

**TRESS COCKS & MADDOX**  
SOLICITORS & NOTARIES, AUSTRALIA  
SYDNEY ▲ MELBOURNE ▲ BRISBANE

26 May 1999

The Committee Secretary  
House of Representatives  
Standing Committee on Legal & Constitutional Affairs  
Parliament House  
CANBERRA ACT 2600

**Contact:**  
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**Our ref:**  
AL:884573

Dear Committee Secretary

**Inquiry into the Enforcement of Copyright in Australia - Submission Regarding Infringement of Copyright in Licensed Merchandise**

This submission deals with problems faced by manufacturers of licensed merchandise in attempting to enforce copyrights which they own or in regard to which they are the exclusive licensees in Australia.

It is our submission that:-

- The copyright in licensed merchandise is regularly infringed.
- The incidence of such copyright infringement is increasing.
- Whilst legislative provisions regarding the enforcement of copyright provide adequate protection for copyright owners and licensees on their face, the actual enforcement of those provisions is ineffective (both at a civil and criminal level).
- Unless these enforcement issues are addressed urgently, the organisers of the Sydney Olympic Games and other major events in Australia will lose substantial revenue that would be generated by the sales of authorised, licensed merchandise.

**Background**

Tress Cocks & Maddox has acted for manufacturers of licensed merchandise and the owners of copyright in those licensed designs for approximately 15 years. Over that period of time, the firm has gained a broad understanding of the issues facing these clients and the problems caused by infringement of the rights of copyright owners and exclusive licensees of the copyright in designs. This infringement is commonly called 'bootlegging'.

Of particular concern to our clients over the years has been the growing incidence of the sale of so-called 'bootleg' merchandise at concerts or other events where large audiences will be in attendance. Over the last 10 years particularly, we have seen the growth of a highly-

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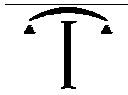
organised team of producers and vendors of bootleg merchandise at events of this sort which, according to our clients, has caused our clients to suffer substantial loss and damage. Our major client in this regard, Tony Blain Pty Limited trading as 'Acme Merchandising', may be able to provide many details of the loss and damage caused by these vendors of unauthorised merchandise but one concrete example that we can give relates to a tour by a famous musician in 1994. At the first concert during that tour, a large number of bootleggers attended and sales of merchandise at that concert were as low as \$2.50 per person in attendance. A week and a half later, once some steps had been taken to prevent sales of unauthorised merchandise as outlined below, sales of authorised merchandise had increased to around \$9.00 per head. As can be readily appreciated, over the course of a concert tour where many tens of thousands of people attend, the losses that might be suffered by vendors of licensed merchandise can be very substantial indeed.

### **Evidence of the Types and Scale of Copyright Infringement in Australia**

We do not have statistical evidence in this regard but believe that this evidence could be provided by the Anti Counterfeit Action Group, who we understand will be making a separate submission to the Committee. However, we can say from our experience that the geographical spread of copyright infringement in Australia has been noticeable and is now complete. When the problem of sales of unauthorised merchandise at concert venues first arose it only occurred in Sydney and Melbourne. During the course of the 1990's, copyright infringement problems for our clients have spread to the capital cities in each state and to major regional cities such as Townsville and Newcastle. In fact, infringement of the copyright in licensed designs can be found at almost any market anywhere in Australia, but it should be noted that this submission deals solely with the infringement of copyright occurring at or around the venues of substantial public events.

As to the involvement of organised crime groups in copyright infringement in Australia, we can say from our experience that there is a highly organised group responsible for producing and selling infringing merchandise at concert, sporting and similar venues around Australia. We anticipate that further details will be provided in the submission from the Anti Counterfeit Action Group, but the bootleggers' modus operandi is as follows:-

1. Once a major sporting event or concert tour is announced, arrangements are made to print up unauthorised merchandise relating to the tour. For the most part, this involves the production of t-shirts bearing designs in some way associated with the relevant event. The designs printed on these t-shirts are very rarely exact copies of designs used on authorised merchandise but generally will adopt a feature or features which have some association with the relevant event. For example, if a well-known band is to tour Australia, the unauthorised t-shirts will feature a design in some way associated with the band and featuring the logo used by the band on its most recent record or on other promotional material. Copyright in that logo will almost invariably be owned by the band or an entity associated with it.
2. The t-shirts are printed by unethical 'backyard' printers who turn a blind eye to the copyright infringement.
3. The t-shirts are then brought to the relevant venue and distributed amongst an organised team of vendors who sell those shirts from bags slung over their shoulders.



