INTELLECTUAL PROPERTY

COPYRIGHT ACT 1994
and
GATT LEGISLATION 1994

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Introduction
The Business Policy Division of the Ministry of Commerce administers the industrial property rights statutes: the Patents Act 1953, the Designs Act 1953, and the Trade Marks Act 1953; as well as the Plant Variety Rights Act 1987. The other major statutory intellectual property right is copyright which is the responsibility of the Department of Justice.

This speech will primarily deal with the legislative changes made as a result of the GATT Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to the Patents and Trade Marks Acts and the implementation of a new regime for protecting geographical indications.

The changes to the patents and trade marks legislation came into effect on 1 January 1995. Two points should be noted:

1) These changes were originally to be encompassed in a much larger legislative package which implemented a comprehensive reform of the industrial property rights statutes.
2) Other reforms were not implemented last year in the GATT (Uruguay Round) Bill because the New Zealand Government wanted to ratify the GATT Uruguay Round Agreement by 1 January 1995.

I will also briefly discuss the ongoing reform of the industrial property rights laws and the process for consulting with Maori on the proposed reforms. This consultation process formally began with the four hui the Ministry of Commerce held in December 1994.

Background: intellectual property rights policy environment
The New Zealand economy in recent years has undergone wide ranging structural reforms. These reforms have focused on encouraging investment and innovation which are essential for long term economic growth.

Protection for intellectual property rights is an important element of the Government’s policies for promoting investment and innovation. For example, if appropriate protection for the products of intellectual endeavour is provided, businesses are more likely to take the risks involved in research and development and to feel secure about being able to commercially exploit the knowledge gained.

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Accordingly, successive Governments have committed themselves to promoting intel­
lectual property rights protection, both through an active involvement in the negotiation
of the TRIPS Agreement, and through a commitment to a review of New Zealand’s
industrial property rights legislation.

GATT URUGUAY Round

The “Uruguay Round” negotiations, which began in 1986 at Punta del Este, Uruguay,
were finally concluded in December 1993. 115 countries, including New Zealand,
participated in these negotiations. The Uruguay Round result will:

- secure access to key export markets;
- protect New Zealand from unfair trade practices by larger economies; and
- increase economic growth as benefits from export returns reach all sectors of New
  Zealand business.

The Uruguay Round talks addressed:

- traditional concerns relating to border protection (tariffs, qualitative restrictions,
technical barriers to trade) which were outstanding from previous GATT talks; and
- developed trade rules for “new” areas such as Trade in Services (GATS) and
  Trade-Related Investment Measures (TRIMS). TRIPS was also one of these new
  areas. These “new” areas have been recognized as increasingly significant for
  international trade as traditional barriers to trade have reduced.

Developed countries have increasingly exported goods which:

- contain a large intellectual property investment; and
- are copied relatively easily.

Goods such as sound recordings, audio-visual products, computer software and pharma­
ceuticals all fall into this category. Many developed country exports also benefit from
established and prestigious brand names which assure customers of quality and assist
marketing. As the value of trade in these kinds of goods has increased, developed
countries have been increasingly concerned to ensure that the creators of these goods
capture the full rewards of their investments in producing these goods. Developed
countries became increasingly concerned at what they regarded as theft of the intellectual
property rights in these goods through unauthorized copying.

This led to a number of initiatives by the United States and the EC in particular, to improve
intellectual property rights protection on a country by country basis. The United States
focused on a number of countries, particularly in East and South East Asia and Latin
America which it considered to have weak protection for intellectual property rights.

New Zealand has also previously attracted the attention of the United States in its efforts
to strengthen international intellectual property rights protection on a bilateral basis.
Before 1992, New Zealand appeared on the “watch list” of countries whose intellectual
property rights law are of concern to the United States. This is a procedure provided for in United States' trade legislation. This was primarily due to the compulsory licensing provisions of our Patents Act. These were considered by the United States to be too weighted in favour of applicants for compulsory licences.

Inclusion in the GATT of a multilateral agreement setting standards for intellectual property rights protection and a framework for enforcement and dispute settlement was therefore a major objective for developed countries such as the United States and the EC. The TRIPS Agreement achieves this objective, although only after prolonged and vigorous debate in negotiations principally between developed and developing countries, which had at times widely differing perceptions of what these minimum standards should be.

Protection of intellectual property rights remains a key issue for the trade policies of the developed countries, particularly the United States. Earlier this month Washington threatened to apply 100% tariffs to Chinese exports to the U.S. unless China takes action to tighten and enforce its intellectual property rights legislation.

What the TRIPS Agreement provides

The TRIPS Agreement will have a significant and increasing impact because:

• the TRIPS Agreement links intellectual property rights and trade;
• increases membership of and supplements existing intellectual property rights treaties;
• strengthens the standards for protection and enforcement of intellectual property rights; and
• covers all areas of intellectual property rights.

1 Linkage of intellectual property rights treaties and trade

In effect, the TRIPS Agreement extends to the World Trade Organization (WTO) contracting parties coverage of the major World Intellectual Property Organization (WIPO) conventions dealing with intellectual property rights:

• The Paris Convention for the Protection of Industrial Property. This covers a broad spectrum of creative endeavour—from inventions to service marks. The Convention is as revised in the Stockholm Act in 1967.
• The Berne Convention for the Protection of Literary and Artistic Works (as revised in 1971).
• The Rome Convention (1961) for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations.

2 Benefits of the TRIPS Agreement
The standards provided for in the TRIPS Agreement will promote research and development and innovation because:

- there will be a greater consistency of approach in intellectual property rights legislation among member states;
- the uniformity and the strengthened provisions for enforcement will encourage wider technology transfers among members;
- newly industrialized or developing countries, which are traditionally known for having less rigorous regimes for protecting intellectual property rights, will be able to offer in the next ten years more secure markets for technology imports; and
- there will be greater incentives for innovation as innovators will be able to capture a greater share of the rewards for new creations and inventions.

3 Coverage of the TRIPS Agreement

All intellectual property rights are covered from patents to layout designs to trade secrets.

4 Dispute settlement

The TRIPS Agreement also provides for the settlement of disputes according to the separate Disputes Settlement Understanding which covers the World Trade Organization as a whole.

Implementation of the TRIPS Agreement: New Zealand domestic law

With the Uruguay Round concluded, some changes needed to be made to New Zealand’s industrial property rights legislation to meet New Zealand’s obligations under the TRIPS Agreement. These were effected through the GATT (Uruguay Round) Bill 1994. This Bill, passed by Parliament late last year, made amendments to a number of statutes including the Patents Act and the Trade Marks Act. The changes included increasing the term of a patent and amending the definition of trade mark to broaden the types of marks which can be registered. The Bill also introduced new provisions into the Trade Marks Act for preventing trade in counterfeit trade marked goods. A new Act for the protection of geographical indications (the Geographical Indications Act 1994) was also passed.

The principal changes to New Zealand’s intellectual property rights law made by the GATT legislation are briefly outlined below.

Patents

The five major changes to the Patents Act 1953 required by TRIPS were:

1) restricting the grounds upon which an invention can be excluded from patentability;
2) increasing the term of a patent from 16 to 20 years;
3) specifying the circumstances in which a compulsory licence of a patented invention may be granted and the procedural and other requirements which attach to the grant of a compulsory licence;
4) clarifying the circumstances in which the Crown can utilize patented inventions; and
5) inserting a new provision providing for the reversal of the burden of proof in cases of the alleged infringement of a process patent.

1 Exclusions from patentability (Article 27)

There was some debate over the exclusions from patentability. Originally s17 of the Patents Act 1953 provided three grounds for excluding inventions from patentability. These were:

1) products or processes contrary to natural laws;
2) substances capable of being used as a food or medicine; and
3) products or processes that were contrary to law and morality.

The first two and that part of the third exclusion relating to products or processes that were contrary to law were required to be repealed because they were inconsistent with article 27 of TRIPS. This leaves only the contrary to morality exclusion in place.

The question of exclusions was controversial in the TRIPS negotiations. Some countries previously excluded entire industries from the scope of the patent system because of various economic and social policy considerations. TRIPS allows exclusions to remain in place for certain specified circumstances, one of which is to protect ordre public or morality.

In New Zealand we have retained the morality exclusion at least until concerns over patenting of life forms can be canvassed more fully in consultation with interest groups such as Maori and the biotechnology industry. Government will decide what it considers to be appropriate exclusions from patentability before the proposed Intellectual Property Law Reform Bill is introduced.

2 Patent Term and Extensions (Article 33)

The Patents Amendment Act 1994 changed:

- the patent term from 16 years to 20 years; and
- repealed the provisions allowing for extension of the patent term.

The first change was required by TRIPS; the second was not. However, in view of the longer patent term required by TRIPS the Government considered it an appropriate time to address provisions for extension of patent term.

During the passage of the Bill considerable attention was given to the question whether an extension to the patent term should remain available. A number of arguments were put forward suggesting that New Zealand should go beyond the basic requirement in TRIPS, of a 20 year term, and provide for an extension of the patent term.

The extension issue has been debated in New Zealand for a number of years. The debate began well before the GATT legislation was introduced when the Ministry of Commerce commenced its review of the Patents Act in 1990. The issue has been canvassed in the Ministry’s two discussion and proposals documents on the reform of the Patents Act.
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The existing system of extension was considered to be inappropriate, and was therefore repealed. Several factors were taken into account in reaching this decision. They were:

1) The application process for extension of the patent term was uncertain and often involved delays because of the difficulties in determining what constituted "inadequate remuneration".

2) The 20 year term, together with the protection which has also been given to registration data, provides an appropriate period of protection for pharmaceuticals and agrochemicals, recognizing companies' investment in research and development.

3) Systems of extension which were suggested by, for example, the research based pharmaceutical and agrochemical companies, are not the international norm. They are only provided for at present by countries who are exporters of pharmaceuticals and agrochemicals. Canada has a flat 20 year patent term. Australia has also introduced a flat 20 year patent term, effective from 1 July this year.

4) There is no significant problem in New Zealand with delay in the approval processes for drugs and agrochemicals as these products are approved relatively quickly.

5) There is no reason to believe that patentees will delay the introduction of their products to New Zealand if New Zealand does not provide an extension to the patent term. It is more likely that if patentees have a limited period in which to exploit their products they will put them on the market sooner rather than later.

The Government concluded that a 20 year term without extensions was sufficient to balance protection for innovation and the need to promote competition and was therefore appropriate for New Zealand.

3 Compulsory licensing (Article 31)

The 1994 amendments to the Patents Act clarify the situations where a grant of a compulsory licence for a patented invention may be made. The purpose of a licence is to ensure that the patentee's interest in obtaining an appropriate return on the investment in the invention is balanced with the need to maintain safeguards against the misuse of a monopoly right provided by the patent. The grounds for obtaining such a licence are restricted. They are available on application to the High Court:

- only where a market is not being supplied with the patented invention or is not being supplied on reasonable terms; and
- only after three years from the date of sealing of a patent or four years from the date of the patent (whichever is the later).

4 Crown use (Article 31)

The 1994 amendments to the Patents Act also provide that any government department can use an invention for the services of the Crown. The grounds for invoking Crown use are already in the Patents Act and were retained to ensure the Patents Act:
• does not obstruct a government department from fulfilling its statutory responsibilities; and

• enables the Crown to act in cases of emergency—the definition of emergency being substantially narrowed and confined to the security or defence of New Zealand or to a civil emergency.

The conditions under which Crown use can operate are the same as those applying to compulsory licences, for example the requirement to pay remuneration to the patentee.

5 Reversal of the burden of proof (Article 34)

The Patents Act had to be amended to comply with Article 34 of the TRIPS Agreement which requires that there be provision for the reversal of the burden of proof in cases of alleged infringement of a process patent. The effect of this is that:

• A non-patentee will be required to show that their product has not been derived from the process which is the subject of the patent.

• There is now no requirement for the patentee to prove there had been an infringement. This was almost impossible to do when a process patent is involved unless information about the process can be obtained.

6 Transitional provisions

The Patents Amendment Act 1994 also provides transitional provisions which define the rights of applicants who have patent applications pending or parties who have proceedings under way at 1 January 1995.

Registration data (Article 39(3))

Registration data is protected by amendments to the Animal Remedies Act 1967; Pesticides Act 1979; and the Medicines Act 1981.

• This is data supplied by an applicant to a regulatory authority when seeking approval to market an animal remedy, agricultural chemical or pharmaceutical.

These three statutes were amended by similarly worded provisions which all have the same objective. This is to give effect to the TRIPS requirement to provide protection for registration data where there are products:

• which utilize new chemical entities; and

• require protection of data against:

  (i) "unfair commercial use"; and

  (ii) "disclosure" except where necessary to protect the public.

The new system:

• defines the information which is to be protected; and

• provides protection for this information for a five year period.

The TRIPS Agreement does not specify a period of protection but the Government
considered that five years meets the TRIPS requirements as well as providing research-based companies with a meaningful period of protection.

**Trade marks**

The Trade Marks Amendment Act 1994 offers increased opportunity for protection for businesses by widening the category of “marks” which may be registered. TRIPS obligations relating to trade marks required a number of amendments to be made, including border protection measures.

The main provisions in the 1994 amendment provided for:

- a wider definition of “trade mark” and the inclusion of a definition of “sign”;
- broadening of the infringement test;
- greater protection for marks which are well-known in New Zealand;
- the nature of a mark not to be an obstacle to registration; and
- the introduction of a new regime for border protection.

1 **Definition of “Trade Mark” and “Sign” (Article 15)**

The Trade Marks Amendment Act 1994 amended the definition of trade mark to:

- mean any sign or combination of signs, capable of being represented graphically and capable of distinguishing the goods or services of one person from those of another person.

The Amendment also introduced a definition of sign:

- This is defined inclusively: a device, brand, heading, label, ticket, name, signature, word, letter, numeral, colour, or any combination thereof.

The effect of these amendments is to widen the definition of trade mark to cater for the developments in marketing and technology. Audible marks may now be capable of registration. These marks are subject to the qualification that they must be capable of being represented graphically. A flexible definition recognizes that if any sign operates as a trade mark in the market place it should be capable of being registered.

