
***Response to the Issues Paper:
Fair Use and Other Copyright Exceptions
in the Digital Age***

**Intellectual Property Research Institute of Australia
(IPRIA)**

and

Centre for Media and Communications Law (CMCL)

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Preface

The Intellectual Property Research Institute of Australia (IPRIA) is a national centre for multi-disciplinary research on the law, economics and management of intellectual property. It is based at the University of Melbourne, and is a joint venture of the Faculty of Law, the Faculty of Economics and Commerce, and the Melbourne Business School. The Centre for Media and Communications Law (CMCL) is a centre for research, discussion and teaching of media and communications law and policy, also based at the University of Melbourne. Both IPRIA and CMCL undertake research projects, hold public seminars about legal and regulatory developments, and support research visits from Australian and international academics, lawyers and policy makers. Both Centres are staffed by academics actively engaged in teaching and research on issues of intellectual property, media and communications law.

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This submission is a joint work, however, particular parts are primarily the responsibility of one or other author. Kimberlee Weatherall prepared the material in this submission relating to fair dealing and private copying. This submission draws on her research into digital copyright and copyright generally, which is published in a number of papers and submissions (see Appendix 1). Emily Hudson prepared the material in this submission relating to cultural institutions. This material draws on empirical research resulting from the ARC-funded Linkage Project being jointly conducted by the CMCL and IPRIA under the leadership of Dr Andrew Kenyon and Professor Andrew Christie titled 'Copyright and Cultural Institutions: Digitising Collections in Public Museums, Galleries and Libraries' (Kenyon and Christie, LP0348534) ('Copyright and Cultural Institutions Project').

Some additional contribution was provided by material resulting from the ARC-funded Large Grant Project conducted by Professor Andrew Christie titled 'Resolving the dilemma of private digital copying of copyright material in Australia' (Christie, A00103371).

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Executive Summary

Scope of the Submission

Only private copying is specifically discussed in the May 2005 *Issues Paper*. However, the 'Issues for Consideration' are broadly framed,¹ apparently encompassing all exceptions in the *Copyright Act*. In addition, issues relating to copyright exceptions remain on the government's agenda following the Digital Agenda Review and various reports of the Copyright Law Review Committee.

This submission considers four issues:

- (1) Part 1 considers the operation of the existing law, in order to answer the basic question: is there a problem? Three areas are discussed:
 - (a) The fair dealing exceptions;
 - (b) The libraries and archives provisions; and
 - (c) The issue of private copying.
- (2) Part 2 discusses whether an open-ended fair use exception would be a desirable addition to Australian law.
- (3) Parts 3 and 4 consider alternative solutions to the problems identified in Part 1.
- (4) Part 5 briefly discusses the issue of orphan works.

In writing this submission, we have analysed evidence regarding the operation of current exceptions by reference to two sources:

- (1) *Overseas comparisons*. When the freedoms of Australian consumers and creators to deal with existing material are less than those enjoyed overseas, that situation requires justification.
- (2) *Empirical research*. One problem noted in previous reviews of copyright law, has been the absence of empirical evidence.² This submission draws on current evidence from the Copyright and Cultural Institutions Project.³ This research provides a useful context in which to discuss the operation of copyright exceptions.

¹ *Issues Paper*, 36

² Phillips Fox, *Digital Agenda Review: Report and Recommendations* (January 2004), ¶ 1.4.

³ The research methodology and current results of the Copyright and Cultural Institutions Project are discussed in Hudson and Kenyon (2005a, 2005b).

The operation of the existing copyright exceptions

The operation of the existing exceptions is dealt with in Part 1 of this submission. We argue that:

- (1) The fair dealing exceptions contain anomalies and unnecessary restrictions. Australian courts have interpreted the specified purposes narrowly, and have applied the concept of ‘fairness’ in an inconsistent and incoherent way;
- (2) The libraries and archives provisions permit certain collection management activities of cultural institutions, but are of limited relevance to activities that allow public access to collections – and yet access is one of their key missions. Many provisions contain limitations and exceptions that seem difficult to justify, and some contain onerous record-keeping requirements that impose a significant administrative burden without apparent benefit; and
- (3) Private copying is widespread and arguably illegal, leading to disrespect for the law, and an uncertain environment for innovators in technologies for the delivery and enjoyment of copyright material.

In summary, our survey indicates that the Australian exceptions are problematic in their drafting and interpretation, leading to considerable uncertainty in practice for users and public institutions. Furthermore, the specificity of the statutory drafting means that the exceptions lack the flexibility to apply to new uses and new technologies. This is due to both the limits inherent in their wording and narrow interpretation by the courts. They are frequently inapposite for new technologies or novel uses of copyright works. In this respect, some Australian provisions compare unfavourably to provisions overseas.

Identifying the appropriate kind of exception: open-ended or specific?

This submission argues strongly that the present system of highly specific, inflexible copyright exceptions in Australia should be adjusted. In particular, we argue that drafting anomalies should be removed, and the language of existing and new exceptions needs to be more flexible. This issue is dealt with in Part 2.

The *Issues Paper* identifies two broad approaches: first, introduction of an open-textured, flexible fair use exception, along the lines of fair use in the US, and second, retention (and expansion) of the current closed list of specific exceptions.

The choice between fair use and fair dealing is sometimes painted as a choice between certainty and flexibility. However, in our submission, this is a simplistic view:

- (1) The current, detailed exceptions are not ‘certain’ in practice. Both the fair dealing exceptions and the libraries and archives provisions are ambiguous and difficult to

work with. Particularly in risk-averse sectors, this uncertainty leads, in practice, to less use of and access to copyright material than might be desirable from society's perspective;

- (2) In a rapidly changing technological environment, the search for certainty through specificity – the attempt to define exceptions within an inch of their lives – is destined to fail. Beyond a certain point, specificity leads to *more* uncertainty for most stakeholders in the copyright system, because it is unclear whether specific exceptions apply to new technologies or analogous uses. This frustrates the aim of technological neutrality; and
- (3) Certainty for the goose is not certainty for the gander; what is readily understandable for an entity which deals with copyright on a regular basis or as its main line of business may be utterly impenetrable to others whose interactions with copyright law are less frequent, or who have less resources for legal advice. When framing exceptions, the nature of the people directly affected by the legislation must be considered.

For example, interviewees on the Copyright and Cultural Institutions Project frequently expressed concern that the law was complex and difficult to understand, making them feel like *'a bunch of amateurs trying to work this out'*.⁴ One interviewee from a metropolitan museum commented:

'We have our own copyright officer and our own image cataloguer who work closely together. They maintain a pretty rigorous copyright clearance regime for our exhibitions, for our publications and for our online web services. ... The demands on them have grown to a point that they're not sufficient, nor is their knowledge sufficient to understand the complexities involved in what they're working on. Particularly, the complex needs of intellectual property around web service.'

In our submission, the government must amend the current approach, but in doing so resist the temptation to write highly specific, detailed rules with multiple qualifications and additional layers of record-keeping and paperwork.

Recommendations

The government should:

- (1) **Make existing Australian copyright exceptions more flexible and more workable.** This could be done by:
 - (a) Introducing a US-style fair use exception, to operate alongside existing copyright exceptions; and/or

⁴ See Hudson and Kenyon (2005a), Part V.

- (b) Making changes to the language of the existing exceptions to broaden their application in areas where this submission identifies a problem. Specific recommendations may be found in the body of the submission.
- (2) **Amend the *Copyright Act* to address the mismatch between the law and practice of private copying.** Reference to overseas models does not indicate that any system provides a stable and comprehensive solution to the issue at present. While this submission does not advocate any particular response, we make two arguments:
- (a) We submit that the result for consumers under any proposed solution must be compared with the freedoms enjoyed by consumers overseas. If the government wishes Australian consumers to be no worse off than consumers overseas, the solution to the private copying dilemma should either:
 - (i) Allow the making of copies for private purposes generally, subject to remuneration to copyright owners; or
 - (ii) Allow the making of private copies for certain confined purposes without remuneration being provided to copyright owners.
 - (b) Consistent with recommendation (1) above, any new exceptions should be drafted in a way which does not perpetuate the rigid, overly-detailed approach of past drafting efforts
- (3) **Undertake further consultations in relation to orphan works:** This submission does not support any particular solution to the issue of orphan works. We submit, however, that:
- (a) The evidence from empirical research in the cultural institutions sector indicates that the issue of orphan works is a real one, for which the government should actively seek a solution; and
 - (b) In framing any solution, the government must take into account the international nature of most exploitations of copyright works, and avoid so far as possible multiplying Australia-specific formalities, to the cost of Australian creators and users.

The body of this submission is structured as follows:

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1 The operation of the existing exceptions to copyright infringement

Question 1

The Government seeks your view on the operation of the exceptions in the *Copyright Act* (particularly the fair dealing exceptions in ss 40-43(2) and ss103A – 103C) in providing a balance between the interests of copyright owners and copyright users.

As the *Issues Paper* notes, exceptions are an essential part of the copyright system. The exceptions exist for different reasons, including: to ensure that members of the public have reasonable access to copyright material; to allow ‘second generation’ creators to build on existing culture; and to ensure that copyright does not unduly hamper important public policy ends such as education, and the activities of cultural institutions in preserving and giving access to important cultural and informative material.

The appropriate scope of exceptions is controversial. This submission seeks to identify two situations where current problems arise:

- Where current Australian law contains anomalies: either where the law is a complete mismatch to social behaviour, or where there is inconsistent or incoherent law. Such anomalies are not desirable and should be examined to see whether they can be removed.
- Where current Australian exceptions impose more restrictions on the activities of users and second generation creators than provisions overseas. Such situations should be identified and analysed in order to determine whether the more protective position in Australian law is justified.⁵

This submission deals with three areas:

- (1) The fair dealing exceptions;
- (2) The libraries and archives provisions; and
- (3) The issue of private copying.

Each of these areas raises different issues and must be considered separately. In summary, our examination indicates that in each area there are anomalies and, in some instances, Australian law is less generous to users than counterparts overseas.

⁵ In light of the position, reiterated in a number of reports and analyses that it is not in Australia’s interest to have more extensive protection than is required by international treaties: see, eg, Franki Committee (1974); Productivity Commission (1999) (inter alia).

1.1 *The fair dealing exceptions*

The fair dealing provisions in Australian law have some genuine strengths. Most importantly, they are (in form) technologically neutral, and apply to all of the economic rights, rather than just, say, reproduction rights. They do not contain some of the drafting anomalies and limitations which apply to, for example, fair dealing in the United Kingdom.⁶

Nevertheless, existing commentary has identified the fair dealing exceptions as problematic in four respects:

- (1) Narrow interpretation of the fair dealing purposes by Australian courts, which puts too much emphasis on purpose, and not enough on whether the dealing was 'fair';
- (2) An *ad hoc* approach by the courts to assessing 'fairness', meaning that the operation of the exceptions is uncertain, and not able to be easily understood by those who must comply with copyright law;
- (3) The fact that it appears an alleged infringer cannot argue agency when relying on fair dealing; and
- (4) The absence of a flexible outlet, including doubts surrounding the existence of a 'public interest' exception.

