

# **RECENT DEVELOPMENTS IN AUSTRALIAN INTELLECTUAL PROPERTY LAW**

The Honourable Mr Justice Sheppard

Mr Justice Sheppard is a Judge of the Federal Court of Australia. He is President of the Australian Copyright Tribunal and Chairman of the Attorney-General's Copyright Law Review Committee.



RECENT DEVELOPMENTS IN AUSTRALIAN INTELLECTUAL  
PROPERTY LAW

Introduction

Although the title of this paper refers to recent developments in Australian intellectual property law, I hope to be forgiven if I keep mainly to developments in the law relating to copyright. It is my belief that that is where most of the developments in intellectual property law have occurred. Apart from that, copyright is my field for reasons which will emerge as I proceed.

In some ways it may have been better if I had been asked to deliver this paper in six months or so. Not only would I then perhaps have had a little more time to prepare it, but, more importantly, a number of developments which are taking place would have run their course. There are pending in the High Court appeals in relation to two important matters. It is unlikely that these will be resolved before this paper is read. Furthermore, in my capacity as President of the Copyright Tribunal, I have two outstanding decisions to give which I would prefer to have delivered before presenting this paper. I shall refer to the issues which the cases in the Tribunal raise for decision, but in the nature of things it is difficult for me to deal with them as fully as I would have been prepared to do had my decisions by now been made public.

It is difficult to talk on the subject of copyright without there being in front of the audience either a copy of the relevant legislation, or at least a copy of relevant extracts therefrom. It is

principally for that reason that I have had copies of this paper distributed before beginning to read it, contrary as I understand it to the usual practice which is adopted by the Foundation.

I propose to divide the paper up into four parts. The first of these deals with recent cases under the general law, the second with the work of the Copyright Tribunal, the third with the work of the Attorney-General's Copyright Law Review Committee of which I am Chairman and the fourth with a matter expressly dealt with at the request of the Foundation, namely, the significance of intellectual property law as part of Australia's general commercial law. Those formulating the program have asked the question, "What are the reasons for the increasing prominence and importance of intellectual property law and will this trend continue?"

Recent cases - Apple Computer

I turn then to discuss recent cases under the general law. Perhaps the most well known Australian case in this field, as the program suggests, is the case involving copyright in computer software, the Apple Computer case as the program refers to it. This case came originally before Beaumont J. of the Federal Court of Australia. It went on appeal from him to a Full Court of the Federal Court. The High Court of Australia, although it did not consider that the unsuccessful respondent had a right of appeal, gave special leave to appeal. That appeal is, I understand, to be argued about the time this paper is presented. The formal references to the case are

Apple Computer Inc. v. Computer Edge Pty Limited  
(1983) 50 A.L.R. 581 (Beaumont J.) and (1984) 53  
A.L.R. 225 (Full Court of Federal Court).

Before coming directly to the case I should perhaps say a word about the jurisdiction of the Federal Court. The Court is not a court of general jurisdiction. It was constituted by the Federal Court of Australia Act 1976 and, by statute, given certain jurisdiction. That jurisdiction included jurisdiction under the Trade Practices Act 1974, s. 52 of which provides that a corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive. Apple Computer sued not only for breach of copyright but also for breach of s. 52 of the Trade Practices Act upon the basis that the offending Wombat computers marketed by Computer Edge Pty Limited were so similar to the Apple computers as to warrant the conclusion that Computer Edge had engaged in misleading or deceptive conduct, in effect by passing off Wombat computers as Apple computers. That was the only claim which the Federal Court had original jurisdiction to try. It does not have original jurisdiction in copyright matters, although it is the court of appeal from the Supreme Courts of the States (which are invested with federal jurisdiction to try such matters) in appeals involving alleged infringement of copyright. However, s. 32 of the Federal Court of Australia Act provides that jurisdiction is conferred on the Court in respect of

matters not otherwise within its jurisdiction, that are associated with matters in which the jurisdiction of the Court is invoked. So in the Apple case the Court by reason of the operation of s. 32 of its Act was empowered to deal with the question of infringement of copyright as well as with the question of breach of the Trade Practices Act. For those who may be interested in this question of jurisdiction it should be said that s. 32 applies only to federal claims not specifically within the Court's jurisdiction. The Court has other attached or accrued jurisdiction, not by reason of the operation of s. 32, but by reason of the interpretation by the High Court of the Australian Constitution; see Philip Morris Inc. v. Adam P. Brown Male Fashions Pty Limited (1981) 148 C.L.R. 457 and Stack v. Coast Securities (No. 9) Pty Limited (1983) 49 A.L.R. 193. I do not propose to deal with the Trade Practices side of the Apple Computer case because it is not relevant to do so. In any event it was the copyright claim which was to the forefront of the case. The Trade Practices claim did succeed to a limited extent on appeal.

It should be said at the outset that the significance of the case for the general law is not as great as might have been the case had not the Commonwealth Parliament passed amending legislation to overcome any question of the subsistence of copyright in computer programs. The Act in question was the Copyright Amendment Act 1984 (No. 43 of 1984)

which came into force on 15 June 1984. I do not wish to bind myself but it would seem that the passing of the legislation has largely overcome any problem that previously existed in relation to the subsistence of copyright in computer programs. That is not a fully considered view but tentatively I would think that that must be the position.

The programs in the Apple Computer case were operating systems programs as distinct from application programs. In other words they were programs which facilitated the operation of the computer itself, enabling it either to do things which it would not have been able to do without them or to do things more efficiently than would otherwise have been the case. The programs were embedded into the computer's memory in silicon chips. These are known as ROMs (read only memory). They are to be distinguished from application programs - RAMs which form part of the random access memory of the computer. Application programs do not form part of the computer's permanent memory. They are transferred to silicon chips in the computer by means of tapes or discs. When the computer is turned off they disappear. The operating systems programs which are embedded into the ROMs do not disappear in this way.

Before the programs were so embedded they had to be written in a language understood by people

expert in the computer field. This language is known as Source Code. It really is an abbreviated language which indicates various steps that may occur in the operation of a computer. The language consisted of a series of 3 letter mnemonics which each had a meaning. For example the letters JSR meant "jump to sub routine" and the letters LDA "load accumulator". The language in which the program was written was known as 6502 assembly code. The two programs were known as Microsoft and Applesoft. The Microsoft program as originally written had four elements, namely, labels identifying particular parts of the program, mnemonics each consisting of three letters of the alphabet and each corresponding to a particular operation expressed in 6502 assembly code, mnemonics identifying the register in the microprocessor and/or the number of the instruction in the program to which the operation referred to in the previous element related and comments intended to explain the function of a particular part of the program for the benefit of a human reader of the program.

After the programs were written out in source code they were burnt or etched into the ROM chips. It is to be observed that the process whereby the source code was converted into object code, that is machine readable language or code, is not a manual or written process such as was involved in the compilation of a program when written in the assembly or source code. The person carrying out the process



cannot see the transition into object code. Nor is object or machine readable code visible to the human eye.

The applicants claimed that copyright subsisted in the programs both as written in source code and as converted into object or machine readable code. They had to allege the latter because the copying which was done in Taiwan was achieved by copying the ROM chips with the object code etched into them. There was no copying of the source code.

At first instance the applicants failed entirely. Beaumont J. thought that none of the programs, that is the programs as written in source code or in object code, were literary works within the meaning of the Copyright Act 1968. He said that in his view a literary work for this purpose was something which was intended to afford "either information or instruction or pleasure in the form of literary enjoyment". That is a reference to what was said by the Court of Appeal in England in Hollinrake v. Truswell [1894] 3 Ch. 420. His Honour added,

"The function of a computer programme is to control the sequence of operations carried out by a computer. In this sense, as Dr. Emmerson (counsel for the respondents) submitted on behalf of the respondents, a contrast may properly be drawn between something which is merely intended to assist the functioning of a mechanical device and literary work so called".