2 **Similar Goods (Article 16)**

The amendments also provide that the rights given to a trade mark proprietor against infringement of a trade mark are extended to use of a sign that is identical or “similar to” the registered trade mark. This applies to goods or services that are similar to (or identical to) the goods and services for which the trade mark is registered.

The previous test for infringement was limited. It only applied to identical trade marks used on goods or services in the class for which the mark was registered.

The effect of the inclusion of “similar goods” is that:

- In relation to similar goods or services, infringement occurs where the use would be likely to deceive or cause confusion.
• Where a trader has a product which previously would, for example, have needed to be registered in five classes to protect the mark from being used on like products, that trader would now need to register the mark in fewer classes and use of that mark could constitute an infringement if the mark were used on similar goods such that it would be likely to cause confusion. As such it may improve the position of registered trade mark holders and ease the need to register in so many classes.

3 No obstacles to registration (Article 15)
The nature of goods and services to which a trade mark is to be applied shall not form an obstacle to registration. In the past for example, trade marks for tobacco products applied for in classes of goods and services other than for tobacco products have been refused registration under s16 of the Trade Marks Act 1953 since the registration of such trade marks is restricted under the Smokefree Environments Act 1990. Such marks will now be registrable although the use of these trade marks may still be limited.

4 Well-known trade marks (Article 16)
Well-known marks are those where the unregistered trade mark becomes so well-known that the use is likely to be taken as indicating a connection between the proprietor of the mark and other unauthorized users of that mark. The TRIPS Agreement required that protection be provided for well-known marks. In the course of strengthening the protection for well-known marks, the existing restriction limiting the registration of defensive trade marks to invented words was also dropped.

5 Border protection (Articles 51-60)
The provisions dealing with border protection in the Trade Marks Act vary slightly from those provided in the Copyright Act 1994 so I will deal solely with trade marks. Border protection measures covering counterfeit trade marked goods have been included in the Trade Marks Amendment Act 1994 to meet the obligations under Articles 51 to 60 of the TRIPS Agreement.

It is generally accepted that intellectual property rights are private rights. This is because:
• enforcement of these rights is generally also by way of private action;
• any state enforcement action is by way of an exception to this principle; and
• to the extent that the Government decides to become involved in the enforcement of intellectual property rights, it is likely to be principally in relation to those rights the Government has created by statute, that is, in this case registered trade marks.

It was because of these reasons that the emphasis in the new border protection regime is on empowering proprietors of trade marks to take action to protect their registered marks at the border.

Border protection provisions covering registered and unregistered trade marks were previously included under the Fair Trading Act 1986. However, the amendments contained in the Trade Marks Amendment Act reflect the fact that the TRIPS Agreement only requires that the border protection provisions apply to registered trade marks.
Owners of unregistered marks will still have available to them the common law action of passing off to protect their unregistered marks and s 16 of the Fair Trading Act will continue to provide some protection for unregistered marks.

Trade marked goods which may infringe an unregistered mark will not be detained by customs at the border.

The key elements of the border protection measures in the Trade Marks Act are that the trade mark proprietor:

- Gives notice to the Customs Department requesting that imported goods infringing their registered trade mark be detained.
  - A separate notice per registration is required.
  - A notice is valid for five years or until earlier expiry.
- Gives a security to Customs.
- Is advised by Customs when goods imported bear an infringing mark.
- Has ten working days in which to initiate proceedings against the importer otherwise the goods will be released to the importer. An extension of a further ten working days is available.

**Geographical indications (Articles 22–24)**

The Geographical Indications Act 1994 establishes a regime for protecting New Zealand and international geographical indications from false or misleading use. The TRIPS Agreement requires that protection be provided for geographical indications, in particular wines and spirits. The Act is also designed to meet any new obligations arising from further GATT negotiations which will be held on the establishment of a multilateral system of notification and registration of geographical indications for wines. The Geographical Indications Act, however, goes considerably beyond obligations arising from the TRIPS Agreement and this made it desirable to pass the Act as part of the GATT legislation. The additional features are:

- Allowing New Zealand to meet any obligations under the proposed New Zealand/European Commission wine agreement. This is a bilateral agreement, which if concluded, will require European Union geographical indications used to indicate the origin of wine to be protected in New Zealand. Reciprocal protection will in turn be given to New Zealand geographical indications in Europe.
- Meet the desire of the Wine Institute of New Zealand (WINZ) for a system to ensure truth in labelling as to geographical indications used in relation to wine in New Zealand.

As the provisions of the Geographical Indications Act 1994 are of a generic nature, the Act can apply to products other than wine, for example cheese and fruit wines.

The main provisions are:

- the establishment of a Register of Protected Geographical Indications for both
New Zealand and international geographical indications which will be kept by the Patent Office;

- that New Zealand geographical indications will be determined by a Geographical Indications Committee consisting of New Zealand Geographic Board members and representatives of the producers who have applied to have the particular geographical indication(s) determined; and

- that any false or misleading use of protected geographical indications not exempted under the Act will be deemed to be an offence under the Fair Trading Act.

The Act is scheduled to come into force by 1 June 1995.

The review of the industrial property statutes: the proposed IPLR bill

The Ministry has, since 1990, been reviewing New Zealand’s industrial property statutes: the patents, trade marks and designs legislation as well as the plant variety rights legislation. A product of this review was a proposal, mentioned earlier, to pass the GATT required reforms and other reforms in a much larger legislative package.

The industrial property rights statutes: the Trade Marks Act, the Patents Act, and the Designs Act are over 40 years old. As with the Copyright Act 1962, the reform of these statutes is necessary so as to:

- be consistent with the government’s broader economic policies to encourage growth and innovation;
- take account of developments in business and technology since 1953;
- minimize the costs to businesses of protecting their intellectual property rights; and
- streamline the system to facilitate the granting of rights.

The changes required by the TRIPS Agreement only go so far, leaving many other changes necessary or desirable.

It is proposed that these reforms be enacted by way of an Intellectual Property Law Reform Bill. Also to be included in the proposed Intellectual Property Law Reform Bill are amendments to the Plant Variety Rights Act 1987, primarily aimed at allowing New Zealand to ratify the 1991 Revision of the UPOV Convention.

During the review process the Ministry has tried to ensure that interested parties have been involved through:

- the release of discussion and recommendations papers and the calling for submissions; and
- consultation with interested groups.

The process of consultation is now at an advanced stage with remaining consultation focusing upon three issues:
• Exclusions from patentability. An approach to the patentability of life forms needs to be determined.
• The registration of culturally offensive trade marks. The difficulties in determining the appropriateness of the mark or who should have a say in relation to that mark are problems which arise in this area. For example, the registration of the Auckland Warriors mark in relation to alcohol may be considered offensive by Maori.
• The scheme for protecting designs applied industrially.

Consultation with Maori: overall comments
In December 1994 the Ministry of Commerce, assisted by the Ministry of Maori Development (Te Puni Kokiri), arranged for four hui to be held in order to discuss with Maori the proposed Intellectual Property Law Reform Bill. The hui were very well attended with approximately 200 people attending each of the hui. Officials from the Ministry of Commerce and other interested departments are currently considering how intellectual property rights law reform and consultation with Maori might be advanced during 1995.

Separate legislation to provide appropriate protection for the broad range of Maori cultural and intellectual property is an option to be considered. Commerce and Te Puni Kokiri will be working on further discussion and the development of a possible model.

Conclusion
In conclusion I would like to emphasise the following points:
• New Zealand’s system of intellectual property rights does not operate in isolation from:
  (i) other policies to promote economic growth; or
  (ii) from the international trading environment.
• The TRIPS Agreement ensures that patentees, designers and other intellectual property rights holders in member countries are treated equally in the level of protection and in the enforcement provisions that they can utilize.
• The amendments to intellectual property rights legislation arising from the TRIPS Agreement are only part of a larger process of intellectual property rights law reform. This process will be further advanced by the passage of the proposed Intellectual Property Law Reform Bill which will carry out more comprehensive reform of the Patents Act, the Trade Marks Act, Designs Act and Plant Variety Rights Act.
• What the GATT legislation does demonstrate, however, is the importance of international standards and negotiations to our domestic intellectual property rights law. Increasingly the framework for our intellectual property rights law will be set at international forums rather than domestically. The challenge will be in this environment to continue to ensure that our intellectual property rights law not only meets the needs of New Zealand businesses but also other groups in the New Zealand community, such as Maori, with their own particular needs.
The New Copyright Legislation—an Analysis

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In 1992 the Canadian writer and lawyer Lesley Ellen Harris commenced her book on Canadian copyright law with the following observation:

One of the basic problems in understanding copyright is that we cannot see it. Perhaps that is why people who would not dare steal a towel from a hotel room would, without a second thought, photocopy a book or reproduce a computer program.

This statement is a revealing one. The lack of understanding of copyright and the importance of copyright extends through many levels of society. It is also reflected amongst legislators. In the so-called information age and at a time when the Government is promoting New Zealand as a high value technology-based economy, we could possibly expect more understanding of copyright from our legislators and an enthusiasm for it. After all copyright underpins and supports so many important economic activities. Yet the Government appears to be something of a reluctant legislator in this field. During the course of the second reading of the copyright legislation the Minister of Justice the Hon Doug Graham stated:

Copyright is a troublesome subject. It excites intense passions among those whose interests are affected by it. Those include owners and users, as well as whether they be owner or user, or alternatively owners of different classes of copyright works who have conflicting interests. On occasions, and this is one such occasion, the legislature is obliged by external considerations to revisit the law. The external consideration in this case is the trade-related aspects of intellectual property (TRIPS) agreement, which forms part of GATT. The experience of revisiting the law, it seems from international experience, is not so enriching for those taking part in the legislative process as to encourage its repetition at more regular intervals.

The contrast between Australia and New Zealand in support for copyright as a vital economic right is quite marked. In Australia their Attorney General’s department has a dedicated section of officials who closely monitor international and domestic copyright developments. Australia has been active in introducing regular amendments to its copyright legislation as needs have arisen or technology has changed.

The point in raising these issues is a plea for a more consistent support of copyright by governments in New Zealand—rather than the benign neglect which has occurred in this country. Strong rumours in Wellington suggest that with the break up of the Justice Department copyright will be transferring to the Ministry of Commerce. Given that the Ministry of Commerce already handles the other intellectual property statute based

there would seem to be some sense in such a transfer of responsibility for copyright. It would also seem from the Ministry of Commerce’s performance on the other statutory based rights that it is likely to be more enthusiastic for the subject.

The Copyright Act 1994 has its origins in the GATT TRIPS agreement. The TRIPS agreement required New Zealand to adhere to the 1971 Revision of the Berne Convention. Up until 1994 New Zealand had only adhered to the 1928 Revision despite subsequent revisions in 1948, 1967 and 1971. In order to comply with the 1971 Revision New Zealand was obliged to provide certain additional protections. In addition TRIPS required express protection for computer programs, compilations of data, certain rental rights, performers rights and border enforcement provisions. Faced with a need to meet the TRIPS requirements the Government had to decide whether to simply engraff these provisions on to the 1962 Act or to start again with a new statute. Public expectation of a new statute had been raised by the Justice Department in 1986 when submissions from interested parties had been sought and provided. But nothing had been done to action these submissions. Faced with this situation and a Copyright Act which had not been overhauled since 1962, the Government really had no choice. It decided on a new statute.

This decision (while very welcome) created some timing difficulties. The Government’s desire to pass all GATT legislation by 1 January 1995 meant that there was no time for any real public consultation before the legislation was introduced. This was in marked contrast to the 1962 statute where there had been a special report by the Dalglish Committee in 1959 which had identified options and directions and a number of policy issues. The Dalglish report has been of considerable use to courts and lawyers in the past in assisting in the interpretation of some provisions in the 1962 Act. Unfortunately in the case of the 1994 statute there is no such report or even any Explanatory Memorandum (as is the case with new legislation in Australia). The timing also meant that there was very little time for public submissions. The bill was open for submissions for just six or so weeks.

The new statute is based on the English Copyright Designs and Patents Act 1988. It uses simpler more straightforward drafting and plain English language. Many of the changes are cosmetic rather than substantive. However, there are a number of significant changes. The programme for this seminar provides for others to deal with broadcasting, television and publishing. Also his Honour Justice Gault will be saying something on the transition provisions and a number of other important aspects of the Act. For my part I propose to deal with the main changes under five broad headings:

I. Copyright works;
II. Infringing acts and remedies;
III. Border enforcement;
IV. Moral rights;
V. Performers’ rights.

That is, trade marks, patents, registered designs and now geographical indications.
I COPYRIGHT WORKS

(1) Works

Under the new Act all the different types of subject matter in which copyright subsists are now called "works".\(^3\) This replaces the previous distinction between Part I works (literary, dramatic, musical and artistic works) and Part II subject matter (sound recordings, films, broadcasts and typographical arrangements). A brand new category of works namely cable programmes has been added to the list.

Although (with the exception of cable programmes) the general categories of copyright works remain the same, the 1994 statute has introduced new definitions into the various categories of works. These new definitions are designed to accommodate the very substantial technology advances which have occurred since 1962.

(a) Computer programs and computer-generated works

One of the requirements of the TRIPS agreement was that specific protection be given to computer programs as literary works. This has now been done. As a matter of deliberate policy, there is no definition of computer program. It was thought that any definition would run the risk of being made out of date in the future.\(^4\)

A literary work must be "written". That term is also redefined\(^5\) to include:

... any form of notation or code, whether by hand or otherwise and regardless of the method by which, or medium in or on which, it is recorded;

The width of this definition will catch both object and source code as literary works.

While dealing with computers it is to be noted that a literary, dramatic, musical or artistic work which is computer-generated can attract copyright provided it meets the definition of one of those types of work. "Computer-generated" means that the work is generated by computer in circumstances such that there is no human author of the work.\(^6\) Computer-generated works are now relatively common. Weather maps and plans are just some examples. The inclusion of computer-generated works was something recommended by the Industrial Property Advisory Committee as long ago

3 Section 14.
4 Australia and the United States have statutory definitions whereas the United Kingdom and Hong Kong do not.
5 Section 2.
6 Section 2.
as 1984 and 1986.\textsuperscript{7} The author is defined (as with sound recordings and films) as the person by whom the arrangements necessary for the creation of the work are undertaken.\textsuperscript{8}

(b) \textbf{Photographs}

The changes in photographic technology since 1962 have been very substantial.\textsuperscript{9} Photographs can now be recorded or stored in digital form by scanning an existing photograph or by using a photo-optic device to record an image digitally when a photograph is taken. The 1962 definition had a degree of foresight in covering "any product of photography or any process akin to photography" but raised interesting questions as to whether the photograph printed by an output scanner was a process "akin to photographic reproduction". The new very wide definition will remove most doubts. Photograph now means:\textsuperscript{10}

A recording of light or other radiation on any medium on which an image is produced or from which an image may by any means be produced....