Although some of these criticisms could be addressed by the courts,⁷ copyright litigation involving questions of principle is not an everyday occurrence in Australia. Prior to *The Panel* decision in 2002, the leading authority on fair dealing in Australia was a single judge decision made in 1990.⁸ In these circumstances, the interpretations criticized below could stand – and restrict creative endeavours in Australia – for a long time.

1.1.1 *Narrow interpretation of the statutory purposes by Australian courts*

The fair dealing purposes set out in the Act have been narrowly interpreted by Australian courts. The result is to simply bar at the outset certain socially useful, transformative uses⁹ which are quite arguably within the intent of the statutory purposes without ever getting to the issue of fairness. This is a problem because it makes the law harder for

⁶ CLRC (1998), [3.08]. See, generally, Burrell and Coleman (2005), chapters 2 (criticism or review and reporting news) and 4 (research or study).

⁷ In the United Kingdom, for example, it can be said that a variety of approaches to fair dealing have been exhibited by the courts, ranging from those most generous to users, to decisions far more conservative: Handler and Rolph (2003), 395. The High Court of Australia has not had a recent opportunity to consider fair dealing (fair dealing was not in issue in the High Court appeal in *The Panel* case)

⁸ *De Garis v Neville Jeffress Pidler Pty Ltd* (1990) 95 ALR 625 (Federal Court of Australia, Beaumont J).

⁹ By 'transformative use', we mean uses of copyright material in a new work or other subject matter, which is not a simple substitute for the original but rather, uses the existing material in a new context and for a different purpose from the original.

non-experts to understand and apply. Where all the emphasis is on the exact purpose, people wishing to re-use material cannot rely on their judgment about the broad purpose and their intuition about what is 'fair'. It is relatively easy to understand, from a common sense perspective, that the appropriateness of a particular use will be judged by whether it is fair, given the nature of the work, the nature of the use, and whether it interferes with copyright owners' markets. It is much *harder* to understand – again, from a common sense perspective – exactly what counts as 'criticism' or 'review' or 'the reporting of news', and whether some particular use (or some particular 'off the cuff' unscripted commentary') falls on this side of the boundary or the other.

In our submission, the better – and more workable – approach is to allow fair dealing for broader purposes, and to exclude uses which unjustifiably interfere with copyright owners' interests via a requirement that the use be 'fair' according to principled criteria. To achieve that end, it may be necessary to broaden the terms of the existing copyright legislation.

The most recent, and arguably most authoritative, treatment of fair dealing was the Full Federal Court judgment in *The Panel* case.¹⁰ The facts of the case are well known. It involved a television show (*The Panel*) consisting of largely unscripted, humorous discussion of current events and popular culture. As part of the show, panelists would show excerpts from other television programs interspersed with commentary. The makers of the show argued that the uses were fair dealing – either for criticism or review (s 103A) or the reporting of news (s 103B). At first instance, Conti J held that *some* uses were fair dealing. On appeal, members of the Full Court disagreed with the trial judge, and amongst themselves, as to which uses were fair dealing. The decision is 'both confused and confusing'.¹¹ Commentators consider its problems 'manifold and profound, leaving the law in relation to fair dealing defences in Australia obscure and unsettled'.¹²

The courts' interpretation of 'criticism or review'

Despite referring to the need to interpret criticism and review broadly,¹³ the court in *The Panel* still applied narrow, dictionary-based definitions of 'criticism' and 'review'.¹⁴ These definitions require that the use involve the 'passing of judgment'.¹⁵ According to the *findings* made by the court, the rebroadcasts were protected only in those cases where there was *direct, explicit comment* on the excerpt¹⁶ – showing an excerpt of copyright material in the context of a satirical, critical television show was not enough. The narrowness of this approach is particularly unfortunate as the exception for criticism or review is only exception available in the *Copyright Act* which allows for transformative

¹⁰ *TCN Channel Nine v Network Ten* (2002) 118 FCR 417.

¹¹ Brennan (2002), quoted with approval in McKeough et al (2004), [8.38].

¹² Handler and Rolph (2003), 390.

¹³ At trial: *TCN Channel Nine v Network Ten* (2001) 108 FCR 235, 285.

¹⁴ Previously used in the *De Garis* case: *De Garis v Neville Jeffress Pidler Pty Ltd* (1990) 95 ALR 625 (Beaumont J). See Handler and Rolph (2003), 398 – 401; also 408 – 413.

¹⁵ At trial: *TCN Channel Nine v Network Ten* (2001) 108 FCR 235, 275-276.

¹⁶ Burrell and Coleman (2005), 51; see also Handler and Rolph (2003), 410-413.

use.¹⁷ It is therefore the most important exception for ‘second generation’ creators wishing to build on, or comment on, existing material and culture (whether they be satirical comedians or postmodern visual artists).

This issue is exacerbated by the fact that that criticism or review under s 41 must be *of a work or another work*, defined, for these purposes, as meaning a ‘literary, dramatic, musical or artistic work’ (s 10).¹⁸ While this requirement has sometimes been interpreted broadly, to include, for example, criticism of ideas or philosophy or theology underlying a work,¹⁹ at least in theory, this might prevent excerpting a work in order to criticize a film, or excerpting a film to criticize a performance. Such restrictive interpretations could be avoided by judicial interpretation, but are open on the face of the current provisions.

In some cases, the requirement that criticism be of the *work* has imposed a real limit, with the effect of limiting the freedom of the press. In the United Kingdom, an identical limitation operated in the case of *Ashdown v Telegraph Group*. In that case, the defendants copied a confidential minute of a meeting between the Prime Minister and then leader of the Liberal Democrats. As the court pointed out in that case:

‘what is required is that the copying shall take place as part of and for the purpose of criticizing and reviewing the work. The work is the minute. But the articles are not criticizing or reviewing the minute: they are criticizing or reviewing the actions of the Prime Minister and the claimant in October 1997.’²⁰

Equivalent exceptions overseas are stated more broadly. The Berne Convention states that:

‘It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.’²¹

The *Information Society* Directive actually allows Members to retain or adopt exceptions for:

‘quotations for purposes such as criticism or review, provided that they relate to a work or other subject-matter which has already been lawfully made available to the public, that, unless this turns out to be impossible, the source, including the author's name, is indicated, and that their use is in accordance with fair practice, and to the extent required by the specific purpose.’²²

¹⁷ See Cornish (1999), [11-42] (referring to the exception as the ‘most general of all’).

¹⁸ Section 103A of the *Copyright Act* (in relation to Part IV subject matter) has a similar limitation.

¹⁹ *Hubbard v Vosper* [1972] 2 QB 84.

²⁰ *Ashdown v Telegraph Group* [2001] Ch 685, 697-98; endorsed on appeal [2002] Ch 149, 171. Quoted in Burrell and Coleman (2005), 53.

²¹ Berne Convention, article 10(1).

²² *Ibid* Article 5.3(d).

German law (section 51) allows for scholarly quotation in an independent scholarly or scientific work to clarify (illustrate) its contents, quotation of a publicly available work in (at least) literary works and (by extension by the courts) in films, and musical quotation.²³ Hungarian copyright law allows everyone to quote parts of a disclosed work provided that the extent of the quotation is justified by the character and purpose of the quoting work, and the quotation is true to the original.²⁴ Italian copyright law allows ‘abridgment, quotation or reproduction of fragments or parts of a work for the purpose of criticism or discussion, or for instructional purposes.’²⁵ The Japanese copyright law allows quotation ‘from a work already made public, provided that their making is compatible with fair practice and their extent does not exceed that justified by purposes such as news reporting, criticism or research’.²⁶ Polish copyright law allows quotations ‘in works that constitute an integral whole, fragments of disclosed works or the entire contents of short works to the extent justified by explanation, critical analysis or teaching or by the laws of the creative genre concerned’.²⁷ Swedish copyright law states that ‘Anyone may, in accordance with proper usage and to the extent necessary for the purpose, quote from works which have been made available to the public’.²⁸

In other words, in many countries, the equivalent provisions to our fair dealing provisions for criticism or review and reporting of news are drafted in broader terms, thus making them more flexible and less narrow than the Australian provisions. This is true in many European jurisdictions – despite Europe being frequently painted as more protective of authors. There is no international standard which requires that fair dealing-type exceptions be confined strictly to ‘criticism or review’; rather, equivalent provisions overseas are frequently drafted in broader terms, while still requiring that the extent of use be justified by the purpose.

These provisions do not mean that there is a ‘free-for-all’ in those countries. All are qualified by the need to act fairly, or in accordance with fair practice. In our submission, this is more appropriate, and more workable for non-experts, than a system which draws tight boundaries focused almost exclusively on the dictionary meaning of the purpose.

The treatment of parody

Another criticism of *The Panel* case, and one raised in hearings before the Senate Select Committee on the FTA, is the treatment of parody. The court in *The Panel* accepted that parody *can* amount to criticism or review. However, since the judges also emphasized

²³ Nimmer and Geller (1998-), *Germany*, §8[2][a][iv]. Section 51 states that ‘Reproduction, distribution and communication to the public shall be permitted, to the extent justified by the purpose, where ... (2) passages from a work are quoted after its publication in an independent work of language.’ This has been interpreted as extending at least to quotations in films (by analogy).

²⁴ Hungarian Copyright Act Article 34; Nimmer and Geller (1998-), *Hungary*, §8[2][a].

²⁵ Italian Copyright Act Article 70; Nimmer and Geller (1998-), *Italy*, §8[2][a].

²⁶ Japanese Copyright Law, Article 32; Nimmer and Geller (1998-), *Japan*, §8[2][a][iii].

²⁷ Polish Copyright Law, Article 29.1; Nimmer and Geller (1998-), *Poland* §8[2][c].

²⁸ Swedish Copyright Law, Article 22; Nimmer and Geller (1998-), *Sweden* §8[2][a].