The t-shirts are generally sold for around \$15 whereas licensed merchandise sold at the venue sells for around \$35. The cost differential between the licensed and the unlicensed merchandise is explained by the fact that the licensed merchandise is printed on higher-quality t-shirts, there are substantial royalties to be paid to the copyright owner (based on a percentage of sales), there are substantial fees payable to venue owners or operators (often entities controlled by state or local governments) and there are the usual overheads involved in setting up facilities for and selling the merchandise.

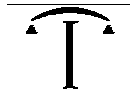
4. Whilst the actual team of people selling the t-shirts changes from event to event and from city to city, there is a core group who can be found at venues all around Australia and who are based in Sydney. What information we have about this core group is limited but they appear for the most part to be people with no fixed employment who make money from scalping tickets and organising the sale of this unauthorised merchandise. They do not carry identification, regularly use aliases and have shown that they are capable of obtaining or even creating false identification such as forged hawkker's licences.
5. Because of the fact that we cannot find where they live or ascertain whether they have any assets, it has not been possible or would not be profitable to commence proceedings against these people for breach of copyright since the cost of doing so would be substantial and there would unlikely to be any return to our clients.

The fact that, despite attempts to prevent them and despite some arrests for offences under the Trade Marks Act [there have been only 3 arrests in 5 years, where tours visiting each state's capital city occur on an almost monthly basis], this group continues to appear at concert and sporting venues all around the country suggests that substantial money is being made from the production and sale of this unauthorised merchandise.

As to likely future trends in the scale and nature of copyright infringement, it is our view and the view of our clients that without effective enforcement of the rights of copyright owners, then infringement of rights will increase over time. It should be noted that we have been informed by our clients that in the United States and in the United Kingdom some of the groups of bootleggers are now armed and will take drastic measures, if required, to protect their valuable stock. Obviously it is important to ensure that bootleggers in Australia do not begin to earn the kind of money that would warrant them taking such steps in this country.

### **Options for Protection of Copyright Against Infringement**

Acme Merchandising has, since 1994, obtained a number of so-called 'John Doe' orders from the Federal Court to assist it in the prevention of copyright infringement at concert venues. These orders are addressed not just at the particular defendants named in the proceedings (who are understood to be key members in the group of bootleggers referred to above) but also to the other people that they enlist to help them sell the unauthorised merchandise – a group that changes from time to time and state to state. These orders have generally been obtained because of potential infringement of the Trade Practices Act in that the group is engaging in misleading and deceptive conduct by selling the unauthorised merchandise (in breach of section 52 of the Trade Practices Act).



These orders, which allow limited powers of seizure of unauthorised merchandise, have been quite effective, but it has not been possible to completely stop the sale of unauthorised merchandise. The main reason for this is that if a person upon whom one of these orders is served simply refuses to hand over the unlicensed merchandise, it is not possible to use any physical force to seize the unauthorised merchandise and consequently the bootlegger generally moves away and tries to sell the goods at some other point around the venue. This would not be a problem if police were present and were able to seize goods and arrest those breaching the Copyright Act.

As noted above, on some occasions it has been possible to have bootleggers arrested for breaches of the Trade Marks Act but on the only occasion when anyone was actually charged with a breach of the Act during the course of these matters, he was fined some \$3,000. It has also been possible to arrange for some bootleggers to be deported (when it has become apparent that they only have tourist visas for their visit to Australia) and in Melbourne it has been possible to enlist the aid of local Council By-Law enforcement officers who have the power to seize goods from people who sell those goods within the Council's boundaries without an appropriate licence. However, it has not been possible to obtain assistance from the Federal Police or local Police in regard to any infringement of copyright that we have identified as occurring at concert or entertainment venues. We will deal with this problem at a later point.

