

SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING  
COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
ON ITS INQUIRY INTO  
THE ENFORCEMENT OF COPYRIGHT IN AUSTRALIA

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## **ROLE OF THE ATTORNEY-GENERAL'S DEPARTMENT**

The Attorney-General's Department is given responsibility in the Administrative Arrangements Order for policy concerning the *Copyright Act 1968* (the Copyright Act). The Department does not have any enforcement role in relation to copyright. However, as the body with policy responsibility, the Department provides advice to the Government concerning the appropriate level and nature of penalties and offences, and the adequacy of remedies in the Copyright Act for infringement of copyright. The Department also provides advice to the Government in relation to Australia's international obligations concerning copyright, including those relating to effective enforcement.

## **EXECUTIVE SUMMARY**

1. Parts 1 and 2 of this submission are intended primarily to provide information, background and context for the Committee.

### **Part 1**

2. Part 1 of this submission describes the nature of copyright and its context as relevant to enforcement. Copyright is a private property right. It arises solely by the operation of the Copyright Act. Copyright comprises a number of rights which may be exclusively exercised by the copyright owner in relation to various types of copyright material, including software, music CDs, films and books. Concerns in relation to enforcement usually relate to the rights of reproduction, importation and commercial dealings with infringing copies, and therefore are the principal subject of enforcement activity.

### **Part 2**

3. Enforcement from a copyright perspective broadly relates to the legal, institutional and private mechanisms which provide a sanction or remedy in the case of the infringement of a copyright owner's rights, and which deter infringement of those rights.

4. In that regard, Part 2 of this submission describes three principal mechanisms for the enforcement of copyright in Australia, namely: civil litigation, criminal litigation and border interception. Each of those mechanisms is supported by a legal framework (eg, the provisions of the Copyright Act), an institutional framework (eg, courts, private enforcement organisations, the Australian Customs Service, and in relation to criminal litigation - the police and the State/Federal Directors of Public Prosecutions) and the private efforts of copyright owners.

### **Part 3**

5. Against the background and information provided in Parts 1 and 2, Part 3 of this submission addresses the Committee's terms of reference in detail, and suggests conclusions and key areas for consideration by the Committee. Much of the material presented is conjectural, because the Department does not have complete information.

6. Subject to what may be brought to the Committee in evidence, the Department's overall view is that Australia's regime of enforcement of copyright, when judged in terms of estimated levels of piracy and the relevant provisions of the law, is among the best in the world. However, no such regime is perfect. The Department is aware of concerns, difficulties and complaints about certain aspects of the enforcement of copyright and considers that it is opportune for the Committee to consider and weigh such concerns.

7. The Committee's terms of reference set out seven issues for inquiry and report. In relation to each of those issues, the principal propositions underlying Part 3 of this submission are as follows. (The particularly relevant paragraphs of the terms of reference, to which those propositions relate, are respectively noted in italicised brackets at the end of each proposition.)

- i. Australia, so far as the Department is aware, has rates of copyright infringement that are similar to, or lower than, comparable western countries. Our comparative data is based entirely on industry-supplied information. In terms of overall cost and in determining the nature of infringements domestically, industry figures are difficult to assess. Probably only a minority of all copyright infringements are criminal in nature. Industry figures and statements about the monetary values or economic impact of infringements seem to be overstated.

*(Paragraph 1(a))*

- ii. While the on-line environment offers many challenges and opportunities, the question of copyright enforcement needs to be addressed in relation to relatively traditional forms of copyright media. Any change made to the enforcement regime in relation to those media will generally also provide additional protection for copyright material transmitted on-line. Further, the exposure draft *Copyright Amendment (Digital Agenda) Bill 1999* is the Government's response to the particular challenge of copyright enforcement in the on-line environment. The draft Bill contains new measures for protecting copyright when transmitted electronically and has been the subject of an extensive consultation process separate to this inquiry. The Bill will be introduced into Parliament in the near future.

*(Paragraph 1(a))*

iii. Despite the actual and potential breadth of copyright protection - and therefore, the scope of actual and potential infringements - there are 3 industries with which this inquiry is likely to be primarily concerned: the computer software, music and film industries. Accordingly, this submission focuses primarily on enforcement issues related to software, sound recordings and films. These are the most easily copied items offering a high return. In the case of these subject matter, the copyright ownership of the various rights is often different as between countries. This is not to say that other industries, for example, the book publishing industry may not raise important enforcement issues.

*(Paragraph 1(a))*

iv. The enforcement of copyright involves meeting international obligations. Current practice and provisions are not considered to be deficient in that regard. Varying administrative responses in other jurisdictions to the challenge of enforcement of intellectual property rights are noted in this submission for consideration of the Committee.

*(Paragraphs 1(c), (d), (e), (f), (g), (h))*

v. A better, more efficient, regime of copyright enforcement in Australia would be assisted by a clearer identification of the following issues: the types and level of infringements; the respective responsibilities and activities of all parties involved in enforcement - copyright owners, collective organisations of copyright owners; private investigators; State and Federal police; customs officers; the courts; bodies engaged in training and public education; legal advisers; and consideration of the interaction between these parties.

*(Paragraphs 1(a), (g))*

- vi. Any changes to current laws and practices should be without detriment to individual rights and liberties. This does not *per se* rule out possible changes to the criminal offences, procedural requirements or to the range or form of civil remedies. Proposals should be assessed on the basis of reasonable need and practicality having regard to the scale and nature of the problems identified. Any proposals for change should consider the possible effects on all participants in the enforcement process.

*(Paragraphs 1(c), (d))*

- vii. International practice in comparable countries is a reasonable guide to possible actions in Australia. But this practice can only be a guide and a source of identifying possible areas for consideration and change. International practice, both in legislative provisions and the form of administration, is mixed. A consistent theme is the need to address the question of copyright enforcement from a holistic perspective.

*(Paragraphs 1(b), (c), (d), (e), (f), (g))*

- viii. To the extent that the current provisions, procedures and arrangements do not address the types of infringements occurring, any proposals for change should be made bearing in mind the basic proposition that copyright owners should bear the primary responsibility for enforcement of their private rights. That is, public resources should not be expended in enforcing what are primarily commercial disputes. However, in determining an appropriate response in relation to the form, manner and priority of public enforcement generally, broader public interests need to be considered.

*(Paragraphs 1(b), (c), (d), (e), (f), (g))*



8. This submission does not separately address the matters, set out in the terms of reference, to which the Committee is to have regard, other than noting them in the context of the background provided and issues canvassed.

9. Where possible, each part of this submission seeks to compare and contrast the Australian experience with what is known of relevant enforcement provisions and practices overseas.

10. This inquiry is the first of which we are aware to be conducted by the Parliament in Australia. The New Zealand Government and the European Commission have also recently undertaken studies on intellectual property enforcement. This submission also draws on the publicly released papers relating to those studies.

## **FURTHER SUBMISSIONS TO THE COMMITTEE BY THE DEPARTMENT**

11. There are some matters on which the Department would like to return to the Committee with further information. In particular, we could provide further information on Australia's international obligations and on the possibility of providing civil penalties if the Committee seeks further assistance. The Department would also appreciate the opportunity of returning to the Committee with comments and/or additional information in the light of specific matters put to the Committee by others.

## **PART 1: COPYRIGHT IN THE CONTEXT OF INTELLECTUAL PROPERTY RIGHTS**

### **Overview**

12. This Part describes how copyright differs from other categories of intellectual property, outlines the primary characteristics of copyright protection and comments on terminology and what are expected to be the main areas of concern in copyright enforcement.

### **Nature of Copyright**

13. Intellectual property is primarily a creature of Commonwealth statute law. It comprises two main branches:

**industrial property** chiefly covers patents for inventions, trade marks and industrial designs; and

**copyright** chiefly covers literary, musical, artistic and audiovisual works.

14. Copyright is different to patents, designs and trade marks. The latter have traditionally been described as “industrial property” because they were associated with industrial processes and products. Patents are granted for inventions and also for industrial processes. Designs generally refer to industrial designs. Trade marks are marks of origin, authenticity or certification for application to goods and services that are capable of distinguishing those goods or services from those of another.

15. For industrial property, an examination and registration system is regarded as the appropriate means of providing for advances in innovation to be tested and disclosed. In the case of trade marks, examination and registration is considered appropriate for the more certain exercise of commercial rights and consumer protection.

16. Practically all national copyright laws provide for the protection of the following types of works:

**Literary works:** novels, short stories, poems, dramatic works and any other writings, irrespective of their content (fiction or non-fiction), length, purpose (amusement, education, information, advertisement, propaganda, etc.), form (handwritten, typed, printed); whether published or unpublished;

**Computer programs** (protected as “literary works” in Australia);

**Musical works:** whether serious or light; songs, choruses, operas, musicals, operettas; if for instruments, whether for one instrument (solos), a few instruments (sonatas, chamber music, etc.) or many (bands, orchestras);

**Choreographic works** (in Australia these are protected as “dramatic works”);

**Artistic works:** whether two-dimensional (drawings, paintings, etchings, lithographs, etc.) or three-dimensional (sculptures, architectural works), irrespective of their content (representational or abstract) and purpose (“pure” art, for advertisement, etc.), maps and technical drawings;

**Photographs:** irrespective of the subject matter (portraits, landscapes, current events, etc.) and the purpose for which made. (These are protected as artistic works in Australia);

**Cinematographic works** (ie. films/videos): irrespective of their purpose (theatrical exhibition, television broadcasting, etc.), their genre (dramas, documentaries, newsreels, etc.), length, method employed (filming “live”, cartoons, etc.), or technical process used (pictures on transparent film, on electronic videotape, etc.);

**Derivative works** (translations, adaptations);

**Compilations** of works and mere data (databases) and collections where they, by reason of the selection and arrangement of the contents, constitute intellectual creations.

17. Mainly in countries with common law legal traditions, as in Australia, copyright protection also extends to the producers of sound recordings (**phonograms**, whether disks or tapes), to the broadcasters of **broadcasts** and the producers of distinctive typographical arrangements of publications (**published editions**).

18. At present around 1 million books/titles are published and some 5 thousand feature films are produced world-wide in a year. The number of copies of

phonograms sold per year presently is more than 3 thousand million. (Source: World Intellectual Property Organisation)

19. Copyright protection in many countries is regarded as a human right associated with the protection and preservation of culture.<sup>1</sup> However common law countries like Australia, the UK and the USA have always treated copyright primarily as an economic, rather than a human, right. Although for a time, a number of countries followed the USA in maintaining a registration system for copyright, few do so now (other than on a voluntary basis for copyright owners).

### **Infringement of Copyright**

20. Copyright infringement is the exercise of a copyright-right without the authorisation of the copyright owner (unless an exception exists under the law).

21. Infringements may occur in relation to all or any of the rights under the Copyright Act of:

- (i) reproduction;
- (ii) publication;
- (iii) public performance;
- (iv) adaptation / translation;
- (v) broadcast;
- (vi) cablecast;
- (vii) rental; or
- (viii) authorisation of any of the above.

22. There are two further, and very important, activities that can infringe:

- (ix) unauthorised importation; or
- (x) commercial dealing with illegal imports or unauthorised reproductions.

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<sup>1</sup> As, for example in Article 27 of the Universal Declaration of Human Rights.

23. Not all of those rights subsist in relation to all types of copyright material. (See Figure 1 below.)

24. Figure 1 shows each of the subject matters protected under the Copyright Act. The copyright subject matter is listed across the top column and the exclusive economic rights that each copyright-protected subject matter has (described in the column on the left) are shown by the marked boxes.

**Figure 1: Schematic representation of copyright subject matter and rights**

Subject Matter							
	Literary (including computer programs) Dramatic and Musical works	Artistic works	Sound recordings	Cinematograph films	Broadcasts	Published editions of works	Performers Rights
<b>Rights</b>							
Reproduction /copy/film	✓	✓	✓	✓	✓	✓	✓
Publication	✓	✓					
Public Performance	✓		✓	✓			
Broadcast	✓	✓	✓	✓	✓		✓
Cablecast - subscription	✓	✓		✓			✓
Adaptation/ translation	✓						
Commercial rental	✓		✓				
Authorise the above	✓	✓	✓	✓	✓	✓	

25. Of these rights, reproduction, commercial dealing, importation and, less often, public performance (in that order to indicate importance) are the rights most commonly associated with enforcement action.

26. Infringing activity in relation to reproduction, unauthorised importation or commercial dealing with infringing copies usually have factual circumstances that, in theory at least, could result in either criminal or civil proceedings.

27. Infringing activity in relation to unauthorised importation, where the proposed importation is detected at the border, does not usually lead to criminal proceedings.

28. The draft *Copyright Amendment (Digital Agenda) Bill* 1999 will introduce, if passed, a new right of “communication to the public” embracing broadcasting, cablecasting and placing copyright material on a networked computer server from which the public can access the copyright material.

### **International Standards**

29. International standards in copyright are extensively codified in the *Berne Convention for the Protection of Literary and Artistic Works 1886* (the Berne Convention), as updated.<sup>2</sup> The Berne Convention has established a widely accepted template of minimum obligations of copyright protection for its member countries.

30. International acceptance of the Berne Convention standards was greatly accelerated by its adoption in the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (the TRIPs Agreement) in 1994, as part of the outcome of the Uruguay Round of the GATT, establishing the World Trade Organisation.

31. The TRIPs Agreement is more important in considering enforcement of copyright than the Berne Convention. It includes detailed enforcement provisions for border interception of pirated copyright goods. It also has provisions for

administrative or judicial procedures to seize goods, adjudication of alleged infringements, provision of civil and criminal procedures and remedies.<sup>3</sup> The border enforcement requirements aside, these provisions were already generally available under Australian law.

32. Key features of the Berne Convention, and the TRIPs Agreement (and therefore reflected in Australia's Copyright Act) are:

- no formalities of any kind are required for copyright protection;
- national treatment: that is, no discrimination between Australians and other members' nationals, citizens or corporations; and
- copyright protection is extended on the basis of nationality, residence or place of publication.

### **Copyright Rights are Divisible**

33. Copyright rights can be licensed or assigned by the copyright owner in whole or in part. Accordingly there can be different owners in different jurisdictions (or indeed parts of jurisdictions) and different owners in a single jurisdiction for different rights.

