



COPYRIGHT LAW

“AT THE SMALL END OF TOWN” – ISSUES ASSOCIATED WITH COPYRIGHT PROTECTION AND ENFORCEMENT ¹

As you will see from the two supplementary papers provided to you with this paper² the topic of this paper is a familiar theme I have spoken on previously at earlier seminars. The earlier papers are being presented along with this one to provide some continuity in the theme since 2001. Their contents are really as relevant and applicable today as they were when those papers were first presented.

The difficulties associated with enforcement for those without deep pockets continue to be mainly related to –

1. The special problems presented by cyberspace infringers (ie. the cyberspace bandits);
2. The prohibitive costs of seeking to enforce rights via litigation.

A good starting point in this area is to read the report of the House of Representatives Standing Committee on Legal and Constitutional Affairs into its Reference “Cracking down on copycats: enforcement of copyright in Australia.” This is because, based on the many submissions the Committee received from diverse interested parties it focused its attention on the special difficulties faced by those who lacked a deep pocket to pursue litigation to enforce their rights.³ You should also, of course, read the Government’s response to that Report.

The Committee’s Reference specifically required it, inter alia, to consider –

- the adequacy of civil actions in protecting the interests of plaintiffs and defendants in actions for copyright infringement including the adequacy of provisions for costs and remedies;
- the desirability or otherwise of amending the law to provide further procedural, evidential or other assistance to copyright owners in civil actions for copyright infringement.
- the relationship between enforcement authorities and copyright owners;
- coordination of copyright enforcement;
- options for copyright owners to protect their copyright against infringement including technological or other non-legislative measures for copyright protection.

At Section 5.2 of its report the Committee stated –

¹ A paper presented by Barrister, Christopher J Whitelaw for The College of Law March 2007

² Infringement of copyright – the vexed question – when to seek an injunction when your client lacks a deep pocket; and Enforcement of copyright against cyberspace bandits.

³ You can access and download this paper at the Standing Committee’s own web site.



One of the main difficulties with pursuing civil remedies is the cost involved.....While acknowledging these difficulties, it is submitted that copyright owners do not appear to be more disadvantaged than any other litigant in Australia.

The Committee reviewed various enforcement options open to owners, such as seeking anton pillar orders and noted that such orders were hard to get and very expensive to seek. Such orders are also notoriously costly to execute once obtained. Such tactics or strategies are theoretically available to any owner but realistically they are only utilised by those with deep pockets.

The Committee made 22 recommendations to try and improve and enhance the law relating to copyright enforcement and to deter would be infringers. The Government, in its response, supported⁴ or partly supported implementation or at least further consideration or investigation of the following recommendations made by the Committee –

- i. Recommendation 3 – *encourage industry to develop technological protection devices that are used to protect copyright material;*
- ii. Recommendation 4 – *the government conduct, in conjunction with representative organisations from the copyright industry, a public education campaign aimed at promoting awareness and understanding of copyright in the general community;*
- iii. Recommendation 5 – *the introduction of guideline judgments into the Federal Court of Australia similar to that done in the NSW Supreme Court;*
- iv. Recommendation 8 – *the Copyright Act be amended so as to introduce a presumption as to ownership of copyright substantially similar to that contained in s.126A of the Copyright Amendment Bill 1992. The presumption would apply in prosecutions for offences under s.132 of the Copyright Act.*
- v. Recommendation 9 – *The Act be amended so that s.133A applies also to literary, dramatic, musical and artistic works, cinematographic films, television broadcasts and published editions of works.*
- vi. Recommendation 14 – *The Act be amended so as to introduce a presumption as to ownership of copyright substantially similar to that contained in the proposed section 126A of the Copyright Amendment Bill 1992. The presumption would apply in civil proceedings for infringement under the Copyright Act.*
- vii. Recommendation 16 – *The government introduce a Bill to amend the Copyright Act so as to provide a system of statutory damages for the infringement of copyright as an alternative to the system for awarding damages provided for in s.115(2) of the Act.*

I would like to set out just a bit of what the government said it intended to do in response to some of these recommendations.

⁴ “Supported” means “accepted in principle”.