‘commercial rivalry’ as weighing against fair dealing,²⁹ and on occasion considered that the use of humour weighed *against* a finding of criticism or review (or reporting of news),³⁰ only a foolhardy parodist could be confident of being excused in Australia.³¹

Here, too, our law is less generous than many comparable jurisdictions. It is well known that parodic uses are protected in the United States under the fair use exception to copyright infringement.³² It is perhaps less well-known that many of the civil law countries, generally considered pro-author, provide fairly generous protection for creators of parodies. The *Information Society Directive* in the European Union specifically allows Member States to provide an exception applying to ‘use for the purpose of caricature, parody or pastiche’.³³ France has a specific exception for ‘parody, pastiche and caricature, observing the rules of the genre’.³⁴ Spanish copyright law provides an exception for ‘parody ... provided that it involves no risk of confusion with that work and does no harm to the original work or its author’.³⁵ Germany has a ‘free utilization’ doctrine which is doctrinally distinct from US-style fair use, which reaches comparable results in some cases, including in the area of parody.³⁶ According to Nimmer and Geller, Italian copyright law does not consider parodies, satires etc to be infringements.³⁷

If the Attorney-General wishes to ensure that Australian creators have the same freedoms as creators overseas, and wishes to protect satire, parody or other humorous uses of material, or any other forms of transformative use which do not squarely fall within the terms ‘criticism or review’ as defined in the *Macquarie Dictionary*, some change in the current law is required. Options for such adjustment are considered below.³⁸

‘Research or study’

The second fair dealing exception which has arguably been narrowly construed is the exception for research or study (ss 40 and 103C). In Australia, the leading authority on the definition of ‘research’ and ‘study’ is the decision of Beaumont J in *De Garis v*

²⁹ Ibid 404 – 405.

³⁰ Ibid 409; see also at trial *TCN Channel Nine v Network Ten* (2001) 108 FCR 235, 293 (Grand Final), 294 (Kerry Anne Kennerley), 295 (Crocodile Hunter), 301 (Child yawning).

³¹ See also *AGL Sydney Ltd v Shortland County Council* (1989) 17 IPR 99 at 105 (noting that ‘the statute grants no exemption, in terms, in the case of works of parody or burlesque’).

³² *Fisher v Dees* (1986) 794 F.2d 432; *Campbell v Acuff-Rose Music, Inc* (1994) 510 US 569; *Suntrust Bank v Houghton Mifflin Co* (2001) 268 F.3d 1257.

³³ *Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society* (‘Information Society Directive’), O. J. L. 167, 22/06/2001, p.0010-0019, article 5.3(k).

³⁴ French Intellectual Property Code 1992, Art 122(5) (accessed on the WIPO website, <http://www.wipo.int/clea/en/index.jsp>).

³⁵ Spanish Copyright Act 1996, Art 39 (accessed on the WIPO website, *ibid*).

³⁶ Nimmer and Geller (1998-), *Germany* §8[2][a]; *Alcolix and Asterix Persiflagen* decisions, BGH (Federal Court of Justice), March 11, 1993, in English 25 IIC 605 and 610 (1994).

³⁷ Nimmer and Geller (1998-), *Italy*, §8[2][a]. This is essentially on the basis that such works are not derivative works which require the copyright owners’ authorisation: *ibid*.

³⁸ See below part 3.1, page 29 and following.

Neville Jeffress Pidler in 1990.³⁹ That case related to a press clippings business operated by the respondent company.

In the course of rejecting fair dealing, Beaumont J held that the terms ‘research’ and ‘study’ were intended to have their dictionary meanings, eg: ‘diligent and systemic enquiry or investigation’⁴⁰ (research), the ‘application of the mind to the acquisition of knowledge’⁴¹ (study) and ‘a thorough examination and analysis of a particular subject’⁴² (study). Beaumont J considered that the activity in *De Garis* was ‘is an activity engaged in by [the respondent] in the ordinary course of trade which, in my view, is in the nature of an information audit and should be distinguished from research activity of the kind contemplated by s 40.’⁴³

There are good arguments that the *result* in *De Garis* - the rejection of the respondent’s fair dealing defences – was correct. However, the *reasoning* applied by Beaumont J may exclude much reasonable copying activity. For example, a conservative approach might suggest that a parent cannot, under the protection of fair dealing, help their child with a school assignment by photocopying relevant articles from a newspaper. More generally, cultural institution staff interviewed for the Copyright and Cultural Institutions Project reported that fair dealing did not extend to the institution’s general educational activities, and that it was routine practice to clear all rights to third party copyright material included in, for example, educational kits and information sheets.⁴⁴ It is possible that in some instances, these dealings would not be ‘fair’, and that licences would nevertheless be required. However, it is equally possible that many of these uses would involve only short extracts from works, or small, low quality images. Under the current law, no distinction is drawn between the two; *all* uses are prohibited because the institution does not fall within a purpose recognized by the *Copyright Act* (and nor do cultural institutions fall within the ambit of Part VB). In contrast, it is possible that these dealings would fall within a US-style fair use doctrine.⁴⁵

In 2004, the term ‘research’ was construed more widely in *Law Society of Upper Canada v CCH Canadian Ltd*,⁴⁶ in which the Supreme Court of Canada held that a custom photocopying service provided by a law library fell within the equivalent exception of fair dealing. The Court held that the term ‘research’ should be given ‘a large and liberal interpretation’ and apply to both private and commercial activities, such as the practice of law for profit.⁴⁷ The Supreme Court also held:

³⁹ *De Garis v Neville Jeffress Pidler Pty Ltd* (1990) 95 ALR 625.

⁴⁰ *Ibid.*

⁴¹ *Ibid* 630.

⁴² *Ibid.*

⁴³ *Ibid* 629.

⁴⁴ This is discussed in Hudson and Kenyon (2005b)

⁴⁵ Section 107 of the *Copyright Act of 1976* (US) states that ‘...the fair use of a copyrighted work ... for purposes such as ... teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright’.

⁴⁶ *Law Society of Upper Canada v CCH Canadian Ltd* (2004) 236 DLR (4th) 395.

⁴⁷ *Ibid* 419.

‘Although the retrieval and photocopying of legal works are not research in and of themselves, they are necessary conditions of research and thus part of the research process. The reproduction of legal works is for the purpose of research in that it is an essential element of the legal research process.’⁴⁸

The difficulties of narrow definitions of the statutory purposes are compounded by existing law considering fair dealing and agency, discussed in section 1.1.4 below.

1.1.2 *The ad hoc approach to assessing fairness*

A second set of issues in relation to the current operation of the fair dealing exceptions relates to the way in which the courts have assessed the ‘fairness’ of the dealing. Under the current *Copyright Act*, only the exceptions for ‘research or study’ contain a list of factors which the court must consider in assessing ‘fairness’.⁴⁹

The courts have not applied these factors more generally. Instead, the courts have taken what has been criticised as an *ad hoc*, impressionistic approach. In *The Panel*, the judges viewed, and re-viewed, the relevant excerpts, ‘forming impressions’ of whether the treatment was for the prescribed purposes.⁵⁰ The judges rarely made reference to the requirement of ‘fairness’, focusing almost entirely on the purpose of the use.⁵¹

By focusing on their ‘impressions’ rather than the legal factors which may indicate fairness, the judges have increased the uncertainty surrounding the application of fair dealing. The effect is exacerbated by the readiness of the Full Court to overturn the ‘impressions’ of the trial judge on the basis of their own ‘impressions’. This encourages parties subject to an unfavourable ruling to simply appeal on the basis that a different judge may have a different ‘impression’.

1.1.3 *The question of agency: who may take advantage of a fair dealing exception?*

In the *De Garis* case (discussed in section 1.1.1), Beaumont J held that even if customers of a press clippings business required copies of newspaper articles for the purpose of research, study, criticism or review, this would not assist the business in a copyright infringement action brought against it, as the relevant purpose for fair dealing is that of the alleged infringer. This statement, taken on its face, stands for the principle that if a defendant reproduces material on behalf of someone else, it is irrelevant that the recipient

⁴⁸ Ibid 424.

⁴⁹ In this respect, Australian law differs from the fair use exception under US law: 17 U.S.C. §107. In relation to research or study, the court is required to consider the purpose and character of the dealing; the nature of the work or adaptation; the possibility of obtaining the work or adaptation within a reasonable time at an ordinary commercial price; the effect of the dealing upon the potential market for, or value of, the work or adaptation; and the amount and substantiality of the part copied taken in relation to the whole work or adaptation (s 40(2), 103C(2))

⁵⁰ Handler and Rolph (2003), 406 – 408

⁵¹ See *ibid* at 402-403. Justice Conti referred to fairness in relation to only two of 19 excerpts. The Full Court raised and considered fairness in relation to only two of the 10 excerpts which it considered. A similar approach was taken in *De Garis* (above n 39).

would have had the protection of fair dealing had they made the copy themselves. The *De Garis* case has therefore been construed as shutting down any fair dealing defence based on agency.

Ironically, such a determination was unnecessary to deal with the facts in *De Garis*. Even if the press clippings business could demonstrate that it was copying newspapers for the purposes of research (or some other fair dealing purpose), it would be hard to sustain an argument that copying multiple, recent newspaper articles for a fee constituted fair practice. Furthermore, the decision represents the opinion of a single Federal Court judge. Nevertheless, Beaumont J's dicta represents the only authority on the question of agency, and has been accepted as reflecting current Australian law.

Thus, the decision in *De Garis* appears to take an unduly narrow approach to fair dealing. It is one thing to say that some particular users – such as commercial businesses or institutional users – should not be able to reproduce large volumes of material under the rubric of fair dealing. However, it is another thing to say that no user should *ever* be able to rely on agency principles when formulating their fair dealing defence. However, this latter statement can be readily drawn from Beaumont J's decision.

1.1.4 *The lack of a 'safety net'*

The problems outlined above arise from the particular drafting and provisions found in Australian law. The final problem is one that arises more generally from the Australian approach: the lack of a 'safety net' or 'flexible outlet' which would allow courts to excuse uses that 'come up' but have not been anticipated, and allowed for, in the legislative drafting process. In other words, the final problem is the lack of flexibility. As Cornish has noted,

'With rapid technical shifts on the scale of the Internet, there must be a case for giving judges some more general power to excuse at the edges.'⁵²

Leading copyright theorists and practitioners in the United Kingdom have bemoaned the lack of an open-ended exception in that country. Leading scholar Professor William Cornish has suggested that the failure to introduce fair use in 1988 in the United Kingdom was a major failure.⁵³ Justice Hugh Laddie – one who has referred to the copyright system as 'almost perfect'⁵⁴ – has suggested that the comparison between US fair use and UK fair dealing is 'not flattering' to the UK system.⁵⁵

The issue of flexibility can be illustrated by the US case of *Kelly v Arriba Soft*.⁵⁶ In that case, Kelly (the complainant) was a professional photographer who sold his photographs from his website. The defendant Arriba provided a search engine for images – it had a

⁵² Cornish (2004), 65.

⁵³ Ibid.

⁵⁴ Laddie (2002).

⁵⁵ Laddie (1996), 258.

⁵⁶ *Kelly v Arriba* 280 F.3d 934 (2002).

crawler, which picked up visual images from the Internet and organized them into a search file. One of the features of the Arriba search engine was that it provided, next to search results, low resolution ‘thumbnail’ versions of pictures found online. The Ninth Circuit Court of Appeals found that showing the thumbnails constituted a fair use: it was clearly useful to users, and did not interfere with Kelly’s market at all.⁵⁷ Two pertinent observations may be made about this case.