**Figure 2: Copyright rights are divisible**

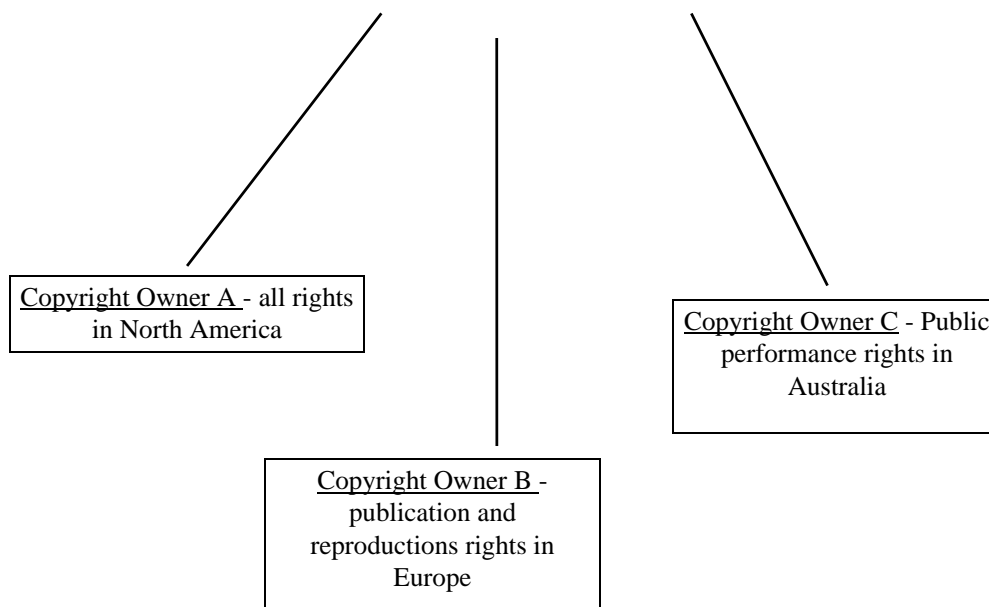
First owner of copyright has rights for whole world  
and all rights

May choose to  
assign rights to  
different persons in  
different territories

<sup>2</sup> Australia is a member of the most recent Act of the Convention - the *Paris Act 1971*.

<sup>3</sup> The inclusion of intellectual property in the Uruguay Round of the GATT was an initiative of certain US companies increasingly concerned about losses from intellectual property piracy.





### **Investigation of Infringement**

34. While copyrights are often owned individually or by a few large corporations, management and investigation of infringements must generally be engaged in as a joint exercise with other copyright owners to be successful.

35. In Australia, and in many other parts of the world, some copyright owners fund the private investigation and monitoring of infringements in their industry. The film and visual software industry (eg, embracing computer and some console games) engage the services of the Australasian Film and Video Security Office (AFVSO). Music publishers and sound recording companies fund the activities of Music Industry Piracy Investigations (MIPI).

36. The software industry has one major and one smaller industry organisation in Australia. The Business Software Association of Australia (BSAA), which is an affiliate of the Business Software Association (BSA) based in the USA, maintains an active role in seeking out infringements via a free-call hotline where infringements can be notified. Successful prosecutions of infringements result in a reward being paid to the informer. The BSAA also undertakes some educational activities. The smaller Software Publishers' Association (SPA) has been formed

in Australia only in recent years. The Department is not aware of its current activities.

37. The major software producer/distributor in Australia is Microsoft Corporation. It maintains an active approach to litigating infringements of copyright in its software. In recent correspondence to the Department Microsoft reported that in 1998 it filed 24 actions in the Federal Court for copyright infringement having received 1,217 reports of alleged piracy of its software.

### **Terminology**

38. In general understanding, and in many cases as used by industry, it appears that the terms “piracy” and “counterfeiting” in relation to goods are used loosely to cover reproductions which have been made without the authority of the owner of the intellectual property. That is, the terms are often used to cover *all* forms of infringements.

39. The definition of pirated copyright goods under the TRIPs Agreement, (which is a note rather than a substantive provision) is that:

“pirated copyright goods” shall mean any goods which are copies made without the consent of the right holder or person duly authorised by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.<sup>4</sup>

40. The term “counterfeiting” is generally understood to mean the unauthorised manufacture and distribution of copies of goods which are intended to appear to

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<sup>4</sup> The exact meaning of this definition was raised as an issue in the Senate Legal and Constitutional Legislation Committee hearings on the *Copyright Amendment Bill (No 2) 1997*. While not directly relevant for the current inquiry, it is noted for completeness, that the Department’s view is that the definition has two limbs (1) - lack of consent in the country of production and (2) the requirement that the making would, in the country of importation, under the same circumstances under which it was made, be an infringement. The issue there under debate - the application of statutory ‘mechanical licences’ for the recording of musical works - is a technical issue with which, we would submit, this inquiry is not concerned.

be so similar to the original as to be passed off as genuine examples. However, the term is often used loosely to refer to “look-a-likes” whether or not the degree of resemblance is sufficient to fool a consumer or whether or not the context of the sale is such that it is clear that the customer knows they are buying a “fake”.

41. A reference to “pirated” copyright material in some usages of the term may thus be a reference to all types of infringements: not merely those that are done criminally or for a commercial purpose. We consider it preferable and more appropriate that the term “piracy”, because of its pejorative overtones, should be used in a more restricted sense to refer to the unauthorised copying or importation of copyright material for resale or distribution on a commercial scale, in the knowledge of the infringing nature of the material.<sup>5</sup>

42. The term “counterfeiting” is more often used in relation to trade mark infringements while “piracy” is most often used in relation to copyright infringements.

### **Why do Parties Engage in Piracy?**

43. The main reasons for copyright piracy are:

- profitability - most pirated copies can be cheaply produced and sold near the genuine price or, alternatively, at a lower price than the genuine product but in much greater volume;
- ease of replication;
- difficulty of detection;

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<sup>5</sup> “Piracy” is also often used to describe the unauthorised accessing of subscription cablecast or satellite signals or unauthorised retransmission of such items. In our view where this is done for a commercial purpose this also constitutes “piracy”. We prefer to use the less emotive term “copyright infringement” to refer to infringements not carried out for a trade purpose. Thus, as will be seen, our use of the term “piracy” is largely identical with criminal infringement as defined in the Act as at present, although the criminal infringements reach more widely in some respects: eg, in respect of some parallel imports.

- public perception that in many instances piracy is regarded as a low-grade or harmless issue.

### **Context of Infringements**

44. There may be different types of, or contexts for, infringement of copyright.

45. *Competition & commercial context:* Infringement in this context may arise in the case of a dispute between parties about ownership of rights; a dispute about conditions applicable to the use of the right, and in the context of aggressive commercial competition, where use is made of material which may amount to substantial copying or which may involve the importation of products in breach of rights.

46. *Piracy context:* More often than not, infringement here arises from commercial dealing with infringing goods and a knowledge element is required.

47. *Personal/domestic context:* While culpable, this context is rarely criminal. That is, the infringement is not intended to result in the commercial sale or distribution of the unauthorised reproductions. A great deal of misuse of computer programs is of this nature. (If in a business context, such as the use of unlicensed copies, the usage may possibly satisfy the requirements of the criminal provisions.) Most personal or domestic infringements by unauthorised reproduction (eg, home taping of CDs or videos) come under this category. As noted previously, some industries include some of these types of infringement under the piracy category.

48. *Unauthorised use context:* Examples of unauthorised use includes public performance of musical works without a licence or, unauthorised rental or importation of protected material. Criminal sanctions are applicable to the former category equally with those activities in the latter category.

## **PART 2: MECHANISMS FOR ADDRESSING INFRINGEMENTS OF COPYRIGHT**

49. Three scenarios are presented below: private enforcement via civil proceedings; enforcement in criminal proceedings and a schematic overview of border enforcement. This part is intended to provide an introduction and overview of these main areas of enforcement against infringement.

50. The following descriptions of civil actions, criminal actions and border interception are based on what the Department understands, from available information, of the various mechanisms and processes involved in enforcement of infringements of copyright. The Department acknowledges that the descriptions could be improved by other persons who have closer, first-hand knowledge of the matters raised.

### **1. CIVIL ACTIONS**

#### **Detection**

51. Detection of infringements may take place via surveillance / monitoring operations by industry representatives. If there is no business premises (eg, because the person only sells at markets or from home) detection is significantly more difficult.

52. Detection may take place via a “tip-off”. The tip-off may go to the AFP, State police, Fair Trading Offices or, for example, to the BSAA 1800 phone service. It may also go to one of the BSAA members, such as Microsoft.

53. A tip-off has to be assessed. Is it worth investigating or able to be investigated?

### Commencement of action

54. If investigated, the circumstances will dictate what action is then taken. If the person is trading in a legitimate way and the copies appear to be pirated a letter may be sent by the copyright owner or their representative demanding, for example, that the person stop dealing with the pirated copies. If there are a number of copyright owners involved, a decision is necessary on whose behalf is the letter sent? Is it sent only on behalf of those owners that retain the investigator or legal counsel? Is only one letter or a number sent?

55. Where the number of infringing copies is small the deterrence value is limited. Also, there may be difficulties in taking action if not all, or not a significant number, of the copyright owners are known or identified or, if known, they are not prepared to take part in the action.

56. Figure 3 below provides a flow chart of the possible steps involved in pursuing civil legal proceedings under the Copyright Act.

### Anton Piller Orders<sup>6</sup>

57. If the copyright owners are concerned about the destruction or hiding of evidence they may instruct their legal advisers to seek an *ex-parte* order: an Anton Piller Order for entry onto the premises and seizure. Because of the interference

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<sup>6</sup> An Anton Piller Order is an order, granted on an *ex-parte* application by the plaintiff, ordering the defendant to allow the plaintiff to go onto the defendant's premises to inspect and to remove evidence of infringement into the custody, usually of the plaintiff's solicitors. A defendant can also be ordered to disclose the names and addresses of his/her suppliers, not to dispose of infringing articles, deliver up infringing articles, answer questions and give details of the destination of the goods he or she has sold. The most important purpose of an Anton Piller Order is to prevent a defendant, when learning of the pending litigation, from destroying the evidence necessary for the plaintiff's case, while a secondary purpose is to assist in tracking the source from which the infringement takes place. The Order takes its name from the case of *Anton Piller KG v Manufacturing Processes Ltd & Ors* (1976) Ch 55 where the UK Court of Appeal allowed the plaintiff's appeal against a refusal to grant them an *ex parte* order of that nature exercising its inherent jurisdiction to ensure justice as between the parties. The granting of such orders has since been approved by the House of Lords and applied by Australian Courts but under strict conditions only. One judge stated their character as "draconian and essentially unfair" and therefore had to be framed and executed with proper limits and safeguards.

with property in a non-criminal context, the rules for Anton Piller actions are strict. They can take some time and preparation of evidence to satisfy the requirements. This may involve surveillance, laboratory or expert analysis of “trap” purchases and other investigative or forensic activities.

58. Whether or not an Anton Piller Order is sought, proceedings may be commenced and an injunction sought *ex-parte* to prevent further sales of the infringing material.

### **Issues to consider in taking civil action**

59. Choices must be made about the court in which to commence proceedings and the subject matter in relation to which proceedings are brought. These choices will depend on, among other things, the likelihood and limits of the jurisdiction of the court to grant injunctions and award damages, likely speed of proceedings, familiarity of counsel with that court, perceptions about the ability of the judiciary to readily deal with copyright infringement matters and a view about the deterrent effect of a finding of infringement.

60. Further steps in pursuing the action are identified in Figure 3. Figure 3 does not disclose the substantive elements to be established in a copyright infringement case. These are identified in Figure 12 and are also dealt with at greater length in considering the conduct of a criminal case.

61. Proof of infringement will involve establishing that the copies were made without the authorisation of the copyright owner (or imported without authorisation).

62. Where a film, sound recording or software is made outside Australia, gathering evidence of its making and its ownership is likely to be difficult. For this reason various presumptions of ownership are established for civil

proceedings in ss.126-131 of the Copyright Act. These are, however, not conclusive and can be subject to challenge.

63. Remedies in copyright cases are provided for in ss.115 and 116 of the Copyright Act. Courts may grant an injunction, award damages and additional damages. Provision is also made for conversion damages and an action in detinue<sup>7</sup>. In an innocent infringement, where the defendant was not aware they were infringing copyright, damages may not be granted and only an account of profits and/or an injunction may be awarded. Under the Copyright Act, courts are not empowered to grant injunctions if they do not already have such a power.

64. Proof of damage in copyright actions is often difficult because of the nature of the harm suffered. A variety of approaches have been used to attempt to calculate the appropriate level of damages for infringement. At least one Australian judge has acknowledged such difficulties and noted that in some circumstances an award of general damages “at large”, as an educated guess at the level of damage suffered, is acceptable<sup>8</sup>. It is probably because of this difficulty that copyright owners, where the circumstances permit, often seek conversion damages. These damages carry an element of penalty. That is, they are premised on the notion that the defendant is not to be permitted to keep the benefit of his or her appropriation of the copyright. This benefit is transferred to the plaintiff. Detinue carries with it a similar concept although, in practice, it has less of a punitive nature.

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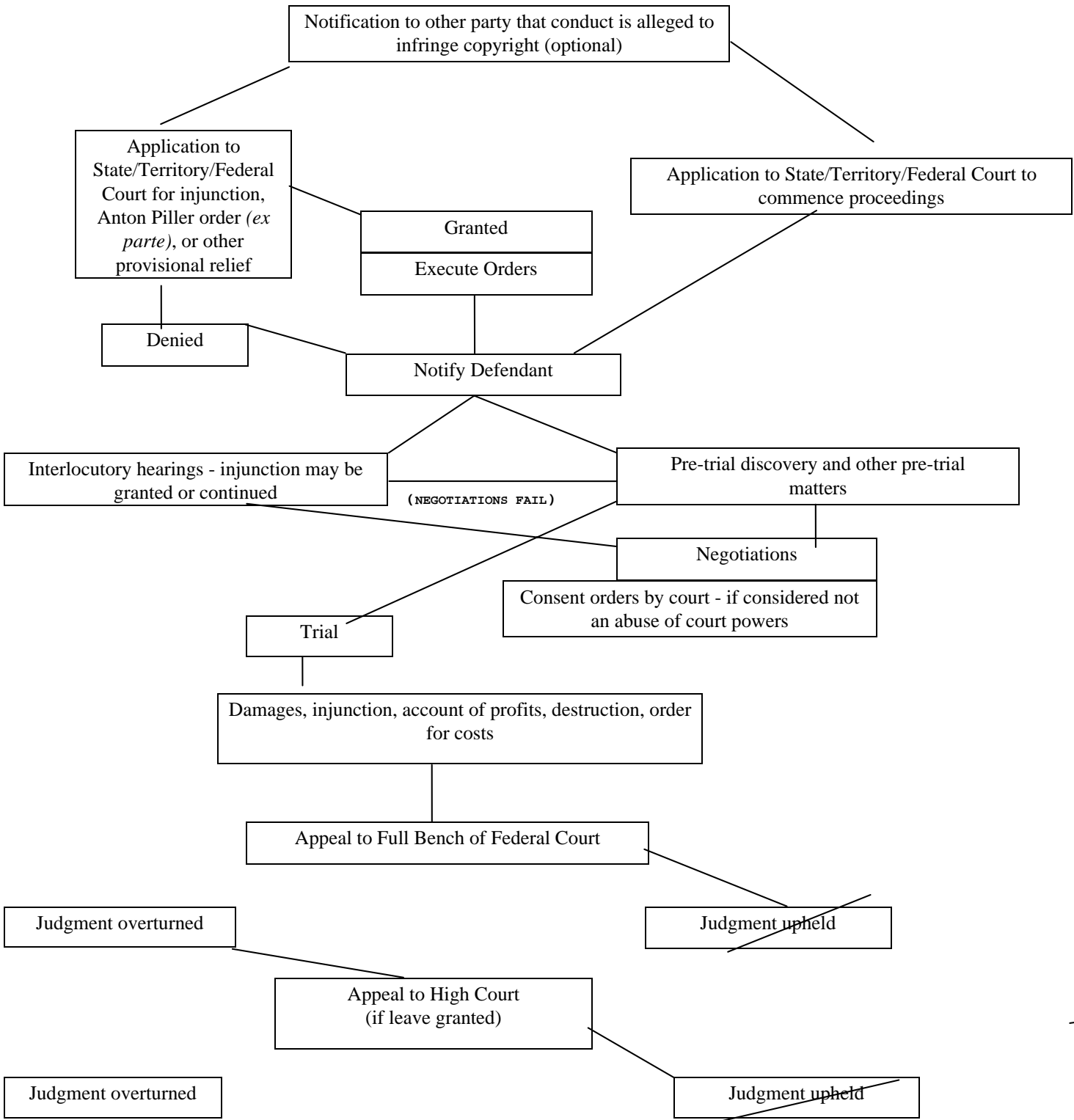
<sup>7</sup> Detinue is an action for the return of goods wrongfully detained or for conversion of the value of the goods.

