



“... creating your IP solutions”

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7 March 2023

The Hon Mark Dreyfus KC MP
Commonwealth Attorney General
The Attorney General's Department
Robert Garran Offices
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BARTON ACT 2600

Sent through the website address:

[Copyright Enforcement Review - Page 2 of 4 - Attorney-General's Department - Citizen Space](#) and by email to: copyright.consultation@ag.gov.au

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PO Box 5535
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Dear Sir

Re: Copyright enforcement review (the review) – announced 24 November 2022 - Release of Issues Paper dated December 2022 (Issues Paper) – submission

Email:
deliades@qldbar.asn.au

Thank you for the opportunity to comment on the matters raised by the Issues Paper. I note that the review seeks input from persons dealing with the issues raised “in practice”. My submission appears in **Annexure A** (submission) and represents my professional views.

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The questions to which the submission is limited are identified by their reference in the Issues Paper as follows:

1. If there is any noticeable general trend in relation to copyright infringement: Questions 1 and 3.
2. Notice and takedown measures (statutory safe harbour scheme notices and *de facto* industry mechanisms), which is a subject intrinsically linked to authorisation liability and the safe harbour scheme: Questions 4-7, 10 & 11.
3. The website blocking scheme contained in the *Copyright Act* 1968 (Cth) s 115A (as amended): Questions 8 & 9.
4. Use of the legal system and law enforcement in relation to copyright infringement: Questions 12, 13 & 14.

Kind regards

Dimitrios G. Eliades

ANNEXURE A

Preliminary matters

1. I confirm that I have no issue with publication of the submission and my name. I seek no redaction of any part of the submission or the covering letter. I also confirm that I consent to being contacted by a member or members of the Attorney General's Department regarding the submission.

Introduction

2. I propose to respond to those numbered questions only which I am able to identify in practice a noticeable trend and/or relate to enforcement strategies, particularly after February 2018, with the appointment of the Judge Baird as the Judge in Charge of the Federal Circuit Court's Intellectual Property National Practice Area, and the National IP Practice List Judge.
3. My experiences involve both copyright infringement and trade mark infringement. There is of course a potential overlap of the areas where a trade mark involves an artistic work. However, whilst I am mindful the Issues Paper is involved only with copyright related questions, as a matter of practice, particularly with the topic of notice and take down procedures (statutory and industry based), the considerations are almost identical and in my view, worth noting.

Question 1. What challenges have you been facing in relation to copyright infringement in recent years? Are you seeing any changes or trends (including any forms or methods of infringement that are emerging or particularly concerning, or conversely, are becoming *less* prevalent or concerning)?

4. My observations are both through the conduct of my practice, and as an author of the Lexis Nexis update bulletins, relevantly the Copyright and Design update bulletin, for about the last 20 years. The bulletins consider and report predominantly on judgments in the Federal Court of Australia.
5. The occasional proceeding against a current or former employee still occurs. However, there has at least in my practice in the last two or three years, been a number of cases where a person (B) with more technology knowledge than the rights holder (A) has commandeered the business' website either because:
 - (a) B as a contractor setting up a virtual private server (VPS) to host A's site or sites was able to block access to the VPS effectively hijacking A's customers and online presence and establishing a website with all of A's copyright material.
 - (b) B a director of an associated corporation to the IPR holder, used the IPR including copyright photographs and literary works of A, to create a new website for the business using the platform provided by www.squarespace.com. B was able to essentially block A from accessing its site and managing it by changing the administration

passwords which B had used when he built the site. All inquiry and orders for A's products went to B's entity.

6. In these examples, there is a technological disadvantage of the IPR holder whose business can be severely interrupted by persons with IT smarts who set up the trading online presence of the IPR holder.
7. Depending on the evidence, the circumstances would raise the very real option of applying for interlocutory injunction relief requiring B in each case to either provide the new access passwords enabling the IPR holder to administer the website/s of its business and ancillary restraints until further order. This is an expensive and emotionally draining exercise for the IPR holders.
8. One practical step is for the usual channels of public information and education on copyright, to specifically identify the vulnerability of an IPR holder in such scenarios and require that the IPR holder or its nominee has the sole administrative access to the backend of the website.
9. This is likely to be an extension of the copyright education programmes where the clients of copyright creators such as the creators of customised software programmes and websites, require assignment of the copyright in the works (or subject matter other than works) in the contract of engagement.
10. It may also be that this conduct might be the basis of an application for additional damages under the *Copyright Act* s 115(4)(b)(ia) as a deterrence for the respondent and as a general deterrence for person in such positions of power.

Question 3. Are there any particular drivers of copyright infringement that you see as noteworthy or significant? Have these drivers changed in recent years?

11. As noted in response to Question 1, my subjective observation is that there appears to be a growing incident of persons with administrative power over the switches of an IPR holder's online presence, to damage a business by hijacking the site and the custom attracted to it.
12. This may occur when persons other than the IPR holder is responsible to set up a VPS and retained all the power to block the website or when a designated employee has used tools available on the internet to construct a business' website. These persons have the power to hijack the online presence of a business resulting in a business being severely disrupted.
13. In some cases, the hijacking might occur without the business' customers knowing as the website appears for all intents and purposes to be the same.
14. If I were to speculate as to a driver for this conduct, it may be that the establishment of a business' website presence is not as some years ago, the domain of information technology qualified persons. Tools have become easier to use to create a presence for a business. However, and I speculate

as a small business owner myself, that most people are too busy with their business to set up these websites, so they delegate or contract out that task. The person who does undertake that task becomes the 'gatekeeper' of the business' custom, with the immense power to take it over with very little effort. The task becomes more attractive, if the business is copyright based for example, where the hijacked website provides access to literary works such as training courses. The hijacking may become seamless in those circumstances to the customer.