(c) \textbf{Multimedia works and databases}

One of the difficult issues facing the Justice Department was whether to create a special category of works for multimedia works—ie works which combine portions of text, sound, still photographs, film, and graphics which are played on a computer or television screens. These are all different types of copyright work (ie sound recordings, films, artistic works and literary works) so do not neatly fall within the definition of any one type of work. While each of the \textit{underlying works} will have its own copyright, the multimedia work is a combination of all of these. Multimedia works can be constructed in a number of ways.

- by combining existing works
- by creating and compiling new works
- by combining newly created and existing works.

The solution adopted by the 1994 Act is to provide protection by means of an \textit{inclusive} definition of "compilation" that covers different types of work in combination.\textsuperscript{11}

\textsuperscript{7} IPAC 10 December 1984 para 7.6–7; 18 March 1986 para 6.6.
\textsuperscript{8} Section 5
\textsuperscript{9} Brown & Grant, \textit{The Law of Intellectual Property in New Zealand} para 4.22.
\textsuperscript{10} Section 2.
\textsuperscript{11} Section 2.
“Compilation” includes:

(a) a compilation consisting wholly of works or parts of works; and

(b) a compilation consisting partly of works or parts of works; and

(c) a compilation of data other than works or parts of works;

The wide and inclusive definition of “compilation” is also intended to provide protection for databases.\(^\text{12}\)

(d) **Dramatic works**

The definition of “dramatic works” has been widened to include choreographic works however they are recorded. Previously the definition contained a requirement that such works be reduced to writing before protection arose.\(^\text{13}\)

(2) **Ownership**

One of the areas of the new Act which attracted the most lobbying was the issue of ownership. The main changes through ownership are:

(a) the removal of the employee journalist exception. Under the 1962 Act the employer had:

- Copyright in the work insofar as the copyright related to publication of the work in any newspaper magazine or similar periodical.
- The right to reproduce the work for the purposes of its being published.
- The right to broadcast the work.
- Now the employer owns copyright outright\(^\text{14}\) as has been the case for all other types of work made during the course of an author’s employment.

(b) The commissioning provisions have been widened to include computer programs.\(^\text{15}\) This overcomes a troublesome area in practice. In the past businesses commissioning software programs had a general expectation that they would own copyright in the software program—particularly where this had been custom designed for their business. Such businesses were often surprised and disadvantaged to discover that this was not the case. The law change now matches public expectation.

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12 The European Community is presently considering separate sui generis legislation for databases.
13 Section 2 of the Copyright Act 1962.
14 Section 21(2).
15 Section 21(3).
Section 105 also creates certain rights of privacy where photographs (for example, wedding photographs) or a film is commissioned for private and domestic purposes but the commissioning party does not own copyright. An example would be where a bridal photographic studio by contract stipulates that it and not the commissioning party is to own copyright. In such circumstances the commissioning party has a right not to have copies of the work issued to the public, exhibited or shown in public or broadcast or included in a cable programme.

(3) **Term**

Some small but significant changes have been made to the term of copyright:

- **Films**
  
  Under the 1962 Act copyright was for 50 years from the end of the year during which the making of the film was completed. As required by TRIPS the 50 year period now dates in the year the film is made or is made available to the public whichever is the later.

- **Computer-generated works**
  
  The term of such works is 50 years from the end of the calendar year in which the work is made.

- **Photographs**
  
  Previously the term was for 50 years from the end of the calendar year in which the original photograph was taken. It has now been decided to treat photographs the same as other artistic works so that copyright subsists for the life of the maker plus 50 years.

- **Works of artistic craftsmanship**
  
  The Berne Convention requires that works of applied art receive protection for at least 25 years. Under the 1994 Act (as in 1962) the term “works of artistic craftsmanship” is used for this category. The category has been reasonably infrequently relied on being generally regarded as covering the artistic contributions of knick-knacks,
jewellery, gold and silverware, furniture, wallpaper and clothing. The 1985 amendments to the 1962 Act had the effect of reducing the period of copyright protection for artistic works industrially applied to 16 years from first industrial application. It appears that this change did not comply with the Berne Convention in that it did not provide the 25 year period for those works which could be termed works of artistic craftsmanship. Section 75 of the new Act therefore confers 25 years protection on such works.

- **Crown copyright**
  
  This is now extended from 50 years to 100 years from the end of the calendar year in which the work was made.

II INFRINGING ACTS AND REMEDIES

(1) **Restricted acts**

Copyright has always been based around a series of specified restricted acts. This format is continued in the new statute, although the individual restricted acts have in some cases been amended.

(a) **Copying a work**

The primary restricted act is the *copying of a work.* This is in turn defined as "reproducing or recording the work in material form". This largely repeats the old law. However there is more to the definition. Copying now:

> Includes in relation to a literary, dramatic musical or artistic work storing the work in any medium by any means.

This means that the use of a computer program which involves storing the work on a hard disk or even in a transient form will be caught. This meets previous uncertainties in the old statute.

(b) **Issuing copies to the public: rental rights**

The previous confusing term “publishing a work” has been done away with. Under the old law the term “published” had two different meanings. Now the restricted act is *issuing of copies to the public.* The term is further defined in s 9 to mean the act of putting into circulation copies not previously put into circulation. Once a copy is put into circulation in New Zealand, however, it is not an infringing act to subsequently distribute or sell it.

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24 Brown & Grant, above, n 9, para 4.24.
25 Section 26(3). For typographical editions the period is 25 years.
26 Section 16.
27 Section 30.
28 Section 2.
29 Brown & Grant, above, n 9, para 4.96
30 In Fabrics v Jaytex [1982] AC 1; Brown & Grant, above, n 9, para 4.122.
This restricted act also introduces a new rental right covering:

- computer programs except in certain circumstances;
- sound recordings and films.

The effect of these new rental provisions is to make video rental a restricted act. The TRIPS agreement provided that rental was only required to be a restricted act where the "rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred ... on authors and their successors in title". There was no evidence before the Justice Department of any such widespread copying of films in New Zealand because of rental, nor did film owners such as the Motion Picture Association of America actually seek this right in New Zealand. If anything video rental has expanded their market. The rental right in respect of films is not included in Australia, Canada or the US. However, the Justice Department decided to include this on the basis that future technology developments may make it easier to copy videos in future. It seems to be a case of wanting to avoid future amendments.

There is, however, a safeguard in s 234(1)(o) which allows regulations authorizing the rental to the public of copies of specified classes of computer programs, sound recording or films without the consent of the owner of the copyright in the work. This represents a fall back position so that if there is any abuse of the rental right or it is used in an anti-competitive way then exemptions can be provided by regulations.

(c) Adaptation: computer programs

As before the making of an adaptation is a restricted act in relation to literary, dramatic and musical works only. The term "adaptation" now specifically provides in relation to computer programs:

In relation to a literary work that is a computer program includes a version of the program in which it is converted into or out of a computer language or code or into a different computer language or code otherwise than incidentally in the course of running the program.

This means that it will usually constitute infringement to adapt a program designed for one type of computer for use on another. Potentially this could cover some of the "look and feel" cases of computer software infringement.
(d) Transmitting copies by telecommunications
Section 37(2) makes it a secondary infringement to transmit a work (ie any type of work including a computer program) by means of telecommunications system knowing or having reason to believe that infringing copies of the work will be made by means of reception of the transmission in New Zealand or elsewhere. This means that the transmission of any work by computer, through a modem or tied line or by fax will be covered provided the requisite knowledge can be proved.

(e) Providing means for making infringing copies
Section 37(1) is a new provision (again drawn from the United Kingdom) which makes it an infringement to make, import, process, sell, hire or offer for sale or hire an object which is specifically designed or adapted to making copies of a work. It is a requirement that the infringer must know or have reason to believe that the object is to be used to make infringing copies. Examples of such articles would be infringing plates or master tapes.

(f) Parallel imports
In 1994 an interdepartmental subcommittee considered the ban on parallel imports contained in the 1962 Act and commissioned a study from New Zealand Institute of Economic Research. The study apparently found no conclusive evidence that the ban led to across-the-board higher prices or anti-competitive behaviour. The Ministry of Foreign Affairs and Trade was also concerned that removal of the ban could seriously change New Zealand’s trade relations with the United States. The decision was therefore to retain the ban.

The ban is now contained in ss 35 and 12. Section 35 provides that:

Copyright in a work is infringed by a person who other than pursuant to a copyright licence, imports into New Zealand otherwise than for that person’s private and domestic use, an object that is and that the person knows or has reason to believe is an infringing copy of the work.

Section 12(3) relevantly defines infringing copy as:

An object that a person imports or proposes to import into New Zealand is an infringing copy.

(a) If, had that person made the object in New Zealand, that person would have infringed the copyright in the work in question;...

Section 12(3)(a) clearly covers the parallel imports and if anything strengthens the ban against parallel imports.
Previously the wording of s 10(2) of the 1962 Act was not as clear and used the phrase "if ... the making of [the imported] article would have constituted such an infringement if the article had been made in the place into which it is so imported". In the leading case of *Barson Computers NZ Ltd v John Gilbert & Co Ltd* Prichard J held that the identity of the maker was irrelevant. The question was simply whether anybody could legitimately manufacture the imported article without the consent of the person owning, by virtue of copyright, the sole manufacturing rights in New Zealand. This interpretation in fact accorded with the Australian statute and Australian authorities which expressly refer to the maker as being the importer.

The new provision moves further towards the Australian approach and makes it clear that a parallel import is an infringing copy if, had the importer made the object in New Zealand, that person would have infringed the copyright in the work in question.

The only slight drafting oddity in relation to parallel imports is that s 35 changes the words "without the licence of the owner of the copyright" to "other than pursuant to a copyright licence". The new Act also defines "copyright licence" in s 2 as meaning "a licence to do or authorize the doing of any restricted act". Neither importing or selling falls within the definition of "restricted act". Rather these amounts to acts of secondary infringement. Technically this means that even if a exclusive distributor has been given exclusive rights to import and sell then that distributor is nonetheless still engaged in parallel importing. This is obviously a nonsense. This is unlikely to cause much problem in practice because the copyright owner in most cases is unlikely to want to sue its authorized distributor. However, this will need some legislative tidying up—perhaps by a return to the phrase "without the licence of the owner of the copyright".

(g) **Possessing or dealing with an infringing copy**

The other secondary acts of infringement have always been selling, hiring or offering for sale etc. These are now contained in s 36 and have been slightly altered by the addition of the words “in the course of a business”. This is unlikely to unduly effect the operation of the provisions.

(2) **Remedies**

Most of the provisions of the 1962 statute as to remedies have been retained albeit in more straightforward wording. One exception is conversion
damages which are no longer available. The provisions governing *additional damages* have been slightly modified. Under the 1962 Act in order to obtain additional damages it was necessary to show:

- flagrancy;
- benefit accruing to the defendant; and
- that the court was satisfied that effective relief would not otherwise be available to the plaintiff (eg through normal damages).

This last requirement is now removed—although the court is still enjoined to have regard to “all the circumstances” whatever those may relevantly be.

The ability to order delivery up is retained in the new Act but with some statutory modifications. Where an order for delivery up is made then the person holding the infringing copy or object must hold it pending the making of orders under s 134. Section 134 gives to the court power (on application) to:

- forfeit the infringing copy to the copyright owner;
- order that the infringing copy or copies be destroyed or otherwise dealt with as the court thinks fit.

In deciding what order (if any) to make the court is to have regard to whether remedies for infringement would be adequate to compensate the copyright owner and the need to ensure that no infringing copies find their way into the market in a way which might adversely affect the copyright owner. A procedure is also laid down for service of the application on persons having an interest in the infringing copy or object.

A brand new provision for New Zealand is s 130 which provides a remedy for unjustified proceedings. Where a person brings proceedings alleging an infringement of copyright a court may on the application of any person against whom the proceedings are brought:

(a) make a declaration that the bringing of proceedings was unjustified;

(b) make an order for the payment of damages for any loss suffered by the person against whom the proceedings are brought.

No relief shall be granted if the plaintiff proves that the acts in respect of which the proceedings were brought constitute or would have constituted (if they had been done) an infringement of the copyright concerned. No doubt to the relief of all solicitors and barristers, the Act makes it clear that no liability can attach to acts done in his or her professional capacity on behalf of the client. It is important to note that the right applies only where proceedings are brought not where these are merely threatened.

Finally reference is made to several new presumptions. If proceedings are

33 Specified in ss 122 and 134.
brought in relation to computer programs and copies of the program as issued to the public contain in electronic form a statement of the name of the copyright owner or the country or year the program was first issued to the public, that statement is admissible as evidence of the facts stated and is presumed to be correct until the contrary is proved. A similar presumption has been introduced for films.

III BORDER ENFORCEMENT

The third broad area for consideration concerns border protection for copyright works.

The 1962 Act contained limited border protection provisions by virtue of s 29 and the Copyright (Customs) Regulations 1963. These enabled the copyright owner of any published literary, dramatic, musical or artistic work to file a notice with Customs requesting them to treat any printed copy as a prohibited import. Both counterfeits and parallel imports were covered but the term “printed copy” introduced real restrictions. This term was narrowly interpreted by Customs—even though the term “print” had received a wider interpretation in another part of the Copyright Act in the Wham-O case.35 The narrow interpretation of printed copy by Customs led to considerable ingenuity by copyright owners in the use of copyright in labels and manuals to inhibit importation particularly parallel imports.

Under the 1962 Act the role of Customs was front line and interventionist. If an imported printed copy was covered by the notice, then Customs could seize the copy as a prohibited import.

All this has been swept away in favour of a new regime. The GATT TRIPS agreement required36 all GATT countries to implement border protection provisions for counterfeit trade mark or pirated copyright goods. (The obligations did not extend to parallel imports).