1. TECHNOLOGICAL PROTECTION DEVICES

- The government has already addressed these concerns through the passage of the Digital Agenda Act. Those amendments are subject to review and the issue raised by the Committee's recommendation will be part of that review.
- The Digital Agenda Act amendments provide criminal sanctions and civil remedies against the manufacture, supply, advertising and other commercial dealings with circumvention devices or services used to circumvent technological protection applied by a copyright owner. Sanctions and remedies have also been introduced by the intentional removal of electronic rights management information.
- The Digital Agenda Act amendments do not provide legal sanctions against the removal or alteration of *blanket access control measures* because such proscription would make ineffective the application of fair dealing or other statutory exceptions in favour of reasonable public access. Blanket access control regulation would not provide *an appropriate balance between rights of copyright owners and users*.⁵

2. PRESUMPTION AS TO OWNERSHIP

- The government will develop an appropriate form of the criminal provisions to ease the difficulties of proof faced by copyright owners.
- The government however will not make significant amendments to the scope of current criminal liability or shift primary responsibility for protecting copyright to public law enforcement agencies.
- It is possible, consistently with the Criminal Code, to provide for a rebuttable evidentiary presumption based on a fact proven upon which the presumption is based. The government will introduce amendments based on labels or marks or, to the extent they are available, government certificates supporting copyright subsistence and ownership as part of the proof of the offence.
- The burden of proof in respect of adducing contrary evidence would be the evidentiary burden.

3. CHANGES TO THE LAW RELATING TO THE AWARD OF DAMAGES

⁵ I have highlighted these parts in italics as they highlight an area of concern that has only increased over time as the war between owners and infringers over digital material has escalated and the issue of public interest identified by the government is presently sharply in focus and is discussed later on in this paper. Some commentators suggest that the latest amendments to the Copyright Act have upset this balance of interests too much in favour of major owners of copyright in literary works, sound recordings and other subject matter by giving them open slather to control access to and use of their property to such an extent that there is little room for the operation of fair dealings. This control is achieved by a combination of technological protection measures, digital rights management systems and requiring users to accept imposed contractual terms of use before permitting them access.



- The government intends to amend the Act to provide greater opportunity for the award by a court in a civil matter of a remedy of flagrant infringement having a deterrent effect, and reduce the need to always prove actual damage.
- It will make amendments to s.115 (4)⁶ of the Act so as to encourage the award of relief under that subsection.
- It is desirable that the methods of assessment of damages be sufficiently flexible to set an appropriate level of damages in all situations.
- There is no one fixed method of assessment that can be applied to all situations.
- In some instances, damages are calculated according to the licence fee of which the copyright owner is deprived. The licence fee approach is appropriate where an inference may be drawn that consumers would have purchased genuine copies of the copyright material rather than the infringing copies.
- Licence fees are problematic in that they are difficult to set objectively.
- Compensation is not at the heart of *additional damages* provided for in s.115 (4). This is a provision in the nature of punitive or exemplary damages.
- Such damages are entirely in the discretion of the Court. It may do so if it is satisfied of a number of factors. These are that it would be proper to do so having regard to the flagrancy of the infringement and what benefit flowed to the defendant by reason of the infringement and other relevant matters.
- There is no limit on the amount of such damages that can be awarded.
- The court is permitted a degree of forensic discretion in calculating damages according to the surrounding circumstances of the case. This is more likely to produce a morally just result than some other less flexible and more arbitrary methods of assessment.
- Additional damages are available whether or not compensatory damages are awarded. It is an independent self-standing power to award punitive or exemplary damages even though no loss has been suffered, or has been proved by the owner to have been suffered.
- The government will review the range of matters to which a court is required to have regard in deciding whether it is appropriate to award additional damages *so as to emphasise that this consideration should be undertaken on a regular basis to address cases of serious infringement, and to indicate that not merely the flagrancy but the overall circumstances and context of the infringement are to be taken into account in determining whether to make such an award, and how much it ought to be. Deterrence might be one such relevant factor; and action taken by the defendant subsequent to the commission of the infringement after being put on notice of a possible infringement.*

I have set out these particular comments in the government response as I believe they are of particular importance and relevance to copyright owners who lack the means to implement expensive self help measures to achieve a satisfactory level of protection.

⁶ Additional damages

So, having set out that relevant background concerning the legal environment pertaining to enforcement, the further questions to ask are “Where are we now”? How do things presently stand? Are things any better? Is it easier and cheaper for those claiming ownership rights to deal with the alleged infringers?

It has been a long hard road but the effects of all of this are supposed to be contained in the *Copyright Amendment Act 2006 (No 158)* assented to on 11 December 2006. This comprises 215 pages and is accompanied by 3 explanatory memoranda comprising 144 pages.