None of the judges in the appeal agreed with this view. All thought that the programs as written in source code were literary works and that copyright subsisted in them accordingly. But there was disagreement as to whether copyright subsisted in the object code. It was my view that it did not. Neither Fox nor Lockhart JJ. found it necessary to decide this question because each took the view that the programs as written in object code were adaptations, within the meaning of the Act, of the source code. "Adaptation" is defined in sub-sec. 10(1) of the Act as follows:

"'adaptation' means-

- (a) in relation to a literary work in a non-dramatic form - a version of the work (whether in its original language or in a different language) in a dramatic form;
- (b) in relation to a literary work in a dramatic form - a version of the work (whether in its original language or in a different language) in a non-dramatic form;
- (c) in relation to a literary work (whether in a non-dramatic form or in a dramatic form) -
  - (i) a translation of the work; or
  - (ii) a version of the

work in which a  
story or action  
is conveyed solely  
or principally by  
means of pictures;  
and

- (d) in relation to a musical  
work - an arrangement or  
transcription of the work;"

Both judges thought that the object code was, within the meaning of the definition, a translation of the source code; see sub-para. (c)(i) of the definition. Of this matter Fox J. said (pp. 235-6):

"I am satisfied that the object codes in the Apple II ROMs are adaptations, within the meaning of s.31(1)(a)(vi) and s.10(1), of the original literary works constituted by the programs in source codes. This is, I think, because they can fairly be described as translations. Transliteration may more precisely explain what happens, but this is plainly comprehended within 'translation'. This term doubtless normally suggests translation from one language to another, but its ordinary meaning is wider and it is necessary to apply it with due regard for modern technology. The object codes contained in the Apple ROMs are a straightforward electronic translation into a material form of the source codes, and it would be entirely within ordinary understanding to say that they are translations of the source code. An indication of the natural application of the word to the production of an object code is found in the 1979 report of the United States National Commission on New Technological

Uses of Copyright Works (p. 21, n 109):-

'A source code is a computer program written in any of several programming languages employed by computer programmers. An object code is the version of a program in which the source code language is converted or translated into the machine language of the computer with which it is to be used' (the emphasis is mine).

It is apparent from the definition of 'adaptation' in s. 10(1) that neither it, nor, I suggest, its respective ingredients, are to be given a narrow or confined meaning: see also Laddie Prescott and Victoria: The Modern Law of Copyright (1980) p. 96, and Sega Enterprises Ltd v. Richards [1983] FSR 73 (per Goulding J).

It is plain from the language of the Act itself that an adaptation of a literary work does not itself have to be a literary work, and it does not seem to me that it must by itself be capable of being the subject of copyright. Whether the Apple II object codes could be regarded as literary works is not a matter which has to be considered. The making of an adaptation is one of the exclusive rights comprised in copyright".

Lockhart J. said (pp. 260-262):

"The question in the present case is whether Applesoft Object and Autostart Object programs are translations of their respective source code programs.

A common understanding of the English verb 'translate' is to change from one language into another language which retains the sense of the former. As Lord

Esher MR said in *Chatenay v. Brazilian Submarine Telegraph Co Ltd* [1891] 1 QB 79 at 82: 'Making a translation is not a mere question of trying to find out in a dictionary the words which are given as the equivalent of the words of the document; a true translation is the putting into English that which is the exact effect of the language used under the circumstances.'

The word is susceptible, however, of a variety of quite different meanings: for example, to explain something in simple or less technical language; to interpret gestures or symbols; in bio-chemistry to transform molecular structure; to transfer a person from one office to another, eg a cleric; in theology to transfer a person from one plane of existence to another, eg from earth to heaven; in physics to cause a body to move laterally in space without rotation or angular displacement.

Although the word generally would be used, in the context of copyright law, to suggest translation from one humanly intelligible language to another such language, I do not think that its meaning should be necessarily confined to that sense. Programs in source code may be read and understood by people trained in the art of computer science. Programs in that form can, to all intents and purposes, be stored on discs or tapes for later retrieval and use. This is done by the computer 'assembling' the source code into electrical impulses and storing those impulses on the disc or tape. When required, at some later time, the computer reads those stored impulses, disassembles them and precisely reproduces the program in source code.

To be understood by the computer, the program in source code must undergo the transformation mentioned earlier via the 'assembler'. Having passed through the assembler the program is stored in the CPU as a sequence of electrical impulses. This sequence is, however, capable of being directly reduced to a written form, namely, object code.

In these ways, the transposition of the source code into object code by the Apple II computer is not an irreversible process. It is possible to have the source code, or at least the essential mnemonic parts of the source code, reproduced at any time. Further, the object code into which the source code has been translated can be reproduced in written form and examined by a human being to see whether or not it is a faithful version of the source code.

The fact that a program in object code is the result of the computer's interpretation of that program in source code, and in that sense is a mechanical result without the intervention of a human being, does not, in my view, prevent the object code answering the description of a translation of the source code.

I reject the view that to be a translation of a literary work, the translation must bear, in its new language form, substantial similarity to the work in the original language from which it was derived.

Object code is not a mysterious language which only computers can read. It is a language devised and developed by persons skilled in computer science which they can read, and indeed translate, into various computer languages, mainly assembly languages.

Object code is essentially a mechanical translation of the source program into another language. The computer adds no creative element to the source program. Given the source program, the object code version is predetermined by it.

The process of converting source code into object code is something computers must do by automatic 'translation'. It is a mechanical process which takes place within the computer. In my view the right to make an adaptation of the source code is not confined to giving the exclusive right to translate the source code from one humanly intelligible computer language to another such language, eg from FORTRAN to COBOL, or from one assembly language to another.

When in written form the two programs in object code presently relevant are humanly intelligible. In my opinion they answer the description of translations of the source code from which they are derived. Many object codes are, however, found only in machine readable form; (ie they cannot be reproduced in visible form) but I would not regard this fact as necessarily disqualifying those codes from being described as translations of the source codes from which they originated.

The object codes in suit are interpretations or transformations or transliterations from one language to another. They are translations for presently relevant purposes."

I said (p. 277):

"The immediately relevant part of the definition is found in para (c) (i) which

constitutes a translation of a literary work an adaptation thereof. I see no reason to give the word 'translation' in any narrow or restricted meaning. Nevertheless, the context in which it appears in the definition of 'adaptation' and the wider context in which the word 'adaptation' itself is used in the Act must be taken into account in coming to a conclusion as to what it means. Generally speaking a translation denotes a change from one form to another. Often this will be in relation to language, speech or writing. But a meaning of the verb 'translate' in the Shorter Oxford Dictionary is: 'To interpret, explain; also, to express (one thing) in terms of another ...' The corresponding meaning of the noun 'translation' is: 'The action or process of turning from one language into another; also, the product of this; a version in a different language ... The expression or rendering of something in another medium or form.' It also means 'transformation, alteration, (or) change.' Literally then, it is by no means an abuse of language to describe the conversion of the source code into object code or machine language as a translation.

But as I have said, one needs to take into account the context in which the word is used both in the definition and in the Act itself. It is to be observed that paras (a), (b), (c)(ii) and (d) are all plainly concerned with adaptations of literary works which will themselves be capable of being seen or heard. They encompass versions of literary works in non-dramatic form in dramatic form, versions of literary works in dramatic form in non-dramatic form, versions of literary works in which the story or action is conveyed solely or principally by means of pictures, and, in



relation to a musical work, an arrangement or transcription of a work. It would seem odd to me if the draftsman had intended that the translation of the work to which he referred in para (c)(i) was to encompass something which could neither be seen nor heard. I do not say that it is impossible that that was his intention, but it would seem to me to be unlikely that it was.