The border protection provisions required by TRIPS are now contained in Part VII of the 1994 Act and in new regulations, the Copyright (Border Protection) Regulations 1994. No longer is the border protection regime limited to printed copies of certain works. Instead the provisions are open to any owner of copyright in a literary, dramatic, musical, artistic work, typographical arrangement, sound recording or film.

In brief, there are two parts to the new regime:

(a) **Pirated copyright goods**

A copyright owner (or its agent) who fears the importation of pirated copies may file a notice with Customs in the form provided in the regulations. This notice identifies the work, the status of the author, first publication and contains a request to Customs to detain any pirated copy that is in or at any time comes into the control...
of Customs. The copyright owner must also provide a bond of $5,000 to be held in a Customs trust account. (The sum may be set at a lower or higher figure where necessary.) In addition the copyright owner must complete a security document in which it agrees to the deduction of examination or other costs from the security and to indemnify Customs against any administrative or legal costs in acting on the notice. The period of the notice is no longer than five years or the period of copyright (that will expire before the five years).37

Customs have stepped back from any enforcement of the notice in the form of permanent seizure and confiscation of any goods covered by the Notice. Customs will detain for ten working days goods which they consider may have infringed the copyright covered by the Notice. (On application supported by reasons this detention period can be extended by another ten working days.) During this ten working day period it is up to the copyright owner (or exclusive licensee) to take action against the goods and the importer through the courts. If notice of proceeding is not served on Customs within the ten working day detention period, then the goods will be released to the importer.

(b) Parallel imports

In the original 1994 Copyright Bill there was no border enforcement provision for parallel imports. However, late in the legislative process a provision was introduced as a result of lobbying. This is s 144 which comes into force on 1 April 1995.38 Where parallel imports are suspected then notice can be given by the copyright owner requesting Customs to inform the copyright owner if they become aware of the intended import of any parallel import or if any parallel import comes into their control. This appears designed to operate as an early warning system but no more. There is no right of detention given to Customs and the onus is on the notice holder to take its own action through the courts. As before, the notice remains in force for five years (or the copyright period) unless it is earlier revoked by the copyright owner or by a court in the proceedings.

Customs may charge a fee for this notice. As yet no fee or any form of notice have been approved.

IV MORAL RIGHTS

The 1994 Act creates a new category of rights known as moral rights. The introduction of moral rights was not something required by the TRIPS agreement. Rather the thinking was that because New Zealand currently adheres to the 1928 Revision of the Berne Convention39 which included moral rights, then it was proper and timely for New Zealand to provide for these.

37 Section 136(2).
38 Sections 144(5) and 1(2).
39 The effect of the 1994 Act is that (as required by TRIPS) New Zealand will be able to adhere to the 1971 Revision.
40 A Copyright Law Review Committee report of January 1988 stated (by a 5–4 majority) that it was inappropriate to introduce moral rights legislation in Australia.
Article 6 bis (1) of the Berne Convention provides for moral rights in the following terms:

Independently of the author’s economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and object to any distortion, mutilation or other modification of, or other derogatory action in relation to the said work which would be prejudicial to his honour or reputation.

The 1962 Act already had a type of moral right in s 62 which provided rights in respect of the false attribution of authorship. The 1994 Act retains and expands this right and also provides for certain new moral rights not seen before in this country.

Lest it be thought that New Zealand is some form of common law guinea pig in this regard, it should be noted that Canada has provided for moral rights in its legislation for many years. The United Kingdom introduced moral rights in its Copyright Designs and Patents Act 1988 and the New Zealand legislation heavily draws on this statute. Australia, after rejecting the proposal in 1988 and now has announced that artists moral rights protection is a government priority. The United States also has legislation (the Visual Artists Rights Act 1990) which provides for moral rights for visual artists such as painters, sculptors and photographic artists.

So what are moral rights? There are various types of moral right—as many as four. However the two key moral rights and the ones which our statute enacts are:

- the right of attribution otherwise known as the right to be identified as author or director;
- the right to integrity otherwise referred to as the right to object to derogatory treatment of a work.

These moral rights are regarded as being distinct from the economic rights arising from copyright such as the right to reproduce, issue to the public and so on. One of the contentious issues relating to moral rights is whether these should be capable of waiver or assignment. Opponents of moral rights argue that if you can waive and/or assign moral rights for money then this merely turns moral rights into economic rights and defeats the whole purpose.

In New Zealand there is no provision for assignment but the moral rights can be waived—so the risk of moral rights becoming a type of economic right does exist.

(1) **The right of attribution: the right to be identified as author or director**

The author of a literary, dramatic, musical or artistic work that is a copyright

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41 Ministerial statement from the Australian Ministers of Art and Justice, 26 August 1993. In June 1994 the Australian Attorney-General’s department released a discussion paper on how moral rights might be implemented.

42 (1) Right of attribution; (2) Right to integrity; (3) The right to divulge or disclose the work; (4) The right to withdraw, repent or retract.

43 *Moral Rights in Australia*, Justice Sheppard, Copyright Reporter Vol 11 No 2, 7, 10.

44 Section 107 1994 Act.
work\textsuperscript{45} has the right to be identified as the author.\textsuperscript{46} Equally the director of a film has a right to be identified as director. The author of a literary work or dramatic work has a right to be identified as author whenever the work is published commercially, performed in public, broadcast or included in a cable programme or where copies of a film or sound recording including the work are issued to the public.\textsuperscript{47} Similarly in respect of musical works or a literary work consisting of lyrics to be sung or spoken with music, the author has the right to be identified as author when ever the work is published commercially, copies of the sound recording are issued to the public, the film or soundtrack is shown in public or copies of the film are issued to the public.\textsuperscript{48} In the case of artistic works the right arises (inter alia) wherever the work is published commercially.\textsuperscript{49} The author of a work of architecture has the right to be identified as such on the building as constructed;\textsuperscript{50} and a director of a film has a right to be identified as director when the film is shown in public, broadcast, included in a cable programme or when copies are issued to the public.\textsuperscript{51}

The form of identification is, in short, to be clearly and reasonably prominent.\textsuperscript{52} An architect has the right to be identified on a building by appropriate means visible to persons entering or approaching the building.\textsuperscript{53}

A key aspect of this moral right is that it must be asserted. This obligation to assert the right to be identified can arise generally or in relation to any specific circumstance.\textsuperscript{54} It can be done when assigning copyright in a work by including in the assignment a statement that the author or director asserts his or her right to be identified as author or director,\textsuperscript{55} or it can be asserted at any time by an instrument in writing signed by the author or director.\textsuperscript{56}

There is a specific list of exceptions to the right to be identified.\textsuperscript{57} This is to be contrasted with the proposed Australian approach which suggests that there can only be a moral right where it is reasonable in the circumstances. The right does not apply in relation to computer programs, computer-generated works, or designs of typeface.\textsuperscript{58} Section 97 provides a further list of exceptions.

(2) **The right to object to derogatory treatment of a work**

This right is sometimes referred to as the right to integrity and is given to the author

\textsuperscript{45} As defined in s 14(1).
\textsuperscript{46} Section 94.
\textsuperscript{47} Section 94(2).
\textsuperscript{48} Section 94(4).
\textsuperscript{49} Section 94(6).
\textsuperscript{50} Section 94(7).
\textsuperscript{51} Section 94(8).
\textsuperscript{52} Section 95.
\textsuperscript{53} Section 95(1)(b).
\textsuperscript{54} Section 96.
\textsuperscript{55} Section 96(2)(a).
\textsuperscript{56} Section 96(2)(b).
\textsuperscript{57} Section 97.
\textsuperscript{58} Section 97(2).
of a literary, dramatic, musical or artistic work and the director of a film. It is a right not to have any addition to, deletion from, alteration to or adaptation of the work where this is prejudicial to the honour or reputation of the author or director. A Canadian example concerns a sculpture of geese in a shopping centre in Canada. One Christmas the owner of the centre adorned the necks of the geese with ribbons. An injunction was granted to prevent this from being done.

Again there are a number of widely worded exceptions. It does not apply to a computer program, any computer-generated work. Nor does it apply to any work made for the purposes of reporting current events.

(3) The right of false attribution

This right has been extended and includes a right not to have a literary, dramatic, musical or artistic work falsely attributed to a person as author or, in the case of an artistic work, the right not to have the work falsely represented as the unaltered work of the author if the work has been altered after the artist parted with possession.

Duration of rights and actionability

The right to be identified and the right to object to derogatory treatment of a work last until the copyright in the work expires. The right to object to false attribution expires 20 years from the end of the calendar year in which the person entitled to the right dies.

A key question in all this is what is the effect of a breach of moral rights? This is provided for in s 125. A right of action accrues to the person entitled to the moral right. In proceedings for infringement of a moral right relief by way of damages and injunction is available to the plaintiff. Where there is a breach of the right to object to derogatory treatment the court may, if it thinks it is an adequate remedy in the circumstances, grant an injunction on terms prohibiting the doing of any act unless a disclaimer is made in such terms and in such manner as may be approved by the court, dissociating the author or director from the treatment of the work.

Moral rights for performers?

The new Copyright Act confines morals rights to visual artists. Performers are excluded. Yet it can be convincingly argued that a performer who provides a memorable or role-defining performance in a play or in a television programme should have a moral right.

59 Section 98(2).
60 Other than a translation of a literary or dramatic work; or an arrangement or transcription of a musical work involving no more than a change of key or register: s 98(1).
61 Cited by Sheppard, above, n 43, p8.
62 Sections 100 and 101.
63 Section 100(1).
64 Section 100(4).
65 Section 102(2).
66 Section 104(1).
67 Section 106(1).
68 Section 106(2).
69 Section 125(2).
70 Section 125(3).
to prevent a derogatory treatment of that performance.\textsuperscript{71} Such derogatory treatment can include the overdubbing of another's voice, out-takes being used out of context, the lifting of a performance for use in another work or doubles being used without the artist's consent.

\section{Performers' Rights}

Until now the New Zealand copyright legislation offered no protection for performers. If a "bootleg" or unauthorized recording of a singer or performer was made there was little of anything that the singer or performer could do to prevent this being commercialized in New Zealand. There were possible remedies under the Fair Trading Act 1986 if the bootleg recording was promoted as an authorized performance\textsuperscript{72} but if the recording was unashamedly promoted as a bootleg recording then few options were available.

It is beyond the scope of this paper to describe performers' rights in detail. It is sufficient to say that rights are now given to performers such as singers, actors and variety artists in the case of live performances in New Zealand or in other Convention countries or where the live performance is given by a person who is a citizen, domiciled or resident in New Zealand or in a Convention country. The rights are given not just to the performing artist but also to record companies with artists under exclusive recording contracts.

It is now a breach of the performer's right to make a recording of the whole or any substantial part of a performance or to broadcast this live or to include it in the cable programme. So if the New Zealand opera star Kiri Te Kanawa (as a New Zealand citizen) in the course of one of her periodic visits to New Zealand gave a concert in Auckland, it would be infringement of her rights for anyone such as the promoter to make a recording of her concert for commercial purposes without her consent.\textsuperscript{73} Such a recording is known as an illicit recording.\textsuperscript{74} It would also infringe Kiri Te Kanawa's rights if anyone showed in public or played in public or broadcast the illicit recording if that person had reason to believe it was an illicit recording.\textsuperscript{75}

Kiri Te Kanawa could also pursue anyone who copied (with knowledge) an illicit recording for a commercial purpose.\textsuperscript{76} If the illicit recording was made in (for example) the United Kingdom then Kiri Te Kanawa would also have rights against any person who (amongst other things) imported, sold or offered for sale the illicit recording with knowledge.\textsuperscript{77}

The remedies vest not only in the performer but also in any company having an exclusive recording right to her performance.\textsuperscript{78} Where infringement is shown the court has the power to grant Kiri Te Kanawa injunctive relief, damages or even additional damages.\textsuperscript{79}

\textsuperscript{71} Moral Rights for Performers, Steer, Copyright Reporter, July 1994, Vol 12 No.1 19,21.
\textsuperscript{72} Sections 9 and 13(3) of the Fair Trading Act 1986.
\textsuperscript{73} Section 171.
\textsuperscript{74} Section 169.
\textsuperscript{75} Section 172.
\textsuperscript{76} Section 173.
\textsuperscript{77} Section 174.
\textsuperscript{78} Sections 169 and 196(2).
\textsuperscript{79} Section 196(3) and (4).
Delivery up can also be granted. The performers’ rights exist for 50 years from the end of the calendar year in which the performance takes place. Performers’ rights are not assignable but can be transmitted on death by testamentary disposition.

The statute also provides criminal penalties for making, dealing with, using or copying illicit recordings where the person knows it is an illicit recording such penalties include fines of a maximum of $5000 for every illicit recording up to a maximum of $50,000 for the same transaction or to imprisonment for a maximum of three months. Delivery up can be ordered as well as reparation in appropriate cases.

There are exceptions covering fair dealing for the purposes of criticism or review and news reporting, applying or showing sound recordings in educational establishments and the recording of Parliamentary or judicial proceedings.

80 Section 197.
81 Section 193.
82 Section 194.
83 Section 198.
84 Section 198.
85 Sections 199 and 202.
86 Section 198(5).
Copyright—Publishers and Authors: Consideration of Authors’ and Publishers’ Rights, Photocopying and Reprographic Rights

Gordon McLauchlan
President, Society of Authors

Most of the furore over the Copyright Bill as it was introduced into Parliament was focused on the educational copying provisions and the loudest opposition came from authors.

Let me first try to give you a broad estimate of the value of copyright in New Zealand.

In 1976, I wrote a book called The Passionless People which most New Zealanders seemed to take more seriously than I did.

Not long before, I had embarked on the precarious career of freelance journalism, and the immediate success of The Passionless People led me to anticipate riches from royalties.

But when it was all over, I realized that, in New Zealand, writing books is a mug’s game. The Passionless People sold 5000 in hard covers and near enough to 20,000 in paperback—all in less than a year. That is a very big sale in New Zealand.

Proportionately, in the United States or Britain, such a best seller would have bought me at least a couple of years to write other books, and the consequent fame would have brought me fees from highly paid journalism.

