the work.
- Note:** The reference to the conversion of a work into a digital or other electronic machine-readable form includes the first digitisation of the work.
- (2) Subsections (1) and (1A) apply in relation to an adaptation of a work in the same way ...
- (3) ... an artistic work shall be deemed to have been reproduced:
- (a) in the case of a work in a two-dimensional form — if a version of the work is produced

in a three-dimensional form; or

(b) in the case of a work in a three-dimensional form — if a version of the work is produced in a two-dimensional form;

and the version of the work so produced shall be deemed to be a reproduction of the work.

(4) The last preceding subsection has effect subject to [acts not constituting infringement].

(5) ... a computer program is taken to have been reproduced if:

(a) an object code version of the program is derived from the program in source code by any process, including compilation; or

(b) a source code version of the program is derived from the program in object code by any process, including decompilation;

and any such version is taken to be a reproduction of the program.

These deemed reproductions may be summarised more simply as follows:

- Recording a work;
- Filming a work;
- Digitising a work;
- Converting a work to analogue form;
- Making a three-dimensional version of a two-dimensional artistic work;
- Making a two-dimensional version of a three-dimensional artistic work;
- Compiling a computer program; and
- Decompiling a computer program.

(b) *Factual*

If reproduction cannot be deemed, it must be established by the plaintiff. To show reproduction, three things must be shown:

- **Causal connection**
The destination work must causally derive from the source work ('subjective copying');
- **Objective similarity**
The destination work must be sufficiently similar to the part taken of the source work ('objective copying'); and
- **Material form**
The destination work must be reduced to a material form.

Unless all three requirements can be established, there will not be a relevant reproduction. For example, an oral reading of a book would satisfy the subjective copying (being read from the book) and objective copying (being the exact contents of that book) requirements, but would not be in material form (a mere ephemeral reproduction). Such a reading could not be a reproduction, though it may be a performance.

Similarly, an author may be inspired by the work of another, and so create another work of their own. This would naturally be expressed in material form, and would be derived by virtue of their

inspiration from the source work, but unless the two works were actually similar it would not be a reproduction.

(c) *Example: Pianola rolls and reproduction*

‘Suppose that you own a purpose-built recording piano, the keys and pedals of which are equipped so that the notes played cause perforations on a pianola roll. You have a musical work as sheet music, traditionally noted, and you perform the work on your piano and cause a roll to be perforated.’

Issue: Have you exercised the reproduction right in the musical work? Does the roll you have made constitute any other copyright subject matter?

There is a record stored in material form (the pianola roll). There is a transposition of the original musical work (the sheet music) into a new work (the pianola roll). That transcoding involved taking a substantial part of the original work (all of it). There is a causal derivation from the original work (which was played). However, can it be said that what the pianola roll has taken constitutes the form of expression that is protected by copyright? It seems likely that it does: although the notation itself has not been taken, the music that they represent is still the expression of the original work (as opposed to, say, the idea, genre or structure underlying the music). Because that music — the sounds and notes — has been re-expressed in material form in its entirety, it seems likely that this would constitute an exercise of the reproduction right with respect to the sheet music, assuming it to be original.

3 *Causal connection*

The plaintiff to an infringement proceeding must establish that there is a causal connection between his or her work and the putative infringing work. This connection may be direct — that is, when the defendant has directly come into contact with the plaintiff’s work — or indirect — as where the defendant has only come into contact with intermediary works that each reproduce the plaintiff’s original work.

A defendant’s work may exhibit the necessary causal connection to the plaintiff’s work in each of the following situations:

- Direct copying of the plaintiff’s work (‘factual copying’);
- Unconscious copying of the plaintiff’s work, where the defendant has seen it (*Francis Day & Hunter v Bron*);
- Indirect copying of a work by X, such as a photograph, which reproduces the plaintiff’s work;
- Indirect copying of a work by Y, which reproduces the work of X, which in turn reproduces the plaintiff’s work; or
- Indirect copying of the plaintiff’s two-dimensional artistic work by reproducing X’s three-dimensional object that reproduces that work (eg, copying existing clothes, being a work of artistic craftsmanship, which are based on design drawings);
- Somewhat more controversially, directly reproducing a work made by Y that in turn reproduces a work made by X, the plaintiff, where the defendant makes a different type of work from that of Y but identical to X (eg, Y’s work is a description of X’s painting, and the defendant paints a picture based on Y’s description); or
- Even more controversially, directly reproducing something made by Y that is not a protected work or subject matter, but which in turn reproduces a work made by X, the plaintiff (eg, defendant making a copy of a Y’s machine that is based on X’s design drawings).

The latter three cases are controversial because they involve unusual forms of indirect copying. The first difficult case involves reproduction of an intermediary work in a different form. It raises unique issues of objective similarity, which should not be conflated with those related to derivation. The second difficult case is similar, arising from a more general version of the preceding case: here the intermediary work is in a completely different form to the original, and the defendant's work is in the same form as the original. The third case is especially difficult, because the intermediary work is not protected by copyright. It seems possible that no causal connection would be present in this final situation, because the intermediary material is not protected. This would effectively 'sever' (to borrow a metaphor) the causal chain of derivation.

More generally, the problem with indirect infringement of these categories is that they go far beyond the reproduction rights first envisaged by the legislature, and the courts that, until recently, interpreted causal derivation in a relatively confined manner. As Deane J remarked in *S W Hart and Co Pty Ltd v Edwards Hot Water Systems*:

The convoluted path by which a three-dimensional object has been held to be an infringement of the copyright in a technical drawing which has neither been factually copied nor even seen illustrates the incursions which copyright — with its extended life but more limited protection, its lack of any requirement of novelty or true inventiveness and its minimal standards of originality — is capable of making into what would ordinarily be seen as the proper domains of the law of patents and the law of industrial designs. (at 495)

An example of this kind of indirect infringement lies in *Frank M Winstone (Merchants) Ltd v Plix Products Ltd*, a New Zealand case, where there was held to be a causal connection between the defendant's kiwi fruit tray and (*inter alia*) the plaintiff's design drawings for such a tray. The defendant had produced the tray from design specifications provided by a third party fruit marketing board (which had formally adopted the plaintiff's tray design). The requisite connection existed even though the defendant had never seen the plaintiff's tray, was given an implied licence to use the marketing board's design, and produced the end product in another form from the drawings. It is submitted that this decision is wrong because the chain of derivation should be regarded as vitiated by the fruit board's permission.

The issue arising in *Frank M Winstone* is that the plaintiff has been given permission by X (the marketing board) to use their copyright work, and the defendant has subsequently reproduced X's (licensed) work. If the plaintiff never had access to the defendant's original work, it seems artificial in the extreme to characterise the reproduction as in any way connected to it.

In England, the expansive principle of indirect causal connection is tempered by the requirement that 'the intermediate stage or subject ... must in some real and intelligible sense ... be a "copy" or representation of the original work' (*Purefoy Engineering Co Ltd v Sykes, Boxall & Co Ltd*). Although not a requirement that the intermediary work or works actually infringe copyright themselves, it does ensure that the connection is not successively weakened by intermediary material which, though derived from the plaintiff's work in some way, does not actually reproduce it in a relevant sense.

Examples of cases in which the plaintiff has failed to demonstrate causal connection include:

- No infringement where applicants fail to prove a causal connection between their arrangement of a traditional folk song and a recording of that song; the Court concludes that the recording artist probably learnt the song from a source other than the applicants' arrangement (*Robertson v Lewis*);
- No indirect infringement where defendant reproduces extrusion moulds, where no independent copyright subsists in the moulds but where they are based on design drawings that the defendant had not seen (*Talk of the Town v Hagstrom*); this is because the plaintiff's moulds 'were not made by direct use of the drawings' (Pincus J), so that the chain was broken;

- No infringement of the defendant's sketch of a shirt with a tunnel collar and the defendant's resulting shirt, with such a collar, because the defendant had pointed to the drawing and asked for the tailor to make 'this sort of thing'; what was passed on was the idea of the collar and not the visual expression protected in the sketch (*Gleeson v H Denne Ltd*); and
- No infringement where plaintiffs fail to prove that a defendant song writer knew of the plaintiffs' song (*Francis Day & Hunter v Bron*).

Although subjective and objective copying are expressed to be separate elements of reproduction, they are not entirely independent. In cases of strong objective similarity, for example, a rebuttable inference of derivation may arise (*SW Hart and Co Pty Ltd v Edwards Hot Water Systems* per Wilson J):

If a case is to succeed where there is no evidence of access to the copyright [work], the similarity of the impugned product to the [work] will be required to be so strong as to itself sustain, without more, an inference of copying. On the other hand, in a case where there is strong evidence in support of an inference of copying such evidence as there is of similarity may take on added significance. It must, of course, still amount to a sufficient similarity of a substantial part of the copyright work. But such dissimilarities as are apparent may be seen as no more than a deliberate attempt to obscure what has actually taken place. (at 484).

Specifically, this inference may be drawn when 'the similarities are so striking as to preclude the possibility of the defendant having arrived at the result independently' (*Clarendon Homes (Aust) Pty Ltd v Henkley Arch Pty Ltd*).

4 Objective similarity

Having adduced sufficient evidence for the Court to draw an inference of derivation, the plaintiff must also establish objective similarity between its copyright work and the defendant's putative infringement.

Objective similarity does not mean that the defendant's work resembles the whole of the plaintiff's. As Lord Millet remarked in *Designer Guild Ltd v Russell Williams (Textiles) Ltd*:

An action for infringement of copyright ... is not concerned with the appearance of the defendant's work but with its derivation. The copyright owner does not complain that the defendant's work resembles his. His complaint is that the defendant has [reproduced] all or a substantial part of the copyright work. (at 708)

Put another way, overall similarity is unnecessary, though it may definitely be suggestive of objective similarity. However, the defendant's article need only exhibit sufficient aspects of the plaintiff's copyright work that it can be said to resemble the original.

By 'the original' it is meant 'so much of the form of expression in which copyright subsists'. Thus, similarity with the source work viewed as a whole may be misleading: if copyright subsists in only an aspect of that work, then it is with that aspect that the defendant's article must be compared.