Question 4. Are the currently available industry-led mechanisms appropriate, and/or being appropriately used, to address or prevent actual or potential copyright infringement? Which mechanism(s) are most frequently and/or effectively used, and why?

15. My main experience in this area stems from December 2014 when the IPR holder identified designs on the website of the then corporation Redbubble Pty Ltd (**Redbubble**) www.redbubble.com (**the Redbubble website**). After negotiations failed to resolve the dispute, a proceeding was commenced claiming copyright and trade mark infringement and claims under the consumer protection provisions contained in the *Australian Consumer Law* (**ACL**) (**the first proceeding**).
16. Redbubble, which converted into a public company during the first proceeding, conducted an online marketplace. Its content came from individuals all over the world who after agreeing to terms contained in Redbubble policy documents such as a user agreement, uploaded artistic designs to the Redbubble website. Redbubble also had protocols whereby internal and outsourced services were used to locate and remove potentially infringing designs (generally described as **moderation protocols**).
17. The copyright claim was based on the authorship in 1954 of a US citizen known as "Sundown", a tattooist in San Francisco. The copyright claims in the first proceeding were determined by Greenwood J, the presiding judge, to be determined according to Australian law, the parties agreeing with his Honour. As there was no written assignment of the copyright by Sundown to the ultimate IPR holder, the copyright claim failed.
18. Judgment in the first proceeding was handed down on 15 March 2019 (**the first proceeding judgment**).¹ In relation to copyright, his Honour concluded:

"... had I concluded that an act of primary infringement had occurred because an artist had, in Australia, done an act of making the "work available online to the public", or, had exercised, in Australia, the reproduction right by electronically reproducing the artistic work in suit (or a substantial part of) by uploading and thus causing the reproduction to be presented, in Australia when a member of the public interrogates the website and views an electronic reproduction of the work, I would have concluded that Redbubble had authorised that primary infringement for these reasons.

First, the relationship between the artist and Redbubble is one in which Redbubble conceived, deployed, operates, manages and controls the

means by which the artist makes the work available for application to relevant goods. It is the *supplier* to the consumer of the goods bearing the work. It controls and dominates the supplyside process.

Second, Redbubble has the “power” and “control” of the website and the entire process as described. It is at the centre of the entire method. It has the power to prevent continuing infringements. It has the power to moderate. Its moderation steps seem not to operate in a way which prevents the same “offending” work to be uploaded immediately to the website under a different URL, even though the work has been moderated under an uploaded URL: [282] to [292] of these reasons.”ⁱⁱ

19. The ACL claim also failed. However, the trade mark claims were upheld. The relevance for the current inquiry, it is respectfully submitted, is that Redbubble had in 2011 adopted a DMCA style procedure to deal with designs uploaded to the Redbubble website which IPR holders claimed infringed their IPR, whether those rights were copyright or trade mark infringements claims or both.
20. At the end of 2020, a second proceeding was commenced by the IPR holder as the authorised user of the trade marks in suit which were owned by a US corporation (**the second proceeding**).
21. The second proceeding claimed trade mark infringement by seven (7) designs (**Examples 1-7**) appearing for various periods on the Redbubble website. Redbubble admitted liability for trade mark infringement by Examples 1-7 based on findings in the first proceeding judgmentⁱⁱⁱ but disputed the relief which should be attributed to those infringements.
22. Redbubble later claimed the infringements admitted by Examples 1-7 were compromised by a settlement agreement between a party associated with Redbubble and the US trade mark owner, in relation to another website and designs. This question was the subject of a separate question determined by Jagot J (as her Honour then was a judge of the Federal Court) against Redbubble (**the separate question judgment**).
23. The trial for the second proceeding took place on 12 and 13 July 2021. In August 2021 however, the IPR holder applied to re-open its case to include a further four (4) designs (**Examples 8-11**) which it had since the hearing identified and claimed also infringed the IPR holder’s trade mark rights.
24. Redbubble disputed infringement of the trade marks in suit by Examples 8-11 on several grounds.
25. The trial of this second limb of the second proceeding was heard on 7 and 8 April 2022 to deal with the defended infringement claim arising from Examples 8-11 and the relief of all infirming examples.
26. Judgment was delivered by the trial judge on 19 July 2022 in favour of the IPR holder (**the second proceeding judgment**).^{iv} As stated, Redbubble was unsuccessful in the separate question judgment and the admission of infringement of Examples 1-7 stood.