My view in this regard is confirmed by a consideration of a number of the principal sections of the Act, particularly ss. 31, 32, 33 and 36 earlier referred to. There seems to be running through these various provisions the idea or notion that what is the subject of copyright (whether a work or an adaptation thereof) will, although not immediately published and perhaps never published, be capable of being published and thus being seen or heard. The very idea of publishing is that something should be seen or heard. The same may be said in relation to performing a work, broadcasting a work, causing a work to be transmitted to subscribers to a diffusion service and, I think it follows, reproducing a work (see s. 31(1)). In short, adaptations of literary works, like literary works themselves, must, in my opinion, be capable of being seen or heard.

In those circumstances I have reached the conclusion, not without some hesitation, that the programs in object code are not adaptations, that is, translations of the programs in source code."

However, it became necessary, because of that view, for me to express an opinion on whether the programs in object code were literary works. That was not something which the other judges needed to decide. Of

this matter I said (p. 276):

"In my opinion the programs in object code are not literary works. Fixed as they are in the ROMs, they are unable to be seen in that code. True it is, someone could write them out so as to show them symbolically in binary notation or hexadecimal notation. The computer itself can show them symbolically in hexadecimal notation. But all of that is irrelevant. The important point is that it is only the machine itself, that is the micro-processor, which can 'understand' or 'see', and thus deal with, the object code.

It is to be emphasized that the appellants need to persuade the court that the ROMs with the programs fixed in them are literary works because it was the ROMs which the manufacturer of the Wombat computer copied. Unless that copying constituted a reproduction of a literary work (or of an adaptation thereof to which I have later to come), there will be no infringement. I recognize that it is trite law that copyright subsists in the order of words and not in ideas. It is the form, not the idea, which is of paramount importance. But if what is alleged to constitute a literary work (here the programs in object code) cannot be seen even with the aid of the screening or printing devices attached to the computer, they cannot, in my opinion, amount to a literary work. A consideration of a number of the principal sections of the Act, particularly ss. 31, 32, 33 and 36, confirm me in this conclusion. In this connection it should be mentioned that the music recorded on the perforated rolls

which were the subject of the controversial decisions in Boosey v. Whight [1900] 1 Ch. 122 and White-Smith Music Publishing Co. v. Apollo Co. (1909) 209 US 1, could be heard when played on a pianola."

The judgment of the Full Court was delivered on 29 May 1984. The Copyright Amendment Act 1984 became law, as I have mentioned, on 15 June 1984. The important amendments were as follows:

- (a) The definition of "adaptation" was amended by the addition of a new paragraph, para. (ba). That paragraph is as follows:

"in relation to a literary work being a computer program - a version of the work (whether or not in the language, code or notation in which the work was originally expressed) not being a reproduction of the work."

- (b) Section 10 was also amended so as to include a definition of computer "program". It is defined to mean an expression in any language, code or notation, of a set of instructions intended, either directly or after either or both of the following:
- (a) conversion to another language, code or notation;
  - (b) reproduction in a different material form; to cause a device having digital information

processing capabilities to perform a particular function.

- (c) Previously literary work had been defined so as to include a written table or compilation. The amending Act inserted a new definition which is as follows:

"'literary work' includes -

- (a) a table, or compilation, expressed in words, figures or symbols (whether or not in a visible form); and
  - (b) a computer program or compilation of computer programs"
- (d) Finally, the words "material form" were defined to mean, in relation to a work or an adaptation of a work, any form (whether visible or not) of storage from which the work or adaptation, or a substantial part of the work or adaptation, can be produced.

There are some other provisions of the Act but I do not find it necessary to refer to them.

Because of my own participation in the judgment and the impending treatment of the problem by the High Court I do not wish to say any more about the case.

I have set out the reasoning of the judges and it is for others to discuss whether they prefer the reasoning of one or other of the judges. I should mention, however, that there is a note of a Canadian case to be found in Bulletin No. 22 of Lahore's Intellectual Property Service. The decision was that of Reed J. of the Federal Court of Canada. The learned Judge was reported as having held that computer programs were literary works within the meaning of the Canadian Copyright Act. The note went on to say that her Honour was of the opinion that at least the computer program in its source code was a literary work. She referred to Copinger and Skone James on Copyright, 12 Edition, para. 156 and to a reference by Fox J. to a passage which is,

"But so long as something in 'writing' exists, it is sufficient, and it is not necessary that what is written should express a meaning in ordinary language. Thus, there may be copyright in a list of words used as a telegraph code, or in a catalogue of type, or in a system of shorthand."

The note goes on to say that having adopted the view that copyright subsisted in the program in source code, it was necessary for Reed J. to consider whether copyright subsisted in the versions of the program in object code. Her Honour noted that since I.B.M. had

published both source code and the object code in the manual, this was not a case, such as Apple, in which there was no written version of the code in its object manifestation. Furthermore, in her Honour's considered opinion, copyright subsisted in the object code as a reproduction or adaptation of the program in written form. She agreed with what had been said by Fox J., namely,

"The subject matter is not the chips, but the code. The code is embedded in the chips, in the sense that it is in their components that the electric charges are to be found, arranged according to the code. Infringement in the present case involves the reproduction in a 'material form' of an adaptation of a work"

Her Honour also said that, while the better view would seem to be that the "chip" version of the code is a reproduction in material form, Lockhart J., in the Apple case, had treated the reproduction of the program as a translation. She quoted part of what he had said and, as I understand the note of the case, agreed with his views. It is to be observed that the case was an application for interlocutory relief.

#### Recent cases - Enzed Holdings

The next decision to which I wish to refer is a decision of the Full Court of the Federal Court, Enzed Holdings Limited v. Wynthea Pty Limited, 6 December 1984, as yet unreported. That was another case in which causes of action for breaches of provisions of the Trade Practices Act were joined with a cause of

action for infringement of copyright. The copyright issue was very much a subsidiary one. Nevertheless, it raised an interesting point. In broad outline the case was one where a group of New Zealand companies alleged that some Australian companies were passing off their business as that of the New Zealand companies. The business was concerned with the supply of hydraulic couplings and hosing in industrial situations. The New Zealand companies were largely successful in the litigation by reason of the causes of action based on breaches of the Trade Practices Act. The claim in copyright was for infringement of the copyright which one of the appellants was alleged to have in a logo which was used by the appellants, and also the respondents, on stationery and on the sides of vans used to distribute the products. The logo consisted of a drawing of a number of couplings and hoses in a particular configuration. The only issue which eventually arose for decision was whether the second appellant was competent to sue for the infringement. Under the Australian Act only the owner (s. 115) or an exclusive licensee (s. 119) of copyright may sue. The owner of the copyright is the author or the assignee from him (ss. 35 and 196).

The problem in the case arose because of differences which there are in the provisions of the Australian and the New Zealand Acts as to the ownership of copyright in a commissioned work. Sub-section 9(3) of the Copyright Act 1962 (N.Z.) provides, in effect, that where a person commissions, inter alia, the making

of a drawing and pays or agrees to pay for it in money or money's worth and the work is made in pursuance of that commission, the person who commissioned the work shall be entitled to any copyright subsisting therein. On the other hand, s. 35 of the Australian Act, which provides for the ownership of copyright in original works, limits the ownership of copyright in commissioned works to works which are either portraits or engravings. The narrowness of this provision which is in line with the comparable English section has been criticized; see the Law of Intellectual Property (1984), Ricketson, para 13.9, p. 317. There was no submission that the logo was a portrait or an engraving; it would seem that no such submission could have been successful.