The precise nature of the required resemblance varies depending upon the kind of work:

- *Artistic works*: a visual comparison of the protected features of the source expression with the defendant's article (*McCrum v Eisner*):
 - The test is purely visual: the works are 'being compared *oculis subjecta fidelibus*' (*King Features Syndicate Inc v O & M Kleeman Ltd*)
 - Ideas in the plaintiff's work are not to be considered; only the expression is relevant to issues of similarity

- The fact that the defendant's work calls the plaintiff's to mind is not enough to establish visual similarity
- Copyright in a drawing of cartoon characters not necessarily infringed by copying the idea of the characters featured in a drawing to produce new characters in a similar configuration (*Walt Disney Productions v H John Edwards Publishing Co Pty Ltd*)
- Copyright in a painting not necessarily infringed by copying the 'naïf impasto style' of an artist and applying that style to different subject matter; it does not matter that the works appear to be from the same artist (*Cummins v Vella*); copyright in painting only protects 'form and expression', not 'style, concept and technique'
- There must be evidence led as to the 'visually significant' feature of the work; 'sufficient elements of the distinctive appearance' must have been taken (*Coogi*)
- Copyright in a drawing of a model wearing a dress may not be infringed by making that dress (*Burke and Margot Burke Ltd v Spicers Dress Designs*), since there is no objective similarity between the pile of fabric comprising the dress and the stylised drawing of the model wearing a dress
 - It would be different if the real dress had been put on a model and a drawing made of that
 - 'But when I look upon the frock, it seems quite impossible to say that the frock, and nothing more[,] is a reproduction of the sketch. It is not like it at all.'
- **Dramatic works:** look at the dramatic value and importance of what was taken (*Rees v Melville*):
 - Relevant factors:
 - Dialogue
 - Situations and incidents
 - Mode of presentation
 - Even if the actual language is not copied and the portion is small, if the dramatic value and importance of what is taken is high, then they will be similar
 - 'On the other hand, the fundamental idea of the play might be the same, but if worked out separately and on independent lines they might be so different as to bear no real resemblance to each other.'
- **Musical works:** a comparison of musical features, such as (*Francis Day & Hunter v Bron*):
 - Relevant factors:
 - Musical structure
 - Primary musical theme
 - Use of repetition
 - Lyrics (if applicable)
 - Melody and key
 - Harmonic structure
 - Metre, rhythm and time signature
 - No individual factor is decisive, and 'one must resist the temptation ... to atomise what is a living phrase. One must not lose sight of the musical character and the aural appeal of the sentence as a whole'
- **Literary works:** the ordering of ideas and the layout of the literary work are protected and must be compared (*Zeccola v Universal City Studios Inc*)
 - The 'occurrences narrated or otherwise given verbal representation in the works' and their conveyance 'by the visual images and sound of the cinematograph film' are relevant
 - Jenkinson J: 'in my opinion, the greater the number of those occurrences so portrayed the more completely is such a work reproduced'

- That is, identify the literary elements in which copyright subsists and determine how many, if any, of these aspects are also contained in the defendant's work
- Copyright does not subsist in 'the metre and rhythm' of a literary work, so this will not be a basis for comparison with a musical work that is alleged to reproduce it: *Joy Music Ltd v Sunday Pictorial Newspapers*
- Applying this approach to dramatisations of literary works must yield a result of non-reproduction, as in *Cuisenaire v Reed*: 'no ... visual resemblance' was found between three-dimensional objects produced from a literary work; this is why making film and other versions of literary works is deemed to be a reproduction under *Copyright Act s 21*
- Computer programs: compilation or decompilation will result in there being no visual similarity, but this is effectively a translation that is an adaptation and, hence, not a reproduction; this is why s 21 deems decompilation or compilation to be reproduction
- **Factual compilations and databases:**
 - Compilations of literary works: copyright subsists in the selection and arrangement of the data, so the taking of that arrangement or selection will be reproduction (*Ladbroke (Football) Ltd*; see also *Telstra Ltd v Desktop Marketing Systems Pty Ltd*)
 - Visual similarity is not the appropriate test of objective similarity here (*Desktop Marketing Systems Pty Ltd v Telstra Corp Ltd*; Full Court)
 - Lindegren J: 'where copyright protection is attracted to a compilation of factual information by the labour of collecting, verifying, recording and assembling the data and not by reference to the form of the compilation, reproduction does not require formal resemblance, and the notion of a substantial part of the compilation is not defined by reference to its form'
 - Presumably this manner of comparison only applies where the type of compilation is a 'sweat of the brow' protection, rather than one involving intellectual effort in selecting or arranging the data
 - Objective similarity must therefore be determined by comparing the elements that constitute originality in the plaintiff's work with the part taken by the defendant
 - If originality consists in the arrangement or presentation of the work, then the comparison is necessarily visual
 - However, if originality consists in the labour of compilation itself, then visual form will not be determinative, so that two works can be objectively similar regardless of whether they present the information in the same format

Especial difficulties of comparison are created where the putative reproduction changes the format or type of the source work — for example, by making a three-dimensional object out of a two-dimensional drawing, or by digitising a literary work. On a purely visual comparison, there could be no reproduction in any of these cases. However, the deeming provisions introduced into *Copyright Act s 21* by recent legislative amendments suggest that a 'visual' comparison of literary works is no longer intended.

Although there is some overlap between the issue of objective similarity and that of whether a substantial part has been reproduced, 'they are discrete issues and the answer to one does not necessarily produce an answer to the other' (*Clarendon Homes (Aust) Pty Ltd v Henley Arch Pty Ltd* at 316).

5 Material form

In order for there to be an exercise of the exclusive right of reproduction, the defendant must reduce their derivative work to a material form.

Material form no longer depends on being able to reproduce the work from the storage format:

Copyright Act 1968 (Cth) s 10(1):

material form, in relation to a work or an adaptation of a work, includes any form (whether visible or not) of storage of the work or adaptation, or a substantial part of the work or adaptation, (whether or not the work or adaptation, or a substantial part of the work or adaptation, can be reproduced).

Examples of matters unlikely to amount to ‘reproduction in a material form’:

- Live performance of a work, since there is no storage; and
- Live broadcast of a work, since there is no storage.

Examples of matters likely to amount to ‘reproduction in a material form’:

- Reproduction of a solar panel from a technical drawing, since the solar panel contains a substantial part of the work (*S W Hart Pty Ltd v Edwards Hot Water Systems*); and
- Reproduction of a script and novel in the form of a film, since the film contains a substantial part of each work (*Zeccola v Universal City Studios Inc*).

The concept of material form is discussed in full detail above in Chapter I, Part II(D).

6 *Electronic copying*

Under the old definition of ‘material form’, reproduction of a work in computer RAM *could* amount to material form, but this was not necessarily the case:

Copyright Act 1968 (Cth) s 10 [repealed]:

material form in relation to a work includes any form (whether visible or not) of storage from which the work can be reproduced...

According to the High Court of Australia in *Stevens v Kabushiki Kakisha Sony Computer Entertainment* (‘*Stevens v Sony*’), material form would not exist where ‘in the ordinary course of things’ the contents of the storage cannot be reproduced without the aid of an additional device. For this reason, temporary copying into RAM whose contents could not be reproduced without the aid of a specialty data extraction device was not ‘a material form’.

However, the continued authority of *Stevens v Sony* is now questionable in light of the legislative amendments to the definition of ‘a material form’ that were subsequently made. Further comments are offered below the analysis of the case itself.

Stevens v Kabushiki Kakisha Sony Computer Entertainment (2005) HCA:Facts

- Sony produces the PlayStation software used in a popular videogame console
- Stevens makes mod chips that allow unauthorised copies of games to be played
- The mod chips operate by allowing the games to access the PlayStation boot loader software
- Sony commences proceedings, arguing (*inter alia*) that the mod chip takes a substantial part of the console boot loader program, since that data is copied into RAM without authorisation

Issue

- Can unauthorised duplication in RAM storage amount to 'reproduction in a material form' within the meaning of s 31(1) of the Act?

Reasoning

- Sackville J (trial judge):
 - No, playing a pirated PlayStation game does not amount to reproducing the boot loader computer program in RAM
 - Although the RAM copy of such a program would take the 'quality of originality' (*Data Access*) from it, that reproduction would not be in 'a material form' within the meaning of s 31(1) of the Act
 - **[148]** On the face of things, it might seem surprising that the reproduction in electronic or digital form of a computer program is not necessarily an infringement of copyright in the computer program. The scheme of the legislation, however, seems to be that reproducing a work in electronic or digital form infringes copyright, pursuant to ss 31(1)(a)(i) and 36(1) of [the Act], only if the form in which the work is reproduced is itself capable of further reproduction ...'
- Lindgren and French JJ (Full Court of the Federal Court of Australia):
 - RAM is capable of satisfying material form in certain circumstances, but not here
 - Under the (then current) definition of 'material form' in s 10(1), the phrase '[c]an be reproduced' in does not extend to 'could be reproduced if an additional device, not supplied with the console and not yet available, were to be manufactured and attached to it'
 - Therefore, there is no reproduction in material form
- Finkelstein J (dissenting):
 - Object code of the program was loaded into RAM within the console
 - RAM is clearly a 'form of storage' based on a consideration of the legislative history of the s 10(1) definition
 - 'Can be reproduced' should be read as meaning 'may be able to be reproduced'
- High Court of Australia:
 - Affirms the conclusion of the Full Court majority
 - **[63]** The PlayStation console is equipped with random access memory (RAM) which it utilises in order to accelerate its own operation. This it does by copying into its RAM a portion of the computer program stored in the CD-ROM being played. Sackville J noted at least two key features of this process. First "[t]he RAM's capacity is limited to 2 megabytes", and "[s]ince the game code may consist of up to 580 megabytes ... only a small section of the game code is downloaded and copied". Secondly, the "storage [of the copy] in RAM is temporary, in the sense that the data is only stored there until the PlayStation

console is shut down”.’

- Even if reproduction is deemed by s 21(1A), it must still be in a material form pursuant to para (a)(i) of s 31(1)
- The 1984 definition of material form was ‘introduced to qualify what had been the general understanding that in copyright law a material form was one which could be perceived by the senses.’
- **[67]** While the 1984 Amendment Act indicates that RAM may constitute a “material form” for the purposes of the Act, in certain circumstances, this is not determinative of [the issue of temporary copying]. This is because if the “material form” upon which Sony relies is a form of invisible storage, then this storage must be one from which the work or a substantial part of it “can be reproduced”. In effect, as Mr Stevens contends, the legislature amplified the rights of copyright owners with respect to reproduction in invisible forms of storage but did so subject to essential limitations.’
- However, no indication is provided of how to distinguish between electronic impulses that are in material form and those that are not
- Finkelstein J’s dissenting judgment ‘takes the inquiry concerning materiality of form from the realm of present capability into that of abstract or conjectural possibility.’
- However, the statutory phrase refers to what happens ‘in the ordinary course’ and not what ‘can be reproduced’ with the addition of new hardware or other steps to capture and reproduce the stored data
- Therefore, Sony’s device ‘cannot answer the requirement of the definition of “material form” that the storage be able to reproduce its contents
- Per Sackville J:
 - ‘My Nabarro [Sony technician] was also asked whether the portion of the game code stored in the RAM could be extracted and reproduced. *His answer was that this could not be done without developing hardware which would enable the process to be reversed.*’
 - **[75]** What is said in the last quoted sentence is sufficient answer to Sony’s case.’

Decision

- The boot loader code was not reproduced in a material form, so there can be no infringement

Stevens v Sony was handed down mere weeks before the conclusion of negotiations to the Australia–United States Free Trade Agreement. The diplomatic reaction on the part of the United States negotiators was not positive, and led to a requirement that Australia alter its definition of ‘material form’ to include temporary electronic storage:

Australia–United States Free Trade Agreement art 17.4.1:

Each Party shall provide that [authors] have the right to authorise or prohibit all reproductions, in any manner or form, permanent or temporary (including temporary storage in material form) ...

This, in turn, led to the enactment of the amendments producing what is now s 10(1) of the *Copyright Act*. The new definition of ‘material form’ does not require that the contents of storage be able to be reproduced:

Copyright Act 1968 (Cth) s 10(1):

material form, in relation to a work ..., includes any form (whether visible or not) of storage of the work ..., or a substantial part of the work ..., (whether or not the work ..., or a substantial part of [it] can be reproduced).

Although this amendment was only directed at expanding rights in the context of reproduction, it may have implications for the threshold requirements of subsistence, as well as the other exclusive rights. For example, television broadcasts that are streamed to high-definition televisions that 'buffer' incoming reception into temporary RAM storage in order to ensure that the stream remains uninterrupted may produce a new work in material form. As Ricketson pithily remarks, even the gestation of a work as an idea in the human brain may now be considered a 'material form', since neurons need not be visible, and need not be capable of reproducing the work. Less metaphysically, a form of computer storage that is strongly encrypted may also be a material form, despite the fact that the encryption may be impossible to break.

However, not all RAM reproductions will be an exercise of the reproduction right. It must still be shown that a substantial part has been taken. The amendment only gets over one hurdle of reproduction; namely, showing material form in the case of temporary copies. However, 'substantial part' is a far more 'elastic concept' than material form, dealing as it does with potency and other qualitative factors.