27. Upon a finding of trade mark infringement by Examples 1-11, relief was granted in the form of declarations, injunctions, damages including an amount as additional damages under the *Trade Marks Act* s 126(2), which is couched in similar terms to the *Copyright Act* s 115(4) and costs.
28. Redbubble filed an appeal against the second proceeding judgment and the separate question judgment.^v The appeal was heard by Perram, Nicholas, Burley, Rofe and Downes JJ on 9 and 10 February 2023, their Honours reserving judgment in the proceeding.
29. Of course, as the Full Court has not handed down its judgment, it is inappropriate to comment any further on the arguments on appeal.
30. However, I believe my observations of the de-facto DMCA type protocols used by Redbubble are relevant to questions raised by the Issues Paper.
31. I now respond to the first part of Question 4, *[a]re the currently available industry-led mechanisms appropriate, and/or being appropriately used, to address or prevent actual or potential copyright infringement?*
32. On its own motion and when notified by the IPR holder in the first and second proceeding, Redbubble removed designs without question. The issue for the IPR holder was and is in these recent trials, that Redbubble allowed these designs to remain on the Redbubble website for various periods such as Example 1, which remained on the Redbubble website for approximately 12 months.
33. Greenwood J in the second proceeding judgment concluded:

“...[213] I do not suggest, and nor do I find, that the infringements occurred as a result of a callous disregard of the applicant’s rights. I accept that Redbubble has taken a number of steps to adopt procedures to try and identify those occasions when, on its website, it has signs which infringe the trade mark rights of the applicant. However, the fact is that its business model enables the conduct. Redbubble seeks to address the conduct within the limits of its business model, but its business model brings about the conduct the subject of this proceeding. The applicant (and HAMC US, but relevantly here, the applicant), is entitled to expect and have Redbubble act according to law.

[214] The applicant is entitled to expect Redbubble to honour the exclusivity of the grant to HAMC US and the rights the applicant enjoys as an authorised user.

[215] Both the registered owner and the applicant are entitled to expect the respondent not to engage in conduct the Commonwealth Parliament has proscribed by s 120(1) of the Act.

[216] Redbubble is not entitled to proceed on the basis that because its business model involves the management of a large digital platform, unfortunately, from time to time, infringements of the rights

of others will occur and it will seek to proactively manage and moderate that circumstance as best it can according to the programs it puts in place from time to time. Redbubble has an obligation to act according to law and observe the rights conferred on others.”^{vi}

34. In relation to the proposed orders of Redbubble in the second proceeding, that the injunctive relief take the form of a DMCA take down notice process, his Honour said:

“[220] However, the applicant is entitled to ask, why should Mr Nelms or Mr Hansen or Mr Bolam [agents for the IPR holder] be called upon to surf Redbubble’s website from time to time looking for further examples of the same thing and then notify Redbubble of those further examples, as any one of Mr Nelms, Mr Hansen or Mr Bolam finds examples on the website requiring moderation?”^{vii}

[221] ...

‘[222] I have described Redbubble’s proactive moderation processes and I take all of that evidence into account. I accept that many steps have been taken. Sometimes they isolate infringing content and that content is moderated. Sometimes those steps do not isolate infringing content. The evidence shows that moderation has failed in a number of examples but I accept that steps have been taken to try and solve that problem. Whilst the conduct on the part of Redbubble does not reflect an outright disregard of the rights of the applicant or HAMC US, the applicant’s rights nevertheless continue to be infringed and are disregarded, in the sense that seven more examples have emerged notwithstanding the applicant having taken proceedings to trial and obtained an order previously in relation to a sign which also included “Hells Angels” in the upper rocker configuration and the same device described as the profile view of the winged death head.”^{viii}

35. In answer to the question, steps taken to reduce the instances of potentially infringing designs reduces the scope of the infringing conduct. However, where those efforts by the website owner fail, it should not be for the IPR holder to trawl the website owners website to effectively do the job the website owner should be doing. Many hours can be spent going through many designs. Ultimately, it cannot be avoided that despite Redbubble’s moderation protocols the IPR holder found 11 designs which amount to over almost 90 infringements.
36. Respectfully, a DMCA protocol for online service providers not the beneficiaries of the safe harbour protection, which was extended in 2018, is not the relief an IPR holder should expect at the end of successful infringement proceedings.
37. Relevantly Greenwood J said in the second proceeding judgment:

“I do not accept that a party otherwise establishing infringing conduct on the part of a respondent ought to be denied a remedy on the footing that if infringing conduct does occur, the real remedy upon which an

applicant should rely is that the applicant or its solicitor should draw the infringing conduct to the attention of Redbubble as and when it occurs and Redbubble will take steps to moderate or remove the uploaded material...^{ix}

38. It is respectfully submitted that it is an unjust strain on the IPR holder to allocate finances and resources to repeatedly and in perpetuity keep checking potentially numerous websites for infringing uses. It can be said that it does not have to spend money or time doing that, however the end result is likely to be unauthorized uses which have been detected available to be applied to products by person not authorized to do so. In essence, the IPR holder is being forced to accept the task of policing such sites or watch its copyright and/or trade marks used without permission.
39. In such circumstances, IPR holders of copyrights and/or trade marks could justifiably question the effectiveness of the rights give under s 115 and s 120 of the *Copyright Act* and the *Trade Marks Act* respectively and the relief they may obtain if infringement found.

Question 5. What factors influence your decisions on what action(s), if any, to take through industry-led mechanisms in response to actual or potential copyright infringement?

40. I refer to and repeat my responses in paragraphs 35 - 38 of the submission.

Question 6. Are the costs (including financial and time costs), benefits and risks of industry-driven mechanisms appropriately shared between different parties?

41. If a DMCA notice and takedown process were extended to online service providers, the usual balance between the public interest and the IPR holder's (relevantly copyright) interest would be impacted by a third consideration, the infringer's interests.

Question 7. Are there ways in which industry participants could work together more effectively or efficiently to address or prevent copyright infringement (for example, barriers to utilisation that could be removed; new or emerging mechanisms that could be adopted)?

