

Australia

Australia's digital agenda

by Fiona Macmillan & Michael Blakeney

In July 1997 the Australian Government, in its paper *Copyright Reform and the Digital Agenda: Proposed Transmission Right, Right of Making Available and Enforcement Measures* (July 1997) ('*Copyright Reform and the Digital Agenda*');

<http://law.gov.au/publications/digital.htm>) laid out the first draft of its plans for taking Australian copyright law into the digital era. The impetus for the production of this embryonic blueprint was the conclusion in December 1996 of two new World Intellectual Property Organisation copyright treaties (the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty), both adopted on 20 December 1996). The *Digital Agenda* paper was, however, produced against the backdrop of the problematic Australian copyright case of *Telstra Corporation Ltd v Australasian Performing Right Association Ltd*. After working its way through the Australian Federal Court system for a number of years (Gummow J at first instance in the Federal Court of Australia, *APRA v Telstra Corporation Ltd* (1993) 118 ALR 684; on appeal to the full Federal Court of Australia, *Telstra Corporation Ltd v APRA* (1995) 131 ALR 141), the final judgment in this case was handed down by the High Court of Australia in August 1997 (unreported, 14 August 1997). The result of the case was to impose primary liability as a copyright infringer upon Telstra, Australia's main telecommunications carrier, in respect of music played to users of the telephone system while they were on hold. This liability was imposed notwithstanding Telstra's inability, in at least some of the factual situations involved, to monitor or control the content of the material dispersed on its communications network. While this case does not involve an intersection between copyright and digitisation, by focusing on the methods of transmission of the copyright works in question the case does raise the issue, albeit indirectly, of liability for transmission of information on the internet.

When the proposals in the Australian Government's *Digital Agenda* paper, or an amended version of them, come into legislative effect they will remove the particular legislative provisions which caused the trouble in *Telstra v APRA*. Nevertheless, as we seek to show, important policy issues raised by that case, which arguably affect liability for internet transmissions, have not been completely dealt with by the new proposals. In order to examine these issues, we note first, in the next section, the international obligations imposed on the contracting parties to the two new WIPO Treaties. Attention is then focused on the light which *Telstra v APRA* sheds on problems which seem likely to continue to plague copyright law, even after the implementation of reforms in the wake of the new treaties. We then consider the proposals for reform of Australian law contained in the *Digital Agenda* paper.

THE NEW WIPO TREATIES

The central international treaty governing copyright is the *Berne Convention for the Protection of Literary and Artistic Works* of 1886.

The provisions in this convention which govern the diffusion and performance of copyright works (art. 11(1), 11bis(1), 11ter(1), 14(1) and 14bis(1)) are relatively specific in terms of the types of works to which they apply and the methods of diffusion. The relationship between the various provisions is also difficult, resulting in a somewhat patchy coverage. (For a discussion of the scope and interrelationship of art. 11(1), 11bis(1), 11ter(1), 14(1) and 14bis(1) of the Berne Convention, see Macmillan & Blakeney, *Journal of Information, Law and Technology*, 1997(3). This tends to make life difficult in an environment where the whole range of copyright works can be diffused or performed to the public in a wide variety of ways. The convention's failures in this respect are all the more noticeable because of the global nature of broadcasting and communications technology. Technological developments serve only to exacerbate the shortcomings of the convention as a tool of legal harmonisation.

There are two related areas of technological development since the 1967 and 1971 Stockholm and Paris Revisions of the convention, which have precipitated concern about the scope of the Berne Convention. These are, first, the ability to produce copyright works in digital form; and secondly, the new means of transmitting or delivering copyright works, in particular the development and widespread use of the internet (see also Dixon and Hansen, *The Berne Convention Enters the Digital Age* (1996) 11 EIPR, 604, 605–607). Not only is digitisation creating a world of intangibles ('the virtual world'), it has also made it extremely cheap, easy and quick to make excellent copies of works and distribute them widely. This means that the scope for economic loss to the copyright owner is considerably increased. When one adds in the width and speed of distribution on the internet, then this economic loss may increase exponentially.