Thus, each of the following would now be 'material form', despite having been held otherwise in the past:

- Reading material on a computer screen;
- Playing a computer program on a video game console;
- Operation of an appliance with code copied from a boot loader;
- Playing a DVD in a player that uses a buffer;
- Holding of data in RAM (cf *Dyason v Autodesk Inc*);
- Transient storage of parts of a computer program in RAM (cf *Australian Video Retailers Association Ltd v Warner Home Video Pty Ltd*); and
- Storage of copyright works in RAM (*MIA Systems Corporation v Peak Computer Inc*).

However, each of these reproductions in material form would probably not infringe copyright in the works that are taken, because of the operation of a new s 43B:

Copyright Act 1968 (Cth) s 43B — Temporary reproductions of works as part of a technical process of use:

- (1) Subject to subsection (2), the copyright in a work is not infringed by the making of a temporary reproduction of the work if the reproduction is incidentally made as a necessary part of a technical process of using a copy of the work.
- (2) Subsection (1) does not apply to:
 - (a) the making of a temporary reproduction of a work if the reproduction is made from:

- (i) an infringing copy of the work; or
 - (ii) a copy of the work where the copy is made in another country and would be an infringing copy of the work if the person who made the copy had done so in Australia; or
- (b) the making of a temporary reproduction of a work as a necessary part of a technical process of using a copy of the work if that use constitutes an infringement of the copyright in the work.
- (3) Subsection (1) does not apply to any subsequent use of a temporary reproduction of a work other than as a part of the technical process in which the temporary reproduction was made.

Although there have been no judicial statements concerning the meaning of such key terms as ‘incidentally made’, ‘necessary part’ and ‘technical process’, the exception — although narrowly defined — would seem to cover each of the temporary copying scenarios described above.

B Publication

The right to publish a work under sub-paras (a)(ii) and (b)(ii) of s 31(1) is defined as the right to ‘make public that which had not previously been made public in the copyright territory’ (*Avel Pty Ltd v Multicoin Amusements Pty Ltd*). In *Avel*, a right to ‘sell and distribute’ a work was exhausted after the work was made public for the first time.

In reaching this decision, the High Court of Australia endorsed the view of the House of Lords in *Infabrics Ltd v Jaytex Ltd* that the definition of publication for the purpose of subsistence (*Copyright Act* s 29) is different to that in the context of exclusive rights under pt III.

As interpreted, then, the s 31 right of publication means simply a right of *first* publication. It is the right ‘to make public’ — to convey to the public — that which was not previously available to it. The right is therefore only capable of a single exercise; once published, a work cannot be made available for the first time *again*. For this reason, breach of the right can only sound in damages (since what was once published cannot be unpublished). Section 29 is not relevant to the right of publication; s 29 deals with the definition in the context of subsistence requirements.

Further, there is no requirement that the publication be in material form. Copies need not have actually been circulated; thus, for example, a work could be published by reading it out on public radio. It could also be published by uploading it to the internet. Regardless, both of these activities would involve an exercise of the right to communicate to the public.

C Performance in Public

Copyright in a literary, musical or dramatic work includes the exclusive right to perform it in public. It attaches to all works except artistic works. The two issues are whether there has been a 'performance' and, if there has, whether it has taken place 'in public'.

1 'Performance'

A performance includes 'any mode of visual or aural presentation' by any means of exhibition: *Copyright Act* s 27. Under the s 27 definition, a 'performance' need not be live, and is not limited to films or records. It can take place through any means of exhibition:

Copyright Act 1968 (Cth) s 27 — Performance:

- (1) ... a reference ... to performance shall:
- (a) be read as including a reference to any mode of visual or aural presentation, whether the presentation is by the use of reception equipment, by the exhibition of a cinematograph film, by the use of a record or by any other means; and
 - (b) in relation to a lecture, address, speech or sermon — be read as including a reference to delivery; ...
- (2) ... the communication of a work or other subject-matter to the public does not constitute:
- (a) performance; or
 - (b) causing visual images to be seen or sounds to be heard.
- (3) Where visual images or sounds are displayed or emitted by any reception equipment to which they are communicated, the operation of any equipment by which the images or sounds are communicated, directly or indirectly, to the reception equipment shall be deemed not to constitute performance or to constitute causing visual images to be seen or sounds to be heard but, in so far as the display or emission of the images or sounds constitutes a performance, or causes the images to be seen or the sounds to be heard, the performance, or the causing of the images to be seen or sounds to be heard, as the case may be, shall be deemed to be effected by the operation of the reception equipment.

Section 27(4) deems an occupier of premises providing equipment to facilitate performance to be exercising the right of performance.

Nowhere in s 27 is there a requirement that a performance be made by a human performer. A mechanical device, such as a CD player, computer, television screen or radio might equally produce a performance. Public playing of such devices may therefore amount to a performance in public.

For example, broadcasting a musical work by radio involves a performance of that work (*Chappell and Co v Associated Radio of Australia Ltd*). Similarly, a person who leaves a radio on in a shop may exercise the performance right with respect to any songs played (*Australasian Performing Right Association Ltd v Tolbush Pty Ltd*).

In *Australasian Performing Right Association Ltd v Telstra Corporation Ltd*, Gummow J held that the mere operation of telephone reception equipment would not infringe the performance right in any music that is played over the telephone. This was because Telstra merely operated the equipment by which the sounds are communicated; under s 27(3) this is deemed not to constitute performance. The telephone receiving the sounds, although activated by the electrical signal sent by Telstra, was not operated by Telstra. For this reason, the performance could not be said to have been 'effected by the operation of the reception equipment'.

Note the issue of exhibition rights for authors of artistic works — a resale royalty (a portion of any increase in value of a resold work is given to its artist) has been proposed, but was not treated favourably by the relevant intellectual property law reform bodies.

2 'In public'

A performance will not amount to an exercise of an exclusive right of the copyright owner unless it takes place 'in public'. The term 'in public' is not defined by the *Copyright Act*. Instead, two common law tests determine the scope of the right (*Jennings v Stephens*):

- **Not domestic**
A performance is in public if the occasion at which the work is exhibited 'formed part not of the domestic, that is the private life of a member, but of her outside, that is to say, of her public life' (per Wright MR and Romer LJ); and
- **Copyright owner's public**
A performance is in public if the audience forms part of the copyright owner's public — that is, the audience being of financial advantage to the copyright owner — and rests on the relationship between copyright owner and audience (per Greene LJ).

The first of these tests was adopted by Gummow J in *Australasian Performing Right Association Ltd v Commonwealth Bank of Australia* ('APRA v CBA'). In that case, the critical issue was what is meant by the phrase 'the public'. In defining 'public' negatively, by reference to what is not domestic or private, Gummow J reasoned that The size of the audience is not determinative.

***Australasian Performing Right Association v Commonwealth Bank of Australia* (1992) FCA:**

Facts

- The Bank produces its own training video of 14 minutes in duration
- The video contains a musical work in which copyright subsists, which comprises 25 seconds of the soundtrack to the video
- After hours, the Bank screens the video to 11 of its employees; the general public is excluded from the viewing
- APRA seeks a declaration that the musical work was publicly performed
- The Bank argues that the 'performance' was not 'in public'
- APRA does not wish to stop the alleged performance, but wants to collect royalties on behalf of the owner of copyright

Issue

- Was the performance in public?

Reasoning (Gummow J)

- The amount of the musical work incorporated into the video amounts to a substantial part

- It was conveyed by means of TV equipment; this is a performance
- If a performance occurs as an adjunct to a commercial activity the performance is likely to be regarded as public; indeed, it will 'almost certainly [be] so'
- Look at the nature of the audience: were the persons bound together by some domestic or private tie (such as a family reunion), or by an aspect of their public life (eg, their employment)?
- A performance will not be public if its audience is private and domestic in character
- A performance will be public if it involves commercial activities, activities incidental to commercial activities, or anything else with a non-domestic character
- Here, the audience was bound together by their employment; their presence at their place of employment falls within their 'public life', as does the supply of a performance to further the commercial purposes of their employer

Decision

- The performance was in public

The facts in *APRA v CBA* may be contrasted with those in *Duck v Bates*. In this case, a performance was given to patients, nurses and visitors at a hospital. That performance was described as being of a 'quasi-domestic character' and not a performance in a 'place of entertainment'.

This polarised view of the public–private dichotomy has been criticised as ignoring the continuum of intermediary situations: what is not private is not necessarily public.

D *Communication to the Public*

The *Copyright Amendment (Digital Agenda) Act 2000* (Cth) introduced a right to communicate a work or other subject matter to the public. The right applies to all works, as well as subject matter (below).

Like the performance right, determining the exercise of this right involves two discrete issues: whether there has been a 'communication', and, if there has, whether it was made 'to the public'.

1 *Communication*

'Communicate' is defined in s 10(1) of the *Copyright Act* as follows:

Copyright Act 1968 (Cth) s 10(1):

communicate means make available online or electronically transmit (whether over a path, or a combination of paths, provided by a material substance or otherwise) a work or other subject-matter, including a performance or live performance ...

The nature of communication, as defined, will be seen to encompass two distinct forms of activity:

- **Making a work available online**
A work is communicated to the public if it is uploaded to the internet, whether by being placed on a web server, added to a website or otherwise put online; and
- **Electronically transmitting a work**
The movement of a work from one location to another via an electronic network, via a wired or wireless path, in email correspondence 'or otherwise'.

The intention underlying this definition of 'communicate' is to create a 'technologically-neutral' expression of the right that encompasses uploading to the internet and other digital dealings with works. It replaces the old broadcast and diffusion by cable rights.

Note the distinction between actively transmitting (that is, 'pushing') the data comprising a work and passively making it available. In the former case, what has been done is effectively broadcasting or streaming the work: this must be considered a transmission (though it may also involve making the work available online). In the latter case, the work is simply hosted or stored for later transfer at the initiation of its recipient: this is 'making available' but not 'transmission' until requested by a user, at which point the transmission actually occurs.

2 '[T]o the public'

Communication must be 'to the public'. The concept of 'the public' here differs from that developed in the context of performing 'in' public. Where something is performed 'in public', the implication from that phrase is that the performer is within or surrounded by the public; that is, that the audience is close to the performer and in a single location. By contrast, performance 'to the' public suggests that the audience is in a distinct location from the performer, as in the case of users and a web server.

Section 27(2) confirms that 'communication to the public' is mutually exclusive with 'performance in public'; a single communication could not amount to an exercise of both rights:

Copyright Act 1968 (Cth) s 27:

- (2) ... the communication of a work or other subject-matter to the public does not constitute:
- (a) performance; or
 - (b) causing visual images to be seen or sounds to be heard.

The phrase 'to the public' is circularly defined in s 10(1) to mean:

Copyright Act 1968 (Cth) s 10(1):

to the public means to the public within or outside Australia.

Essentially, all this definition says is that even if an online transmission is made to someone overseas, or the work is only accessible from a website in an overseas country, such

communications may still infringe the right to communicate that material to the public, 'within or outside Australia': s 10(1). It must always be recalled that the notion of 'to the public' imports a geographically dispersed audience, rather than the geographically proximate audience suggested by the phrase 'in public'.

The test to be applied is the 'copyright owner's public test', as developed in *Australasian Performing Right Association Ltd v Telstra Corporation Ltd*.