42. I refer to and repeat my responses in paragraphs 35 - 38 and 40 of the submission.
43. A potential resolution going to sanitising the Redbubble website from the perspective of the IPR holder, was to use emerging technologies, in particular image recognition technology, to overcome the appearance of infringing designs on the Redbubble website. The evidence was not extensive but Redbubble gave evidence it was investing in such technologies but that they might only be effective, up to the stage their research and investment had reached, to identify exact matches.^x

Question 10. How effectively and efficiently are the authorisation liability provisions and/or safe harbour scheme (and associated notice and take-down process) currently operating as mechanisms for addressing copyright infringement? For example:

(a) How clear are the circumstances in which a party may be considered to have authorised another person’s copyright infringement, given the courts’ interpretation of the authorisation liability to date?

44. I have no experience with safe harbour take down notices under the *Copyright Act*. With respect to the authorisation of copyright infringement under the *Copyright Act* s 36, the guidance provided by s 36(1A) and the decisions of our Courts give in my respectful opinion, the tools to assess authorising conduct.

(b) How effective and efficient is the safe harbour scheme (and associated statutory notice and take-down process) in striking the right balance between combatting copyright infringement and protecting the legitimate interests of service providers?

45. I have no experience with safe harbour take down notices under the *Copyright Act*.

Question 11. Are there ways in which these provisions could be amended to improve their effectiveness or efficiency?

(a) How would such changes affect you or your sector?

(b) Are there any potential broader or *unintended consequences* that should be taken into account when considering changes that may be suggested through this consultation process? (Emphasis added)

46. I refer to and repeat my responses in paragraphs 35 – 38, 40 and 42 of the submission in relation to the “unintended consequences”.

47. The unintended consequence is the additional burden placed on the IPR holder, without any compensation, to do the job of the website owner and search for infringing works or subject matter other than works. In a user generated content model such as Redbubble, the IPR holder will either embark on a never ending stream of notifications to the website owner of infringing uses of the copyright or find it too much and be buried in an avalanche of unauthorised and infringing uses.

48. On 7 December 2017, the Senate referred the *Copyright Amendment (Service Providers) Bill 2017* (Cth) (the Bill) to the Environment and Communications Legislation Committee for inquiry and report by 19 March 2018 (the **Committee**).^{xi}

49. The Committee was charged with receiving submissions and conducting public hearings in relation to the Bill and concluded:

- (a) at 2.55 and 2.56 of the report that the reviews and consultations highlighted “highly polarized” views and lack of consensus on further safe harbour reform and supported the Government’s incremental approach to safe harbour protection.:
- (b) *“2.55 The committee notes that the Government has had the benefit of the outcomes of a number of reviews of the extension of safe harbour and the extensive consultation by the department on this matter. These reviews and consultations highlighted the highly polarised views and lack of consensus on further safe harbour reform. Similarly, the committee received conflicting evidence. In particular, the committee notes the evidence from those arguing that safe harbour reform will benefit innovation. However, in its evidence to the committee, the department stated that it did not find evidence to support this argument.”*
- (c) *“2.56 Given the divergence of stakeholder views and the complexity of the issues being considered, the committee supports the Government’s incremental approach to safe harbour reform. The proposed amendments will ensure that educational and cultural institutions and organisations assisting people with a disability will be afforded protection immediately. The committee considers this to be a balanced and reasonable approach. The committee also notes and appreciates the reassurance that the department will continue its consultation with stakeholders.”*

50. The Issues Paper at p11 states in relation to the notice and takedown measures:

“This may be an effective approach, particularly where the infringer or host is unaware that they may be infringing copyright and are open to rectifying any issues. However, if the copyright owner is unable to obtain the redress sought through this direct method, they may consider legal action against the alleged infringer.”

51. Respectfully, in the case of a business model such as Redbubble’s website, where a substantial proportion of designs are uploaded without screening, this is not a satisfactory relief copyright owners would reasonably envisage would be given to them in exchange for the unauthorised use of their copyright material.

Question 8. How effective and efficient is the current website blocking scheme as a way of combating copyright infringement and steering online consumers towards legitimate sources of content? For example, is the application process working well for parties, and are injunctions operating well, once granted?

52. I appeared before Justice Greenwood in the first application under s 115A of the *Copyright Act 1968* (Cth) made by a small to medium business (SME) operator.^{xii} I do not believe there have been any similar applications made by any SME since *Gardner*.

53. Such applications have always been made by copyright rights holders including Roadshow Films Pty Ltd, Foxtel Management Pty Limited,

Universal Music Australia Pty Limited, the Australian Performing Right Association and Television Broadcasts Limited.