The development of the internet and other similar forms of transmission has also had implications for copyright law which go beyond its abilities to achieve rapid and widespread delivery. In particular, while such services involve mass distribution, material is made available to individual users to access at will, rather than at the time chosen by the diffuser. The facilitation of this interactivity has largely relied, so far, on the use of terrestrial telephone lines and thus greatly increased the role which communications carriers have in transmitting copyright works. It has also spawned a new cast member in the form of the Internet Service Provider (ISP), which places the material in question on servers and thereby provides a bridge between the communications carrier and the individual users.

treaties on the internet

<http://www.wipo.org/eng/diplconf/distrib/95dc.htm>

The WIPO Copyright Treaty can be found at the above address, whilst the WIPO Performances and Phonograms Treaty is located at <http://www.wipo.org/eng/diplconf/distrib/95dc.htm>

The new WIPO Copyright Treaty, which supplements the Berne Convention rather than revising it, aims to respond to these issues. The treaty operates as a special agreement under art. 20 of the Berne Convention and only binds those members of the Berne Union which ratify it. Subscribing states that are not members of Berne are required to comply with the substantive provisions of the Berne Convention. (This same device was used in the World Trade Organisation Agreement on Trade Related Aspects of Intellectual Property Rights, art. 9(1): see Blakeney, *Trade Related Aspects of Intellectual Property Rights* (1996) ch. 4.)

The important general provision of the new treaty is art. 8, which provides as follows:

'Without prejudice to the provisions of Articles 11(1)(ii), 11bis(1)(i) and (ii), 11ter(1)(ii), 14(1)(ii) and 14bis(1) of the Berne Convention, authors of literary and artistic works shall enjoy the exclusive right of authorising any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.'

The article appears to add to the coverage already provided by the Berne Convention in at least two ways. First, it supplements art. 11bis(1) by giving exclusive rights in respect of diffusion of literary and artistic works by wire. Secondly, it gives exclusive rights with respect to the communication to the public of text and images, which extends the protection for literary and artistic works in arts 11ter(1) and 14(1). The article also brings within the notion of communication to the public, the making available of literary and artistic works so that they may be accessed at any time by individual members of the public. This is clearly intended to deal with the storage of copyright works on such things as the World Wide Web.

The WIPO Performances and Phonograms Treaty splits the concepts in art. 8 of the Copyright Treaty into two free standing rights, rather than conceptualising the rights of making available to the public as an aspect of communication to the public. Article 10 and 14 of the Performances and Phonograms Treaty give phonogram performers and producers, respectively, the right to authorise the making available to the public of their performances and recordings at a time chosen by individual members of the public. Article 15(1) gives performers and producers of phonograms the right to a single equitable remuneration in respect of broadcasts and communications to the public. The divorce of the two concepts is a pity. On its own, art. 8 of the WIPO Copyright Treaty might have suggested an international consensus to the effect that making available to the public at a time chosen by individual members of the public was an aspect of communicating to the public. This might have cast light on, for example, the exclusive rights which the Berne Convention confers on dramatic and/or musical works in art. 11(1)(ii). These types of copyright works are not covered by art. 8 of the WIPO Copyright Treaty, but it might have been helpful to know whether or not the making available on-line of such works would be regarded as communicating them to the public within the meaning of art. 11(1)(ii).

Bearing in mind the crucial role which communications carriers play at present in communicating material to the public

and, particularly, in making material available to be accessed by members of the public at a time chosen by the individual member of the public in question, there was concern expressed about their exposure under art. 8 of the new WIPO Copyright Treaty (*Copyright Reform and the Digital Agenda*, para. 3.22). As a result the diplomatic conference adopted an agreed statement in relation to art. 8 which reads as follows:

'It is understood that the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Treaty or the Berne Convention' (agreed statements concerning the WIPO Copyright Treaty, <http://www.wipo.org/eng/diplconf/distrib/96dc.htm>).

It should be noted that this is not a blanket exemption from liability for communication carriers. It would only exempt them from liability in respect of the provision of 'physical facilities'. The exact meaning of the expression 'physical facilities' is unclear. The interpretation of this expression in the Australian Government's paper on *Copyright Reform and the Digital Agenda* suggests that this exemption would not protect communications carriers if they extended their operations to other activities more akin to those of a network or service provider. Paragraph 3.25 states:

'However, the agreed statement does not provide a blanket exclusion from all liability for carriers or carriage service providers. For example, if a company is engaged in the provision of internet services, it may also be liable for unauthorised transmissions in the same way as other ISPs ... are according to the relevant provisions in the implementing legislation in the relevant jurisdiction.'