Australasian Performing Right Association v Telstra Corporation Ltd (1992) **FCA:**

Facts

- Telstra provide telecommunications equipment to its customers, including 'hold music' (must that begins to play when a customer is on a call and is placed on hold)
- APRA argues that Telstra was broadcasting the work to the public
- In response, Telstra argues that each telephone call was private and concerned only two people; as such, they do not involve broadcasts 'to the public'
- [Note: at the time of this litigation, the communication to the public right did not yet exist, so this action proceeded by reference to the old definition, since repealed, of 'broadcast', which meant, 'to transmit by wireless telegraphy to the public']

Issue

- Does Telstra's playing of the music to its telephone subscribers constitute a 'transmission] ... to the public'?

Reasoning (Gummow J)

- Applying *APRA v CBA*, the broadcast was adjunct to Telstra's commercial activities and therefore not private; therefore it was in public

Decision

- The broadcast right has been exercised

On appeal to the High Court of Australia, a slightly different test was adopted, with the same result.

Telstra Corporation Ltd v Australasian Performing Right Association Ltd (1997) **HCA:**

Issue

- Is the transmission of this music to customers a broadcast 'to the public'?

Reasoning Dawson and Gaudron JJ (Toohey and McHugh JJ agreeing)

- There is a difference in wording between the right to perform a work 'in public' and the right to broadcast 'to the public'
 - The phrase 'to the public' may be wider than the phrase 'in public'
 - This is because that right 'makes clear that the place where the relevant communication occurs is irrelevant'
- A telephone conversation may be private
- However, when callers are placed on hold they hear music because it is intended that

- any member of the public who calls the engaged number will hear the music
- Music on hold is clearly an ‘adjunct to a commercial activity’ (*APRA v CBA*)
 - It is being used to ‘entertain, placate or distract customers ... in a way hoped to be congenial to them’
 - Here, the test to be applied is the ‘copyright owner’s public’ test
 - The copyright owner’s public is the portion of the public that is marketed to by the copyright owner
 - If the communication is of a commercial nature, or threatens the economic interests of the copyright owner, then it is likely to be directed at the copyright owner’s public
 - This test can more effectively deal with technology that segregates an audience

Decision

- Playing music on hold to people in different places, even in the privacy of their own homes, and through the confidential medium of the telephone, still constitutes a broadcast ‘to the public’

Consider the example of a forwarded email. A person who forwards an email to a single recipient can hardly be said to be communicating it to the public (though there is clearly a communication in the form of a transmission). To how many people must it be sent to constitute being sent to the public? Would it matter that, by a process of continued forwarding, an email could effectively be seen ‘by the public’ without ever having been forwarded ‘to the public’ by any single recipient? Where the email is of a personal nature, it would seem to be difficult to apply the ‘copyright owner’s public’ test, since the author would not have any intention of commercially exploiting the email. Doubtless there would be a reproduction of the email in a material form, but the communication issue seems less than clear.

Also unresolved is whether the communication right could, like the publication right, be exhausted after the first transmission or making available. Such an interpretation seems unlikely because the time of exhaustion would depend upon whether first communication is constituted by transmission or passive access, and there is nothing to suggest that this interpretation was intended by the legislature.

3 *Who makes the communication?*

Section 22(6) deems to the communicator to be the person responsible for determining the content of a transmission, but not necessarily the person who makes it:

Copyright Act 1968 (Cth) s 22:

Broadcasts and other communications

- (6) ... a communication other than a broadcast is taken to have been made by the person responsible for determining the content of the communication.

This provision serves two functions. First, it exempts a carriage service provider from liability, since they do not exercise control over the content of communications. Second, it means that someone who merely downloads or accesses a communication from a website has not made the

communication, even if the transmission at their request. This is because such a person is not 'responsible for determining the content'. Instead, the editor or author of the website materials will be responsible for the communication that resulted from making them available online.

E *Adaptation*

Section 31(1)(a)(vi) confers upon the owner of copyright in a work the exclusive right to make an 'adaptation' of that work. 'Adaptation' is defined in s 10(1) of the *Copyright Act*:

Copyright Act 1968 (Cth) s 10(1):

adaptation means:

- (a) in relation to a literary work in a non-dramatic form a version of the work (whether in its original language or in a different language) in a dramatic form;
- (b) in relation to a literary work in a dramatic form a version of the work (whether in its original language or in a different language) in a non-dramatic form;
- (ba) in relation to a literary work being a computer program — a version of the work (whether or not in the language, code or notation in which the work was originally expressed) not being a reproduction of the work;
- (c) in relation to a literary work (whether in a non-dramatic form or in a dramatic form):
 - (i) a translation of the work; or
 - (ii) a version of the work in which a story or action is conveyed solely or principally by means of pictures; and
- (d) in relation to a musical work — an arrangement or transcription of the work.

The adaptation right applies to all works except artistic works. It operates to confer additional rights upon an initial copyright owner to reproduce, publish, perform in and communicate to the public the adaptation of the work:

Copyright Act 1968 (Cth) s :

- (1) ... copyright, in relation to a work, is the exclusive right:
 - (a) in the case of a literary, dramatic or musical work, to do all or any of the following acts:
 - (vi) to make an adaptation of the work;
 - (vii) to do, in relation to a work that is an adaptation of the first-mentioned work, any of the acts specified in relation to the first-mentioned work in subparagraphs (i) to (iv), inclusive ...

However, the right to make an adaptation of an adaptation of a work is not conferred upon the owner of copyright in that work. This is because sub-para (vi) does not fall within ‘subparagraphs (i) to (iv)’ as mentioned in sub-para (vii).

Essentially, what s 31(1)(a)(vii) does is to confer upon the original copyright owner exclusive rights to deal with any adaptations made of the work, except the right to make further adaptations. Thus, both the author of the adaptation and the author of the original work possess the exclusive rights in the adaptation. Such rights are ‘exclusive’ to the author of the original work notwithstanding that they are held simultaneously by two people.

Adaptation is defined exhaustively by listing several closed categories of transformation. Examples of adaptations include:

- **Literary → Dramatic**
Creating a dramatised ‘version’ of a literary work;
- **Dramatic → Literary**
Creating a story out of a dramatic work;
- **Computer program → New version**
Creating a new ‘version’ of a computer program, in any language, code or notation;
- **Literary work → Translation**
Creating a translated ‘version’ of a literary work, or adding pictures; and
- **Musical work → Arrangement**
Creating an arrangement or transcription of a musical work.

For example, say X owns the copyright in a literary work, and A makes an adaptation of it. On an intuitive reading of s 31, A owns the copyright in the adaptation. However, a literal reading says that X’s copyright includes all rights in A’s adaptation, except the right to make further adaptations. This literal reading is correct.

1 Translation

A new version of a literary work will not amount to a translation of it (and, hence, an adaptation under para c(i) of the definition) unless the new version conveys ‘with precision the same meaning’ as the words of the original. This was observed by Drummond J in *Coogi*, where there was held to be no adaptation of the applicant’s knitted fabrics by the respondent’s fabric-manufacturing computer program because, despite some incidental similarities, there was no connection with the original text:

Translation, as that term is ordinarily used, connotes more than conveying in different language the same idea expressed in another language. It describes a closer connection between the original and the translated text than that. I do not think an activity could be described in ordinary speech as a translation unless it involves [sic] the expenditure of effort on the original words or text to render them into words or text in a different language that conveys with precision the same meaning as that conveyed by the original. (at 278)

An adaptation has been held to have to constitute a separate work: *Computer Edge*.

F Making Commercial Rental Arrangements

Commercial rental refers to the loan of a relevant kind of work in return for payment:

Copyright Act 1968 (Cth) s 30A — Commercial rental arrangement:

- (1) ... the expression **commercial rental arrangement**, in relation to a work reproduced in a sound recording, signifies an arrangement that has the following features:
- (a) however the arrangement is expressed, it is in substance an arrangement under which a copy of the sound recording is made available by a person on terms that it will or may be returned to the person;
 - (b) the arrangement is made in the course of the conduct of a business;
 - (c) the arrangement provides for the copy to be made available:
 - (i) for payment in money or money's worth; or
 - (ii) as part of the provision of a service for which payment in money or money's worth is to be made.
- (2) ... the expression **commercial rental arrangement**, in relation to a sound recording or a computer program, signifies an arrangement that has the following features:
- (a) however the arrangement is expressed, it is in substance an arrangement under which a copy of the sound recording or computer program is made available by a person on terms that it will or may be returned to the person;
 - (b) the arrangement is made in the course of the conduct of a business;
 - (c) the arrangement provides for the copy to be made available:
 - (i) for payment in money or money's worth; or
 - (ii) as part of the provision of a service for which payment in money or money's worth is to be made.

Commercial rental appears encompass arrangements that involve the bailment of a relevant work, subject matter, or subject matter containing a relevant work, for value on terms that the item loaned is to be returned. However, it does not include mere lending of the item without payment, or for a mere deposit that is refundable: ss 30A(3), 30A(4).

The commercial rental right applies to:

- Sound recordings;
- Works reproduced within a sound recording; and
- Computer programs.

The essential requirements are that:

- The copy is made available on the basis that it will be returned: sub-ss 30A(1), (2);
- The loan occurs in the conduct of a business: sub-para (b);
- The copy is made available for money: sub-para (c)(i); and
- The money is not simply a deposit repayable upon return: sub-ss 30A(3), (4).

III **Primary Infringement of Other Subject Matter**

A **Copying of a Sound Recording or Film**

The owner of copyright in a sound recording has the exclusive right to ‘make a copy’ of it: *Copyright Act* s 85(1)(a). The owner of copyright in a film also has the exclusive right to ‘make a copy’ of it: *Copyright Act* s 86(1)(a).

The right of copying is akin to the right of reproduction in relation to works. However, it is not the same. Where reproduction is a broad concept that involves taking and mixing features of an original work, copying is a narrow concept that requires literal copying — that is, cloning *in situ* — of the source material.

1 *Copying distinguished from reproduction*

The distinction between copying and reproduction is best explained by example. Suppose there is a painting in which copyright subsists as an artistic work. Leaving to one side the fact that a copying right doesn’t apply to works, ‘copying’ this painting might consist of photocopying the canvass or using a matter replicator machine to create an exact copy of its molecular structure. Reproducing that painting, however, might simply involve drawing another painting that takes aspects of the artistic expression — the colours, light, shading, arrangement, expressive style, and so forth — and drawing another painting in that incorporates those, among other, features. In this sense, reproduction is said to extend to ‘non-literal takings’ — meaning something that falls short of precise replication. The second painting could still infringe the first if this non-exact combination of expressive styles and artistic matter that is embodied in the new work amounts to a substantial part of the source work.

Put another way, humans are copied by cloning. Humans are reproduced by means of more natural processes. Books are copied by photocopying. Books are reproduced by plagiarism. Music is copied by duplicating the storage media. Music is reproduced by recording an identical composition. A film is copied by duplicating the storage media. A film is duplicated by filming another film with the same characters, script, plot and expressive format. Even less than complete plagiarism, a less than identical composition, and less than the same characters or plot may suffice. In the case of reproduction, it need only be shown that the elements that are, in fact, taken amount to a substantial part of the original material.

Put simply, copying must be literal duplication of the actual source, whereas reproduction can be less than that, and may simply involve bringing certain attributes of a source work to bear upon a destination work so that it may be said that the original expression of the source has been reproduced in some way.

In relation to pt IV works, then, what must be shown is that a substantial part of the source subject matter has been replicated by the defendant without permission.

2 *‘Copying’*

(a) *‘Copy’*

The trite observation might initially be made that ‘copying’ requires the production of a ‘copy’ in some form. ‘Copy’ is defined in s 10(1), which reads:

Copyright Act 1968 (Cth) s 10(1):

copy, in relation to a cinematograph film, means any article or thing in which the visual images or sounds comprising the film are embodied.