First, there is no exception under current Australian law which would allow a court to even *consider* whether Arriba’s use was fair. They were neither ‘reporting news’, nor were they reviewing or criticizing the photographs. This means that no similar search engine could have been (or could be) set up in Australia which might compete with such services provided from abroad.

Second, it is difficult to imagine the enactment of a specific exception which would cover the uses by Arriba, for two reasons. Primarily, it would be difficult to foresee the *need* for such an exception unless and until such technology was used in the marketplace. However, a company which was proposing a use like Arriba’s would be advised by their Australian lawyers that there was no relevant exception and so the technology might, in Australia, never be put on the market. Australia’s best hope for seeing such technology introduced might be to hope that it is introduced elsewhere in the world and later brought to Australia. It is not desirable that copyright stand in the way of home-grown innovation in this way.

It is of course not inconceivable that uses could be licensed. However, practicalities would interfere. The license would have to be compulsory in order for the search engine to be comprehensive. Further, search engines operate on a global scale: it would seem strange to require a search engine to obtain a compulsory license from each country, to allow a use which (a) many copyright owners would benefit from (as their works can be found online), and (b) some countries allow as free.⁵⁸ As demonstrated above,⁵⁹ that fair dealing/quotation exceptions in many countries are already drafted more broadly, some referring to the ‘informatory’ nature of the use.

In summary: the fair dealing provisions are narrowly worded in Australia compared to many other jurisdictions, and narrowly interpreted by Australian courts. Purpose, not fairness, is the focus of courts’ consideration. This leaves their operation inflexible, and at times counterintuitive. It will be submitted that the operation could be improved by broadening the language, as discussed in Part 3.1 below.⁶⁰

⁵⁷ Other uses by Arriba – including showing full size versions of the pictures – were not fair.

⁵⁸ For example, the US and Singapore.

⁵⁹ Notes 21-28 and accompanying text.

⁶⁰ Below page 29.

1.2 *The libraries and archives provisions*

The libraries and archives provisions allow libraries and ‘archives’ (defined in s 10(4) to include public museums and galleries) to make certain reproductions and communications of collection items for free and without the permission of the copyright owner.⁶¹ Like the fair dealing exceptions, the libraries and archives provisions only apply for specific purposes (such as preservation copying, and reproduction for ‘administrative purposes’ or under the inter-library loan scheme); they also contain a variety of conditions, limitations and record-keeping requirements.⁶² Libraries and archives provisions also exist in the copyright legislation of other countries, including the United Kingdom, the United States and Canada.

The Copyright and Cultural Institutions Project has examined the relevance of copyright exceptions to public museums, galleries and libraries.⁶³ The final stage of fieldwork on the project is currently being completed and interviews transcribed. However, the research (both legal analysis and fieldwork) to date has revealed a number of problems with the operation of these exceptions:

- (1) *Analogue browsing (ie, flipping through a book from the shelves) has not been extended to the digital environment.* The libraries and archives provisions allow:
 - (a) articles and published works acquired in electronic form to be made available online within the premises of the institution on terminals from which only analogue copies can be made;⁶⁴ and
 - (b) preservation copies of original artistic works to be made available online on copy-disabled terminals within the premises of the institution (but only where the original work has been lost, has deteriorated or is too unstable to be displayed).⁶⁵

There is no general provision allowing institutions to digitize collection items and make them available for browsing on copy-disabled onsite computer terminals, or as part of an exhibition at the institution’s premises. The disjunction between analogue and electronic browsing was commented on by Sir Anthony Mason in 1997: ‘If a library can hold a hard copy on its shelves and readers may consult it without a fee, why should the new technology of scanning the same material into an electronic reserve only for the purpose of allowing browsing, or even reading, on screen lead to a charge? Why should a change in the technology of delivery, something not ordinarily associated with copyright, overthrow the historic approach?’⁶⁶

⁶¹ *Copyright Act*, ss 48A–53, 110A, 110B.

⁶² For discussion of the operation of the libraries and archives provisions, see Kenyon and Hudson (2004).

⁶³ The project and findings (including description of the research methodology) is discussed in detail in Hudson and Kenyon (2005a) and (2005b).

⁶⁴ *Copyright Act*, s 49(5A).

⁶⁵ *Ibid*, ss 51A(3A), (3B).

⁶⁶ Mason (1997), 74.

- (2) *There is asymmetry in the treatment of Part III works and Part IV audio-visual items under the libraries and archives provisions.* The current libraries and archives provisions are the result of a piecemeal series of amendments since their inclusion as limited provisions dealing with library photocopying in the original *Copyright Act 1968 (Cth)*. Provisions relating to Part IV audio-visual items were only included in 1986,⁶⁷ and are contained in just two provisions.⁶⁸ This results in an asymmetry, in that many provisions that apply to works do not apply to audio-visual items. In one notable example, the *Copyright Amendment (Digital Agenda) Act 2000 (Cth)*, which introduced an important amendment allowing reproduction and communication of works for ‘administrative purposes’⁶⁹ did not include any such exception for audio-visual items. Fieldwork on the copyright and cultural institutions project shows that in some institutions that collect audio-visual items, copyright licences are obtained for nearly every act of copying – even for purely internal purposes.
- (3) *Onerous record-keeping requirements burden institutions, and probably do not benefit copyright owners.* The copyright declarations system requires that institutions make, retain, and allow copyright owners access to, records of reproductions of published works.⁷⁰ The system was introduced to help curb excessive photocopying by libraries. However, interviewees reported that the system created a significant administrative burden, and that copyright owners rarely inspected records. This accords with the findings of the CLRC in its Simplification Report, which recommended abolition of the declarations system.⁷¹
- (4) *Limitations and caveats result in some exceptions applying in far narrower circumstances than may first appear.* The libraries and archives provisions contain exceptions for purposes such as ‘preservation’ and ‘fulfilling user requests’. However when further analysis is given to the content of these provisions, they commonly only operate in limited circumstances. For example:
- (a) Section 110B permits preservation copying of ‘sound recordings held as a first record’ and ‘cinematograph films held as a first film’. The terms ‘first record’ and ‘first film’ are not defined in the Act. One interpretation is that they only apply to the master copy of an unpublished work. Indeed, institutions that have a policy of not collecting master copies reported that they were only able to make preservation copies of audio-visual items with the consent of the copyright owner. For those institutions, it may be administratively prohibitive to clear rights to a large body of material, particularly where many older items may now constitute orphan works. Given the inherent instability of much audio-visual material, there is the

⁶⁷ *Copyright Amendment Act 1986 (Cth)*.

⁶⁸ *Copyright Act*, ss 110A and 110B.

⁶⁹ *Ibid* ss 51A(2), (3).

⁷⁰ *Ibid* ss 49, 50, 51A, 110B, 203A-203F, 203H.

⁷¹ CLRC (1998), [7.49], [7.51].

possibility that important works will degrade prior to preservation activities being undertaken.

- (b) Sections 51A and 110B allow *preservation copying* of certain unpublished items, and *replacement copying* of published items that have been damaged, deteriorated, lost or stolen. There is no exception allowing preservation copying of published items that are at risk of deterioration – even if these items are rare and fragile (such as an early edition of a book) or constitute orphan works. This significance of this omission may increase with the extension of the copyright term.
- (5) *The libraries and archives provisions facilitate internal but not public activities.* Under current interpretation of the law, there is no exception in the *Copyright Act* allowing digitized images to be made available online, regardless of the resolution of the digital file, the age of the item, the nature of the underlying work or the purpose of the communication. Instead, cultural institutions rely on copyright licences for online uses of copyright material (or, in the alternative, avoid negotiating licences by uploading material which is out of copyright, or for which the institution owns copyright). In terms of online access, the current copyright law treats all copyright owners as having the same needs and interests. For example, visual artists who make a living from their art are treated the same as a person who takes a snapshot for a family album. This does not necessarily benefit copyright owners, and certainly makes it difficult for cultural institutions to fulfill their public interest mission of providing access to collection items, particularly for ‘orphan works’ (discussed in section 5). This is not to say that the libraries and archives provisions should allow all public access without charge – there are important creator interests at stake which demand that some dealings are only performed with the consent of the copyright owner and, where appropriate, on a remunerated basis. But, crucially, these sorts of interests only exist for some collection items: the scope of cultural institutions' collections is far broader, and differentiating between types of items and types of public access – and producing a workable legislative model – is a substantial challenge. Leaving practice in its current form is not supportable on the basis of empirical research.
- (6) *Dealing with ‘orphan works’ is a major issue for cultural institutions.* See discussion in Part 5, below.

1.3 The ‘problem’ of private copying

The third, and final area where it is clear that under current Australian law exceptions are not operating satisfactorily relates to the area of private copying. The problem here is well known and described in the *Issues Paper*: there is a great deal of private copying going on, by many, perhaps even a majority of ordinary Australians, and most of that

copying is in law considered infringement of copyright.⁷² This is an undesirable situation which should be addressed.⁷³ Not only does the current gap between law and practice breeds disrespect for the law,⁷⁴ but it may also be hindering innovation and the introduction of technologies for accessing copyright material in Australia.

While laws about individual copying have not so far stopped individuals from copying, they can have an effect on many businesses, including technology providers, consumer equipment manufacturers and telecommunications companies.

Consider, for example, the Personal Video Recorder (PVR): a form of technology which is yet to make a big impact in Australia although they are popular in the United States.⁷⁵ A PVR is, in essence, a consumer electronics device that records television shows to a hard disk in digital format. A fully-featured PVR enables 'ordinary, or traditional' time-shifting copying, but can also enable such features as pausing live television, instant replay and skipping commercials, as well as archiving of recordings in a convenient form, and sending recordings to other PVRs.⁷⁶ Or consider the Slingbox, a new product being advertised in the US, which allows users to stream video from their PVR to their own portable computer for viewing outside the home. Many of the uses facilitated by these technologies would be infringements of copyright under Australian law. With the law of authorisation currently in an uncertain state,⁷⁷ it is not necessarily the case that a party introducing or supplying technology enabling such uses would be sued.⁷⁸ However, it seems highly unlikely that the fact of multiple infringements caused by their technology would not give an innovator pause before they introduced the technology into Australia.⁷⁹ No general study has been done, but there are plenty of stories of such issues

⁷² For more detail, see Weatherall (2005a), [2.1]. There is, of course, an argument that many private copies may *not* be infringements as a result of an implied license. An implied license is, however, a very fragile thing, and in light of the new militancy of copyright owners, is unlikely to 'last': see SiliconValley (2005).

⁷³ See further Weatherall (2005a), [3.2].

⁷⁴ See *ibid*; see also *CBS Songs Ltd v Amstrad Consumer Electronics Plc* [1988] AC 1013 at 1060, noting that "From the point of view of society the present position is lamentable. Millions of breaches of the law must be committed by home copiers every year ... A law which is treated with such contempt should be amended or repealed. ... home copying cannot be prevented, is widely practised and brings the law into disrepute."

