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The Parliament of the Commonwealth of Australia

# **Cracking down on copycats: enforcement of copyright in Australia**

House of Representatives  
Standing Committee on Legal and Constitutional Affairs

November 2000

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## **Foreword**

Copyright—though intangible—is the property of the new millennium. In the past our legal system was careful to protect real and personal property. Such protection reflected the importance of this property to the economy. The modern nation is increasingly an information economy. Many new jobs involve the creation, manipulation, storage and use of this property. It follows that adequate protection of intellectual property, including copyright, is essential not just for the needs of individual owners but for our future prosperity.

The House of Representatives Standing Committee on Legal and Constitutional Affairs has been pleased to undertake this inquiry. Enforcement of copyright is an issue that is not well understood in the community generally and the Committee has sympathy with the view that there are few laws that have such a wide effect but are so little understood. Through the recommendations of this report the Committee hopes to contribute not only to the effective enforcement of copyright but also to increased knowledge and appreciation of its importance.

In this report the Committee has considered the nature and extent of copyright infringement before canvassing the major issues involved in copyright enforcement in Australia. These include the question of who should bear prime responsibility for enforcement; the means by which proof of copyright ownership can be facilitated; the strengthening of criminal sanctions for infringement and the need for new offences to be created.

Increased effectiveness of civil enforcement measures was also a concern for the Committee and this has been addressed in the report. The Committee has also scrutinised the role played by government agencies in enforcement. The Committee trusts its recommendations in respect of these key issues will contribute to greater certainty in this critical area of the law.

**Kevin Andrews MP**  
**Chair**





## Membership of the Committee

Chair	Mr Kevin Andrews MP	
Deputy Chair	Ms Nicola Roxon MP	
Members	Mr Bruce Billson MP	(from 17 February 2000)
	Ms Julie Bishop MP	
	Hon Alan Cadman MP	
	Mr Alan Griffin MP	(from 31 August 2000)
	Hon Duncan Kerr MP	
	Ms Kirsten Livermore MP	(until 31 August 2000)
	Mr Frank Mossfield MP	(until 1 September 1999)
	Mr John Murphy MP	(from 1 September 1999)
	Mr Michael Ronaldson MP	(until 17 February 2000)
	Mr Stuart St Clair MP	
	Mrs Danna Vale MP	



## **Committee Secretariat**

<b>Secretary</b>	Claressa Surtees (until 18 February 2000) Catherine Cornish (from 21 February 2000)
<b>Research Officers</b>	Andrew Grimm (from 21 October 1999) Margus Karilaid (to October 1999)
<b>Administrative Officer</b>	Frances Wilson



## Terms of reference

- 1) The Committee will inquire into and report on issues relevant to the effective enforcement of copyright in Australia and, in particular, on:
  - a) evidence of the types and scale of copyright infringement in Australia including:
    - i) the availability and accuracy of data on copyright infringement;
    - ii) the scale of infringement in Australia in comparison with countries in our region and Australia's major trading partners;
    - iii) the geographical spread of copyright infringement in Australia;
    - iv) the cost of infringement and impact on Australian business;
    - v) whether there is evidence of the involvement of organised crime groups in copyright infringement in Australia, and if so, to what extent;
    - vi) likely future trends in the scale and nature of copyright infringement.
  - b) options for copyright owners to protect their copyright against infringement, including:
    - i) actions and expenditure undertaken, and that could be undertaken, by copyright owners to defend their copyright;
    - ii) use of existing provisions of the *Copyright Act 1968*;
    - iii) use of legislative provisions other than those of the *Copyright Act 1968*;

- iv) technological or other non-legislative measures for copyright protection.
  - c) the adequacy of criminal sanctions against copyright infringement, including in respect of the forfeiture of infringing copies or devices used to make such copies, and the desirability or otherwise of amending the law to provide procedural or evidential assistance in criminal actions against copyright infringement;
  - d) the adequacy of civil actions in protecting the interests of plaintiffs and defendants in actions for copyright infringement including the adequacy of provisions for costs and remedies;
  - e) the desirability or otherwise of amending the law to provide further procedural, evidential or other assistance to copyright owners in civil actions for copyright infringement;
  - f) whether the provisions for border seizure in Division 7 of Part V of the *Copyright Act 1968* are effective in the detention, apprehension and deterrence of the importation of infringing goods, including counterfeit goods; and
  - g) the effectiveness of existing institutional arrangements and guidelines for the enforcement of copyright, including:
    - i) the role and function of the Australian Federal Police, and State Police exercising Federal jurisdiction, in detecting and policing copyright infringement;
    - ii) the relationship between enforcement authorities and copyright owners;
    - iii) the role and function of the Australian Customs Service at the border in detecting and policing copyright infringement; and
    - iv) coordination of copyright enforcement.
- 2) In undertaking the inquiry and framing its recommendations, the Committee will have regard to:

- a) Australia's obligations under relevant international treaties, in particular under the World Trade Organisation *Agreement on Trade Related Aspects of Intellectual Property Rights*;
- b) the provisions of the *Copyright Act 1968* and any amendments to that Act that have been introduced or have been publicly proposed by the Government, to be introduced into Parliament;
- c) established principles of criminal and civil procedure which apply in cases generally;
- d) Commonwealth criminal law policy;
- e) enforcement regimes for other forms of intellectual property;
- f) existing resources and operational priorities of Government enforcement agencies; and
- g) the possible effect of any proposed changes on the operation of Government and private sector organisations.

## List of abbreviations

ACA	Australian Consumers Association
ACAG	Anti-Counterfeiting Action Group
ACC	Australian Copyright Council
ACCC	Australian Competition and Consumer Commission
ACME	ACME Merchandising
ADA	Australian Digital Alliance
ADR	alternative dispute resolution
AFP	Australian Federal Police
AGD	Attorney-General's Department
ALCA	Arts Law Centre of Australia
ALCQ	Arts Law Centre of Queensland
ATSIC	Aboriginal and Torres Strait Islander Commission
AVSDA	Australian Visual Software Distributors Association
BSAA	Business Software Association of Australia
CAL	Copyright Agency Limited
Customs	Australian Customs Service
DoCITA	Department of Communication, Information Technology and the Arts
DPL	Department of the Parliamentary Library
DPP	Commonwealth Director of Public Prosecutions
IFPI	International Federation of the Phonographic Industry

IIPA	International Intellectual Property Alliance
Mattel et al	Mattel Pty Ltd, Australian Toy Association & Hasbro Australia Ltd
MIPI	Music Industry Piracy Investigation
MPA	Motion Picture Association
NIAAA	National Indigenous Arts Advocacy Association
NSW Police	Commercial Crime Agency of the NSW Police
Ovid	Ovid Australia Pty Ltd
TCM	Tress Cocks & Maddox
TMIS	Trademark Investigation Services
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights
VECCI	Victorian Employers' Chamber of Commerce and Industry



# List of recommendations

## 1 Introduction

## 2 Copyright Infringement in Australia

### Recommendation 1

The Committee recommends that the documentation required to be completed by commercial importers when importing a product into Australia include a declaration to the effect that

- had the product been made in Australia, the making of the product would not constitute an infringement of copyright; and
- the product meets the applicable Australian safety standard.

## 3 Protecting Copyright

### Recommendation 2

The Committee recommends that the Minister for the Arts and/or the Attorney-General give the Committee a reference to inquire into the mechanisms for the protection of indigenous cultural and intellectual property.

### Recommendation 3

The Committee recommends that industry be encouraged to develop technological protection devices that are used to protect copyright material.

The Committee further recommends that the *Copyright Act 1968* be amended so as to provide legal sanctions against the removal or alteration of technological protection devices.

### Recommendation 4

The Committee recommends that the government conduct, in conjunction with representative organisations from the copyright industry, a public education campaign aimed at

- promoting awareness and understanding of copyright in the general community; and
- educating the business sector as to what copyright is (including how it differs from other intellectual property rights) and how it can be protected.

## 4 Criminal Sanctions Against Infringement

### Recommendation 5

The Committee recommends that the Attorney-General bring to the attention of the Chief Justice of the Federal Court of Australia the system of 'guideline judgments' instituted in the Supreme Court of New South Wales, with a view to developing guideline judgments in relation to copyright offences.

### Recommendation 6

The Committee recommends that the *Copyright Act 1968* be amended so as to provide increased penalties for persons convicted of subsequent offences.

### Recommendation 7

The Committee recommends that section 132 of the *Copyright Act 1968* be amended so as to clarify that in circumstances where more than one work or other subject matter are involved, the section applies to each work or other subject matter severally.

The Committee further recommends that subsection 132(6A) of the *Copyright Act 1968* be amended so as to clarify that in respect of each work or other subject matter, a person commits a separate offence when he or she contravenes each of subsections 132(1), (2), (2A), (3), (5) and (5AA).

### Recommendation 8

The Committee recommends that the *Copyright Act 1968* be amended so as to introduce a presumption as to ownership of copyright substantially similar to that contained in proposed section 126A of the Copyright Amendment Bill 1992. The presumption would apply in prosecutions for offences under section 132 of the Copyright Act.

In addition, the Court should have a discretion to award penalty costs:



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- against the defendant if they seek to challenge the chain of title as deposed to in the prosecution's affidavit and fail; and
  - against the person who swore the prosecution's affidavit, if the defendant succeeds in proving that the chain of title deposed to in the affidavit is false.

#### Recommendation 9

The Committee recommends that the Copyright Act 1968 be amended so that section 133A applies also to literary, dramatic, musical and artistic works, cinematographic films, television broadcasts and published editions of works.

#### Recommendation 10

The Committee recommends that the *Copyright Act 1968* be amended so that a licensee will be guilty of an offence where an employee or agent of that licensee is found in possession of a computer program, of which the licensee had actual notice, and which the licensee knew, or ought reasonably to have known, is an infringing copy of the licensed computer program.

#### Recommendation 11

The Committee recommends that the *Copyright Act 1968* be amended so as to provide:

- a summary offence, for being in possession of copies of copyright material up to a certain value, that are reasonably suspected of being infringing copies; and
- a defence to a prosecution for the offence, if the defendant satisfies the court that she or he had no reasonable grounds for suspecting the copies to be infringing copies.

## 5 Civil Remedies for Copyright Infringement

#### Recommendation 12

The Committee recommends that a provision be introduced into the *Copyright Act 1968*, similar to section 100 of the *Copyright, Designs and Patents Act 1988* (UK), which authorises a copyright owner or their agent to seize a copy of their work (or other subject matter) that is offered for sale or hire from a place other than a regular or permanent place of business.

#### Recommendation 13

The Committee recommends that a provision be introduced into the *Copyright Act 1968*, similar to section 72 of the *Supreme Court Act 1981* (UK), which withdraws the privilege against self-incrimination in civil proceedings for the infringement of intellectual property.

#### **Recommendation 14**

The Committee recommends that the *Copyright Act 1968* be amended so as to introduce a presumption as to ownership of copyright substantially similar to that contained in proposed section 126A of the Copyright Amendment Bill 1992. The presumption would apply in civil proceedings for infringement under the Copyright Act.

In addition, the Court should have a discretion to award penalty costs against either party if they abuse the presumption of ownership.

#### **Recommendation 15**

The Committee recommends that the *Copyright Act 1968* be amended so as to place on the defendant the onus of proof in relation to the knowledge requirement in civil actions based on sections 37, 38, 102 and 103 of that Act.

#### **Recommendation 16**

The Committee recommends that the government introduce a Bill to amend the *Copyright Act 1968*, so as to provide a system of statutory damages for the infringement of copyright. The system would:

- be an alternative to the system for awarding damages provided for in subsection 115(2) of the *Copyright Act 1968*; and
- link the amount of statutory damages to the amount of compensatory damages.

#### **Recommendation 17**

The Committee recommends that the *Copyright Act 1968* be amended so as to allow judgment debts to be recovered from directors of corporations that are found liable for infringement pursuant to sections 37, 38, 102 or 103 of the Act.

#### **Recommendation 18**

The Committee recommends that the *Copyright Act 1968* be amended so as to provide the following remedies in actions for the infringement of copyright:

- a provision for the Court, in determining what other remedies it should grant, to take into account whether or not the defendant has apologised to the plaintiff; and
- an order that the defendant attend the plaintiff at a time and place specified in the order and listen to the plaintiff explain the significance of the work and its infringement.

#### **Recommendation 19**

The Committee recommends that the government produce an Exposure Draft of a Bill to amend the *Copyright Act 1968*, so as to allow for the compulsory licensing by collecting societies of infringing copies of copyright works and other subject matter. The amendment should indemnify a copyright user from liability for copyright infringement once the licence fee has been paid.

#### **Recommendation 20**

The Committee recommends that appropriate legislation be amended to establish within the Federal Magistrates Court a small claims jurisdiction to hear copyright matters. The Committee considers that the procedure of the proposed small claims jurisdiction of the Federal Magistrates Court should resemble that of the Small Claims Court of the Australian Capital Territory or the Small Claims Division of the Magistrates Court of Tasmania. The amendments should allow for matters to be transferred out of the small claims jurisdiction into the general jurisdiction, or to the Federal Court, in appropriate circumstances.

## **6 Institutional Arrangements for Enforcement**

#### **Recommendation 20A**

The Committee recommends that the Australian Customs Service dedicate staff to work on the enforcement of intellectual property rights. The Committee further recommends that the Australian Customs Service also provide publicity about the nature of its role in copyright enforcement and how copyright owners can assist it in intercepting infringing goods at the border.

#### **Recommendation 21**

The Committee recommends that the Minister for Justice and Customs, in conjunction with the Commissioner of the Australian Federal Police, establish a task force for the enforcement of intellectual property rights within the Australian Federal Police. The Task Force should seek the

involvement of the representatives mentioned in, and have at least the responsibilities outlined in, paragraph 6.36.

The Committee recommends that section 67 of the *Australian Federal Police Act 1979* be amended so as to require the Commissioner to report specifically on the establishment and activities of the task force in his or her annual report. The amendment should require the Commissioner to report against performance outcomes that relate to the apprehension and prosecution of breaches of intellectual property rights, including copyright.

## 7 Related Issues

### Recommendation 22

The Committee recommends that sections 48A and 104A of the Copyright Act 1968 be amended so that each section concludes:

‘...being a library the principal purpose of which is to provide library services for the members of a Parliament.’

## Introduction

### Referral of inquiry

- 1.1 On 17 March 1999 the Attorney-General, the Hon. Daryl Williams AM QC MP, asked the Committee to inquire into and report on issues relevant to the effective enforcement of copyright in Australia and set out the terms of reference for the inquiry. The detailed terms of reference appear at p x of this report. They provide for the Committee to address the following:
- evidence of the types and scale of copyright infringement in Australia
  - options for copyright owners to protect their copyright against infringement
  - the adequacy of criminal sanctions against copyright infringement
  - the adequacy of civil actions in protecting the interests of plaintiffs and defendants in actions for copyright infringement
  - the desirability or otherwise of amending the law to provide further procedural, evidential or other assistance to copyright owners in civil actions for copyright infringement
  - whether the provisions for border seizure in Division 7 of Part V of the *Copyright Act 1968* are effective
  - the effectiveness of existing institutional arrangements and guidelines for the enforcement of copyright.
- 1.2 The Attorney-General asked that in the inquiry the Committee have regard to:
- Australia's obligations under relevant international treaties

- the provisions of the *Copyright Act 1968*
- established principles of criminal and civil procedure
- Commonwealth criminal law policy
- enforcement regimes for other forms of intellectual property
- existing resources and operational priorities of government enforcement agencies and
- the possible effect of any proposed changes on the operation of government and private sector organisations.

## Background to the inquiry

- 1.3 The inquiry follows growing claims by Australian industries (such as film, music and software) that copyright owners, and other members of the community, are being deprived of substantial income through the infringement of copyright. The task of the Committee, therefore, has been to investigate the extent of the infringement, and the legal and practical mechanisms available to copyright owners in protecting their copyright. The Committee has also considered whether the current criminal and civil laws are adequate, and whether they are used effectively by government agencies and copyright owners alike.
- 1.4 In the recent debate surrounding the lifting of restrictions on parallel importation,<sup>1</sup> industry members have also expressed concern over the effect of parallel importation on the incidence of copyright infringement.<sup>2</sup> This issue was raised by a number of witnesses during the course of inquiry, and is addressed in Chapter 2 of the report.
- 1.5 A number of smaller copyright owners also participated in the inquiry. These witnesses identified a separate range of problems that they faced in the enforcement of copyright, including in particular their inability to seek civil remedies for infringement. The Committee has undertaken a thorough review of civil actions and relief available under the *Copyright*

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1 See, for example, Prof A Fells, 'Repeal of Parallel Importation Restrictions: A Step Forward for Copyright in Australia and New Zealand', address given at 12<sup>th</sup> Annual Intellectual Property Society of Australia and New Zealand Inc Conference, 29 August 1998; J Revesz, *Trade Related Aspects of Intellectual Property Rights*, Staff Research Paper, Productivity Commission, May 1999.

2 K Cummins, 'Piracy inquiry outcomes 'come first'', *Australian Financial Review*, 6 April 1999.

*Act 1968* in Chapter 5, and has made recommendations that it hopes will make the law more workable for all copyright owners.

## Related inquiry

- 1.6 It should be noted that during the course of this inquiry the Committee was asked to undertake an inquiry into the provisions of the Copyright Amendment (Digital Agenda) Bill 1999.<sup>3</sup> The Committee regards the Bill inquiry as complementing its work on the enforcement of copyright inquiry, and as such, has not sought to revisit the conclusions and recommendations that it arrived at in the Bill inquiry. This relates particularly to the issues of the infringement of copyright in broadcasts, which is referred to in passing in Chapter 7 of this report.

## The inquiry process

- 1.7 The inquiry's terms of reference and invitations to make written submissions were contained in advertisements in national newspapers on 9 and 10 April 1999. The original closing date for submissions was 21 May 1999 and, at the conclusion of the inquiry, 67 submissions had been received. The Committee held public hearings in Canberra, Sydney and Brisbane. Details of the witnesses who gave evidence are included in Appendix C. Appendix G comprises a list of individuals and agencies overseas with whom the Chairman consulted during the course of the inquiry.

## The report

- 1.8 The structure of the report reflects the main terms of reference, set out above.
- 1.9 Chapter 2 examines the type and scale of copyright infringement, and looks at the relationship between parallel importation and copyright infringement.
- 1.10 Chapter 3 considers the operation of the existing legal framework for the enforcement of copyright. As a preliminary issue, the question of who

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<sup>3</sup> On 3 September 1999 the Attorney asked the Committee to inquire and report on the Bill and on 6 December 1999 the Committee's *Advisory Report on the Copyright Amendment (Digital Agenda) Bill 1999* was presented to the Parliament.

should bear the responsibility for the protection and enforcement of copyright is considered. In this chapter the Committee examines the issue of registration of copyright, one of the key issues to emerge from the evidence.

- 1.11 Chapter 4 concentrates on the application of the criminal law to copyright enforcement. The Committee considers existing penalties and sentences, as well as new offences in relation to infringement. A key issue discussed in this chapter, and picked up again in Chapter 5, is the need to simplify the proof of infringement.
- 1.12 Chapter 5 focuses on civil remedies for infringement. The Committee considers suggestions for more effective redress, including statutory damages, and a small claims jurisdiction for infringement disputes.
- 1.13 Chapter 6 deals with the practical aspects of copyright enforcement. The Committee examines the arrangements between law enforcement agencies, amongst themselves and with copyright owners, for the policing of copyright. As part of the arrangements, the Committee looks at the role of the Australian Customs Service in intercepting infringing material at the border.
- 1.14 In Chapter 7 a number of issues related to enforcement are briefly discussed.



## Copyright Infringement in Australia

- 2.1 There is a perception, widespread amongst industries that rely on creative endeavour, particularly the film, music and software industries, that copyright infringement in Australia is rife. Yet there is a lack of data on the form and extent of copyright infringement in Australia, and the little that does exist, suggests that by world standards, it is minor. The first task of the Committee, therefore, is to determine the nature of the problem that it is dealing with: the types and scale of copyright infringement in Australia.

### Terminology

#### Piracy

- 2.2 It is useful at the outset to clarify the meaning of a term that is frequently used in referring to copyright infringement, namely 'piracy'. 'Piracy' is not used in the terms of reference nor in the *Copyright Act 1968* (the Copyright Act). 'Piracy' is not a legal term in this context but a colloquial one, and it has no legal significance in determining whether or not a particular act constitutes an infringement of copyright.<sup>1</sup>
- 2.3 In submissions received by the Committee, the word 'piracy' was used to refer to different types of infringement. The Copyright Agency Limited (CAL) submitted that 'piracy' should be defined as:

any unauthorised reproduction of a copyright owner's work.  
Piracy should not be limited to instances where there is large scale,

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<sup>1</sup> Australian Digital Alliance (ADA), *Submissions*, p. S95.

systematic infringement of copyright works for the purpose of deriving a profit.<sup>2</sup>

CAL argued that this definition was consistent with those adopted by the International Intellectual Property Alliance (IIPA) and the World Trade Organisation *Agreement on Trade Related Aspects of Intellectual Property Rights* (TRIPS).

- 2.4 The Australian Digital Alliance (ADA) and the Australian Consumers' Association (ACA) took the opposite view.<sup>3</sup> In their opinion, 'piracy' should refer only to large scale commercial infringement operations. The Attorney-General's Department (AGD) agreed that 'piracy' should 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>4</sup>

- 2.5 It is in the latter, narrower sense that the word 'piracy' is used in this report. Thus 'pirated products' are infringing copies made in commercial infringement operations. It follows that 'piracy' represents only one form of copyright infringement, and that the terms of reference of this inquiry encompass more than just piracy. The inquiry is concerned with all forms of infringement, on all scales.

## Software piracy

- 2.6 In its submission, the Business Software Association of Australia (BSAA) explained that piracy of computer software takes a number of forms. Two types of piracy that are unique to computer software are: end user piracy and hard disk loading.
- 2.7 'Hard disk loading' refers to a practice by some PC manufacturers and sellers, where infringing copies of software are loaded onto the hard disk of PCs. 'End user piracy' refers to a practice common in large corporations, where a person within the organisation makes infringing copies of a software application, for use by other people in the organisation. End user piracy avoids the need to purchase sufficient licences for every user in the organisation. End user piracy has traditionally been the business software industry's worst problem.<sup>5</sup>

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2 Copyright Agency Limited (CAL), *Submissions*, p. S594.

3 ADA, *Submissions*, p. S96; Australian Consumers Association (ACA), *Submissions*, p. S160.

4 Attorney-General's Department (AGD), *Submissions*, p. S403.

5 BSAA, *Submissions*, pp. S332-333.

## Bootlegging

2.8 The term 'bootlegging' has its origins in the Prohibition. In the context of copyright, it used to refer to a particular type of infringement, namely the sale of counterfeit merchandise at public events such as concerts and sporting matches. Counterfeit merchandise is a copy of merchandise which is intended to be so similar to the original as to be passed off as a genuine example.<sup>6</sup>

## Data on copyright infringement

### Statistics

2.9 There is no single or official body that compiles statistics on copyright infringement in Australia.<sup>7</sup> In this regard Australian practice is not unusual; AGD stated that it knew of no government anywhere in the world which has independent statistics or analysis of the level of copyright piracy.<sup>8</sup>

2.10 The statistics that are available have been prepared by various industry groups, and each set differs in the method of its preparation.<sup>9</sup> AGD and the Department of Communications, Information Technology and the Arts (DoCITA) submitted that the methodology is also in many cases untested, in the sense that it has never been fully explained.<sup>10</sup> ADA submitted that for this reason industry statistics should be subjected to a 'high level of critical scrutiny'.<sup>11</sup> With these provisos in mind, the statistics cited in the evidence are set out below.

### Sound recordings

2.11 Music Industry Piracy Investigations (MIPI) stated that the Australian sound recording industry estimates that piracy amounts to 7% of the identified market. This figure was calculated on the basis of the identified

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6 Attorney-General's Department (AGD), *Submissions*, p. S403.

7 AGD, *Submissions*, p. S419; Music Industry Piracy Investigations (MIPI), *Submissions*, p. S169.

8 AGD, *Submissions*, p. S419.

9 MIPI, *Submissions*, p. S166.

10 AGD, *Submissions*, p. S420.

11 ADA, *Submissions*, p. S94.

activities of offenders and suspects, and for this reason, is likely to be conservative.<sup>12</sup>

## Software

- 2.12 In 1998 the BSAA commissioned a study which revealed that on average 33% of all software programs in use in Australia were illegal copies.<sup>13</sup> DoCITA criticised the basis on which this figure was arrived at, noting that the OECD has described the basis as 'difficult to accept'.<sup>14</sup> DoCITA suggests that the BSAA figure may be inflated.

## Film

- 2.13 The Motion Picture Association (MPA) reported that piracy of films is currently at 4%, having been reduced from a record 20% in the late 1980s.<sup>15</sup> The basis on which this figure was calculated is not known.