Section 32 of the Australian Act deals with original works in which copyright subsists. It distinguishes between published and unpublished works. The logo was a published work. In the case of such a work, copyright subsists in it only if the first publication of the work took place in Australia and the author of the work was "a qualified person" at the time that the work was first published. "Qualified person" means, inter alia, an Australian citizen or a person resident in Australia. Thus s. 32 read in isolation would mean that no Australian copyright could subsist in the logo because the first publication took place in New Zealand and the artist (that is, the author) was not a qualified person because he was a New Zealand citizen.

The Court noted, however, that s. 32 commences with the



words, "Subject to this Act". The section had to be read in conjunction with certain of the provisions of Part VIII of the Act. That Part is entitled, "Extension or Restriction of Operation of Act". Section 184, one of the sections in Part VIII, provides, so far as is relevant, as follows:

"184.(1) Subject to this section, the regulations may make provision applying any of the provisions of this Act specified in the regulations, in relation to a country (other than Australia) so specified, in any one or more of the following ways:

(a) so that the provisions apply in relation to literary, dramatic, musical or artistic works or editions first published, or sound recordings or cinematograph films made or first published, in that country in like manner as those provisions apply in relation to literary, dramatic, musical or artistic works or editions first published, or sound recordings or cinematograph films made or first published, in Australia;

.....

(c) so that the provisions apply in relation to persons who, at a material time, are citizens or nationals of that country in like manner as those provisions apply in relation to persons who, at such a time, are Australian citizens;

(d) so that the provisions apply in relation to persons who, at a material time, are resident in that country in like manner as those provisions apply in relation to persons who, at such a time, are resident in Australia;

....."

General power to make regulations is conferred by s. 249 of

the Copyright Act. Pursuant to ss. 184 and 249, the Copyright (International Protection Regulations) were made. Regulation of the regulations, so far as material, is as follows:

"4(1) Subject to these Regulations, the provisions of the Act apply in relation to literary, dramatic, musical and artistic works and editions first published, and sound recordings and cinematograph films made or first published, in a country that constitutes, or forms part of, the territory of a Country specified in Part I or Part II of Schedule I in like manner as those provisions apply in relation to literary, dramatic, musical and artistic works and editions first published, and sound recordings and cinematograph films made or first published, in Australia.

.....

(3) Subject to these Regulations, the provisions of the Act relating to works and other subject-matter apply in relation to persons who, at a material time, are citizens or nationals of a Country specified in Part I or Part II of Schedule I in like manner as those provisions apply in relation to persons who, at a material time, are Australian citizens.

(4) Subject to these Regulations, the provisions of the Act relating to works and other subject-matter apply in relation to persons who, at a material time, are resident in a country that constitutes, or forms part of, the territory of a Country specified in Part I or Part II of Schedule I in like manner as those provisions apply in relation to persons who, at a material time, are resident in Australia."

New Zealand is a country specified in Part I of Schedule I to the Regulations.

The Court observed that the effect of reg. 4 was that the provisions of the Australian Act applied in relation to the logo and its author in like manner as the provisions applied in relation to artistic works first published in Australia and to citizens or residents of Australia. It went on to say that under the Australian Act the only person who might bring an action for infringement was the owner of the copyright or an exclusive licensee thereof; ss. 115 and 119. There was no question of assignment or devolution by operation of law.

The essential question was whether the applicant for relief who had commissioned the logo could sue. If the work had been commissioned in Australia, no action would have lain at the suit of the person commissioning it because he would not have been the owner. Only the author could sue. The essential question which arose for decision was whether the operation of s. 184 of the Australian Act and reg. 4 of the regulations led to the conclusion that one should turn to the New Zealand Act to see who, for the purposes of the case, was to be regarded as the owner of the copyright. The Court's conclusion was as follows:

"Regulation 4(1) is expressed in general terms and without limitation. Consequently when it stipulates that the provisions of the Act apply in relation to the drawing logo and to a New Zealand resident, there is no reason to exclude the Australian provisions relating to ownership of copyright. The protection afforded by the Australian Act in relation to the subject matter and persons referred to in s. 184 and reg. 4 is no greater and no less than that provided for works first published in Australia by a qualified person. It is difficult to see how any other

interpretation of reg. 4 was intended when it is borne in mind that there is in reg. 4 no express or implied limitation on the operation of the Australian provisions."

The Court referred to revisions of the Berne Convention of 1886 by which both Australia and New Zealand are bound. The last revision which binds both countries is the Rome Revision of 1928. That Revision provided in Article 4(1) that authors who are nationals of any countries of the Union shall enjoy in countries other than the country of origin of the work which the representative laws "do now or may hereafter grant to natives" as well as rights specially granted by the Convention. The regulations were made to give effect to Australia's international obligations under the Berne Convention. In the view of the Court its conclusion was in accordance with the intendment of the Treaty.

The Court summarised its views as follows:

"In summary reg. 4 effects a limited extension to the Australian Act. If it is only by reason of place of publication or residential or other status of the author that the Australian Act does not apply, then reg. 4 provides that the Act may, in specified circumstances, nevertheless apply. Regulation 4 has expressly specified the areas in which the operation of the Act is to be extended. Other than in the specified areas of extension, the Act is to operate normally and without modification. It follows that in the absence of an assignment or exclusive licence Mr. Anderson (the artist) is the only person entitled to bring an action in Australia for infringement."

Recent cases - two or three dimensions

Next I wish to mention 2 cases which involved, inter alia, applications of s. 71 of the Australian Act. No new questions of principle arose for consideration, but the cases are important and interesting. Section 71 provides:

"71. For the purposes of this Act-

- (a) the making of an object of any kind that is in three dimensions does not infringe the copyright in an artistic work that is in two dimensions; and
- (b) the making of an object of any kind that is in two dimensions does not infringe the copyright in an artistic work that is in three dimensions, if the object would not appear to persons who are not experts in relation to objects of that kind to be a reproduction of the artistic work."

The headnote to the section is, "Reproduction of Work in Different Dimensions."

In Fire Nymph Products Limited v. Jalco (W.A.) Pty Limited (1983) 47 ALR 355 Toohey J. of the Federal Court was concerned with applications made by two New Zealand companies which manufactured fireplaces. The respondent to the application was a Western Australian company which manufactured and sold fireplaces in Western Australia. The first applicant claimed that the respondent had copied the design of its "Alpine" fireplace and had manufactured and marketed fireplaces under the names "Nordanse" and "Nordess" which were almost identical in design,

dimension and appearance to the first applicant's Alpine fireplace so that the public had been led to believe that Nordanse and Nordess were Australian versions of Alpine. The second applicant alleged that the respondent copied the design of its product known as "Kent Log Fire" and "Kent Tile Fire" and proceeded to manufacture and market heaters under the names "Home Fire Inbuilt Model" and "Home Fire Freestanding Model". It claimed that the respondent's products were almost identical in design, dimension and appearance to its products. The causes of action relied upon were infringements of the Trade Practices Act and the Copyright Act. The applicants' claims largely failed; but one of the second applicant's claims based on infringement of copyright succeeded. Amongst other things his Honour held that for the purposes of s. 71 of the Copyright Act, a drawing, whether purporting to show two or three dimensions, was on paper and was therefore to be regarded as being in two dimensions. His Honour compared the drawings of the Kent Tile Fire and the second applicant's "Freestanding Model" and concluded that there were several aspects of the drawings pointing to the conclusion that a reproduction had taken place. There was no appeal from the judgment of Toohy J.