This is a somewhat problematic juxtaposition since a case may be made that ISPs which are not content providers are also merely providers of physical facilities. Another aspect of the agreed statement which is of considerable concern is the fact that the agreed statement only provides that provision of facilities does not amount to a communication. It does not address the question of liability for authorising an infringement. This issue is addressed below.

on the internet

http://www.austlii.au/au/cases/high_ct/unrep338.htm

Although unreported, details of the *Telstra v APRA* case can be found at the above address

LESSONS FROM TELSTRA v APRA

Telstra v APRA seems to involve the very situation which the agreed statement in relation to art. 8 of the WIPO Copyright Treaty is seeking to prevent. The decision in *Telstra v APRA* related to music played on hold to users of mobile telephones and users of conventional terrestrial telephones in a variety of situations. The aspect of the High Court's judgment in *Telstra v APRA* which has caused concern in the digital context was the conclusion of the majority that playing music on hold to persons using conventional phones breached the exclusive right in s. 31(1)(a)(v) of the *Copyright Act* 1968 (Cth) to cause the work to be transmitted to subscribers to a diffusion service. This decision turned on the interpretation of a piece of anfractuous drafting in s. 26, which was (apparently) intended to amplify s. 31(1)(a)(v). As events in the form of the WIPO Copyright Treaty and the Australian proposals to implement this Treaty in

the Government's paper, *Copyright Reform and the Digital Agenda*, have overtaken *Telstra v APRA*, the reader's patience will not be strained with an assessment of the High Court's analyses of these provisions. Rather it is proposed to note some cautionary tales arising from the case.

Control of transmission content

The first is that, at least in some of the situations involved, liability for copyright infringement was imposed on Telstra irrespective of its ability to control the content of the transmissions. This does not really seem to be an acceptable state of affairs if one considers it in the light of liability for the provision of internet services (that is, something useful). It may leave the communications carrier in a situation where its only choice is to provide the infrastructure and generate the electromagnetic currents which carry the material, or not to do so. It is arguable that the interests of society would not be advanced by a decision by communication carriers to stop making their hardware available for the transmission of material which may contain copyright works.

Desirable defendants

The second cautionary note arising from the case, especially if one considers the application of its general approach to the internet, is that communication carriers are desirable defendants. They are well resourced and easily identifiable, and as *Telstra v APRA* shows, they even collaborate in the bringing of test litigation. In the range of possible defendants to a breach of copyright action, communication carriers seem a much better bet than individual end users who may be difficult to identify and not worth suing anyway. Communications carriers are also probably more desirable defendants than at least some, if not all, ISPs. All this means that unless they are clearly protected from liability, they are very likely to be selected for litigious attention. The costs of such actions, including the costs of any pecuniary remedies, are likely to be met by blanket increases in charges to all the users of all the services of the communications carriers, whether or not such users have ever been complicit in a breach of copyright.

STATUTORY CONSTRUCTION

The final points here both relate to the process of statutory construction. The first is the somewhat obvious point that statutory provisions are often applied to technology to which it seems unlikely the statutory provision in question was intended to apply. The majorities in the Full Federal Court and the High Court clearly came to the conclusion in *Telstra v APRA* that, inferring intention from the actual words of the relevant provisions, the legislature intended the generation of electromagnetic impulses along telephone wires for the purpose of playing music on hold to users of the telephone system to be a transmission to subscribers to a diffusion service. In the real world, some people might regard this judicial assertion of legislative intention with scepticism, especially as it seems just as likely that the relevant provision was intended to cover the rediffusion of broadcast material by cable. One point which all this serves to emphasise is the need for legislation, especially that which aims to be technology neutral, to be framed in a way which makes it clear what was intended to be covered and what was not. (See also, van Caenegem, 'Copyright, Communication and New Technologies' (1995) 23 *Federal Law Review*, p. 322; and Loughnan, 'Service Provider Liability for User Copyright Infringement on the Internet' (1997) 8 *Australian Intellectual*

Property Journal, p. 18, 27.)