⁷⁵ The best known form is the TiVo – sufficiently important in a cultural sense to have been a feature in the famous *Sex in the City* series.

⁷⁶ Readers may recognise here some of the features of the Foxtel iQ system, which is a limited feature PVR.

⁷⁷ There are two major cases currently before the Australian courts: the *Kazaa* litigation (*Universal Music Pty Ltd v Sharman License Holdings Ltd*, Federal Court File Number NSD 563 of 2005 (heard December 2004, March 2005) and the appeal from the decision in *Australasian Performing Right Association Ltd v Metro on George Pty Ltd* (2004) 61 IPR 575.

⁷⁸ Witness the rise of the Apple iPod, many uses of which are infringements: see Weatherall (2005a), [2.1]

⁷⁹ Copies made by consumers in the privacy of their homes, watching rented DVDs, has been pleaded as a 'hook' for authorisation liability in a past case: *Australian Video Retailers Association Ltd v Warner Home Video Pty Ltd* (2001) 114 FCR 324.

available in the literature.⁸⁰ Some exception in Australian law would give technology innovators some security in pursuing technological innovation.

2 Solutions: is fair use the answer to these problems?

Question 2

The Government seeks your view on whether the *Copyright Act* should be amended to consolidate the fair dealing exceptions on the model recommended by the CLRC.

Question 3

The Government seeks your view on whether the *Copyright Act* should be amended to replace the present fair dealing exceptions with a model that resembles the open-ended fair use exception in United States copyright law.

So far, this submission has argued that:

- The current regime of copyright exceptions is *not* operating satisfactorily: current law has inconsistencies and anomalies which are leading to uncertainty, and, in particular, to a situation where risk-averse sectors such as cultural institutions are not able to use the exceptions to the extent intended; and
- Australian law – particularly in relation to fair dealing – is notably narrower in allowing access and second generation creation than equivalent laws in other jurisdictions.

In our submission, current Australian copyright law provides neither genuine certainty for those charged with interpreting the law, nor flexibility to adjust to changing circumstances and changing uses and delivery of copyright material.

The issue that arises, therefore, is what solution(s) will address the identified problems. Two main options are available to the government:

- Enact an open-ended fair use exception, either to supplement or replace existing exceptions; and/or
- Amend the existing exceptions to remove existing problems.

2.1 *The false dichotomy between ‘certainty’ and ‘flexibility’*

This choice is sometimes painted as a choice between ‘certainty’ (the existing system) and ‘flexibility’ (fair use). There is some truth to this. However, the issues are far more subtle than such a dichotomy would suggest:

⁸⁰ See for example Needleman (2003), quoted in Lessig (2004), 191 (BMW legal and marketing not comfortable pushing forward with vehicles that would play MP3s).

- (1) *The current exceptions do not provide ‘certainty’.* It is commonly said that specific copyright exceptions promote certainty. However, in the case of fair dealing, judges have adopted an impressionistic approach which breeds uncertainty. In relation to private copying, there is uncertainty – chiefly regarding who will be subject to enforcement. And in the case of the libraries and archives provisions, quirks of language mean that some provisions are of uncertain application and, as a result, are not being used by a generally risk-averse sector.
- (2) *Specific language can be difficult to comply with, and responds poorly to change.* In a rapidly changing technological environment, the search for greater certainty through more specific rules – the attempt to define exceptions within an inch of their lives – leads to two problems. The first is increased costs for law-abiding citizens, businesses and institutions. The more specific rules there are, the greater the need for an expert lawyers’ advice. The second arises when technology changes. Consider, for example, the *Audio Home Recording Act* of 1992 in the United States. The Act was drafted to introduce a new system for compensating copyright owners for Digital Audio Tapes. The legislation was drafted with that particular media in mind, leading to uncertainty when the technology was overtaken by portable MP3 players.⁸¹
- (3) *Certainty, like beauty, is in the eye of the beholder.* A rule which is certain to parties who deal with copyright all the time – such as Collecting Societies or copyright lawyers – may not be certain to others – such as independent multimedia creators, directors, and musicians.

For some stakeholders, detailed rules seem likely to be helpful. For example, a number of interviewees in the Copyright and Cultural Institutions Project endorsed copyright laws that involved less subjectivity, and many noted that the sector, as a whole, operated on a very risk-averse basis. That said, one of the key results of the project has been recognition of the importance of sections 51A(2) and (3), which allow the reproduction and communication of Part III works for ‘administrative purposes’.⁸² This phrase is not defined, but would appear to permit a range of internal, collection management activities, such as photographing an object for inclusion on a staff-only catalogue, documenting incoming and outgoing loans, designing exhibitions, recording conservation work, and so forth. Cultural institutions we interviewed that deal with Part III works almost universally reported that they do not seek copyright permissions for these types of internal activities. An exception that attempted to individually categorize all internal activities would not only be verbose, but would have limited capacity to respond to new technologies or collection practices. Thus, the administrative purposes provision is an

⁸¹ *Recording Industry Association of America v Diamond Multimedia Systems Inc* 180 F.3d 1072, 1079 (9th Cir. 1999) (held that such players were not covered by the relevant legislation). We have seen similar problems here in Australia, with the attempt to apply rules regarding the definition of ‘circumvention devices’: At trial: *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2002) 55 IPR 497; on appeal: *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2003) 132 FCR 31, currently on appeal to the High Court of Australia (heard February 2005, judgment reserved)

⁸² See discussion in Hudson and Kenyon (2005a), (2005b).

example of a general standard that works well for a sector that commonly prefers less subjective regulation of its activities.

A general standard which is consistent with users' intuitions is perhaps even more important for individual creators. Many who have to deal with copyright law do not have the wherewithal to become intimately acquainted with detailed rules. According to the Arts Law Centre, many creators in Australia do not obtain detailed legal advice and must act on the basis of their own understanding of copyright rules.⁸³ The more detailed the rule the more difficult this becomes, and the more they need legal advice.⁸⁴

In our submission, one way to make law accord with intuition is to apply a more general standard. There are two ways this could be done: by adding a general (fair use) exception, or by broadening the language of existing provisions. The latter approach is considered in Part 3 below. First, however, we will discuss whether fair use would be of assistance.

2.2 Would fair use address the current problems with the Act?

Introducing fair use to *replace* current law would constitute a very significant change to the Australian approach, requiring further consultation and discussion. However, another option is to *add* an open-ended fair use exception to what exists now in the Australian Act. Such an exception would operate, as Cornish has put it, as a 'general power of adjustment'⁸⁵ in the hands of the courts. It also has the advantage of avoiding the uncertainty that would come with wholesale revision of the Act. In our submission, it is worth considering.

Below we address briefly how (and whether) this would address the current problems. First, however, we must deal with several frequently-raised objections to open-ended exceptions generally.

- (1) *Fair use would lead to increased uncertainty.* Some commentators argue that fair use would be an 'invitation to judicial idiosyncrasy by deciding each case on an *ad hoc* basis as to whether, on the facts overall, it is better to respect or to override' the rights of the copyright owner.⁸⁶ This submission has already pointed out that certainty is lacking from the current law, which deprives this argument of much of its force. This objection also overlooks the effect of retaining other exceptions (including fair dealing, the remuneration schemes for educational copying, etc). Australian courts *already* deal readily with the

⁸³ Presentation by Sally Hanson, Arts Law Centre of Australia, *The Future of Copyright Exceptions* (IPRIA/CMCL Seminar, June 15, Sydney).

⁸⁴ Erlich and Posner (1974).

⁸⁵ Cornish (2004), 65. See also Laddie (1996), 258.

⁸⁶ Gummow J, *Smith Kline & French Laboratories v Department of Community Services* (1990) 95 ALR 87 at 125 (talking about the 'public interest' defence to breach of confidence, but applicable as a criticism of open-ended exceptions to IP law generally).

- interaction between exceptions. In *Haines v CAL*, the court recognised that the scope of fair dealing had to be understood in light of the remunerated educational copying provisions in Part VB.⁸⁷ If a remedial fair use provision were introduced to sit alongside more specific fair dealing provisions, it would not be ‘at large’, but would be read by the courts as part of an overall scheme of exceptions.
- (2) *Fair use has had a ‘chilling effect’ on creative uses of copyright material in the US.* Lawrence Lessig, a leading academic in the United States, has argued that because fair use is uncertain, it is, in effect, a ‘right to hire a lawyer’.⁸⁸ Even if this is the case in the United States, there are important differences between the US and Australian systems which make this less likely in Australia. For example, in the US, very punitive remedies can be awarded in cases of copyright infringement: up to US\$150,000 for *each work infringed*.⁸⁹ Lessig’s comments are predicated on remedies and costs orders which do not apply in Australia.⁹⁰
 - (3) *A fair use exception would be contrary to Australia’s international obligations,⁹¹ in particular, the three step test.* This objection is largely speculative, and effectively moot given the position of the US and the lack of any likelihood that the US view on compliance with Berne would ever be challenged. And, of course, when the US finally adhered to the Berne Convention in 1989, they were not obliged to amend their fair use provision.⁹² In any event, academic views differ considerably on whether fair use – with its development of exceptions through caselaw – should be considered inconsistent.⁹³ It is also worth noting that the US is not alone – Singapore has also recently introduced an open-ended fair use exception – in fact, as a specific response to Singapore’s own FTA with the United States.
 - (4) *A fair use exception is contrary to Australia’s legal tradition, given the absence, for example, of the constitutional framework that informs US fair use jurisprudence.⁹⁴* Again, this objection loses much of its force if we are talking about adding fair use, rather than replacing the existing provisions. There is no reason to think that Australian courts could not accommodate a flexible exception, particularly if it was clear it was to be understood as simply a recognition by the legislature that omniscience is not one of the legislature’s powers.

⁸⁷ *Haines v Copyright Agency Ltd* (1982) 42 ALR 549 at 556.

⁸⁸ Lawrence Lessig (2004), 187.

⁸⁹ 17 U.S.C. §504(c).

⁹⁰ See also Jaszi (2005), 11-12.

⁹¹ Ricketson (2002).

⁹² *Ibid*, 165-166.

⁹³ Senftleben (2004), 162-166.

⁹⁴ See, eg, Burrell and Coleman (2005) Chapter 9.

2.2.1 *Would fair use address the problems in relation to fair dealing?*

Arguably fair use would go a considerable way to addressing the issues identified above with fair dealing. It would:

- Address the problem of new and transformative uses which do not strictly fit within the Act. It seems fairly clear that a ‘catch-all’ provision would allow for uses like parody which have clear value without unduly harming the interests of copyright owners;
- Require courts to analyse fairness in terms of a list of known factors in the style of 17 U.S.C. §107 or the CLRC recommendation; and
- Provide more flexibility in areas such as criticism and review, and parody, referred to in Part 1 above.