However, my earnings were about the equivalent of half the annual income of a senior journalist. I think I used it to put a new roof on my house.

I soon found I could earn much more as a public relations practitioner, but I still write books, and it’s still a mug’s game. I survive by supplementing my income from other sources.

So what’s copyright worth in New Zealand?

If you write footie books you may hugely boost the income you get from your day job. They require limited research, a pumped up controversy or two, and not too much subtlety, please.

If you write educational or technical books of the sort that fit into school curricula, then you may become quite well off.

If you write quality children’s fiction—and we have some brilliant practitioners of this genre, including the amazing Margaret Mahy—then you may earn as much as middle management, maybe even more.
If you write serious non-fiction as, say, Michael King does, and you work desperately hard, and find some way to supplement your income that doesn’t obtrude into your real work too much, then you may get by.

New Zealand is rich in books on history and biography. I fact, I think we probably have as well documented a history as any country in the world. And very few people have made much money from documenting it.

If you write adult fiction, you certainly shouldn’t give up your day job. Janet Frame and Maurice Gee, among many others, have proved that no matter how good you are, no matter how internationally respected, you can’t do the hard graft that writing fiction of this quality demands without some financial support, especially at the beginning.

The lucky ones do their writing on university salaries.

Very, very few people in New Zealand get rich from writing. Even the most able and prolific make the sort of money businessmen would snort at contemptuously.

So anything that protects New Zealand writers from the unreasonable exploitation of their work is important to both writers and their future and to publishers and their ability to flourish.

The licensing system now being set up to charge educational institutions for use of copyright material can be expected—if the experience of other countries recurs here—to boost the income of publishers and authors, and especially the authors of technical works and textbooks.

I wasn’t surprised when, a few weeks ago, I read in newspapers and watched on television the celebration of those men who invented a method of placing commercials on the steps of escalators.

Personally, my adulation was muted, my gratitude for their gift to the nation totally under control—despite all the media coverage.

I tried, God knows I tried, to feel as good as everyone else seemed to about the invention of yet another form of media to carry commercials. I failed.

The lesson is: if you’re torn between developing a flawless writing style and inventing a better mouse trap—go for the mouse trap if worldly riches are your ambition.

But I don’t want you to think I take an uncritical view of writers and their books and believe their contents are always essentially important and valuable to our society. I would guess that 80 per cent of the contents of the big bookshop chains at any given moment could be disposed of without the life of the mind suffering in any way.

Sir Arthur Quiller-Couch, an English academic and writer, once wrote that the tragedy of the burning of the great library at Alexandria in 47 BC was not the act itself but that the incendiaries had neither the time nor the taste to discriminate.

However, some of us are, quite irrationally, writers by vocation. It’s very fortunate for
New Zealand society and culture that the urge to write is something that burns inside some people until it escapes, regardless of reward.

**Copyright ownership**

New Zealand law, for a long time, acknowledged copyright as a property vested at first in the journalist or author who could then license a newspaper, magazine or book publisher to use it.

Newspaper journalists and owners here inherited the ramifications of Britain’s Literary Copyright Act of 1842 which gave journalists some control over the use of their work even when they were salaried by the publisher. The employer was deemed to have bought with the journalist’s pay packet only publication rights.

British law changed in 1988 transferring copyright ownership from the employee journalist to the newspaper or magazine owner.

New Zealand law made the same change last year in the 1994 Act.

Where articles are commissioned from freelance journalists, the journalists retain copyright.

Before the select committee last year, the journalists’ union claimed the reason newspaper owners wanted copyright was to sell articles again from an electronic data base; and I’m sure they were absolutely right.

Now I think one should be circumspect about completely reversing a law based on such a principle, especially when it seems to have worked well enough for 150 years.

But journalists had a difficult task trying to defend the status quo for newspaper and magazine employees because other media had adopted the principle that because employers provided staff with all the equipment and expenditure to research and write a story, the story belonged to that employer. I know I wouldn’t have liked to argue their case.

I’m not taking the side of the employer here because I’m a freelancer careless of the interests of employed journalists. The fact is I found myself in a position similar to theirs over a book. A publisher provided substantial financial backing and support systems for me when I wrote and edited a reference work and I agreed it was reasonable that we should share ownership of the copyright.

I decided that if I was paid to do something it was fair to compromise my copyright. So, as I say, I’m glad I didn’t have to argue the journalists’ case.

But my situation was very rare in the world of book publishing. The normal situation is the author writes the book, holds the copyright and gives publication rights to the publisher. The preservation of this copyright and the protection of the writer and publisher against the abuse of multiple-copying was a case I was only too prepared to argue.

**The photocopying state publishing houses**

Educators hate me using the word, but the fact is educational institutions were plundering
the works of authors through these substantial photocopying centres that had become the 
equivalent of state-owned publishing houses. Multi-copies of substantial passages of 
protected works were freely available for students.

Five universities voluntarily signed licensing agreements in 1994. This seemed to 
indicate they felt guilty and wanted to exorcize that guilt.

Their attitude during the debate over the 1994 Copyright Bill, however, suggested their 
guilt could easily be assuaged by the law if it gave them permission to make multiple 
copies of up to ten per cent of protected works without payment. That was what they 
lobbied furiously for at the end.

The Bill sought to allow educational institutions virtually carte blanche. It was all a bit 
sinister. Educators, probably educational bureaucrats, had tried to put a fast one across 
authors and publishers.

School book grants were coming down. Here was a chance to get texts cheaply. Authors 
and publishers could be forced to subsidise education.

When authors opposed the Bill's educational reprographic copying provisions, the 
Minister of Justice said in his reply that the taxpayer could not afford to pay the costs of 
copyright licensing for educational books to either New Zealand or foreign copyright 
owners.

We pointed out that authors were affronted that they alone should be forced by law to 
subsidise education. In fact, they were so affronted that of the 280 submissions to the 
select committee on the Bill, about 180 were about educational copying, a huge 
proportion of them from writers.

The Minister of Justice, with good humour in the end, acknowledged that if writers can 
do anything it is compose stylish invective.

In our submissions, the Society of Authors envisaged this:

An English teacher with a class of 30 students studying the New Zealand short story goes 
to a library, borrows a number of anthologies, reproduces 30 times his own anthology and 
distributes the stapled book to his class. Maybe he collects them back at the end of the 
course for future use. Science and business teachers could do the same with excerpts from 
specialist books.

What happens is the manufacturers and retailers of the photocopying machine, the paper, 
the ink and even the staples are paid in full; as is the teacher or any other person involved 
in the process. The only people not paid are those who made it all possible in the first 
place—authors. And the business of publishers is being destroyed.

As a consequence, publishers may then decide not to publish new anthologies or other 
textbooks because students don't need to buy them any more.

And students will have a casual attitude towards the value of intellectual property, and 
consider they have the right to steal it.
The universities wanted to be able to copy up to ten per cent. The publishers and the authors wanted a maximum of one per cent—as they have in Britain and Australia—to force educational institutions to negotiate licence fees with copyright holders if they wanted to use their photocopiers to produce texts. Half the licence fee, by the way, goes half to publishers and half to authors. Although authors own copyright, publishers suffer equally when work is purloined.

What the government came up with is a pointless compromise: educational institutions may make multiple copies of up to three per cent from any one work not more than once a fortnight—after a phasing in period of two years.

We think three per cent is probably low enough to force all primary schools, colleges and polytechnics to apply for licences and thus pay for what they take as class sets.

But we’re not absolutely sure. We won’t know until schools have worked out whether or not they can make do with class sets compiled within the confines of three per cent once a fortnight. If they don’t come forward to negotiate licensing arrangements, then we will know we have a problem.

The executive secretary of the British Authors Licensing and Collecting Society told me she has grave reservations about the provisions. In Britain and Australia, they have one per cent maximums.

And believe me, foreign writers and publishers are professionally interested in what happens here. We enlisted the aid of writers in Australia and Britain because if educational institutions here are allowed more than the British and Australians think is fair, their writers stand to suffer. You see, there’s an international agreement that means we pay each other’s writers when work is taken under the licensing scheme.

I think the support we got from foreign writers was a factor in making the government back off the ten per cent. At least one Australian writer said he would have an embargo on sale of his books in New Zealand written into his contract if the original provisions of the Bill were allowed to stand.

I say the compromise was pointless because if licensing was favoured, then the amount should be a maximum of one per cent over, say, two or three months, bringing it roughly into line with other like countries. In making it a maximum of three per cent they just may have created a problem for the future. Why did they do it?

I’m also bemused by the unnecessary complications caused by the use of terms like “pages”. You can multiple-copy up to three per cent of a work or three pages, whichever is the greater; except where it is the whole of a work when you may multiple-copy up to half of it.

Is there a standard metric page? Are all books the same? May pages be large or small and covered with large or small type?

Why should someone be able to multiple-copy up to half a full poem just because it’s shorter than five pages? I think poets are entitled to be dismayed.
Why not just three per cent of anything or, better still, one per cent? I think simplicity often disturbs MPs, just as a spare and simple sentence will often terrify amateur writers into adjectives.

Will the Act protect licences? Ask us in two years.

**Fair dealing**

Publishers and authors also wanted some definition in the Act of “fair dealing” when copyright material is used for commentaries and reviews, etcetera. The government decided in the end to make it subject to the courts which really liberalizes use because you don’t have to be very smart to know that authors haven’t the resources to go to court, and publishers aren’t as wealthy as some people seem to think either.

I got the feeling the problem of “fair dealing” was too hard.

All of us, MPs as much as anyone, worked very hard to get satisfactory legislation but the odds were against us all because everything was hurried. Many of the groups affected just didn’t have the knowledge or the resources to apply themselves to the issues.

This is a huge, complex Act and everything was done at the double. Quite early the publishers and authors virtually had to abandon “fair dealing” and concentrate on the more damaging aspects of the original Bill.

It made me wonder again if New Zealand is big enough to be a sovereign state in the modern world. In Britain and even in Australia, there are more MPs and more specialists with more time and resources to apply to the special national problems of this kind of legislation. Here, we cut and sutured British law and hoped it would keep good health out here in this country.

**The property right**

One major problem copyright holders face is the public’s difficulty in understanding it as a form of property—and, consequently, respecting it.

During the last week before the 1994 Copyright Act was passed the universities and the Foundation for the Blind did last-ditch lobbying for changes to be made in their favour.

The universities wanted the ten per cent for educational copying and failed, I’m happy to say.

The Foundation for the Blind succeeded, even though their moral arrogance was extraordinary, and their understanding of copyright ownership negligible. One of their members, before the argument had been joined, said no moral answer was possible against their point of view.

They now have the legal right to take any work of copyright, turn it into a braille book or talking book and then simply notify the copyright owner the deed is done. I don’t know how, say, P D James, will react if one day she receives advice that the Foundation for the Blind in New Zealand has legally recorded her work without permission or payment.
The Foundation insisted that getting permission took too long. Publishers and the Society of Authors countered with a proposition to set up an organization to facilitate clearance, perhaps within Copyright Licensing Ltd.

The Foundation said permission was sometimes not given. We said we knew of only one case. They said they knew of many. We discovered permission had been sometimes turned down by publishers because they didn’t have the rights to give.

All authors wanted was the right to control use of their copyright for two reasons:

1) To emphasize that it is property, even if we’re giving it away.

2) Because we could foresee some danger in the existence of a commercial audio-books industry.

But what interested me was the inability of the Foundation spokesperson to grasp the principle of copyright as a form of property. He told me they saw it as a matter of access. They wanted access to copyright in the same way the disabled had gained access ramps to public buildings at public expense.

I tried the analogy of a law providing handicapped people with the right to enter any library via the access ramp and then steal books because it took too long to queue up at the counter. I asked if the Foundation should have the right to simply take the talking-books technology and tapes without getting permission. The spokesperson could not understand.

Frankly, authors aren’t too fussed about the blanket right to translate books into braille or to record talking books, but the episode does illustrate a wide public misconception of intellectual property.

During the public controversy over the Bill, a surprising number of academics argued against tight licensing restrictions in the name of the free flow of information, and because students are hard up. Theirs was a for-the-greater-good argument. Some of them could not be made to understand how theft of existing works would inevitably, seriously damage the writing and publishing industry.

A professor of higher education at Boston College, in the US, recently wrote a proselytizing piece in *The Bookseller* on how the copyright restrictions imposed under GATT mitigated against the development of Third World countries who couldn’t afford to buy books:

> The fact is, that most of the world’s knowledge is produced in a few industrialized nations and the products of that knowledge—including books, journals, and the new technologies of computer programmes and CD ROM discs—are manufactured in these same countries.

His advocacies will horrify authors. He writes:

> ...while it may be justified to insist on commercial terms for Nintendo games, some flexibility for scientific materials and the like is appropriate. The owners of
knowledge must modify their profit-orientated approach to certain segments of the knowledge industry.

Nowhere does he suggest computer manufacturers or software designers should modify their profit-orientated approach in the interests of Third World development.

On the other hand, journalists, in their submissions to the Parliamentary select committee, likened the transfer of copyright from employees to employers to the confiscation of land under the old Public Works Act.

Some of our Society of Authors members insist copyright as property is as absolute as the ownership of a home or chattels, and during the controversy over the Bill many summoned up the most extravagant indignation, comparing the multiple copying of their work with stealing manufacturers' products or farmers' crops.

It is a point of view and for the purposes of lobbying, we let those extravagances resound.

But it's not quite that simple. I believe authors and publishers have a moral obligation to provide ready access to their work in the interests of the spread of knowledge and the intellectual growth of our country. But then every author I know agrees deep down with this. All they want is a fair price that will help them do what they do best—which is write and publish.

All the writers I know want to communicate. They also want to inform, to persuade, possibly to move, to enthral others. They crave readers. They don't want to stop access, and nor should they.

And publishers by their very nature provide that access and want to continue to do so.

There is no copyright on facts or ideas, only on the individual, artistic expression of them; so generally the advance of facts will go on regardless. We know that people make copies of our work for the purposes of individual study or pleasure. I do that myself. I don't know how people get by without a copying machine.

Writers have already accepted a modification of their ownership. In the days before the fast, efficient photocopier, those who wanted to use quite brief excerpts from a book for public use were obliged to get permission from copyright holders or their representatives.