<sup>8</sup> See, for example, *Autodesk v Cheung (1990) 17 IPR 69, Wilcox J at 73-78*, where his Honour noted that the oft-quoted statement of the measure of damages as the depreciation caused by the infringement to the value of the copyright as a ‘chose in action’ had to be applied with caution. This was because it would usually be difficult, if not impossible, for a copyright owner to establish that a particular unauthorised reproduction caused a diminution in the capital value of a copyright. He also rejected the ‘licence-fees’ approach, another commonly applied approach, where the damage is said to be the value of licences not obtained, as being inappropriate to the circumstances of the case before him.



65. In contested cases the proof of these matters is expensive. Accordingly it is not surprising that the most commonly sought copyright remedy appears to be an injunction - often at an interlocutory stage.

**Figure 3**  
**Flow Chart of Enforcement Procedures: Civil Action Procedure**



## 2. CRIMINAL ACTIONS

66. While quite a number of criminal penalties are scattered throughout the Copyright Act, the primary offence provisions relating to the main rights in the Act are in ss.132 and 133A.

67. These criminal offences require that the person, to be found guilty, must have known or must ought reasonably to have known that the particular act of copying, commercially dealing, possessing or importing for a commercial purpose was an infringement of copyright.

68. This knowledge requirement is stated differently in the case of an imported article. To be guilty of infringing copying in a domestically produced article, the person ought reasonably to have known that the making of a copy of the article was an infringement. In the case of an imported article, to be infringing, the person ought reasonably to have known that if they made the article in Australia it would be an infringement of copyright (see definition of “infringing copy” in s.10 of the Copyright Act).<sup>9</sup>

### Detection

69. The way in which a criminal action for infringement is brought to attention is much the same way as in the case described above concerning a civil action.

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<sup>9</sup> This latter test derives from the ‘hypothetical maker’ test in ss.37 and 102 of the Act. This test was adopted to overcome difficulties considered to arise under the test in the *Copyright Act 1912*. The net effect appears to introduce what is almost a strict liability in relation to imported articles but the courts have applied, in effect, the same test as applied to domestic infringements. In *Raben Footwear Pty Ltd v Polygram Records Inc (1997)* 37 IPR 417 the Full Court of the Federal Court considered an appeal from the decision of the trial judge on precisely this issue. All three appeal judges rejected that s.102 imposed strict liability. Rather, the knowledge requirement is on constructive knowledge. This goes beyond mere knowledge of the facts and focuses attention on the reasonableness of the conduct of the alleged infringer in all the circumstances. Lehane J noted the difficulty with a literal construction of the requirements. He noted that the imposition of liability based on knowledge of something that did not take place would be “odd” and it would be equally “odd” if a different knowledge test were applied in the case of importation infringements and other infringements. He added that it was “not easy to see how the words of the provisions are to be easily reconciled with what one might expect and what common understanding seems to assume, to be their substantial effect”.

70. The police (both Federal and State) are generally not in a position to be proactive since the identification of pirated material is often dependent on specialised knowledge. In the usual case, therefore, the matter comes to the police as a complaint. In the case of sound recording and film piracy, the Department understands that complaints are often made by private enforcement bodies: Music Industry Piracy Investigations and the Australasian Film and Video Security Office respectively.

71. Based on the information in the complaint, a decision is made whether further investigation or action will be taken.

72. Assuming a decision is made to take action, the next key event is usually the obtaining of a warrant to enter onto premises and seize allegedly infringing copies. Industry investigators may accompany police or be called on to identify the copies alleged to be infringing.

73. At the Federal level, once an investigation has been completed, a brief of evidence is forwarded to the office of the Director of Public Prosecutions (DPP) for consideration of whether charges should be laid.

74. At this point the DPP must be satisfied that the prosecution would be able to prove the case beyond a reasonable doubt. That is, in order to make out a case, the DPP must be able to prove beyond reasonable doubt that the copies were made or imported without the consent of the copyright owner and that the person had the requisite knowledge of infringement (ss.132(1)(d) and 132(4)). Even with a plea of guilty, there must be a sufficient evidence of the subsistence of copyright, ownership of copyright, the lack of consent by the copyright owner, and the relevant knowledge on the part of the accused. The element of knowledge may be proved by inference. However, there must be some reasonable basis for a court to conclude that the defendant had the requisite knowledge.

75. Foreign copyrights can present particular difficulties in this regard. There can be no infringement without sufficient evidence of the subsistence of copyright. Copyright is given to foreigners only if certain conditions are met - such as the nationality of the maker or the place of first publication<sup>10</sup>. This requires evidence from persons properly able to attest to such matters<sup>11</sup>. Moreover, if the relevant subject matter was produced prior to 1 October 1969 (the commencement date of the Copyright Act) the question of the subsistence of copyright in Australia needs to be determined in accordance with the provisions of the *Copyright Act 1912* (as amended)<sup>12</sup>.

76. Similarly, the relevant ownership at the time of the commission of the alleged offences must be shown so as to prove beyond reasonable doubt that the accused was not authorised to, for example, reproduce or import the infringing copies. In many instances, the ownership of the copyright may have changed hands on a number of occasions. Corporations may have merged or gone into liquidation and the copyright material transferred may be subject to only general description or not referred to specifically at all. To trace the transfer of ownership, foreign law may also need to be proved. Further, the strict legal requirements for proof of the “chain of title”, to prove ownership by a corporate entity within a corporate conglomerate, may be different to the understanding of the ownership by the corporations themselves.

77. If these matters are not in issue, or are dealt with, it remains the responsibility of the prosecution to prove that the copies are infringing. That is,

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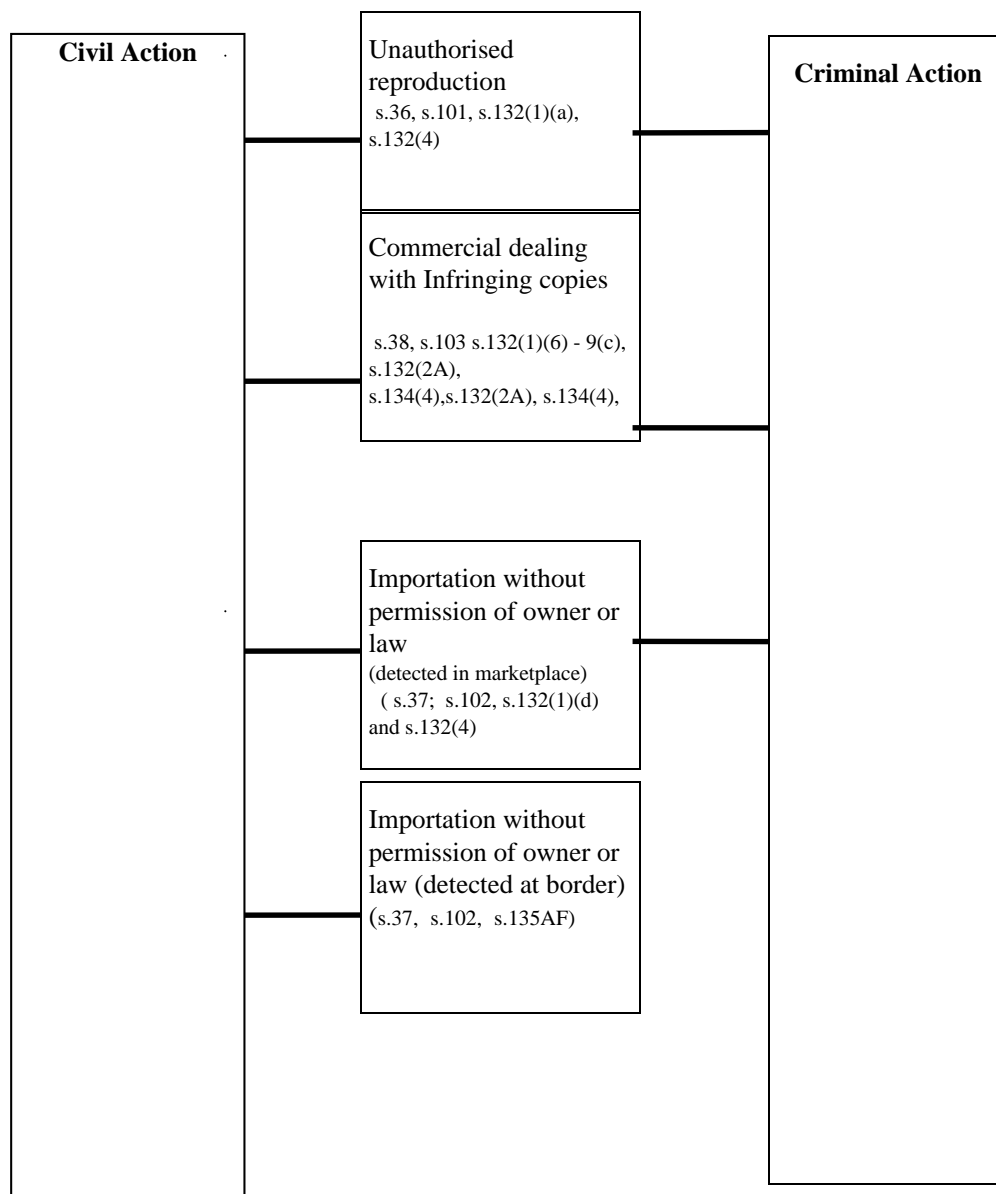
<sup>10</sup> Protection is given to foreign copyright material pursuant to s.184 of the Copyright Act. That section empowers the making of regulations to so extend the application of the Act. *The Copyright (International Protection) Regulations 1969* grant copyrights to foreigners based on the relevant material having a connection with a country which is a member of a relevant international treaty (eg, TRIPs). For example, that connection may be established if the material has been written or made by a national, resident or corporation of a treaty country, or, in some cases, if there is a connection with a treaty country because the work or other subject matter was first published or broadcast there.

<sup>11</sup> For an illustration of what can go wrong in such a process see *Polygram Records Inc v Raben Footwear* (1996) 35 IPR 426.

<sup>12</sup> See for example, ss.209, 220-222 of the Copyright Act.

that the specific copies seized are indeed unauthorised reproductions or unauthorised imports. This is usually a matter of physical evidence, expert analysis and the like. However, such evidence must be supported by evidence concerning the nature of the original material and the characteristics of authorised reproductions or, for example, admissions in relation to the source of the seized copies or other documents. In a contested matter, none of these issues will necessarily be straightforward.

**Figure 4: Representation of possible results of infringement of reproduction, distribution, importation and public performance rights**



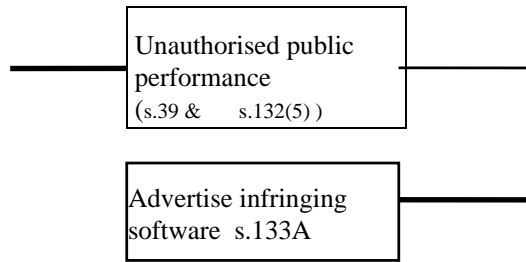
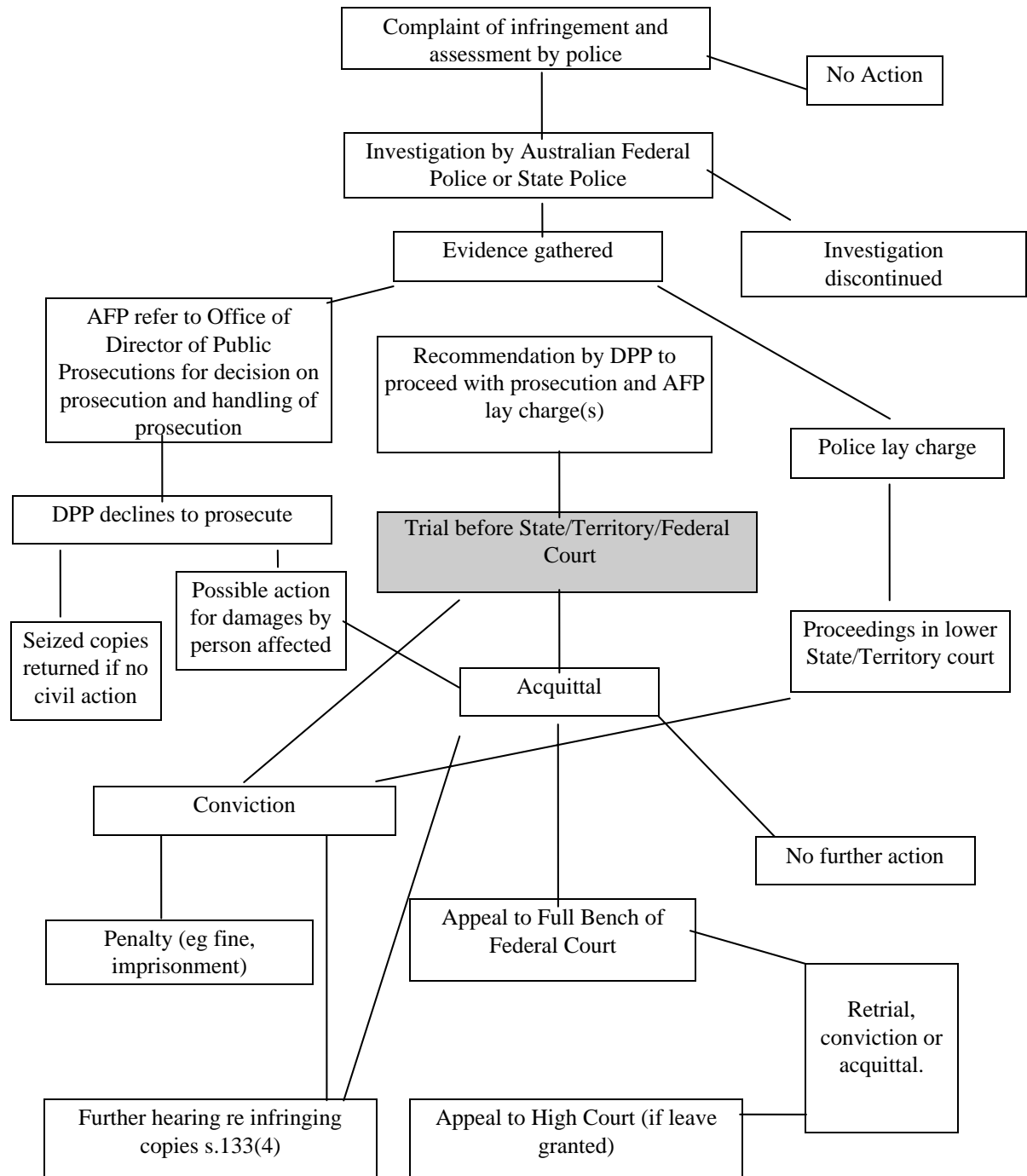