Here is a potted summary of what it covers⁷ –

- It attempts to bring offences in the *Copyright Act* into harmony with the *Criminal Code*;
- Expand the sweep of pirating offences;
- Create an infringement notice scheme to provide flexibility in addressing the seriousness of the alleged conduct;
- The offence amendments identify the physical elements and where they are not strict liability offences it identifies the fault element;
- In some offences the fault element of knowledge has been replaced by recklessly;
- The infringement notice scheme is contained in the *Copyright Regulations 1969*. Part 6A is introduced by the *Copyright Amendment Regulations No 1 2006 No 328*;
- The doubts about protection of digital files or downloads over the internet in the context of civil liability have been addressed by an amendment to the meaning of “article”.
- The powers of the court to grant relief and matters to be taken into account in civil proceedings have been expanded.
- There are customs notice of objection provisions similar to changes made to the Trade Marks Act 1995;
- There are copyright exceptions including fair use in relation to format-shifting and time-shifting as well as new exceptions for key national cultural institutions;
- There are amendments relating to browsing the internet and reforms as to use for educational purposes as well as amendments concerning broadcasts, The Copyright Tribunal and to implement the AUSTFA obligations;
- A range of presumptions of copyright subsistence and ownership have been introduced in Division 4 to assist proof of facts in civil actions;
- Section 132 AC addresses an infringement or infringements which occur on a commercial scale. The definition of “commercial scale” requires the taking into account of volume, value and other relevant matter. There is a requirement for the owner to prove “a substantial prejudicial impact”.

⁷ I acknowledge that I have been greatly assisted in providing this summary by a recent paper presented by A. Street SC to members of the Bar Association as part of its own CPD.



- The summary offence under Section 132 AC is distinguished from the indictable offence by requiring the elements of substantial prejudicial impact and the infringement or infringements occurrence on a commercial scale to be one in respect of which the person is said to be negligent as to that fact.⁸
- Section 132 AD has the trilogy of indictable summary and strict liability offences in relation to the making of an article which infringes copyright in relation to selling, letting for hire, or obtaining a commercial advantage for profit. The strict liability limb substitutes “makes an article in preparation for or in the course of” for the element of intention required by the summary and indictable offences (ie. “makes an article *with the intention of* selling it, letting it for hire; or obtaining a commercial advantage or profit”). The penalty for a conviction of the strict liability offence is much lighter than the penalty for a summary or indictable conviction;
- The elements of the summary offence in relation to making an infringing copy commercially incorporates as a fault element a negligence standard (i.e. reckless/careless).
- Section 132 AJ creates a trilogy of offences concerning possessing infringing copies for commerce and the category for doing things for commercial advantage or profit, trade, distribution or exhibition as well as sale or letting is of broad compass;
- Section 132AK adds an aggravated offence to specifically identified indictable offences involving the converting of a work or other subject matter from hard copy or analogue into digital or other electronic machine readable form;
- Section 132 AL creates offences for making a device to be used for making an infringing copy. It will be an indictable offence if the prosecution proves that the infringer intended it to be used for making an infringing copy, and a summary offence if it can be proved only that at the time of making the device it was for making copies of a work or other subject matter and the person is negligent at the time of making the device as to the subsistence of copyright in the work or other subject matter. The summary offence relies on proof of “recklessness” rather than actual or constructive knowledge.
- Section 132 AQ creates an indictable offence in relation to removing any electronic rights management information in relation to a work or other subject matter in which copyright subsists, without permission where the removal or alteration will induce, enable, facilitate or conceal an infringement of the copyright. There is a parallel summary offence that depends on proof of negligence in relation to the result of the removal; and a strict offence in relation to the removal or alteration.
- Section 132 AR is a complimentary indictable offence where a person distributes a copy of a work or subject matter with the intention of trading or obtaining a commercial advantage or profit or imports the same with such an intention or communicates the same to the public, without permission and in respect of which the electronic rights management information has been removed or altered together with knowledge as to such removal or alteration

⁸ As Street SC said in his paper to the Bar Association members “whether or not there is or is not a careless commercial scale infringer will no doubt vex the prosecution in seeking to make out an offence under s.132 AC (1) as well as those seeking to identify the objective standard to be applied and whether or not varied by reference to an impecunious or excessively vulnerable owner of copyright.”



and a consequence which will induce, enable, facilitate or conceal an infringement of the copyright.

4. THE EFFECT OF THESE CHANGES TO THE LAW

It is early days yet, and there are no cases I am aware of that will help shed light on whether or not copyright owners from the small end of town and lacking deep pockets will find that they are better armed, better protected and better off than they were before. Only time will tell.

There are some who suggest that the new amendments contained in the *Copyright Amendment Act 2006* is just a placebo intended to placate consumers while protecting the proprietary interests of the still very powerful entertainment industries.⁹ There are some who see dangers in the way that copyright law is being developed and applied around the world and point to serious problems with digital rights management systems (DRMs) and technological protection measures (TPMs).