This definition confirms that what must be copied are the actual images and sounds comprising the film, and not simply the expression or ideas of the underlying structure, characters and themes. It is to be expected that copy will be given a similar meaning in relation to sound recordings. Embodiment, under this definition, entails actual incorporation into the copy of the actual images or sounds from the source subject matter.

(b) *Deemed*

Section 21(6) provides that a film or sound recording will have been copied if it is digitised:

Copyright Act 1968 (Cth) s 21 — Reproduction and copying of works and other subject-matter:

(6) ... a sound recording or cinematograph film is taken to have been copied if it is converted into or from a digital or other electronic machine-readable form, and any article embodying the recording or film in such a form is taken to be a copy of the recording or film.

Note: The reference to the conversion of a sound recording or cinematograph film into a digital or other electronic machine-readable form includes the first digitisation of the recording or film.

(c) *Substantial part*

Section 14(1) also applies to the copying right, with the effect that a substantial part must have been copied in this or another manner.

- *Australian Video Retailers Association Ltd v Warner Home Video Pty Ltd*: ‘the sequential and ephemeral embodiment of tiny fractions of the visual images and sounds that constitute a cinematograph film in the RAM of a DVD player or personal computer which occurs when a DVD disc is played does not constitute the making of a copy of a film’
 - Presumably this is because, although the RAM embodies the images and sounds comprising the film, the amount that is copied is not substantial
 - The reference to ‘ephemeral’ also tends to suggest that Emmett J is regarding the embodiment as not being in ‘material’ form (though see now s 10(1); cf *Stevens v Sony*)
- *Nationwide News Pty Ltd v Copyright Agency Ltd*: no copyright infringement in a published edition (a newspaper) by virtue of the copying of individual articles since the articles did not comprise a substantial part of the edition: copyright protects the ‘presentation and layout of the edition, as distinct from the particular words or images’; and
- *The Panel Case [No 1]*: the High Court of Australia rejected an approach by the Full Court of the Federal Court of Australia that would have displaced the ‘substantial part’ requirement in relation to pt IV subject matter, instead holding that a substantial part of a television broadcast must be embodied in the copy.

(d) *Factual copying*

Copying under pt IV is a much more limited right than reproduction under pt III, as illustrated by *CBS Records Australia Ltd v Telmak Teleproducts (Aust) Pty Ltd*.

CBS Records Australia Ltd v Telmak Teleproducts (Aust) Pty Ltd (1987)**FCA:**Facts

- Telmak produces a sound-alike compilation entitled *Chart Sounds — 16 Hit Songs*, which contains imitation versions of CBS' sound recordings of the songs

Issue

- Has Telmak made a copy of the CBS sound recordings?

Reasoning

- Copying refers to exact duplication (replication), and not to the creation of a new work that is similar or identical (reproduction)
- That is, it requires that the defendant have taken the actual images and sounds embodied in a film, or the actual sounds embodied in a sound recording
- Non-literal infringement of a sound recording is impossible; an exact copy of the sounds must be made
- Simply producing a sound-alike recording will not amount to copying unless it actually incorporates (ie, 'embodies') the original sound recording

Decision

- No, the sound-alike compilation is not a copy of the sound recordings (though it may reproduce the musical works of which they consist)

Literal copying means taking the actual sounds or images (and any later modification; eg, speeding up, converting to black and white). If the subject matter did not derive from a literal taking of at least a substantial portion of a subject matter, no exclusive right can be exercised in relation to that subject matter.

The outcome in *Telmak* is similar to that in *Zeccola*, where the *Great White* film did not copy the film *Jaws* because it did not actually embody any footage from the original film. However, it did infringe the screenplay as a pt III work by non-literally reproducing it in the film.

Where the copy incorporates the original sounds or images into its contents, but is not identical, this will still amount to copying. For example, if the source sound recording is sampled and remixed in a way that alters the sounds, this is 'copying'. However, as a matter of forensic practicality, it will be very difficult for a plaintiff, in such a case, to prove actual copying: see, eg, *Polygram Records Inc v Raben Footwear Pty Ltd*.

It is unclear whether copying requires that the copy be in material form or not. [???

B *Public Screening or Airing of a Film or Sound Recording*

The right to cause a sound recording or film to be heard or seen 'in public' is analogous to the right that exists in relation to works to 'perform in public'. The substantive law that applies to works is the same as that which applies to subject matter.

Note, however, that as a result of *Telmak*, persons who cause a sound-alike recording to be played in public, or who upload such a recording to the internet, do not infringe the rights of the copyright owner. (Of course, *Telmak* may have a claim.) This is because there is no actual hearing of the sounds comprising the recording. The same would be true in the case of an imitation film.

C *Communication to the Public of a Film or Sound Recording*

The right to communicate a sound recording (s 85(1)(c)) or a film (s 86(c)) is identical that which applies in relation to works. The reader is directed to refer to the preceding analysis of the meanings of 'communicate' and 'to the public' in this context.

D *Rebroadcasting a Television or Sound Broadcast*

The owner of copyright in a television or sound broadcast has the exclusive rights to:

- Rebroadcast it: s 87(c);
- Communicate the broadcast to the public in another way: s 87(c)
- Make a film of the broadcast: s 87(a);
- Make a copy of such a film: s 87(a);
- Make a sound recording of the broadcast: s 87(b); or
- Make a copy of such a sound recording: s 87(b).

The meaning of broadcast must be defined as the High Court of Australia stated in *The Panel Case [No 1]* (above); namely, a separate broadcast exists for each programme (as identified by a title) or advertisement. A substantial part of the actual images and sounds in the broadcast must be rebroadcast, communicated to the public, copied, converted into a film or sound recording, and so on. Each of these acts has the meanings discussed above, and it is not proposed to elaborate upon their respective natures again.

E *Facsimile Copying of a Published Edition*

The exclusive rights associated with a published edition of a work are limited to the direct photocopying of that edition, as provided by *Copyright Act* s 88:

Copyright Act 1968 (Cth) s 88 — Nature of copyright in published editions of works:

... copyright, in relation to a published edition of a [work] ... is the exclusive right to make a facsimile copy of the edition.

The meaning of 'facsimile copy' must be taken to be as follows. It will be an infringement of the copyright in a published edition to copy that edition by any photographic means (*Nationwide News Ltd v Copyright Agency Ltd*). However, it will not be an infringement simply to reproduce a similar layout in another edition of the work.

Nationwide News Ltd v Copyright Agency Ltd (1996) FCA:

Facts

- CAL is a collecting agency that wants to obtain photocopies of certain literary works in the form of newspaper articles
- It arranges with educational institutions holding those works to obtain photocopies
- These institutions agree and deliver photocopies of the relevant newspaper articles
- Nationwide News commences proceedings, arguing that CAL has authorised the infringement of the published editions of these works

Issue

- Has CAL countenanced, sanctioned or approved (see below) the making of a facsimile copy of a substantial part of the published editions?

Decision

- No, although CAL has authorised the acts of the libraries, and although there have been copies made of the printed editions, these copies do not amount to a substantial part of those editions, considered as a whole

The fact that the *Copyright Act* was amended in 2000 to change the previous 'reproduction' right into a 'facsimile copy' right suggests that the 'photographic-copying' interpretation was intended. However, such a narrowly-defined exclusive right has the effect of rendering copyrights in published editions all but illusory.

IV Secondary Infringement

A Definition

Secondary infringement involves the authorisation by one person of a direct infringement by another. It places copyright owners in the position of being able to choose whether they proceed against the person directly dealing with copyright material, or the person who authorised the infringing dealing.

It will be recalled that the circumstances in which infringement occurs include both doing the acts comprising the copyright without permission and authorising another person to do the same:

Copyright Act 1968 (Cth) s 36 — Infringement by doing acts comprised in the copyright:

- (1) ... the copyright in a [work] is infringed by a person who, not being the owner of the copyright, and without the licence of the owner ..., does in Australia, or authorizes the doing in Australia of, any act comprised in the copyright.

We are here concerned with the second limb of this description infringement; that is, when 'a person who, not being the owner of the copyright, and without the licence of the owner ... authori[s]es the doing in Australia of ... any act comprised in the copyright.' This limb is here termed 'secondary infringement', to express properly its relationship to primary infringement while avoiding confusion with indirect infringement. In strict terms, secondary infringement is a category of direct infringement. It gives rise to what is termed 'authorisation liability' (that is, the liability of an authoriser or secondary infringer).

The issue of indirect infringement has become increasingly important as rights owners have decided to pursue those parties through whom many smaller acts of direct infringement occur. Authorisation liability permits the copyright owner to target a fewer number of parties, who each enable or facilitate the acts of direct infringement. It may also be cheaper and generate less bad publicity for the copyright owner, which has tended to arise from large-scale legal action against numerous end users of copyright.

B Authorisation Liability

Section 36(1A) codifies the criteria used to assess whether a person has authorised the doing of an act comprised in the copyright:

Copyright Act 1968 (Cth) s 36 — Infringement by doing acts comprised in the copyright:

- (1A) In determining, for the purposes of subsection (1), whether or not a person has authorised the doing in Australia of any act comprised in the copyright in a work, without the licence of the owner of the copyright, the matters that must be taken into account include the following:

- (a) the extent (if any) of the person's power to prevent the doing of the act concerned;
- (b) the nature of any relationship existing between the person and the person who did the act concerned;
- (c) whether the person took any reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry codes of practice.
- (2) The next three succeeding sections do not affect the generality of this section.

An identical provision exists in relation to subject matter other than works: see *Copyright Act* s 101(1A). It will be observed that three factors are enumerated in ss 36(1A) and 101(1A):

- **Capacity to prevent**
Could the secondary infringer have prevented the primary infringement?
- **Steps to prevent**
Did the secondary infringer actually 'take any reasonable steps' to so prevent it?
- **Relationship to the secondary infringer**
What is the connection, if any, between the secondary and primary infringers?

These factors are derived from the decision of the High Court of Australia in *University of New South Wales v Moorhouse*.

***University of New South Wales v Moorhouse* (1974) HCA:**

Facts

- Frank Moorhouse is the author of various literary works published by the second respondent, a publisher, under an exclusive licence
- The Australian Copyright Council is concerned with photocopying of copyright material within university libraries, and decides to commence a test case
- The Council has one Paul Brennan, a university student, make an infringing copy of a literary work authored by Mr Moorhouse using the photocopy machines of the University of New South Wales' library
- On 28 September 1973, Brennan does so, copying about 10 pages from works by Moorhouse entitled *The Americans*, *Baby* and *Happy Times*; no evidence is led as to the amount copied from the latter work
- Mr Moorhouse is subsequently informed about the issue, and he agrees to commence proceedings against the University
- [Note: ss 36(1A) and 101(1A) were not in force at this time, so the issue is decided under s 36(1) alone; it is also assumed by the parties that, despite being an exclusive licensor, Moorhouse is still entitled to sue]

Issue

- Is the University liable for acts of copyright infringement committed by users of its library photocopiers by virtue of authorising those acts?