One of my first jobs with the New Zealand Broadcasting Service Talks Department in the 1950s involved writing dozens of letters a week to publishers around the world to get permission to use quotations in programmes.

[Those were the days when they made radio programmes; whereas today they simply answer the phone.]

Nowadays, both publishers and authors are happy for multiple-copying of agreed amounts of their work without permission—as long as they receive fair payment for it.

Even some non-professional writers are confused to the edge of paranoia at the moment. The following is the "All Rights Reserved" paragraph at the top of a manuscript for a book by a group of New Zealand scientists that I'm editing:
I wondered when I read this if I shouldn’t edit it at night under the blankets with a torch.

I think authors and publishers, perhaps in association with other, similar organizations, need to embark on a long-term educational programme to change the perception of intellectual property among the public.

**The licensing organization**

One confused issue that came to a head during the campaign against the unfair provisions for multiple-copying in the original Bill is the structure of, and representation on, copyright licensing organizations.

Publishers and authors tried to present a united front because their interests concerning the Bill pretty well overlapped. But there was an underlying tension.

The Society of Authors supported the principle of licensing but wanted a limit of ten per cent of a work even in any licensing arrangement because they had no representation on CLL (Copyright Licensing Ltd) and thus were unable to influence licensing negotiations.

The publishers wanted freedom for CLL to negotiate any arrangements it thought appropriate. Authors then conceded this in the interests of unity during the campaign on the Bill, but it was then we decided CLL should be an equal partnership.

CLL was established a few years ago by the Book Publisher’s Association of New Zealand in the wake of similar organizations set up in Britain and Australia.

In both those countries, and in almost every other Western nation, authors and publishers have equal representation in the copyright licensing organizations.

In New Zealand, the authors lacked time and resources—and perhaps, in the beginning, the foresight as well—to get involved with the setting up of CLL; so it became a wholly owned subsidiary of the publishers’ association.

Publishers know their industry well but, in my experience as president of the NZ Society of Authors, once they move out into the arena of public issues, they are, to be quite frank, unworldly. And for historical reasons they deeply patronize writers.

Let me explain. Authors almost always hold copyright and license publishers to produce, distribute and sell their books.

Above all else, authors want to have work in print.

Publishers, on the other hand, must make a profit to survive.

Negotiations on contracts that give publishers the right to publish are almost always
loaded in favour of the publisher because authors in almost every case want their books in print, more than publishers need to accept them.

Thus, authors have often adopted the posture of supplicants, and publishers have responded accordingly.

Make no mistake, publishers love books too and there’s a long tradition in the industry of taking risks with good books. One of the reasons is altruistic—publishers like producing quality. Another is they may see in an author the prospect of profits from future books, and of prestige from being the publisher of a particular author they may think will become much admired.

This tradition among publishers is fading fast as the Rupert Murdochs of the world have moved into publishing, unconcerned with the quality of their authors’ prose but enraptured by carefully written, lavishly illustrated annual reports. Nevertheless, publishers have contributed hugely over the years to the growth of a national literature in this country, and I’m sure will continue to do so.

Until recent years, contracts were fairly standard. The author got his fair cut and most of them were happy, except insofar as slagging publishers at parties is a bit of an author’s sport.

Then along came heavy retail discounting and the end of the recommended retail price; and the evolution of a bookselling chain whose volume of sales makes it so powerful some publishers feel the need to consult it on whether to publish and how many to print. This chain virtually decides the retail price.

The pressure therefore goes onto the publishers who then move some of it on to the authors—perhaps to accept royalties not on retail prices but on publishers’ returns.

All these things have increased suspicions and tensions between authors and publishers. This made the CLL negotiations difficult.

At first we met the most intractable opposition to any representation at all. Those associated with the BPANZ and CLL justifiably felt paternalistic towards the organization for which they had done the set-up work and paid the set-up costs. They insisted writers were represented by their nominees.

But gradually, we’ve come together and I think there’s a broad understanding now that if half the licensing proceeds belong to authors, then authors should have equal rights to direct representation on the negotiating body.

What helped us is pressure has been put on licensing organizations by the government in the Copyright Act which provides for regulations, if necessary, to examine and restructure the constitutions, representation and financial disclosure of licensing bodies.

Also, the Copyright Council recently formed a sub-committee to establish principles of fair representation for all sectors in the music, performing arts, sound recordings and literary industries.
I believe this issue will soon be resolved to everyone’s satisfaction.

The future

The new Copyright Act may be in place, but I predict many difficulties ahead for copyright holders over the next few years because of the pace of technological change. Britain’s Authors’ Licensing and Collecting Society has established a legal fund as it approaches the problems not so much of photocopying but of electronic rights and electrocopying by print scanners. New Zealand copyright holders will have to make decisions on how they assign special rights as the technology changes and various forms of publishing proliferate.

Many people around the world are predicting the death of the book. Most of us are shaking our heads, and I believe that narrative will exist on paper for a long time to come. But I understand that more reference books in the world were published on CD ROM last year than in book form and who would predict future technology?

The problem for copyright holders will be marshalling the resources for research and legal advice to advance with confidence into the future. At the moment the Society of Authors has little more than enough money to meet administrative costs.

But in the meantime, over and above any problems we may have with the law, I think the most important duty of all intellectual property owners is to develop a continuing campaign to make the public aware that what they own is a kind of property.

RESPONSE

Grant Wills of the New Zealand Vice-Chancellors’ Standing Committee on Copyright was at the seminar but time constraints prevented him from speaking.

As a person integrally involved in presenting the University’s position on copyright legislation, he has commented upon two aspects of this paper as follows:

“A. McIlwraith’s assertion on page 34 that:
“Five universities voluntarily signed licensing agreements in 1994. This seemed to indicate they felt guilty and wanted to exorcise that guilt”
is not accepted as being a fair assessment of what occurred.
The Universities concerned entered into negotiations with copyright owners in 1990, not out of a sense of guilt, but as a means of addressing by a licence the competing claims of copyright owners and copyright users. Universities were well aware of the need for appropriate licensing arrangements.

B. Mr McLauchlan, on pages 34, 35 and 36, contends that Universities sought the right to make multiple copies of up to ten per cent of a work without payment. That assertion does not reflect the Universities position. Being both producers and users of copyright materials, the Universities argued for legislative provisions to balance the competing rights. They were opposed to a flat fixed percentage (10% or otherwise) on the grounds that this would create inequities depending on the types of copyright materials used. They also noted that fixed percentages would add to copyright licence compliance costs.”
Broadcasters and the Copyright Act 1994

Jim Thomson
Office Solicitor, Television New Zealand Ltd

For broadcasters, copyright and the protection of intellectual property are obviously matters of considerable importance. Broadcasters are amongst the largest disseminators of copyright works; they also produce works which are the subject of copyright protection. It is for this reason that broadcasters must be fully awake to the nuances of copyright law and active in the protection of their own copyright works. In 1993 TVNZ successfully brought proceedings against a company which breached its copyright by selling transcripts of its programmes. *(TVNZ Ltd v Newsmonitor Services Ltd).* Although there were commercial implications, it was equally important, as a matter of principle, to be seen to be protecting TVNZ’s copyright material.

In this context, the clauses of the Copyright Bill provided concerns and challenges for broadcasters, both as creators and users of copyright material. The Department of Justice and the Ministry of Commerce were galvanized into legislative action by the GATT (Uruguay Round) and particularly the requirement to comply with the Agreement on Trade-Related Aspects of Intellectual Property Rights ("the Agreement on TRIPS"). The speed with which the new legislation was introduced was disconcerting, given the complexity of the issues to be considered.

At the time of the draft Bill, TVNZ expressed reservations about the intention to enact legislation by 1st January 1995, particularly in view of the formation of the Copyright Convergence Group in Australia. TVNZ’s concern was that there could be a divergence between the copyright laws of the two countries and cited the Intergovernmental Memorandum of Understanding on Business Law Harmonization, which committed both countries to an examination of the scope of the harmonization of business laws and regulatory practices in a number of areas, including copyright law. We are not yet in a position to discover the extent or otherwise of this harmonization. Australia has been left behind in the legislative race and the final shape of its copyright law is still to be determined. However, the decision of the New Zealand legislature—to essentially copy the provisions of the United Kingdom Copyright Designs and Patents Act—was probably the most practical course of action in the circumstances. Of course there are differences in local conditions between New Zealand and the United Kingdom and in some cases this has lead to anomalies.

**Cable operators**

The areas of copyright most hotly debated by broadcasters recently have been the provisions relating to cable operators. The 1962 Copyright Act, itself a copy of the 1956 United Kingdom Act, provided that cable companies could simultaneously transmit

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1. *[1994] 2 NZLR 91.*
broadcast signals without payment for the broadcast or any of the underlying rights contained in the broadcast. This situation arose because traditionally in the United Kingdom cable operators had been simply retransmitters of broadcast signals to areas where the signal quality of broadcasts was inadequate. The Copyright Bill contained similar terms. However the 1994 Act does not permit the simultaneous transmission by cable of satellite or encrypted transmissions or of broadcasts made from outside New Zealand. Neither does it permit the retransmission of broadcast signals by cable operators "if and to the extent" that a licensing scheme is in place. The scheme must authorize both the reception and immediate transmission of the broadcast and any work included in the broadcast. The practical effect of this is that in terms of television, TVNZ and TV3 can give licences only where they are in a position to licence a transmission of any work included in the broadcast as well as the rebroadcast of the broadcast itself. To the extent that the television broadcaster does not have a right to authorize the retransmission of the underlying works in the broadcast—the scripts, the music, the performances and so on—the broadcaster cannot grant a licence and therefore the cable operator can take the signal without payment. If the cable operator is dissatisfied with the terms of the licence—most obviously, of course, the costs involved—the matter may be referred to the Copyright Tribunal. Section 166 provides that, in considering what charges, if any, should be paid for such licences, the Tribunal shall have regard to the extent to which the copyright owner has already received payment from the broadcaster in respect of the transmission. This is expressed to apply only where the cable transmission is to the same geographical area as the broadcast transmission, which is the case at present for most television transmissions in New Zealand.

It is TVNZ’s view that this latter provision is contrary to the provisions of the Berne Convention, to which New Zealand is a signatory. Article 11 bis (1)(ii) provides that the author of a copyright work has the exclusive right to authorize “any communication of the work” to the public by wire or by the rebroadcasting of the broadcast of the work. Clearly this does not apply to the broadcast itself, which is not protected by the Berne Convention, but it does apply to the authors of the underlying works in the broadcast. As well as contravening Berne, the provisions of s 166 are at odds with any philosophy of the free market, and, for that matter, basic equity. Further, cable diffusion is a different mode of transmission from broadcast, and copyright law has traditionally recognized that different uses of a copyright work should be the subject of separate licences and should be paid for separately and distinctly.

This was recognized by the Australian Copyright Convergence Group, which, referring to a similar Australian provision, stated in its publication, “Highways to Change: Copyright in the New Communications Environment”:

This exemption for cable operators was included in the Act at a time when the use of cable technology to originate services was not contemplated. The provision was intended to augment reception in areas where signal quality was inadequate. The only use contemplated for cable systems was to simultaneously retransmit radiated broadcasts in such areas.

Section 88.
The appropriateness of this provision is now questionable. The availability of optic fibre, compression techniques and the development of cable-originated services, alter the environment for copyright owners and users, and necessitate a re-examination of the justification for the section. The effect of section 199(4) is that copyright owners have no choice as to whether to allow cable service operators to use their material in a commercial manner. Furthermore, there is no obligation to pay either broadcasters or other copyright owners in respect of such use.

Moral rights

A major new concept for New Zealand copyright law introduced by the 1994 Act is that of moral rights, which are, however, far less extensive than those granted in European jurisdictions. For the purposes of the Act “moral rights” consist of the “right of attribution”, or the right to be identified as the author of a literary, dramatic, musical or artistic work, or as the director of a film; and the “right of integrity”—the right to object to the derogatory treatment of a work. Treatment of a work is derogatory if “whether by distortion or mutilation of the work or otherwise, the treatment is prejudicial to the honour or reputation of the author or director”. In terms of the right to be identified, there are a number of exceptions for broadcasters. The most important of these are where the copyright in the work first vests in the director’s employer, where a work is copied incidentally, and where a work is used for criticism or review or news reporting.3 At the time of the appearance of the Bill TVNZ was concerned that, technically, a television commercial was a film, and therefore attribution would have to be given to the directors of all television commercials. TVNZ was also concerned about the possibility of having to identify the director where parts of the film appeared incidentally in another film and where a minor part of a film was broadcast on television. These have appeared in the Act as exceptions to the right to be identified.4 Another requirement for the subsistence of the right to be identified is that the author or director “assert” this right, either at the time of assignment or by instrument in writing.5

The exceptions to the right to object to the derogatory treatment of a film include where a film is made for the purpose of reporting current events, and where there is compliance with a duty imposed by s 4 of the Broadcasting Act 1989. These duties relate to the responsibility of broadcasters for programme standards, including the observance of good taste and decency, the maintenance of law and order and the privacy of the individual. The right is not infringed by any act done for the purpose of avoiding the commission of an offence or of complying with a duty imposed by or under any enactment.6 TVNZ was also concerned with the necessity to sometimes make cuts in films and television programmes in order to accommodate commercial breaks, a practice that does not always find favour with viewers. The Ministry of Justice accepted TVNZ’s submissions in this regard and consequently the Act provides7 that the right to object to the derogatory treatment of a film is not infringed where a broadcaster is obliged to fit the film into the time scheduled to show it, to comply with guidelines as to the

3 Section 97.
4 Section 97(8)(a), (b).
5 Section 96.
6 Section 101.
7 Section 101(6).
that may be shown in particular time periods, to transmit the film in separate parts because of its length, or to use a clip of a film in an advertisement for the showing of that film.

A further difference between the provisions of the Copyright Act relating to moral rights and the European model upon which they are loosely based is that it is possible under s 107 for any person to waive these rights by instrument in writing. In some cases it will be essential for broadcasters to obtain these waivers. An obvious example is where it is intended that the work form part of a multimedia programme in which excerpts from all sorts of different works, for example films, scripts, music and photographs can be accessed at different times and in different combinations by the operator.