Figure 5

### Flowchart of enforcement procedure: Criminal Action Enforcement



(For all appeal matters the High Court exercises a discretion to decide whether an appeal is warranted or raises a sufficiently serious matter of public concern (special leave applications are heard before 3 High Court Judges)



### 3. BORDER INTERCEPTION

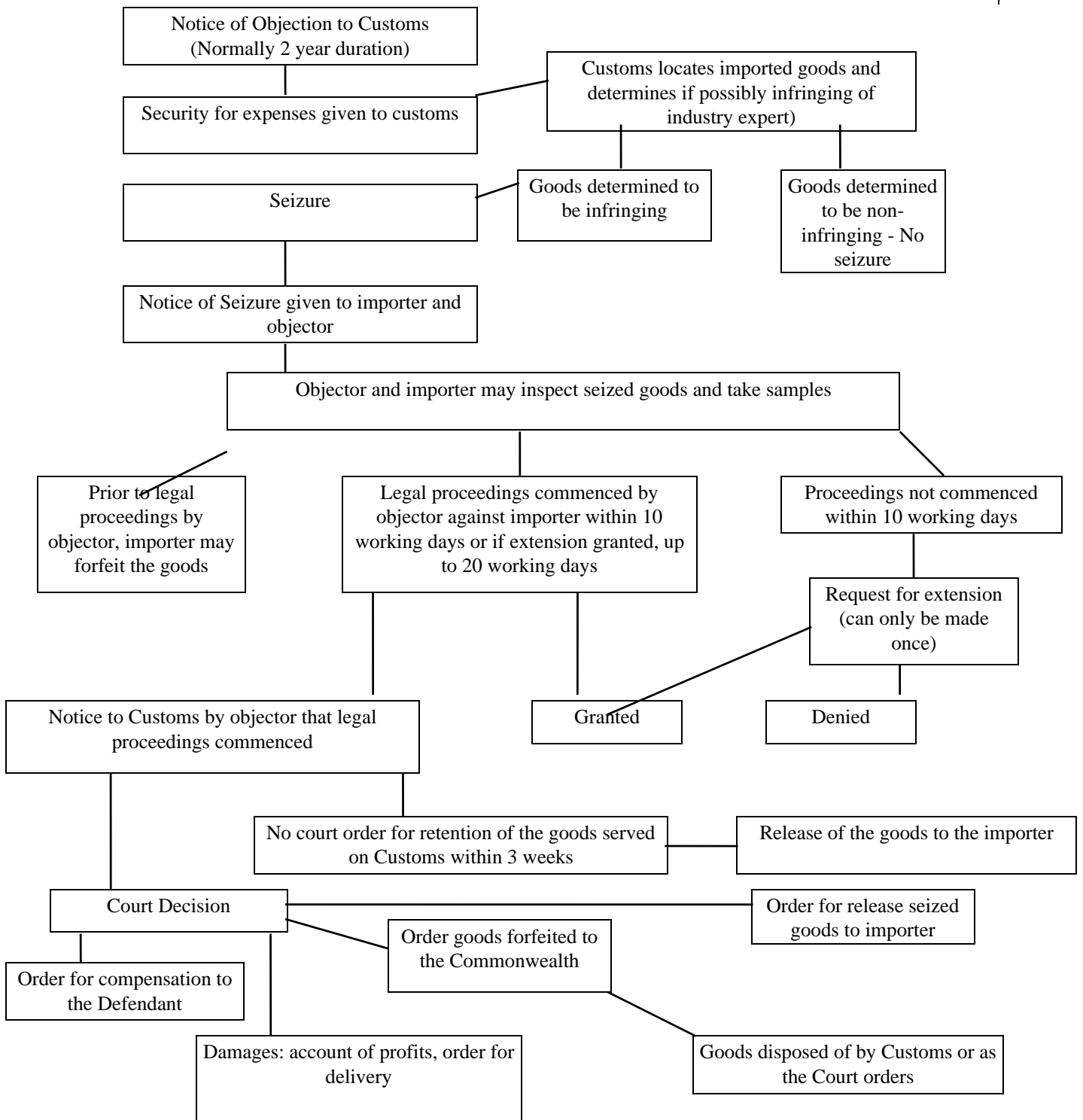
78. The border interception provisions in the Copyright Act are closely modelled on the requirements of the TRIPs Agreement (articles 51-60). Those provisions are in Division 7 of Part V of the Act (ss.134B-135AK).

79. The provisions require the following:

- (i) Border interception is copyright owner-initiated. Border interception of articles allegedly infringing copyright is not undertaken *ex-officio*. Owners must notify and provide security for the costs of seizure. The provisions and the procedure for Customs detention of the goods are not a form of prohibition as is the case, for example, with narcotics or dangerous weapons.
- (ii) While the Copyright Act does not say so, Customs guidelines provide that objectors must:
  - (a) identify the copyright property with sufficient precision;
  - (b) be the owner of the copyright; and
  - (c) as far as possible - provide sufficient information about the infringing shipment for it to be identified.
- (iii) Where a seizure is made, the objector and importer must be notified as soon as practicable.
- (iv) Within 10 days of notification of a seizure the objector must take court action to restrain the release of the goods, failing which the goods are released. This period can be extended by up to a further 10 days.
- (v) Where a court action is commenced for suspension of release of goods, an order must be made within 21 days of commencing that action or the goods are released.

80. The procedure for border enforcement is presented in Figure 6.

**Figure 6** Flow Chart ~~Flow Chart of Enforcement procedures: Border Enforcement~~



### **PART 3: COMMENTS ON THE TERMS OF REFERENCE**

#### **Overview**

81. The terms of reference raise seven issues concerning copyright enforcement.

These can be summarised as:

- statistics on copyright piracy;
- measures currently undertaken by copyright owners to assist themselves;
- the adequacy of the criminal law to deal with copyright infringement;
- the adequacy of civil legal procedures;
- the desirability of amendments.
- whether the border interception provisions are effective;
- the adequacy of administrative arrangements and guidelines for copyright enforcement; and

These seven matters are specifically addressed.

82. The terms of reference also direct the Committee to seven matters the Committee is to “have regard to”. This submission does not directly address those matters. However those matters are noted in this submission when discussing the matters for investigation. The Department would be happy to provide the Committee with further specific comments on these matters should the Committee wish to receive it.

#### **1(a) EVIDENCE OF THE TYPES AND SCALE OF COPYRIGHT INFRINGEMENTS**

##### **1(a)(i) Statistics**

83. In relation to statistics on copyright piracy, it is suggested that the available data indicates that levels of infringements are relatively low in Australia. However, there may be some risks in leaving the law in its present form and the administration of enforcement within its current settings. The threat of infringement arises from the ease and low cost of production of pirated products, the difficulty of detection, and a general public perception that in many instances regards piracy as a low-grade or harmless (ie, victimless) issue.

84. There is no single agency preparing or maintaining consolidated statistics on the level and type of copyright infringements. Data obtained by the Attorney-General's Department in 1997 gives an incomplete picture of the number of actions dealt with in the courts. The figures provided showed that between 40-50 matters were dealt with in civil litigation involving copyright in 1996 and approximately half that number in each of the preceding 2 years. The data available suggests that between 6-11 cases involving criminal actions are dealt with each year. Other agencies may be able to offer a clearer picture.

85. In seeking to determine the overall cost and level of infringements reliance is thus placed to a large extent on industry estimates.

86. Although there may well be other areas of concern brought to the Committee, it is the Department's understanding that the focus of concerns about copyright infringement are principally in relation to:

- computer software;
- sound recordings (mainly music CDs, although also some tapes); and
- cinematograph films<sup>13</sup>.

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<sup>13</sup> Cinematograph film has a technologically-neutral definition in the Copyright Act so that it extends to videos and even, according to one full Federal Court decision, moving visual images generated by computer code.

87. Over the past 2-3 years, a major new area of infringement, if the number of customs border seizures is any guide, is illegal copies of console-based computer games, principally those for the Sony Playstation platform.

88. The industry estimates of illegal copying of business software (excluding operating systems), sound recordings and films are set out in the following chart.

**Figure 7: Industry estimates of piracy<sup>14</sup>**

Country	Film piracy estimated for '98	CD piracy estimated for '98	Business software piracy estimated for '98
Australia	4% (and 4% in '95-'97)	7% (4% in both '95 and '96)	31% (35% in '95, 32% '97))
Canada	(5% in '96)	?	(42% in '96)
Germany	20% (22% in 97)	N/A (3% '95)	28% (33% in '97) 52% for entertainment software
Italy	30%	20%	44% (43% in '97) 50% for entertainment software
Singapore	25% (15% in '97)	19% (30% in '97)	54% (56% in '97) 73% for entertainment software
South Africa	16% (10% in '97)	40% (20% in '97)	50% (48% in '97)
Spain	5% (7% in '97)	5% (5% in '97)	59% (59% in '97)
Indonesia	90%	12%	92%

NB % figures are estimated percentages of total unit sales for the period.

89. These figures supplied by industry are based on data, analysis, assumptions and computations the details of which the Department is, in the main, unaware.

90. In the Compliance Manual produced by the BSAA, the monetary value of the 1997 figure of 32% estimated piracy rate of business software is stated as \$A200 million<sup>15</sup>.

<sup>14</sup> This information is taken from the International Intellectual Property Alliance, (IIPA) a body in the USA that represents most of the major copyright industries. The figures are taken from its February 1998 and 1999 submissions to the US Government on listing of countries under special s.301 of the US Trade Act. Information on other countries is available from the IIPA website at [www.iipa.com](http://www.iipa.com) and see also [Attachment 2](#) for countries in the Asia-Pacific region.

<sup>15</sup> It is unclear whether this figure is discounted to reflect the likely sales lost at full price or not.

91. Recent statements by a US administration official<sup>16</sup> in giving evidence to the US Congress put Australia's estimated software piracy on par with the estimated level in the USA. In 1997 this rate was 27%. For Australia this would equate to approximately \$A170 million.

92. Current music CD piracy is estimated by industry at 7%. The higher percentage compared to 1996 is, according to US Administration sources, based on anecdotal evidence.

93. It is difficult to estimate how much of such infringements is "criminal", in the sense that it involves commercially dealing in pirated copies. In a recent report on intellectual property theft in New Zealand<sup>17</sup>, it was stated that perhaps half of New Zealand's software infringements were the result of criminal behaviour, but no justification for this estimate is given. In a report prepared for the Business Software Alliance, PricewaterhouseCoopers<sup>18</sup> noted [at p.16]:

Available evidence suggests that much illegal copying takes place within business users' organisations, either deliberately or through ignorance of copyright laws or licensing terms.

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<sup>16</sup> Under-Secretary Einsenstat (who is well acquainted with the software industry).

<sup>17</sup> *Theft of Intellectual Property Piracy and Counterfeiting* July 1998, AJ Park and Son, Auckland NZ

<sup>18</sup> *The Contribution of the Packaged Software Industry to the Australian Economy*, December 1998

94. Some estimates of infringement are presented in Figure 8 below.

**Figure 8 Industry estimates of monetary value of infringements**

<b>Subject matter</b>	<b>Percentage</b>	<b>Industry Value</b>
Software	27% - 31%	170-200 million
Sound Recordings	4% - 7%	42 million
Cinematographic films	5%	35 million?
Home Video Games	30% (Reported in newspaper)	195 million - reported (including 40 million for Sony Playstation games?)

NB: It is unclear whether the \$ figures estimated by industry represent lost sales at full value or some other basis. If at full value further discounting would need to be applied to obtain an "infringing" value.

95. Overall this represents, on any of the figures, a sizeable amount of revenue from criminal behaviour.

### **(1)(a)(ii) Comparisons of infringements**

96. Measuring the scale of copyright infringements in Australia compared to those world-wide and in our region is entirely dependant on industry figures.

97. Figures published by the SPA and BSA jointly in relation to business software are shown at Attachment 1 and Attachment 2. Figures published by the IIPA from data supplied by the software, film and sound recording industries are available on the IIPA website at [www.iipa.com](http://www.iipa.com).

98. The industry estimates all indicate that piracy in Australia is at the bottom of the range in comparison with our region and more generally.

99. Despite very high rates of piracy in some of our neighbouring countries, this has not apparently translated into high rates in Australia. The Department's review of the literature over the years suggests that most pirated product is mass-produced in Australia rather than being imported, but there are no specific statistics on this of which we are aware. It would be useful to have better data on the number of court actions for infringement of copyright that involve illegal copies made outside Australia and those made in Australia.



100. Australia's comparatively low rate of piracy is, however, not a cause for complacency. The monetary amounts involved are still high and the level of infringement may change rapidly. In recent years the estimated percentage level of infringements appears to have been generally trending downwards but, on balance, has not fluctuated greatly from year to year. With increased usage of computers and other devices using copyright protected subject matter though, overall *monetary* estimates of lost sales may have increased.

**1(a)(iii) Geographical spread of infringements**

101. On the limited data available to the Department, we have been unable to discern any particular pattern in the infringements other than the general observation that they are not confined to the major metropolitan areas, although concentrated there.

**1(a)(iv) Cost of infringement and impact on Australian business**

102. The Department does not have expertise to offer on this matter other than to note that in respect of the study conducted by PricewaterhouseCoopers for the BSA<sup>19</sup>, the employment and government revenue figures in that study appear to be highly optimistic and internally inconsistent.

103. There may be, however, a net gain for jobs and the economy from a reduction in piracy and illegal use of copyright material. Strong and effective copyright laws would create business confidence and attract new investment.

104. The key question is not so much the quantification of the benefit but how to best target scarce resources to achieve an optimal result in the form of appropriate deterrence, detection, recompense for illegal use and social acceptance of copyright protection.

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<sup>19</sup> See reference to this report at footnote 18

### **1(a)(v) Involvement of organised crime**

105. Neither the National Crime Authority (NCA) nor the Australian Bureau of Criminal Intelligence reports any concerns about organised crime involvement in copyright infringements in Australia. It should be noted, however, that the NCA operates in relation to Government references and intellectual property matters have not been referred to the NCA.

106. In a least one recent press report, the International Federation of the Phonographic Industry (IFPI) is reported as claiming that “the bulk of international organised crime was linked to CDs” and that “the consumer who buys a pirate CD in a Sunday market may be putting money up for a drug consignment”<sup>20</sup>. It appears that statements of that kind are made on the basis of particular seizures overseas. However, unless some inference can be drawn from those reports of seizures overseas, it is unclear whether there is any evidence indicating a link between organised crime and copyright piracy in Australia.

### **1(a)(vi) Likely future trends in the scale and nature of copyright infringement**

107. Studies and recent experience suggest that the level of infringements may rise as a result of easier access to copyright protected material and the ease of copying via electronic means. The majority of this type of infringement will constitute personal copying which is not classed as criminal behaviour under the Copyright Act.