54. I have not had any issues arising from the implementation of the detailed orders granted in *Gardner*. I do have some observations however of the process. As the barrister, I believe this would be in the domain of the instructing solicitor.
55. The question amongst other things asks whether the “the application process working well for parties?” My observations are that the applicants are usually, as indicated, large corporations. The respondents are usually in the order of fifty (50) respondents. A fortunate incidence of the process is that most if not all of the respondents are subsidiaries of a much smaller number of companies, which are also named as respondents.
56. The practical benefit is that the dealings with the fifty respondents in relation to the proceeding, are conducted with a handful of internal and external lawyers. The process appeared to be collaborative aiming to properly address all the issues raised by s 115A.
57. My answer is that perhaps for the large corporations who are applicants and the large corporations who are respondents, the system is progressing well. However, for an SME the process is costly. It is not surprising that *Gardner* appears to be the only case by an SME since the introduction of the site blocking provision in 2015 as amended by “teething” changes introduced in 2018.
58. One website says:
- “Siteblocking has been an enormously successful tool in the fight against piracy in Australia. Since 2015, 519 websites comprising 1,698 domains hosting illegal content have been blocked by Australian ISP’s. The result has been a 42% reduction in the volume of visits to pirate sites (2018). Creative Content Australia’s 2020 research shows that 61% of adult pirates have experienced a blocked site. On encountering a block, 67% have turned to an alternative legal source to access the same content.”^{xiii}*
59. My suggestion is that now that there have been numerous proceedings obtaining orders under s 115A of the *Copyright Act*, that there may be some steps to streamline the process for SMEs to take advantage of the mechanism.
60. For example, some time was spent identifying firstly the fifty or so respondents who were carriage service providers. The Australian Community and Media Authority (**ACMA**) is the regulator under the *Telecommunications Act 1997 (Cth)* and the *Telecommunications (Consumer Protection Service Standards) Act 1999 (Cth)* and although it maintains a register of carrier licences, a carriage service provider (**CSP**) does not need a licence from ACMA.^{xiv}

61. As changes occur to the list of CSPs as they cease or are introduced, there is some difficulty associated with identifying the correct totality of respondents.
62. It would be of great assistance to all but particularly SMEs, if there were an obligation to record a list of current CSPs updated to show at any point in time the identity of the CSPs. Perhaps, the industry has taken some steps in this regard since my *Gardner* experience.

Question 9. Could the way the website blocking scheme operates be improved in any way (for example to address the use of new and emerging technologies to navigate around or through website blocks), including through changes to how the current scheme is practically implemented, or potential amendments to legislation?

- (a) **What impact would any such changes have on you or your organisation?**
- (b) **Are there any potential broader or unintended consequences (for example, on other aspects of internet traffic management) that should be taken into account when considering changes that may be suggested through this consultation process?**

63. I refer to and repeat my responses in paragraphs 51-61 of the submission.

Question 12. What factors influence your decisions on what action(s), if any, to take through the legal system and/or law enforcement in relation to suspected or alleged copyright infringement?

- (a) **For example, have you found mechanisms such as mediation, alternative dispute resolution and other non-court remedies to be preferable as ways to resolve disputes?**

64. I consider that in my practice I have placed an emphasis on resolving matters early and allowing my instructing attorney's client to get on with their business. As a result, I have only failed to resolve a small handful of matters resulting in five trials in 25 years of practice.
65. Whilst a proportion are resolved without the need to institute proceedings, it never ceases to amaze me that despite numerous exchanges of correspondence, in cases where I am retained by attorneys for the IPR holder, some respondents do not respond unless and until initiating process is served.
66. My practice is exclusively in the Federal Court and the General federal law jurisdiction of the Federal Circuit Court and Family Court of Australia (**FCC**). I have been preparing applications to the then Federal Magistrates Court since at least 2005 in numerous copyright matters. In one matter I recall filed in the FCC, the case involved drawings of a particular high-tech sporting apparatus. Under the associated jurisdiction of the Federal Magistracy, trade mark infringement and patent infringement were also pleaded. From recollection, the respondent had applied to have the matter

referred to the Federal Court. The matter was resolved without the need for trial.

67. In 2017, I was able to negotiate the resolution of a dispute between an indigenous artist and the Queensland State Government in relation to the copyright of the artist, through a referral from the Arts Law Centre. This was resolved at a mediation. An initiating process to the FCC was prepared but not filed. The claims were settled on confidential terms.
68. As a counsel who has appeared for Intellectual Property (IP) rights owners in the former Federal Magistrates Court and Federal Circuit Court and now in the in the General federal law jurisdiction of the Federal Circuit and Family Court of Australia, I have noted a major shift in the approaches by the Federal courts to early mediations.
69. It is a more recent trend to have in some cases, particularly in the FCC, a mediation earlier than later. The position which was most common was to have the pleadings closed and the evidence in so that the parties to a mediation understood the scope of the claims and defences and presumably could gauge the prospects based on the evidence.
70. In practice however, litigation costs in intellectual property matters to some extent committed the parties to a determination having spent large amounts on legal costs in the proceeding, particularly on the pleadings, discovery and their evidence. This was exacerbated if expert evidence was involved.
71. The wholistic view of the cases after pleadings, discovery and evidence, whilst giving a clearer position of the other side's case and thereby prospects was not proportionally justified. In my experience, the Federal court will require at least pleadings closed but their Honours are acutely aware that the costs could run away in the matter, a fact that lawyers and clients are also aware of.
72. In the FCC, where damages may not be large and the main aim is to stop the conduct and recover as much of the costs spent as possible, there are cases which I have sought and been successful in having a mediation appointed even before a response is filed. In those limited cases, the infringement could almost be the subject of a summary judgment application and the costs spent by a respondent to plead a defense might be better spent as part of a settlement sum paid to the IPR holder.
73. Filing an application in Brisbane, has seen the proceeding on the docket of Judge Baird or directed to another judge of the FCC, with IP experience in accordance with the Federal Courts' national practice Areas. Mediations have been successful conducted by technologically competent Registrar's of the Court who open and shut virtual rooms and combine the parties virtually as it would happen in a physically present mediation.