In Edwards Hot Water Systems v. S.W. Hart and Co. Pty Limited (1983) 49 ALR 605 a Full Court of the Federal Court was again concerned with s. 71 of the Act. The defence based on s. 71 of the Act there succeeded although one member of the Court, Woodward J., thought that the defence ought not to succeed in

respect of two of the drawings which were in issue. The case was a complex one. In the course of his judgment Fox J. referred to the complexity of cases of this kind. He said (p. 607):

"The Copyright Act 1968 is a patchwork of earlier legislation, the history of which, as related to its United Kingdom counterpart, is set out in Copinger and Skone James: Copyright, 12th ed, Ch 1; note also The Modern Law of Copyright: Laddie Prescott and Victoria (1980) paras 2.1 to 2.8. A number of key concepts, such as what it is that gives copyright, and what precisely the law protects, are not dealt with in the legislation. The confusion created has led to a mass of case law which in general is notable for its refined and sophisticated approach to what are very practical matters. This in turn has led to a position in which even simple factual situations cannot be resolved before the courts without many days of hearing, often one or more appeals, and enormous cost. The well-known case of LB (Plastics) Ltd v. Swish Products Ltd [1979] RPC 551-636, consideration of which is important for the present case, is an example. It related to a simple drawer for domestic use. According to the report, its hearing occupied ten days before Whitford J., a judge much experienced in this field, 12 days before the Court of Appeal and eight days before the House of Lords. As happened in a number of cases in England, if not most, where successive appeals have been taken, the Court of Appeal reversed the trial judge, but was itself reversed by the House of Lords - in both cases, unanimously. Plainly, at least in relation to copyright in drawings said to have been copied by the production of working objects, the protection of copyright by an owner, where it properly exists, is not for the inexperienced or faint-hearted."

The Edwards Hot Water Systems case was tried at first instance by Brinsden J. of the Supreme Court of Western Australia. It occupied 5 days before the Full Court. There was an appeal to the High Court which has been heard. So far as I am

aware no judgment has as yet been delivered.

The case, as did the Fire Nymph case, depended largely on a close analysis of the facts. It is not profitable to review these, but I have mentioned the two cases as recent examples of consideration by courts in Australia of the problems which s. 71 poses.

Also involved in each case was s. 77 of the Act. This section along with ss. 74, 75 and 76 endeavours to make provision for the overlap that may occur where copyright subsists in an artistic work and either a corresponding design has been registered (s. 76) or a corresponding design has been applied industrially by the owner of the copyright and articles made to the corresponding design are not articles in respect of which that design has been registered under the Designs Act 1906 at the time the articles are sold. The legislative framework is complex and I did not feel it profitable to embark upon a consideration of it and of the various authorities which there are both in Australia and elsewhere concerning it. I mention, however, that there is a most useful chapter about the problem in Mr. Ricketson's work (supra.); see Ch. 22, pp. 512-526.

#### Recent cases - the Windsurfing case

The Windsurfing case (Windsurfing International Inc. v. Petit, 28th June 1984, unreported) was a decision of Waddell J. of the Supreme Court of New South Wales. An appeal from his



decision is pending in the Federal Court. The plaintiffs in the case were the proprietor and the exclusive licensee of a patent for "wind propelled apparatus". The two defendants had imported and sold sailboards from France which the plaintiffs complained infringed the patent. Waddell J. dismissed the action because, in his view, the claims made in the patent lacked novelty, were invalid on the grounds of lack of utility and also failed to comply with s. 40 of the Patents Act 1952 which, inter alia, requires that the claims be "fairly based on the matter described in the specification".

The case is important and I have referred to it for that reason. But, as I have mentioned, an appeal is pending to the Court of which I am a member and I would therefore ask to be forgiven for not commenting on it further.

#### The Copyright Tribunal

The Copyright Tribunal is constituted by s. 138 of the Act. Section 140 requires both the President and Deputy President to be Judges of the Federal Court of Australia. Section 146 provides that the Tribunal shall be constituted by a single member. However, where any party to an application or reference requests that the Tribunal be constituted by more than one member, it shall be constituted by not less than two members of whom one shall be the President or Deputy President. The Tribunal must be constituted by at least two members in cases under s. 148 of the Act which provides for requests by the

Attorney-General to the Tribunal to hold an enquiry in relation to the royalty payable in respect of records generally or in respect of records included in a particular class of records.

In essence the Tribunal is an arbitrator to determine amounts payable by way of royalty or otherwise for the use of material which is the subject of copyright. There are a number of sections in the Act which confer power on the Tribunal to arbitrate as between copyright owners and users. The jurisdiction of the Tribunal falls into 5 main categories:

1. Power to inquire into the amount of royalty payable in respect of the recording of musical works.
2. Power to fix royalties or equitable remuneration in respect of compulsory licences.
3. Power to arbitrate disputes in relation to the terms of existing and proposed licensing schemes.
4. Power to deal with applications for the granting of licences.
5. Power to make suspension orders in relation to educational institutions; see Ricketson (op. cit., para. 15.20, p. 411).

Currently the Tribunal has before it arbitrations which fall into categories 2 and 3. That falling into the former category involved consideration by the Tribunal (constituted by myself as President) of what should be paid by primary, secondary and tertiary educational institutions (both public and private) in Australia for the use of material copied for educational purposes. Section 53B of the Act, by sub-secs. (1) and (2),

confers on educational institutions a statutory licence to make copies of the whole or parts of articles contained in periodical publications or of works provided the copying is for the educational purposes of the institution. "Educational institution" is widely defined in s. 10 of the Act to cover all the institutions earlier mentioned. There are conditions imposed by the legislation which, if not complied with, deny the existence of the licence. For instance, sub-sec. 53B(5) provides that there is no licence in relation to copies of, or of more than a reasonable portion of, a work that has been separately published, unless the person who makes copies, or causes the copies to be made, is satisfied after reasonable investigation that copies, not being second-hand copies of the work, cannot be obtained within a reasonable time at an ordinary commercial price. Sub-section 10(2) of the Act contains an indication of what is meant by a "reasonable portion". The definition is not an exhaustive one, but a copy is to be taken to contain only a reasonable portion of the work if the pages that are copied do not exceed 10 per cent of the number of pages or, in a case where the work is divided into chapters, contains only the whole or part of a single chapter of a work, notwithstanding that the chapter may exceed 10 per cent thereof.

Extensive provisions are contained in sub-sec. 53B(6) of the Act requiring the keeping of records by educational institutions. If these are not kept, the statutory licence is lost. Sub-section 203E (5) authorises the owner of the copyright in a

work or his agent to inspect the records of a library to see whether there has been any copying of his work. Notice of his intention to inspect must be previously given; sub-sec. 203E (2).

There are other provisions of the Act which need to be understood when considering the operation of s. 53B. These include the fair dealing provisions of s. 40 and s.53A which authorises what the headnote to the section describes as the multiple copying of insubstantial portions of works. Again a statutory licence is conferred. The licence does not authorise the making of a copy of more than 2 of the pages of a work unless 1 per cent of the total number of pages exceeds 2 pages and the total number of pages copied does not exceed 1 per cent of the total number of pages therein.

Sub-sections 53B (11) and (12) of the Act are as follows:

"(11) Where copies of the whole or a part of a work ..... are made by or on behalf of the body administering an educational institution and, by virtue of this section, the making of those copies does not infringe copyright in the work, that body shall, if the owner of the copyright in the work makes a request, in writing, at any time during the prescribed period after the making of the copies, for payment for the making of the copies, pay to the owner such an amount by way of equitable remuneration for the making of those copies as is agreed upon between the owner and the body or, in default of agreement, as is determined by the Copyright Tribunal on the application of either the owner or the body.