There is another matter relevant to interpretation which is related to the point made immediately above. Since the developments in this area appear to be so dependent on those occurring on the international stage, one might have thought that judges would derive interpretational assistance from the relevant international instruments. Such judicial methodology also seems desirable from the point of view of securing a uniform international approach to a global phenomenon. *Telstra v APRA* is not, however, a ringing endorsement of the feasibility of such an interpretational approach. Kirby J in the High Court noted in his judgment that the legislative history of s. 31(1)(a)(v), which confers the exclusive right to cause the work to be transmitted to subscribers to a diffusion service:

'... suggests a purpose of providing the very broad protection envisaged by the successive forms of Article 11 of the [Berne] Convention'.

Dawson and Gaudron JJ agreed with this analysis. McHugh J, on the other hand, took the view that the specific source of s. 31(1)(a)(v) and its alleged explanatory section, s. 26, was art. 11bis(1). This difference of opinion over the source of these legislative provisions was crucial to the outcome of the case. In a nutshell, if the sections are based upon art. 11bis(1) then they only apply to the diffusion by wire of material that has been previously broadcast. This was not true of all the material played to users of telephones on hold. Accordingly, McHugh J interpreted the ambiguous words of s. 26 as being limited in this manner and, because of the way the case had been put, held that *Telstra* had not breached the exclusive right in s. 31(1)(a)(v). As Kirby J had taken the view that the relevant sections were based not just on art. 11bis(1), but also on the general exclusive right of public communication of musical and/or dramatic works in art. 11(1) of the Berne Convention, he read s. 26 more broadly so as not to limit it to material which had been previously broadcast. The result was that he came to the opposite conclusion on the infringement issue to that of McHugh J.

There appears to be some merit on both sides of this difference of opinion. The point is that the relationship of the provisions to the convention is quite uncertain. This makes it extremely difficult for judges to use internationally accepted interpretations of such provisions in interpreting legislation allegedly based on an international instrument. This is a regrettable state of affairs.

AUSTRALIAN PROPOSALS FOR REFORM

The current Australian proposals for implementing art. 8 of the WIPO Copyright Treaty seem to indicate an intention on the part of the Australian Government to accede to the Treaty (notwithstanding the fact that, at the time of writing it had not yet done so; nor had it acceded to the WIPO Performances and Phonograms Treaty). The proposals, contained in the discussion paper *Copyright Reform and the Digital Agenda*, bifurcate the provisions of art. 8. This bifurcation is consistent with the approach, noted earlier, which has been taken to the rights of performers and phonogram producers in the new WIPO Performances and Phonograms Treaty. Proposals for the implementation of the relevant provisions of this latter Treaty are also included in the discussion paper. The proposed provisions are intended to replace the Copyright Act's existing wireless broadcasting and diffusion right (para. 1.10) which received so much attention in *Telstra v APRA*. The new rights

proposed are what are described as a 'transmission right' and a 'right of making available to the public'.

The transmission right is intended to be a 'broadly-based technology-neutral ... right' (para. 4.9), which would be separate from the existing public performance rights in the Act. The discussion paper describes the right as follows:

'The proposed transmission right would apply to transmissions to the public in the traditional non-interactive sense of "broadcasting", that is the emitting of signals from a transmitter to a receiving device at a time chosen by the person making the transmission. The person receiving a broadcast can only receive it at a time when the person making the broadcast chooses to make the transmission.' (para. 4.11)

It should be noted that it is intended to amend the definition of 'broadcast' so that it covers transmissions with or without wires. The right of making available to the public also applies to activities engaged in with or without wires. The discussion paper describes this right as follows:

'In contrast to the proposed transmission right, the right of making available to the public would be exercised when copyright material was made available to the public in such a way that it could be accessed at a time and a place chosen by members of the public. This right is designed to cover interactive on-demand services.' (para. 4.14)

This right is intended to cover transmissions on the internet.