## Observations

- 2.14 In addition to the statistical data, various witnesses made observations about the level of copyright infringement in their industries. The Australian Copyright Council (ACC) submitted that over the past 5 years, between 6% and 11% of the inquiries dealt with by their legal staff involved infringement issues.<sup>16</sup> The Arts Law Centre of Australia (ALCA) reported providing a similar proportion of advices on infringement issues.<sup>17</sup> The National Indigenous Arts Advocacy Association (NIAAA) stated that it receives between 20 and 30 inquiries each week from indigenous artists relating to copyright infringement.<sup>18</sup>
- 2.15 The Australian Customs Service (Customs) stated that in the one year period May 1998 to May 1999, it seized more than 60 consignments of goods for the infringement of copyright.<sup>19</sup> The Anti-Counterfeiting Action Group (ACAG), an association of manufacturers and wholesalers of clothing and other goods, reported that it detects each month

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12 MIPI, *Submissions*, pp. S166–167.

13 Business Software Association of Australia (BSAA), *Submissions*, p. S334.

14 DoCITA, *Submissions*, p. S640.

15 Motion Picture Association (MPA), *Transcript*, p. 139.

16 Australian Copyright Council (ACC), *Submissions*, p. S478.

17 Arts Law Centre of Australia (ALCA), *Submissions*, p. S101.

18 Mr Francis, National Indigenous Arts Advocacy Association (NIAAA), *Transcript*, p. 329.

19 Australian Customs Service (Customs), *Submissions*, p. S153.

approximately 2 000 breaches of copyright in markets and souvenir and discount shops around Australia.<sup>20</sup>

2.16 Although most copyright groups expressed concern over copyright infringement, not all considered it a problem. The West Australian Music Industry Association stated that it was not aware of any significant cases of copyright infringement amongst its members or the wider music community.<sup>21</sup>

## International comparison of infringement

2.17 International comparisons of rates of copyright infringement are dependent on industry figures.<sup>22</sup> In its submission, AGD referred to figures prepared by the International Intellectual Property Alliance (IIPA), the body in the USA that represents the major copyright industries. The figures are shown in the table below.

### *Industry estimates of piracy*

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.

Source: *Attorney-General's Department, Submissions, p. S420.*

The Chairman was also briefed on copyright infringement, including organised criminal involvement, by US government representatives.

20 Anti-Counterfeiting Action Group (ACAG), *Submissions*, p. S369.

21 West Australian Music Industry Association, *Submissions*, p. S43.

22 AGD, *Submissions*, p. S421.

- 2.18 The IIPA figures indicate that the level of piracy in Australia is low, both globally and within our region. Based on evidence given by Microsoft to a US Senate Committee in April 1999, DoCITA concluded that the scale of software piracy in Australia is comparable with that in the USA.<sup>23</sup> The ACA pointed out that Australia has one of the lowest film and video piracy rates in the world,<sup>24</sup> as has been acknowledged by the relevant industry body, the Australasian Film and Visual Security Office (which is the agent of MPA in Australia).<sup>25</sup>
- 2.19 After reviewing the literature, AGD concluded that most pirated products are mass produced in Australia rather than being imported.<sup>26</sup> There is, however, no data available as to where pirated products found in Australia are made. Customs reported that the most common imports objected to under the Copyright Act include pirated CDs, video tapes, computer software, clothing and footwear.<sup>27</sup> The Australian Visual Software Distributors Association (AVSDA) gave evidence of over 17 000 infringing copies of computer games being imported into Australia.<sup>28</sup> BSAA confirmed that the vast majority of counterfeit computer software in Australia is imported from Asia.<sup>29</sup> The Committee concludes that a substantial proportion of pirated products in Australia are imported, even if the majority are produced domestically.

## Geographical spread of infringement

- 2.20 DoCITA submitted that anecdotal evidence suggests that music and software infringements occur primarily in urban areas, reflecting both larger population densities and larger networks of software and music distributors.<sup>30</sup> AGD confirmed that on the limited data available, infringements are not confined to the major metropolitan areas, although they are concentrated there.<sup>31</sup>
- 2.21 Tress Cocks & Maddox (TCM), solicitors who act for manufacturers of licensed merchandise, submitted that the geographical spread across
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23 DoCITA, *Submissions*, p. S641.

24 ACA, *Submissions*, p. S160.

25 DoCITA, *Submissions*, p. S641.

26 AGD, *Submissions*, p. S422.

27 Customs, *Submissions*, p. S148.

28 Mr Ephraim, AVSDA, *Transcript*, p. 308.

29 BSAA, *Submissions*, p. S338.

30 DoCITA, *Submissions*, p. S641.

31 AGD, *Submissions*, p. S422.

Australia of copyright infringement is now complete.<sup>32</sup> Mr Stephens of Stephens Lawyers and Consultants agreed that copyright piracy of software is widespread throughout Australia.<sup>33</sup> MIPI also reported that infringing sound recordings are located in the majority of locations throughout Australia.<sup>34</sup>

## Cost of infringement

### Direct costs

- 2.22 The AGD concludes that a 'sizeable amount of revenue' results from copyright infringement.<sup>35</sup> AVSDA conservatively estimated that visual software piracy results in losses of \$30 million annually.<sup>36</sup> The BSAA estimates retail losses caused by software piracy in 1998 to be \$295 million.<sup>37</sup> ACAG estimated that copyright infringement costs the textile, clothing and footwear industry in excess of \$300 million per annum.<sup>38</sup> MIPI estimates the losses to the music industry from identified infringements in 1998 to be in excess of \$67 million.<sup>39</sup>
- 2.23 The loss of income caused by copyright infringement naturally has a flow on effect in the copyright industries. It causes the industries to contract, as creators are unable to sustain themselves from their incomes.<sup>40</sup> This in turn deprives the industries of ingenuity and innovation, especially that contributed by the small-medium business sector.<sup>41</sup> In this regard it is important to bear in mind the relative scale of loss caused by copyright infringement. For a small business, infringement of the copyright in its products can spell financial ruin. The Committee received a submission from one individual, part of whose business was destroyed through infringement.

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32 Tress Cocks & Maddox, *Submissions*, p. S49.

33 Mr Stephens, Stephens Lawyers, *Transcript*, p. 49.

34 MIPI, *Submissions*, p. S170.

35 AGD, *Submissions*, p. S421.

36 Mr Ephraim, Australian Visual Software Distributors Association (AVSDA), *Transcript*, p. 306.

37 BSAA, *Submissions*, p. S334.

38 ACAG, *Submissions*, p. S367.

39 MIPI, *Submissions*, p. S171.

40 William Thomas Productions, *Submissions*, p. S2.

41 Victorian Employers' Chamber of Commerce and Industry (VECCI), *Submissions*, p. S488.

## Indirect costs

- 2.24 Copyright infringement causes losses to people other than the copyright industries and owners. The entity that suffers most in this group is the government. In its submission, the BSAA argued that reducing software piracy by 6% would generate an additional \$140 million in tax revenue.<sup>42</sup> The AVSDA estimated the annual loss in tax revenue due to visual software piracy to be \$20 million.<sup>43</sup>
- 2.25 Copyright infringement also causes losses to those involved in the distribution process, such as retailers<sup>44</sup> and other service providers, as well as to the wider community, through lost employment.<sup>45</sup> MIPI noted that there has been no definitive research done into the full socio-economic impact of piracy in Australia.<sup>46</sup>
- 2.26 The BSAA argued that the protection afforded to intellectual property rights directly affects economic development, income levels and foreign investment in Australia. The BSAA suggested that copyright infringement has an adverse effect on all these aspects of the economy.<sup>47</sup>

## Involvement of organised crime

- 2.27 The Committee received conflicting evidence on the question of whether, and to what extent, organised crime groups are involved in copyright infringement. Most government bodies stated that they were not aware of the involvement of any organised crime groups.<sup>48</sup> By contrast, several industry bodies reported that they knew of organised criminal groups, some operating internationally, which were involved in copyright infringement.
- 2.28 One reason for the conflict may be the definition of 'organised crime' that is used. Officers from the Commercial Crime Agency of the NSW Police Service (NSW Police) stated that when they applied the accepted criteria for organised criminal activity, they were surprised to discover that

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42 BSAA, *Submissions*, p. S336.

43 Mr Ephraim, AVSDA, *Transcript*, p. 306.

44 Australian Music Retailers Association, *Submissions*, p. S476.

45 Mr Ephraim, AVSDA, *Transcript*, p. 307.

46 MIPI, *Submissions*, p. S171.

47 BSAA, *Submissions*, p. S337.

48 AGD, *Submissions*, p. S423; Customs, *Submissions*, p. S154; Australian Federal Police (AFP), *Submissions*, p. S361.



copyright infringement satisfied most of them.<sup>49</sup> MIPI argued that if organised crime is understood as a sophisticated illegal business driven by economic objectives, it is not difficult to view copyright infringement as an example.<sup>50</sup>

- 2.29 The Australian Federal Police (AFP) stated that in the course of its investigations it had uncovered no significant evidence to substantiate the involvement of criminal groups within Australia. It added, however, that the prospect of organised criminal activity should not be discounted because of the interaction between Australia and countries in South-East Asia.<sup>51</sup> In this regard, MPA reported that since 1987 there have been indications of large scale piracy operations in Asia, although there has been no hard evidence of the involvement of Australian groups.<sup>52</sup> Customs stated it has not been presented with any evidence of organised criminal activity in relation to infringement.<sup>53</sup>
- 2.30 NSW Police submitted that based on intelligence reports, it believes organised crime groups to be involved in copyright infringement. One report suggested that certain CD pirates were also drug dealers.<sup>54</sup> Simpsons Solicitors indicated that they had referred one matter of video piracy to the National Crime Authority on the basis of known associations with organised crime figures.<sup>55</sup>
- 2.31 Mr Stephens of Stephens Lawyers described a large scale software piracy operation involving citizens of the People's Republic of China and a manufacturer in Melbourne.<sup>56</sup> The BSAA stated that it had strong suspicions that organised crime was involved in counterfeiting software products in Australia.<sup>57</sup>
- 2.32 The International Federation of the Phonographic Industry (IFPI) submitted that music piracy is an organised crime in many territories, including those in South-East Asia. In its submission, IFPI does not refer specifically to Australia. On the basis of submissions such as IFPI's, AGD

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49 Sgt Shepherd, NSW Police, *Transcript*, pp. 164-165.

50 MIPI, *Submissions*, p. S172.

51 AFP, *Submissions*, p. S361.

52 MPA, *Submissions*, p. S267.

53 Customs, *Submissions*, p. S154.

54 New South Wales Police (NSW Police), *Submissions*, p. S527; Sgt Shepherd, NSW Police, *Transcript*, p. 164.

55 Simpsons Solicitors, *Submissions*, p. S743.

56 Mr Stephens, Stephens Lawyers, *Transcript*, pp. 48-49.

57 BSAA, *Submissions*, p. S337.

concluded that it was unclear whether there is any evidence indicating a link between organised crime and piracy in Australia.<sup>58</sup>

- 2.33 MIPI reported that in relation to bootlegging at musical performances, there are at least two global level operations based in Australia.<sup>59</sup> TCM submitted that in their experience, bootlegging at concert, sporting and similar venues around Australia was carried out by a highly organised group.<sup>60</sup>
- 2.34 ACAG gave evidence of syndicates in which counterfeit clothing is sold at parties in private homes to individuals, particularly in lower socio-economic groups.<sup>61</sup> Trade Mark Investigation Services reported similar 'party plan' schemes.<sup>62</sup> Such syndicates are organised criminal groups, operating through untraceable pagers and mobile phones.

## Future trends

- 2.35 Most copyright owners and industry groups predict that the scale of copyright infringement will increase in the future. MIPI submitted that piracy is likely to increase in Australia under present circumstances. MIPI also argued that there will be an increasing body of copyright infringers who are impervious to civil prosecution.<sup>63</sup> TCM expressed the view that bootlegging will increase over time.<sup>64</sup> ACME Merchandising agreed that infringements would continue to grow.<sup>65</sup>
- 2.36 The BSAA noted that in contrast to most other countries, software piracy in Australia is increasing, and that it is likely to continue to do so, as counterfeit software is imported into Australia from Asia.<sup>66</sup>
- 2.37 NSW Police argued that the ease of distribution, the lesser penalties and the smaller level of risk were possible reasons why criminal enterprises may expand their activities from the importation of drugs to copyright infringement.<sup>67</sup>

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58 AGD, *Submissions*, p. S423.

59 MIPI, *Submissions*, p. S167.

60 Tress Cocks & Maddox, *Submissions*, p. S48.

61 ACAG, *Submissions*, p. S371.

62 Trade Mark Investigation Services, *Submissions*, p. S50.

63 MIPI, *Submissions*, p. S173.

64 Tress Cocks & Maddox, *Submissions*, p. S50.

65 ACME Merchandising, *Submissions*, p. S25.

66 BSAA, *Submissions*, pp. S335 and 338.

67 NSW Police, *Submissions*, p. S527.

- 2.38 In its submission, AGD focussed on the likely increase in infringement due to digital technology, including the Internet.<sup>68</sup> CAL also expressed concern about the growing potential for infringement as a result of the burgeoning use of the Internet.<sup>69</sup> BSAA echoed this concern in its comments about Internet piracy.<sup>70</sup>

## Infringement of indigenous art

- 2.39 NIAAA submitted that while contemporary indigenous art is big business, indigenous people often do not benefit from the exploitation of their culture.<sup>71</sup> This is because indigenous art and cultural expression is wrongly seen as being in the public domain.<sup>72</sup> The market for indigenous art and crafts has been estimated as being worth almost \$200 million per annum.<sup>73</sup> Copyright infringement in this market is carried out largely in the tourism industry.<sup>74</sup>
- 2.40 For indigenous Australians, copyright infringement causes special cultural loss. This is because art is a cultural identifier, linking the artist to their people, community, spirituality and provenance.<sup>75</sup> The protection of Aboriginal and Torres Strait Islander intellectual property is fundamental to the protection of indigenous cultural integrity and heritage.<sup>76</sup> This issue will be revisited in considering the adequacy of civil remedies (Chapter 5).

## Infringement through private copying

- 2.41 One type of copyright infringement thought to be widespread in society is private copying of audio and visual recordings. As the ACC pointed out, home taping of sound recordings and television programs is virtually impossible to detect. However, based on data from countries in which levies for home taping is collected, the ACC suggested that private

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68 AGD, *Submissions*, pp. 423–425.

69 Copyright Agency Limited (CAL), *Submissions*, pp. S596–598.

70 BSAA, *Submissions*, p. S338.

71 NIAAA, *Submissions*, p. S566.

72 Ms Janke, NIAAA, *Transcript*, p. 327.

73 Aboriginal and Torres Strait Islander Commission (ATSIC), *Submissions*, p. S730.

74 NIAAA, *Submissions*, p. S568.

75 Ms Janke, NIAAA, *Transcript*, p. 333.

76 ATSIC, *Submissions*, p. S730.

copying cheats Australian copyright owners of millions of dollars annually.<sup>77</sup>

- 2.42 In 1989 the *Copyright Amendment Act 1989* introduced a scheme that sought to raise a levy on the sale of blank cassette tapes, to be paid to copyright owners in the music industry, as compensation for the fact that blank tapes are used to make infringing copies of sound recordings. The legislation was held by the High Court to be invalid for technical reasons.<sup>78</sup> In its submission the ACC advocated that the government reintroduce a blank media royalty scheme in order to compensate for income lost through private copying.<sup>79</sup>
- 2.43 In the Committee's opinion the prevalence of private copying is partly attributable to community attitudes towards copyright. Many people are not aware that home taping from the radio and television constitutes an infringement of copyright, or if they are aware, they dismiss it as trivial. As will be seen in Chapter 3, the Committee recognises the need to raise community awareness and understanding of copyright. The change in public attitudes that will hopefully result should lead to a decrease in the amount of private copying.
- 2.44 In addition, the Committee notes that in the future, private copying will predominantly take place in the electronic environment. The use of traditional media (blank video and audio cassettes) in copyright infringement will be minor in comparison. The ACA expressed concern that the digital economy not be used for increasing pursuit of consumers.<sup>80</sup> The ADA pointed out that there is in any case a public policy debate over whether private copying constitutes infringement.<sup>81</sup> For all these reasons the Committee recommends against reintroducing a blank media royalty scheme.

## The Committee's findings

- 2.45 The Committee finds that copyright infringement is a real problem affecting Australia's economy. Although the available data is piecemeal in nature, the Committee has been able to make the following general observations:

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77 ACC, *Submissions*, p. S480.

78 See *Australian Tape Manufacturers Association Ltd v Commonwealth* (1993) 176 CLR 480.

79 ACC, *Submissions*, p. S481.

80 ACA, *Submissions*, p. S161.

81 ADA, *Submissions*, p. S95.

- Infringement of copyright on a commercial basis, including piracy and bootlegging, is a significant and costly burden to many Australian industries that rely on creative endeavour. This is so even though, by international standards, the level of infringement in Australia is low. Within Australia, commercial infringement of copyright is spread throughout the country.
  - Infringement has a substantial impact, both economically and culturally, on indigenous peoples.
  - Although there are few documented cases in which organised crime has been linked to copyright infringement, there is sufficient evidence from industry to support such a finding.
  - Infringement of copyright is likely to increase in the future. A large proportion of infringement is likely to occur through the Internet.
- 2.46 DoCITA advocated establishing a copyright task force whose functions would include measuring the scale of copyright infringement in Australia and the extent of actual economic loss caused to industry.<sup>82</sup> AGD on the other hand argued that the government has neither the resources nor the expert knowledge to be able to collect information about copyright infringement.<sup>83</sup> AGD suggested that such information may in the future be more readily generated by technology.<sup>84</sup>
- 2.47 While more data about infringement is obviously desirable, the Committee refrains from recommending that they be collected as an end in itself. In the Committee's view, intelligence about infringement is a more important focus for resources than statistical data. In Chapter 6, the Committee recommends the establishment of a co-ordinated enforcement task force, one of whose functions would be the gathering, analysing and utilising of industry intelligence about copyright infringement. The Committee considers this to be a more effective goal.

## Parallel importation and infringement

- 2.48 An issue that emerged during the course of the inquiry concerned the relationship between parallel importation and levels of copyright infringement. Parallel importing is the importation of copyright works

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82 Department of Communications, Information Technology and the Arts (DoCITA), *Submissions*, p. S658.

83 Mr Fox, AGD, *Transcript*, p. 67.

84 Mr Fox, AGD, *Transcript*, p. 66.

which have been legitimately purchased overseas (purchased without infringing copyright in the overseas country) by someone other than the authorised importer.<sup>85</sup> Until recently, authorised importers were able to prevent the parallel importation of their products by relying on the copyright subsisting in the packaging and labelling. Importation of the packaging and labelling constituted an infringement of copyright under the Copyright Act.<sup>86</sup>

- 2.49 On 1 February 2000, Schedule 2 of the *Copyright Amendment Act (No 1) 1998* commenced. The amendments establish that copyright is no longer infringed by the parallel importation of a product, if copyright subsists in the packaging and labelling alone. This means that authorised distributors have lost the protection they had in the packaging and labelling of their products, so that other people can now import the products.
- 2.50 Some industry groups argued that there is a link between parallel importation and the importation of pirated or infringing material. This is because parallel importation weakens the ability to identify the importation and distribution of pirate copies. Mattel Inc (Mattel), a large toy manufacturer, argued that the more parallel importers there are, the easier it will be for pirated copies to be imported into Australia.<sup>87</sup>
- 2.51 An example that supports this argument was given to the Committee by ACAG. It stated that when New Zealand changed its parallel import laws recently, there was a major increase in counterfeit merchandise.<sup>88</sup> In its submission, MPA confirmed that in jurisdictions where parallel importation is allowed, the importation of pirated products increases dramatically.<sup>89</sup>
- 2.52 The Australasian Performing Rights Association questioned the wisdom of amendments allowing for parallel importation generally when there has been concern over Customs' ability to detect infringement at the border.<sup>90</sup> Customs stated that the relaxation on parallel importation would not affect its operations significantly.<sup>91</sup> The Committee considers this observation significant.
- 2.53 In its submission AGD indicated that the parallel importation of products in which copyright subsists (opposed to merely subsisting in the
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85 J. McKeough and A. Stewart, *Intellectual Property in Australia*, 1991, p. 140.

86 See *R A and A Bailey & Co Ltd v Boccaccio Pty Ltd* (1986) 6 IPR 279.

87 Mattel, *Submissions*, p. S219.

88 Mr Ramsden, ACAG, *Transcript*, p. 370.

89 MPA, *Submissions*, p. S264.

90 Ms Faulkner, Australasian Performing Right Association, *Transcript*, p. 245.

91 Mr Gulbransen, Customs, *Transcript*, p. 97.

packaging and labelling) remains a criminal offence.<sup>92</sup> This is, however, unlikely to assist toy and other manufacturers whose products are often protected by trade marks rather than copyright.

- 2.54 Two groups did not accept the link between parallel imports and piracy control. In correspondence to the Committee, the Australian Competition and Consumer Commission (ACCC) argued that parallel importation and piracy were separate issues requiring separate policies. The ACCC did not expect the recent relaxation on parallel importation to increase piracy.<sup>93</sup> It pointed out that the importation of infringing copies remains illegal.
- 2.55 The second group that refuted the link was the ACA. It argued that the link is not supported by experience: there has been no convincing evidence of any increase in commercial music piracy since parallel importation of CDs has been allowed.<sup>94</sup> It also argued that parallel importation results in greater competition and lower prices.<sup>95</sup> The ACCC used this to argue further that parallel importation discourages pirates because the profits available from piracy are less.<sup>96</sup>
- 2.56 Finally, the Committee notes that the Intellectual Property and Competition Review Committee has recently commissioned a report from the Australian Institute of Criminology on parallel importation and piracy. The report, which uses compact discs as a case study, found as follows:
- The period since mid-1998 reveals little evidence of the increase in CD piracy predicted by opponents of liberalisation.<sup>97</sup>
- The report acknowledged that insufficient time may have elapsed to make a realistic assessment of the effect of parallel importing amendments. However, it also suggested that factors other than legislative amendment, such as changes in economic conditions and technological advances, may be responsible for any increase in CD piracy which does eventuate.<sup>98</sup>
- 2.57 In the opinion of the Committee, the link between parallel importation and the importation of pirated products is weak. While the Committee accepts the evidence from industry that parallel importation may increase the importation of pirated products, the Committee does not consider this

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92 AGD, *Submissions*, p. S441.

93 Ms Arblaster, Australian Competition and Consumer Commission (ACCC), *Transcript*, p. 150.

94 ACA, *Submissions*, p. S161.

95 *Ibid.*

96 Ms Arblaster, ACCC, *Transcript*, p. 160.

97 G. Urbas, *Parallel Importation and CD Piracy*, Australian Institute of Criminology, 26 January 2000, p. 1.

98 *Ibid.*

a reason to revisit the decision to open up parallel importation. In the Committee's view, more appropriate solutions to the problem of the importation of pirated products can be found. The Committee recommends below the adoption of a system whereby importers have to certify the legitimacy of the material they are importing.

- 2.58 Mattel questioned whether Schedule 2 of the *Copyright Amendment Act (No 1) 1998* has put at risk Australia's commitment to TRIPS.<sup>99</sup> Although article 61 of TRIPS requires member states to outlaw copyright piracy on a commercial scale, it is silent on the topic of parallel importation. The Committee does not consider that the parallel importation amendments jeopardise Australia's commitment to TRIPS.

### **Parallel importation, pirated products and safety standards**

- 2.59 In relation to pirated products such as toys, Mattel raised another concern which strictly does not fall within the terms of reference but which the Committee considers appropriate to address. Mattel pointed out that pirated products often do not comply with the relevant Australian safety standards. This puts the consumer at risk, and by virtue of section 65 of the *Trade Practices Act 1974*, exposes the manufacturer to liability, even if the manufacturer is not the importer.<sup>100</sup>
- 2.60 In practical terms this means the manufacturer remains liable for their product even when it is imported by someone else, from a country with inferior safety standards. In the case of a pirated version of the product, the manufacturer must prove that the product is counterfeit in order to avoid liability. Mattel Pty Ltd, the Australian Toy Association and Hasbro Australia Limited (Mattel et al) urged the Committee to deal with this problem.<sup>101</sup>

### **Stopping the importation of pirated products**

- 2.61 Two ways to help curb the importation of pirated products were suggested to the Committee. The first way is to ease the task of the authorised importer or manufacturer in proving infringement. This is done by reversing the onus of proof so that the parallel importer must establish that the product is legitimate. The reversal of onus already applies in respect of sound recordings (which may be parallel imported):

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99 Mattel, *Submissions*, p. S223.

100 Mr McDonald, Mattel, *Transcript*, p. 3.

101 Mattel Pty Ltd, Australian Toy Association & Hasbro Australia Limited (Mattel et al), *Submissions*, p. S674.



see section 130A of the Copyright Act. Mattel et al argued that the same reversal of onus should apply to all types of material.<sup>102</sup>

- 2.62 The ACC submitted that section 130A in fact does not reverse the onus of proof as intended.<sup>103</sup> MIPI reported that section 130A is being traversed or simply ignored in the marketplace.<sup>104</sup> The Committee will consider suggestions as to how to ease proof of civil infringement in Chapter 5.