108. Many commentators predict massive copyright infringements are likely or are already occurring on the Internet.<sup>21</sup>

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<sup>20</sup> “Drug smuggling flip side of cheap CDs”, *The Sun Herald*, 13 June 1999, p.43

<sup>21</sup> For example, see further claims of IFPI reported in the press article noted at footnote 23.

109. A report on intellectual property rights prepared in 1997 by the Office of Strategic Crime Assessments (OSCA), concluded that enforcement of intellectual property (not solely copyright) was likely to increase in difficulty over the following 5 years. OSCA suggested that, though violations might increase, because of technological and social changes, intellectual property rights may not have the same value for industries in the future. In other words, industry practices might evolve in ways that solve their own problems.

110. Whether the OSCA scenario is correct - that corporations will value their copyright material less highly in the future or will find some other way of extracting value from their investment - remains to be seen. For the foreseeable future, however, intellectual property rights will remain increasingly important as they are central to the value of the information economy.

111. The OSCA report suggests that education is a significant factor because of its effect on social values. This is an important point that is often neglected in discussions on enforcement. However, the Department accepts that alongside such an approach, the value of copyright must nevertheless, if the need is established, be protected by technological and legal measures.

112. The information age has not yet, at least, created a new paradigm so radically different from that which has gone before that it requires a whole new approach to copyright enforcement. On the contrary, reproduction of relatively traditional media such as music CDs, newsprint, paper and other devices is likely to continue to be a major way in which copies are distributed and supplied. This will be so even if the moment at which the copyright material is placed on such media moves closer to the consumer in a distribution chain.

113. Similarly, the Internet is an extension of the existing means of communication and distribution with some differences and unique characteristics.

However, the Internet is not so different as to cause in the short to medium term, a wholesale shift of thinking about copyright itself, even though the method or means of exploitation of the rights may be changed.

114. So far as video piracy is concerned, we consider that illegal duplication will continue to be largely domestic. That is, the great majority of cases of video piracy will be relatively small-scale, domestic copying of major, mainly US, films. This has been the pattern we have observed in Australia to date and the pattern in the USA. By way of example, Attachment 3 shows (at pages 2 and 7) the seizures in the USA of infringing video cassettes for the months of June and July 1996. Particular seizures ranged from 55 to 3,200 pirated video cassettes.

## **1(b) OPTIONS FOR COPYRIGHT OWNERS TO PROTECT THEIR COPYRIGHT**

### **1(b)(i) Actions and expenditure by copyright owners**

115. In relation to this matter, greater attention to community education, technological protection measures and provision for more “attractive” civil procedures could be warranted. These factors focus on sheeting home primary responsibility for enforcement to the copyright owners themselves. It is unclear, for example, why greater use is not made of lower courts in pursuing civil actions. Is this to do with the limited range of remedies and interlocutory powers of these courts, their unfamiliarity with copyright or some other reason?

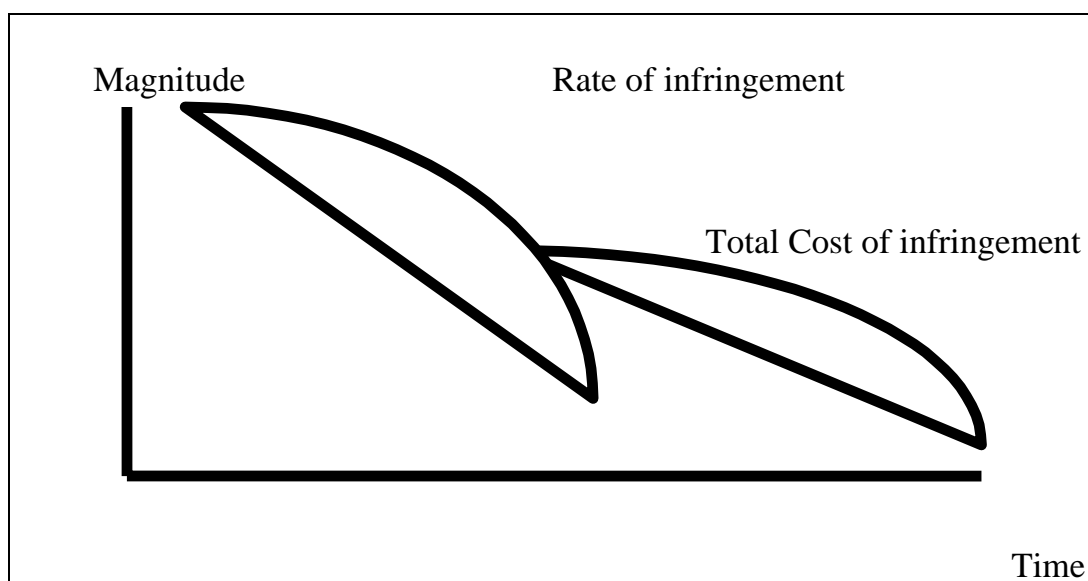
116. The main findings of the 1997 OSCA review, which considered not only copyright, but also patents, trade-marks and industrial designs, were that:

- 25% of surveyed industries said they relied on criminal provisions or both criminal and civil proceedings in enforcing their rights (5% criminal only);

- 60% of surveyed industries relied solely on civil proceedings (ie, no criminal proceedings at all);
- an increase in copyright violations was anticipated by survey respondents - especially of software and multimedia, due to technological developments.

117. The report concluded that infringers would in future include a greater proportion of people who infringe intellectual property rights simply because it is easy to do so rather than because they want to derive any economic benefit from the theft. Because this involves lower subsequent costs to the industries, OSCA concluded that the economic cost of copyright piracy will increase at a slower rate than the rate of infringements.

**Figure 9: Difference in value and volume of infringements predicted to grow**



118. This conclusion raises questions about whether the issue of infringement of copyright is one principally about law enforcement or one about technology and education.

119. The software, sound recording and film industries all involve themselves to some degree in educational activities. However, it is our perception that the majority of expenditure and effort goes towards compliance measures.

120. The music industry funds the services of the investigative agency Music Industry Piracy Investigations (MIPI). The film industry, through the Motion Picture Association, retains the services of the Australasian Film and Video Security Office (AFVSO). The software industry uses a variety of private investigators in monitoring infringements and gathering evidence. The software industry also has a hotline for “dobbing in” copyright infringers with a reward offered. This latter approach appears to have been successful; particularly in the case of disgruntled employees or ex-employees of businesses which use infringing software.

121. The Department does not have any detailed information about the extent of direct public education undertaken by these industries or the extent to which they fund other bodies to undertake a public education role: such as the Australian Copyright Council and the Arts Law Centre.

122. These latter bodies receive some Government funding through the Australia Council for their educational and advocacy functions. The training activities conducted by these bodies tend to target professionals and organisations that are required to deal with copyright material rather than targeting the general public. Their focus is on the whole range of copyright protected material rather than specifically on sound recordings, film or software.

**1(b)(ii) Copyright owners' use of existing provisions of the Copyright Act**

123. Copyright owners are generally effective in their use of the provisions of the Copyright Act. This seems to arise from 3 factors:

- the legal and managerial sophistication of many of the copyright owners in the industries most affected by illegal use;
- the availability of targeted training for copyright owners - usually provided by law firms or the Australian Copyright Council;
- collective administration and enforcement of rights.

124. There is a high level of legal knowledge and expertise in copyright law in Australia. Many Australian law schools offer intellectual property law as an undergraduate subject with a smaller number providing specialised post-graduate study. A disproportionate number of Australian academics have a world reputation in intellectual property law. These factors have ensured a strong professional base for advising Australian businesses on their rights and obligations.

125. Most copyrights are not exercised by an individual copyright owner. This would not be efficient unless the owner has many, high-value copyrights. Thus, the predominant exercisers of copyright rights in Australia are either large corporations, eg software companies, or recording or publishing companies, or copyright collecting societies. These bodies seek outside expertise or contain within their ranks people with relevant expertise.

126. However it is important to note that, despite the economic strength of larger corporations, it has generally proved necessary to enforce rights through joint action between copyright owners in a particular market sector. Consequently,

despite the multitude of individual copyrights, enforcement action is often handled by a single private enforcement body for each industry.

127. It is our observation that such bodies appear to receive limited funding. While we are unaware of the amounts involved, the support by industry of its own policing bodies does not appear to be generous. This may be one reason focus has been placed on the use of public enforcement resources. This appears particularly apparent in the film industry, which appears to be reluctant to rely on civil actions, as opposed to taking criminal actions. This may be compared to the USA where the balance appears to be in favour of civil actions.<sup>22</sup>

**1(b)(iii) Use of legislative provisions other than the Copyright Act**

128. Many civil copyright actions take forms other than, or additional to, an action under the Copyright Act. These include an action for misleading or deceptive conduct under sections 52 and 53 of the *Trade Practices Act 1974* (and State equivalents), the common law tort of passing off, or possible action under the *Trade Marks Act 1995*.

129. Such possibilities, however, add complexity and cost to what are already regarded as overly costly and complex cases in any event.

**1(b)(iv) Technological or other non-legislative measures for copyright protection**

130. A wide variety of technological measures is now available to copyright owners to provide some level of protection against illicit copying and to track copies so as to establish their illegality.

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<sup>22</sup> See, for example, Attachment 3 (Worldwide AntiPiracy Newsletter Vol XIV No 4 July/Aug 1996, pages 2, 3 and 7).



131. In the USA, the Serial Copy Management System in relation to music CDs has been mandated by legislation. In Australia, the Government has not examined whether similar measures are necessary or appropriate.

132. Other jurisdictions, such as China, Hong Kong and Singapore, in the wake of massive production of illegal digital films, music CDs and computer games and other software, have introduced strict licensing and marking requirements for factories that create the physical duplicates. It is unclear whether such measures are necessary or appropriate for Australia (particularly given Australia's comparatively low levels of piracy) and whether these are, in any event, being provided for contractually.

133. There is a large range of other measures available to copyright owners to seek to mark or identify their material. Copyright owners can use holograms, unique hidden identifiers and have available a potentially vast array of marking technologies in relation to digital technology.

134. The Department does not claim to have particular expertise in relation to these matters. However, in order for the Committee to form a view and make any recommendations in relation to this issue, it is suggested that the following questions could be asked:

- What forms of technological protection are available?
- How do they work and do they require legislative assistance in order to work?
- What is their cost?
- Are they reliable and subject to international standards?
- Are they useful in stopping or detecting copyright infringement?
- What is the implications of their use for:
  - consumer choice;
  - privacy; and

- subsequent dealings, such as the sale of second-hand software?

135. Specific legislative provisions in the draft *Copyright Amendment (Digital Agenda) Bill 1999* support two broad classes of protection measures. The draft Bill follows the form of measures provided for in the World Intellectual Property Organisation (WIPO) Copyright Treaty<sup>23</sup> and, to the extent applicable, the WIPO Performances and Phonograms Treaty. The Bill will provide civil and criminal sanctions against both the intentional interference with electronic rights management information and the interference with copyright protection devices such as decoders, passwords and other enforcement measures designed to restrict access to those not authorised by the copyright owner. The Bill will balance these provisions with a raft of measures to protect public access to information and exemptions for legitimate interference with such measures for such reasons as national security, law enforcement, library and archives copying, certain copying by educational institutions and security testing and related or similar activities.

136. We submit that the key question in relation to technological protection measures and use of rights management information for the purposes of this inquiry is the extent to which copyright owners are or could be using such measures, thereby removing or relieving enforcement difficulties downstream.

137. Attachment 4 provides details of one of the digital methodologies available (“watermarking”) for the information of the Committee.

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<sup>23</sup> The WIPO Copyright Treaty is not yet in force. Australia was a signatory to the text of the Treaty in December 1996 but has not signed the treaty. The treaty, together with the WIPO Performances and Phonograms Treaty (WPPT) dealing with the rights of producers of phonograms and performers, have come to be known as the “Internet treaties” because the major ground-breaking work is in the area of providing for a right of communication to the public and the provision for signatories to support technological protection measures against copyright breaches and the inclusion of copyright management information on digital copies, with relevant legal sanctions. The treaties also deal, to a lesser extent, with the question of internet service provider liability for copyright infringement on networks that they facilitate. The draft bill, shortly to be introduced into the Parliament, is consistent with the WIPO Copyright Treaty but is not, of itself, Australia’s treaty implementation. If that is to occur, it will take place in a process following the consideration of the Bill by the Parliament.

138. As far as Internet distribution of copyright material is concerned, much of the recent newspaper reporting has focused on the MP3 standard of digital compression enabling, in particular, the electronic delivery of music on-line. Further compression techniques are being applied in relation to visual material (such as digitised films).

139. The use of these or alternative “secure” compression technologies (in contrast to MP3 which is not secure) that do not allow further copying, is a matter that ranges over a very broad canvass. The technology and the issues involved are extremely fluid. It is too difficult at this stage to offer the Committee any meaningful input about the implications for enforcement of copyright of these matters except to note that we consider that it will be quite some time before any clear trends emerge. In our observation this is true not only for Australia but for the developed world generally.

#### **1 (c) CRIMINAL PROVISIONS**

140. The major provision for criminal offences in the Copyright Act is s.132. It is reproduced at [Attachment 5](#).

141. The Copyright Act creates both civil and criminal remedies for infringement of copyright. There is considerable overlap between the types of conduct that amount to criminal infringement offences and civil infringements. This is not unique to Australia. Laws providing for either a criminal or a civil action arising from the same circumstances are common for copyright infringement in many countries. Most jurisdictions, as in Australia, require that criminal offences have a knowledge requirement. That is, that the person charged is aware, or ought to have been aware, of the infringing nature of the acts being engaged in or of the goods being dealt with.

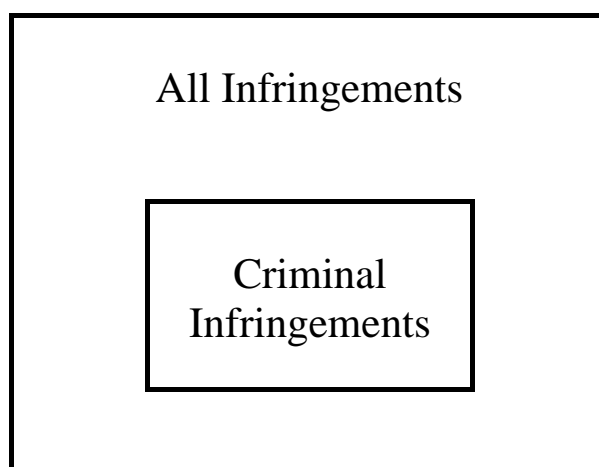
142. Thus the main civil infringements (of making and dealing with infringing copies of copyright works) are criminal offences if done with knowledge or reason to believe the copies in question are infringing. There is no requirement to prove actual dishonesty.

143. The major limitation of the criminal provisions is the requirement that the allegedly infringing conduct is for the purposes of trade. Infringements in the home by taping off-air, personal photocopying, or copying software without authorisation, are all infringements but are not given criminal status.

144. The criminal provisions focus on sale, transmission and distribution in the context of trade. Industry use of the terms “piracy” or “pirate” copies thus embraces a wider compass of infringements than the criminal provisions of the Copyright Act.

145. Many civil infringements will not be criminal infringements. However, all criminal infringements probably amount to civil infringements (see Figure 10).