**Question 13. Are the various avenues available through the legal system and law enforcement to address copyright infringement suitable and effective?
For example:**

(a) Have you sought to engage with the courts or law enforcement in relation to suspected or alleged copyright infringements? If so, please provide (if possible) any data or examples in relation to your experiences.

74. Yes. I refer to my responses at paragraphs 63-72 of the submission.

(c) Are the current civil and criminal remedies under the Copyright Act appropriate?

75. I do not have experience in criminal prosecutions. I consider that the remedies in the civil sector for copyright infringement are appropriate.

76. I refer to the following examples of an award of additional damages for copyright infringement:^{xv}

(a) In *Meskenas v ACP Publishing Pty Ltd* [2006] FMCA 1136, the respondent publisher was held to have infringed the moral rights of the applicant, Vladas Meskenas, to be attributed as the author of a painting and the right not to have authorship falsely attributed. The respondent had published a photograph in *Woman's Day* magazine of Princess Mary of Denmark during a visit to the Victor Chang Cardiac Research Institute in Sydney. The photograph showed the princess standing in front of a portrait of the late Dr Chang painted by the applicant, but the caption to the photo wrongly attributed the portrait to another artist, who was a professional rival of the applicant. The respondent failed to publish an apology and a retraction despite numerous phone calls from the applicant requesting the respondent to do so. When an apology was finally published, after infringement proceedings had already commenced, the negative of the photograph of the painting had been reversed, so the representation of the painting in the published apology was inaccurate.

Federal Magistrate Raphael (at [39], [40]) found that the respondent's acts infringed the applicant's moral rights of attribution of authorship (s 195AO) and not to have authorship falsely attributed (s 195AP). He awarded the applicant nominal damages of \$100 as there had been no commercial dealing with the applicant's copyright and no copies of the painting were produced for sale. A further amount of \$1,000 was awarded as compensatory damages for the personal distress suffered by the applicant because of the wrongful attribution and non-attribution of his painting and an additional amount of \$8,000 was awarded to the applicant by way of aggravated damages for infringement of his moral rights. The aggravated damages were ordered on account of the respondent's conduct after the infringement of the applicant's moral rights was notified to them, the distress caused by the respondent's consistent failure to provide the applicant with the apology and retraction he had requested and the reversal of the image of the portrait when the retraction was finally produced: at [41].

(b) In *Aristocrat Technologies Australia Pty Ltd v DAP Services (Kempsey) Pty Ltd* [2007] FCAFC 40, the Full Federal Court awarded nominal compensatory damages of \$1 and additional damages of \$200,000 under s 115(4).

- (c) In *APRA v Cougars Tavern* [2008] FMCA 369, Raphael FM awarded compensatory damages of \$5,688 and \$16,953 while ordering the respondents to pay additional damages under s 115(4) in amounts ranging from \$40,000 to \$125,000. In awarding additional damages Raphael FM (at [27]) took into account several other decisions by the Federal Court and the Federal Magistrates Court (now the Federal Circuit and Family Court of Australia) in which large awards of additional damages were made, including: *Microsoft Corporation v Goodview Electronics Pty Ltd* [2000] 49 IPR 578 (\$500,000 in additional damages); *Microsoft Corporation v Ezy Loans Pty Ltd* [2004] FCA 1135 (additional damages of \$350,000); *Microsoft Corporation v PC Club Australia Pty Ltd* [2005] FCA 1522 (additional damages of \$350,000); *Sony Entertainment (Australia) Pty Ltd v Smith* [2005] FCA 228 (additional damages of \$150,000 and \$300,000); *Foxtel Management Pty Ltd v The Mod Shop Pty Ltd* [2007] FCA 463 (additional damages of \$300,000 and \$60,000).
- (d) In *Rutter v Brookland Valley Estate Pty Ltd* [2009] FCA 702 Buchanan J held that flautist Jane Rutter's copyright and moral rights had been infringed by the unauthorised reproduction of one stave (four bars) of the notation of her composition "Blo" on the front label of the respondent's Verse 1 range of wines and failure to attribute Ms Rutter as the author of the music. Ms Rutter described the stave as the "crux of the melody...the expositional statement and the most important part of the composition". Buchanan J ordered the winery to pay Ms Rutter \$443,377, of which \$208,684 was compensatory damages and \$150,000 was additional damages. Each of the elements in s 115(4)(b)(i), (ia), (ib) and (iii) of the *Copyright Act* was found to have been met (at [111]- [112]): the defendant's conduct was flagrant and continued in disregard of Ms Rutter's rights for around eight years, even after they had expressly been brought to its attention; the defendant continued to take full benefit of its marketing program using Ms Rutter's musical notation on its labels, failing to respond to correspondence from Ms Rutter's lawyer requesting a full accounting of her entitlements; and there was a need for deterrence.
- (e) In *Corby v Allen & Unwin* [2013] FCA 370 Buchanan J at [97] and [105] found that the defendant, a publisher, had infringed copyright in five photographs published in a book "Sons of the Father" which was about Schapelle Corby's arrest and imprisonment in Bali. The photographs, which had been taken by Schapelle Corby's sister (Mercedes), brother (Michael) and mother (Rosleigh Rose), were published without a licence from the copyright owners permitting their reproduction in a book. Compensatory damages under s 115(2) ranged from \$500 to \$5,000 for each of the photographs, while additional damages under s 115(4) were assessed at \$45,000 given the flagrant disregard of the defendant for the rights of the plaintiffs as copyright owners.
- (f) In *Tylor v Sevin* [2014] FCCA 445 the defendant, a travel agent in Melbourne had copied a stock photograph of a beach in Hawaii found on the plaintiff's internet website to illustrate a list of flights on her website. The plaintiff, a professional American photographer, had registered copyright in the photograph with the United States Copyright Office.