### System of certification

- 2.63 The second suggested way to curb the importation of pirated products is to introduce a system of certification. The Committee broached the idea of a certification system with a number of witnesses. Mattel et al submitted that Australia should adopt a certification mark similar to the 'CE' mark used by the European Union. Unless the certification mark appeared on the import forms, the products would not be allowed into the country. Mattel et al identified a number of advantages in a certification system, including making Customs' task of identifying infringing imports easier, and ensuring compliance with Australian safety standards.<sup>105</sup>
- 2.64 In principle, the Committee favours the introduction of a system of certification for imports. In the course of its inquiry the Committee became aware of practical issues that must be resolved before a system can be implemented. A key issue is when, and by whom, the mark should be affixed to a product. One possibility is that the manufacturer or copyright owner affixes the mark as a badge of its legitimacy. Yet Mattel et al gave evidence of certification marks themselves being counterfeited.<sup>106</sup>
- 2.65 Another possibility is that a mark be affixed at the point of entry. If this were done by the copyright owner, AGD expressed concern that the copyright owner would be unfairly given market intelligence about their competitors.<sup>107</sup> Mattel et al suggested that an accredited—and presumably independent—agency should affix the mark.<sup>108</sup> Alternatively, the importer could affix the mark, to vouch for its legitimacy and safety. The same objective could be reached by requiring the importer to submit to Customs a certificate declaring that the product was legitimate and safe.

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102 Mattel et al, *Submissions*, p. S667.

103 ACC, *Submissions*, p. S484.

104 MIPI, *Submissions*, p. S175.

105 Mattel et al, *Submissions*, p. S678.

106 Mr McDonald, Mattel et al, *Transcript*, p. 353.

107 Mr Fox, AGD, *Transcript*, p. 70.

108 Mr McDonald, Mattel et al, *Transcript*, p. 354.

- 2.66 The Committee considers that, of all the options described above, the last is the most feasible. As Mattel et al point out, to require an importer to attest to the legitimacy of their product prevents them from relying on the defence of innocent infringement. In other words, having signed a certificate of legitimacy, an importer can no longer argue that they did not know that their product infringed copyright.<sup>109</sup>
- 2.67 The Committee recognises that requiring an importer to sign a certificate of legitimacy, that then may be used in legal proceedings against the importer, may be 'post the event'<sup>110</sup> in the sense that it does not ensure the safety of the product. Nevertheless, it ensures that authorised importers will not be held liable for consumer and safety issues relating to all copies of a product.

### **Recommendation 1**

- 2.68 **The Committee recommends that the documentation required to be completed by commercial importers when importing a product into Australia include a declaration to the effect that**
- **had the product been made in Australia, the making of the product would not constitute an infringement of copyright; and**
  - **the product meets the applicable Australian safety standard.**

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109 Mr McDonald, Mattel et al, *Transcript*, p. 354.

110 Mr Anderson, Mattel et al, *Transcript*, p. 355.

## Protecting Copyright

- 3.1 The Committee's second term of reference focuses on the options for copyright owners to protect their copyright against infringement. Specifically, the term refers to measures, both legal and non-legal, that copyright owners can take to defend their copyright. Legal measures include litigation under the *Copyright Act 1968* (the Copyright Act) as well as other legislation. Non-legal measures include the use of technological protection devices and education campaigns. A preliminary issue that arose on a number of occasions in the course of the inquiry is: to what extent should the copyright owners alone be responsible for protecting their copyright? It is with this question that the Committee will deal first.

### Protection—whose responsibility?

- 3.2 In evidence to the Committee, both law enforcement agencies and copyright owners accepted that they each have a role to play in the protection of copyright. Although neither suggested that the other bore sole responsibility, opinions differed as to who should be primarily responsible for protecting copyright material and enforcing copyright law. In the overview to its submission, the Motion Picture Association (MPA) stated that:

The law protects property in copyright, just as it protects other property, from misappropriation. The public policy arguments in favour of the State protecting property are so old and so obvious as to not need restatement.<sup>1</sup>

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<sup>1</sup> Motion Picture Association (MPA), *Submissions*, p. S257.

- 3.3 The MPA argued that law enforcement agencies should approach copyright infringement with the same attitude as they do the theft of tangible property. This may be contrasted with the view expressed by the Attorney-General's Department (AGD) in relation to the investigation of copyright infringement:

...our position has been that these are private property rights and, by and large, the main burden for the enforcement of those rights should fall upon those who own those rights.<sup>2</sup>

- 3.4 The Australian Customs Service (Customs) was also concerned about arguments intended to shift the burden of enforcement from the copyright owner over to the taxpayer, in the form of Customs.<sup>3</sup> The Australian Copyright Council (ACC) objected to the burden being placed mostly on copyright owners:

We are concerned that there appears to be a perception, particularly among law enforcement agencies, that copyright infringement is primarily a matter for copyright owners alone. In this respect, intellectual property rights, including copyright, are viewed differently from other categories of property rights.<sup>4</sup>

## Copyright as property

- 3.5 The Committee accepts the point made by the ACC, that intellectual property is regarded differently from tangible property in Australian society. This difference in perception is reflected in the law itself. The law has long been acquainted with tangible property, in the form of real property and chattels, whereas intellectual property rights are more recent and unfamiliar to many people. Indeed, Mattel Pty Ltd, the Australian Toy Association and Hasbro Australia Ltd (Mattel et al) submitted that, traditionally, the distinguishing point between an industrial and a feudal economy is the respect for intellectual property that is paid by both business and the courts.<sup>5</sup>
- 3.6 Perhaps it is for this reason that we view copyright differently from tangible property. It may also be due to copyright's intangible nature that we regard it differently. It may be, that since comparatively few members of society own copyright, we are unaware or unfamiliar with the concept.

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2 Mr Fox, Attorney-General's Department (AGD), *Transcript*, p. 67.

3 Mr Burns, Australian Customs Service (Customs), *Transcript*, p. 98; *Submissions*, p. S151.

4 Australian Copyright Council (ACC), *Submissions*, p. S479.

5 Mattel Pty Ltd, Australian Toy Association & Hasbro Australia Limited (Mattel et al), *Submissions*, p. S663.

Whatever the reason, the Committee believes that the government has a responsibility to afford copyright, as well as other intellectual property rights, proper recognition and protection as property. This responsibility will only increase with the emergence of electronic commerce and the exchange of ideas through the Internet.

## Joint responsibility

- 3.7 At the same time, the Committee recognises that protection of copyright necessarily requires the involvement and co-operation of copyright owners. This is due in part to the specialised nature of the property in question. It is also due to the fact that law enforcement agencies have limited resources to devote to property offences, including copyright infringement (see Chapter 6).
- 3.8 The Australian Visual Software Distributors Association (AVSDA) recognised that protection of copyright is a joint responsibility to be shared between copyright owners and law enforcement agencies.<sup>6</sup> The Committee agrees with this position. In framing some of its recommendations in this chapter, the Committee has called upon the government and law enforcement agencies to help copyright owners protect their copyright.

## Protection through legal means

- 3.9 The law protects copyright by providing legislative frameworks within which copyright owners can vindicate their rights. The Copyright Act, and other legislation, including the *Trade Practices Act 1974* (the Trade Practices Act), the *Trade Marks Act 1995* (the Trade Marks Act) and the *Commerce (Trade Descriptions) Act 1905* (the Trade Description Act), all provide remedies that can be used when copyright has been infringed. The Committee's task is to investigate what use copyright owners are making of these frameworks. The issue of registration will also be considered here.

## Copyright Act

- 3.10 It is difficult to gauge what proportion of copyright owners, who have had their rights infringed, seek remedies contained in the Copyright Act. AGD submitted that copyright owners are generally effective in their use of the provisions of the Copyright Act. In its opinion, this is due to the legal and

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6 Mrs Simes, Australian Visual Software Distributors Association (AVSDA), *Transcript*, p. 317.

managerial sophistication of copyright owners, the availability of targeted training for copyright owners, and the collective administration and enforcement of rights.<sup>7</sup> The Committee accepts that these factors may apply to large corporations, to publishers and to collecting societies. However, the Committee does not accept generally that individual copyright owners possess the sophistication, or have the resources, that are claimed.

- 3.11 Obtaining relief under the Copyright Act is expensive. Music Industry Piracy Investigations submitted that the average cost of infringement proceedings in the 1990s was in excess of \$100 000.<sup>8</sup> VI\$COPY reported that the cost of pursuing one infringement of a particular artistic work was estimated to be \$60 000.<sup>9</sup> The Anti-Counterfeiting Action Group (ACAG) submitted that it costs between \$15 000 and \$20 000, or more, to sue a clothing counterfeiter.<sup>10</sup> An idea of the cost may also be gained from other intellectual property (patent) litigation, which IP Australia estimated to be between \$50 000 and \$250 000.<sup>11</sup>
- 3.12 The Committee heard from many witnesses who claimed that the cost of litigation made the protection provided by the Copyright Act nugatory. The Victorian Employers' Chamber of Commerce and Industry (VECCI) and the Business Software Association of Australia (BSAA) both stated that small businesses are often precluded from enforcing their rights because of the cost.<sup>12</sup> Indeed, the Arts Law Centre of Australia (ALCA) submitted that in view of the impediments to the legal enforcement of copyright, the government has failed in its commitment to promote a fair regulatory regime for small business.<sup>13</sup>
- 3.13 Organisations representing creators, such as ALCA, the Arts Law Centre of Queensland Inc and the National Indigenous Arts Advocacy Association (NIAAA) also submitted that many creators could not afford to enforce their rights.<sup>14</sup> These organisations reported that in many cases,

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7 AGD, *Submissions*, p. S428.

8 Music Industry Piracy Investigations, *Submissions*, p. S174.

9 Ms Ward, VI\$COPY, *Transcript*, p. 238.

10 Anti-Counterfeiting Action Group (ACAG), *Submissions*, p. S368.

11 Mr Gould, IP Australia, *Transcript*, p. 129.

12 Ms Harmer, Victorian Employers' Chamber of Commerce and Industry (VECCI), *Transcript*, p. 39; Mr Macnamara, Business Software Association of Australia (BSAA), *Transcript*, p. 182.

13 Arts Law Centre of Australia (ALCA), *Submissions*, p. S100.

14 Arts Law Centre of Australia (ALCA), *Submissions*, pp. S101–102; Arts Law Centre of Queensland Inc, *Submissions*, p. S46; National Indigenous Arts Advocacy Association (NIAAA), *Submissions*, p. S574.

the most that creators can do is to threaten legal action, with varying degrees of success.<sup>15</sup>

### Indigenous art

- 3.14 The Aboriginal and Torres Strait Islander Commission (ATSIC) submitted that lack of access to the legal system was the main obstacle preventing indigenous artists from benefiting from the protection provided by the Copyright Act.<sup>16</sup> The NIAAA identified additional barriers facing indigenous artists, including the remoteness of many indigenous artists, and the lack of an infrastructure to support litigation.<sup>17</sup> Yet together with ALCA, ATSIC and NIAAA both acknowledged the important role that test cases have played in extending the law and educating the copyright community in the area of indigenous art.<sup>18</sup>
- 3.15 On a more fundamental level, witnesses representing indigenous artists and peoples questioned the extent to which the Copyright Act can adequately protect indigenous interests. This is because in a number of significant respects, Aboriginal culture differs from the culture of property rights that is embodied in the Copyright Act. The most striking difference is the principle of communal ownership. An indigenous artist is responsible to their clan when they use cultural heritage in their work. They remain answerable to the clan, and may face serious punishment, if the heritage embodied in the artwork is used contrary to customary law.<sup>19</sup> This is so even if the artwork is used without the artist's permission, in other words, in circumstances of copyright infringement.
- 3.16 In *Bulun Bulun v R & T Textiles Pty Ltd*<sup>20</sup> the Federal Court held that an indigenous artist owes a fiduciary obligation to their clan group to protect the clan's heritage which the artist uses in their artwork. In this way the Federal Court gave recognition to Aboriginal customary law. NIAAA suggested that an artist's fiduciary obligation to their clan be given legislative recognition. Additionally, it recommended that a clan be given standing to bring an action for infringement of any copyright material that involves clan heritage.<sup>21</sup>

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15 NIAAA, *Submissions*, p. S570; Ms Browne, ALCA, *Transcript*, p. 259.

16 Aboriginal and Torres Strait Islander Commission (ATSIC), *Submissions*, p. S732.

17 NIAAA, *Submissions*, p. S574.

18 NIAAA, *Submissions*, p. S580; ALCA, *Submissions*, p. S103; ATSIC, *Submissions*, p. S733.

19 Ms Janke, NIAAA, *Transcript*, p. 335.

20 (1995) 30 IPR 209.

21 NIAAA, *Submissions*, p. S574.

- 3.17 The Aboriginal and Torres Strait Islander Commission (ATSIC) pointed out that the Copyright Act also fails to protect images in rock paintings which have been in existence since time immemorial.<sup>22</sup> Due to these perceived shortcomings, ATSIC together with NIAAA, submitted that the Copyright Act alone cannot protect indigenous cultural and intellectual property.<sup>23</sup> They argued that, due largely to the notion of collective ownership and the need for broader protection of Aboriginal heritage, *sui generis* legislation is required to protect indigenous intellectual property.
- 3.18 The Committee considers that the government should commit itself to reviewing mechanisms for the protection of indigenous cultural and intellectual property generally, with a view to considering *sui generis* legislation. A suitable starting point in this process might be to review the recent report commissioned by ATSIC and the Australian Institute of Aboriginal and Torres Strait Islander Studies, *Our Culture: Our Future*.<sup>24</sup>

## Recommendation 2

- 3.19 **The Committee recommends that the Minister for the Arts and/or the Attorney-General give the Committee a reference to inquire into the mechanisms for the protection of indigenous cultural and intellectual property.**
- 3.20 In light of the above recommendation, the Committee refrains from making any recommendation as to how communal ownership could be recognised in the Copyright Act. The Committee considers that this issue should be addressed in the proposed review.

## Copyright industries

- 3.21 Even corporate copyright owners find protecting their rights using the Copyright Act burdensome. Mattel stated that it is involved in litigation on a weekly basis.<sup>25</sup> Sony Computer Entertainment devoted \$700 000 to enforcement strategies in 1999 and at the time of giving evidence, had 35 infringement proceedings pending in the Federal Court.<sup>26</sup> BSAA estimated its members' expenses on anti-piracy activities in the 1998–99 financial

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22 Aboriginal and Torres Strait Islander Commission (ATSIC), *Submissions*, p. S735.

23 ATSIC, *Submissions*, p. S730

24 T Janke, 1998.

25 Mr McDonald, Mattel, *Transcript*, p. 4.

26 Mr Ephraim, AVSDA, *Transcript*, p. 306.



year to be \$3.5 million. Since 1989 BSAA and its members have commenced over 160 infringement actions in the Federal Court.<sup>27</sup> The Committee concludes that the major copyright owners are vigorously pursuing infringement under the Copyright Act.

- 3.22 From a logistical point of view, the nature of copyright infringement often requires a joint response from the copyright owners in a particular industry. The investigation and prosecution of infringement is often carried out by a single policing body for the industry, which receives funding from the members of that industry. Such bodies exist in both the music and film industries: Music Industry Piracy Investigations (MIPI) and Australasian Film and Video Security Office (AFVSO) respectively. In other industries, copyright owners band together and employ private investigators to carry out the surveillance and prosecution of infringement. The BSAA has established a hotline for 'dobbing in' software infringers, with a reward offered.<sup>28</sup>
- 3.23 AGD suggested that the industries' funding of their own policing bodies may not be generous.<sup>29</sup> The Committee is not in a position to comment on the accuracy of that suggestion, although the evidence indicates that at least some copyright owners expend considerable amounts on enforcement of their rights.

## Other legislation

- 3.24 Material which is protected by copyright is often also protected by other intellectual property regimes, for example, the law of trademarks. The owner of a product which is protected under another regime, other than copyright, may chose to rely on that regime. For example, AVSDA stated that it has found the Trade Marks Act to provide the most effective protection for visual software products.<sup>30</sup> This is because the issue of ownership is easier to prove under the Trade Marks Act than the Copyright Act.<sup>31</sup> On the other hand, BSAA stated that the Copyright Act has been the primary basis of all legal actions initiated against software pirates.<sup>32</sup> AGD stated that infringements of copyright often also constitute

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27 Business Software Association of Australia (BSAA), *Submissions*, p. S339.

28 BSAA, Mr Gonsalves, *Transcript*, p. 180.

29 AGD, *Submissions*, p. S428.

30 Mr Dwyer, AVSDA, *Transcript*, pp. 308–309.

31 Mrs Simes, AVSDA, *Transcript*, p. 313.

32 BSAA, *Submissions*, p. S339.

breaches of the Trade Practices Act.<sup>33</sup> Mattel confirmed that pirates could be pursued under the Trade Practices Act.<sup>34</sup>

- 3.25 Mr Sugden of the University of Queensland stated that copyright has significantly more remedies than other areas of intellectual property law. Mr Sugden argued that the remedies should be unified across the various pieces of legislation.<sup>35</sup> AVSDA argued that additional damages, available under the Copyright Act, should also be available under the Trade Marks Act. The Committee, mindful of its terms of reference, has decided to concentrate on improving the operation of the Copyright Act rather than expanding the remedies available under related legislation.
- 3.26 Customs submitted that copyright owners often seek to prevent the importation of pirated products under the Trades Description Act rather than the Copyright Act.<sup>36</sup> The labels and logos on pirated goods, which make them appear genuine, breach the provisions of the Trades Description Act. Under the Act, a warrant must be obtained before the goods can be seized, an expense which is borne by Customs. For this reason, Customs advised that it would not automatically apply the provisions of the Trade Descriptions Act.<sup>37</sup> MIPI submitted that the seizure of goods under the Trade Descriptions Act is in any case only a stop-gap measure.<sup>38</sup>
- 3.27 The Committee recognises that as a practical matter, legislation other than the Copyright Act has a role to play in the enforcement of copyright. The Committee further acknowledges that part of the reason that copyright owners are resorting to other legislation may be the problematic operation of the Copyright Act itself. The Committee is confident that, if implemented, the changes recommended in this report will make the Copyright Act a much more effective tool in the enforcement of copyright.

## Registration

- 3.28 A number of witnesses argued that the law could better protect copyright from infringement if a system of registration for copyright were introduced into the Copyright Act. The concept of registration is not new in Australia. The *Copyright Act 1905* established the Copyright Office, which was responsible for maintaining a register of copyrights.

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33 Mr Fox, AGD, *Transcript*, p. 68.

34 Mr McDonald, *Transcript*, p. 16.

35 Mr Sugden, *Transcript*, p. 384.

36 Customs, *Submissions*, p. S144.

37 Customs, *Submissions*, p. S155.

38 MIPI, *Submissions*, p. S176.

Registration of copyright was a precondition to taking any legal action in respect of a copyright; thus registration was a precondition to enforcement.<sup>39</sup> This position was changed by the *Copyright Act 1912*, under which registration was voluntary, although the 1912 Act provided additional remedies for registered copyright owners.<sup>40</sup> Registration remained an option for copyright owners in Australia until 1969, when the *Copyright Act 1968* commenced.<sup>41</sup>

- 3.29 In some overseas jurisdictions, including the United States of America, copyright is based on a system of voluntary registration. Although registration was at one time compulsory in the US, it is no longer so.<sup>42</sup> Canada also has a voluntary system of registration.<sup>43</sup> The ACC and Mattel et al argued that compulsory systems of registration are inconsistent with the World Trade Organisation *Agreement on Trade Related Aspects of Intellectual Property Rights* (TRIPS) and the 1886 Berne Convention for the Protection of Literary and Artistic Works.<sup>44</sup> The Committee understands that this view is generally accepted, and will therefore limit its attention to voluntary registration systems.
- 3.30 Voluntary registration helps to protect copyright owners by facilitating proof of ownership. This is useful in both civil and criminal infringement proceedings, in which often the hardest element for the plaintiff or prosecution to prove is ownership of copyright. Currently, copyright owners have to establish, using admissible evidence, a 'chain of title' to the material in question—a complex, and sometimes impossible, task. Often it involves gathering evidence overseas, at considerable expense. The MPA gave an example of proceedings in relation to one work that required 150 hours of employee time to assemble the documents necessary to prove ownership.<sup>45</sup>
- 3.31 A voluntary system of registration would instead allow a copyright owner to establish prima facie ownership simply by producing a certificate of registration. For example, subsection 53(2) of the *Copyright Act* (Canada) contains a rebuttable presumption that the owner is the person whose name appears on the register.<sup>46</sup> Courts take judicial notice of certificates of registration.

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39 Section 74 of the *Copyright Act 1905*.

40 Section 26 of the *Copyright Act 1912*.

41 Mr Fox, AGD, *Transcript*, p. 62.

42 Ms Baulch, ACC, *Transcript*, p. 288.

43 MPA, *Submissions*, pp. S278-279.

44 Ms Baulch, ACC, *Transcript*, p. 288; Mattel et al, *Submissions*, p. S670.

45 MPA, *Submissions*, p. S274.

46 MPA, *Submissions*, p. S279.

- 3.32 Mattel et al and NSW Police drew an analogy between voluntary copyright registration and the Torrens title system for interests in real property. They argued that just as the latter made conveyancing more reliable, efficient and less expensive, voluntary registration would make dealings in, and litigation concerning, copyright more efficient.<sup>47</sup> NSW Police further suggested that a voluntary registration system may lead to more police involvement in cases of criminal infringement, because the crime would be easier and cheaper to prosecute.<sup>48</sup>
- 3.33 In the Committee's view, the analogy between Torrens title and voluntary copyright registration is flawed. A voluntary registration system cannot guarantee title in the way that a system of indefeasible title can. In a voluntary registration system, a registered owner's title can always be challenged. The challenge, if successful, has the effect of defeating the registered owner's interest. For this reason a voluntary system of registration is of limited value.
- 3.34 AGD stated that it was not prepared to entertain the idea of registration. They claimed that it would entail a very substantial administrative burden, and that is not warranted in the circumstances.<sup>49</sup> NSW Police and Mattel et al and the BSAA all pointed out that a voluntary registration system could be self-funding, or even raise revenue for the government.<sup>50</sup> In this regard BSAA stated that IP Australia, the agency responsible for registering patents, trademarks and designs, made a profit of about \$11 million in the last financial year.<sup>51</sup>
- 3.35 In answer to the concern that a voluntary system of registration would impose an administrative burden on the government, the BSAA suggested that the register could be maintained by industry.<sup>52</sup> In this way, administrative costs could be avoided. The integrity of the register could be maintained by requiring it to comply with standards specified in legislation.
- 3.36 The Committee accepts that it may be feasible to implement a system of voluntary copyright registration in Australia without involving the government. Given the interest in registration, the Committee was keen to uncover the reason why voluntary registration was abandoned in the Copyright Act. The answer is to be found in the Report of the Copyright
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47 Mattel et al, *Submissions*, p. S669.

48 Sgt Shepherd, NSW Police, *Transcript*, p. 168.

49 Mr Fox, AGD, *Transcript*, pp. 62–63.

50 Mattel et al, *Submissions*, p. S671; Sgt Shepherd, NSW Police, *Submissions*, p. 163.

51 Mr Gonsalves, BSAA, *Transcript*, p. 184.

52 Mr Macnamara, BSAA, *Transcript*, p. 184.

Law Review Committee, 1959 (the Spicer Report).<sup>53</sup> In advocating the removal of the voluntary registration system from the 1912 Act, the Committee highlighted the fact that requirements for registration were minimal. It further stated:

Even if the provisions for the initial registration of the copyright required more effective proof of ownership, the fact that registration of assignments, transmissions and licences is of necessity voluntary greatly detracts from the value of the register as an accurate record of ownership.<sup>54</sup>

- 3.37 In the Committee's view, this comment in the Spicer Report continues to have force. The Committee is not convinced that there is much practical value in instituting a voluntary system of registration, however it is funded or administered. As is discussed in Chapter 4, the Committee recommends the adoption of a rebuttable presumption in copyright proceedings. The operation of the rebuttable presumption has much the same effect as would the implementation of a voluntary registration system. For this reason that the Committee has decided against recommending introducing such a system in Australia.
- 3.38 An alternative to instituting a voluntary system of registration in Australia would be for Australian courts to recognise foreign registrations. A number of witnesses advocated that the Copyright Act should make provision for this. The DPP acknowledged that recognition of foreign registrations would make prosecutions much easier.<sup>55</sup> The Australasian Performing Right Association and the Australasian Mechanical Copyright Owners Society,<sup>56</sup> the BSAA and the MPA all argued in favour of recognising US registration.<sup>57</sup>
- 3.39 IP Australia argued that recognition of a foreign registration would disadvantage Australian residents, who would have to register their copyright overseas in order to gain the benefit of Australian law.<sup>58</sup> The MPA responded that foreign nationals can register copyright in the US for a US\$30 fee.<sup>59</sup> However, AGD warned that recognising registration in some countries and not others may contravene TRIPS, which requires

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53 Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations are Desirable in the Copyright Law of the Commonwealth.

54 Spicer Report, para. 452.

55 Mr Thornton, Commonwealth Director of Public Prosecutions, *Transcript*, p. 90.

56 Australasian Performing Right Association and the Australasian Mechanical Copyright Owners Society, *Submissions*, p. S246.