Reasoning

- Gibbs J:
 - First issue: was there a primary infringement by Brennan of the copyright of Moorhouse?
 - Copyright in a literary work is infringed when a person other than the owner and without permission thereof does or authorises the doing of the reproduction of the work, or a substantial part of the work, in a material form, unless the reproduction is 'a fair dealing'
 - Brennan was not the agent of the University, so the direct act of copying cannot be attributed to the University
 - The photocopying is probably an infringement of copyright
 - One chapter or story from the first book was copied
 - Even though copyright subsisted in the book as a whole, each separate story or chapter constituted a substantial part, since they formed part of a what was called a 'discontinuous narrative' (a complete short story in itself)
 - No fair dealing defence applies: they were not made for the purpose of research or private study, but rather for the purposes of the test case
 - However, the University can only be liable if it authorised the doing of the act of photocopying
 - Second issue: what is the meaning of secondary authorisation under s 36(1) of the *Copyright Act*?
 - '[T]he question whether one person authori[s]es another to commit an infringement depends upon all the facts of the case so that a decision on a particular set of circumstances may be of no assistance in other cases'
 - Authorisation has been treated as meaning 'sanction, approve, countenance'
 - 'Authorise' and 'permit' appear to have been treated as synonymous
 - A person cannot authorise infringement unless he has some power to prevent it: *Adelaide Corporation v Australasian Performing Right Association Ltd*
 - Express permission or sanction is unnecessary; 'Inactivity or indifference, exhibited by acts of commission or omission, may reach a degree from which authori[s]ation or permission may be inferred'
 - However, there is a mental element to authorisation: mere inactivity is therefore insufficient; it must be that the authorising party 'knows or has reason to anticipate or suspect that the particular act is to be or is likely to be done' (Knox CJ)
 - Such a person must take reasonable steps to prevent those acts, as by limiting use to only 'legitimate purposes'
 - Summary of elements of authorisation by omission:
 - Means of control
 - Actual or constructive knowledge of infringement
 - Failure to take reasonable steps
 - 'It seems to me ... that a person who has under his control the means by which an infringement of copyright may be committed — such as a photocopying machine — and who makes it available to other persons, knowing, or having reason to suspect, that it is likely to be used for the purpose of committing infringement, and omitting to take reasonable steps to limit its use to legitimate purposes, would authorize any infringement that resulted from its use'
 - All of the circumstances in which the copy was made must be considered when deciding whether there has been an authorisation:

- These include:
 - Whether there has been a fair dealing
 - Whether the breaches occurred due to reliance upon guides or notices supplied by the putative authoriser
 - Whether the breach was caused by lack of supervision
- Third issue: has there been a secondary authorisation by the University of the photocopying by Brennan?
 - The University must have known that the machines were likely to be used to make a copy of a substantial part of the books in its library
 - This is despite the fact that the machines were not used exclusively for photocopying books: private materials, such as lecture notes, were also copied
 - This is also despite the fact that not all of the books in the library were subject to copyright
 - Although some uses of the machine may be fair dealings, it cannot be presumed that the circumstances would only be such
 - It is sufficient that it is 'likely' that 'some' of the books that are subject to copyright and are held in the open shelves would be used in a manner that infringes their copyright
 - The University was aware or at least suspicious of these practices through the notices issued by the Copyright Council
 - A letter sent by the Vice-Chancellor suggests that the University was aware that 'some' photocopying infringed, and was not fair dealing for a recognised purpose
 - Hence, the University had reasonable grounds to suspect that 'some' infringements would be made if adequate precautions were not taken'
 - The University further 'had the power to control both the use of the books and the use of the machines'
 - '[202] In the circumstances, if a person who was allowed to use the library made a copy of a substantial part of a book taken from the open shelves of the library, and did so otherwise than by way of fair dealing for the purpose of research or private study, it can be inferred that the University authori[s]ed him to do so, unless the University had taken reasonable steps to prevent an infringing copy of that kind from being made.'
 - Measures taken by the University to prevent infringements:
 - It issued library guides
 - Most (though not all) students commencing study receive a library guide
 - But not all users would have received library guides, and it would be 'still less likely that all would have carefully read it'
 - The guides were defective in that they did not mention that uses must be a fair dealing
 - A copy of the *Copyright Act* was available in the photocopying room, but 'to provide a copy of a statute whose meaning would be obscure to the layman would not be an effective way of conveying to the users of the library advice as to how they should act to obey the law of copyright' (at 203)
 - Notices summarising users' copyright obligations were placed on the machines
 - 'To place a clearly worded and accurate notice on each machine in a position where it could not be overlooked would be one measure which might be expected to have some value in

informing users of the library of the limits which the University imposed on the permission which it gave them to use the machines.'

- However, the notices 'were ill adapted to that purpose' because '[t]hey merely set out the provisions of s 49 of the Act', which applies only to librarians
- There was no evidence led as to the extent of supervision: instead uses of the photocopying machines 'were unsupervised in any practical and useful sense, with the knowledge of the University librarian'
- Although it is unclear whether the lack of reported breaches does indicate inadequate supervision (since no evidence of actual breaches during this time was adduced), the supervision must still be considered to be not 'of an effective kind'
 - '[204] The various measures adopted by the University, even when considered cumulatively, do not appear to me to have amounted to reasonable or effective precautions against an infringement of copyright by the use of the photocopying machines.'
 - The 'fatal weakness' for the University's case was that 'no adequate notice was placed on the machines for the purpose of informing users that the machines were not to be used in a manner that would constitute an infringement of copyright.'
 - Therefore, the University did not adopt measures that were reasonably sufficient for the purpose of preventing infringements
 - What Mr Brennan did was within the 'general authority' given to all persons to use the library
 - A declaration that the University authorised Mr Brennan's act of making infringing copies of the relevant works can be made, but no broader declaration
 - Notes that although both cross-appeal and appeal should be allowed, the respondents' success is 'so limited that it should not carry costs'
- Jacobs J (McTiernan ACJ agreeing):
 - Meaning of authorisation
 - As applied in s 36(1), authorisation means to 'sanction, approve, countenance'
 - This is 'a wide meaning'
 - It can be satisfied by way of express permission or invitation, or by implied approval or permission
 - It is a question of fact in each case
 - Namely, whether the 'true inference to be drawn from the conduct of the person who is said to have authori[s]ed' is that they did, in fact, so authorise
 - '[To authorise] means "to sanction, approve, countenance" ... It is a wide meaning which ... is apt to apply both where an express permission or invitation is extended to do the act comprised in the copyright and where permission may be implied. Where ... implied it is clearly unnecessary that the authorizing party have knowledge that a particular act comprised in the copyright will be done'
 - However, to generalise about the circumstances in which authorising a breach of copyright will be held to have occurred 'cannot be done'; there must be an actual question, and not simply a hypothetical one

Decision

- The University authorised Mr Brennan's act of making the infringing photocopies

In *Moorhouse*, the High Court appears to have held that authorisation amounts to sanctioning, approving or countenancing the act of infringement. Authorisation can be express or implied. However, in the case of an implied authority, mere omission or inactivity is insufficient; there is a mental element entailed by the term 'authori[s]e', and that mental element consists of knowledge of the likelihood that some acts are infringing or could infringe copyright. In addition, the secondary party must actually have control, which is to say, the factual ability to stop or prevent the infringement. In these circumstances, the secondary party will be inferred to have authorised those acts if it failed to take reasonable steps to prevent them.

On the facts in *Moorhouse*, the University had by its conduct admitted its knowledge that infringing copying was going on. Having control of the photocopier and books, it was also able to stop the infringing copying. The steps it took to prevent infringement were not reasonable because they were ineffective: the notices addressed irrelevant law and were inadequately precise in their terms; library staff did not adequately supervise photocopying; library guides were not distributed to all students and failed to set out their copyright obligations accurately. The most important failing, however, was that no clear and accurate notice was placed on the photocopiers.

Were *Moorhouse* to be decided today, s 39A would render the University immune from secondary infringement if a notice in the prescribed form were displayed. Section 39A does not overrule *Moorhouse*; rather, it impliedly accepts that interpretation, but adds a specific exception for libraries who comply with the notice requirements.

The digital agenda reforms now reflected in ss 36(1A) and 101(1A) are clearly derived from the judgment of Gibbs J in *Moorhouse*, and should therefore be interpreted in the manner set out in the judgment of Gibbs J.

The issue of authorisation was also considered in *WEA International v Hanimex*, where radio advertisements encouraging consumers to make tape recordings at home were held not to amount to authorisation to infringe copyright due to absence of control on the part of the advertiser.

WEA International v Hanimex Corporation Ltd (1987) FCA:

Facts

- This case concerns an advertisement for blank recordable magnetic tape media that was resistant to heat
- The advertisement used depictions of various artists to claim that tapes wouldn't be destroyed if left on car dashboards:
 - 'First voice (*miserable*): Madonna's bent. And Bowie's completely deformed. Springsteen's a crumpled heap. ... Boy George is covered in horrible blisters ... (*disappears under*).'
 - 'Second voice: if you don't want your favourite recordings ruined, use Fuji GTI car tapes. The only tape that won't melt, warp, twist or bend even on the hottest dashboard.'
 - 'First voice (*breaks down completely*): ... and what's this horrible gooey blob? Oh no, it's Paul McCartney.'
 - 'Second voice: Fuji. The world's most developed audio tape.'
- WEA argues that the only way that such a compilation could have been created is if the consumer taped them at home, which would be an infringing activity
- WEA claims that the advertisement encouraged infringement, thereby impliedly authorising it

Issue

- Does the advertisement authorise copyright infringement?

Reasoning (Gummow J)

- The authorisation is not complete until the infringing act has actually occurred
 - Here, there is no evidence that any infringing act has been done
 - There is further no evidence that any such act would be done in reliance upon the advertisement's encouragement
- Further, the substantive of the advisements is not an invitation, incitement or approval
 - Instead, the advertiser simply extols the virtues of the product's physical properties

Decision

- Hanimex has not authorised infringement

A similar issue was considered in *RCA Corporation v John Fairfax and Sons Ltd*, where it was held that authorisation could not occur without control over the activities of the primary infringer.

RCA Corporation v John Fairfax and Sons Ltd (1981) NSW SC:Facts

- An article in the *Sydney Morning Herald* informs its readers of the capacity of consumers to borrow and copy tapes rather than purchase them
- RCA alleges that this authorises infringement in its readers

Issue

- Has *The Sydney Morning Herald* authorised infringement of its readers?

Reasoning

- Fairfax has no control over what their customers did in the privacy of their own homes
- Without that control, there could be no element of authorisation, notwithstanding that the conduct could be interpreted that way
- Control is thus the essential hallmark of authorisation

Decision

- Fairfax has not authorised infringement

In the United States of America, the Supreme Court has held that authorisation requires a relationship of control. If a manufacturer of home video recorders is unable to control the infringing use of its users, and if the technology has a substantial non-infringing use, then it will not be liable as a secondary infringer (*Sony corporation v Universal City Studios Inc*).

Similarly, in the United Kingdom, the House of Lords has held in *CBS Songs Ltd v Amstrad Consumer Electronics plc* that no infringement can be authorised where the manufacturer of a twin-deck tape recorder has no capacity to prevent infringing copying by users. It is open to question whether today, in an age where technological copy protection measures are widely available, the mere failure to employ such measures will be sufficient to negative control.

C *Peer-to-Peer File-Sharing*

Issue: does the supplier of peer-to-peer file-sharing software ('P2P software') authorise any resulting infringements that take place on its network?

Universal Music Australia Pty Ltd v Sharman License Holdings Ltd ('Kazaa Case') (2005) FCA:

Facts

- Sharman License Holdings manufactures the KaZaa file-sharing application ('Kazaa')
- Sharman knows that Kazaa is being used to infringe copyright
 - The Kazaa website contains warnings against sharing copyright files
 - The end user licence agreement requires users to agree not to infringe copyright
 - It is obvious to Kazaa that these measures are ineffective to prevent or even to curtail copyright infringement
- Sharman can exercise control over the use of Kazaa
 - Sharman could filter or remove copyright files from the network
 - However, it would be against its financial interest to do so, since advertising is dependant on the quantity of file-sharing
- Sharman had actively encouraged infringement at various points
 - Messages on the Kazaa website entreated users to 'join the revolution' and criticised record companies for opposing file-sharing
 - The 'KaZaa Revolution' campaign attacked record companies
 - The effect of the website was to encourage Kazaa users, which were predominantly young and impressionable, that it is 'cool' to defy the recording industry by sharing copyright files

Issue

- Does Sharman authorise infringement of copyright by users of the Kazaa network?