Transcription companies

There have been some changes to the law relating to the sale of transcripts of television programmes by transcription companies, which are referred to in the Act as “media monitors”. Section 91 provides for a compulsory licence in favour of media monitors on payment to the copyright owner of “an equitable remuneration”. The section then provides that this does not apply “if or to the extent that licences authorizing the making of transcripts are available under a licensing scheme and the person making that recording knew that fact”. The new provisions have not made any practical difference to the position of broadcasters with respect to transcript companies - there has never been opposition to the granting of licences to such companies in consideration of the payment of royalties.

The new legislation in respect of media monitors has, however, eliminated a provision in the 1962 Act which allowed any “servant or agent” of the Crown to make copies of a work used within a government department, free of charge, so long as no more than twelve copies were reproduced in any period of twelve months. This provision, it could have been argued, gave transcription companies carte blanche to provide transcripts to government departments without payment to broadcasters.

Fair dealing and incidental copying

The fair dealing provisions of copyright legislation have always been important to the media. For practical purposes, these provisions remain essentially the same as under the 1962 Act. However, the ability to use artistic works, including photographs, has been restricted by the new Act. Section 20(3) of the Copyright Act 1982 provided that the copyright in an artistic work — which included a photograph — was not infringed by the inclusion of the work in a film or a television broadcast, “if its inclusion therein is only by way of background or is otherwise incidental to the principal matters represented or is for the purpose of reporting current events.” The words, “or is for the purpose of reporting current events” were added by the New Zealand draftsman to a similar section of the 1956 United Kingdom Act, and had the effect of allowing the use of a photograph generally for the purpose of reporting current events by film or television, whether such use constituted fair dealing or not.

Section 42(2) of the 1994 Act provides that fair dealing with a work for the purpose of reporting current events by means of a sound recording, film, broadcast or cable programme does not infringe copyright in the work. This section is broader than the United Kingdom legislation, which, as a result of the photographer’s lobby, excludes
photographs from the fair dealing provisions for these purposes. However, the distinction may be meaningless as it is difficult to see how one can use a photograph in such a way as to constitute “fair dealing” within the meaning that that term has come to have.

The incidental copying provisions of the 1962 Act, which permitted the incidental inclusion of an artistic work in a film or television broadcast, have been widened to include all works. The ambit of the exception is further widened by the elevation to the status of “works” of sound recordings, films and broadcasts from their previous rather dismissive categorization as “other subject matter”. It will now be permissible without clearance to show in a television production a character watching a film or listening to a sound recording.

An interesting application of the provisions of the United Kingdom equivalent of s 42 was the use by British Satellite Broadcasting Ltd of excerpts taken from BBC live broadcasts of goal scoring or near misses in World Cup matches. The excerpts varied in duration from four to 37 seconds, were taken from ten matches, and were each broadcast up to four times over a period of about three weeks. The Court held that as the matches were current events “albeit confined to news of a sporting character” and no more had been taken by Satellite Broadcasting than was reasonably necessary for a television news report, the defence of fair dealing was made out. The BBC accepted this finding with some ill grace, attributing Justice Scott’s decision, as they expressed it, to: “a doctrinal factor—namely a ‘Thatcherite’ or free market approach to competition.”

**Satellite broadcasts**

An area in which new technology has called for the extension of copyright laws is that of satellite broadcasting. By way of background, there are two major forms which this may take. First, a fixed satellite service (“FSS”) uses relatively low-powered communication satellites and transmits signals which are picked up by a large receiving dish and rebroadcast from there to home viewers. Direct broadcast satellites (“DBS”) provide direct-to-home services by transmitting signals sufficiently strong to be received by small domestic dishes. These are the satellites that cause such consternation to the governments of countries which would prefer that their citizens do not receive news from abroad. Currently there are laws in several countries providing for the dismantling of all DBS dishes, and understandably so. Rupert Murdoch has described this technology as posing “an unambiguous threat to totalitarian regimes everywhere”. The definition in the Act of a “broadcast” clearly includes a satellite broadcast as a “transmission of a programme by wireless communication capable of being lawfully received in New Zealand or elsewhere by members of the public, or for presentation to members of the public in New Zealand or elsewhere”. The reference to “presentation to members of the public” envisages transmissions that are not directly available to the public, but are presented to public audiences in particular venues, for example relays of sporting events or concerts to a stadium or theatre where at least part of a chain of transmission is by wireless communication. Section 20 provides that a broadcast qualifies for copyright protection if it is

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8 Section 20(3) of the 1962 Act.
9 Section 41(1)(a) of the 1994 Act.
made from a place in New Zealand or a prescribed foreign country, namely any country which is a member of an international copyright convention to which New Zealand is also a member, or a country to which the provisions of the Copyright Act have been extended by Order in Council. For this reason it is important to establish the criteria for determining where a broadcast is made from.

Before the enactment of the 1994 Copyright Act it could have been argued that a satellite broadcast was "made" at the place at which it was received for onward transmission (the "down-leg"). The second possibility was that the satellite itself made the broadcast, so that a satellite broadcast was not, as such, made from anywhere. Section 3 of the 1994 Copyright Act provides that a satellite broadcast is made from the place from which the signals carrying the broadcast are transmitted by satellite—in other words, the "up-leg" part of the satellite broadcast.

The next question is therefore: who owns the copyright in the satellite broadcast? Section 5(c) provides that it is the person making the broadcast. Under the United Kingdom Act it could be argued that the owner or lessor of the satellite is the person who "makes the broadcast" and therefore that person is the owner of the copyright in the broadcast. This interpretation has been avoided by the New Zealand Copyright Act, which provides specifically that the person "making" a satellite broadcast is the person who transmits signals to the satellite.11

**Educational television**

Another area in which the Act has clarified the law is that relating to educational television. Section 21 of the Copyright Act 1962 provided an exception for the recording off-air and showing in schools of "school broadcasts". The difficulty was that the term "school broadcast" was defined as "any broadcast made for reception and use in schools" and, for practical purposes, there were none. TVNZ was constantly being asked by schools and universities if it could give permission for the recording and showing of instructive programmes in schools. With the best will in the world, it was unable to do this because of the inadequacy of the exceptions included in the Copyright Act 1962, and the fact that TVNZ often did not own the copyright in the programmes sought. The draft Copyright Bill went to the opposite extreme and provided that educational establishments could record and show programmes without payment to either the broadcaster or the owner of the copyright in the programmes. TVNZ's submissions to the Department of Justice included the point that this would put New Zealand in the position of being the only OECD country which allowed the blanket use of copyright material without recompense in this way, and would be contrary to the provisions of the Berne Convention and the Universal Copyright Convention.

The provisions finally appearing in the Act in relation to copying television programmes off-air for educational purposes,12 are essentially the same as those in the United Kingdom Act. The showing of television programmes recorded off-air can take place before an audience of students or staff at an educational establishment without payment unless and

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11 Section 3(4)(b).
12 Sections 45, 47.
to the extent that licences are available for this purpose. In the United Kingdom the Education Recording Agency Ltd was established shortly after the passing of the U.K. Act. Included in its members were BBC Enterprises, Channel 4, the Independent Television Association and collecting agencies such as Phonographic Industry Ltd and the Mechanical Copyright Protection Society Ltd. The Education Recording Agency has the authority to issue licences for educational establishments. An annual fee per student is charged depending on the type of establishment seeking the licence. TVNZ will shortly be setting up similar licences in New Zealand in conjunction with other copyright owners.

Section 163 provides that where the Copyright Tribunal is considering what charges should be paid for such licences, it shall have regard to the extent that the owners of the underlying rights in the programmes have already received payment from the broadcaster. TVNZ’s objections to this are, of course, the same as with the equivalent provisions for cable operators’ licences.

Recording company royalties

Among the provisions of the Copyright Act 1994 that concern radio broadcasters in particular is the retention of the right for record companies to receive payment for the broadcast of their recordings. This right has been the subject of dispute between recording companies and broadcasters for years. From the broadcasters’ point of view this situation is completely anomalous, as the broadcasting of recordings is without doubt the most effective publicity for such recordings. Record manufacturers respond that without recordings many radio stations would cease to function. This argument is somewhat undermined by the well-known practice in the United States of manufacturers paying radio stations to promote particular recordings—a practice known as “payola”. Further, the broadcasters’ stance is not that they cease paying any royalties at all in respect of the use of music. The claims of, for example, composers of music, are regarded as valid. A concern of many broadcasters is the complete lack of reciprocity between New Zealand and that major source of popular recordings, the United States. There is no provision in United States law for the payment by broadcasters of royalties to record companies for the broadcasting of records. When record companies tried to enforce an existing statutory right in Canada, the right was abolished. Consequently, New Zealand broadcasters pay royalties to companies based in the United States and Canada while receiving nothing for the broadcast in those countries of New Zealand recordings. There is legislation on this subject being considered in the United States at present, but it appears that the only circumstance in which a broadcaster will be liable to pay royalties will be where the broadcaster transmits a digital signal in a mode which allows members of the public to download a complete sound recording—because the digital signal is argued to have technical qualities which make it competitive with commercial recordings. There is no requirement under the TRIPS Agreement for payment by broadcasters to recording companies. In fact, the Agreement specifically provides that a member can accede to the Rome Convention while excluding that part of the convention which relates to payment by broadcasters of royalties to record companies.

There were a number of options opened to legislators in dealing with payments by broadcasters to record companies. One was to do what the Governments of Canada and Singapore did: simply abolish the broadcast right in respect of sound recordings. Another
course would have been restrict, under s 233, the application of the broadcasting right in recordings to those countries giving adequate protection to New Zealand recordings. This would have left intact the right to broadcasting royalties by New Zealand record manufacturers but would have had the effect of removing the anomaly of the lack of reciprocity to which I have referred. The retention of the recording companies’ right will result in a net outflow from New Zealand of millions of dollars annually in royalties, with no possibility of reciprocal payments from the United States.

Film archives

Another of TVNZ’s copyright concerns was that its extensive film archive was inaccessible to the public. The fair dealing provisions did not extend to permitting the screening of archive material to the public for purposes of general interest—a situation analogous to a museum which admits research scholars but excludes the general public. The 1994 Act addresses this concern by providing that, subject to a number of conditions, the TVNZ Film Archive and the New Zealand Film Archive may show films at the archive premises to an audience consisting of members of the public without infringing the copyright in the film or any work included in it. Similar concessions are made in respect of Radio New Zealand’s sound archive.

General

There are a number of other matters which broadcasters will be addressing shortly. An important concern is legislation providing that the making available of unauthorized decoders for encrypted television signals should constitute a criminal offence. The Department of Justice will be dealing with this matter by way of regulation later this year.

The Act as a whole has followed in the well-established tradition of the 1913 and 1962 Copyright Acts of largely duplicating United Kingdom legislation. This has the obvious merit of tapping into the much larger resources of the United Kingdom in respect of conducting extensive background research and in the immediate availability of interpretive case law. With some additions and deletions to more appropriately meet local requirements, the Copyright Act 1994 has, in general, and apart from a number of anomalies to which I have referred, achieved, from the point of view of the broadcaster, a fair balance between the competing claims of the creator and user of copyright material.
Overview of New Copyright Legislation—a Substantially English Egg is Hatched

Rt Hon Justice T M Gault
Judge of Court of Appeal

After years and years of unsuccessful effort by interested persons and groups to persuade successive governments and officials to give some priority to revision of the Copyright Act 1962 there has emerged, quite suddenly, a completely new Act. It must be seen as a victory not for all those New Zealand writers, publishers, actors, film makers but for Uncle Sam. Of course it matters not where the impetus came from. The Act has been passed and I am inclined to think that those New Zealand writers, publishers, actors, film makers etc can hardly believe their luck.

I well remember a long time ago, after a meeting of interested groups, I was speaking to Fred Smith of the then Phonographic Society. His experience of copyright in New Zealand probably exceeded that of everyone then involved. He said he could not understand why so many people were pressing for a review of the law. He maintained that on revision inevitably the rights of copyright owners would be further eroded by wider so-called public interest fair use rights. As time went on it appeared from the Justice Department discussion papers circulated in the mid-1980s that he would be proved right. But Fred was not to know that New Zealand would “discover” the trade implications of intellectual property laws.

So what kind of copyright law have we ended up with? I venture to suggest that overall it is very good. For complex subject matter it is reasonably easily understood, it maintains a continuity with the previous law, it accommodates developments in technology and it draws what seem to me to be a fair balance between competing interests.

A major revision of a significant statute normally involves wide consultation, economic evaluation and formulation of a coherent policy such as whether it is intellectual creativity or merely investment that is to be protected—whether the protection should be for creators or entrepreneurs. That did not occur in this case, but it is not as concerning in this field as it would be in many others. I say that because of the extensive constraints imposed by the international obligations in the Berne and Universal Copyright Conventions as well as the Trips Agreement. Also it can fairly be said also that by adopting much of the English Act of 1988 we have the benefit of the extensive consultation and expert evaluation that preceded that Act on what are issues common to both countries. I refer specially to the work of the Whitford Committee which reported in 1977.

In areas where there was room to address local considerations the Select Committee worked very hard in dealing with extensive submissions. That is apparent from the Hansard reports.

It is of course possible to point to anomalies even absurdities—though it should be said
they are not new. For example why should the copyright in a bus timetable entirely lacking in literary or artistic merit enure for the life of the author plus 50 years yet the copyright in a motion picture embodying major creative effort last only 50 years from its release and the effective copyright in a meritorious design last only 16 or 25 years? Similarly why should literary works include wholly computer generated programs? Why should a broadcast or a published edition attract a separate copyright from its contents? I suppose the true reason is that it has proved simpler internationally to bring within the compass of copyright matters not contemplated at the time the Berne Convention was negotiated and it would be virtually impossible now to start afresh and secure agreement to a coherent scheme of protection appropriate to modern technologies. That it is a hotchpotch results in part from an historical divergence as to just what copyright was intended to protect, in part from technology having driven ad hoc law making and in part from compromises reached domestically and internationally.

Broadly speaking it is in the exclusions from infringement rather than in the conferment of basic legal protection that the new New Zealand Act makes changes and differs from the 1988 English Act. It is in relation to those exclusions that there arose the greatest tension between competing interests. These have been reviewed by others.