57 Mr Gonsalves, BSAA, *Transcript*, p. 183.

58 Mr Gould, IP Australia, *Transcript*, p. 130.

59 Mr Alexander, MPA, *Transcript*, p. 142.

Australia to treat all WTO members in a non-discriminatory manner.<sup>60</sup> MPA replied that the legislation could be drafted in such a way so as not to discriminate between foreign registration systems.<sup>61</sup>

- 3.40 AGD submitted that recognising foreign registration 'flies in the face' of the Australian copyright regime that is not based on any formalities.<sup>62</sup> It was also concerned that a legislative provision requiring judges to recognise foreign registrations would remove the discretion judges already have to admit foreign certificates of registration into evidence.<sup>63</sup> The Committee notes that in one of the prosecutions discussed by the DPP, *Holder v Searle*,<sup>64</sup> Spender J admitted US certificates of registration into evidence.<sup>65</sup> This suggests that Australian courts are prepared to have regard to foreign certificates of registration. AGD pointed out that despite tendering the certificate of registration, the prosecution failed to prove ownership of copyright in that case.<sup>66</sup>
- 3.41 The Committee considers it unnecessary and undesirable to introduce a provision in the Copyright Act requiring judges to take judicial notice of foreign certificates of registration. The Committee is satisfied that the courts will continue to accept into evidence certificates of registration from other jurisdictions and accord to them such weight as is appropriate.

## Protection through other means

- 3.42 Based on its experience, the MPA suggested to the Committee that copyright protection is derived from three distinct areas: technical safeguards, strict and strong legal platforms and a commitment to enforcement.<sup>67</sup> The Committee recognises that legal protection (law and law enforcement) is a necessary part of copyright enforcement. However, like the MPA, the Committee also recognises that other, non-legal, strategies can be effective in the enforcement of copyright. These non-legal strategies are discussed below.

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60 Mr Fox, AGD, *Transcript*, p. 63.

61 Mr Alexander, MPA, *Transcript*, p. 143.

62 AGD, *Submissions*, p. S440.

63 Mr Fox, AGD, *Transcript*, p. 63.

64 (1998) 44 IPR 1.

65 (1998) 44 IPR 1 at 18–20.

66 Mr Fox, AGD, *Transcript*, p. 63.

67 Mr Baker, MPA, *Transcript*, p. 138.

## Technological protection devices

- 3.43 One way to protect copyright material from infringement is to use a technological protection device. Such devices operate by either aiding the identification of copyright material, or by restricting access to, or the use of, copyright material. Protection devices have the advantage of providing intrinsic protection to copyright material; they prevent infringement from occurring, rather than merely providing a remedy once it has occurred. The Department of Communications, Information Technology and the Arts (DoCITA) submitted that in many cases preventative action is the most appropriate form of protection against infringement.<sup>68</sup>
- 3.44 Technological protection devices are especially important in the electronic environment. This is because the possibilities for infringement in the electronic environment are vast, rendering legal protection largely ineffectual. The *Copyright Amendment (Digital Agenda) Act 2000* refers to two types of protection devices that can apply to material in electronic form: see the definitions of 'electronic rights management information' and 'effective technological protection measure' inserted into section 10(1) of the Copyright Act.
- 3.45 AGD submitted that there is a large range of measures now available to copyright owners to seek to mark or identify their material.<sup>69</sup> OVID Australia Pty Ltd (Ovid) described a new technological protection device that has been developed in Australia. The device protects physically embodied copyright material, such as compact discs (CDs), digital video discs (DVDs), floppy discs and videos. It takes the form of a foil or veneer which can be applied to the physical body (the disc or video), and which has special optical properties—a so called optical variable device.<sup>70</sup> The foil identifies legitimate material, and enables it to be distinguished from counterfeit copies.
- 3.46 Not all witnesses placed confidence in technological devices as a means of protecting copyright. DoCITA referred to the Secure Digital Music Initiative that is being developed by the music industry.<sup>71</sup> Yet MIPI submitted that there were no technological protection devices, nor any on the horizon, capable of preventing infringement of sound recordings. They also argued that the attempts to provide protection are exacerbated by the

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68 Department of Communications, Information Technology and the Arts (DoCITA), *Submissions*, p. S646.

69 AGD, *Submissions*, p. S430.

70 OVID Australia Pty Ltd, *Submissions*, p. S139.

71 DoCITA, *Submissions*, p. S651.

fact that there is no effective control over hardware such as CD burners and cassette replicators.<sup>72</sup>

- 3.47 The Committee understands that some technological protection devices may have a limited period of effectiveness, in that pirates may soon master the relevant technology and circumvent a device. Nevertheless, the Committee considers it desirable to encourage the development of innovative technological protection devices such as Ovid's foil, described above.
- 3.48 The BSAA argued the use of technological protection devices should be an industry initiative, driven by market forces rather than government regulation.<sup>73</sup> While agreeing with this view, the Committee adds that once protection devices are in use, they should be protected from unauthorised removal or alteration by legal sanctions. An example of such sanctions in respect of protection devices for material in electronic form is found at section 116A of the Copyright Act, inserted by item 98 of Schedule 1 of the *Copyright Amendment (Digital Agenda) Act 2000*.

### Recommendation 3

- 3.49 **The Committee recommends that industry be encouraged to develop technological protection devices that are used to protect copyright material.**

**The Committee further recommends that the *Copyright Act 1968* be amended so as to provide legal sanctions against the removal or alteration of technological protection devices.**

### Education

- 3.50 A recurring theme that emerged from evidence to the Committee was that part of the difficulty in enforcing copyright in Australia lies in the community's attitude towards, and in some cases, ignorance about, copyright. Many witnesses identified education as an important strategy in combating a culture that tolerates copyright infringement.

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72 MIPI, *Submissions*, p. S178.

73 BSAA, *Submissions*, p. S340.



### Attitudes to infringement

3.51 In evidence to the Committee, Mattel et al stated:

... a fundament point is that the attitude in Australia that seems to be permeating through the community is that copyright is not really a serious issue. Whether it be in the marketplace where cheaper products are purchased—from \$2 shops or at that end of the market—or within the judiciary, there generally is a feeling that copyright is not a major matter.<sup>74</sup>

3.52 This point was also made by Mr Stephens, of Stephens Lawyers, who argued that many people do not understand what intellectual property is, and that they genuinely do not believe that the theft of intellectual property is wrong.<sup>75</sup> The Commercial Crime Agency of the NSW Police Service (NSW Police) argued that the present public attitude towards breach of copyright is akin to that displayed 20 or 30 years ago to drink driving.<sup>76</sup> Mattel et al also likened copyright infringement to drink driving, arguing that drink driving was curbed through law reform and an education campaign.<sup>77</sup> Both the NSW Police and Mattel et al suggested that a similar education campaign is necessary with respect to copyright.

3.53 DoCITA joined the NSW Police and Mattel et al in suggesting that a public awareness campaign about copyright is required.<sup>78</sup> In its submission, AGD referred with approval to a report of the Office of Strategic Crime Assessments, which suggested that education is a significant factor in enforcement because of its effect on social values.<sup>79</sup> Mattel et al called for a 'cultural paradigm shift' with respect to copyright protection.<sup>80</sup> CAL referred to a decision made by the United Kingdom government to 'raise awareness and understanding of copyright laws' in response to that government's view that 'few laws have such a wide effect and yet are so little understood by the public'.<sup>81</sup> The Committee agrees that a campaign, aimed at fostering greater public appreciation of copyright law, would be a valuable strategy in preventing copyright infringement in Australia.

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74 Mr McDonald, Mattel et al, *Transcript*, p. 348.

75 Mr Stephens, Stephens Lawyers, *Transcript*, p. 46.

76 Sgt Shepherd, Commercial Crime Agency NSW Police Force (NSW Police), *Transcript*, p. 164.

77 Mattel et al, *Submissions*, pp. S663–664.

78 DoCITA, *Submissions*, p. S646.

79 AGD, *Submissions*, p. S424.

80 Mattel et al, *Submissions*, p. S682.

81 CAL, *Submissions*, p. S600.

- 3.54 The Committee is aware that in this regard, organisations representing copyright owners currently conduct education programs. The ACC reported that it provides training on copyright, both to its members and to law enforcement agencies.<sup>82</sup> The MPA submitted that it conducted, through AFVSO, extensive and varied public education campaigns.<sup>83</sup> However, the Committee was not presented with detailed information about the extent of direct public education undertaken by the organisations. Neither is such information known by AGD.<sup>84</sup>
- 3.55 In the Committee's view, a public education campaign that aims to promote awareness of copyright law should be undertaken jointly by the government and organisations representing copyright owners. The campaign could include initiatives such as advertising in the media, and producing educational resources for use by schools, amongst others. The campaign should be balanced in the sense that, in addition to promoting respect for copyright as property, the campaign should clearly explain the legislative exceptions to the exclusive rights of copyright owners.
- 3.56 Misconceptions about copyright are not confined to the general public; often creators themselves are unaware of how copyright protects their material. VECCI highlighted the need to convey to members of the business sector that copyright is a valuable intellectual property asset, which must be safe-guarded.<sup>85</sup> Stephens Lawyers and IP Australia confirmed that there is a very poor understanding in the business community of the whole intellectual property system, including copyright.<sup>86</sup> VECCI submitted that in the long term, education of small to medium businesses is very important.<sup>87</sup> The Committee recognises the need to educate the small and medium business community about the nature of copyright and how it can be protected.

#### **Recommendation 4**

- 3.57 **The Committee recommends that the government conduct, in conjunction with representative organisations from the copyright industry, a public education campaign aimed at**

82 ACC, *Submissions*, p. S478.

83 MPA, *Submissions*, p. S259.

84 AGD, *Submissions*, p. S427.

85 VECCI, *Submissions*, p. S489.

86 Mr Gould, IP Australia, *Transcript*, p. 129; Mr Stephens, Stephens Lawyers, *Transcript*, p. 45.

87 Ms Harmer, VECCI, *Transcript*, p. 41.

- **promoting awareness and understanding of copyright in the general community; and**
- **educating the business sector as to what copyright is (including how it differs from other intellectual property rights) and how it can be protected.**

- 3.58 Some witnesses also expressed surprise over the judiciary's attitude to copyright infringement, as reflected in the minimal damages awarded in infringement actions. Mattel et al argued that this sends the wrong message to the community as it gives the impression copyright infringement is a trivial breach of the law.<sup>88</sup> Penalties for copyright infringement, together with possible sentencing guidelines, will be considered further in Chapter 4.
- 3.59 One member of the Committee noted that in her experience, police tend to regard copyright matter as a commercial matter which should be left to the civil courts.<sup>89</sup> In response, NSW Police stated that in the past a similar attitude of disavowal was taken by police towards domestic violence offences.<sup>90</sup> They used this to argue that an attitudinal change is required.
- 3.60 In conclusion, the Committee wishes to emphasise the importance of education to the enforcement of copyright in Australia. The Committee considers that education, aimed at all groups of people who deal with copyright, from members of the public, small businesses and large copyright industries, to law enforcement officers and members of the judiciary, will be a significant step in preventing infringements of copyright from occurring.

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88 Mr McDonald, Mattel et al, *Transcript*, p. 349.

89 Mrs Danna Vale, *Transcript*, p. 169

90 Sgt Shepherd, NSW Police, *Transcript*, p. 169.



## Criminal Sanctions Against Infringement

- 4.1 In its submission, the Commonwealth Director of Public Prosecutions (DPP) stated in relation to copyright infringement:

There is a gap between the expectations of victims and bodies representing industries affected, and the ability to bring prosecutions and the effectiveness of criminal sanctions under the present arrangements.<sup>1</sup>

In the course of its inquiry, the Committee appreciated just how wide is the gap in expectations between what is, and what should be, provided for by way of punishments and deterrents in relation to copyright infringement. Copyright owners were united in calling for the law to have a greater deterrent effect. In this chapter, the Committee will consider the current sanctions in the *Copyright Act 1968* (Copyright Act) and ways to make them more effective.

### Penalties and sentencing

- 4.2 The DPP reported that in 1997–98 there were seven convictions recorded for copyright infringements, and six in 1998–99.<sup>2</sup> The penalties imposed ranged from non-conviction bonds to fines of up to \$4 800. Under subsection 132(6A) of the Copyright Act, the maximum possible penalty for infringement is \$60 500 or 5 years' imprisonment in respect of individuals, and \$302 500 in respect of corporations.<sup>3</sup>

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1 Commonwealth Director of Public Prosecutions (DPP), *Submissions*, p. S498.

2 DPP, *Submissions*, p. S491. The figure for 1998–99 is from 1 July 1998 to 4 June 1999.

3 See also subsection 4B(3) of the *Crimes Act 1914*.

- 4.3 The Commercial Crime Agency of the NSW Police Service (NSW Police) argued that the current penalties are insufficient and do not adequately reflect the criminality involved in copyright infringement.<sup>4</sup> It compared the maximum penalty for infringement with that for the offence of making a false instrument,<sup>5</sup> which it considered to be similar; the latter offence carries a penalty of 10 years' imprisonment. The Committee notes that the penalty for theft of property under the *Crimes Act 1914* is seven years' imprisonment.<sup>6</sup> In its view, the penalty of five years' imprisonment for infringement is insufficient.
- 4.4 In their submission, Mattel Pty Ltd, the Australian Toy Association and Hasbro Australia Ltd (Mattel et al) regarded the penalties as adequate, but objected that the sentences that are imposed are too low to have a deterrent effect.<sup>7</sup> The Australian Federal Police (AFP) also submitted that while the penalties provided for in the Act are adequate, the actual sentences handed down are often relatively low.<sup>8</sup> The Motion Picture Association (MPA) submitted that in the film industry, the average fine imposed is around \$1 000 per offence with many persons having no conviction recorded or receiving a good behaviour bond.<sup>9</sup>
- 4.5 The Business Software Association of Australia (BSAA) made the same objection. They surveyed the penalties imposed in a number of cases overseas, and concluded that sentences for copyright infringement in many foreign jurisdictions are much harsher.<sup>10</sup> All the witnesses suggested that the sentences awarded by Australian courts neither serve as effective deterrents nor reflect the effort and resources required to secure convictions. However, the Attorney-General's Department (AGD) stated that it was not aware of any cases in which the penalties have been challenged, or would be challengeable, as manifestly inadequate.<sup>11</sup>
- 4.6 The Committee accepts that the sentences imposed for copyright infringement are low, in comparison both to other property offences, and to international practice. The Committee shares Mattel et al's concern that low sentences send the wrong message to the community about

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4 Commercial Crime Agency of the NSW Police Service (NSW Police), *Submissions*, p. S527.

5 See section 300 of the *Crimes Act 1900* (NSW).

6 Section 71 of the *Crimes Act 1914*.

7 Mattel Pty Ltd, the Australian Toy Association and Hasbro Australia Ltd (Mattel et al), *Submissions*, p. S680.

8 Australian Federal Police, *Submissions*, p. S361.

9 Motion Picture Association (MPA), *Submissions*, p. S275.

10 Business Software Association of Australia (BSAA), *Submissions*, pp. S342–343.

11 Attorney-General's Department (AGD), *Submissions*, p. S750.

infringement.<sup>12</sup> Mattel et al urged the introduction of mandatory guidelines for sentencing in infringement trials.<sup>13</sup> The Australian Information Industry Association also recommended guidelines, though not mandatory ones.<sup>14</sup>

- 4.7 The Committee agrees that sentencing guidelines would be a useful tool in changing judicial attitudes to infringement. The Committee, recognising the importance of allowing room for judicial discretion, is not in favour of stipulating mandatory or minimum sentences. The Committee notes that the High Court has indicated that sentencing guidelines may assist in reducing the disparity that results from the sentencing of federal offenders in different jurisdictions.<sup>15</sup>
- 4.8 The Committee also hopes that the adoption of guidelines would result in generally higher penalties. In the Committee's view the guidelines should specify the circumstances in which a court should consider awarding a custodial sentence. The Committee also recognises that prosecutors have a duty to present sufficient evidence to convince the court that heavier penalties are warranted in appropriate cases. Such evidence could include the involvement of organised crime.
- 4.9 The Committee notes that the Chief Justice of New South Wales has recently overseen the introduction of 'guideline judgments' in the Supreme Court of New South Wales. In a 'guideline judgment', a full bench of the Court of Criminal Appeal promulgates guidelines for the sentencing of offenders in like cases. To date, the Supreme Court has issued guideline judgments in relation to a number of crimes including driving causing death and armed robbery.<sup>16</sup> The Committee considers that 'guideline judgments' could be usefully developed in relation to copyright offences. In the Committee's view, it is appropriate that guideline judgments for copyright offences be developed by the Federal Court of Australia.

## Recommendation 5

- 4.10 **The Committee recommends that the Attorney-General bring to the attention of the Chief Justice of the Federal Court of Australia the**

12 Mr McDonald, Mattel et al, *Transcript*, p. 349.

13 Mattel et al, *Submissions*, pp. S680–681.

14 Australian Information Industry Association, *Submissions*, p. S525.

15 *Postiglione v R* (1996) 189 CLR 295 at 336–337.

16 *Rv Jurisic* [1998] NSWSC 597; *R v Henry Barber Tran Silver Tsoukatos Yrogrou Jenkins* [1999] NSWCCA 111.

**system of ‘guideline judgments’ instituted in the Supreme Court of New South Wales, with a view to developing guideline judgments in relation to copyright offences.**

- 4.11 In the opinion of the Committee, the development of sentencing guidelines by the judiciary should be complemented by a strengthening of the offence provisions contained in the Copyright Act. The Committee considers that this two-pronged approach is the most effective way to curb the criminal infringement of copyright.
- 4.12 Beach Collections suggested that the Copyright Act should contain increased penalties for repeat offenders.<sup>17</sup> The Committee notes that the *Copyright Amendment Act 1986*<sup>18</sup> provided for increased penalties in the case of second and subsequent offences. This provision was removed by the *Copyright Amendment Act (No 2) 1998* which does not distinguish between first and repeat offences. The Copyright Act now leaves it to the discretion of the sentencing judge to impose a heavier penalty in respect of repeat offences. Evidence to the Committee has demonstrated the need for penalties for copyright offences to have a greater deterrent effect. For this reason, the Committee recommends the re-introduction of increased penalties for repeat offenders.

### **Recommendation 6**

- 4.13 **The Committee recommends that the *Copyright Act 1968* be amended so as to provide increased penalties for persons convicted of subsequent offences.**
- 4.14 The Australian Film and Video Security Office (AFVSO) argued that the current wording of subsection 132(6A) is not as clear as previous versions. In particular, it is not clear whether, when infringing copies of a number of different works are involved, one or multiple offences are committed.<sup>19</sup> Having considered the Explanatory Memorandum and the Second Reading Speech on the Bill,<sup>20</sup> the Committee agrees that the question

17 Beach Collections, *Submissions*, p. S66.

18 Section 16.

19 Mr Howes, Australian Film and Video Security Office, *Transcript*, p. 148.

20 The Copyright Amendment Bill (No 2) 1997; Second Reading Speech Hon Daryl Williams, AM QC MP, 20 November 1997, *Debates*, p. 10971.



remains open. The Committee agrees with AGD that the Copyright Act should be amended so as to clarify the position.<sup>21</sup>

- 4.15 In the Committee's view, it is appropriate to regard infringement of copyright in works (or other subject matter) on an individual basis, in recognition of the effort that has been expended to create each work. It follows that infringement of copyright in a number of works should result in a number of counts of the offence of infringement.
- 4.16 The Committee further considers that each type of unauthorised dealing with an individual work (or other subject matter) should constitute a separate count of infringement. For example, possessing a device for making infringing copies of a work (in contravention of subsection 132(3)) and then making infringing copies of that work for sale (in contravention of subsection 132(1)) would amount to two counts of infringement.

### Recommendation 7

- 4.17 **The Committee recommends that section 132 of the *Copyright Act 1968* be amended so as to clarify that in circumstances where more than one work or other subject matter are involved, the section applies to each work or other subject matter severally.**

**The Committee further recommends that subsection 132(6A) of the *Copyright Act 1968* be amended so as to clarify that in respect of each work or other subject matter, a person commits a separate offence when he or she contravenes each of subsections 132(1), (2), (2A), (3), (5) and (5AA).**

## Proof of ownership

- 4.18 The primary offence provision in the Copyright Act is section 132,<sup>22</sup> which proscribes the importation of, and commercial dealing in, infringing material. More precisely, in a prosecution under section 132, the following elements must be proved:
- subsistence of copyright;

21 AGD, *Submissions*, p. S750.

22 AGD, *Submissions*, p. S411.

- that the article in question is an infringing copy (This is traditionally done by proving that the copy was made without the copyright owner's consent, which in turn entails proving ownership of copyright and that the owner did not license the copy.);
- the making, importing or dealing with infringing copies for commercial purposes, or possessing them for the purpose of doing so; and
- that the defendant knew or ought reasonably to have known that the article in question is an infringing copy.<sup>23</sup>

4.19 From the analysis of a copyright prosecution given above, it will be seen that the purpose of proving ownership of copyright is to show that the copy in question was made without the owner's consent. Copyright owners argued that the pivotal issue in copyright offences is the defendant's state of mind in relation to consent. In other words, where a person manufactures or commercially deals with material that they know (either in actuality or constructively) is subject to copyright, the sole determinant of criminal liability should be whether the person knows, or is reckless as to whether, their manufacture or dealing requires the consent of the copyright owner.<sup>24</sup>

4.20 In the approach described in the preceding paragraph, the identity of the copyright owner is irrelevant and there is, therefore, no need to prove who owns the copyright.<sup>25</sup> AGD expressed concern that the approach unfairly disadvantages a defendant, since it is always possible that the material alleged to be infringed was already in the public domain.<sup>26</sup> For this reason the prosecution should be required to prove ownership. The Committee agrees with this conclusion, although in its view, the task of proving ownership should not be as intractable as it is at present.

4.21 Ownership of copyright, together with the other elements of the offence, must be proved using admissible evidence. The DPP submitted that for this reason, copyright prosecutions can be difficult, highly technical and expensive.<sup>27</sup> Of all the matters requiring proof, ownership of copyright is the most difficult.<sup>28</sup> In its submission the DPP discussed two prosecutions which were either wholly or partly unsuccessful because it could not be

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23 AGD, *Submissions*, p. S412; DPP, *Submissions*, p. S492.

24 AGD, *Submissions*, p. S761.

25 Music Industry Piracy Investigations (MIPI), *Submissions*, p. S181.

26 AGD, *Submissions*, p. S761.

27 DPP, *Submissions*, p. S491.

28 Mr Thornton, DPP, *Transcript*, p. 90.

proven that the victim owned the copyright.<sup>29</sup> MPA described a prosecution in which it was put to considerable effort and expense in proving ownership before the defendant changed his plea to guilty.<sup>30</sup>

- 4.22 Many submissions concentrated on ways to ease the difficulty through providing evidential assistance to the prosecution. All the forms of evidential assistance that were suggested to the Committee have the effect of placing, to varying degrees, an onus of proof on the defendant. It is this issue that the Committee will consider first.

### Reversing the onus of proof

- 4.23 AGD opposed a presumption of ownership on a variety of grounds.<sup>31</sup> Foremost amongst them was that reversing the onus of proof undermines the presumption of innocence. It does this by violating the cardinal principle of criminal law that the prosecution carries the onus of proving all the elements of an offence. Mr Paul Sugden agreed, adding that a change in the onus of proof is incompatible with the adversarial system.<sup>32</sup> AGD further submitted:

It is Commonwealth criminal 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.<sup>33</sup>

- 4.24 The evidence establishes that the second criterion is satisfied. Yet AGD argued that the difficulty of proving an element of the offence does not, of itself, justify reversing the onus of proof. It is unjust and unreasonable to reverse the onus if it is also difficult for the defendant to disprove that the copies in question are infringing copies.<sup>34</sup> The DPP stated that in its experience, defendants often have ready means of discharging the onus. This they can do by showing that they have an entitlement to use

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29 *Lollback v Yuong* (unreported, NSW Local Court, 8 February 1996); *Holder v Searle* (1988) 44 IPR 1.

30 MPA, Exhibits

31 AGD, *Submissions*, pp. S436–437.

32 Mr Paul Sugden, *Submissions*, p. S37.

33 AGD, *Submissions*, p. S436.

34 AGD, *Submissions*, p. S437.

copyright—in other words, by producing a licence.<sup>35</sup> A valid licence will refute the contention that the copies in question are infringing copies.

- 4.25 AGD also expressed concern that reversing the onus of proof may facilitate prosecutions to such an extent that criminal laws could be routinely used to resolve what are inherently commercial disputes.<sup>36</sup> The Committee does not share AGD's concern that the criminal law will be abused in this way. In the forms of assistance suggested to the Committee, the onus of proof is only reversed once the prosecution has established a prima facie case of ownership. The Committee considers this precondition for the reversal of the onus a sufficient safeguard against abuse.
- 4.26 The Committee concludes that in a prosecution for copyright infringement, it is appropriate for the defendant at some stage to bear the onus of proving that the copies in question are not infringing copies. This is because the difficulty of proving ownership of copyright unreasonably exceeds that of proving an entitlement to use copyright. In addition, the reversal of proof only applies to one of the four elements of the offence. For these reasons, the Committee does not consider reversing the onus of proof inconsistent with Commonwealth criminal law policy.
- 4.27 Two forms of assistance for the prosecution in proving ownership—two ways of establishing a prima facie case—were suggested to the Committee. The first is the implementation of a voluntary registration system. For the reasons canvassed in Chapter 3, the Committee has decided against this approach. The second form of assistance takes the form of a rebuttable presumption of ownership. The Committee will consider this below.