**Figure 10: Criminal infringement always a civil infringement**



146. Figure 11 (following) is a chart of the participants involved in civil or criminal actions and the possible results of a successful prosecution.

**Figure 11: Participants involved in civil or criminal actions**

ACTION	PROSECUTOR PLAINTIFF	ACCUSED DEFENDANT	RESULTS
Criminal Infringement	DPP or private prosecution	Individual, Company, Directors knowingly concerned	Conviction (fines, imprisonment or alternate orders)  Delivery up of infringing articles possible
Civil Infringement	Copyright owner or exclusive licensee	Individual, Company, Directors-directly or via concept of authorisation	Injunction (ex parte) Anton Piller Orders Mareva Injunctions Damages Account of profits Additional Damages Delivery up Conversion damages

147. It should be noted that there is no scope in criminal courts to obtain an injunction to prevent future infringements or for the prosecution to seek damages. The prosecution is faced with a higher burden of proof than in a civil case and cannot rely on presumptions.

148. A schematic representation of the differences between the approaches and their comparative weaknesses is presented in Figures 12 and 13 following.

149. On the figures available, and against the background of Figures 12 and 13, there seems to be considerably greater reliance placed on civil litigation than criminal litigation in pursuing copyright enforcement action.

**Figure 12: Criminal & civil actions compared**

<b>CRIMINAL ACTION</b>	<b>CIVIL ACTION</b>
<ul style="list-style-type: none"> <li>• Carried out by Police/DPP</li> <li>• Can be seized under warrant</li>   <li>• No injunctive power</li> <li>• Must prove all elements of offence beyond reasonable doubt, including legal existence of copyright ownership               <ul style="list-style-type: none"> <li>– no authorisation to accused</li> <li>– actual making of and dealing in infringing copies for purposes of trade</li> <li>– knowledge or ‘ought reasonably to know’ were infringing copies (ie. made without the copyright owner’s authorisation)</li> <li>– if copies imported, knowledge that if they had made them in Australia this would be an infringement</li> </ul> </li>   <li>• Seized articles in possession of accused can be made forfeit if, in opinion of the court they were used for making infringing copies.</li>   <li>• <b>Strong deterrence</b></li> <li>• - fines, social approbation, loss of stock. Can be costly and time-consuming depending on plea. Hearings usually quicker than civil matters.</li> </ul>	<ul style="list-style-type: none"> <li>• Carried out by owner / right holder</li> <li>• Anton Piller order requirements can be difficult and expensive</li> <li>• Injunction available <i>ex-parte</i> but depends on undertaking as to damages</li>   <li>• Presumptions are available about legal existence of copyright and the ownership of person named as owner</li> </ul> <p style="text-align: center;">plus</p> <p>Must show on balance of probabilities that there was: no authorisation of the accused, and that the copies were made or performance given or transmission was undertaken.</p> <p>If dealing in copies for purposes of trade: knowledge that if defendant had made the copies that they would be infringing copies (s.37.103)</p> <ul style="list-style-type: none"> <li>• <b>Weak deterrence</b></li> <li>• Main remedies: injunction delivery up conversion damages</li> <li>• Costly and time consuming</li> </ul>

**Figure 13: Weaknesses in criminal and civil actions for enforcing copyright**

<b>Criminal Actions</b>	<b>Civil Actions</b>
<ul style="list-style-type: none"> <li>• Limited resources - few cases pursued               <ul style="list-style-type: none"> <li>• low priority compared to other Commonwealth priorities                   <ul style="list-style-type: none"> <li>• if contested:                       <ul style="list-style-type: none"> <li>- difficulties in proving ownership and legal recognition of foreign copyrights(chain of title problems)</li> <li>-high cost of gathering evidence</li> <li>-commercial context of some matters</li> <li>-difficulties in taking action against “shell” company</li> </ul> </li> </ul> </li> </ul> </li> <li>• Inability to take action against seized stock if only Directors are charged since seized items are in possession of the company not the Directors.</li> </ul>	<ul style="list-style-type: none"> <li>• High cost</li> <li>• Inability to quickly enter and seize stock               <ul style="list-style-type: none"> <li>• Weak deterrence</li> <li>• Slow to resolve</li> </ul> </li> </ul>

150. A number of possible responses could be made in an effort to respond to these difficulties and weaknesses. Some of the possible responses are suggested as follows.

### **Presumptions**

151. The International Intellectual Property Alliance (IIPA) has argued that Australia should add presumptions of ownership and subsistence of copyright into the criminal law. This has also been the primary proposal of film interests in Australia that have expressed concerns about difficulties in pursuing criminal matters. One proposal is that a person whose name appears on a film would be presumed to own the film, and a person alleged to have infringed copyright would

have to provide evidence to the contrary to avoid conviction (as is already the case in a civil action).

152. The Department's views on such a proposal are addressed as follows.

153. We have already noted that there is often a commercial context in relation to many matters that may nevertheless be subject to criminal sanction. The application of the criminal law to copyright infringements is no different in principle than the application of criminal sanctions to other forms of interference with private property. The addition of the suggested presumptions in criminal matters could potentially allow criminal laws to be routinely used to resolve what are inherently commercial disputes.

154. Another concern with such a proposal is that the amount of resources needed to prosecute (even with such presumptions) and the scale of the alleged infringements are disproportionate to the problem and the public benefit to be derived from this change. If criminal actions became far easier to pursue, pressure to put forward a greater number of matters for prosecution might distort the Commonwealth's law enforcement priorities. The Department understands that the Australian Federal Police will give evidence to the Committee on those priorities.

155. Moreover, the scale of the problem and the nature of the infringements do not suggest that such a vigorous law enforcement response is required. It would be contrary to community expectations in Australia if persons who trade in copyright protected goods effectively have to prove their innocence to avoid conviction. It is Commonwealth criminal law policy that the onus of proof should only be placed on a defendant if two preconditions are met:



- the matters to be proved are peculiarly within the knowledge of the defendant; *and*
- the matters are difficult and costly for the prosecution to prove beyond a reasonable doubt.

156. The mere fact that it is difficult for the prosecution to prove an element of the offence does not, of itself, justify reversal of the onus of proof in relation to that element. If an element of the offence is also difficult for the defendant to prove, reversing the onus of proof places the defendant in a position in which he or she will find it very difficult to produce the information needed to avert conviction. This is unjust and unreasonable.

157. The Commonwealth's policy rests on the presumption of innocence. It is a fundamental principle of our society that a person is innocent unless proven guilty by the prosecution. Reversing the onus of proof undermines this principle. Where the onus is reversed, the defendant is forced to prove that he or she is innocent of one or more elements of the offence. If the defendant can not produce this proof, eg, through lack of access to relevant records, he or she will be convicted.

158. Both the Senate Scrutiny of Bills Committee and the Senate Regulations and Ordinances Committee have repeatedly criticised legislative provisions that reverse the onus of proof. Both Committees have emphasised the importance of the onus of proof as an integral part of the presumption of innocence.

159. While it does not dispose of the issue, it is of relevance to note that these same principles apply in the case of civil litigation to which the presumptions in ss.126-131 are applicable. The same difficulties faced by the Crown as a prosecutor would also be present in some civil actions it may wish to pursue as a copyright owner and plaintiff in its own right. For example, this has arisen in

relation to proving ownership and subsistence of items prepared from other, earlier created, items such as maps.<sup>24</sup>

160. In spite of the concerns expressed about the difficulty of some prosecutions, some criminal convictions in both the lower courts and superior courts continue to be recorded.

### **International practice concerning presumptions**

161. International practice on this issue is mixed. By way of comparison, the UK provides for no reversal of the burden of proof but, for whatever reason, has not encountered the problems of proving subsistence and ownership that have occasionally occurred in Australia. Ireland is proposing to introduce these presumptions on the basis that problems have been encountered. The view of the Irish Copyright Office is that such presumptions only shift the evidential onus and the legal onus (ie, that of ultimately proving the case) remains on the prosecution.

162. In the USA, the US Certificate of registration is *prima facie* proof of the subsistence and ownership of copyright. However, the US accords no special evidentiary assistance to foreign copyrights that are not registered. There is usually a multitude of titles from which to choose in a prosecution action; many of which are US originated.

163. Thailand provides for the presumptions of subsistence and ownership to apply in both civil and criminal cases - as a *prima facie* matter. Thailand's piracy rates are, however, many times that of Australia and it has little experience of commercial litigation on copyright.

164. Canada does not have any provision for a presumption of subsistence and ownership to apply in criminal matters so far as we are aware. However, Canada

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<sup>24</sup> See *Commonwealth of Australia v Oceantalk Australia Pty Ltd* [1998] 34 FCA (2 February 1998)

operates a voluntary registration system for copyright. The Royal Canadian Mounted Police have a practice of suggesting that owners obtain registration before they propose matters for enforcement action that suggests that the same questions may arise in Canadian Courts as have been raised in some contested cases in Australia.

165. Hong Kong, in effect, reverses the evidential onus in relation to proof of ownership and subsistence. Hong Kong has a serious problem with film piracy in particular.

166. Singapore has provisions very similar to those in the current Australian Copyright Act. Singapore has considerable piracy problems but its law is regarded as one of the best in Asia for the protection of copyright.

167. New Zealand has provisions similar to Australia. New Zealand is reviewing its provisions for the enforcement of copyright.

168. These examples show that there is no fixed international practice. The fact that other jurisdictions have legislated to reverse or alter the onus of proof does not, in itself, justify reversal of that onus in Australia. In some countries, the presumption of innocence is not as highly valued as it is in Australia.

169. Furthermore, as noted, foreign enforcement authorities often face quite different enforcement issues to those faced in Australia. For example, some countries identified as having reversed the onus of proof in relation to copyright offences have coupled this with a registration regime so that proof of copyright ownership or subsistence is not an issue for prosecution *or* defendant. This is quite different to the proposals concerning Australia's law, where an extremely difficult evidential task would be placed on a defendant.

### **Alter the penalties**

170. One proposal to overcome the above objections has been to alter the penalties in the Act to make a range of penalties available that reflect a lesser sentence or fine in exchange for less rigorous proof requirements, or in exchange for some alteration of the onus requirements.

171. This suggestion fails to place sufficient weight on the presumption of innocence. It ought not, in the form proposed, be considered an acceptable trade-off. The objection to a reversal of the onus of proof requirements for criminal matters is not because of the weight of the penalties. It is because the copyright owner is considered more able to show their ownership of copyright than the accused is able to show that they had a relevant consent to copy, import or perform<sup>25</sup>.

### **Create new offences**

172. It would be open to the Government to create further offences, or different offences, for infringements of copyright.

173. The main type of law put to the Government as an example in this regard relates to labelling requirements. In the USA and India, for example, labelling laws require that the true name and address of the person making a copy of a cinematograph film be included on the container of the film.

174. These labelling laws have been a reasonably effective means of providing a ready way of prosecuting the immediate copyists of films and video cassettes. Such laws are, however, only useful in relation to prosecuting those actually copying the particular films or video cassettes.

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<sup>25</sup> At least in the case of importation, a consent might be able to be implied from the circumstances. There is, however, no reported case of which the Department is aware, in which a defendant was successful in establishing that there was an implied consent.

175. Overall, this labelling requirement appears an unnecessarily burdensome requirement to place on all legitimate producers of, say, film and videos, with only limited benefits. Put in other words, the burden of such a requirement would fall on all producers for the purpose of prosecuting or deterring a relatively small number of infringements.

### **Judicial recognition of certificates**

176. It has been further suggested that the Copyright Act could recognise certificates of copyright registration from those jurisdictions which have them (such as USA).

177. This is superficially attractive. However, it flies in the face of our own copyright system that is not based on any formalities such as registration. It is reasonable and proper to give some evidentiary weight to a certificate of registration issued by a body authorised under the law of Australia to register copyrights. However, there is no such body in Australia. While the USA and some other countries do have mandatory or voluntary copyright registration, it would be inappropriate for Australian law to guess at the veracity or the proper weight to be accorded such registrations.

178. US copyright law, for example, contains provisions about the way and the circumstances under which copyright registrations should be accepted or might be over-turned.

179. US law provides for certificates of registration from other jurisdictions to be given such weight as the court deems appropriate. That is also the case in Australia.

### **Parallel importation**

180. In its 1988 report on the importation provisions of the Copyright Act the Copyright Law Review Committee recommended that parallel importation not be a criminal offence. Since that report was received, parallel importation restrictions have been removed for books published after 23 December 1991 (and not published in Australia within 30 days of publication overseas) and for all restrictions on parallel importation of legitimate copies of sound recordings. Thus, in relation to these classes of goods, it cannot be a criminal offence nor the basis for a successful civil action to parallel import within the terms of the legislation.

181. One of the cases over which there has been concern about heavy requirements for proof of subsistence and ownership of copyright concerned parallel imports. There are, however, a number of cases not involving parallel importation where issues of proof of subsistence and ownership of copyright have been raised as a bar to proving infringement. These issues would remain even if parallel importation were decriminalised. If decriminalisation of parallel importation were to be contemplated it would be necessary to have confidence in the efficacy of civil actions for enforcement.

### **Conclusion**

182. Overall, the options for positive reform in relation to criminal actions for breach of copyright are limited. The scale of piracy and its nature in Australia do not appear to require a draconian response. On the other hand, without some measures to overcome purely logistical difficulties, criminal actions in regard to at least some foreign copyrights may be hampered.

### **1(d) AND (e) CIVIL ACTIONS AND POSSIBLE AMENDMENTS**

183. The Department is aware of claims about industry reluctance to use the civil courts for enforcing copyright on the grounds of cost, delay, difficulty in taking decisive action, and lack of deterrence.

184. All major civil litigation is expensive, can be difficult and is a distraction from an entity's core business. To this extent, copyright owners do not appear to be any more disadvantaged than any other litigant.

185. The issue is whether or not there is anything special about copyright litigation that may require some special form of response from the legislature or the courts.

186. Two claimed difficulties stand out in the comparison of civil litigation compared to criminal sanctions: deterrence and cost. A criminal action and conviction can have a much greater deterrence value than an injunction or an award of damages. Civil action in a Superior Court can be expensive, even where the case is won.

187. It is not clear why more civil actions are not taken in lower courts. Such actions are not precluded under the Copyright Act<sup>26</sup>. Is this to do with the limitation of the powers of those courts to grant injunctions (the commonest form of relief in intellectual property cases) and interlocutory injunctions in particular? (See s.203 of the Copyright Act.)

188. All the remedies in relation to copyright works are found in ss.115 and 116 of the Act. These provide for injunctions, damages, an account of profits, conversion damages or detinue. It should be noted that proof of damages on a compensatory basis in copyright matters has, throughout the years, proved extremely difficult. Various measures have been applied in seeking to estimate the detriment suffered and to compensate for it. None are ideal. At least one

judge has recognised such difficulties by being willing to award damages “at large” making a broad educated guess as to the level of harm suffered<sup>27</sup>.

189. Clearly, from the point of view of public policy, activity in breach of rights that is not criminal should be litigated, if at all, in the civil court system. On the other hand, there may be conduct that could well be criminal that is of such a nature that it should be litigated as a civil matter. This may be because, for example, it is difficult to justify the allocation of scarce public resources to investigation and prosecution of relatively minor matters of infringement. Alternatively, the criminal nature of the activity may be “borderline” and the civil law may provide a greater opportunity of the case succeeding because of the lesser standard of proof.