- (12) Where the Copyright Tribunal has determined the amount of equitable remuneration payable to the owner of copyright in a work by the body administering an educational institution in relation to copies of the whole or a part of that work that have been made by or on behalf of that body in reliance on this section, the owner may recover that amount from the body in a court of competent jurisdiction as a debt due to him."

In other cases the Tribunal has applied the conventional approach of endeavouring to ascertain what a willing but not anxious licensor and a willing but not anxious licensee might have been expected to agree upon, that is, the notional bargain approach; see Report of the Inquiry by the Copyright Tribunal into the Royalty Payable in Respect of Records Generally, 24 Dec. 1979, paras. 4.29 - 4.35 and WEA Records Pty Limited v. Stereo FM Pty Limited (1983) 48 ALR 91. The latter was a case in which the major record companies made application to the Tribunal under s. 152 of the Act for orders determining the amounts payable to each of them as owners of copyright in sound recordings by the holders of commercial FM radio licences in Australia. The application related to the period 4 October 1980 to 30 June 1963. Amongst other things the Tribunal, which was presided over by Lockhart J., said (p. 113):

"The task of the Tribunal is to determine what 2MMM would have paid had it negotiated a licence in 1980, instead of merely giving an undertaking to pay the amount determined by the Tribunal. Adopting the approved formulation of Fletcher Moulton LJ in Meters Ltd v. Metropolitan Gas Meters Ltd (1911) 28 RPC 157, per Fletcher Moulton LJ (at 164-5) the relevant amount should

represent what 'could have reasonably been charged' for a licence in the actual circumstances prevailing, the only assumption being that the parties were willing to negotiate and conclude a bargain. It is in this context that the Tribunal must consider the evidence concerning the activities of broadcasters in the market place which was adduced as being relevant to the respective bargaining powers of the broadcasters and the copyright owners."

I do not wish to mention the educational copying case further except to say that the submissions made raise, inter alia, the question of whether the notional bargain approach is apt for its resolution.

The other case pending in the Tribunal involves a dispute between the Australasian Performing Right Association Limited (APRA) and the Australian Broadcasting Corporation. APRA claims to be a licensor within the meaning of s. 136 of the Act and formulated a licence scheme setting out the classes of cases in which it as licensee was willing to grant a licence to the Corporation subject to certain conditions including the payment of a licence fee calculated with reference to the Corporation's gross operational expenditure included in the provision of radio and television broadcasting services. There was an earlier objection by the Corporation (then the Commission) that it was the Crown and that the relevant provisions of the Act did not apply. This led to a reference to the Full Court of the Federal Court which overruled the Commission's submission; see Re Australasian Performing Rights Association Limited's reference;

Re Australian Broadcasting Commission (1982) 45 ALR 153.

I believe there were negotiations for the settlement of the matter but these have apparently failed and the application is to be heard by the Tribunal later this year.

The Copyright Law Review Committee

In August 1983 the then Attorney-General, Senator Gareth Evans, Q.C., announced the formation of a committee to be known as the Copyright Law Review Committee. The Committee includes a number of persons with interests in the copyright field whether as authors, publishers or users. I am the Chairman of the Committee because I am the current President of the Copyright Tribunal. The matters which have so far been referred to the Committee are:

1. Whether any changes should be made to the meaning of "publication" in para. 29(1)(a) of the Act, especially in connection with ss. 31 and 38 thereof.
2. Whether the Act should be amended to make specific provision for Church use of copyright material.
3. Whether legislative protection is needed for the "moral rights" of authors and artists, and, if so, what form such legislation should take.
4. Whether there is a need for the legislative protection of performers in respect of their performances and, if so, what form the legislation should take.
5. Whether any changes should be made to the provisions of the

Act which make it an infringement of copyright for a person knowingly, without the permission of the copyright owner, to import and distribute for various commercial purposes works and subject matter other than works, that is, records, films, broadcasts and published editions.

I propose to say what has happened in relation to each of these references.

### Publication

As regards the publication reference, the Committee has already reported that in its view no amendment is necessary. The reference arose because of uncertainty following upon the decision of the English courts in Infabrics Limited v. Jaytex Limited [1980] Ch. 282; [1982] A.C. 1. One of the rights conferred upon a copyright owner by s. 31 of the Australian Act is "to publish the work". The Committee was unanimous in thinking that the right to publish should be limited to a right to publish a work for the first time in Australia and not to be such as to confer the exclusive right to publish the work on later occasions. The question was whether the Australian Act gave effect to this view or required amendment. In the Court of Appeal in England similar provisions of the English legislation had been construed so as to confer upon a copyright owner the right to publish the work not only for the first time but on future occasions as well. That view was not upheld in the House of Lords which reversed the Court of Appeal's decision. The essential difference between the two Courts was whether



provisions in the English Act comparable to s. 29 of the Australian Act concerning the meaning of publication were to be regarded as definition provisions or as provisions dealing with the subsistence of copyright. It was the view of the Court of Appeal that the provisions of the equivalent English section fell into the former category. The contrary view prevailed in the House of Lords. It was the view of the Committee that a similar view would be taken in Australia and that there was no need for an amendment to the Act. The Committee, however, said that it would wish to reconsider the matter in the light of its conclusions in relation to the importation reference, that is, the reference numbered 5 above.

#### Use of Copyright Material by Churches

The Committee has published a discussion paper on use of copyright material by churches. The reference was considered necessary, apparently, because of a widespread use by some churches of copies, that is, photostat copies, of material which was subject to copyright. Usually this was material which came from hymn books, song books or sheet music. Often the copying takes the form of a transparency which is projected on to a screen or a wall by the use of a projector. The Committee early took the view that not only was this use in breach of a copyright owner's exclusive right to reproduce his work; it was also in breach of his exclusive right publicly to perform the work at least where the use of the material was made in ordinary church services.

Another area where there appears to be fairly widespread copying of material is in the area of religious education, that is, in relation to Sunday schools, bible and fellowship study groups and the like. However, no question of infringement of the copyright owner's right to perform the work in public would seem to arise in such cases.

The Committee interviewed a large number of people both from the church interests and from owners and publishers. The discussion paper formulates a number of issues. I do not refer to them all. A principal one is whether the Act should be amended to provide that the use of copyright material in an ordinary church service is not to be regarded as a public performance of the work. Another issue is whether or not the statutory licence provided for in s. 53B of the Act earlier referred to should be extended to Sunday schools and other bodies providing religious education. The principal question for the Committee's consideration will be whether or not there should be some form of statutory licence for use of material by churches or whether there should be a statutory agent appointed to oversee the use of copyright material on behalf of owners, to give permission for its use and to collect royalties. The Committee is not at one as to a number of these issues which are the subject of current discussion.

In the course of its enquiries the Committee has ascertained that there is a substantial need, whether the Act be amended or

not, for both church and copyright interests to streamline procedures for the obtaining of permission for the use of copyright material. Much of the problem that exists is because churches wanting to use material find it difficult to obtain permission within a reasonable time and, in some cases, particularly where the copyright owner is overseas, at all.