Raphael J awarded compensatory damages of \$1,850 under s 115(2) and additional damages of \$12,500 under s 115(4).

- (g) In *Seafolly Pty Ltd v Fewstone Pty Ltd* [2014] FCA 321 at [593] and [642]-[643], Dodds-Streeton J awarded the applicant damages of \$80,333 for loss of profits and a further \$150,000 as additional damages under s 115(4) in light of the need to generally deter copying within the fashion industry and to specifically deter the respondent from further infringing conduct. In *Tonnex International Pty Ltd v Dynamic Supplies Pty Ltd* [2012] FCAFC 162, Yates J awarded damages of \$1 under s 115(2) and \$150,000 for additional damages under s 115(4).
- (h) In *Motorcycle Aftermarket Spares Pty Ltd v Tamworth Cycle Tune Pty Ltd* [2014] FCA 1433 at [30], Greenwood J awarded compensatory damages of \$7,500 under s 115(2) for infringing reproductions of around 200 images and additional damages of \$65,000, taking into account the large number of photographs involved, the fact that the reproduction continued notwithstanding the applicant's efforts to draw the conduct to the attention of respondent, and the need to discourage the respondent from engaging in such conduct – in both a particular and a general sense – again.
- (i) In *Leica Geosystems Pty Ltd v Koudstaal (No 3)* [2014] FCA 1129 at [8]-[9], [94], [104], Collier J awarded the applicants compensatory damages for copyright infringement pursuant to s 115(2), breach of the respondent's employment agreement and breach of the respondent's equitable obligation of confidence in the nominal sum of \$1.00. Additional damages for copyright infringement were awarded under s 115(4) (at [98]-[103]) in the sum of \$50,000, taking into account the flagrancy of the infringement (s 115(4)(b)(i)), the need to deter similar infringing conduct (s 115(4)(b)(ia)), the defendant's conduct after infringing act (s 115(4)(b)(ib)), the benefit accruing to the defendant through having the applicants' source code available to him (s 115(4)(b)(iii)) and other relevant matters including the anxiety caused to the applicants by the fact that their crucial software was in the hands of a former employee who was working for a competitor (s 115(4)(b)(iv)).
- (j) In *Vertical Leisure Ltd v Skyrunner Pty Ltd* [2014] FCCA 2033, Driver J found that the respondents had infringed the applicant's copyright and trade marks and had engaged in passing off by selling inferior copies of the applicant's pole-dancing poles. In assessing damages for lost profit, damage to reputation and additional damages under s 115(4) Driver J proceeded to consider damages for infringement of copyright only, as double dipping is not permitted; that is, if damages are awarded pursuant to the *Copyright Act* there is no separate entitlement to damages for the same conduct for breaches of the *Trade Marks Act*, the *Australian Consumer Law* or passing off (at [17]-[18]). As well as damages of \$48,000 for loss of profit and \$50,000 for damage to reputation, Driver J (at [36]-[38]) awarded additional damages of \$300,000 under s 115(4) in view of the respondent's flagrant and persistent breaches of the applicant's copyright and trademarks (including copying the applicant's instructional DVD), the need to deter similar infringements because of the risk of injury to consumers through

use of the respondent's inferior, counterfeit poles, and the respondent's failure to desist despite repeatedly being given notice of the applicant's rights.

- (k) In *Monte v Fairfax Media Publications Pty Ltd* [2015] FCCA 1663 Driver J found that the respondents had infringed copyright in a photograph of the partner of the applicant, an unlicensed private investigator, when they published it in the Sun Herald newspaper accompanying an article which was highly critical of the applicant's business activities. The photograph of the applicant's partner depicted her posed on a bed and partially clothed from the waist up. The photograph had been taken by the applicant and it was not disputed that he owned copyright in it. Rather than suing the respondents for defamation, the application brought an action for copyright infringement. Driver J held (at [15] – [18]) that as the applicant would not have granted a licence to the respondent to use the photograph, and had not suffered loss in the form of a licence fee or royalty forgone and had not adduced evidence to support the assessment of compensatory damages on any other basis, only nominal damages should be awarded under s 115(2). Nominal damages of \$1 were awarded. However, as use of the photograph was intended to increase readership of the newspaper article by catching the reader's eye and spicing up the article, and the respondent and his partner were highly embarrassed by publication of the photograph, additional damages were warranted. Driver J ordered additional damages in the sum of \$10,000.

(d) What barriers (if any) do you face in engaging with the legal system? Could any models introduced in other international jurisdictions to streamline consideration of copyright matters be potentially relevant in an Australian context?

77. I have in the past made submissions in favor of extending the jurisdiction of the FCC (and the Federal Magistracy before it), in establishing a court with trade mark and design jurisdiction which it now has. There has always been, in my opinion, a need for a court which provides a less expensive option for IPR holders who are SMEs. In the FCC the filing fees, interlocutory application fees, transcription fees are less than the Federal Court and most appropriate in cases where the respondent does not really have a credible defence and an early resolution is probable.
78. To this end I considered the simpler procedures of the **Intellectual Property Enterprise Court (IPEC)**; previously the **Patents County Court** or **PCC**) had features which would appeal to enforcement by SMEs of their IP rights. From my recollection, the appealing features were:
- (a) Capped legal costs of £50,000.
 - (b) Capped damages of £500,000.
 - (c) Two (2) day trial limit.
 - (d) No discovery.
 - (e) No examination in chief of expert witnesses.
 - (f) A tight control by the judge on the issues which went to trial.
 - (g) A "small claims track" for IP disputes where the amount sought is £10,000 or less.