2.2.2 *Would fair use address the problems for cultural institutions?*

Introduction of a fair use doctrine could respond to some of the difficulties experienced by cultural institutions. It could do this in two main ways:

- (1) *Permitting conduct that is not allowed by the current copyright exceptions, but for which drafting a specific exception is problematic.* In theory, fair use could permit institutions to upload some digital content on publicly accessible websites in forms, such as low resolution forms, which did not compete with copyright owners’ markets, or enable them to make reproductions of orphan works. These are both examples of conduct for which a specific exception may be difficult to draft. For example: it is hard to predict future institution practice and the capabilities of digital technology; provisions seeking to prescribe maximum resolution size, permitted uses, and so forth, may become excessively narrow, merely recreating current problems with detailed provisions; and provisions which impose excessive administrative burdens may have little application in practice.
- (2) *Acting as a safety net for conduct that is at the margins of, or analogous too, activities permitted in a specific exception.* Fair use could act as an important ‘catch all’ for activities that sit at the perimeters of permitted exceptions. An example is migrating digital content to a different format when more advanced software becomes available. It may be difficult to fit this practice within the exceptions for administrative or preservation copying – but it is possible it could be captured within fair use.

The relevance of fair use for US cultural institutions has been explored in the Copyright and Cultural Institutions Project. Interviews were conducted with staff of leading institutions in January 2005 (some further interviews are planned). By way of brief background, the *Copyright Act of 1976* (US) contains both fair use (section 107) and

libraries and archives provisions (section 108).⁹⁵ Interviewees were asked about the relevance of each of these sections.

Interviewees considered fair use to be an important supplement to the libraries and archives provisions. For example, a copyright lawyer working in the cultural institution sector described section 108 as *'less important than fair use'*, whilst the general counsel of a major art gallery stated that she was *'always wondering how, in countries that don't have a kind of fair use law ... how you can really achieve balance.'* An interviewee from a major metropolitan library observed:

'[Section 108 is] the most detailed section and yet it doesn't really afford as much leeway as you might need in the modern environment ... 108 is nice because it's got these things, very specific, but then there may be occasions where its appropriate to go beyond it ...'.

That said, fair use did not replace the need to negotiate copyright licences. Many interviewees reported that they still cleared rights where images were displayed on publicly-accessible websites, particularly where those images were of contemporary art and design. Furthermore, a number of digitisation projects focused on old, public domain materials, to avoid copyright issues. Interviewees reported that respecting the rights of copyright owners and creators was very important. However, fair use was available to facilitate US digitisation projects. For example, an interviewee describing the creation of an online image library stated that the project *'included clearing rights in a fairly rigorous way, but also taking a pretty aggressive approach on fair use where it seemed appropriate.'* The reliance on fair use varied depending on the purpose of the institution's use, the nature of its collection, and so forth.

Thus, it is safe to say that fair use is not a panacea for all ills. Its introduction would be unlikely to produce a major shift away from the usual practice of negotiating rights for certain uses. However, it could provide a flexible exception for certain uses which do not prejudice the interests of copyright owners. Indeed, the 'safety net' benefit described in paragraph 2, above, may be very significant, and constitute an important justification for introducing fair use into Australian law. It is also likely that over time, Australian institutions would become more comfortable in relying on fair use, similar to their US counterparts.

2.2.3 *Would fair use address the private copying problem?*

As one of the authors of this submission has noted elsewhere, it is not clear how much private copying would be allowed under a fair use exception if, and when, matters came to the courts.⁹⁶ How much private copying would be allowed under 'fair use' would depend on:

⁹⁵ There is no separate definition of 'library' and 'archives' in section 101 the US Act. However, there are limitations on when libraries and archives can invoke the exceptions in section 108 (these centre around the absence of commercial advantage, that the collection is open to the public or researchers in the field, and the requirement of notice affixation: s. 108(a)).

⁹⁶ Weatherall (2005a), 16-18 [4.1.2]

- How receptive the Australian courts are to the US jurisprudence;
- The evidence and facts presented to the court at the time when a suit was brought; in particular, the extent to which copyright owners were able to show that private copying in fact interfered with their markets; and
- The legislative history accompanying the Act.⁹⁷

For consumers, fair use could be something of a two-edged sword. On the one hand, fair use would undoubtedly allow them more freedom than they currently have to make use of copyright material. On the other hand, if a case was brought today considering the legality of copying Personal Video Recorders, there is no guarantee it would be considered fair use.⁹⁸

A key benefit of fair use is that it is a dynamic exception which can adjust as technologies and the market evolve. This facilitates innovation by removing impediments imposed by a copyright system with broad prohibitions, but only narrow exceptions. Furthermore, it avoids the need for the legislature to specify in advance how law will apply to rapidly changing circumstances.

3 Alternative solutions to the problems with the existing exceptions (fair dealing and cultural institutions)

If the government decides that fair use is not the best solution to the problems already identified, there are certain steps which could be taken to ameliorate the problems we have discussed. As noted in Part 1 above, the existing exceptions provide neither certainty nor flexibility. Below we identify ways in which the language of the existing exceptions could be improved to increase their flexibility and application to the real world activities of creators and users. The advantage of these proposals is that they would move the Australian system away from the highly detailed and restrictive current approach, without a full re-working of the system.

3.1 Fixing fair dealing

It is submitted that there are two key changes that could be made to the current fair dealing provisions which would be consistent with international models, and would improve the flexibility of those provisions.

3.1.1 Broaden criticism and review, and/or add a parody exception

The fair dealing exception for ‘criticism or review’ is presently too narrow. The language could be broadened by:

⁹⁷ See Weatherall (2005a), 16-18 [4.1.2].

⁹⁸ Ibid (discussing the time-specific nature of *Sony Corp v Universal City Studios* 464 US 417 (1984) and *Recording Industry Association of America v Diamond Multimedia Systems Inc* 180 F.3d 1072, 1079 (9th Cir. 1999)).

- (1) Changing ‘for the purpose of criticism or review’ to ‘for a purpose *such as* criticism or review’. Such a provision could be interpreted to allow uses analogous to criticism or review – thus including uses which currently fall ‘on the edge’ such as parodic uses;
- (2) Adding some further terms to ‘criticism or review’, for example, changing the provision to allow dealings ‘for the purpose of criticism, review, comment, or discussion’. All of these terms are to be found in copyright law overseas;⁹⁹ or
- (3) Add the purposes of ‘parody, pastiche and caricature’¹⁰⁰ either as a specific exception or within the existing exception for criticism or review.¹⁰¹

If the decision were to add a specific parody exception, it would still be worth considering whether adding terms such as ‘comment’ and ‘discussion’ would nevertheless be worthwhile in light of the discussion of *The Panel* case above.

Any of these amendments would increase the flexibility of this exception, without making it completely open-ended. Given that the use would still need to be ‘fair’, there is little reason to be concerned that copyright owners will suffer interference with their legitimate interests, and the wide use of more open models in jurisdictions overseas suggests that there is nothing radical in such a suggestion.¹⁰²

3.1.2 Amend the Act to allow fair dealing on another person’s behalf

In Part 1.1.3, this submission discussed the decision of Beaumont J in the *De Garis* case. The decision has been interpreted as preventing a person from arguing that they were acting as the agent of a third party when invoking the fair dealing defence. That is, the relevant purpose is that of the alleged infringer, and it is irrelevant that the intended *recipient* required the copy for one of the statutory purposes, and would have been protected by fair dealing if they had made the copy themselves.

As noted earlier, it is difficult to see why such a strict approach is warranted in all cases. It may not always be appropriate for a commercial business or large institution to rely on agency in defending a copyright infringement action – but this should not mean that all

⁹⁹ See above Part 1.1.1.

¹⁰⁰ Or ‘parody, pastiche and caricature, observing the rules of the genre’, to adopt the French and similar models (see Part 1.1.1 page 10 above).

¹⁰¹ Note also that to protect parody, it may be necessary to provide, specifically, that a parody which is considered a ‘fair dealing’ is also deemed ‘reasonable’ for the purposes of the right of integrity (see *Copyright Act 1968* (Cth) ss 195AI – 195AL. While it is possible that a parody would be considered ‘reasonable’, there is sufficient doubt that a defendant could be deterred by the possibility or threat of legal proceedings (Burrell and Coleman (2005), 78). It would be preferable to remove the matter from doubt, by stating that a use which falls within the fair dealing exception for ‘caricature, parody or pastiche’ will be taken to be ‘reasonable’ for the purposes of s 195AS. It is worth noting in this context that many national laws recognise ‘parody’ exceptions to the right of integrity: Françon (1988).

¹⁰² Jaszi (2005) at 8 (noting that some specific exemptions are not truly closed in their articulation, and so may ‘actually function as mini ‘fair use’ provisions in practice’).

users are precluded from pleading an agency-based fair dealing defence. The fact that a person was acting as an agent for another person may well be relevant in the court's assessment of fairness, as might the number of reproductions made, and whether a profit was derived from their distribution. For example, drawing from the facts of *De Garis*, the fact that the press clippings service was not merely acting on behalf of its clients, but extracting a commercial fee for doing so, may militate against a finding that their conduct was fair.

It is possible that a court hearing a future case would overturn Beaumont J's statements on agency. However, this has not yet happened, even though fifteen years have passed since the judgment was handed down. It may therefore be useful for the government to amend the fair dealing provisions to provide that the mere fact that a person deals with a copyright work on behalf of someone else does not, of itself, prevent them from relying on fair dealing.

3.2 Fixing the Libraries and Archives Provisions

As noted above, there are two broad approaches for amending the libraries and archives provisions. One option is for the provisions to undergo wholesale amendment; this approach was adopted by the CLRC, which recommended that many of the provisions be repealed and that institutions instead rely on a free-roaming fair use doctrine.¹⁰³ This submission will focus on the second approach: retention of the current set of provisions, but with amendment and, where appropriate, the introduction of new provisions. The current evidence from the Copyright and Cultural Institutions Project suggests that this second approach would be preferable to the first, although it is not the purpose of this submission to form a concluded view either way.

The following are areas that the government may wish to examine with a view to reform. This is not intended to be an exhaustive list, but merely give an indication of the spectrum of issues that have arisen. Furthermore, given that many of these areas raise complex questions, in a number of instances, we have merely identified questions for analysis rather than attempting to craft specific solutions. These matters are appropriately addressed through further discussion and consultation.

- (1) *Asymmetry within the libraries and archives provisions.* Many libraries and archives provisions that apply to Part III works do not apply to Part IV subject matter. This may reflect the history of the provisions, which are the result of a series of piecemeal amendments over a number of decades. The government may wish to consider whether there is a justification for retaining this differential treatment of copyright material.
- (2) *Limitation of purpose in section 49.* Currently, section 49 only applies where a user requires a copy of an article or published work for the purpose of 'research or study'. There does not appear to be any convincing policy reason why section 49

¹⁰³ CLRC (1998), chapter 7.

should not mirror the other fair dealing purposes. Therefore, section 49 should be extended to allow institutions to respond to requests from users requiring material for criticism, review and reporting the news.

