

Wilson, Frances (REPS)

From: Paul Sugden [sugden@commerce.uq.edu.au]
Sent: Friday, 21 May 1999 3:30 PM
To: laca.reps@aph.gov.au
Subject: Legal and Constitutional Affairs-effective enforcement of copyright in Australia- submission

Dear Sir/ Madam,

Re Legal and Constitutional Affairs Committee inquiry into enforcement of copyright.

This topic comes under part of my Phd studies as I am examining the effectiveness of the remedies of intellectual property in particular the remedy of account of profits and damages. This study looks at all forms of intellectual property rather than just copyright and examines jurisdictions in commonwealth countries.

In relation to the points raised by the committee's inquiry I wish to make the following submissions on the issues of the effectiveness of the remedies and enforcement.

Administration and enforcement:

The number of criminal prosecutions using s132 of the Copyright Act are very limited. Whilst at the Australian Government Solicitors office in 1986-1989 only two prosecutions for infringement were brought using the criminal provisions. These related to infringements by a video store of trade marks and copyright material in videos - the ultimate result was the video retailer was put out of business. The prosecution though was brought due to the combined efforts of the Australian Film Commission and their submission of the brief and material to the AFP. The AFP did not and as far as I am aware still does not place control of intellectual property rights high on their list of priorities. Drugs etc are of a higher priority. The prevailing point of view had been that the civil remedies were more appropriate for the industry to pursue. The criminal remedies are very appropriate in a situation where no commercial benefit is to be obtained from suing the infringer. The criminal remedies have been used successfully in the clothing industry in Perth where a T-shirt manufacturer was imprisoned for his third breach of copyright.

Regrettably there are insufficient resources for the protection and infringement of copyright given to AFP. To protect merchandising events such as the Grand Prix and the Indy have employed their own private investigators and teams to pursue infringers of their logos and copyright materials but few lead to prosecutions or reported decisions.

Evidentiary issues;

In the industries such as clothing, film and the arts a central issue that a person produced the material for copyright purposes is an interesting issue. The general artistic community do not understand that there are separate issues of evidence to the issues of ownership and proving this is sometimes very difficult. The only good examples to prove ownership are clients that are "holders" of everything they have done so you can show a

developmental process. This issue has been a problem in the architectural plans area as well as film.

the Berne Convention doesn't allow for the issue of registration but USA still requires registration for prosecutions even though under the Berne Convention. Guidelines of proof and evidential issues to industry would be a helpful development.

Burden of proof

The suggestion in the terms of reference that there be a change in the burden of proof is not compatible with the adversarial system and the common law presumption innocent until proven guilty. Making sui generis laws on the burden of proof for one area of law is not a generally acceptable process. The preferable issue would be clarification of the evidential proof requirements. The current burden still provides a mechanism against abuse and with all legal issue it is a balancing issue of the rights of the copyright owner against the rights of the individual accused. The industry perspective has often (in fashion and building and furniture) been expressed that the accused should be guilty the moment he or she is found with an infringing article. Such an approach negates the rights and balances that our system gives to an accused. The danger in changing the burden of proof in one area allows later arguments that there should be changes in other areas of law and the unity, clarity and certainty of general rights are eroded.

Level of Fines

On a cumulative basis these can be adequate but should always allow discussion for the judge to assess in a particular case.

Copyright owners

Often copyright owners fail to bring actions in the courts because the costs of obtaining legal representation outweigh the amount they would receive as damages or an account of profits. An example: a local artist in Brisbane had her copyright work infringed by the Cairns International Airport in their redevelopment where three carpets using her design were produced using a mangrove design. In original negotiations she had agreed to use of the design at a rate of \$1500 per carpet but was told the design called mangroves was not being used. When invited to the opening her design had been used on 3 carpets. The parties involved gave her the run a round for 12 months until I saw her; regretably she could not afford to bring a civil action to claim an infringement as the legal costs would have been in the vicinity of \$12000 to reclaim \$4500 = damages at a level to be set by a judge.

A major problem that owners experience is being able to assess the amount of damages or profits that they can obtain from the infringing party. The method of assessment of these damages and account of profits is a of great concern as it impacts on whether it is a viable action to bring. The other issue that often comes up is the cost of lawyers. A recent example was

that an account of profits was awarded of 5.5 million in case of Kettle Chip Co (for a passing off action) but the lawyers bill for the work was more than the award and the company sought refuge in receivership.

This is my preliminary submission and I would appreciate an opportunity to provide further evidence and documentation to support my submissions.

yours faithfully
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