79. I anticipate that this will attract more self-represented parties, which has the substantial positive that although the procedure will remain adversarial, there is likely to be an element of informality and intervention by the judge to clarify certain matters to allow the self-represented party understand the issues. Counsel or lawyers for a party would also be under a duty to assist the court by streamlining as much as it can, the matters leading to a final determination.
80. These steps progress toward an adjudication which levels the playing field and limits the ability of parties with deeper pockets to overwhelm a much smaller party along the way to trial.

(e) Were you previously aware of the ABF's Notice of Objection border enforcement application process?

81. Yes I am aware of those provisions and the amendments some years ago ramping up the ability to obtain information on importers and carry out inspection of potentially counterfeit goods. I have no practical experience in those procedures.

Question 14. Are there any ways in which the current system could be improved? How would such changes affect you or your sector?

82. There appears to be a gap in a person threatened with legal proceedings for copyright infringement to commence an action for groundless or unjustified threats in the FCC.
83. The *COPYRIGHT ACT* 1968 (Cth) s 131D - Jurisdiction of Federal Circuit and Family Court of Australia (Division 2)

Jurisdiction is conferred on the Federal Circuit and Family Court of Australia (Division 2) with respect to civil actions under this Part [Part V Remedies and Offences] (other than section 115A).

84. The FCC has jurisdiction to hear and determine civil copyright matters under the *Copyright Act*. In particular, the Court can deal with matters arising under Parts V (except section 115A), VAA (unauthorised access to encoded broadcasts) and IX (moral rights) and section 248J (performers' protection) of the *Copyright Act*.
85. Strangely, it does not have jurisdiction for the recipient of a threat of copyright infringement proceedings, to initiate an action for groundless threats under the *Copyright Act* s 202 which is found in Part X Miscellaneous.
86. I say strange because:
- (a) If the communication/s from the IPR holder did constitute threats before a proceeding was commenced, the recipient may be able to claim the threats amounted to contraventions under the *Australian Consumer Law*

found in Schedule 2 of the *Competition and Consumer Act 2010* (Cth) s 18 as misleading and deceptive, or likely to mislead or deceive on a number of grounds, for example, the party threatening copyright infringement was not the owner of the copyright or the claim was in relation to an insubstantial part of the copyright works or subject matter other than works.

- (b) If the IPR holder commenced an action for copyright infringement, the respondent could cross claim for groundless threats under s 202 on the basis that the FCC has jurisdiction conferred in respect of matters not otherwise within its jurisdiction that are associated with matters in which the jurisdiction of the Court is invoked.^{xvi}
- (c) There appears to be no reason of an inherent complexity in this area, which prevents the recipient of a IPR holder's threat to initiate a groundless threats action in the FCC.
- (d) the FCC has jurisdiction to hear and determine applications for relief from unjustified threats under *Trade Marks Act 1995* (Cth) s 129 as a "prescribed court" (see s 190); and the *Designs Act 2003* (Cth) ss 77 to 81 where the FCC has jurisdiction with respect to matters arising under the *Designs Act* (see s 83A(1)).

87. The result is that the recipient of a threat of a copyright infringement action, cannot take the initiative and commence a proceeding in the FCC purely on the basis that it believes the threats are groundless.

D. Eliades
7 March 2023

ⁱ *Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Limited* [2019] FCA 355 (15 March 2019) available at:

<https://classic.austlii.edu.au/cgi-bin/sinodisp/au/cases/cth/FCA/2019/355.html?stem=0&synonyms=0&query=%22hells%20angels%20%22>

ⁱⁱ the first proceeding judgment [438]-[440].

ⁱⁱⁱ the first proceeding judgment [441]-[477].

^{iv} *Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Ltd (No 5)* [2022] FCA 837 available at:

<https://classic.austlii.edu.au/cgi-bin/sinodisp/au/cases/cth/FCA/2022/837.html?stem=0&synonyms=0&query=%22hells%20angels%20%22>

^v QUD282/2022

^{vi} The second proceeding judgment [213]-[216].

^{vii} The second proceeding judgment [220].

^{viii} The second proceeding judgment [222].

^{ix} The second proceeding judgment [135].

^x The second proceeding judgment [144].

^{xi} The report is available at:

https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/CopyrightSPBill/Final_Report

^{xii} *Gardner Industries Pty Ltd as trustee for the S M Gardner Family Trust v Telstra Corporation Limited* [2021] FCA 294 (**Gardner**).

^{xiii} Creative content Australia, available at: <https://creativecontentaustralia.org.au/what-is-site-blocking/#:~:text=Siteblocking%20has%20been%20an%20enormously,been%20blocked%20by%20Australian%20ISP's>.

^{xiv} <https://www.acma.gov.au/about-carriers-and-carriage-service-providers>

^{xv} Fitzgerald A, Eliades D, Olwan O, “Intellectual Property Principles and Practice” Sydney, Lawbook Co. 2022 p958 [10.430].

^{xvi} *Federal Circuit and Family Court of Australia Act 2021* (Cth) s 134.