By and large however we have in the Copyright Act 1994, as we did with the Copyright Act 1962, a substantial adoption of corresponding English legislation. This means that the texts and decisions on the English law are of assistance. Perhaps speaking slightly more broadly it can be said that the protection under the 1994 Act is in substance the same as under the 1962 Act. There remains the essential right of protection for original, literary, dramatic, musical and artistic works (creators' rights). The Act continues what the courts had decided, that literary works include computer programs. It does however exclude from artistic works designs for computer chips and integrated circuits which are dealt with in the Layout Designs Act 1994.

The copyright works are protected against infringement by copying which means, as under the former law, reproduction of the work in any material form. The cases deciding just what that means—particularly those which provide guidance as to how much of a work must be taken to infringe and what degree of resemblance there must be between the original and alleged copy will continue to assist. I have in mind cases such as Frances Day & Hunter Ltd v Bron,1 Ladbroke (Football) Ltd v William Hill Football Ltd,2 Wham-O Manufacturing Co v Lincoln Industries Ltd.3 The test can perhaps be quite simply stated as whether the defendant has been shown to have by direct or indirect reference to the original work produced something objectively similar to (though not necessarily an exact replica of) a substantial part of the copyright work. Substantiality is tested by quality rather than quantity.

In addition to the primary protected works—the literary, dramatic, musical and artistic works—the Act gives protection for sound recordings, films (including video and now defined more widely and extending to any form of recording from which a moving image

1 [1963] Ch 587.
3 [1984] 1 NZLR 666.
may be produced—eg, CD Rom), broadcasts, cable programmes and typographical
arrangements of published editions. They were works also covered by the 1962 Act
although there have been changes dealt with by others.

In addition to primary infringement by copying there are other restricted acts which may
constitute infringement. They are in essence the same for each of literary, dramatic,
musical and artistic works as they were under the previous Act. In the case of the other
works certain acts have been categorized differently to reflect modern telecommunica­
tions services but the broad substance continues. They are set out in ss 16 and 30–34. In
the new terminology they are:

(a) To copy the work:
(b) To issue copies of the work to the public, whether by sale or otherwise:
[not the inclusion of rental of computer programs, sound records and
films]
(c) To perform the work in public:
(d) To play the work in public:
(e) To show the work in public:
(f) To broadcast the work or include the work in a cable programme service:
(g) To make an adaptation of the work:
(h) To do any of the acts referred to in any of paragraphs (a) to (g) of this
subsection in relation to an adaptation of the work:
(i) To authorize another person to do any of the acts referred to in any of the
paragraphs (a) to (h) of this subsection.

Of course not all of these acts constitute infringement of all categories of copyright works.

The acts of secondary infringement which involve dealing with infringing copies and the
means or facilities for infringing are to be found in ss 35 to 39 to be read with the definition
of “infringing copy” in s 12. There are differences from the former law, for example an
attempt has been made to clarify the difficulty with importation of copies considered in
Barson Computers NZ Ltd v John Gilbert & Co Ltd.4 I suspect however that the departure
from the English drafting (in the important s 12(3)(a)), on this point following the
Australian law, may have led to some consequential confusion with the inclusion of the
further provision in s 12(3)(b). That says:

An object that a person imports, or proposes to import, into New Zealand is an
infringing copy –

(a) ...
(b) If the making of the object, by whomever it was made and wherever it was
made, constituted an infringement of the copyright in the work in question.

This appears to encompass the infringement of copyright in other jurisdictions and
suggests real difficulties such as under which law that infringement is to be determined
and how it is to be proved. There might be somewhat similar difficulties with subs (4).

What seems clear is that although importing copies is not a specified restricted act,
importing copies, even if made by or with the authority of the owner of copyright in the country in which they were made (parallel importing), though not an offence,\(^5\) constitutes infringement. Section 35 and the definition of “infringing copy” provide this though s 35 is not easily read in conjunction with the definition of “copyright licence”.

It is to be noted that to infringe by importation importers must know or have reason to believe that they are infringing copies. This is to be compared with the offence provision\(^6\) which requires actual knowledge.

Again, speaking broadly it may be said, I think, that the provisions governing secondary infringements will lead to the same results on the same facts as under the previous Act. The new provisions are more explicit. In addition to infringement by importing infringing copies\(^7\) they provide for possessing or dealing in the course of a business in infringing copies,\(^8\) securing, possessing or dealing in the means for making infringing copies,\(^9\) permitting infringing performances in places of public entertainment\(^10\) and providing the means for infringing by public playing or showing of copyright works.\(^11\) For secondary infringement the infringer must be shown to have known, or have reasonable grounds for belief that infringing copies are involved or infringement will occur (as the case may be).

It is to be remembered also that it is an infringement to authorize another person to do any of the restricted (infringing) acts.

The qualifications for copyright to subsist in New Zealand\(^12\) seem to be unchanged although differently worded. They rest on the citizenship, residence or domicile of the author and the place of first publication or broadcast. They incorporate the necessary reciprocity with other countries as the Conventions require.

The duration of protection for the various categories of works, should it be material, can be found in ss 12–15.

The law has been changed as to ownership of the copyright in certain works. Section 21 read with the definition of “author” in s 5 reflects a logical approach though no doubt unsatisfactory to journalists who no longer enjoy anomalous treatment. The definition of author in relation to computer generated works, sound recordings and films employs the rather vague wording “... the person by whom the arrangements necessary for the creation of the work are undertaken”. The same working was used in s 14(8) of the 1962 Act relating to films and is used in the 1988 English Act where it has been interpreted in respect of a film as the producer: *Adventure Film Products Ltd v Tulley*.\(^13\)

The persons who make broadcasts, provide cable programme services and publish typographical arrangements as published editions also are “authors”.

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5 Section 131(8).
6 Section 131.
7 Section 35.
8 Section 36.
9 Section 37.
10 Section 38.
11 Section 39.
12 Sections 17–20.
The new Act continues but changes the previous law as to ownership of commissioned works.\textsuperscript{14} In particular commissioned computer programs are treated differently from other literary works. This represents a continuing departure from the English law. The provisions conceivably can give rise to interesting difficulties such as the ownership of the copyright in a composite literary and artistic work made under a commission. Those advising persons engaged in activities likely to generate new works by employees or under commissions should take advantage of the primacy of contracts governing copyright ownership.

Copyright is personal property that can be assigned or licensed. It is capable of transmission by testamentary disposition and by operation of law. Exclusive licensees may sue for infringement but if their rights are concurrent with those of the owner the owner must be joined in the proceedings.

In proceedings for infringement a successful plaintiff is entitled to such relief as is available in the case of infringement of other property rights. Damages can be recovered but defendants can resist an award by showing that they did not know and had no reason to believe copyright existed in the relevant works. They may still have to account for profits, deliver up infringing copies and the means for making them and face restraint by injunction however. The right to conversion damages seems to have gone completely.

While not following the English Act and permitting seizure of infringing copies without proceedings, the Act does contemplate ex parte applications for delivery up of infringing copies. I see some difficulties with this section\textsuperscript{15} because the preconditions for an order seem likely to be very difficult to satisfy on an ex parte application.

There are presumptions available as to authorship, ownership and the subsistence of copyright. These provide incentives to notify copyright claims and considerably limit the availability for copiers of the defence of ignorance. These presumptions appear stronger than under the 1962 Act. There they applied unless the matter was put in issue. Now they apply unless the contrary is proved. They do not apply in criminal proceedings.\textsuperscript{16}

The important new s 130 should not be overlooked. It gives a right to relief against persons bringing unjustified infringement proceedings.

The penalties and other consequences in criminal proceedings have been considerably strengthened as have the border enforcement provisions. These have been separately reviewed.

The compulsory licensing scheme for recordings of musical works has gone. Instead there is introduced the wider framework for licensing schemes under the supervision of the Copyright Tribunal. This is the manner in which the control of mass copying is seen to be exercisable. It is regarded as workable in the United Kingdom so it should be a breeze in New Zealand. In my view it is a positive approach and I will watch its implementation with interest.

\textsuperscript{14} Section 21(30.\textsuperscript{15} Section 122.\textsuperscript{16} Section 131(7).}
Of course I am sure no-one pretends that the provisions for licensing provide the complete answer to the wholesale infringement of copyright that now occurs—by photocopying, disk and tape copying and recording. That is more a problem of detection of breaches and the economics of enforcement of rights that undoubtedly exist. I am inclined to think that some of the worst abuse should now be dealt with by some deterrent prosecutions under the criminal provisions of the Act. However I would not be sympathetic to prosecutions for failure to over-record a video tape after recording a programme for later viewing (time shifting) thereby infringing by retaining the recording for longer than is necessary\textsuperscript{17}.

The new protection for moral rights (les droits moraux), to be distinguished from economic rights reflects belated compliance with the requirements of the 1928 revision of the Berne Convention. Of interest is the right of privacy in respect of photographs commissioned for private and domestic purposes. The long pressed demand of the actors for protection for performers rights also has been met. These new rights are conferred by provisions which correspond with those in the English Act.

Without doubt the most complex aspect of each revision of the Copyright Law is that of transitional provisions. The 1962 Act, and for that matter the 1913 Act, cannot be discarded as is immediately apparent from a glance at the First Schedule to the new Act. There can be no escape from these transitional provisions unless the problem under consideration involves a work made or an alleged infringing act done after 1 January 1995. Works existing on that date enjoy copyright under the new Act if they previously enjoyed copyright. Generally it may be said that if there is some new restriction on the right under the new Act the scope of the earlier protection is preserved. The previous law continues to apply to alleged infringing acts done before 1 January 1995.

As I have said I have deliberately left others to deal with the areas in which the rights of copyright owners are restricted to meet perceived competing interests. However I will make brief comment on the limitations as to duration upon the rights of owners of copyright in artistic works such as drawings to prevent the embodiment of those works in three dimensional articles. The new Act has carried forward the provisions introduced into the 1962 Act in 1985. They are now ss 74 and 75 and can be compared with the former ss 20A and 20B. There is the related s 127 enacting relevant presumptions (s 27A in the 1962 Act). The 1985 amendments were made upon recommendations that they would provide an interim solution to what was perceived as a significant problem of unduly long protection for industrial product design. I understand that the provisions have been carried forward into the new Act on the same basis and that the final solution is not far away.

At the time the interim measures were adopted I considered that they reflected a reasonable balance of the relevant factors and nothing has happened since to dispel that view.

In the 1988 English Act there has been introduced the Design Right in the nature of copyright. That approach though quite different in statutory form is not too different in result from what we have in New Zealand.

\textsuperscript{17} Section 84(2).
In Australia there have been various attempts to address the same problem by excluding design from the field of copyright. They have been less than successful.

Part of the difficulty goes back to the divergence of views as to what is the true domain of copyright. Plainly those who contended that it is for the protection of creativity in the fine arts (and this was not the basis for its original recognition in common law countries) no longer can maintain that view in light of the international incorporation into the copyright domain of such works as computer programs and computer generated works, broadcasts and the like. Copyright today is as much the domain of the entrepreneur seeking to protect investment as it is of the writer, artist or musician. Accordingly there can be nothing wrong in principle in providing a protection against the copying of innovative product design in the nature of copyright. The perceived evil of precluding competition in spare parts still can be addressed as it has been in the English Act.\(^{18}\) It can be asked: if a book or a recording of a popular song can be multiplied industrially and enjoy protection of long duration why should not the same apply to the design of a new product? Further those who suggest that protecting product design impedes technological progress overlook the clear distinction between a broad legal monopoly against use of particular ideas and a restraint on copying a particular form. I look forward to learning of the new New Zealand solution.

In that regard I make a further point on policy. It relates to what I term the “net importer fallacy”. There has pervaded the thinking of many in relation to intellectual property protection the view that because New Zealand is a net importer of technology and material to which copyright attaches that to provide legal protection merely facilitates the outflow of funds to rich foreigners to the detriment of this country. I believe that at least partly underlay a stance taken by New Zealand representatives in international negotiations on the abortive revision of the Paris Convention. In effect they sought for New Zealand and five other countries similar dispensations from obligations to provide strong intellectual property protection as were sought by the group of developing countries. The more recent adherence to the TRIPS agreement with the obligation to provide strong protection plainly represents the quid pro quo for the trade agreement. But I hope it also represents a recognition that the “net importer” justification for weaker legal protection is wrong. It certainly reflects an out of date view of the world as has been so plainly demonstrated by the TRIPS agreement. It is entirely understandable that the industrialized countries should insist upon placing intellectual property laws in their proper trade context. The flood of counterfeit goods has become quite frightening. How do you feel about substituted but inactive or even poisonous pharmaceutical products or substituted and substandard aeroplane parts?

The net importer philosophy also rests on a misconception of the process of what generally is termed the transfer of technology. According to Report No 13 of the Law Commission I put it this way at a seminar on 6 October 1989:

As I understand it there are in fact only two countries that are net exporters of technology. One of those is Japan which after World War II adopted a policy of strong protection of rights in order to attract the import of technology. The

\(^{18}\) Section 213(3).
technology imported was used as a springboard for internal development. This is an example of the transfer of technology operating successfully. It is to be compared with some of the South American countries which although anxious for industrial development, fail to provide the legal framework for the secure and confident introduction of new technology.

Current policy is that competition driven markets are economically desirable. A competitor precluded from copying others can be expected to develop or innovate. That seems to me to be pro-competitive.

Also we should not lose sight of the fact that abusive exercise of any rights can be appropriately regulated under competition laws.

I suggest that even in areas where there is not the direct imperative of international bargaining it makes good sense to protect innovation. Of course there must be reasonable limits on protected rights. As I have said the limits on the rights of copyright owners represent to me a fair balance. I hope I will find the proposed regime for design protection equally agreeable.

Since preparing those remarks I have seen the new proposal for design protection released by the Ministry of Commerce. It proposes what is said to be a three tier system of protection which I predict will lead to difficulties of demarcation, confusion and dissatisfaction. It seeks to re-open the difficulty the Dalglish Committee found insoluble. That is drawing a distinction between works of applied art and industrially applied artistic works. On initial reading I find the proposal unduly complicated, unconvincing in its reasoning and clearly resting on the presumption that innovative designs should be protected for the shortest possible time.

I suspect that the new scheme if implemented will lead to much litigation under the Fair Trading Act in relation to allegedly copied unregistered designs.