### Presumption of ownership

- 4.28 In considering reversing the onus of proof, the question that arises is what should activate the reversal? Two possible triggers were suggested in evidence. First, the prosecution could aver (or assert) ownership by a particular person. Alternatively, where the name of the author is indicated on the work, that person (the author) could be presumed to own the copyright.
- 4.29 The MPA, the BSAA and the Australian Visual Software Distributors Association (AVSDA) all supported the first trigger for the reversal.<sup>37</sup> The

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35 Mr Thornton, DPP, *Transcript*, p. 88.

36 AGD, *Submissions*, p. S436.

37 Mr Baker & Mr Alexander, MPA, *Transcript*, pp. 138 and 144; BSAA, *Submissions*, p. S347; Mr Dwyer, Australian Visual Software Distributors Association (AVSDA), *Transcript*, p. 310.

BSAA submitted that an affidavit filed on behalf of the copyright owner asserting ownership of copyright should be sufficient prima facie proof of ownership. AVSDA elaborated on this proposition, by specifying exactly what should be asserted in the affidavit. Their suggested form for the affidavit is modelled on section 121 of the *Copyright Ordinance* (Hong Kong).<sup>38</sup> The affidavit would include details such as the date and place of first publication, and the names of the author and owner of the work. A true copy of the work would be exhibited to the affidavit.

- 4.30 The MPA reported that a consultant recently commissioned by the New Zealand Ministry of Commerce to report on the theft of intellectual property recommended that provision be made for presumptions of existence and ownership in criminal proceedings. The presumptions would arise as a result of affidavit evidence led by the prosecution.<sup>39</sup> The Australian Copyright Council (ACC) pointed out that the Copyright Amendment Bill 1992 (the Bill) proposed to introduce a similar procedure in civil proceedings in relation to sound recordings.<sup>40</sup> Proposed section 126A (item 11 of the Bill) is attached as Appendix D to this Report.
- 4.31 The significant difference between the affidavit contemplated by proposed section 126A and that used in the Hong Kong procedure is that the former requires the chain of title to be outlined. Proposed subsection 126A(4) requires the deponent to list all the persons through whom he or she claims to have the assignment or exclusive licence to the sound recording. Thus proposed section 126A requires more detail than the affidavit suggested by AVSDA.
- 4.32 The Committee notes that the Copyright Law Review Committee (CLRC) considered proposed section 126A of the Bill in Part 2 of its report on *Simplification of the Copyright Act 1968*.<sup>41</sup> The CLRC stated:

The Committee considers that the reversal of the onus of proof in relation to subsistence and ownership could lead to problems, particularly in the digital environment. Ownership could be asserted over material that is no longer available, but it would be up to an alleged infringer to refute the claim to ownership. The Committee is of the view that the owners of copyright must

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38 AVSDA, *Submissions*, p. S631.

39 MPA, Exhibit, AJ Park & Son for the New Zealand Ministry of Commerce, *The Theft of Intellectual Property Piracy and Counterfeiting*, July 1998, para. U2.6.

40 ACC, *Submissions*, p. S483; see section 126A of the Copyright Amendment Bill 1992.

41 Copyright Law Review Committee (CLRC), *Simplification of the Copyright Act, Part 2: Categorisation of Subject Matter and Exclusive Rights and Other Issues*, paras 7.154–7.163.

properly document their claim to title and not be permitted to rely on assertion.<sup>42</sup>

- 4.33 With respect to the CLRC, the Committee fails to appreciate the particular problem caused by the operation of the presumption of ownership in relation to material in the digital environment. Material in electronic form is more ephemeral and mobile than that in print form. Nevertheless, the Committee does not consider this a persuasive reason for not applying the presumption of ownership to all types of copyright material.
- 4.34 The second trigger for the reversal of ownership is a label or mark on the work indicating the maker and date of first publication. The maker would then be presumed to be the owner. This trigger is similar to those contained in existing sections 126–130 and 131 of the Copyright Act, which apply in civil proceedings to works, published editions, sound recordings and films respectively. The trigger is also used in Canada in criminal proceedings: see section 34 of the *Copyright Act (Canada)*. MPA reported that the Irish government is proposing to introduce the trigger in both civil and criminal proceedings.<sup>43</sup> The AVSDA, ACC and the BSAA argued that the reversal of proof in criminal proceedings could be triggered by a label or mark.<sup>44</sup>
- 4.35 The Committee prefers the first trigger (an affidavit) over the second (a label or mark on the material) to raise the presumption of ownership, and consequently, to reverse the onus of proof. This is because, as noted in Chapter 2, marks and labels on copies of copyright material can themselves be counterfeited.<sup>45</sup> An affidavit, on the other hand, is more reliable evidence because it is sworn by an individual with the relevant knowledge. It also—especially one that complies with proposed section 126A—provides more detailed information in relation to the copyright. In the Committee's view, an affidavit is a more effective means of proof on which to base a rebuttable presumption of ownership of copyright.
- 4.36 The affidavit envisaged by the Committee would have a prescribed form similar to proposed section 126A of the Bill. If the prosecution were to tender such an affidavit, then the copyright owner would be presumed to be as claimed in the affidavit, unless the defendant proved otherwise. As explained above, the use of the affidavit avoids the need to prove the chain of title, which is deposited to in the affidavit itself.

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42 CLRC, *op. cit.*, paras 7.161 and 7.162.

43 MPA, *Submissions*, p. S282.

44 BSAA, *Submissions*, p. S347; Mr Dwyer, AVSDA, *Transcript*, p. 310.

45 Mr McDonald, Mattel et al, *Transcript*, p. 353.

4.37 In order to provide the presumption of ownership with some force, the Committee considers that the Court should have a discretion to award penalty costs against a defendant if they seek to challenge the chain of title, as deposed to in the affidavit, and fail. Conversely, the Court should, in its discretion, be able to award penalty costs against the person who swore the affidavit if the defendant successfully proves that the chain of title deposed to in the affidavit is false.

### Recommendation 8

4.38 **The Committee recommends that the *Copyright Act 1968* be amended so as to introduce a presumption as to ownership of copyright substantially similar to that contained in proposed section 126A of the Copyright Amendment Bill 1992. The presumption would apply in prosecutions for offences under section 132 of the Copyright Act.**

**In addition, the Court should have a discretion to award penalty costs:**

- **against the defendant if they seek to challenge the chain of title as deposed to in the prosecution's affidavit and fail; and**
- **against the person who swore the prosecution's affidavit, if the defendant succeeds in proving that the chain of title deposed to in the affidavit is false.**

## Knowledge requirement

4.39 The mental element of infringement offences (section 132) is that the defendant knew, or ought reasonably to have known, that the article in question was made without the consent of the copyright owner. Music Industry Piracy Investigations (MIPI) submitted that this is often difficult to prove because the prosecution can rarely show actual knowledge and must prove constructive knowledge.<sup>46</sup> This means that it must attempt to prove, beyond a reasonable doubt, that in all the circumstances the defendant ought to have known that the material infringed copyright.

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46 MIPI, *Submissions*, p. S180.

- 4.40 AGD, on the other hand, was concerned to allow a defendant the fullest opportunity to challenge the allegation of culpable knowledge.<sup>47</sup> It suggested that the Copyright Act should specify the circumstances in which a defendant cannot be taken to have constructive knowledge of the infringing nature of their conduct. Thus, a defendant could not have reasonably known the infringing nature of their conduct if they, for example, made reasonable inquiries as to the copyright status of the material, or believed on reasonable grounds that they were authorised to deal with the material.
- 4.41 The Committee notes that as AGD pointed out, these 'defences' to constructive knowledge are already available to a defendant.<sup>48</sup> In the Committee's view, the courts are not so willing to infer constructive knowledge that the defences need to be spelt out in the Copyright Act, in order for defendants to avoid possible injustice. Indeed, the Committee's concern is that if the defences were so spelt out, the mental element of infringement offences would be even more difficult for the prosecution to establish. For this reason, the Committee does not accept AGD's proposed amendment in relation to section 132.

## New offences

### Advertising infringing copies

- 4.42 A number of witnesses proposed additional criminal offences in order to help combat criminal infringement. The term 'criminal infringement' is used to refer to infringing conduct that takes place in the context of trade.<sup>49</sup> It is at such conduct that the offence provisions of the Copyright Act are directed. One such provision is section 133A, which makes it a criminal offence to advertise the supply of copies of a computer program if the person knew, or ought reasonably to have known, that the copies are or will be infringing copies. The ACC suggested extending section 133A so that it applies to all types of copyright material, not just computer programs.<sup>50</sup> The Committee considers that extending the section in this way will help reduce the trade in pirated goods.

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47 AGD, *Submissions*, p. S761.

48 *Ibid.*

49 AGD, *Submissions*, p. S432.

50 ACC, *Submissions*, p. S482.



**Recommendation 9**

- 4.43 **The Committee recommends that the Copyright Act 1968 be amended so that section 133A applies also to literary, dramatic, musical and artistic works, cinematographic films, television broadcasts and published editions of works.**

**End user piracy**

- 4.44 The BSAA submitted that 'end user piracy', which is unique to software, should be a criminal offence. As explained at paragraph 2.7, end user piracy entails making more copies, or allowing more users, of a piece of software than an organisation has licences for. The BSAA stated that the United States of America, the United Kingdom (UK) and many European countries have provisions which make end user piracy a criminal offence.<sup>51</sup> It also suggested that the absence of such a provision in the Copyright Act places Australia in breach of its obligation to prevent piracy on a commercial scale, contained in Article 61 of the World Trade Organisation *Agreement on Trade Related Aspects of Intellectual Property Rights* (TRIPS).<sup>52</sup>
- 4.45 In view of the problem presented by end user piracy, and international practice, the Committee considers it desirable to introduce an offence relating to end user piracy. In order to deter end user piracy, legal sanctions must be directed at the use of the infringing software, rather than its manufacture, distribution or sale.<sup>53</sup> For example, the *Copyright, Designs and Patents Act 1988* (UK) targets the possession of infringing articles in the course of a business. Section 107(1)(c) of that Act provides:
- A person commits an offence, who, without the licence of the copyright owner—possesses in the course of a business with a view to committing any act infringing the copyright; an article which is, and which he knows or has reason to believe is, an infringing copy of a copyright work.
- 4.46 The ACC submitted that this provision be introduced into the Copyright Act.<sup>54</sup> AGD expressed some reservations about this course of action, not all of which were clear to the Committee. It questioned whether such a

51 Mr Gonsalves, BSAA, *Transcript*, p. 181.

52 BSAA, *Submissions*, p. S340.

53 BSAA, *Submissions*, p. S333.

54 ACC, *Submissions*, p. S482.

provision would be workable in Australia, given that the Copyright Act does not prohibit the actual use of infringing copies for commercial purposes. They also stressed the need for any such provision to safeguard unintentional and mistaken infringements, and for the provision to focus on the use of the infringing copy in the course of business.<sup>55</sup>

- 4.47 The Committee considers that primary responsibility for end user piracy should lie with those who supply the users within an organisation with infringing software. The Committee notes that in its 1994 report *Computer Software Protection*, the CLRC recommended amending the Copyright Act so that an employer will be guilty of an offence where he or she is found in possession of an article which he or she knew, or ought to have reasonably known, is an infringing copy of a work.<sup>56</sup> The government is yet to respond to the CLRC's report.
- 4.48 The Committee agrees with the CLRC that employers should be vicariously liable for infringing copies of computer software that are used by their employees, where the employer has actual notice of the existence of such infringing copies. The Committee affirms paragraphs 2.71(a) and 16.35 of the CLRC's report in so far as they relate to computer programs. In the Committee's view, however, responsibility for the use of unauthorised copies should lie with the person to whom the software has been licensed.

### Recommendation 10

- 4.49 **The Committee recommends that the *Copyright Act 1968* be amended so that a licensee will be guilty of an offence where an employee or agent of that licensee is found in possession of a computer program, of which the licensee had actual notice, and which the licensee knew, or ought reasonably to have known, is an infringing copy of the licensed computer program.**

### Possession of infringing copies

- 4.50 Several copyright owners were in favour of creating a stolen goods-in-custody type of offence (infringing copies-in-custody) which, they argued, would be useful in enforcing copyright in the marketplace. Mattel et al

55 AGD, *Submissions*, p. S749.

56 CLRC, *Computer Software Protection*, 1994, para 2.71(a).

submitted that the proposed offence should be modelled on section 26 of the *Summary Offences Act 1966* (Vic). That section makes it an offence to possess, without a satisfactory excuse, property which is reasonably suspected of being stolen.<sup>57</sup> Thus, it would be an offence to possess, without satisfactory excuse, copies of copyright material which are reasonably suspected of being infringing copies.

- 4.51 In evidence to the Committee, NSW Police also suggested introducing an infringing copy-in-custody offence. It referred to section 527C of the *Crimes Act 1900* (NSW), which is the equivalent of the Victorian provision.<sup>58</sup> The BSAA also supported such an offence.<sup>59</sup> The proposed offence would be a summary offence, and therefore triable in local courts. This is seen as an advantage because proceedings are quicker and less formal than in the superior courts.<sup>60</sup> At the public hearing on 6 September 1999 the Committee noted the need to limit the scope of the offence because it is dealt with summarily.<sup>61</sup> This could be achieved by limiting the value of the goods in respect of which a prosecution could be brought.
- 4.52 AGD opposed an infringing copy-in-custody offence because it intrudes considerably upon the rights of citizens.<sup>62</sup> It argued that the difficulty with such an offence is in determining what constitutes a reasonable suspicion. AGD urged that if such an offence were to be introduced, clear guidelines should be provided concerning the factors to be taken into account when determining reasonable suspicion.<sup>63</sup>
- 4.53 The Committee accepts that an infringing copies-in-custody offence would be effective in helping to combat bootlegging operations and other sales of counterfeited goods. In the Committee's view, the drafting of guidelines concerning the determination of reasonable suspicion should be left to the Australian Federal Police, in consultation with representatives from the clothing and merchandising industries. The Committee does not envisage that the proposed offence would be used to prosecute ordinary citizens who possess infringing copies. The offence is targeted at those who commercially deal in counterfeit material.

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57 Mattel et al, *Submissions*, pp. 679–680.

58 Sgt Shepherd, NSW Police, *Transcript*, p. 166.

59 Mr Gonsalves, BSAA, *Transcript*, p. 179.

60 Sgt Shepherd, NSW Police, *Transcript*, p. 167.

61 Chairman, *Transcript*, p. 167.

62 AGD, *Submissions*, p. S750.

63 AGD, *Submissions*, p. S751.

## Recommendation 11

- 4.54 The Committee recommends that the *Copyright Act 1968* be amended so as to provide:
- a summary offence, for being in possession of copies of copyright material up to a certain value, that are reasonably suspected of being infringing copies; and
  - a defence to a prosecution for the offence, if the defendant satisfies the court that she or he had no reasonable grounds for suspecting the copies to be infringing copies.

## Criminal sanction or civil remedy?

- 4.55 The next Chapter deals with the civil remedies that are available for copyright infringement. Before turning to consider civil action, it is appropriate to consider comments about the interrelationship between civil remedies and criminal sanctions for copyright infringement. Some infringements give rise to criminal, in addition to civil, liability.<sup>64</sup>
- 4.56 In its submission, the AFP argued that the most appropriate way of dealing with the greater proportion of copyright infringements is through civil, rather than criminal, proceedings.<sup>65</sup> One of the reasons advanced in support of this argument is that a frequent motivation of complainants is pecuniary satisfaction rather than criminal conviction. Yet a number of witnesses emphasised to the Committee that what they most desired in relation to infringement in their industry was to send a strong deterrent message to infringers.<sup>66</sup> The BSAA submitted:
- Our experience shows that civil litigation alone is not a sufficient deterrent against software piracy. Software pirates often regard the risk of civil proceedings being taken as merely a cost of doing business.<sup>67</sup>
- 4.57 In evidence to the Committee, MPA gave an example which similarly shows that civil action does not have any deterrent effect in the film industry. An infringer continued trading for three years while he was

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64 AGD, *Submissions*, p. S432.

65 AFP, *Submissions*, p. S362.

66 BSAA, *Submissions*, p. S344.

67 Ibid.

pursued civilly. Yet when criminal action was taken against him, he and other infringers in his area ceased trading within two days.<sup>68</sup>

- 4.58 The Committee appreciates that to some extent, attitudes towards the use of criminal sanctions reflect views as to where the responsibility for copyright enforcement lies, as discussed in Chapter 3. As has been explained, the Committee views copyright enforcement a joint responsibility between law enforcement agencies and industry members. Notwithstanding this view, the Committee wishes to acknowledge the importance of the existence and enforcement of criminal sanctions for infringement.

### Private prosecutions

- 4.59 An aspect of the enforcement of criminal sanctions for copyright infringement is the possible role for private prosecutions. AGD pointed out that the right to bring a private prosecution is a common law right of great antiquity.<sup>69</sup> It may be that where law enforcement agencies are unwilling to instigate proceedings, copyright owners could bring their own prosecutions.<sup>70</sup> AGD reported, and the Australian Performing Rights Association together with the Australian Mechanical Copyright Owners Association confirmed, that private prosecutions are brought successfully in copyright matters in the United Kingdom.<sup>71</sup> Although available in Australia,<sup>72</sup> AGD reported that to its knowledge, none have been brought to date.<sup>73</sup>
- 4.60 AGD identified a number of difficulties with the use of private prosecutions.<sup>74</sup> First, copyright owners lack access to the investigative machinery of the police. While the Committee agrees that copyright owners lack the powers of the police, it does not agree that copyright owners lack investigative machinery. In Chapter 3 reference was made to industry policing bodies and the important role they play in copyright enforcement. The second difficulty raised by AGD is the risk of an action for malicious prosecution. The Committee accepts that this is a risk to which a private prosecutor exposes themselves. Nevertheless, the Committee considers that private prosecutions may be a possibility in some cases of

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68 Mr Howes, AFVSO, *Transcript*, p. 148.

69 AGD, *Submissions*, p. S450.

70 This is possible pursuant to section 13 of the *Crimes Act 1914*.

71 Ms Faulkner, Australian Performing Rights Association and the Australian Mechanical Copyright Owners Association, *Transcript*, p. 244.

72 See section 13 of the *Crimes Act 1914*.

73 AGD, *Submissions*, p. S450–451.

74 AGD, *Submissions*, p. S451.

infringement, and would wish to encourage copyright owners to bring them. In Chapter 5 (paragraphs 5.7-5.8) the Committee refers to the *Copyright, Designs and Patents Act 1988* (UK) that provides a civil power of seizure.

## Civil Remedies for Copyright Infringement

- 5.1 Civil action under Division 2 of Part V of the *Copyright Act 1968* (the Copyright Act) is the main mechanism for the enforcement of copyright in Australia. The Committee received a large volume of evidence relating to witnesses' experiences in taking civil action against infringement. One small business commented in its submission:

Our solicitor specialises in intellectual copyright. Having said that, the current legislation appears to be a paper tiger.<sup>1</sup>

In this chapter, the Committee reviews civil proceedings under the Copyright Act and the many suggestions for reform. The Committee is concerned to discover why civil remedies are toothless as claimed, and what it is about the civil litigation process that gives copyright owners cause for complaint.

### Litigation

- 5.2 One of the main difficulties with pursuing civil remedies is the cost involved. The Committee has taken note of the often prohibitive cost of copyright litigation in Chapter 3. In its submission, the Attorney-General's Department (AGD) stated that it was aware of claims about industry reluctance to use the civil courts for enforcing copyright on the grounds of cost and delay, amongst others. While acknowledging these difficulties, it submitted that copyright owners do not appear to be more disadvantaged than any other litigant in Australia.<sup>2</sup> Witnesses raised with the Committee a number of difficulties, apart from cost, which they face in bringing civil

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<sup>1</sup> Beach Collections, *Submissions*, p. S65.

<sup>2</sup> Attorney-General's Department (AGD), *Submissions*, pp. S442 and S752.

action against infringers. These other, mainly procedural and evidential difficulties are discussed below.

### ***Anton Piller and John Doe orders and powers of seizure***

- 5.3 It is not easy to secure evidence to support a civil action for infringement, especially an action against pirates or bootleggers, who often dissemble their operations at the threat of legal action.<sup>3</sup> For this reason, the courts have developed an interlocutory order that enables a plaintiff to enter and search the defendant's premises, and seize infringing material. Failure to comply with the order constitutes contempt of court. The order is known as an Anton Piller order, after the case in which it was first granted.<sup>4</sup>
- 5.4 A John Doe order is similar to an Anton Piller order, but is sought when the identity of the infringer is not known; John Doe is the name used in the United States to signify an unidentified defendant.<sup>5</sup> John Doe orders are enforceable against anyone in the group of infringers to whom the order is addressed. The order is useful in combating bootlegging operations because the public face of the operation often changes from venue to venue.
- 5.5 Anton Piller orders, which are sought in an ex parte application to the court, are only granted if strict requirements are met.<sup>6</sup> Copyright Agency Limited (CAL) stated that courts are reluctant to grant Anton Piller orders, and that they are in any case very expensive to seek.<sup>7</sup> Preparation for an application for Anton Piller orders may involve surveillance and investigative and forensic activities.<sup>8</sup> The orders are also very costly to execute, since an independent team of lawyers must be present.<sup>9</sup> The Anti-Counterfeiting Action Group (ACAG) gave evidence of Anton Piller orders executed in 1993 at a Sydney market against seven stall-holders, involving seven lawyers and costing \$80 000.<sup>10</sup>
- 5.6 Due to the limited utility of Anton Piller and John Doe orders, several copyright owners have suggested that the Copyright Act should contain a civil power of seizure. The other reason advanced in support of a civil

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3 J McKeough and A Stewart, *Intellectual Property in Australia*, 2nd ed., 1997, Butterworths, para. 136.

4 *Anton Piller KG v Manufacturing Processes Ltd* [1976] Ch 55.

5 Mr Little, Tress Cocks and Maddox and ACME Merchandising, *Transcript*, p. 215.

6 AGD, *Submissions*, p. S407.

7 Mr Fraser, CAL, *Transcript*, p. 268.

8 AGD, *Submissions*, p. S407.

9 Mr Little, Tress Cocks and Maddox and ACME Merchandising, *Transcript*, p. 216.

10 Mr Ramsden, Anti-Counterfeiting Action Group, *Transcript*, p. 371.



power of seizure is that the most effective way to enforce copyright is to seize infringing goods at the time they are discovered, so that bootlegging operations can be immediately halted.<sup>11</sup> However, ACAG and Trade Mark Investigation Services (TMIS) perceived problems in bestowing on private persons even a limited power to seize goods in the possession of others.<sup>12</sup> AGD described a civil power of seizure as an extreme response that lacks adequate safeguards against potential abuse. It further argued that the power would give the undesirable appearance of authorising the non-consensual removal of property.<sup>13</sup>

- 5.7 Tress Cocks & Maddox (TCM) and ACME Merchandising (ACME) pointed out that the *Copyright, Designs and Patents Act 1988* (UK) contains a civil power of seizure. Section 100 of that Act (reproduced at Appendix E of this Report) enables a copyright owner or their agent to seize a copy of a work which is offered for sale or hire from a place other than a regular or permanent place of business. Seizure cannot be made with force, and notice of its time and place must be given to the police beforehand. Section 114 then enables a court to order that the seized copies be forfeited to the copyright owner or destroyed. TCM and ACME argued that civil seizure has been a very effective procedure in the UK and that similar provisions should be introduced into the Copyright Act.<sup>14</sup> VISCOPY supported this submission.<sup>15</sup> The Chairman also discussed the UK provision with officials of the UK Patents Office.
- 5.8 The Committee considers that a civil power of seizure would prove a useful self-help measure in the enforcement of copyright. However, it notes the concerns voiced by witnesses as to the intrusive nature of the power and the potential for its abuse. This is especially so because seizure need not involve an independent third party. In Chapter 4 (paragraphs 4.50-4.54) the Committee recommended that the possession of infringing copies of copyright material should be a criminal offence. In its opinion, that recommendation provides one way for copyright owners to confiscate infringing material, but it is useful also to implement a power of civil seizure.

## Recommendation 12

### 5.9 The Committee recommends that a provision be introduced into the

11 Mr Taylor, Trade Mark Investigation Services (TMIS), *Transcript*, p. 372.

12 Mr Taylor, TMIS, *Transcript*, pp. 372-373; Mr Standen, ACAG, *Transcript*, p. 377.

13 AGD, *Submissions*, p. S751.

14 Mr Little, TMIS and ACME, *Transcript*, p. 217.

15 VISCOPY, *Submissions*, p. S71.

**Copyright Act 1968, similar to section 100 of the *Copyright, Designs and Patents Act 1988* (UK), which authorises a copyright owner or their agent to seize a copy of their work (or other subject matter) that is offered for sale or hire from a place other than a regular or permanent place of business.**

### Privilege against self-incrimination

- 5.10 The Business Software Association of Australia (BSAA) pointed out to the Committee another problem that arises at the pre-trial stage of civil proceedings.<sup>16</sup> Plaintiffs are sometimes denied access to documents containing evidence of the number and source of infringing copies. This is because at common law, a person is not obliged to answer questions or produce documents if to do so would tend to expose them to a criminal charge.<sup>17</sup> As Justice Wadell pointed out in *BPA Industries Ltd v Black*,<sup>18</sup> the privilege against self-incrimination could be used to defeat an Anton Piller order.
- 5.11 This problem has been solved in the United Kingdom by section 72 of the *Supreme Court Act 1981* (UK), which removes the privilege against self-incrimination in civil proceedings for the infringement of intellectual property. The section prevents evidence admitted in civil proceedings from subsequently being used in criminal proceedings. The BSAA suggested that a similar provision be introduced in Australia. The Committee supports this recommendation.