- (3) *The declarations system.* Evidence from the Copyright and Cultural Institutions Project suggests that the declarations system places a substantial administrative burden on cultural institutions (particularly libraries), but that copyright owners rarely avail themselves of their statutory right to inspect records. Given that the declarations system was introduced with the aim of protecting owners, the government should give serious consideration to dispensing with the system.
- (4) *Preservation copying.* There are three main problems with the current preservation copying provisions.
 - (a) Section 110B only applies to sound recordings held as a ‘first record’ and cinematograph films held as a ‘first film’. The terms ‘first record’ and ‘first film’ have caused confusion, with the result that some institutions feel unable to rely on the provisions. Amendment of the provision so that it applies to *any print* of an unpublished work may alleviate some concerns. At the very least, the ambit of section 110B should be clarified.
 - (b) In a similar vein, the phrase ‘original artistic works’ in section 51A(1) may be difficult to apply to artistic works in an institution’s collection that were produced in editions or series (such as prints and photographs). A possible reform is for the word ‘original’ to be repealed.
 - (c) The preservation copying provisions in section 51A and 110B do not apply to works and audio-visual items that are published, but which are rare or fragile. These items may only be reproduced under the replacement copying provisions in sections 51A and 110B; however, these provisions only apply where the item *has been* damaged, deteriorated, lost or stolen. Institutions that possess old, published works – many of which may constitute orphan works – may consider themselves unable to make preservation copies without infringing copyright. One option to rectify this situation is to expand the preservation copying provisions to cover *all collection items* (perhaps with an exclusion for commercially available works).
- (5) *Reproducing audio-visual items for ‘administrative purposes’.* There seems to be no reason in principle why the provision allowing Part III works to be reproduced for administrative purposes¹⁰⁴ should not also apply to audio-visual items. A provision mirroring this provision should therefore be introduced into Part IV
- (6) *Onsite kiosks.* Many institutions use touchscreens and other onsite electronic displays as part of their exhibitions. In general, rights must be cleared for these

¹⁰⁴ Copyright Act, ss 51A(2), (3).

uses, as the existing provisions allowing users to access images from onsite computer terminals are very limited. The government may wish to address whether the existing exceptions should be expanded. This may include consideration of whether reproducing works for these terminals unduly interferes with the rights of the copyright owner – or is it just the digital version of browsing?

As a final point, we note that many of the current exceptions allowing the reproduction of collection items do not allow the resulting digital files to be accessed by the public. Fair use could apply in some situations, and it is possible that reform to practice – for instance, through the more general use of blanket licences with collecting societies – may reduce logistical difficulties in clearing rights for such a high volume of material. We would suggest that in considering the options for law reform, the government give careful consideration to ensuring that cultural institutions can facilitate access to online collections, while still ensuring that, where appropriate, copyright owners have control over, and income from, those uses.

4 Alternative solutions to the private copying problem

The third area of problems is private copying. If fair use is not adopted, what matters should be borne in mind by the government in choosing a solution? Broadly, there are two sets of issues to be considered:

- Considerations in choosing *between* different *kinds* of solution;
- Considerations in framing the solution chosen.

4.1 Choosing between solutions: levy or free exceptions?

Private copying is not a simple issue in itself. In particular, it is very important to note that there are numerous *kinds* of private copying, which fall on a spectrum between those which interfere least with copyright owners' interests (time-shifting, for example) to those which interfere the most (file-sharing).¹⁰⁵ The government must consider carefully which *kinds* of copying are to be excused – and what implications that has for whether the exception should be remunerated or not.

There are three broad alternatives from which the government could choose in relation to private copying:

- (1) **Remunerated but general** private copying exceptions: in other words, an exception for private copying coupled with a statutory levy on recording media and/or equipment; or
- (2) **Remunerated and specific** exceptions for certain kinds of private copying (for example, time-shifting and format-shifting); or

¹⁰⁵ See generally Weatherall (2005a).

- (3) Certain specific **free** exceptions for **certain kinds** of private copying.

How should the government choose between these options? It is submitted that one factor that the government should take into account is overseas practice. The government should assess whether any proposed solution will leave Australian consumers worse off, as well off, or better off than their counterparts overseas.¹⁰⁶

When overseas practice is considered, two broad models emerge, which correspond to options (1) and (3) above. That is, countries have chosen *either*:

- (1) To allow certain, limited *free* private copying for purposes such as time-shifting (United Kingdom, United States); *or*
- (2) To allow private copying (*not* limited to time-shifting and format-shifting), but with remuneration to copyright owners through a levy system (European countries; Canada).

In other words, an option where Australian consumers had a right to make time-shifting and format-shifting copies, but only on payment of remuneration, would leave Australians worse off than consumers overseas. In those countries where statutory (compulsory) licenses are available, those statutory licenses are broader than mere rights to make copies for time-shifting, or format-shifting. In Germany section 53 is typical: it allows the making of single copies of works for ‘private use’, by the end-user or by his/her agent.¹⁰⁷

4.2 Considerations in framing the chosen solution

4.2.1 A statutory licensing system

Question 7

The Government seeks your view on whether the Copyright Act should be amended to include a statutory licence for private copying, and if so, for what materials and under what circumstances.

The details of any statutory licensing system are beyond the scope of this submission. We submit, however, that in framing any such scheme, the principles outlined in Weatherall (2005a) should be taken into account: that is:

- Australian consumers should not end up worse off than consumers overseas; and
- Australian consumers should not have to pay twice for a copy.

Great care will need to be taken in drafting any such scheme. Schemes in other countries have encountered serious issues in recent times. In the Canadian private copying scheme, the first tariff placed on blank CD-Rs was 5.2 cents each (at that time, the retail price of

¹⁰⁶ See further Weatherall (2005a), 12-14 [3.6].

¹⁰⁷ Nimmer and Geller (1998-), §8[2][a][i]

such CD-Rs was \$1.70 to \$2.50 each. Now the blank levy is 21c per CD-R, which are now about 50c each in packages of 100. In the first hearing on the private copying levy, the Copyright Board of Canada received over 3,000 written comments; even in the third decision, the number was 1,500 written comments.¹⁰⁸

In Europe, the European Commission is currently looking at how it might improve the efficiency of the European system; in particular systems of collective management of copyright rights.¹⁰⁹ European discussions – saying that service providers must be able to contest tariffs – especially in cases where tariffs are so high that it makes it hard to launch or operate web-based delivery models.¹¹⁰ According to an EC official at the Fordham Conference in March 2005:

‘We ... need to foster legitimate online business models and aim to avoid that traditional copyright remuneration models, such as levies on blank cassettes, CDs or even computer disks become an obstacle to the ‘take up’ of legitimate digital remuneration models’.¹¹¹

One of the policy options being considered is amending Article 5.2(b) of the *Information Society Directive*, regarding the calculation of ‘fair remuneration’ for copyright holders for legitimate acts of private copying.¹¹²

If a statutory license is to be adopted, we would welcome further, more detailed consultations on the model.

4.2.2 Drafting specific exceptions

Question 4

The Government seeks your view on whether the Copyright Act should be amended to include a specific exception for time-shifting television and radio broadcasts – including underlying works, films, sound recordings and live performances - and if so, under what conditions.

Question 5

The Government seeks your view on whether the Copyright Act should be amended to include a specific exception for format-shifting, and if so, for what materials and under what conditions.

¹⁰⁸ Retail Council of Canada (2005) at [22]

¹⁰⁹ Lueder (2005) at 2-3.

¹¹⁰ Ibid 3.

¹¹¹ Ibid 5.

¹¹² Ibid 6.

Question 6

The Government seeks your view on whether the Copyright Act should be amended to include a specific exception for making back-up copies of copyright material other than computer programs, and if so, for what materials and under what conditions.

It is submitted that a free exception for each of these activities could be justified and would be consistent with Australia's international obligations. For more information on this issue, we refer to Weatherall (2005a).¹¹³

If the government chooses to adopt specific exceptions for time-shifting, format-shifting, and/or back-up copying, the most important consideration is that any such exception not be drafted with such a complicated layer of 'exceptions to the exception' that it becomes effectively nugatory or unworkable. The lesson from Part 1 above is that complicated provisions have unforeseen effects.

Consider, for example, a condition proposed at a public seminar in mid-June 2005, where a speaker from the Australian Subscription Television and Radio Association (ASTRA) suggested that a time-shifting exception should allow taping to watch later – *once*.¹¹⁴ As another person responded – what if there are two people in the household? Or consider the following proposed exception included in the submission of the Australian Copyright Council.¹¹⁵ which would allow the private copying of television programs, subject to remuneration where:

- (1) The broadcast is non-infringing;
- (2) Access to the broadcasting has been authorised by the copyright owners;
- (3) The source copy is non-infringing;
- (4) The copy is made on private premises;
- (5) The copy is made for the private use of the person who makes it; and
- (6) If the copy is subsequently used for any other purpose – including if it is lent or given away – it is deemed to be an infringing copy from the time it was made.

Conditions (1) and (3) are designed to ensure that the exception does not apply when a private user tapes an unauthorised broadcast. It is not clear, however, what the point of these limitations is when the exception is designed for the benefit of the end user. In the case of an unauthorised broadcast, the appropriate target of enforcement is the broadcaster, not the individual who tapes the broadcast for private use in their private premises. Condition (2) is directed at unauthorised access to subscription broadcasts.

¹¹³ In particular, see Weatherall (2005a) 23-25 [4.2.1]

¹¹⁴ It may be worth noting that this is the definition of time-shifting that was adopted by the US Supreme Court in *Sony Corp v Universal City Studios* 464 US 417 (1984) at 423.

¹¹⁵ Australian Copyright Council, *Response to Issues Paper on Fair [Use]*, June 2005, available at www.copyright.org.au (last visited 6 July 2005).

Such matters are already appropriately dealt with elsewhere in the Act; they do not need to be dealt with here also.¹¹⁶

Proposed conditions (5) and (6) are similar to the ASTRA proposal mentioned above. It would, in general, be considered perfectly normal to lend a copy of a taped program to a friend to watch (cf condition (6)); it would also be considered normal to telephone a friend to arrange taping of a program (cf condition (5), although the meaning of proposed condition (5) is not at all clear). No explanation is offered for why the exception to be created should depart so radically from everyday accepted practice.

No doubt all these conditions could be adjusted – the provision could allow watching twice or lending to up to three friends. The point is that someone will always fall outside the exception even if their activities are entirely reasonable. That is, the adoption of *any* version of these conditions still leaves us with an exception of such limited application that the underlying problem would remain unresolved.

The obsession with home taping in the Senate Select Committee arose, in part, out of Senator Peter Cook's concern that he was asking his son to tape the ABC thriller *State of Play* for him, involving them both in infringement.¹¹⁷ It would be ironic if the exception did not even allay Senator Cook's concerns.