### **The Adequacy of Criminal Sanctions against Copyright Infringement**

Whilst, on their face, the sanctions contained the Copyright Act are adequate, they have proven to be of no utility to our clients in situations which they have faced as described above.

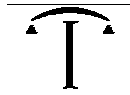
### **The Adequacy of Civil Actions**

As indicated above, civil actions so far have been based upon the provisions of the Trade Practices Act and because of the nature of the relief being obtained from the Courts (namely relief analogous to an Anton Pillar order), there has been a need to engage independent solicitors, at the expense of the copyright owner, to supervise the execution of the orders. This adds dramatically to the cost of taking actions to prevent the infringement of the copyright owner's rights and indeed makes the cost prohibitive for all but the largest of events.

Further, the only effective remedy against a re-offender is contempt of court proceedings. One bootlegger has been found guilty of contempt during our program of 'John Doe' orders (and this was proved only by obtaining evidence from private investigators paid by our client), but he was only fined \$2,000 and this amount remains unpaid.

### **The Effectiveness of Existing Institutional Arrangements and Guidelines for the Enforcement of Copyright**

It is this which is the major issue for our clients. Put simply, the Federal Police and State Police exercising Federal jurisdiction do not have a sufficient grasp of the principles of the Copyright Act to provide sufficient assistance to copyright owners. Whilst the Federal Police have been helpful to our clients on the rare occasions when their resources have allowed them



to help and whilst they have gone so far as to make 3 arrests where there have been breaches of the Trade Marks Act, they clearly lack expertise in issues arising under the Copyright Act.

As indicated previously, civil action to prevent infringement of copyright at concert and sporting venues is extremely expensive and, because of the financial position of the parties who are actually causing the copyright infringement to occur, unrewarding to our clients in terms of any penalty that might be imposed upon bootleggers. Consequently, there is no effective deterrent to bootleggers through the taking of civil action.

In many of these cases, the bootleg merchandise being sold clearly infringes copyright and infringes copyright in circumstances where an offence under Section 132 of the Copyright Act is committed. The question which our clients ask is, in a situation where a criminal offence is being committed, why should they have to pay substantial amounts of money to attempt to prevent that offence occurring?

We urge that a substantial amount more time and money be spent on training the Federal Police and State Police exercising Federal jurisdiction in copyright law as it applies to all subject matter which is the subject of copyright – not just computer programs and sound recordings. This may even require setting up task forces within the Federal or State Police services where the officers within those task forces receive high level training in regard to the provisions of the Act and the enforcement of rights of copyright owners. The fact that the police are capable of doing work of this sort has been illustrated to our clients by the fact that arrests have been made and a prosecution has occurred under the Trade Marks Act when unauthorised merchandise has been sold. It has become apparent from our dealings with members of the Federal Police that some of them do have an understanding of the Trade Marks Act and the right of trade mark owners but that they have no similar understanding of, or knowledge about, the Copyright Act. This lack of knowledge undermines Australia's ability to comply with its treaty obligations regarding enforcement of intellectual property rights.

Bearing in mind the fact that our clients and many other Australian enterprises who have paid substantial amounts of money to create, or obtain licences to use, copyright works are losing income because of the criminal acts of bootleggers, then we believe it is only fair that copyright owners and licensees are able to obtain the same protection afforded to the owners and licensees of trade marks.

The Olympic Games in Sydney are only a little over one year away. Our experience shows that there will be an enormous number of local and overseas bootleggers who will come to Australia and try to sell unauthorised merchandise at or around Olympic venues and in the Sydney area generally. Whilst the Sydney Organising Committee for the Olympic Games has the protection of certain registered trade marks and the Sydney 2000 Games (Indicia and Images) Protection Act, this may well not be enough. It is our experience that the group of bootleggers that we have referred to in this letter are sufficiently well informed to be able to produce merchandise which does not infringe trade marks or registered designs and consequently it may well be necessary to rely upon provisions of the Copyright Act or the Trade Practices Act in order to prevent sales of unauthorised merchandise. Bearing this in mind, we are of the opinion that appropriate training for police officers in the relevant provisions of the Copyright Act should begin as soon as possible.



**Further Submissions**

We would be happy to make further oral submissions to the Committee on these problems.

Yours faithfully  
**TRESS COCKS & MADDOX**

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