Reasoning (Wilcox J)

- The analysis in *Sharman* bears greater resemblance to *Moorhouse* (amplifies need for authoriser to have control) than the codified provisions
 - This is because codification in ss 36(1A) and 101(1A) did not purport to change the law — it just formally stated some relevant factors as identified in *Moorhouse*
- Sharman's control was necessary for it to sell advertising; it collected data about searches and demographics and sold ads to its customers
- Sharman was able to filter searches for certain titles on the basis of this information
- Interestingly, control over the *network* is emphasised, rather than users
 - This is akin to emphasising the control of an advertiser over their advertisements, rather than the conduct of viewers in reliance thereupon
 - This arguably represents stepping away from notion of control; 'arming conduct' is more relevant

Decision

- Yes, authorisation liability can be imposed since the requirements in s 36(1A) are established:
 - Sharman knew that infringing uses were notorious
 - Sharman could exercise control over that use through filtering
 - Sharman actively encouraged infringement, and did not take adequate measures to prevent it
- An order is made to require the removal of copyright materials from the network using a keyword filtering system; however, the Kazaa network can continue if this filtering technology is implemented in a new version of the program, and existing users are encouraged to upgrade to it

Universal Music v Cooper ('MP3s4Free Case') (x) FCA:Facts

- Cooper operates a website that aggregate links to copyright materials (primarily music) that are supplied by its users
- Cooper could have prevented the infringement by removing links

Issue

- Does Cooper authorise the infringing reproductions of musical works and copying of sound recordings by users of his website?

Reasoning

- This is not an exercise of the communication to the public right:
 - Simply linking to the materials was not an act of communication to the public
 - This is since the other person could remove the file at any stage, or replace it with something else
 - The act of linking entails no *control* over the communication sufficient to determine content; so there is no authorisation of the communication [???
- However, facilitating acts of infringement is sufficient for authorisation liability for respect to the reproductions and copying

Decision

- Yes, authorisation liability is made out

Typical example of secondary infringement — hypothetical:

- (1) A musical work and dramatic work exists, and a sound recording
- (2) Right of reproduction, right of performance, sound recording of musical work and dramatic work
- (3) Right of reproduction of musical work and dramatic work and sound recording
- (4) Right of publication
- (5) Right of reproduction of musical work and dramatic work, copying sound recording, right of communication to the public for sound recording by making available; P2P network is authorising reproduction of musical work and dramatic work by other users; and also authorises communication to public by first user
- (6) Right of reproduction of musical work and dramatic work, copying sound recording
- (7) Performing musical work and dramatic work in public, and causing sound recording to be heard in public

D *Exceptions and Limitations*

Carriage service providers, such as internet service providers, web hosts and other providers of telecommunications facilities, are generally exempt from authorisation liability. Note also the safe harbour provisions in pt V div 2AA of the *Copyright Act*.

Under the former of these provisions, those who provide facilities for making communications are taken not to authorise infringement 'merely because another person uses the facilities so provided to do something the right to do is included in the copyright': *Copyright Act* ss 39B, 112E. 'Merely' is given the same meaning as it was given in the *MP3s4FREE Case*.

V Indirect Infringement

A Introduction

In addition to the provisions creating primary and secondary liability for copyright infringement, the *Copyright Act* contains provisions dealing with indirect infringement by importation, distribution and acquiescence in an infringing public performance.

These provisions are said to be 'indirect' forms of infringement because they do not actually involve an exercise of an exclusive right by the infringing party. Nor do they involve an authorisation of the exercise of such a right. Instead, the conduct is something that would amount to an exercise of the exclusive right were it done by the defendant in Australia.

The three kinds of indirect liability:

- **Importation for sale or hire**
Infringing copies imported for the purpose of trade without the licence of the copyright owner: *Copyright Act* ss 37, 102;
- **Commercial dealings**
Infringing copies being used in trade without the licence of the copyright owner: *Copyright Act* ss 38, 103; and
- **Acquiescence to infringing performance**
Allowing a place of public entertainment to be used for an infringing performance of a work in public: *Copyright Act* s 39.

The following three sections consider these forms of indirect liability.

Additionally, a fourth kind of indirect infringement is provided for by the provisions in pt V div 2A of the Act. Although these provisions primarily operate by creating civil causes of action in specified circumstances, they may also be classified as a form of indirect infringement:

- **Anti-circumvention**
Making or dealing with a device to circumvent a technological protection measure: *Copyright Act* s 116A;
- **Digital rights management**
Altering or removing electronic rights management information without permission of the copyright owner: *Copyright Act* s 116B;
- **Dealing with altered digital rights**
Distributing, exhibiting or using in trade material that has had its rights management information altered or removed: *Copyright Act* ss 116C, 116CA; and
- **Broadcast decoding devices**
Using for commercial advantage a device that enables a person to gain access to an encoded broadcast without authorisation: ss 135, 135ANA.

Several comments about the provisions of div 2A are offered in section D below.

A Importation for Sale or Hire

Sections 37 and 102 provide that it is an indirect infringement of copyright for a person to import an article for the purpose of:

- Commercially dealing with the article;
- Distributing the article, either commercially or in a way that adversely affects the copyright owner; or
- Commercially exhibiting the article in public,

without the licence of the copyright owner, if the importer knew or ought reasonably to have known that the making of the article would, had it been made in Australia by the importer, have amounted to an infringement of copyright in the work or subject matter, respectively.

In essence, these sections seek to prevent commercial importation or distribution of an article that would have infringed copyright if made in Australia:

Copyright Act 1968 (Cth) ss 37, 102 — Infringement by importation for sale or hire:

(1) ... a [Part IV] copyright [or the copyright in a work] ... is infringed by a person who, without the licence of the owner of the copyright, imports an article into Australia for the purpose of:

- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
- (b) distributing the article:
 - (i) for the purpose of trade; or
 - (ii) for any other purpose to an extent that will affect prejudicially the owner of the copyright; or
- (c) by way of trade exhibiting the article in public;

if the importer knew, or ought reasonably to have known, that the making of the article would, if the article had been made in Australia by the importer, have constituted an infringement of the copyright.

The sections are primarily designed to prevent international trading in pirated copyright material. However, they also prevent the importation of material that, despite not being infringing in the country in which it was lawfully acquired, would be infringing in Australia.

The knowledge requirement acts to limit liability to circumstances where the importer knew (or ought to have known) that the article would infringe if made in Australia by them. The subjective knowledge of the importer is not determinative, since the mental element may still be shown without it if it would be reasonable to expect an importer in their position to know that the article would infringe if made in Australia. If the importer is unaware, for example, of an exclusive licence arrangement in Australia, this may, if reasonable, exempt them from liability (*Raben Footwear Pty Ltd v Polygram Records Inc*). However, if their ignorance would be unreasonable having regard, for example, to the popularity of the item or the inherent likelihood that its

production in Australia would be the subject of an exclusive licence, then knowledge may still be made out.

However, the wording of s 37 permits an owner of copyright to inform a retailer or distributor of material that their material is infringing. They then have to cease and desist from sale, or face, at the very least, being fixed with actual knowledge of infringement.

In this section, consent or a licence from the copyright owner is an express element of the action. Establishing such consent will provide a complete defence. However, courts will generally not imply a licence to import or sell an article in the absence of specific facts to the contrary.

Interstate Parcel Express Co Pty Ltd v Time-Life International (Nederlands) BV (1977) HCA:

Facts

- Cookery books are lawfully purchased off-shore and imported into Australia by Angus & Robertson, a bookstore
- However, the copyright owner had previously granted exclusive rights in the copyright outside the United States to Time-Life
- Angus & Robertson is not aware of the exclusive licence then existing, and proceeds to import, distribute and offer for sale the books
- Angus & Robertson argues on appeal that a licence can be implied to use, sell or distribute copyright materials anywhere based on a lawful sale of those items

Issues

- Can Angus & Robertson be liable under the indirect infringement provisions?
- Can the Australian sales be considered made with permission of the copyright owner?

Reasoning

- Unlike patents, the rights of copyright owners do not extend to mere use of the chattel in aspects of which copyright subsists
- Therefore it is unnecessary to imply into a distribution arrangement a licence for sale or importation of the copyright work
- An unrestricted sale overseas does not confer any implied licence to import or distribute in Australia

Decision

- No, there is no permission given to Angus & Robertson to sell the materials in Australia simply by virtue of their having been sold to them lawfully in America

The licence that must be given under ss 37 and 102 is a licence to import and deal with the article in the way that the defendant dealt with it under those sections (*Computermate Products (Aust) Pty Ltd v Ozi-Soft Pty Ltd*). It can be limited, granted for specified transactions or left 'at large'.

B Commercial Distribution

1 The provisions

The commercial distribution provisions operate in a similar fashion to ss 37 and 102. Sections 38 and 103 provide that it is an indirect infringement of copyright to:

- Deal commercially with an article; or
- Exhibit commercially an article in public,

if the person doing these acts:

- Knew or ought reasonably to have known that the making of the article constituted an infringement of copyright; or
- In the case of an imported article, would have constituted an infringement of copyright if the article had been made in Australia by the importer; and
- The person did not have the copyright owner's permission.

These sections apply to works and subject matter, respectively. Both sections adopt the following format:

Copyright Act 1968 (Cth) ss 38, 103 — Infringement by sale and other dealings:

- (1) ... a [Part IV] copyright [or the copyright in a work] ... is infringed by a person who, in Australia, and without the licence of the owner of the copyright:
- (a) sells, lets for hire, or by way of trade offers or exposes for sale or hire, an article; or
- (b) by way of trade exhibits an article in public;

if the person knew, or ought reasonably to have known, that the making of the article constituted an infringement of the copyright.

2 Required mental state

The same hybrid subjective–objective mental element exists in relation to these provisions.

3 Policy issues: parallel importation and price discrimination

These provisions reflect recent lobbying by copyright owners who want to territorialise copyright materials. Such territorialisation enables copyright owners to engage in price discrimination: this permits the owner to price according to perceived market demands. For example, they might sell software in America for x , but sell the same product in India or China for $0.1 * x$. If there were no rights to exclude parallel importation, price discrimination would not be possible, since competitors could export from India and China into America or other western markets, making it unviable to charge more than that for which consumers could elsewhere obtain the product.

Alan Fells (the former head of the Australian Competition and Consumer Commission) has criticised the practice of price discrimination. Providing that an original copy is lawfully sold in a

market, it should be able to be acquired in any other market: this idea is informed by the principle of exhaustion; copyrights, once exercised somewhere in the world, are exhausted and can be freely traded. Fells argues that there is no reason why consumers in one market should not receive the lowest price possible.

The alternative is to treat the world as a 'global market' — an optimum pricing for distribution and profit. This may exclude some consumers in poorer countries. The ACCC has suggested that parallel importation has no role to play in regulating global markets. Certainly, it is impracticable: retail internet sales make it extremely difficult to price on the basis of where a sale is being made. However, the importance of permitting some level of price discrimination in particular industries cannot be doubted: what about Microsoft's attempts to gain a foothold on the pirated software market in China? This would be impossible without some level of price discrimination.