5 Other issues: Orphan Works

Question 8

The Government seeks your view on whether the Copyright Act should be amended to include other specific exceptions or statutory licences, and if so, under what conditions.

Question 9

The Government seeks your view on other options for implementing reform, and the costs and benefits of those options.

Question 10

The Government seeks your view on any other matters arising out of this Issues Paper.

While there are doubtless many issues that could be raised in relation to these questions, this submission will deal with only one – orphan works – in relation to which research carried out by IPRIA and CMCL is of relevance. Orphan works are 'copyrighted works

¹¹⁶ Actions may already be brought under the *Copyright Act* against persons who manufacture and deal with decoding devices for decoding encoded broadcasts (s 135AN), against persons who use such devices or receive broadcasts obtained using such decoders (s 135ANA). An encoded broadcast is a broadcast that is made available only to persons who have the prior authorisation of the broadcaster and only on payment by such persons of subscription fees (whether periodically or otherwise) (s135AL). These actions are quite sufficient for these purposes.

¹¹⁷ See *Hansard* Tuesday, 18 May 2004, at FTA page 88.

whose owners are difficult or even impossible to identify or locate'.¹¹⁸ A work may become 'orphaned' for various reasons, including because the owner is dead, or the company which owned copyright has ceased to exist.

5.1 *Is there a problem with orphan works?*

Research on the Copyright and Cultural Institutions Project suggests that dealing with orphan works presents a serious problem for institutions within Australia and overseas.

A number of factors appear to have operated in concert to make orphan works such an issue. Firstly, the breadth of works protected under copyright law means that for much copyright material, *'the rights holders wouldn't even know that they were the rights owners'*.¹¹⁹ This is particularly significant for social history museums, which may have collected an array of 'non-commercial' items – such as letters and diaries, family photographs, sketches and drawings, and so forth – for which the creator never thought about copyright (or was even aware he or she was creating a copyright work). Secondly, the long duration of copyright – which is effectively perpetual for unpublished items, and has recently been extended for published materials – presents huge practical difficulties in tracing copyright owners. One librarian commented:

'So we're not worrying about the big authors, the people who in general, are professional authors, even if they're dead usually you can find out who owns the copyright and how you go about negotiating it. It's for the things which are, in a sense, orphaned. The book that somebody wrote, the history of their local area, thirty years before they died and they didn't say in their will "I leave my copyrights to me beloved daughter", they just say "I leave everything else to me beloved daughter" and then the beloved daughter has since died and has left everything to beloved ten sons, half of whom have since died and have then left... anyway. It becomes totally impossible to trace the copyright.'

Finally, orphan works present a significant difficulty because many collection items were acquired at a time when technology and copyright laws were very different, and copyright was not a major concern for cultural institutions. This was aptly described by one staff member of a museum:

'The problem I've got is backdating things to a period when we weren't collecting the information we might have needed. We weren't even asking the question of the copyright holders, that's where I have a significant problem. It's very frustrating from our point of view, to exist under the current laws with material that was gained in the 1920's ... Nobody bothered over the subsequent years to keep track of these people. So it becomes frustrating with some of those records, that we can't provide broader access to those records.'

¹¹⁸ This is the definition adopted by the US Copyright Office: see US Federal Register Vol.70 No.129 Thursday 7 July 2005 at 3934

¹¹⁹ Quotation from interviewee at major social history museum.

This presents cultural institutions with a dilemma. If they digitize an orphan work for the purpose of access – for instance, to include it on a website – then it is likely that they will infringe copyright.¹²⁰ Obviously, the risk of a copyright infringement action is low. However, given that the sector is, in general, risk-averse, many institutions may decide to avoid digitizing such works, and focus on collection items in the public domain, or for which a copyright licence can be negotiated. This situation reduces the ability of cultural institutions to provide access to their collections using new digital technologies. Orphan works therefore have the capacity to remain trapped in old analogue means of access.

There is evidence that orphan works have been recognised as a problem in other jurisdictions. For example, US interviewees on the Copyright and Cultural Institutions Project reported that orphan works were a problem. Indeed, the US Library of Congress is currently holding an inquiry into orphan works. Following its release of an Issues Paper earlier this year, some 850 submissions were received. Information about the US inquiry is included in Appendix 2.

5.2 Solutions to the orphan works problem

In our submission, a solution must be found for the issue of orphan works. That solution could come in one of two forms. On the one hand, it is strongly arguable that an open-ended fair use exception could allow many uses of orphan works.¹²¹ In the US, a key factor favouring fair use is that a market transaction (ie, a license) is not feasible. By definition, such licensing is not reasonably feasible in the case of true orphan works.¹²² Fair use may allow a whole work to be copied, even where the copying is commercial. Where the social value is substantial – for example, through new creations or by the making available old or out of print works – use would arguably be fair. Of course, fair use would not entirely resolve the issue of orphan works, but would represent an important step in that direction.

If fair use is not adopted, then some other more specific solution must be found. This submission does not endorse any particular proposal to ‘solve’ the orphan works problem. Further consultations on a solution would need to be organized, involving all stakeholders, including copyright owners, creators, cultural institutions, and academics. This would be necessary because of the complexity of the orphan works problem.

While this submission does not seek to identify any particular specific solution, one principle guiding any reform should be that any solution must be compatible with systems adopted internationally.

¹²⁰ Of course, this analysis presumes that the work digitised was still within the copyright term.

¹²¹ Patry and Posner (2004) (arguing that ‘Recognition that the public benefits from certain unlicensed uses is essential and should be acknowledged, not rhetorically but in practice through generous interpretation of fair use’: Ibid at 1645-1646).

¹²² Ibid.

There is a strong temptation to draft legislation with a view only to local consequences. For example some proposals would require users to make applications to Australian bodies such as the Copyright Tribunal or the Federal Magistrates' Court for permission to use or make available orphan works. Such systems would be similar to the current Canadian system, which allows prospective users to make an application to the Copyright Board of Canada.

However, copyright material is increasingly used, exploited, or made available internationally. If a person wishes to digitize and make orphan works available online, or incorporate orphan works into a documentary film to be displayed in other countries, that person will generally need worldwide copyright clearance. If Australia sets up a system of permissions, they will only apply to use or exploitation within Australia. If every country sets up such systems, this may be done with good intentions but will lead to significant burdens on creators.

For this reason, as Paul Geller pointed out in a submission to the US Copyright Office,

‘The problem of orphan works is best solved globally. Such a solution should facilitate making orphan works accessible to members of the public worldwide. The solution should also spare users the trouble of having to start procedures with national copyright or like offices one after another.’¹²³

Geller suggests that a treaty should be sought *prior* to the adoption of a local solution. This is one approach. Another would be to adopt a system which can be readily extended to apply an international level. It may be that a ‘reasonable inquiries’ model does this most readily. As Kim Weatherall has pointed out,

‘If several countries adopt a ‘reasonable inquiries’ model, then you would think, reasonable inquiries can be made that will satisfy *all* the countries. That means a creator wanting to make a documentary using old film can make reasonable inquiries and then be safe in the knowledge that they have fulfilled their requirements for all countries that adopt such a rule. This saves the cost of having to fulfil a series of restrictive formalities in each country where you want to sell your documentary.’¹²⁴

All of these matters are good subjects for further consultations.

¹²³ Geller (2005)

¹²⁴ Weatherall (2005c).

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Appendix 2: US Study of the Orphan Works Issue

The US Copyright Office is presently mid-way through a process of examining the problem of orphan works. As stated by the Office,

‘The study is a response to concerns that difficulty in identifying and/or locating copyright owners can create difficulties in obtaining permission for subsequent creators and users to use works in socially productive ways, such as by incorporating these works in new creative efforts, or by making them available to the public.’¹²⁵

A request for comments was issued on 26 January 2005. The Office received approximately 850 unique comments in total. Roundtables will be held to discuss specific issues and solutions in late July and early August, 2005.¹²⁶

The Copyright Office has identified four main areas where further discussion and consideration is required; these four areas constitute the agenda for the upcoming Roundtables. These areas are also a useful indication for discussion here in Australia. The issues raised by the Copyright Office are set out in the box below.

US Copyright Office: Orphan Works Inquiry

In the context of its current inquiry into the issue of orphan works, the US Copyright Office has identified the following topics, and questions, as an agenda for consultations in the form of Roundtables to be held in July and August 2005.

Topic 1: Identification of Orphan Works.

How should the term ‘orphan works’ be defined? Should it be determined on an *ad hoc* approach, setting forth basic parameters of what might constitute a sufficient search under the circumstances, or should it involve a formal approach, incorporating a registry or registries in various forms and with various effects?

Specific issues are:

- (a) The ‘due diligence’/‘reasonable efforts’ search approach and standard;
- (b) The role of registries of copyright ownership information and/or uses of purported orphan works;
- (c) Inclusion or exclusion of unpublished works; and
- (d) Other threshold requirements, such as age of works, type of works, types of users, types of uses.

Topic 2: Consequences of an ‘Orphan Works’ designation.

¹²⁵ US Federal Register Vol.70 No.129 Thursday 7 July 2005 at 39342, available at <http://www.copyright.gov/fedreg/2005/70fr39341.pdf> (last visited 8 July 2005).

¹²⁶ Ibid. See also the website of Public Knowledge, where progress on this issue is being monitored: <http://www.publicknowledge.org/issues/ow> (last visited 6 July 2005).

Consequences of an orphan works designation may vary in nature and degree, from limitations on the remedies available to a reappearing owner, to the payment of a mandatory fee by the user in a variety of forms, to a statutory exemption explicitly authorizing various uses, to termination of all rights in the work through entry into the public domain.

Specific issues are:

- (a) The 'limitations on remedies' approach;
- (b) The exemption and public domain approaches;
- (c) Payment of fees or escrow by the user;
- (d) Other conditions/obligations on the user (eg time limits, notice, registration); and
- (e) Reliance (or 'piggybacking') on previous searches by subsequent users.

Topic 3: Reclaiming Orphan Works.

What happens where a formerly unidentified or missing copyright owner reappears, and attempts to assert rights in the work? What happens where a user has incurred costs in reliance on the continuing unavailability of the original owner?

Specific issues are:

- (a) The consequences of owner reappearance for uses in the process of being prepared for exploitation (whether derivative uses or other uses in preparation) and for ongoing exploitations;
- (b) The burden of proof in litigation, on issues such as the reasonableness of a user's search;
- (c) Statutory damages and attorneys fees; and
- (d) Rights in derivative works based on an orphan work.

Topic 4: International Issues.

How can any proposed solution be reconciled with existing international obligations regarding copyright?

Specific issues are:

- (a) Compliance with the Berne Convention prohibition on formalities;
- (b) Compliance with the TRIPS/Berne three-step test for limitations or exceptions;
- (c) Exclusion of foreign works from the orphan work definition; and
- (d) Gathering information on experience in other countries with orphan works issues.