### Moral rights

The concept of "moral rights" is new to Australia except in certain limited respects. For instance s. 190 of the Act does provide that a copyright owner may take proceedings to prevent others claiming authorship of his work. Section 192 prohibits a person knowingly dealing in authorised reproductions of an artistic work. Additionally, there is the right to prevent others from wrongfully attributing to an author works that are unauthorised, altered versions of his work; commercial dealings in altered works where the dealer is aware that the work has been altered are prohibited by s. 191 of the Act. I should also mention again sub-sec. 35(5) of the Act referred to in connection with the Enzed Holdings case. It deals with commissioned work but in the restricted way that I earlier mentioned. It adds a provision that, if at the time the agreement was made the person commissioning the work made known to the author the purpose for which the work was required, the author is entitled to restrain the doing, otherwise than for that purpose, of any act comprised in the copyright in the work.

The various rights I have mentioned are not regarded by those advocating protection of moral rights as at all sufficient for this purpose. The principal rights which are sought are the right to recognition and the right to integrity. In the words of the discussion paper published by the Committee on this subject the right to recognition covers:

- (a) the right to be made known to the public as the creator of the work;
- (b) the right to prevent others from claiming authorship of the work;
- (c) the right to prevent others from wrongfully attributing to an author works that are not his;
- (d) the right to prevent others from wrongfully attributing to an author works that are unauthorised, altered versions of his work.

It is to be observed that some of these rights are already protected but by no means all.

The right to integrity enables an author to prevent distortions and mutilations of his work. The right is independent of the author's reputation, thus negating any need for the author to show that his reputation has been adversely affected by the distortion or mutilation. The right may extend to prevent the destruction of a work.

These rights, that is, the right to recognition and the right to integrity, are provided for in Article 6 of the Berne

Convention of which Australia is a member. Two other moral rights are often claimed although they are not referred to in the Convention. These are the right to divulge or disclose and the right to withdraw, repent or retract. The former right is intended to make the author alone the person who may determine if and when his work is to be divulged to the public. The right to withdraw is intended to enable an author to withdraw his work from the public if he wishes to do so.

The best way of explaining what really is involved in this reference to the Committee is to refer to examples of rights that have been claimed, and in some cases upheld, by courts in other countries. The discussion paper contains a schedule with a number of examples in it. I have copied the schedule as a schedule to this paper.

The Committee has not as yet reached any final conclusion on what the outcome of this reference should be, but submissions made to it by some interests indicate that there will be strong opposition to any extension of moral rights in the Australian legislation.

#### Performers' Protection

I come next to performers' protection. Performers are not protected by copyright law in Australia. Their principal legal protection is by contract and, to a lesser extent, by actions for passing off, breach of confidence and defamation. The concept of

performers' protection involves two distinct areas which need to be considered. The first is the protection of performers from the illicit copying or fixation of their performances. The second is the granting of a property right to performers in their performances. There is legislation in the United Kingdom in what are known as the Performers' Protection Acts which makes it unlawful to make a record of a performance without the performer's consent. Sanctions for infringement of the legislation are penal. No civil rights are conferred. Similar protection exists in a number of countries including many of the European countries. The European countries also grant property rights to performers in their performances.

The Committee has received a number of representations about this matter. Its consideration of the problem is in its early stages. The reference is again a controversial one. Economic considerations may be involved.

#### Importation

The final matter being considered by the Committee concerns what are known as the importation provisions of the Copyright Act. The principal provisions are to be found in sections 37 and 38 thereof. The former provides that the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, without the licence of the owner of the copyright, imports an article into Australia for any one of a number of purposes including selling the article, distributing it or by way

of trade, exhibiting it in public, where, to his knowledge, the making of the article would, if the article had been made in Australia by the importer, have constituted an infringement of copyright. Section 38 is a section which applies both to articles made in Australia and imported articles. It provides that the copyright in a work is infringed by a person who, in Australia, and without the licence of the owner of the copyright, inter alia, sells the article or by way of trade exhibits the article in public, where, to his knowledge, the making of the article constituted an infringement of the copyright or, in the case of an imported article, would, if the article had been made in Australia by the importer, have constituted such an infringement.

Sections 37 and 38 were the subject of consideration by the High Court in Interstate Parcel Express Co. Pty Limited v. Time-Life International (Nederlands) B.V. (1977) 138 CLR 534. In that case the owner of copyright in a series of books in the United States and Australia granted to an affiliated company an exclusive licence to publish and sell the books anywhere in the world except the United States and Canada. An American wholesaler bought a quantity of the books from the copyright owner's general distributor in the United States and sold them to an Australian bookseller. Neither the copyright owner nor the distributor imposed any restriction on the resale of the books by the American wholesaler. The bookseller did not seek the consent of any person to import or sell the books. It was held that the

bookseller did not have the licence of the copyright owner to import the books into Australia or to sell them in Australia within either s. 37 or s. 38 of the Act.

Having stated his conclusion on the outcome of the case Stephen J. continued (pp. 554-5):

"This conclusion means that what the appellant saw as a means, in appropriate circumstances, of selling in Australia books published abroad at much lower prices than are presently available through overseas publishers' Australian distributors is foreclosed to it. The high cost in Australia of imported books relative to prices in their country of publication and the reasons for it are discussed by Sir Richard Eggleston in Re Books (1970) 20 F.L.R. 256. It is neither a novel nor a local phenomenon (see Re Associated Booksellers of New Zealand [1962] N.Z.L.R. 1057 and for the Canadian position see Lahore and Griffiths, Copyright and the Arts in Australia (1974), p. 57) and is directly related to the operation of ss. 37 and 38 of the Copyright Act and its overseas equivalents, found not only in the copyright legislation of the United Kingdom but also in that of New Zealand, Canada and South Africa. In New Zealand and Canada these provisions have given rise to litigation not dissimilar to the present. Of particular interest are the judgments in Clarke Irwin & Co. v. C. Cole & Co. Ltd (1960) 22 D.L.R. (2d) 183 and in Godfrey, MacSkimming & Bacque Ltd v. Coles Book Stores Ltd (1973) 40 D.L.R. (3d) 346, although in neither was the defence of licence by the copyright owner in issue, the Canadian Act, s. 17(4), containing no reference to such licence."

The discussion by Sir Richard Eggleston in the case of Re Books is illuminating and will prove of great assistance to the Committee.



The provisions of s. 38 were applied by the majority in the Apple Computer case earlier referred to.

The reference concerns not only ss. 37 and 38 but also s. 102 and s. 103 which make similar provisions in relation to copyright in subject-matter other than works and s. 135 which imposes restrictions on the importation of printed copies of works.

In a briefing note the Committee was informed that there was both support for and opposition to changes to ss. 37 and 38. It was said that they had been the subject of substantial criticism on the grounds that they had permitted commercial arrangements which had adversely affected the availability and price of books on the Australian market. Proposals for relaxation of ss. 37 and 38 have been resisted by both authors and publishers who wish to see the sections tightened to facilitate proof of infringement by removing the requirement of knowledge by the importer.

The Committee has advertised for submissions and received a vast number of them from various interest groups. The briefing note has accurately reflected the various views which there are. The Committee's consideration of the matter is at an early stage but there is support for the retention of the sections in their present form and for both the widening and narrowing of them.

Mr. Adam Liberman has discussed the Committee's reference in 58 ALJ 231 with reference to a recent English decision, Sillitoe

v. McGraw-Hill Book Co. (U.K.) Limited (1983) 9 F.S.R. 545. Mr. Liberman's assessment of the effect of the Sillitoe case was that once a plaintiff fixed a defendant with notice of the facts relied upon as constituting an infringement, a defendant could not contend that he was without knowledge merely because he had in good faith the belief that in law no infringement had been committed. Mr. Liberman added:

"Such an interpretation would seem to offer no scope for the subjective opinion of a defendant to be considered. If that interpretation is correct, then a plaintiff's onus of proving "knowledge" becomes a very much easier task.