### Recommendation 13

- 5.12 **The Committee recommends that a provision be introduced into the *Copyright Act 1968*, similar to section 72 of the *Supreme Court Act 1981* (UK), which withdraws the privilege against self-incrimination in civil proceedings for the infringement of intellectual property.**

### Proof of ownership

- 5.13 The Copyright Act currently contains in sections 126–30 and 131 presumptions to assist in proving subsistence and ownership of copyright. Accordingly, subsistence and ownership will be presumed by a court,

16 Mr Gonsalves, BSAA, *Transcript*, p. 185.

17 BSAA, *Submissions*, pp. S350-351.

18 (1987) 11 NSWLR 609.

unless the defendant puts these matters in issue. The presumptions are designed to facilitate proof, but several witnesses suggested that they are of little practical value.<sup>19</sup>

- 5.14 BSAA submitted that defendants, without seriously disputing ownership of copyright, will raise it as an issue as an obstructive tactic.<sup>20</sup> The Motion Picture Association (MPA) agreed that the difficulty of proving ownership can encourage infringers to put owners to proof of copyright in the hope that they can defeat the proceedings on some technical defect.<sup>21</sup> Evidence to the Committee also suggested that ownership is often so difficult to prove that the threat of infringement proceedings is a hollow one for some defendants. AGD conceded that the existing presumptions provide no real assistance where subsistence and ownership are challenged.<sup>22</sup>
- 5.15 The Committee recognises the need for a more effective presumption as to ownership of copyright. In the Committee's view, the same presumption as was discussed in Chapter 4 in relation to criminal proceedings should apply in civil proceedings. The presumption operates by means of an affidavit attesting to certain facts, and outlining the plaintiff's chain of title. If such an affidavit is tendered by the plaintiff, then the copyright owner would be presumed to be as claimed in the affidavit, unless the defendant proves otherwise. The Committee notes that its view is consistent with that of VI\$COPY, amongst other copyright owners.<sup>23</sup>
- 5.16 In its submission, AGD restricted the application of the presumption of ownership in civil proceedings to infringements that take place in a commercial context. They argued that the presumption should only apply in respect of software, sound recordings and cinematographic films.<sup>24</sup> The rationale for so limiting the application of the presumption is unclear to the Committee, especially given that the presumption is not proposed to be limited in criminal proceedings. The Committee does not consider that the presumption of ownership should be limited to specific types of copyright material.
- 5.17 In order to guard against abuse of the presumption of ownership, and the evidentiary simplification it entails, the Committee considers that the Court should have a discretion to award penalty costs against the plaintiff if the defendant is successful in proving that their chain of title, as

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19 Music Industry Piracy Investigations (MIPI), *Submissions*, p. S175.

20 Business Software Association of Australia (BSAA), *Submissions*, p. S346.

21 Motion Picture Association (MPA), *Submissions*, p. S275.

22 AGD, *Submissions*, p. S755.

23 VI\$COPY, *Submissions*, p. S70.

24 AGD, *Submissions*, p. S757.

deposed to in the affidavit, is false. Conversely, the Court should, in its discretion, be able to award penalty costs against the defendant if they seek to challenge the plaintiff's chain of title, as deposed to in the affidavit, and fail.

#### **Recommendation 14**

**5.18 The Committee recommends that the *Copyright Act 1968* be amended so as to introduce a presumption as to ownership of copyright substantially similar to that contained in proposed section 126A of the Copyright Amendment Bill 1992. The presumption would apply in civil proceedings for infringement under the Copyright Act.**

**In addition, the Court should have a discretion to award penalty costs against either party if they abuse the presumption of ownership.**

#### **Proof of copying**

5.19 In order to obtain damages in a typical civil action for infringement, a plaintiff must prove that each of the copies made by the defendant is an infringing copy of their material. This can be difficult because there are often many infringing copies, all almost exact replicas of the original. To the extent that copyright litigation presents peculiar difficulties, AGD submitted that the need to prove copying is one of them.<sup>25</sup> As an alternative to proving each and every infringing copy, some copyright regimes simply award a monetary penalty in respect of each infringement. So-called systems of statutory damages are discussed in the section titled 'Remedies', below.

#### **Proof of knowledge for secondary infringement**

5.20 Sections 37, 38, 102 and 103 of the Copyright Act provide that copyright is infringed (so-called secondary infringement) by importing for sale or hire, or selling or dealing with copies of copyright material that a person knows or ought reasonably know are infringing copies. Music Industry Piracy Investigations (MIPI) argued that the need in an action for secondary infringement to prove actual or constructive knowledge on the part of an infringer places an unnecessary burden on copyright owners.<sup>26</sup> It argued that the Copyright Act already sufficiently protects infringers by

<sup>25</sup> AGD, *Submissions*, p. S752.

<sup>26</sup> MIPI, *Submissions*, pp. S183-184.

preventing the recovery of damages in cases of innocent infringement. For this reason it argued that once the facts (of importation or trading) are established, an action for secondary infringement should be complete.

- 5.21 AGD submitted that it would be an inappropriate impediment to ordinary trade to fix traders and importers with civil liability without a knowledge requirement on their part.<sup>27</sup> The Australian Copyright Council (ACC) pointed to a midway solution that had been suggested in the Report of the Copyright Law Review Committee, 1959 (the Spicer Report).<sup>28</sup> Recognising the difficulty that copyright owners face in proving actual or constructive knowledge on the part of importers, the Spicer Report recommended that the onus of proof in secondary infringement actions should be reversed. In other words, the defendant should be required to prove that they were not aware, and had no reasonable grounds for suspecting, that the making, trading or importation of the material was an infringement.
- 5.22 The Committee respectfully agrees with the Spicer Committee that in secondary infringement actions, it is appropriate that the defendant bear the onus of proving that they had no actual or constructive knowledge of the infringing nature of the material imported, made or traded. The Committee notes that this approach is consistent with that which it has taken in Chapter 2 in relation to parallel importation and piracy, in requiring importers to take responsibility for the nature and origin of their products. Nor does the Committee consider it unfair to require an importer to demonstrate that they have taken reasonable steps to ascertain the legitimacy of their products.

### Recommendation 15

- 5.23 **The Committee recommends that the *Copyright Act 1968* be amended so as to place on the defendant the onus of proof in relation to the knowledge requirement in civil actions based on sections 37, 38, 102 and 103 of that Act.**

<sup>27</sup> AGD, *Submissions*, p. S760.

<sup>28</sup> Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations are Desirable in the Copyright Law of the Commonwealth.

## Remedies

5.24 The remedies for copyright infringement currently available under the Copyright Act include an injunction and either an account of profits or damages, except in cases of 'innocent infringement', where damages are unavailable. In appropriate cases, punitive damages and damages for conversion or detinue are also available.<sup>29</sup> As a result of the difficulty in proving damage, the remedy most commonly sought is an injunction.<sup>30</sup> The Committee considers suggestions to make the other remedies, in particular damages, more accessible, below. The main suggestions are: introducing a system of statutory damages, and altering the provisions concerning costs.

### Statutory damages

5.25 In the United States of America and Canada plaintiffs may elect to receive as damages for infringement of copyright an amount calculated on the basis of the number and flagrancy of the infringements.<sup>31</sup> In the US, statutory damages per infringement range from \$500 to \$20 000 in the case of innocent infringement, and up to \$100 000 in cases of intentional infringement.<sup>32</sup> The Canadian scheme, which commenced on 1 October 1999, allows a plaintiff to elect to receive a single amount for all infringements in the proceedings. The statutory amount is from \$500 to \$20 000 in the case of intentional infringement, and generally from \$200 to \$500 in the case of innocent infringement. In deciding the amount to award, a court must consider all relevant factors, including the good faith (or lack thereof) of the defendant, the conduct of the parties during the proceedings, and the need to deter other infringements of the copyright in question.<sup>33</sup>

5.26 AGD preferred a system of statutory damages that is used in countries such as Slovenia.<sup>34</sup> There, the statutory damages are calculated as a multiple of compensatory damages. Compensatory damages are determined by reference to the licence fee that would have been payable for the exercise of the copyright right. In the case of intentional

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29 Sections 115 and 116 of the Copyright Act.

30 AGD, *Submissions*, p. S409.

31 Mr Fox, AGD, *Transcript*, pp. 68–69.

32 Ms Lenaburg, BSAA, *Transcript*, p. 181.

33 Section 38.1(1), (2) and (5) of the *Copyright Act* (Canada).

34 Mr Fox, AGD, *Transcript*, p. 69.

infringement, statutory damages are three times compensatory damages, whereas in the case of innocent infringement, they are the same.<sup>35</sup>

- 5.27 The BSAA submitted that plaintiffs should be able to elect to receive statutory damages.<sup>36</sup> They argued that the option of statutory damages would ensure that Australia fully complies with its obligations under article 41 of the World Trade Organisation *Agreement on Trade Related Aspects of Intellectual Property Rights* (TRIPS). Without having considered the issue closely, IP Australia stated that it could see potential advantages in a system of statutory damages.<sup>37</sup>
- 5.28 Mattel Pty Ltd, Hasbro Australia Ltd and the Australian Toy Association Ltd (Mattel et al) expressed concern that a system of statutory damages would not adequately accommodate varying circumstances of infringement.<sup>38</sup> The Australian Information Industry Association, although in favour of statutory damages, submitted that the amount prescribed should be equal to the wholesale value of the 'work' infringed.<sup>39</sup>
- 5.29 The Committee sees merit in introducing a system of statutory damages as an alternative basis for the award of damages for copyright infringement in Australia. The Committee prefers the Slovenian approach which links the amount of statutory damages to the putative compensatory damages. The Committee agrees with AGD that this approach seems less arbitrary than the North American ones which require a court to evaluate, within specified limits, the culpability of the defendant's conduct.<sup>40</sup> However, the Committee recognises that it may not be easy to determine the amount of compensatory damages. If this were not agreed between the parties, it would have to be determined by the court. The courts have, for example, held that the licence fee approach is not always an appropriate way to calculate compensatory damages.<sup>41</sup>
- 5.30 The Committee is proposing statutory damages as an alternative to the normal award of damages currently available under the Copyright Act. Thus a plaintiff will have a choice as to which type of damages they seek. Where proof of damage would result in a larger award, it is likely that a

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35 Dr Miha Trampuz, Copyright Agency of Slovenia, *Completely new copyright legislation, in particular Central and Eastern Europe Example of Slovenia*, Paper given at the ALIA 1999 Berlin Congress.

36 Mr McNamara, BSAA, *Transcript*, p. 176.

37 Mr Gould, IP Australia, *Transcript*, p. 134.

38 Mr McDonald, Mattel Pty Ltd, Hasbro Australia Ltd and the Australian Toy Association Ltd (Mattel et al), *Transcript*, p. 353.

39 Australian Information Industry Association, *Submissions*, p. S525.

40 AGD, *Submissions*, p. S753.

41 *Columbia Pictures Industries Inc v Luckins* (1996) 34 IPR 504 at 509 per Tamberlin J.

plaintiff would elect not to receive statutory damages.<sup>42</sup> The Committee is not in a position to suggest a form of words for the proposed statutory damages system. It considers this is a matter on which further consultation and discussion is required, which may be facilitated by the release of an Exposure Draft of a Bill relating to statutory damages.

## Recommendation 16

5.31 **The Committee recommends that the government introduce a Bill to amend the *Copyright Act 1968*, so as to provide a system of statutory damages for the infringement of copyright. The system would:**

- **be an alternative to the system for awarding damages provided for in subsection 115(2) of the *Copyright Act 1968*; and**
- **link the amount of statutory damages to the amount of compensatory damages.**

## Additional damages

5.32 Subsection 115(4) of the Copyright Act provides courts with a discretion to award additional damages for infringement. In this regard, the Copyright Act is unique compared with other intellectual property legislation, which does not provide for additional or punitive damages.<sup>43</sup> While some witnesses argued that the courts are reluctant to award additional damages, Mattel et al submitted that the amounts being awarded are inadequate.<sup>44</sup>

5.33 In exercising its discretion to award additional damages, a court is to have regard to the flagrancy of the infringement, any benefit that has accrued to the defendant as a result of the infringement, and all relevant matters.<sup>45</sup> Mattel et al argued that the courts' discretion to award additional damages should be unfettered.<sup>46</sup> The Committee notes that the list of factors to which a court is to have regard is inclusive. It therefore concludes that subsection 115(4) does not require amendment.

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42 Ms Lenaburg, BSAA, *Transcript*, p. 181.

43 Mr Sugden, *Transcript*, p. 384.

44 AGD, *Submissions*, p. S752; Mattel et al, *Submissions*, p. S668.

45 Paragraph 115(4)(b) of the Copyright Act.

46 Mattel et al, *Submissions*, p. S669.



## Costs

### Security for costs

5.34 In view of the difficulty, and hence expense, that is often involved in proving issues such as ownership in copyright actions, VISCOPY submitted that defendants routinely ought to provide security for plaintiffs' costs.<sup>47</sup> The Committee sympathises with this view, but hopes that the presumption of ownership which it has recommended earlier in this chapter, will make infringement proceedings less complex and less costly. It therefore considers it unnecessary to require defendants to provide security for costs as a matter of course in copyright actions.

### Lifting the corporate veil

5.35 A number of witnesses drew attention to difficulties which they face in enforcing judgments against copyright infringers. Typically, copyright infringers are either shell companies, with few or no assets, or impecunious individuals.<sup>48</sup> Copyright owners are unable to recover damages from such defendants, because they declare themselves insolvent or bankrupt. MPA referred to one case in which the plaintiff received none of the \$38 000 damages awarded or \$120 000 legal costs incurred, because the defendant declared himself bankrupt.<sup>49</sup>

5.36 In the case of corporate infringers, Mattel et al argued that the corporate veil should be lifted in copyright proceedings and that liability should attach to the governing members of an organisation.<sup>50</sup> The Committee notes that in other contexts, the corporate veil may be lifted to allow plaintiffs to recover damages against the directors of a company. Similarly, MIPI argued that copyright owners should have secured creditor status, giving them priority to recover their judgment debt from the assets of an infringer.<sup>51</sup> AGD replied that there is no apparent reason why copyright owners should be favoured over other creditors.<sup>52</sup>

5.37 While the Committee agrees that copyright owners should not be given secured creditor status, it does consider it appropriate to allow owners to recover damages from the directors of companies engaged in piracy or bootlegging.

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47 VISCOPY, *Submissions*, p. S71.

48 MIPI, *Submissions*, p. S184.

49 Motion Picture Association, *Submissions*, p. S271.

50 Mattel et al, *Submissions*, p. S667.

51 MIPI, *Submissions*, p. S184.

52 AGD, *Submissions*, p. S758.

## Recommendation 17

- 5.38 **The Committee recommends that the *Copyright Act 1968* be amended so as to allow judgment debts to be recovered from directors of corporations that are found liable for infringement pursuant to sections 37, 38, 102 or 103 of the Act.**

### Costs orders

- 5.39 Currently, plaintiffs in infringement proceedings recover somewhere between 40 and 80 per cent of their costs.<sup>53</sup> The BSAA argued that the prospect of recovering little of the (often substantial) costs in bringing proceedings deters copyright owners from taking civil action. They submitted that in infringement matters, full costs should be recoverable, on an indemnity basis.<sup>54</sup> The Committee notes that the courts already have the discretion to award costs on an indemnity basis, and does not consider it necessary to replace that discretion with a mandatory direction.

### Remedies for infringement of indigenous art

- 5.40 The National Indigenous Arts Advocacy Association (NIAAA) submitted that the Copyright Act could better protect indigenous heritage if certain pecuniary and non-pecuniary remedies were available. In relation to damages for infringement, NIAAA argued that indigenous artists should, in appropriate cases, be awarded damages for cultural harm. As discussed in Chapter 2, indigenous artists suffer cultural hurt and shame amongst their clan when their work is infringed. In *Milpurrurru v Indofurn Pty Ltd*<sup>55</sup> (the well-known *Carpets case*) Von Doussa J recognised such harm in the award of additional damages under subsection 115(4) of the Copyright Act. NIAAA submitted that plaintiffs should be able to claim cultural harm rather than rely on the discretion of the courts to recognise and compensate for it.
- 5.41 Without meaning in any way to deny the importance of compensating indigenous artists for cultural harm, the Committee considers it premature to specify cultural harm as a head of damage in the Copyright Act. This is because the Committee has recommended in Chapter 3 that the entire area of the protection of indigenous cultural and intellectual property be reviewed, with a view to considering the introduction of sui generis

53 BSAA, *Submissions*, p. S350.

54 Mr Gonsalves, BSAA, *Transcript*, p. 182.

55 [1998] 41 IPR 513.

legislation. It considers that a remedy for cultural harm may be better contained in such legislation. In the meantime, the Committee is confident that courts will continue to recognise cultural harm through application of the *Carpets case*.

- 5.42 NIAAA suggested two non-pecuniary remedies that would assist in preventing recurrences of infringement and would be more meaningful to indigenous people.<sup>56</sup> The first is an order that the defendant make an apology. The second is an order that the defendant listen to an explanation from the copyright owner as to the cultural significance of the work and the impact of the infringement on their culture.<sup>57</sup> While supporting the second of these proposals, the Committee is concerned that an order to make an apology would be unworkable in practice. Instead, the Committee regards the fact that a defendant has apologised to the plaintiff as a factor that should be taken into account by the Court when granting its remedy.

### Recommendation 18

- 5.43 **The Committee recommends that the *Copyright Act 1968* be amended so as to provide the following remedies in actions for the infringement of copyright:**
- **a provision for the Court, in determining what other remedies it should grant, to take into account whether or not the defendant has apologised to the plaintiff; and**
  - **an order that the defendant attend the plaintiff at a time and place specified in the order and listen to the plaintiff explain the significance of the work and its infringement.**

## Alternatives to federal court litigation

- 5.44 In response to complaints about the cost of actions in the Federal Court, AGD questioned why greater use is not made of lower courts in pursuing copyright infringement. It hypothesised that this may be due to the limited range of remedies and interlocutory relief available in the lower

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<sup>56</sup> Ms Janke, NIAAA, *Transcript*, p. 332.

<sup>57</sup> NIAAA, *Submissions*, p. S580.

courts.<sup>58</sup> Yet the Arts Law Centre of Australia (ALCA) and the NIAAA reported that in South Australia, local courts are exercising jurisdiction in copyright matters.<sup>59</sup> ALCA submitted that this is an undesirable solution, since local courts are not equipped to deal with the intricacies of copyright law.<sup>60</sup>

- 5.45 While the Committee sympathises with this view, it is hopeful that the presumption of ownership and the system of statutory damages that it has recommended earlier in this chapter will help to simplify copyright litigation. Furthermore, the Committee notes that local courts sometimes have the power to dispense with formal rules of evidence or have a small claims jurisdiction with simplified procedures.<sup>61</sup> The Committee therefore envisages a continuing role for the lower courts in the civil enforcement of copyright, in appropriate cases.
- 5.46 In response to a suggestion from the Committee, the Arts Law Centre of Queensland (ALCQ) stated that the new Federal Magistrates Court could usefully have a jurisdiction in copyright matters.<sup>62</sup> The Committee notes that the Federal Magistrates Court has jurisdiction in a wide range of matters,<sup>63</sup> and is required to hear some commercial and complex disputes. In the Committee's opinion, the federal magistracy—possibly with appropriate specialist training—is in a suitable position to also hear copyright infringement proceedings.
- 5.47 The Committee notes that the Federal Magistrates Court is to conduct its proceedings without undue formality,<sup>64</sup> and that the Federal Magistrates Court's streamlined procedures are designed to make it more accessible than the Federal Court. In order to increase its accessibility for individual copyright owners, the Committee considers that the Federal Magistrates Court should have a small claims jurisdiction to hear copyright infringement. See Recommendation 20 under the heading 'Small claims jurisdiction' below.

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58 AGD, *Submissions*, p. S425.

59 NIAAA, *Submissions*, p. S574.

60 ALCA, *Submissions*, p. S104.

61 See, for example, s. 23B of the *Local Courts (Civil Claims) Act 1970* (NSW) and the *Magistrates Court (Small Claims Division) Act 1989* (Tas).

62 Ms Leiboff, Arts Law Centre of Queensland, *Transcript*, p. 367. The Federal Magistrates Court is established pursuant to the *Federal Magistrates Act 1999*.

63 The Federal Magistrates Court has jurisdiction in the following areas: administrative law, bankruptcy, employment law, family law, human rights law and trade practices law. See the *Federal Magistrates (Consequential Amendments) Act 1999*.

64 Section 42 of the *Federal Magistrates Act 1999*.

- 5.48 Evidence to the Committee canvassed non-litigious mechanisms to compensate copyright owners for infringement. These mechanisms will be considered below.

### Compulsory licensing

- 5.49 It is a generally acknowledged fact that many, especially minor, instances of copyright infringement of literary and other works go undetected. CAL argued that in order to protect creators' livelihoods, collecting societies should be authorised to detect infringements and enforce creators' rights.<sup>65</sup> It advocated introducing a provision into the Copyright Act which would allow a collecting society to 'license' copies of a work which would otherwise be infringing, when the society represents owners of that class of work, but not the owner of the particular work. The provision would also limit the liability of the copier once the licence fee is paid to the society.
- 5.50 CAL reported that such a provision exists (in different forms) in both UK and Canadian legislation.<sup>66</sup> In the United Kingdom, incomplete representation of copyright owners is addressed by implying an indemnity against infringement in a licence granted to a person by a collecting society, when the copying carried out by the person is within the apparent scope of the licence.<sup>67</sup> (The power of a collecting society to grant a licence to a person is included in the indemnity implied by the legislation.) The issue is dealt with in Canada by placing a limit on the amount that may be recovered by a copyright owner in an action for infringement, when a person has a licence with a collecting society which covers works in the same class as the work infringed.<sup>68</sup>
- 5.51 CAL argued that compulsory licensing provides certainty for people in using copyright material, while ensuring that those copyright owners who are not members of the relevant collecting society still obtain remuneration for the use of their material. It also aids the enforcement of copyright in the sense that it helps compensate for breaches of copyright that would not be vindicated otherwise. The Committee is attracted to the idea of compulsory licensing by collecting societies. However, the Committee considers that further consultation is required before amendments facilitating compulsory licensing are introduced.

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65 Mr Fraser, Copyright Agency Limited, *Transcript*, p. 267.

66 See section 136 of the *Copyright, Designs and Patents Act 1988* (UK) and section 38.2 of the *Copyright Act* (Canada).

67 CAL, *Exhibit 32*, p. 1.

68 CAL, *Exhibit 32*, p. 2.

## Recommendation 19

- 5.52 **The Committee recommends that the government produce an Exposure Draft of a Bill to amend the *Copyright Act 1968*, so as to allow for the compulsory licensing by collecting societies of infringing copies of copyright works and other subject matter. The amendment should indemnify a copyright user from liability for copyright infringement once the licence fee has been paid.**

### Alternative dispute resolution

- 5.53 Some witnesses suggested that alternative dispute resolution (ADR) would be suitable for disputes over copyright infringement or compensation for infringement. Beach Collections advocated instituting binding mediation sessions for copyright owner and infringer.<sup>69</sup> The Victorian Employers' Chamber of Commerce and Industry stated that ADR methods, including mediation, work increasingly well in settling disputes over compensation for infringement against the backdrop of litigation.<sup>70</sup> ALCA urged the Committee to investigate the feasibility of using mediation to solve copyright infringement claims, other than those in which urgent injunctive relief is sought.<sup>71</sup>
- 5.54 Although the Committee does not consider the question of whether copyright has in fact been infringed an appropriate one for ADR, it can see advantages to using ADR in disputes concerning the amount of compensation payable for an infringement. The Committee seeks to encourage parties to infringement proceedings to make use of the ADR processes, if any, that are available in order to settle their claim. In this regard the Committee notes that Federal Court has power to order that proceedings be referred to arbitration or mediation.<sup>72</sup>

### Small claims jurisdiction

- 5.55 A number of witnesses were attracted by the idea of a small claims tribunal that could award compensation in small scale infringement matters. ALCA, ALCQ and NIAAA all argued that copyright owners should have access to low-cost, fast track tribunals.<sup>73</sup> ALCA recommended

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69 Beach Collections, *Submissions*, p. S66.