190. In such cases, the provisions of the Copyright Act already provide for the courts to provide for the payment of additional damages (having regard to the flagrancy of the breach and any benefit shown to have accrued to the defendant by reason of the infringement (s.115(4)). However, the courts have generally been reluctant to apply this provision.<sup>28</sup>

191. Prior to amendments to the Copyright Act in 1998, conversion damages provided a means of copyright owners being able to “punish” infringers since the rules relating to such conversions sometimes enabled a windfall gain to the plaintiff and a disproportionate loss to a defendant. However, the application of the terms of those provisions, in s.116 of the Copyright Act, had the potential to be indiscriminate and arbitrary.

192. Other jurisdictions, notably the USA and Canada, apply a form of statutory damages. The provisions in those jurisdictions provide that a plaintiff may elect to

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<sup>26</sup> See sections 131A, 131B and 131C

<sup>27</sup> See footnote 8



receive statutory damages set at a pre-determined amount per infringing article. This approach overcomes problems of proof of damage and has an element of deterrence or punishment. In particular cases it may have a devastating effect on defendant and, like conversion damages in the past, provide a windfall gain for a plaintiff.

193. The Department understands that the introduction of a similar regime of statutory damages to that in the USA or Canada is favoured by at least one major copyright owner. The Department is seeking advice on the use of the Canadian provision that was introduced in 1997.

194. The Department would be willing to provide an expanded submission on this issue should the Committee wish to have it. However, for the present, the Department suggests that it is likely to be of more assistance to the Committee for the Department to return to this matter once the submissions of other interested parties have been heard.

195. Apart from the question of civil penalties, the Department is not aware of concerns from interests about the nature of the remedies under the Copyright Act.

#### **1 (f) BORDER INTERCEPTION PROVISIONS**

196. The TRIPs Agreement sets out requirements for border interception provisions. The provisions for border interception in the Copyright Act are more extensive than those required by TRIPs, principally in regard to the power to interdict all articles that may infringe the copyright owner's rights, including parallel imports where these still infringe Australian copyright law (as opposed to merely those that are "pirated"). The provision for trade marks seizure is limited to "counterfeits". The provisions for border interception also rely on importation

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<sup>28</sup> See, for example, the discussion in *Autodesk v Cheung* at 73-78 and in *Raben Footwear Pty Ltd v Polygram Inc*

for the purposes of trade before seizure by Customs is authorised. Small shipments raise queries about this restriction.

197. In relation to border interception, TRIPs does not require prohibition controls on counterfeit or pirated goods. Rather, the intent of TRIPs is to require regimes by which copyright owners can seek, through the courts, compensation and penalties for infringements of their rights, and forfeiture of the infringing goods.

198. The provisions for border interception of copyright materials were grafted onto an existing regime of measures already in the Copyright Act relating to the seizure of books. So far as we are aware those provisions regarding books were not used. To implement the TRIPs Agreement obligations (articles 51-60), the provisions were extensively modified. Key features of the scheme of border interception are outlined in Part 2 of this submission.

199. The border interception provisions are utilised by the Australian Customs Service (ACS). This submission does not seek to do more than identify in a broad way what we understand to be the main issues with the provisions and to make some observations on the nature of the provisions, which are found in Division 7 of Part V of the Copyright Act (sections 134B - 135AK).

200. Extensive border interception of copyright materials is a new responsibility for ACS. In our view the copyright provisions for border seizure are more properly characterised as being provisions for detention of goods at the border (“under the control of Customs” (s.135(7)(d)) rather than for seizure. The provisions reflect a view that border interception of infringing goods is a matter in relation to which copyright owners must play a significant role and bear the major part of the cost.

201. The essentially owner-initiated focus of the provisions is illustrated by the fact that the provisions do not, in the main, distinguish between “pirated” copyright goods and merely “infringing” importations.

202. The provisions are generous to copyright owners in regard to the requirements set out for lodging a notice of objection. Copyright needs merely to be asserted, not proven to an appropriate body and there are only limited formalities. Moreover, flexibility is allowed to objectors and importers if goods are detained. Objectors may choose not to proceed with any legal action, they may negotiate with the importer for the importer to forfeit the goods or they may take legal proceedings. All this can be done without a real risk of financial loss.

203. ACS practice also assists copyright owners. ACS allows a surety to be given rather than an actual sum of money as security for the expenses of seizure. ACS consideration of possible copyright infringements in the course of ordinary checks appears to add to the effectiveness of the provisions.

204. Other jurisdictions have taken a much harder line with objectors. They require a higher level of proof of ownership of copyright and specific information relating to possible pirated or counterfeit articles being imported. By way of example, Attachment 6 shows a brief comparison between the border interception provisions in Australia and those in Hong Kong.

205. The TRIPs Agreement requires only that there be provision for action against pirated or counterfeit articles and that legislative provisions set out procedures conforming to the time limits and other safeguards set out in the relevant articles of the Agreement.

206. In relation to the issues outlined above, it may be that there is a role for greater ACS involvement in determining the status of, at least, lower-value parcels of goods. However, as noted above, the basic premise of the provisions for border

detention of copyright material is that it be owner-initiated. The position taken in the legislation at present is that, while ACS makes a preliminary determination that the goods may infringe a copyright right, the actual determination of the existence of a valid copyright and the determination that the importation infringes that right is left to the courts.

207. If ACS were to exercise a greater or lesser role in enforcement of copyright, consideration would need to be given to whether the current provisions for lodgement of a notice of objection are sufficiently rigorous in terms of the proof required of the subsistence of a valid copyright.

208. So far as ACS' powers under the *Commerce (Trade Descriptions) Act 1905* are concerned we note that the exercise of ACS' powers for consumer protection and the exercise of power to execute seizures for enforcement of copyright are conceptually quite discrete, although they may overlap in practice. The role of ACS in consumer protection against counterfeit and pirated goods, under the *Commerce (Trade Descriptions) Act 1905*, might be complimented by a consideration of relevant enforcement provisions offered by the *Trade Practices Act 1974* and State/Territory fair trading legislation.

## **1(g) ADMINISTRATION**

209. Criminal enforcement is generally targeted at "high end" criminal behaviour. The evidence known to us suggests that this is not the profile of the majority of copyright infringements. Other jurisdictions have adopted a variety of approaches to the question of the administration of the enforcement of intellectual property rights. The draft guidelines issued by the Canadian Department of Justice and approved by the Royal Canadian Mounted Police<sup>29</sup> offer a possible direction.

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<sup>29</sup> See [Attachment 7](#)

210. This Department is responsible for the policy relating to the criminal sanctions and the availability and scope of civil remedies provided in the Copyright Act.

211. The policing of those sanctions is the responsibility of the Australian Federal Police and State Police exercising Federal jurisdiction under the Copyright Act (with ACS responsible at the border).

212. Enforcement priorities for each of these policing bodies is dependent on a range of matters including Ministerial directions, internal polices and resources. This submission leaves it to those agencies and others more closely concerned to address this part of the terms of reference in greater detail.

213. However, the following remarks are made on the question of international obligations and comparative practice.

#### *International Obligations*

214. TRIPs provides that there must be criminal sanctions for copyright piracy on a commercial scale (art 61). These measures are to be applied so as to permit effective action against intellectual property infringements (art 41). However, neither TRIPs nor any other international instrument mandates the form of the administration of copyright enforcement.

#### *Comparative Practice*

215. A recent survey by APEC of its member economies shows no consistent pattern of approach. Jurisdictions with more established intellectual property systems have tended to rely on existing enforcement mechanisms with essentially

diffused responsibility for enforcement action - mostly resting with the domestic police service. Jurisdictions where intellectual property rights are newer concepts for the community, or where there are particular difficulties of enforcement, have tended to look to providing centralised and intellectual property-specific enforcement.

216. In Singapore, Thailand, Hong Kong and (to a lesser extent in practice) Indonesia, intellectual property enforcement is centralised or specifically coordinated. All of these jurisdictions face considerable piracy of copyright and major problems with levels of infringement.

217. Hong Kong faces problems with illegal copyright material in transit as well as infringing copies being produced in Hong Kong itself. A Customs Division of over 200 persons is devoted full time to combating intellectual property violations of goods passing through Hong Kong and those produced, sold or marketed in Hong Kong.

218. In Thailand, the Thai Cabinet at the request of the Committee on International Economic Policy decided on 1 April 1997, to establish a specialised division within the Thai police force to deal specifically with intellectual property rights violations. The Thai Department of Intellectual Property established in 1993 the Coordinating Centre for Suppression of Intellectual Property Rights Violations to act as a coordinating centre among Government agencies, the right holders and the private sector involved with intellectual property enforcement activities. In 1998 the Working Group on the Cooperation and Monitoring of the Suppression of Intellectual Property Rights Violations was established. The Group is chaired by the Deputy Commerce Minister and consists of representatives of law enforcement agencies and the private sector. Its role seems to be similar to or to have overtaken the earlier body, in that its duties include the promotion of cooperation with concerned public and private agencies and a

monitoring and review function. There have been 555 criminal cases prosecuted in Thailand for copyright infringement since January 1998.

219. The Peoples Republic of China has some special investigators from the National Copyright Administration of China but enforcement there appears to be more administratively focused than in Australia.

220. In Indonesia and Chinese Taipei, enforcement of copyright is a matter for the normal police and Customs, as in Australia.

221. In Singapore, the police have a specialised unit to deal with intellectual property rights violations and in the USA the Federal Bureau of Investigations also has a special task force on intellectual property rights infringements.

222. In Canada, we are unaware of any arrangements for specialised attention to intellectual property or copyright violations. The Justice Department has, however, with the approval of the Royal Canadian Mounted Police, issued draft guidelines for the enforcement of copyright violations. These focus on attacking the sources of manufacture and distribution of illicit copyright goods rather than retail outlets. A copy of the draft guidelines is at [Attachment 7](#).

223. On a broader analysis of the material available on the various approaches to the effective enforcement of intellectual property rights, and copyright in particular, the following matters appear to be required:

- active participation by intellectual property right owners;
- appropriate inter-agency coordination between the police, prosecution authorities, customs agencies and the policy departments and elements within each;

- adequate familiarity with the intellectual property laws and procedures for police, prosecutors, customs officials, judges and policy makers;
- public education about and awareness of, intellectual property rights;
- accessible, transparent and accountable administrative or judicial proceedings providing adequate remedies; and
- effective, treaty-consistent, legislation.

### *Private Prosecutions*

224. Regardless of the institutional arrangements, there has also been complaint by some copyright owners about the level of resources or priority given to copyright enforcement measures by enforcement authorities.

225. A possibility for overcoming resource constraints in relation to the administration of copyright enforcement might be to allow private prosecutions. The right to bring a private prosecution is a common law right of great antiquity<sup>30</sup> and it has been stated by high judicial authority in the UK to be a valuable constitutional safeguard against inertia or partiality on the part of the prosecuting authorities.

226. Private prosecutions are available in Australia today (see, for example, s.13 of the *Crimes Act 1914*). However, although in the UK they are used to some degree for copyright matters, they have not, to our knowledge, been used in Australia. Private prosecutions would overcome the complaint that police are unwilling to take proceedings.

227. On the other hand, there are difficulties in taking this approach. Private prosecutions lack access to the investigative machinery of the police or of any discovery process and risk an action for malicious prosecution if the prosecution

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<sup>30</sup> In *Gouriet v Union of Post Office Workers* [1978] A.C. 435 at 477). Lord Wilberforce stated that it goes back to “the earliest days of our legal system”.



fails. There is also a potential difficulty in relation to current guidelines utilised by the DPP. If a defendant refers a private prosecution to the DPP and requirements of the guidelines are satisfied, the DPP will be required to take over and pursue the prosecution itself. If the guidelines are not satisfied, the DPP is faced with the difficult discretionary decision whether to take over the prosecution and discontinue it on public policy grounds.

**ATTACHMENTS**

Attachment 1 SPA / BSA estimates of worldwide software piracy losses

Attachment 2 IIPA estimated IPR losses in 1999

Attachment 3 Worldwide Antipiracy Newsletter (Vol from 1996)

Attachment 4 Watermarking Technology - article

Attachment 5 *Copyright Act 1968 s. 132*

Attachment 6 Australia / Hong Kong comparison of border provisions

Attachment 7 Interim Copyright Enforcement Policy (Canada)

## Attachment 4

### Can the watermarking technology be a new weapon for authors to bring law in the online world? †

By Atanu Roy

It is often said that, on the Internet, information "wants" to be free. Regardless of what information wants, however, those who own it often disagree. Writers, photographers, musicians, and artists are among those who have taken advantage of the worldwide publishing opportunities provided by the Internet, yet these same people are frequently being taken advantage of by online pirates.

Given the ease with which audio and visual files can be duplicated, it is no surprise that such duplication on the Net regularly occurs without the owners' permission.

Recently, Microsoft filed a suit against operators of Web sites offering pirated office products, and the music industry has begun to worry about Internet music archives cutting into sales. Vendors of clip art watch in dismay as unauthorised Web sites reuse their wares. Is there a way to protect intellectual property?

A number of technologies stand sentinel over digital content, allowing content creators to protect their intellectual property rights in the free-for-all of the Internet. In some cases, the content can still be free for all, but the creator can track where it's being used. In other cases, developers can include business rules and payment provisos with their content.

One such new weapon to enforce the law in the online world is digital watermarking. Sometimes called "fingerprinting", digital watermarking allows copyright owners to incorporate into their work identifying information invisible to the human eye. When combined with new tracking services offered by some of the same companies that provide the watermarking technology, copyright owners can, in theory, find all illegal copies of their photos and music on the Internet and take appropriate legal action.

For Webmasters, digital watermarking can help ensure that only lawful image and audio files are used, protecting Webmasters against the dangers of copyright infringement.

To understand why digital watermarking should be seen as a benefit and not a menace to Webmasters, it is first important to understand what this new technology provides.

#### A Pattern of Bits †

The practice of watermarking documents dates back to the Middle Ages, when Italian papermakers marked their unique pieces of paper to prevent others from falsely claiming craftsmanship. In fact, the term "digital watermark" is derived from the traditional watermarks that exist in high-quality letterhead and certain currency. On

letterhead, watermarks typically are not apparent to the reader, but, when held to the light, reveal the name or logo of the paper's manufacturer or the entity using the letterhead. Letterhead watermarks serve as a silent sign of quality. On certain currency, watermarks are imbedded into paper bills, ensuring the currency holder that the bill is not counterfeit.

Similarly, digital watermarks also serve the purposes of identifying quality and assuring authenticity. A graphic or audio file bearing a digital watermark can inform the viewer or listener who owns the rights to the item. Digimarc, the self-described "leader in digital watermark technology," describes the process this way: "It is invisible to the naked eye. It hides in the naturally occurring variations throughout images. Imbed a digital watermark in images and create a copyright communication device. Anyone who views your watermarked image with your unique identifier will know your identity."