The paper notes the potential overlap between this right and the exclusive right of copyright holders to authorise any reproduction of their work. It gives, as an example of such an overlap, the uploading of a copy of an article onto an internet site which may be accessed by the public (para. 4.16). On the other hand, the paper argues that there are activities which might breach the new making available right without breaching the reproduction right. The example given by the paper is the connection of a file server containing copyright material to a publicly accessible network (para. 4.17).

A particular concern of the paper is the issue of the liability of communications carriers and ISPs under this proposed new regime. In accordance with the agreed statement on this topic in the proceedings of the Diplomatic Conference (see earlier), the paper adopts the position that communications carriers should not be liable for a breach of the proposed new transmission right when they are acting in their traditional role as providers of infrastructure and generators of the impulses travelling along that infrastructure. This end is to be achieved by providing that the person who makes the transmission is the person responsible for its content. For some reason, which is a little obscure, the possible liability of communications carriers in respect of the right of making available to the public is not directly addressed. As this right impacts primarily on the internet, this might be regarded by communications carriers as a little disturbing. Presumably, however, since the agreed statement covers the whole of art. 8 of the WIPO Copyright Treaty, it is intended to offer immunity to communications carriers from primary liability in relation to this right as well. The discussion paper takes the line that, provided they cannot be said to be responsible for the content of material which may be accessed by the public, ISPs would also be immune from primary liability (para 4.72). This approach to the primary liability of communications carriers and ISPs seems workable, although of course much will depend on the care with

which the eventual statutory provisions are drafted, especially those dealing with the concept of responsibility for content. Much more contentious, is the discussion paper's approach to the issue of liability for authorising infringement.

The discussion paper accepts the conclusion in the earlier report of the Copyright Convergence Group (*Highways to Change: Copyright in the New Communications Environment* (1994)) that communications carriers could not be held liable, on the basis of present Australian law, for authorising an infringement (*Copyright Reform and the Digital Agenda*, para 4.71). According to the discussion paper this law may, however, catch some of the activities of ISPs (para. 4.72 and 4.80) although the paper invites submissions on whether or not ISPs should be exempted from such liability where they provide copyright notices warning subscribers about copyright and the permitted uses of copyright material (para. 4.74 and 4.83). While it is possible that ISPs might become liable as authorisers of infringement, it seems very dangerous to be so sanguine about the immunity of communications carriers in this respect.

The main Australian law on authorising infringement was laid down by the High Court in *University of NSW v Moorhouse* (1975) 133 CLR 1. That case famously held that 'authorise' in this context means 'sanction, approve or countenance'. The University of NSW was held liable as authoriser for providing photocopy machines for general use by patrons of the library, without adequate notices warning against use of the machines to infringe copyright. It is quite clear from the case, as is noted in the discussion paper (para. 4.79) that actual knowledge of the infringements taking place using the apparatus supplied by the authoriser is not required in order for authorisation liability to arise. It does seem that some ability to control infringement is required before liability for authorisation is imposed. If, on the basis of the mere supply of a photocopying machine without adequate monitoring or warnings, a library can become liable for authorising infringement, it is quite unclear why the person who provides the infrastructure for a transmission, including generating the relevant electro-magnetic impulses or other signals, would be in the clear. The possibility of liability for authorising infringement ought to be taken seriously by legislators because the desirability of communications providers as defendants means that some plaintiff (probably a collecting society) will try to make it a reality.

CONCLUSION

The desirability of achieving a consistent international approach to the global issue of the communication to the public of material containing copyright works ought to be high on the agenda of individual jurisdictions and regional trading blocs. The importance of this seems to have been taken on board by the European Union. In order to achieve such consistency it is important that, as far as possible, jurisdictions do not put themselves in a position where their national courts are unable to take advantage of an internationally agreed position because of a vague or unclear relationship between national law and the international convention provisions upon which it is allegedly


the EU approach

<http://europa.eu.int/comm/dg15/en/intprop/intprop/1042.ht>

See the European Commission's Communication on Copyright and Related Rights in the Information Society, COM(96)568, 20 November 1996,

based. A possible reading of *Telstra v APRA* is that the court was hindered in its ability to interpret a difficult statutory provision by an inability to obtain clear guidance on the relationship between that provision and the relevant Convention provisions. It may be that in proposing to implement art. 8 by the bifurcation of the exclusive right contained in it into two free standing rights, the Australian Government is creating another problem of this nature for its courts. (The European Commission's *Communication on Copyright and Related Rights in the Information Society*, does not seem to envisage such a bifurcation. See also, *WIPO Diplomatic Conference concludes its work*, 20 December 1996, <http://europa.eu.int/comm/dg15/en/intprop/intprop/1244.htm>.) The more often such problems arise, the less likely it becomes that substantive harmonisation will be achieved.