70 Ms Harmer, Victorian Employers' Chamber of Commerce and Industry, *Transcript*, p. 39.

71 ALCA, *Submissions*, p. S101.

72 Federal Court Rules, Order 72.

73 NIAAA, *Submissions*, p. S586.

that the Copyright Tribunal be given powers to resolve a range of copyright disputes in an efficient, cost effective and just manner.<sup>74</sup>

5.56 The Committee notes that there are constitutional limitations on the extent to which judgments of an administrative tribunal, such as the Copyright Tribunal, may be enforced.<sup>75</sup> In its *Draft Report on the Jurisdiction and Procedures of the Copyright Tribunal*, the Copyright Law Review Committee comments that:

On the basis of the case law in this area, problems would arise if legislation compulsorily referred disputes to a tribunal for the purpose of making binding determinations as to existing rights and duties.<sup>76</sup>

5.57 The Committee does not consider itself in a position to advise on the constitutional validity of a tribunal that is vested with powers to adjudicate in copyright infringement disputes. The Committee questions whether advocates of a tribunal for small infringement claims are cognisant of the constitutional limitations that would apply to the powers of such a tribunal. For this reason the Committee declines to recommend the establishment of a tribunal for small infringement claims.

5.58 However, the Committee considers that a small claims jurisdiction in copyright matters could usefully be given to the Federal Magistrates Court. The Committee notes that the Small Claims Court in the Australian Capital Territory and the Small Claims Division of the Magistrates Court in Tasmania are both successful in resolving the majority of minor civil claims in those jurisdictions. The Committee is attracted to the following aspects of small claims jurisdictions:

- highly simplified pleadings;
- provision for staff of the court to help the parties;<sup>77</sup>
- the rules of evidence do not apply;<sup>78</sup> and
- provision for the court to order (at its own expense) an inquiry into any aspect of a matter.<sup>79</sup>

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74 ALCA, *Submissions*, p. S100.

75 See *Brandy v Human Rights and Equal Opportunity Commission* (1995) 183 CLR 245.

76 Copyright Law Review Committee, *Draft Report: Jurisdiction and Procedures of the Copyright Tribunal*, February 2000, para. 7.08.

77 Section 403 of the *Magistrates Court (Civil Jurisdiction) Act 1982* (ACT).

78 Section 24(1)(a) of the *Magistrates Court (Small Claims Division) Act 1989* (Tas).

79 Section 24(1)(b) of the *Magistrates Court (Small Claims Division) Act 1989* (Tas).

- 5.59 In the Committee's view, it would be desirable for the Federal Magistrates Court to have a small claims jurisdiction with the above features, with jurisdiction to hear copyright infringements. Given the potential complexities of copyright disputes, especially when the subsistence, ownership or infringement of copyright is in issue between the parties, the Committee recognises the need for a Federal Magistrate exercising the small claims jurisdiction to be able to transfer a matter out of that jurisdiction into the general jurisdiction of the Magistrates Court or to the Federal Court, where appropriate.

### **Recommendation 20**

- 5.60 **The Committee recommends that appropriate legislation be amended to establish within the Federal Magistrates Court a small claims jurisdiction to hear copyright matters. The Committee considers that the procedure of the proposed small claims jurisdiction of the Federal Magistrates Court should resemble that of the Small Claims Court of the Australian Capital Territory or the Small Claims Division of the Magistrates Court of Tasmania. The amendments should allow for matters to be transferred out of the small claims jurisdiction into the general jurisdiction, or to the Federal Court, in appropriate circumstances.**



## **Institutional Arrangements for Enforcement**

- 6.1 Arrangements between government agencies, including law enforcement agencies, both amongst themselves and with copyright owners, are crucial to the effective enforcement of copyright in Australia. This chapter will explore the nature of the existing arrangements, investigate their adequacy and consider suggestions for their improvement. The chapter will commence by examining the operation of the border interception provisions in Division 7 of Part V of the *Copyright Act 1968* (the Copyright Act).

### **Border interception**

#### **Legislative provisions**

- 6.2 The Copyright Act contains in Division 7 of Part V provisions that allow goods that allegedly infringe copyright to be intercepted at the border. The interception process is initiated by the copyright owner giving the Australian Customs Service (Customs) a notice of objection together with security for its costs. If Customs discovers any goods answering the description given in the notice of objection, it will detain the goods. The importer and the copyright owner alleging infringement may then approach the court to determine the goods' legitimacy. The goods are then dealt with according to court order. The diagram in Appendix F, which is a flow chart taken from the Attorney-General's Department (AGD's) submission, explains the process in more detail.
- 6.3 The border interception provisions were grafted onto an existing regime of measures in the Act relating to the seizure of books. They are closely modelled on the requirements of the *World Trade Organisation Agreement*

on *Trade Related Aspects of Intellectual Property Rights* (TRIPS), to which they are intended to conform.<sup>1</sup> AGD submitted that the provisions are in fact more extensive than those required by TRIPS.<sup>2</sup> AGD further stated that in relation to border enforcement, TRIPS does not require prohibition controls on counterfeit or pirated goods.<sup>3</sup>

## Prohibition control

- 6.4 Some groups representing copyright owners called for the introduction of prohibition controls on counterfeited goods. Prohibition control is the seizure of goods at the border, as prohibited imports. The Business Software Association of Australia (BSAA) argued that the existing provisions are a long-winded response to the problem and that some copyright owners cannot afford to take advantage of them.<sup>4</sup> The Anti-Counterfeiting Action Group (ACAG) agreed that counterfeited goods should be treated as prohibited imports, so that they can be seized by Customs without the trouble of the present procedure.<sup>5</sup> AGD submitted that the existing provisions are generous to copyright owners in regard to the requirements for lodging a notice of objection.<sup>6</sup> In contrast to other jurisdictions such as Hong Kong, copyright need not be proven to any degree before customs authorities are empowered to act.<sup>7</sup>
- 6.5 In the course of public hearings the Committee expressed concern that a prohibition on counterfeited goods may catch tourists entering Australia with goods for personal use.<sup>8</sup> For this reason, any proposed prohibition control should be limited to the importation of commercial quantities. Yet it is in respect of commercial quantities that use of the existing interception provisions becomes worthwhile. For this reason, and because the existing provisions already go beyond Australia's international obligations, the Committee considers prohibition control unnecessary.

## Operation

- 6.6 Two main issues emerge from the evidence concerning the operation of the border interception provisions. The first is the adequacy of Customs'

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1 Attorney-General's Department (AGD), *Submissions*, p. S416.

2 AGD, *Submissions*, pp. S444-445.

3 AGD, *Submissions*, p. S445.

4 Mr Gonsalves, Business Software Association of Australia (BSAA), *Transcript*, p. 185.

5 Mr Taylor, Trade Mark Investigation Services (TMIS), *Transcript*, p. 370.

6 AGD, *Submissions*, p. S445.

7 AGD, *Submissions*, pp. S445-446 and S472.

8 Hon Duncan Kerr, MP, *Transcript*, p. 383.

resources for intercepting infringing goods. The second and related issue is the nature of Customs' role in carrying out this function. Each issue will be examined in turn.

### Customs' operational resources

- 6.7 Mattel Pty Ltd, Hasbro Australia Ltd and the Australian Toy Association Ltd (Mattel et al) stated—as no criticism of Customs—that due to under-resourcing, the interception of infringing goods was not one of its high priorities.<sup>9</sup> Mattel submitted that Customs checks less than one per cent of parallel import entries.<sup>10</sup> Customs explained that while no operational staff are specifically dedicated to enforcement of intellectual property rights, all staff are required to check for intellectual property infringements whenever they are undertaking cargo examinations.<sup>11</sup> Customs further explained that cargo examinations are targeted on the basis of intelligence.<sup>12</sup>
- 6.8 The Committee fully appreciates that in carrying out examinations, Customs is required to give priority to prohibited imports such as narcotics. Yet notwithstanding its limited resources, Customs reported that it retains 70% of the goods that it intercepts for allegedly infringing copyright.<sup>13</sup> Thus it appears to the Committee that, to the extent they can be enforced, the border interception provisions are effective.

### Customs' role

- 6.9 AGD and Customs pointed out that the legislative provisions reflect the view that copyright owners should play a significant role in, and bear the major cost of, intercepting infringing goods at the border.<sup>14</sup> This is to be contrasted with the apparent view of some copyright owners that their responsibility to pursue a matter ends with lodgment of the notice of objection.<sup>15</sup> Customs stressed the need for objectors to provide sufficient technical advice and assistance to ensure that officers undertaking examinations will recognise possible infringements.<sup>16</sup>

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9 Mr McDonald, Mattel Pty Ltd, Hasbro Australia Ltd and the Australian Toy Association Ltd (Mattel et al), *Transcript*, pp. 3 and 359.

10 Mr Anderson, Mattel, *Transcript*, p. 9.

11 Australian Customs Service (Customs), *Submissions*, p. S158.

12 Customs, *Submissions*, p. S149.

13 Mr Burns, Customs, *Transcript*, p. 96.

14 AGD, *Submissions*, p. S445.

15 Customs, *Submissions*, p. S150.

16 Customs, *Submissions*, p. S151.

- 6.10 Customs reported that it receives the most favourable feedback from those who actively assist by providing them with industry intelligence.<sup>17</sup> In their evidence, both the BSAA and the Australian Visual Software Distributors Association (AVSDA) stated that they work closely with Customs.<sup>18</sup> AVSDA expressed admiration for the work done by Customs. AGD also commented that Customs appears to have a good working relationship with copyright owners.<sup>19</sup>

#### Committee's conclusion

- 6.11 The Committee does not propose to recommend any alteration to Customs' role in border enforcement operations, which in its opinion ought to remain owner-initiated. AGD validly pointed out that if Customs were to have a greater (or lesser) role in the enforcement of copyright, more rigorous proof of ownership may be required by the person lodging a notice of objection.<sup>20</sup> However, in keeping with the view it formed regarding responsibility for the enforcement of copyright (expressed in Chapter 3), the Committee seeks to facilitate greater co-operation between copyright owners and Customs officers in intercepting infringing goods at the border.
- 6.12 In relation to financing interception operations, the Committee considers that as the government provides the infrastructure for the detention of infringing goods, it is appropriate that copyright owners continue to bear the cost of detention. The Committee considers it desirable, however, that Customs dedicate staff to the detection of imports that infringe intellectual property rights. It is envisaged that such staff would work closely with copyright owners and suggest any improvements to Customs' procedures that may arise from such consultation.
- 6.13 The Committee also recognises the need for copyright owners to provide Customs with intelligence so that it can make as effective as possible use of its resources. The Committee considers that the strategic relationships between copyright owners and Customs officers would benefit from publicity aimed at clarifying their respective roles in relation to border interception. The publicity should explain exactly what copyright owners can expect from Customs and how they can best assist Customs in the enforcement of copyright. Such publicity could be the responsibility of the dedicated staff, suggested above.

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17 Mr Burns, Customs, *Transcript*, p. 95.

18 Mr Gonsalves, BSAA, *Transcript*, p. 186; Mr Dwyer, Australian Visual Software Distributors Association (AVSDA), *Transcript*, p. 308.

19 Mr Fox, AGD, *Transcript*, p. 67.

20 AGD, *Submissions*, p. S446.

## Recommendation 20A

- 6.14 **The Committee recommends that the Australian Customs Service dedicate staff to work on the enforcement of intellectual property rights. The Committee further recommends that the Australian Customs Service also provide publicity about the nature of its role in copyright enforcement and how copyright owners can assist it in intercepting infringing goods at the border.**

### Small consignments

- 6.15 A number of witnesses drew attention to the problem in the operation of the existing border interception provisions presented by consignments which are small in size or value. For example, VISCOPY submitted that the services provided by Customs do not readily assist in the enforcement of copyright in individual artistic works.<sup>21</sup> In part this is because the amount of information required by Customs is seen as impractical. It is also due to the prohibitive cost of engaging Customs' services (in terms of providing the necessary security) and contesting importation in the Federal Court. AGD acknowledged that there may be a role for greater involvement by Customs in determining the status of lower-value goods.<sup>22</sup>
- 6.16 Customs agreed that the enforcement provisions would be more effective if a less costly mechanism could be found for determining infringement when small and medium consignments are involved.<sup>23</sup> Customs suggested that mediation would be a cheaper alternative to litigation for settling importation infringement disputes.<sup>24</sup>
- 6.17 The Committee is concerned to make the border enforcement provisions effective in respect of small and medium consignments. In Chapter 5 the Committee recommended that the Federal Magistrates Court be given a small claims jurisdiction in civil matters arising under the Copyright Act. It is the Committee's intention that the jurisdiction include matters arising under Division 7 of Part V. The Committee hopes that this will help to remove the impediments preventing copyright right owners from becoming involved in border interception operations. The Committee also encourages copyright owners to make use of the facility for arbitration

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21 VISCOPY, *Submissions*, p. S71.

22 AGD, *Submissions*, p. S446.

23 Customs, *Submissions*, p. S152.

24 Mr Burns, Customs, *Transcript*, p. 97.

and mediation that already exists in the Federal Court and the Federal Magistrates Court.

## Domestic enforcement

- 6.18 Several witnesses argued that in order for Australia to comply with its international obligations, some improvement in the mechanisms for the enforcement of copyright law is required. ACAG stated that:

It is not sufficient for the Government to create legislation alone.  
... The Government must make the criminal process work.<sup>25</sup>

In particular, ACAG suggested that Australia is failing to comply with article 61 of TRIPS. Article 61 provides in part:

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trade mark counterfeiting or copyright piracy on a commercial scale.

- 6.19 The BSAA agreed, stating that in order to comply with article 61 of TRIPS, criminal procedures and penalties must be applied in practice.<sup>26</sup> The Committee refrains from expressing an opinion as to whether or not Australia meets its obligations under TRIPS. However, it does recognise that comprehensive, co-ordinated, well-resourced and appropriate enforcement measures are vital to the effective enforcement of copyright in Australia.
- 6.20 In its submission AGD drew a comparison between the enforcement practices of various Asia-Pacific Economic Co-operation forum countries.<sup>27</sup> It concluded that there is no consistent pattern of approach: jurisdictions with more established intellectual property regimes tend to rely on existing enforcement mechanisms, whereas jurisdictions where intellectual property is a newer concept, or where infringement is a problem, tend to have centralised enforcement mechanisms. AGD commented that Canada, which belongs to the former category of jurisdiction, has recently implemented an enforcement policy that targets manufacturers and distributors of infringing goods, rather than retailers.<sup>28</sup>

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25 Anti-Counterfeiting Action Group (ACAG), *Submissions*, p. S370.

26 BSAA, *Submissions*, p. S341.

27 AGD, *Submissions*, p. S448.

28 AGD, *Submissions*, pp. S449 and S473.

6.21 The Committee notes that responsibility for copyright enforcement in Australia is diffused between various state and federal law enforcement agencies. AGD stated that the enforcement priorities for each agency depend on a range of matters including ministerial directions, internal policies and resources.<sup>29</sup> It is necessary, therefore, to examine each agency separately. However, it is appropriate at this point to indicate that the Committee recognises that there is a real need for a centralised approach, a subject that is elaborated on below.

## Police

6.22 Clearly, the police have an instrumental role to play in the enforcement of copyright. The police force that has prime legal responsibility for enforcement of copyright law is the Australian Federal Police (AFP).<sup>30</sup> In practice, state and territory police forces are also involved in enforcement. Before considering the operations of the AFP in more detail, the Committee is keen to understand the relationship between the AFP and state and territory police forces. The Committee also examines the relationship between copyright owners and police generally.

6.23 The Commercial Crime Agency of the NSW Police Service (NSW Police) stated that it regards the AFP as the natural leaders in the enforcement of copyright, and that copyright enforcement does not form part of its core operations.<sup>31</sup> Tress Cocks & Maddocks (TCM) and Music Industry Piracy Investigations (MIPI) both reported that state police around Australia refuse to become involved in copyright matters.<sup>32</sup> They also stated that the AFP encourages state and territory police to become more involved in copyright enforcement, yet state and territory police are not equipped to deal with intellectual property matters.<sup>33</sup>

6.24 NSW Police pointed out that Commonwealth procedures concerning arrest and prosecution differ significantly from state and territory procedures, so that it would be very expensive for state and territory police to include copyright offences in their standard operating procedures.<sup>34</sup> NSW Police also stated that state and territory police do not receive any federal funding for copyright enforcement, although there are

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29 AGD, *Submissions*, p. S447.

30 Australian Federal Police (AFP), *Submissions*, p. S358. See also section 8 of the *Australian Federal Police Act 1979*.

31 Sgt Shepherd, Commercial Crime Agency NSW Police Service (NSW Police), *Transcript*, p. 173.

32 Mr Little, Tress Cocks & Maddox, *Transcript*, p. 213; Music Industry Piracy Investigations, *Submissions*, p. S187.

33 Mr Little, Tress Cocks & Maddox, *Transcript*, p. 213; see also AFP, *Submissions*, p. S363.

34 Det Insp Dyson, NSW Police, *Transcript*, p. 173.

other instances in which the Commonwealth government has reimbursed state police for their operations.<sup>35</sup>

- 6.25 The Committee considers that the operational and funding relationship between the AFP and state and territory police forces in the area of copyright enforcement needs clarification. As has been foreshadowed, the Committee proposes that a centralised body be established, one of whose functions will be to co-ordinate the activities of state and federal police. More details about the proposed body are found under the heading 'Enforcement task force', below.
- 6.26 Some witnesses observed that their relationship with police is poor. MIPI submitted that the AFP has not been able to enter into any effective dialogue with copyright industries concerning solutions to the need for increased police investigation.<sup>36</sup> Trademark Investigation Services commented that its relationship with police is poor due to the constant failure on the part of the police to respond.<sup>37</sup> For its part, the AFP stated that it endeavours to maintain an effective, co-operative relationship with individual copyright owners and industry groups where investigations are undertaken.<sup>38</sup>

#### Australian Federal Police

- 6.27 Several witnesses, including Stephens Lawyers & Consultants, ACAG and Copyright Agency Limited (CAL), argued that the funding available to the AFP for copyright enforcement is insufficient.<sup>39</sup> The BSAA reasoned that with active involvement from industry, vast resources are not required to enforce copyright.<sup>40</sup> Mattel et al suggested that copyright enforcement was not a big priority for the AFP.<sup>41</sup> The BSAA agreed, stating that copyright enforcement has 'moved so far down the priority scale as to have basically moved off it'.<sup>42</sup>
- 6.28 The AFP explained that the following factors influence whether a matter is accepted for investigation and the priority that is afforded to it:
- the availability of limited resources and competing priorities;

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35 Sgt Shepherd, NSW Police, *Transcript*, p. 170.

36 MIPI, *Submissions*, p. S186.

37 Trade Mark Investigation Services, *Submissions*, p. S22.

38 Mr Hughes, AFP, *Transcript*, p. 120.

39 Mr Stephens, Stephens Lawyers & Consultants, *Transcript*, p. 52; Anti-Counterfeiting Action Group, *Submissions*, p. S373; Copyright Agency Limited, *Submissions*, p. S600.

40 Mr Gonsalves, BSAA, *Transcript*, p. 188.

41 Mr McDonald, Mattel et al, *Transcript*, p. 359.

42 Ms Lenaburg, BSAA, *Transcript*, p. 189.



- the level and extent of criminality involved;
  - the prospects of an investigation leading to a successful prosecution;
  - the likely impact and outcome of police involvement; and
  - the availability of alternative means of resolving the matter.
- 6.29 The AFP further explained that a case categorisation and prioritisation model is applied to all matters at both national and regional levels in order to determine objectively the priority they should receive.<sup>43</sup> The result is that the AFP usually only accepts copyright matters where there are clear indications of a high incidence of direct or associated criminality. In other words, the AFP concentrates on large scale and organised copyright infringements, in an attempt to make an example of those infringers.<sup>44</sup>
- 6.30 The BSAA submitted that this focus effectively rules out enforcement for the vast majority of intellectual property offences.<sup>45</sup> This is because a substantial proportion of infringement is carried out by a very large number of small to medium, rather than large scale, infringers. For this reason the BSAA endorsed a recommendation made by the Office of Strategic Crime Assessments in its 1996 report, *Law Enforcement and Intellectual Property Rights Protection*,<sup>46</sup> that the AFP consider prosecuting selected smaller cases of infringement.
- 6.31 The Committee considers that the ‘exemplary’ approach taken by the AFP is a good one in circumstances of scant resources. In the Committee’s view, it is appropriate that the AFP target large scale infringement. The selective prosecution of small scale infringement is likely to have a limited deterrent effect. TCM submitted that the AFP lacks expertise in issues arising under the Copyright Act. They argued that substantially more time and money ought to be spent on training the AFP on copyright law and its enforcement.<sup>47</sup> The Committee agrees with this view, and as will be seen below, proposes to make such training one of the functions of a centralised enforcement task force.

## Director of Public Prosecutions

- 6.32 The decision as to whether or not to lay charges under the Copyright Act in cases of criminal infringement lies with the Office of the

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43 AFP, *Submissions*, p. S360.

44 AFP, *Submissions*, pp S362–363.

45 BSAA, *Submissions*, p. S354.

46 Office of Strategic Crime Assessment, *Assessment Series*, No 1/96, p. 15.

47 Tress Cocks & Maddox, *Submissions*, p. S52.

Commonwealth Director of Public Prosecutions (DPP).<sup>48</sup> The DPP acts on referrals from federal, state and territory police, although most cases appear to be initiated by industry bodies such as the Australian Film and Video Security Office and MIPI. The DPP submitted that, subject to AFP investigative priorities, industry bodies have a large influence on where law enforcement resources are expended.<sup>49</sup> The DPP also submitted that it has general, as well as case specific, discussions with industry bodies, and that it works closely with the AFP.<sup>50</sup>

### Enforcement task force

- 6.33 Several witnesses, both at the public hearings and in written submissions, called for the establishment of a national enforcement strategy. The Australian Copyright Council supported the development of a national enforcement strategy involving co-operation between the federal and state law enforcement agencies and a national intellectual property training program for law enforcement officers.<sup>51</sup> The Australasian Performing Right Association and the Australasian Mechanical Copyright Owners Society made a submission to like effect.<sup>52</sup>
- 6.34 MIPI urged for the establishment of a law enforcement/industry co-ordination committee that would report to the Minister for Justice, the Copyright Law Review Committee (CLRC) and the Commissioner(s) of Police.<sup>53</sup> A structural model for the committee, showing its interrelationships with other agencies, is included in its submission.<sup>54</sup> The Motion Picture Association submitted that a similar committee should be located within the Attorney-General's Department.<sup>55</sup>
- 6.35 The AFP acknowledged that there would be a benefit in a clearer mechanism for contact between law enforcement agencies.<sup>56</sup> AGD stated that it would be helpful, at least so far as the AFP is concerned, to have a nationally co-ordinated response to law enforcement, with the possibility of specialist training.<sup>57</sup>

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48 Director of Public Prosecutions (DPP), *Submissions*, p. S499.

49 DPP, *Submissions*, p. S499.

50 DPP, *Submissions*, p. S499; Mr Thornton, DPP, *Transcript*, p. 90.

51 Australian Copyright Council, *Submissions*, p. S483.

52 Australasian Performing Right Association and the Australasian Mechanical Copyright Owners Society, *Submissions*, p. S248.

53 MIPI, *Submissions*, p. S189.

54 MIPI, *Submissions*, p. S207.

55 Motion Picture Association, *Submissions*, p. S284.

56 Mr Hughes, AFP, *Transcript*, p. 124.

57 Mr Fox, AGD, *Transcript*, pp. 66–67.

- 6.36 The Committee agrees that there is a need for a nationally co-ordinated response to copyright enforcement. The response should be the responsibility of a designated task force, involving representatives from state police forces, the AFP, Customs, AGD, CLRC, DPP and industry policing bodies. The specific responsibilities of the task force should include:
- training law enforcement officers (including Customs officers, state and federal police officers) in copyright law issues;
  - gathering, analysing and utilising industry intelligence about copyright infringement;
  - developing a national policy on the investigation and prosecution of copyright infringements;
  - providing copyright owners with information about their rights and how to enforce them; and
  - developing operational benchmarks for the enforcement of copyright law including benchmarks applicable to independently supplied briefs of evidence; and
  - co-ordinating the response of government agencies, including federal, state and territory police, where necessary.
- 6.37 Additional, wider roles for the task force could include:
- co-ordinating the investigation and prosecution of copyright infringement; and
  - conducting the public education campaign recommended in Chapter 3.
- 6.38 While the Committee does not have a concluded view as to the form that the task force should take, the Committee considers it important that a government agency be responsible for the establishment of the task force. Accordingly, the Committee recommends below that the task force be established within the Australian Federal Police. In order to ensure that the responsibility is discharged, the Committee considers that the Commissioner of the AFP should have to account to Parliament through the Minister for Justice for the establishment and activities of the task force.
- 6.39 The Committee sees no reason to limit the purview of the proposed task force to copyright alone. The need identified by the Committee in Chapter 3 for the government to protect copyright adequately extends to other forms of intellectual property as well. Intellectual property is, as has been

stated, an increasingly valuable form of property that requires the recognition and protection of the state.

- 6.40 Thus the Committee proposes that the task force be given responsibilities for all forms of intellectual property. The Committee notes, however, that the other intellectual property regimes provide comparatively few criminal offences, and that the criminal misappropriation of intellectual property is most prolific in the area of copyright. For this reason the Committee envisages that the majority of the task force's efforts will be directed at copyright infringement.