The Copyright Law Review Committee's review of ss. 37 and 38 of the Australian Act should provide an excellent opportunity to consider whether the preceding interpretation offers an acceptable standard in the Australian context."

The reference obviously enough involves economic considerations and may also bear on some of the provisions of both the Customs Act 1901 and the Trade Practices Act 1974. The Committee has access to economic advice in relation to economic aspects of the reference.

Significance of intellectual property law as part of Australia's general commercial law.

The final matter with which I deal is the significance of intellectual property law as part of Australia's general commercial law. The question is posed, "What are the reasons for the increasing prominence and importance of intellectual property

law and will this trend continue?" I should begin by saying that I do not think that I am in total agreement with the premise upon which the question proceeds. Intellectual property law in Australia is certainly a developing area. But commercial law covers many fields. There are commercial lists now in the Supreme Courts of New South Wales, Victoria and Queensland. The N.S.W. list has existed since 1903. It is a flourishing and busy list which deals with a vast variety of cases not any of them concerned with intellectual property. I believe the Victorian and Queensland lists are in a similar category. Then there is the field of company litigation. This again is a busy area and involves much commercial disputation. There is also the trade practices field to which I have made reference in passing earlier in this paper. Many cases come to the Federal Court based usually on alleged breaches of s. 52 of that Act. Sometimes they are brought, as we have seen, with actions for infringement of copyright but by no means always and usually it is the trade practices cause of action which is to the fore.

Nevertheless I do agree that there has been an increase in litigation concerning intellectual and industrial property. This has been most marked in the field of copyright.

To the extent that the premise in the question is true, I think, so far as Australia is concerned, it is due to an extent to its economic structure and its geographic position in the world. Many international companies operate in Australia either

directly or through licencees or agents. I would suppose the position is the same in New Zealand. Goods, services, technology and other things often have overseas origins. Overseas companies may control their interests through contracts but they will also do so either as well or alternatively by means of copyright, patents, trade marks and the registration of designs. Sometimes agencies and franchises are conferred within Australia on different agents in different States. It may follow that in particular circumstances intellectual property remedies may be the most convenient method of maintaining control, or at least a most useful adjunct to other remedies based on contract or the Trade Practices Act.

Another and more important factor, I think, is the upsurge in piracy which occurs not only in Australia and, no doubt, New Zealand, but in almost every other country. That piracy may originate in the first instance outside Australia, as it did in the Apple case, or it may originate in Australia as it has done in very many others. Having experienced a variety of cases under s. 52 of the Trade Practices Act, I am satisfied that this is the age of the copycat. The art is to go close but not so close as to mislead or deceive or be guilty of an infringement of copyright or of any other law relating to intellectual or industrial property.

Then I think that improved international transport, travel and communication have led to a market more responsive to

international availability of consumer goods and technology. International business reputations are more readily established for the purposes of passing off or cases under s. 52 of the Trade Practices Act.

As to the future, so long as the economic and technological trends mentioned continue, it is hard to foresee any diminution in the importance of intellectual property law as a part of Australia's general commercial law. The broad scope of trade practices law may diminish the importance of certain areas of intellectual property law; nevertheless in many cases intellectual property remedies are pursued in conjunction with trade practices causes of action and perhaps causes of action for breach of contract, passing off and negligent misrepresentation. In short, I see no reversal of the current trend to more and more litigation, much of it involving international companies.

## SCHEDULE

### Examples of Right to Integrity

A film called The Iron Curtain, based on alleged Soviet spying in Canada was produced in the U.S.A. The film included music by Shostakovich, Prokofieff, Khachaturian and Miaskovsky. No permission was sought from the composers because USSR citizens did not then have copyright protection in the U.S. The composers were given the normal film credits. The composers sought an injunction based on libel, violation of civil rights and, as the judge suggested, "the deliberate infliction of an injury without just cause and the violation of the owner's rights as composers". The court held that when a work is in the public domain, it can be published or reproduced with the author's name without breach of privacy or civil rights. As to libel, the court held that there was no implication that the composers had willingly participated in or approved of an anti-Soviet film because the works were in the public domain and, thus, their consent had not been necessary.

The statement of the court on moral rights is useful as it probably represents a fair statement of the Australian position also:

The wrong which is alleged here is the use of plaintiffs' music in a moving picture whose theme is objectionable to them in that it is unsympathetic to their political ideology. The logical development of this theory leads inescapably to the Doctrine of Moral Right (53 Harvard Law Review). There is no charge of distortion of the compositions nor any claim that they have not been faithfully reproduced. Conceivably, under the doctrine of Moral Right the court could in a proper case, prevent the use of a composition or work, in the public domain, in such a manner as would be violative of the author's rights. The application of the doctrine presents much difficulty however. With reference to that which is in the public domain there arises a conflict between the moral rights and the well established rights of others to use such works.... So, too, there arises the question of the norm by which the use of such work is to be tested to determine whether or not the author's moral right as an author has been violated. Is the standard to be good taste, artistic worth, political beliefs, moral concepts or what is it to be? In the present state of our law the very existence of the right is not clear, the relative position of the rights thereunder with reference to the rights of others is not defined nor has the nature of the proper remedy been determined.

(Shostakovich et al v Twentieth Century Fox Film Corporation (1948) 80 NYS 2d 575)

The decision is particularly interesting because a like action was brought in France where moral rights are protected and the action there was successful.

The publication of a variant of a well known popular song by the composer Theodorakis was restrained. One word of the verse of the song had been changed to turn it into an advertising slogan for a certain make of motor car (Greece, 1981).

The production of an operetta was prevented in a case where the court found that the total character of the work was distorted. It acknowledged that it was possible to make changes to a work to fit it to the physical realities of the theatre and changes in public taste. However, such changes had to stop short of alterations that could be thought to distort the work (Germany, 1970).

An artist was invited to donate a work to be auctioned for charity. His work consisted of a refrigerator decorated with six painted panels, three on the front, one on the top and one on each side. The artist considered it to be a single work and accordingly signed only one of the panels. Subsequent to the auction the artist discovered one of the panels had been cut from the refrigerator and was for sale separately. He sued to prevent the separate sale of the panel. His claim was upheld and an order made prohibiting the sale of the panels separately either publicly or privately. A claim to have the work restored to him was rejected (France 1965).

An artist was commissioned to paint a fresco in a person's house. The fresco depicted naked sirens. Several years after completion the owner of the house who had commissioned the painting had another artist paint clothes on the sirens. The court upheld the plaintiff's claim that his moral right had been violated by the changes made to his original and ordered that the over painted clothing be removed (Germany 1912).

A sculpture consisting of 50 geese in various flight positions was suspended from the ceiling of a shopping mall in Toronto. At Christmas time the owners of the Mall tied long red ribbons around the necks of the geese. An injunction was granted on the application of the sculptor to remove the ribbons (Canada, 1983).

#### Examples of Rights of Recognition

The following are examples from France:

A sculptor was entitled to have his name replaced on a statue that had been moved from one site to another.

A sculptor was entitled to have his name put on a gravestone that he had carved.

A ghost writer could insist that his name be revealed.

#### Example of Right of Disclosure

The painter Camoin cut a painting of his into pieces and threw it into his waste paper basket. An art dealer recovered the pieces, restored the painting and sold it. The purchaser was obliged to restore the painting to Camoin as he alone had the right to publish his work and determine the terms on which it was published (France, 1927).

#### Example of Right of Withdrawal

A publisher failed to publish a manuscript delivered to him by the then unknown Anatole France. After he had become well known and some 25 years after the original delivery, the publisher announced publication. The author's claim to withdraw the work was upheld. He disliked the work and no longer wanted it published (France, 1911).