Bearing all this in mind, and also taking into account the attractiveness of communications carriers as defendants in a breach of copyright action, it seems unfortunate that the Australian Government is not, at this stage, contemplating an express legislative exemption for communications carriers. Although an exemption from liability for authorising

infringement would arguably go further than the agreed statement in relation to art. 8 of the WIPO Copyright Treaty, this might not be a very serious problem. It is common for legislation to go further than the minimum requirements laid down in international conventions such as the Berne Convention. Serious difficulties only seem to arise when it is unclear, as it was in *Telstra v APRA*, whether the provision is intended to go further than Convention provisions or the consensus represented by an agreed statement. In any case, it is to be hoped that the development of an international consensus on the complete exemption from copyright liability for communications carriers is not too far away. 

Fiona Macmillan and Michael Blakeney

Asia Pacific Intellectual Property Law Institute

School of Law, Murdoch University, Western Australia

The Bahamas

Doing business: what investors (and their lawyers) need to know

by Peter D Maynard

With a skilled, literate workforce, good communications, a stable parliamentary democracy, an ancient legal system based on the common law, an ideal location less than 50 miles from the North American mainland, and excellent, salubrious weather year round, the Bahamas is the place to invest. The renovation and creation of exciting new hotel facilities at Atlantis Paradise Island by Sun International Ltd, a company operated by the developers of Sun City in South Africa, and the refurbishment of the hotels on Cable Beach by the Sandals and Breezes hotel chains have given a boost to the Nassau area. The arrival of the Hong Kong conglomerate Hutchinson-Whampoa Ltd. promises to expand the fine port facilities and improve the hotel industry of Freeport, Grand Bahama.

Under a liberal investment policy, the Bahamas Government fosters a business and investor friendly environment. As a means of cutting the red tape and facilitating the coordination among the relevant government agencies, the Bahamas Investment Authority (BIA) has been established as a 'one-stop-shop' for investors. For major investment projects, the BIA prepares the papers submitted for approval to the National Economic Council (NEC) which consists of major government ministers. To expedite an investment project, it is nevertheless wise and advisable to retain an attorney in the Bahamas.

This article touches on immigration, exchange control, the targeted sectors, investment incentives, preferential trade agreements, reserved sectors, real estate and the international financial centre, especially international business companies (IBCs), asset protection trusts (APTs) and additional areas of commercial law reform.

IMMIGRATION

The law relating to immigration is found in the *Immigration Act 1967* Ch. 179 as amended and the regulations made pursuant to s. 44 thereof. Section 5 of the Act provides for the constitution of a Board of Immigration comprised of persons holding office as Ministers and presided over by the Prime Minister. According to s. 6, the functions of the Board include the exercise of a general supervision and control over matters concerning or connected with the entry of persons into the Bahamas, and the residence and occupation in the Bahamas of persons who are not citizens of the Bahamas or permanent residents.

As a developing country, the Bahamas seeks to provide increased employment opportunities for Bahamians and to employ school and university graduates in increasingly diverse economic sectors. But the Government welcomes non-Bahamians with specialised skills and expertise which are not otherwise locally available. Normally, such persons will be involved in business enterprises which will give rise to the employment of Bahamians, for example in banking, hotels or agribusiness. Pursuant to the Government's Bahamianisation policy, an expatriate will not be given permission to work in a position for which a suitably qualified Bahamian is available.

In applying for a work permit, the prospective employer should:

- advertise for three days in the local press to ascertain the availability of any Bahamians suitable to take the post;
- apply for and obtain a certificate from the Labour Exchange stating that there is no qualified Bahamian to fill the position;
- furnish to the Immigration Department the labour certificate, a copy of the advertisement, and the results of interviews arising from it.