

Overview of New Copyright Legislation—a Substantially English Egg is Hatched

Rt Hon Justice T M Gault
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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.

2 [1964] 1 WLR 273.

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 telecommunications 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:
[note 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 (f) 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,

4 (1984) 4 IPR 533, 550.

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 provision⁶ 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 copies⁷ 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 entertainment¹⁰ 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 Zealand¹² 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 wording 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 Tully*.¹³

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

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.

13 *The Times*, 14 October 1982.

The new Act continues but changes the previous law as to ownership of commissioned works.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 section¹⁵ 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.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.

14 Section 21(30).

15 Section 122.

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 necessary¹⁷.

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.

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

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.