Since early attempts at visible watermarking could be easily removed in a program like Photoshop, IBM scientists in Tokyo developed a subtle approach. Their software examines the underlying image and looks at the level of brightness for each pixel, with 4,000 possible brightness values. The software makes slight alterations to the brightness levels in order to overlay the trademark on the original image. The average trademark has more than 1,00,000 pixels, according to Michel Bezy, program manager for IBM's Digital Library products.

Bezy notes that watermarks can have useful purposes other than copyright protection. For instance, one could include metadata about a photograph—the photographer, the f-stop and shutter speed used, the camera type, the date and time of the exposure—along with the image itself. The data about the photograph would be encoded internally with the digital rendition.

The magazine Playboy has a very real problem with picture pirates. Playboy Enterprises is responsible for some most popular sites, including a new Cyber Club that charges admission. According to Eileen Kent, vice president of new media for Playboy, people take images from the site or scan images from the magazine. "Then, aggregators take the images and build huge archives, to which they sell access. Or, worse, they use our images, which are high-quality glamour photography, and repurpose them as a front door to pornography sites." Playboy uses Digimarc's invisible watermarking scheme and MarcSpider service to ferret out offenders.

## **Digital Branding Irons †**

Audio files also can fall prey to Net pirates. Using RealAudio, content providers can add copyright information and create listen-only files that aren't downloaded to a user's hard drive. But to let users save CD-quality audio files yet prevent them from redistributing the files, content providers can turn to companies like Liquid Audio, which develops software to make online music distribution both easier and safer.

Also pursuing online music piracy is Broadcast Music Inc. (BMI), the performing rights organisation that represents more than 2,00,000 copyright holders including songwriters, composers and music publishers. BMI recently introduced MusicBot-"a new Web robot designed to gather market information and music trends while monitoring the use of music in cyberspace." A similar service, Digimarc's MarcSpider, combs the Web for images imbedded with digital watermarks, providing copyright owners with information on where their images appear (with or without permission) on the Internet.

### **Riding into the Net Frontier †**

While digital watermarks and tracking technologies are receiving great praise, these tools still are in their infancy. Digital watermarks are subject to stripping, and tracking is limited to non-password protected sites. Despite claims that digital watermarks can survive image alteration and cannot be stripped without seriously affecting image quality, a recent CyberTimes report revealed that the digital watermarks on some images "may have been weakened or [may have] disappeared by the time the images were processed for the Internet." Resizing, compressing and converting images from one file type to another may add noise to an image or diminish its watermark in such a manner that the mark becomes unreadable.

However, if watermarking content develops into a universally addressable format, then we very well may reach a threshold at which digital "copyright cops" could begin to ride the Web checking up on everyone's rights to publish.

### **Watermarking Tools†**

Argent.

This patented technology can be simply differentiated from other digital watermark systems by its use of "keys" in the watermark process.

Cognicity.

Provides data embedding (or digital watermarking) solutions across audio, video and image-all rich media data types-for such applications as broadcast monitoring, IP protection and Internet promotion.

Copsight.

A multi-platform service designed to allow customers to assert and safeguard their intellectual property (graphics, text, Java applets, cgi programs, audio files, etc.) against Internet pirates.

### EIKONAmark.

Transforms the copyright owner id number into an invisible watermark and casts it in the body of the image. The watermark can be detected by the copyright owner by using EIKONAmark. For Windows 3.x/Windows 95.

### Giovanni.

Offers both image and audio watermarking technology combining a secure key architecture with an embedded signalling algorithm.

### JK\_PGS.

This software is a tool for signing images and retrieving signatures from already signed images. JK\_PGS is available in form of compressed binaries for Windows 95, SGI, Sun and Linux.

### Musicode.

Musicode embeds inaudible, indelible, and easily-recoverable copyright information within music. These copyright watermarks can survive multiple analogue tape generations as well as radio broadcast without altering the fidelity of the recording. By ARIS Technologies.

### Digmarc.

A plug-in for graphics packages such as Adobe Photoshop, Adobe PhotoPaint and CorelDRAW. Allows the creation and tracking of watermarked digital images. By Digimarc.

### PixelTag.

Allows many bits of copyright, caption, or tagging information to be imperceptibly embedded in images and other media. The hidden information resides in the actual pixel brightness values, not in details of the digital representation, so the hidden information stays with the image despite changes in file format (TIFF to JPEG), or digital-to-analogue conversion (printing).

### StirMark.

A generic tool for simple robustness testing of image watermarking algorithms and other steganographic techniques (anti-watermarking software).

### SureSign.

SureSign fingerprints can be embedded into graphic, audio, and video digital data files to carry information relating to ownership and revision status. Used in the field of copyright/IPR protection and also to validate and authenticate material in applications such as security documents and electronic commerce.

SysCoP.

Online watermarking service that allows the information provider to embed a robust copyright label in image or video data. Rather than attempt to prevent the illicit copying and dissemination of proprietary information, the labelling technique discourages it by making misuse of unauthorised documents traceable and by providing evidence of misbehaviour.

unZign.

Un-marking software available for Windows 95 and Linux.

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Division 5--Offences and summary proceedings Offences

(1) A person shall not, at a time when copyright subsists in a work:

- (a) make an article for sale or hire;
- (b) sell or let for hire, or by way of trade offer or expose for sale or hire, an article;
- (c) by way of trade exhibit an article in public; or
- (d) import an article into Australia for the purpose of:
  - (i) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
  - (ii) distributing the article for the purpose of trade, or for any other purpose to an extent that will affect prejudicially the owner of the copyright in the work; or
  - (iii) by way of trade exhibiting the article in public;

if the person knows, or ought reasonably to know, the article to be an infringing copy of the work.

(2) A person shall not, at a time when copyright subsists in a work, distribute:

- (a) for the purpose of trade; or
- (b) for any other purpose to an extent that affects prejudicially the owner of the copyright;

an article that the person knows, or ought reasonably to know, to be an infringing copy of the work.

(2A) A person shall not, at a time when copyright subsists in a work, have in his or her possession an article 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 for the purpose of trade, or for any other purpose to an extent that will affect prejudicially the owner of the copyright in the work; or
- (c) by way of trade exhibiting the article in public;



if the person knows, or ought reasonably to know, the article to be an infringing copy of the work.

(3) A person shall not, at a time when copyright subsists in a work, make or have in his or her possession a device that the person knows, or ought reasonably to know, is to be used for making infringing copies of the work.

(4) The preceding provisions of this section apply in relation to copyright subsisting in any subject-matter by virtue of Part IV in like manner as they apply in relation to copyright subsisting in a work by virtue of Part III.

(5) A person shall not cause a literary, dramatic or musical work to be performed in public at a place of public entertainment, if the person knows, or ought reasonably to know, that copyright subsists in the work and that the performance constitutes an infringement of the copyright.

(5AA) A person shall not cause:

(a) a sound recording to be heard in public at a place of public entertainment; or

(b) a cinematograph film, in so far as it consists of visual images, to be seen in public at a place of public entertainment or, in so far as it consists of sounds, to be heard in public at such a place;

if the person knows, or ought reasonably to know, that copyright subsists in the sound recording or the cinematograph film and that the

copyright will thereby be infringed.

(5A) For the purposes of this section, a transmission by a person of a computer program that is received and recorded so as to result in the

creation of an infringing copy of the computer program shall be deemed to be a distribution by the person of that infringing copy.

(6) This section applies only in respect of acts done in Australia.

(6A) A person who contravenes subsection (1), (2), (2A), (3), (5) or (5AA) is guilty of an offence punishable on summary conviction by a fine of not more than 550 penalty units and/or imprisonment for not more than 5 years.

Note: A corporation may be fined up to 5 times the amount of the maximum fine. See subsection 4B(3) of the Crimes Act 1914 .

(7) Prosecutions for offences against this section may be brought in the Federal Court of Australia or in any other court of competent jurisdiction.

(8) Jurisdiction is conferred on the Federal Court of Australia to hear and determine prosecutions for offences against this section.

(9) In this section, "place of public entertainment" includes any premises that are occupied principally for purposes other than public entertainment but are from time to time made available for hire for purposes of public entertainment.

## Attachment 6

### Comparison of Australian and Hong Kong requirements for border interception of copyright material.

AUSTRALIAN REQUIREMENTS FOR BORDER INTERCEPTION OF COPYRIGHT MATERIAL (ACS GUIDELINES SECTION 7)	HONG KONG REQUIREMENTS FOR BORDER INTERCEPTION OF COPYRIGHT MATERIAL (COPYRIGHT ORDINANCE 1997)
Notice of Objection to importation to be delivered directly to the Australian Customs Service (ACS)	Copyright owner or exclusive licensee must apply to the High Court of Hong Kong
No proof of copyright subsistence or ownership/licence is required (but a statement to that effect is necessary)	There must be affidavit evidence duly certified and affixing relevant copies and documentation showing ownership or licence.
Currently, no information about infringement other than an objection to importation is required.	Court application must set out the grounds, including the facts relied on by the deponent of the relevant affidavit, in showing that the article in question is prima facie an infringing copy and that evidence must so satisfy the court that the article proposed for detention by the Hong Kong Customs is prima facie an infringing copy.
There are no specific requirements in the legislation about the information required to be given to the ACS but the guidelines require that as much information as possible be supplied (see section 7.4) such as name and address of the importer & of the consignee, a sufficiently detailed description of the suspect copies to make them as readily recognisable to Customs as possible, details of the country of manufacture of the copies, mode of transport, likely date of presentation to customs and port of import.	Court application must set out particulars regarding the expected mode of transportation, the expected date of importation, and, if available, particulars identifying the importer.
Legislation provides for payment of compensation to importer for damages (if established) from seizure after commencement of court action in the event the objector fails to establish infringement. Importer has no specific rights for damages for the period of seizure prior to court action but could pursue action for malicious damage or for unjustified threat of legal proceedings per s.202 of the Copyright Act.	High Court may require right holder to provide security or an equivalent assurance in an amount sufficient to protect the importer from any loss or damage in the event the seizure is wrongful or the article is released to the importer because no action for infringement is commenced by the right holder within the requisite statutory (TRIPs mandated) period after seizure. (Provision for hearing on that issue if instigated by the importer.)
The CEO has a discretion to refuse the notice of objection if there is no security or guarantee. CEO may refuse to accept a notice on reasonable grounds (to cover situations of abuse, vexatious objections and the like, and, for example, where the information as to copyright ownership is suspect).	Where the High Court makes an order for detention the Commissioner of Customs may refuse to carry out the order unless the following conditions are complied with: (see the following 3 cells)
The objector must give as much information as possible to enable a seizure to be undertaken - see above.	the right holder must supply sufficient information on the article and the particular importation to render the article recognisable and the shipment or particular importation identifiable, and any other relevant information
The objector may give either a security in the form of a deposit or a bank guarantee (the amount is currently set at \$5000)	the right holder must deposit with the Commissioner of Customs an amount sufficient to reimburse the costs likely to be incurred in carrying out the detention order
There is no requirement on objectors to provide storage.	the right holder must supply storage space or other facilities in relation to the seized articles

"May 25, 1998

## INTERIM COPYRIGHT ENFORCEMENT POLICY

NOTE: What follows is an interim copyright enforcement policy, as approved by the RCMP and the Department of Justice. It is, as noted, an interim policy, pending consultations with copyright stakeholders.

For the Department of Justice, the copyright enforcement policy reflects the commitment in the 1997-2000 Justice Business Plan to refocus criminal litigation resources on serious cases. In the copyright context, the focus will be on copyright piracy, i.e., commercial infringement by importers, manufacturers and distributors. By implication, this focus will make retail enforcement, particularly of the flea market/rock concert/street vendor/garage sale variety, a lower enforcement priority. Federal enforcement resources will instead be directed at the manufacturer, distributor or importer of infringing or counterfeit products.

If you would like to comment on the policy, please contact:

Cal Becker, Coordinator  
Intellectual Property Secretariat                      tel:613 941-8381  
Department of Justice                                      fax: 613 941-2450  
Rm 166C - 235 Queen Street  
Ottawa, Ontario    internet: becker.cal@ic.gc.ca  
K1A 0H5

## INTERIM COPYRIGHT ENFORCEMENT POLICY

1. Preamble: This document is a statement of federal enforcement policy.

The policy is intended to promote a more strategic and effective deployment of scarce enforcement resources. For that purpose, it identifies the type of criminal infringement appropriate for investigation and prosecution. It also identifies four critical evidentiary elements, the absence of which could seriously compromise a successful prosecution.

2. Priority: Cases selected for investigation and prosecution should, as a matter of priority, constitute copyright piracy on a commercial scale. For purposes of this policy, "copyright piracy on a commercial scale" means commercial infringement by a manufacturer, wholesaler or importer. Infringement at the retail level is not an enforcement priority in its own right, although it may prove a useful means of gaining access to more serious offences of copyright piracy.

3. Exhaustion of Civil Remedies: If a case meets the criteria for investigation and prosecution, it should be taken on, subject to the usual evidentiary and resource considerations. If the case does not meet the criteria for investigation and prosecution, complainants should be advised to use the civil process to enforce their intellectual property rights. In a case that qualifies for criminal investigation and prosecution, it is not appropriate to advise complainants to exhaust their civil remedies before resorting to criminal process.

4. Evidentiary Requirements: The two most critical evidentiary requirements are knowledge of infringement and subsistence of copyright.

4.1 Knowledge. It is imperative to be able to demonstrate that the accused acted with knowledge that the works that were being manufactured for sale, sold, distributed, exhibited or imported were infringing works.

4.2 Subsistence and Ownership of Copyright. "Subsistence of copyright" means that the work infringed must be an original literary, dramatic, musical or artistic work, or a sound recording or a performer's performance; and the author of the work must have been, at the time the work was created, protected by the Berne Convention. Although registration is not itself necessary to provide copyright protection, registration with the federal Copyright Office confers certain advantages in proving the complainant's status as owner, assignee or licensee and in proving the subsistence of copyright. By virtue of s. 53(2) of the Copyright Act, "...a certificate of registration of copyright in a work is evidence that copyright subsists in the work and that the person registered is the owner of the copyright." Generally, it is the complainant's responsibility to provide a certified copy of the certificate of registration for purposes of investigation and prosecution. It is advisable that complainants register their works with the Copyright Office before charges are laid; the fee for registration is \$65.00 per work. Certified copies of a certificate of registration are available for a fee of \$35.00 per work from:

Director, Copyright and Industrial Design  
 Canadian Intellectual Property Office  
 Industry Canada  
 Tel: (819) 997-1657  
 Fax: (819) 953-6977  
 Place du Portage, Tower 1  
 50 Victoria Street  
 Hull, Quebec  
 K1A 0C9

4.3 Identification of infringing goods. In addition to being able to prove that we have an original work or an authorised reproduction of that

work, it is imperative that we be able to identify unauthorised or counterfeit reproductions of that work. If we cannot distinguish genuine from counterfeit, nor licensed from unlicensed versions of the work, we cannot make out a case of criminal infringement of copyright.

4.4 Financial Impact. A successful prosecution requires credible evidence of the financial impact of the infringement upon the complainant. This evidence is necessary first, for its bearing on the investigator's decision to take on the case; second, for its bearing on whether the Crown should proceed by indictment or summary conviction; and third, for its bearing on the scale of the penalty to be imposed.

A.M.M. June 3, 1998”