### Recommendation 21

- 6.41 **The Committee recommends that the Minister for Justice and Customs, in conjunction with the Commissioner of the Australian Federal Police, establish a task force for the enforcement of intellectual property rights within the Australian Federal Police. The Task Force should seek the involvement of the representatives mentioned in, and have at least the responsibilities outlined in, paragraph 6.36.**

**The Committee recommends that section 67 of the *Australian Federal Police Act 1979* be amended so as to require the Commissioner to report specifically on the establishment and activities of the task force in his or her annual report. The amendment should require the Commissioner to report against performance outcomes that relate to the apprehension and prosecution of breaches of intellectual property rights, including copyright.**

## Related Issues

- 7.1 A number of issues related to the enforcement of copyright were raised with the Committee. While these issues do not fall strictly within the terms of reference for the inquiry, the Committee considers it desirable to refer to them briefly. The issues are:
- the parliamentary library exception to infringement;
  - the relationship between infringement and censorship;
  - the infringement of copyright in broadcasts; and
  - the protection of performances from unauthorised exploitation.

### Parliamentary library exception

- 7.2 The Commonwealth Department of the Parliamentary Library (DPL) submitted that the present wording of sections 48A and 104A of the *Copyright Act 1968* (the Copyright Act), which provide an exception to infringement for parliamentary libraries, hampers the intended operation of the exception. Sections 48A and 104A respectively state that the copyright in a work, or other subject matter:

is not infringed by anything done for the sole purpose of assisting a person who is a member of a Parliament in the performance of the person's duties as such a member, by an authorised officer of library, being a library the principal purpose of which is to provide library services for the members of that Parliament.

- 7.3 DPL stated that there is frequently a need for an exchange of information between state, territory and the Commonwealth parliamentary libraries in order to avoid duplication of effort and to ensure that services are readily

available to members of all Parliaments.<sup>1</sup> However, such exchange of information is not possible under the current wording. For this reason, DPL suggested that sections 48A and 104A be amended so that the principal purpose of a library referred to in each section is simply to provide library services for the members of a Parliament.

- 7.4 The Committee appreciates the problem that has been identified in the operation of the parliamentary libraries exception. In the Committee's view, such a problem was likely neither intended nor foreseen by the draftsman. The Committee agrees that the Copyright Act should be amended as suggested.

### Recommendation 22

- 7.5 **The Committee recommends that sections 48A and 104A of the Copyright Act 1968 be amended so that each section concludes:**

**'...being a library the principal purpose of which is to provide library services for the members of a Parliament.'**

### Infringement and censorship

- 7.6 In his submission, Mr John Dickie urged against any changes to the copyright law which allowed material in Australia to circumvent the classification process. He argued that such circumvention, particularly in relation to videos, digital video discs and computer games, would seriously undermine the integrity of the present classification system.<sup>2</sup>
- 7.7 Whilst appreciating this potential problem, the Committee does not consider that any of the changes it has proposed would have such an impact. As indicated in Chapter 2, the Committee does not regard the present inquiry as an opportunity to revisit generally issues of parallel importation. Thus the Committee does not express a view as to the relationship between the parallel importation of audio visual material and the enforcement of censorship laws.

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1 Department of the Parliamentary Library, *Submissions*, p. S36.

2 Mr John Dickie, John Dickie Communications, *Submissions*, p. S87.

## Infringement of copyright in broadcasts

- 7.8 The Federation of Australian Commercial Television Stations and the Australian Subscription Television and Radio Association, together with some of their members, gave evidence relating to the infringement of copyright in pay TV broadcast signals.<sup>3</sup> They also drew the Committee's attention to the unlawful interception of free-to-air signals outside their licence areas, and program carrying signals. The Committee considered these issues in its inquiry into the Copyright Amendment (Digital Agenda) Bill 1999.
- 7.9 The Committee is not persuaded that the evidence presented in the current inquiry requires it to revisit the conclusions and recommendations it reached in relation to those issues, contained in Chapter 5 of the Advisory Report on the Copyright Amendment (Digital Agenda) Bill. Indeed, the Committee notes that the government implemented one of its key recommendations in relation to broadcasts.<sup>4</sup>

## Protecting performances from unauthorised exploitation

- 7.10 Music Industry Piracy Investigations (MIPI) submitted that the existing civil and criminal protection for performers contained in Part XIA of the Copyright Act, against the unauthorised recording of their performances, is inadequate. MIPI argued that performers should also be protected from the unauthorised exploitation of their performances.
- 7.11 The Committee strongly sympathises with this view, but refrains from recommending any amendment to Part XIA at this stage. The Committee notes that the area of performers' rights is under review both domestically and at the international level.<sup>5</sup> The World Intellectual Property Organisation's Standing Committee on Copyright and Related Rights plans to hold a diplomatic conference later this year to finalise a new treaty on the rights of performers in audiovisual works. In addition, the Attorney-General, the Minister for Communications, Information Technology and the Arts and the Minister for Arts and the Centenary of Federation have announced that the government has begun an

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3 Federation of Australian Commercial Television Stations (FACTS), *Submissions*, p. S108; Australian Subscription Television and Radio Association (ASTRA), *Submissions*, p. S293; Mr Smart, Foxtel, *Transcript*, p. 223; Mr Meagher, Austar Entertainment, *Transcript*, p. 230; Ms Bean, Optus Communications, *Transcript*, p. 224.

4 Recommendation 21 of the Advisory Report on the Copyright Amendment (Digital Agenda) Bill 1999: see amendments 47 and 57 of the Government amendments introduced into the House of Representatives on 19 June 2000.

5 *E news*, newsletter of the Intellectual Property Branch of the Attorney-General's Department, Issue 13, May 2000.

examination of the ways to provide stronger protection for directors under the Copyright Act.<sup>6</sup>

- 7.12 While the Opposition members of the Committee believed it is appropriate to recognise a directors' copyright, the majority of the Committee thought it desirable to wait until the examination and consultations referred to above are complete. In doing so, however, the Committee wishes to stress that it recognises the need to provide directors' proprietary rights in films greater protection.

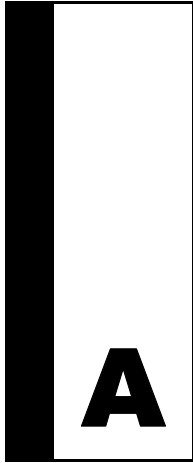
Kevin Andrews MP  
Chairman

November 2000

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6 Joint New Release, Hon Daryl Williams AM QC MP, Senator the Hon Richard Alston, Hon Peter McGauran MP, *Copyright Consultations Recognise Directors' Role in Film Production*, 17 August 2000.





## **Appendix A - List of Submissions**

<b>Submission</b>	<b>Individual/Organisation</b>
1	William Thomas Productions
2	Mr Laurence Kennedy
3	<b>Confidential</b>
4	North Coast Maps
5	Trade Mark Investigation Services
6	ACME Merchandising
7	Australian Vice-Chancellors' Committee
8	Department of the Parliamentary Library
9	Mr Paul Sugden
10	Council of Australian State Libraries
11	Mr Robert Lovren
12	West Australian Music Industry Association
13	Arts Law Centre of Queensland Incorporated Management Committee
14	Tress Cocks & Maddox
15	The Genuine Article Clothing Company Ltd
16	Beach Collections
17	VISCOPY
18	Mr John Dickie

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19	Australian Digital Alliance
20	Arts Law Centre of Australia
21	The Federation of Australian Commercial Television Stations
22	Kitmog Pty Ltd
23	OVID Australia Pty Ltd
24	Australian Customs Service
25	Australian Consumers' Association
26	Music Industry Piracy Investigations
27	Australian Record Industry Association & Phonographic Performance Company of Australia Ltd
28	Mattel Pty Ltd
29	Australasian Performing Right Association & the Australasian Mechanical Copyright Owners Society
30	Motion Picture Association
31	Australian Subscription Television & Radio Association
32	Australian Visual Software Distributors Association
33	Queensland Government
34	Business Software Association of Australia & the Business Software Alliance
35	Australian Federal Police
36	Anti Counterfeiting Action Group
37	International Federation of Phonographic Industry
38	Attorney-General's Department
39	Australian Music Retailers Association
40	Australian Copyright Council
41	Victorian Employers Chambers of Commerce & Industry
42	Commonwealth Director of Public Prosecutions
43	Australian Information Industry Association Limited
44	NSW Police Service
45	IP Australia

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| 46 | National Indigenous Arts Advocacy Association                                      |
| 47 | Copyright Agency Limited   |
| 48 | Withdrawn  |
| 49 | Screenrights   |
| 50 | Australian Subscription Television & Radio Association<br>(Supplementary)          |
| 51 | Australian Visual Software Distributors Association<br>(Supplementary)             |
| 52 | Department of Communications Information Technology &<br>the Arts                  |
| 53 | Australia Council's Aboriginal & Torres Strait Islander Arts<br>Board              |
| 54 | Mattel Pty Ltd   |
| 55 | Department of the Parliamentary Library (Supplementary)                            |
| 56 | Arts Law Centre of Australia (Supplementary)                                       |
| 57 | Arts Law Centre of Queensland Incorporated Management<br>Committee (Supplementary) |
| 58 | <b>Confidential</b>  |
| 59 | Music Industry Piracy Investigations (Supplementary)                               |
| 60 | Dr Stephen Alomes  |
| 61 | Aboriginal & Torres Strait Islander Commission                                     |
| 62 | Simpsons Solicitors  |
| 63 | Attorney-General's Department (Supplementary)                                      |
| 64 | Music Industry Piracy Investigations (Supplementary)                               |
| 65 | Motion Picture Association (Supplementary)   |
| 66 | Business Software Association of Australia<br>(Supplementary)                      |
| 67 | Art Gallery NSW  |





## **Appendix B - List of Exhibits**

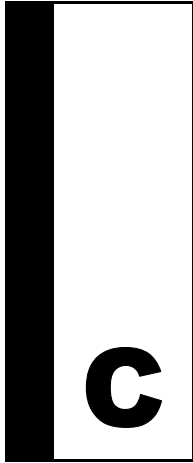
- 1 Business Software Association of Australia  
'1998 Global Software Piracy Report' - A Study by International Planning & Research Corporation.
- 2 Business Software Association of Australia  
'Contribution of the Packaged Software Industry to the Southeast Asian Economies' - Price Waterhouse, May 1998.
- 3 Business Software Association of Australia  
'The Contribution of the Packaged Software Industry to the Australian Economy' - Price Waterhouse, December 1998.
- 4 Business Software Association of Australia  
*S 504 Remedies for infringement: Damages & profits* extract from 'Patent, Trademark, & Copyright Laws', 1996 Edition pp. 350, 351.
- 5 Business Software Association of Australia  
*Statutory Damages 38.1 (1)* extract from Smith Lyons IT Legislation: Copyright Act (Canada).
- 6 Commissioner of Patents IP Australia  
'Review of Enforcement of Industrial Property Rights', The Advisory Council on Industrial Property.
- 7 Australian Subscription Television & Radio Association  
Australian MOSC (Modified Original SmartCards) Update: 03.07/99.
- 8 Australian Subscription Television & Radio Association  
Specifications of Australian designed Multi Purpose Receiver Micro Wave-Fee to Air - Cable (Made in Taiwan).
- 9 Confidential

- 10 VISCOPY  
Operation Olympics: Copyright Police Force.
- 11 Australasian Performing Right Association  
APRA flow chart.
- 12 Australasian Performing Right Association  
Correspondence from the Walt Disney Company relating to proof of chain of title to the film 'Aladdin' dated 28 February 1995.
- 13 Australasian Performing Right Association  
Extracts from 'Music & Copyright News' between 1996 & 1999.
- 14 Australasian Performing Right Association  
Extracts from 'Music & Copyright News' between 1998 & 1999.
- 15 'The fundamental importance of the TRIPS Agreement for a better enforcement of copyright.' Presentation by Adrian Otten - ALAI Berlin Congress 16-19 June 1999.
- 16 Australasian Performing Right Association  
'Enforcement of Copyright & Related Rights.' Presentation of Eric H. Smith - ALAI Berlin Congress, 18 June 1999.
- 17 Australasian Performing Right Association  
'Piracy - Report From the Front Line.' Presentation of Mike Edwards, *ifpi* - ALAI Congress Berlin 18 June 1999.
- 18 Australasian Performing Right Association  
'A guide to the award of costs in criminal proceedings' - Royal Courts of Justice London 1991.
- 19 Australasian Performing Right Association  
Statement of Claim in the Federal Court of Australia NSW Registry, 19 Nov 1998.
- 20 Confidential
- 21 Tress Cocks & Maddox  
Submission to the Copyright Law Review Committee from Tress Cocks & Maddox, 4 September 1995.
- 22 Confidential
- 23 Confidential

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- 24 Australian Visual Software Distributors Association  
Video Games Industry statistics - Sony Computer Entertainment  
Australia Pty Ltd
- 25 Australian Institute of Criminology
1. Chapter 5, 'Telecommunications Piracy' in Grabosky, P.N. & Smith, R.G., 1998, *Crime in the Digital Age: Controlling Telecommunications & Cyberspace Illegalities*, Federation Press, Sydney.
  2. Dempsey, G. 1998, 'Industrial Espionage: Criminal or Civil Remedies', in *Trends & Issues in Crime & Criminal Justice*, No. 106, Australian Institute of Criminology, Canberra.
  3. Smith, R.G. 1997, 'Internet Piracy', in *Trends & Issues in Crime & Criminal Justice*, No. 65, Australian Institute of Criminology, Canberra.
- 26 Michael Frankel & Co  
'Our Culture: Our Future - A Report on Australian Indigenous Cultural & Intellectual property Rights,' 1998.
- 27 Intellectual Property Branch Attorney-General's Department  
Information on International copyright issues.
- 28 Confidential
- 29 Australian Record Industry Association & Phonographic  
Performance Company of Australia Ltd  
Piracy in the Music Industry & Organised Crime.
- 30 Business Software Association of Australia  
Article entitled 'The Software Mobsters' published in sm@rt Reseller  
Online 6 September 1999.
- 31 Business Software Association of Australia  
Extracts from US Sentencing Guidelines for Copyright Offences.
- 32 Copyright Agency Limited  
Correspondence regarding provisions limiting the liability of  
collecting societies in Canada and the UK, 13 April 2000.







## **Appendix C - List of Witnesses**

**Monday, 26 July 1999 - Melbourne**

### **Individuals**

Mr Julian Stephens

### **Mattel Pty Ltd**

Mr Ian Anderson, Director

Mr Michael McDonald, Solicitors

### **OVID Australia Pty Ltd**

Mr Andrew Fraser, Director, Legal Affairs

Mr Edward Horton, Director, Marketing

Dr Jonathan Upfal, Chief Executive Officer

### **Victorian Employers Chamber of Commerce & Industry**

Ms Suzanne Harmer, Legal Research Officer, Economics & Research Services

**Thursday, 12 August 1999 - Canberra**

### **Attorney-General's Department**

Ms Helen Daniels, Assistant Secretary, Information and Security Law Division

Mr Steven Fox, Principal Legal Officer, Intellectual Property Branch

**Commonwealth Director of Public Prosecutions**

Mr John Thornton, Deputy Director

**Department of Foreign Affairs and Trade**

Ms Kate Callaghan, Policy Officer, WTO Intellectual Property Unit

Mr David Livingston, Policy Officer, WTO Intellectual Property Unit

Mr Mark Pierce, Assistant Secretary, Services & Intellectual Property Branch

Mr Tony Taubman, Director, Intellectual Property Unit

**Thursday, 26 August 1999 - Canberra****Australian Customs Service**

Mr Stephen Adams, Assistant Director, Commercial Services Division

Mr Phil Burns, National Manager, Import/Export Management

Mr Peter Gulbransen, Director, Commercial Services Division

**Australian Federal Police**

Mr Paul Brown, Federal Agent

Mr Andy Hughes, Director, International and Operations

**Australian Vice-Chancellors' Committee**

Associate Professor Philip Griffith, Member

Mr TJ Mullarvey, Deputy Executive Director

**Australian Vice-Chancellors' Committee**

Professor Don Aitkin, Member

**Department of Parliamentary Library**

Ms Nola Adcock, Deputy Head, Information and Research Services

**Department of the Parliamentary Library**

Mr John Templeton, Acting Parliamentary Librarian

**Thursday, 2 September 1999 - Canberra****Australian Competition and Consumer Commission**

Ms Margaret Arblaster, General Manager, Regulatory Affairs Division

Mr Hank Spier, Chief Executive officer

**Department of Industry Science & Resources**

Mr Rodger Braid, Acting Assistant Director, IP Australia

Mr Rick Gould, Deputy Director General, IP Australia

**IP Australia**

Dr Vivienne Thom, Commissioner of Patents

**Motion Picture Association**

Mr William Baker, President and Chief Operating Officer

Mr Jeffrey Hardee, Vice President Asia Pacific

Mr Stephen Howes, Director, Australasian Film & Video Security

**Monday, 6 September 1999 - Sydney****Australasian Mechanical Copyright Owners Society**

Ms Stephanie Faulkner, General Counsel

**Australian Subscription Television & Radio Association**

Ms Lynette Ireland, Legal and Policy Coordinator

Mr Bruce Meagher, Member

Ms Debra Richards, Executive Director

**Business Software Alliance**

Ms Rebecca Lenaburg, Vice President

**Business Software Association of Australia**

Mr Maurice Gonsalves

Mr Jim Macnamara, Chairman

**Council of Australian State Libraries**

Mr Dagmar Schmidmaier, Chair

**FOXTEL Management Pty Ltd**

Mr Peter Smart, Director of Engineering

**John Dickie Communications**

Mr John Dickie

**Mindport**

Mr Peter Iles, Regional Manager, ASIA Pacific

**New South Wales Police Service**

Mr Colin Dyson, Detective Inspector, Commercial Crime Agency

Sergeant David Shepherd, Legal Officer, Commercial Crime Agency

**OPTUS Communication**

Ms Trudie Bean, Counsel

**Tress Cocks & Maddox**

Mr Alistair Little, Partner

**VISCOPY**

Ms Anna Ward, Executive Officer

**Tuesday, 7 September 1999 - Sydney****Arts Law Centre of Australia**

Ms Delia Browne, Executive Director

Ms Sally McCausland, Legal Officer, Arts Network

**Australian Consumers' Association**

Mr Charles Britton, Senior Policy Officer, Information Technology and Communications

**Australian Copyright Council**

Ms Elizabeth Baulch, Executive Officer and Principal Legal Officer

**Australian Visual Software Distributors Association**

Mr James Dwyer, Legal Adviser

Mr Michael Ephraim, Vice-Chairman (Interactive)

Ms Megan Simes, Chief Executive

**Copyright Agency Limited**

Mr Michael Fraser, Chief Executive Officer

Ms Marie-Louise Symons, Corporate Lawyer

**Golden West Network**

Mr Trevor Sutherland, Station Operations Manager

**Kitmog Pty Ltd**

Mr Robert Kerrigan, Managing Director

**Music Industry Piracy Investigations**

Mr Michael Speck, Manager

**Music Industry Piracy Investigations Pty Ltd**

Mr Michael Williams, Solicitor acting for Music Industry Piracy  
Investigations Pty Ltd

**Seven Network**

Ms Catherine Rothery, Legal Counsel, Regulatory and Business Affairs

**Thursday, 30 September 1999 - Canberra****National Indigenous Arts Advocacy Association**

Mr Keven Francis, Executive Director

Ms Terri Janke, Consultant

**Tuesday, 5 October 1999 - Brisbane****Anti Counterfeiting Action Group**

Mr J Ramsden, Exexutive Director

Mr Scott Standen, Director

**Arts Law Centre of Queensland Incorporated Management Committee**

Ms Marett Leiboff

**Australia Council's Aboriginal and Torres Strait Islander Arts Board**

Ms Fay Nelson, Director

**Mattel Pty Ltd**

Mr Ian Anderson, Director, Business Development

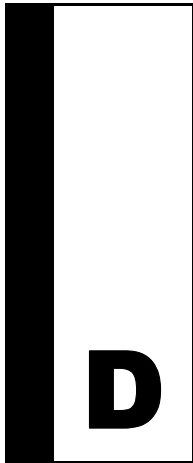
Mr Michael McDonald, Solicitor

**Trade Mark Investigation Services**

Mr Ken Taylor, Principal

**University of Queensland**

Mr Paul Sugden, Lecturer in Law



## **Appendix D – Item 11 of the Copyright Amendment Bill 1992**

### **Proposed section 126A of the *Copyright Act 1968***

- (1) In an action brought under this Part in relation to a sound recording, copyright is presumed to subsist in the sound recording if:
  - (a) the plaintiff files an affidavit;
    - (i) stating that the record embodying the sound recording or its container bore a label or mark specifying the date and place of first publication of the sound recording; and
    - (ii) specifying that date and place; and
  - (b) the date and place of first publication specified in the affidavit are such as, if proved, would support the subsistence of copyright in the sound recording on the day on which the action is instituted.
- (2) If the subsistence of copyright is presumed under subsection (1), the plaintiff is presumed to be entitled to bring the action under this Part in relation to the sound recording if the affidavit filed by the plaintiff asserts:
  - (a) that the plaintiff is the maker of the sound recording and is specified on the label or container of the record embodying the sound recording as the maker of the sound recording; and
  - (b) that the plaintiff has not assigned the copyright in the sound recording.
- (3) If the plaintiff is not the maker of the sound recording, the plaintiff is presumed to be entitled to bring the action under this Part in relation to the sound recording if the affidavit filed by the plaintiff;

- (a) asserts that the plaintiff is entitled to bring the action as assignee or exclusive licensee of the copyright in the sound recording:
    - (i) from the maker; or
    - (ii) from a person other than the maker; or
  - (b) asserts that the plaintiff is entitled to bring the action as owner of the copyright under subsection 97(3).
- (4) An affidavit filed by the plaintiff under paragraph (3)(a) must list all the persons through whom the plaintiff claims to have the assignment or exclusive licence of the copyright in the sound recording.
- (5) The presumptions under subsections (1), (2) and (3) operate unless the contrary is established.





## **Appendix E - Section 100 of the *Copyright, Designs and Patents Act 1988* (UK)**

### **100 Right to seize infringing copies and other articles**

- (1) An infringing copy of work which is found exposed or otherwise immediately available for sale or hire, and in respect of which the copyright owner would be entitled to apply for an order under section 99, may be seized and detained by him or a person authorised by him. The right to seize and detain is exercisable subject to the following conditions and is subject to any decision of the court under section 114.
- (2) Before anything is seized under this section notice of the time and place of the proposed seizure must be given to a local police station.
- (3) A person may for the purpose of exercising the right conferred by this section enter premises to which the public have access but may not seize anything in the possession, custody or control of a person at a permanent or regular place of business of his, and may not use any force.
- (4) At the time when anything is seized under this section there shall be left at the place where it is seized a notice in the prescribed form containing the prescribed particulars as to the person by whom or on whose authority the seizure is made and the grounds on which it is made.
- (5) In this section –  
“premises” includes land, buildings, moveable structures, vehicles, vessels, aircraft and hovercraft; and  
“prescribed” means prescribed by order of the Secretary of State.
- (6) An order of the Secretary of State under this section shall be made statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.





## **Appendix F - Flow chart - Border Interception Process**



## **Appendix G – International Consultations**

During the course of the inquiry, the Chairman consulted with a number of individuals and agencies in the course of overseas visits, including the following:

### **USA**

#### **US Department of Justice**

- James K Robinson, Assistant Attorney-General (Criminal Division)
- Roslyn A Mazer, Special Council for Intellectual Property
- Thomas J Pickard, Assistant Director, Criminal Investigation, FBI
- Michael A Sussman, Computer Crimes and Intellectual Property Section
- Karen Spangenberg, Unit Chief, Financial Institute Fraud Unit, FBI
- Christopher Graham, Supervisory Special Agent, FBI

#### **US Department of Customs**

- Bonni Tischler, Assistant Commissioner of Customs, Office of Investigations
- Mark Robinson, Director Fraud Investigations
- Daniel E Vargas, Program Manager

#### **Office of US Trade Representative**

- Joseph Papovich, Assistant US Trade Representative, Intellectual Property and Investment Services

#### **Library of Congress**

- Marybeth Peters, US Register of Copyrights

**Industry Representatives**

- Steven J Metalitz, Vice President and General Counsel, International Intellectual Property Alliance
- Carol A Risher, Vice President, Copyright and New Technology, Association of American Publishers Inc.
- Robert M Kruger, Vice President, Enforcement, Business Software Alliance
- Neil Turkewitz, Executive Vice President International, Recording Industry Association of America
- Tod Cohen, Vice President and Counsel, New Technology, Motion Picture Association of America
- Angele M Babineck, Associate, Intellectual Property, Public Policy and Congressional Relations, Interactive Digital Software Association

**New Zealand****Industry Representatives**

- Bill Wood, Executive Secretary, Motion Picture Distributors Association
- Noel Beckett, Roadshow Entertainment, Senior Representative

**United Kingdom****Patent Office**

- Anthony Murphey, Copyright Directorate
- Judith Sullivan, Copyright Directorate
- Graham Jenkins, IPP Directorate

**H.M. Customs**

- Pat Phillips, Enforcement and Trade Restriction Team
- Peter Wastian, Enforcement and Trade Restriction Team

**Industry Representatives**

- Jay Berman, Chief Executive Officer, International Federation of the Phonographic Industry (IFFI)
- Mike Edwards, Director of Operations, IFFI
- Roger Booth, Central Co-ordinator, Enforcement, IFFI