For those copyright owners who can afford the technology to protect their interests the government has clearly signalled that they should avail themselves of TPMs and DRMs to control and monitor access to their works. Sophisticated and cutting edge technological devices now permit wealthier owners to keep their works under lock and key if they so desire and all access to the works is tightly controlled and monitored. Some consumer advocates assert that such restrictions on access remove users' legitimate access rights under copyright law and essentially disenfranchise users from 'fair dealing' provisions in the Act. Such technological devices can also outlast the period for protection for works under Australian copyright law, at which time such works would otherwise enter the public domain.

The changes to the Copyright Act come strongly to the aid of owners to utilise such self help measures over their works and make it a criminal offence to circumvent the TPMs (locks). A writer in this area has said "The TPMs are really a system of private rules designed by and for commercial publishers and distributors to micro-manage access to copyright works in their own interests. In the not too distant future TPMs, which can trace and control every use and re-use of a work, may well be the regime that determines all access to knowledge goods. And they will do this without necessarily making provision for reasonable consumer needs and without attempting to provide the creator-consumer balance that is an important principle of copyright law."¹⁰

The aim of this paper however is to make some practical suggestions that might be brought to the aid of copyright owners who cannot afford such expensive technology to safeguard their ownership interests or to bring the fight to infringers or would be infringers if such will cost them more than they can reasonably afford or expose them to personal bankruptcy or corporate liquidation if they fail in their efforts. It is not the chief aim of this paper to show owners how they can best utilise the latest amendments to the Copyright Act to their best advantage. That is not to say however

⁹ See article by Lynne Spender in LSJ February 2007.

¹⁰ Lynne Spender in "Rethinking access to Knowledge", article published in LSJ February 2007.



that the amendments cannot come to their assistance, as some of them most certainly can provide financially constrained owners with some extra leverage in their negotiating stance with alleged infringers which could help an aggrieved owner resolve a complaint of infringement or impending infringement without any commencement of legal proceedings and avoiding the inevitable request by a lawyer to place sufficient moneys into his or her trust account to cover the estimated costs of such legal action.

PREVENTION RATHER THAN CURE

As always, the best and most sensible approach by any owner is prevention rather than seeking a cure ex post facto. Regrettably this is what most owners who lack financial resources fail to do. It becomes a “Catch 22” as they fail to do this because they want to avoid the expense of seeking appropriate advice and guidance AT THE RIGHT TIME and then go running to their legal adviser for help when they become aware of an infringement or imminent infringement and at the same time cry poor. For many of them little can be done beyond writing the usual letters setting out your client’s claims, seeking appropriate undertakings and return of infringing copies and threatening legal action if such demands are not met by a specified deadline.

The lawyer cannot do anything to help with prevention unless a copyright owner or prospective owners first comes and seeks advice. Whether or not they do so will depend on their level of awareness of intellectual property issues associated with their creative efforts and their determination and good sense to seek timely advice and appropriate legal services to protect their relevant interests.

Lawyers can of course, via their web sites and client newsletters, information sheets and the like do their best to assist client awareness in this area. The government is also doing its part via its public education campaign.

Relevant advice will of course cover identifying the relevant “works” or “other subject matter” over which copyright ownership can be asserted, identifying and preserving the evidence to prove originality and ownership, the steps to be taken to make the claim of copyright known by members of the public that might be likely to gain access to the work and what steps if any can be taken to control or monitor access and use so that infringement (intentional or unintentional) will not occur.

Yes, this will cost money, but it is a cost well worth paying if the owner or prospective owner of the copyright attaches serious value to his or her creation and seriously wants to protect his or her future commercial interests and/or moral rights. It is either a serious proposition being undertaken or it is not. If it is a serious proposition and the creator deliberately skimps on taking appropriate preventative steps and measures to safeguard valuable interests then it is hard to have a great deal of sympathy for such person when they come rushing in seeking urgent assistance but complain about the expense. It was, as they say, “an accident waiting to happen” and in most cases the accident was entirely foreseeable and in many instances the accident was avoidable or the risk of it happening could have been substantially reduced.



It should be remembered that very often, a great deal of the cost of preparing to go to court and asserting your rights to a remedy, is spent on getting together the essential evidence needed to prove the requisite or qualifying elements of copyright as well as the needed evidence to prove breach or impending or threatened breach. The failure of an alleged infringer or about to be infringer to provide the requested undertaking often provides the necessary foundational evidence to seek an injunction. But the injunction will not be granted if the plaintiff is unable to provide sufficient proof of the copyright asserted and/or ownership of that copyright. Many clients feel confronted and confounded when their lawyer starts bombarding them with the evidentiary requirements. They are further confounded if it transpires that it will be very costly to assemble all the required evidence and then have it analysed and evaluated by either a specialist copyright solicitor or a barrister engaged by the solicitor on behalf of the client to see if it in fact “comes up to proof”. Their pleas for urgent and decisive action to haul up the infringer and stop him dead in his tracks fall upon deaf ears if the client cannot provide the requisite evidence or provide the requisite funds for legal costs.