Sections 38 and 103 raise the same issues of parallel importation and price discrimination as those that arise in relation to ss 37 and 102. The issues are most controversial where the articles are articles whose manufacture or sale was legal in the country from which they were imported. Due to the regional nature of copyright, it may be unlawful to make such an article in Australia, but perfectly lawful to make in the country from which the goods were imported. These indirect infringement provisions effectively extend copyrights to offer protection to owners greater than what they would be offered in other countries.

The existence of these rights can also allow copyright owners to create territorial trade barriers. In particular, the issue of 'parallel importation' (sometimes termed 'grey market' imports) raises fundamental economic and other policy issues. The issue here is whether copyright should assume a role in regulating the global market (which, ironically, would become a segregated and regionalised market as a result of that regulation), or whether market forces should determine the flow of copyright materials from one country to another.

The ultimate effect of parallel importation restrictions is to allow a copyright owner to engage in price or product discrimination; that is, the use of different pricing or the provision of different products in different territories. Although this allows copyright owners better to match prices to regional living standards and wages, it does suggest that prices may be artificially inflated in developed nations.

Trend is inexorably towards a global market. Consistently with this, the reform trend is to minimise the capability of ss 37 and 102 to effect parallel importation controls. Indeed, such capability has been removed entirely with respect to books. Only feature films remain the subject of parallel importation controls. This has led to staged market release dates, and DVD region coding — practices which ultimately hinder consumers. Region coding is currently defensible only as a technical form of market segregation using DeCSS.

In 2000, the Intellectual Property Reform Commission recommended that all restrictions on parallel importation should be repealed in order to:

- Remove the possibility of the Australian market for copyright subject matter being segmented from those in other countries; and
- Provide Australia the same benefits as other economies secure through their far larger internal markets.

Perhaps the best approach is to permit discrimination with respect to some products and industries, but not others. This discrimination might also be the subject of regulation; for example, the *Copyright Act* (or trade practices legislation) may impose upper limits upon discrimination levels, or allow the ACCC or another consumer group to intervene where they consider it to be necessary.

C Permitting Performance of a Work in Public

A person who permits a place of public entertainment to be used for the infringing performance literary, dramatic or musical work infringes copyright in that work: *Copyright Act* s 39.

The person must have been aware, or had reasonable grounds for suspecting, that the performance would infringe copyright. The person must have allowed the place to be used for a fee; a gratuitous acquiescence or a 'nominal only' fee will not be sufficient to attract liability.

This provision therefore seems to be directed at preventing an occupier from profiting from the infringing activities of others.

'Permitting' a public place to be used does not have the same meaning as 'authorising' that place to be used (*contra University of New South Wales v Moorhouse*). However, if a person is told that a performance will be an infringing performance but goes ahead anyway, this will amount to giving permission (*Australasian Performing Right Association v J Turner and Sons*); however, if no 'formal approval' has been given to the performance, of if it has not specifically been 'sanctioned, approved or countenanced', then there will be no permission.

If an occupier discovers that a performance will be an infringing one after having entered an agreement to allow it, *J Turner and Sons* suggests that the only course open to such a person is to breach the contract. However, in *Corporation of the City of Adelaide v Australasian Performing Right Association Ltd*, the High Court of Australia held that the defendant did not have to breach the agreement. In particular, 'mere indifference or omission cannot be treated as "permission" unless the [defendant] had the power to permit the performance, and unless there was some duty to interfere'.

D Technological Protection Measures

Under art 11 of the *World Intellectual Property Organization Copyright Treaty*, Australia is obliged to implement copyright protection for technological protection measures:

World Intellectual Property Organization Copyright Treaty art 11:

[Signatories must provide] 'adequate legal protection' against the 'circumvention of effective technological measures' used by authors to restrict exercises of rights 'not authorized by the authors or permitted by law' ...

The protection of anti-circumvention devices under the *Copyright Act* is summarised in the following table. References to the relevant obligations under the *Copyright Treaty* are given in parentheses:

Nature of Liability ('adequate legal protection')	Exceptions ('permitted by law')
Supply of devices or services that circumvent copyright controls	Nine specific exceptions Interpreted very narrowly by the High Court in <i>Stevens v Sony</i>
Circumvention of access controls	Seven specific exceptions and scope for further <i>ad hoc</i> exceptions
Supply of devices or services that circumvent access controls	Five specific exceptions
Supply of devices or services that circumvent copyright controls	Two specific exceptions

Sections 116A and 10(1) are drafted to reflect these obligations. Section 116A proscribes the making, importation or supply of 'circumvention devices' capable of circumventing a 'technological protection measure', subject to a great many qualifications and exemptions. Many of these are abstracted for convenience, but the text of the provision is largely reproduced

Copyright Act 1968 (Cth) s 116A Importation, manufacture etc. of circumvention device and provision etc of circumvention service:

- (1) Subject to subsections (2), (3) and (4), this section applies if:
- (a) a work or other subject-matter is protected by a technological protection measure; and
 - (b) a person does any of the following acts without the permission of the owner or exclusive licensee of the copyright in the work or other subject-matter:
 - (i) makes a circumvention device capable of circumventing, or facilitating the circumvention of, the technological protection measure;
 - (ii) sells, lets for hire, or by way of trade offers or exposes for sale or hire or otherwise promotes, advertises or markets, such a circumvention device;
 - (iii) distributes such a circumvention device for the purpose of trade, or for any other purpose that will affect prejudicially the owner of the copyright;
 - (iv) exhibits such a circumvention device in public by way of trade;
 - (v) imports such a circumvention device into Australia for the purpose of:
 - (A) selling, letting for hire, or by way of trade offering or exposing for sale or hire or otherwise promoting, advertising or marketing, the device; or
 - (B) distributing the device for the purpose of trade, or for any other purpose that will affect prejudicially the owner of the copyright; or
 - (C) exhibiting the device in public by way of trade;
 - (vi) makes such a circumvention device available online to an extent that will affect prejudicially the owner of the copyright;
 - (vii) provides, or by way of trade promotes, advertises or markets, a circumvention service capable of circumventing, or facilitating the circumvention of, the technological protection measure; and
 - (c) the person knew, or ought reasonably to have known, that the device or service would be used to circumvent, or facilitate the circumvention of, the technological protection

measure.

- (5) If this section applies, the owner or exclusive licensee of the copyright may bring an action against the person.
- (6) In an action under subsection (5), it must be presumed that the defendant knew, or ought reasonably to have known, that the circumvention device or service to which the action relates would be used for a purpose referred to in paragraph (1)(c) unless the defendant proves otherwise.
- (7) For the purposes of this section, a circumvention device or a circumvention service is taken to be used for a permitted purpose only if:
 - (a) the device or service is used for the purpose of doing an act comprised in the copyright in a work or other subject-matter; and
 - (b) the doing of the act is not an infringement of the copyright in the work or other subject-matter under section 47D, 47E, 47F, 48A, 49, 50, 51A or 183 or Part VB.

The exceptions to which the preceding discussion refers provide essentially that there will be no liability if the relevant making, importation or supply was for one of nine 'permitted purposes', including:

- Computer software development or testing;
- Free exceptions for libraries and archives;
- Remunerated exceptions for educational institutions; and
- Remunerated exceptions for the Crown.

The terms 'technological protection measure' and 'circumvention device' are defined exhaustively in s 10(1). Essentially, for there to exist a 'circumvention device' there must also exist a relevant protection measure:

Copyright Act 1968 (Cth) s 10(1):

circumvention service means a service, the performance of which has only a limited commercially significant purpose, or no such purpose or use, other than the circumvention, or facilitating the circumvention, of an technological protection measure.

...

technological protection measure means a device or product, or a component incorporated into a process, that is designed, in the ordinary course of its operation, to prevent or inhibit the infringement of copyright in a work or other subject-matter by either or both of the following means:

- (a) by ensuring that access to the work or other subject matter is available solely by use of an access code or process (including decryption, unscrambling or other transformation of the work or other subject-matter) with the authority of the owner or exclusive licensee of the copyright;
- (b) through a copy control mechanism.

The High Court of Australia was called upon to consider these new provisions in *Stevens v Sony*. The Court adopted an interpretation that is consistent with their terms, if not their political purposes, holding that a technological protection measure must actually be designed to prevent or inhibit *infringement*, rather than simply make it more difficult.

Stevens v Sony (2005) HCA:

Facts

- [As described above]
- Sony's PlayStation console accepts CD-ROMs of video games playable through the device; each disc has embedded within it an encrypted access code, which the console hardware must be able to read in order to run the game
- The access code check is designed to prevent piracy, exercise control over the platform and segregate geographic markets by region coding discs
- Mr Stevens sells 'mod chips' — small integrated circuits that are attached within the PlayStation circuitry in an attempt to bypass the access code and allow discs without the encrypted code to be played, including unauthorised, copied or pirated discs

Issues

- Does Stevens' mod chip breach s 116A?
- Was the technology in the Sony PlayStation designed to 'prevent or inhibit infringement'?

Reasoning

- Sackville J:
 - Draws an inference that the access code and console hardware had the practical effect of deterring 'copyright infringement by the unlawful making, importation and distribution of PlayStation games'
 - However, this is *not* sufficient to meet the definition of 'technological protection measure'
 - 'I do not think the definition is concerned with devices or products that do not, by their operations, prevent or curtail specific acts of infringing or facilitating the infringement of copyright in a work, but merely have a general deterrent ... effect'
- Full Court of the Federal Court of Australia:
 - The scope of the phrase 'prevent or inhibit' wide enough to cover 'an intended result of deterring or discouraging infringement by rendering the infringing copy useless for the purpose for which it was made' (French J)
 - The legislative history reveals an intention that the definition of 'technological protection measure' includes devices that deter or discourage infringement by denying of access and the prevention of an infringing copy from being used (Lindgren and Finkelstein JJ)
- High Court of Australia:
 - Upholds the conclusions of law made by Sackville J
 - The s 10(1) definition of 'technological protection measure' requires that the prevention or inhibition must arise from an end-user's submission to the access control, both causally and temporally
 - The but-for test should applied to the concept of 'prevent or inhibit' within the definition
 - It will only be satisfied where 'but-for' the measure, an infringement could be made
 - This is necessary to avoid 'stultification' of the section 116A defences

- Application to the facts:
 - The technology simply prevented unauthorised discs from playing; it did not specifically prevent infringement
 - Reading a book, playing a video game, watching television: not exercises of copyright.
 - Therefore, how can it be said that a device to prevent playing a video game is a device to prevent or inhibit infringement, since the playing cannot possibly amount to infringement?
 - Simply deterring infringement, or making it less likely, is insufficient
 - The TPM in question must actually be designed to prevent or inhibit infringement

Decision

- The Sony device is not a TPM; therefore, Stevens' mod chip cannot infringe s 116A

The result in *Stevens* is, it must be said, mildly perplexing. Why was there no purposive interpretation given to the provision by the Court? The literal interpretation adopted would appear to subordinate the obvious parliamentary intention underlying it: *contra Acts Interpretation Act 1901* (Cth) s 16. The Court noted that the provisions had 'no discernable purpose'. This may, in all fairness, be quite close to the truth: the anti-circumvention provisions were to some extent given an intentionally vague meaning in order to give an impression of compromise. On this basis, the Court considered that there was no intention to which it could give effect, and construed the provision on its terms.

Following the decision in *Stevens*, the House of Representatives Standing Committee on Legal and Constitutional Affairs published the *Review of Technological Protection Measures Exceptions* (2006). The Committee recommended 18 *ad hoc* exceptions to the access circumvention liability, along with 7 additional exceptions. The Committee noted that private agreements inconsistent with the exceptions should be unenforceable. It also proposed a solution to what it described as the 'lamentable and inexcusable flaw' in the regime existing as a result of the decision in *Stevens*.