The owner who had the awareness and foresight to seek early legal advice and legal services, as part of a preventative strategy, will, if the need arises to seek an injunction, be able to move quickly and decisively and his or her legal costs associated with such decisive action will be much more contained and manageable. That in itself may well deter the infringer or would be infringer who might have been anticipating that the complainer lacked the means and money to carry out the threat of legal action. As soon as the defendant can see that the complainer is serious and has the evidence and the means to assert his, her or its rights the chances that the defendant will fly the white flag, and do so promptly, are greatly increased.

A good example of sensible preventative action was illustrated in a fairly recent newspaper article in the Sunday Telegraph on 26 November 2006. The caption of the article was “Models try to stop unwanted exposure”. Certain unhappy models complained that photographs taken of them were being freely sold and bought in the media without their permission. This is because they did not know that they could make a contract with the photographer and the Media entity (eg. Magazine owner) that provides that the model retains ownership of the copyright in the photograph or at least is made a joint owner so that the photograph can only be displayed or published as authorised by the model. Those models who failed to seek the right legal advice before the shoot took place have often lived to regret it. Not only have they divested themselves of future commercial income but they have no control of where and in what context the photograph pops up in the future. As their public image and their public reputation becomes their most important and valuable asset such “popping up” can at times create a great deal of personal distress.

THE OTHER SCENARIO – CAUGHT WITH YOUR PANTS DOWN

Complainants seeking to protect or enforce copyright are caught with their pants down if they did not adopt a preventative strategy as outlined above and the alleged infringer, like a recalcitrant fly, will not be swatted down by threats of legal action unless he, she or it desists in what they are doing and complies with other demands of the complainant.



The complainant is then forced to seek legal advice. The advice given often comes as a rude shock and awakening. The chickens come home to roost.

What leverage, if any, is given to such clients by the latest amendments to the Copyright Act?

I would suggest that the leverage emerges from the following –

- i. The new and stricter trilogy of criminal offences that can be prosecuted by law enforcement agencies;
- ii. Enhanced penalties and sentences for criminal convictions to deter criminal infringements of copyright;
- iii. To a limited extent the changes that assist proof of ownership and subsistence of copyright by introducing a range of evidentiary presumptions;
- iv. Amendments introduced by the Digital Agenda Act to assist proof of secondary infringements in the digital environment by giving owners a “right to communicate the work to the public”;
- v. The enhancements to Section 115 with respect to seeking additional damages.

A legal letter suggesting that the alleged offender’s actions constitute criminal offences and that a referral to relevant law enforcement agencies will occur unless there is prompt compliance with undertakings sought and/or the demands made in the letter might gain more serious reflection and a favourable response if the letter is specific enough as to the possible offences being committed or about to be committed. Part of the rationale for beefing up the criminal provisions in the Act was to create a stronger deterrent against infringing activity.

The risk of exposure to flagrancy damages under s.115 (4) of the Act, which can be ordered irrespective of whether compensatory damages are eventually proved or not, can be carefully spelled out in the letter of demand.

With these enhancements to the Copyright Act an invitation to attend an early mediation of a dispute or developing dispute over rights and entitlements might receive a more receptive response.

Rebuttable presumptions of ownership and subsistence of copyright may go some way to undercut an infringer’s strategy to put the complainant to stringent proof and wear him down psychologically and financially.

CALLING THE INFRINGER’S BLUFF AND GOING TO COURT

The person asserting the copyright and the infringement can seek an injunction and/or damages or an account of profits. This is fully covered in one of the supplementary papers provided to you.

This is the last resort if all else has failed.



This remedy is only open to those who can afford it unless pro bono services are offered. Legal Aid is not available for such cases.

In the absence of pro bono services the cost of seeking injunctive relief could easily run up a legal bill of \$10,000 or more. If the evidence to back up the claim for an injunction is problematic and therefore requires more extensive investigation and preparation the cost could end up being well over \$10,000 and the plaintiff will also be told of the risk of being ordered to pay the defendant's legal costs if the injunction is refused. This warning is often more than enough to deter the client from going to court.

The moral of the story – Prevention is by far better than the Cure for those who lack substantial financial resources.

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March 2007