Policing the Internet in Singapore: From Self-Regulation to Auto-Regulation

The 2000 CAMLA Essay Prize winner was Terence Lee, a PhD candidate at Adelaide University. Terence provides a thoughtful analysis of Singapore's auto-regulation of the Internet and questions whether this is the only viable way to regulate cyberspace.

The sheer pervasiveness of the Internet makes it impossible for even the best-intentioned of regulators to keep it out. Such issues as privacy, consumer protection, intellectual property rights, contracts and taxation cannot be left entirely to self-regulation if e-commerce is to flourish. The real question, alas, is not whether to regulate the Internet, but how.

The framework of self-regulation, especially industry-based self-regulation, is presently the zeitgeist of internet and new media regulation in most parts of the world. Self-regulation is a concept which sells because it appears to satisfy industry players who prefer to operate under free-market bases, as well as libertarians who believe that self-regulation is a step closer to the much-vaunted state of deregulation, or even absolute freedom.

Self-regulation, which shifts the onus of cultural choice to the consumer, appeals to three primary groups of people: the individual, civil society, and the state. It appeases the pro-choice individual, even the ones who profess to reside on high moral ground. It also appeals to civil society organisations, especially non-governmental interest groups, who often claim the de facto right to act as industry and/or societal watchdogs. At the same time, governments and regulatory authorities are happy to embrace self-regulation because it frees them from the onerous task of continuous monitoring and policing, a task that is becoming more difficult to carry out. Above all, "self-regulation" is a pleasant catchphrase which looks good on any public relations statement, especially those emanating from government departments.

Using the example of Singapore's internet policy, this article contends that far from leading to a state of less regulation, self-regulation is likely to lead us in the opposite direction, that is, of a more subtle approach to tighter regulation. In his much-acclaimed work Discipline and Punish, Michel Foucault expounds on the concept of the Panopticon, the disciplinary institution which perfects the onerous task of surveillance. The goal is: "to induce in the inmate a state of conscious and permanent visibility that assures the automatic functioning of power. So to arrange things that the surveillance is permanent in its effects, even if it is discontinuous in its action; that the perfection of power should tend to render its actual exercise unnecessary; that this architectural apparatus should be a machine for creating and sustaining a power relation independent of the person who exercises it; in short, that the inmates should be caught up in the power situation in which they are themselves the bearers."

Using Foucault's description, I argue that internet regulation in Singapore is really about ensuring an "automatic functioning of power" - what I have termed "auto-regulation." I suggest that despite its authoritarian leanings, the "success" of Singapore's internet policy via "auto-regulation" has the potential to become the accepted global regulatory mindset.

SINGAPORE'S REGULATORY MINDSET

Paradoxically, Singapore's rapid economic growth and increasingly sophisticated market development has actually coincided with more effective government control of the media. In spite of Singapore's notoriety for excessive control and strict censorship regimes - such as the oft-ridiculed ban on private satellite dishes - Singapore is on its way to becoming a major info-communications hub. There are more than 17 licensed satellite broadcasters, 20 production companies and 5 international broadcasters headquartered in the city-state. Apart from the Government's pro-
business incentives (top of the list being generous tax concessions), the key reason for such media vibrancy is Singapore's world-class info-communications infrastructure.

Since end-1999, Singapore has attained the status of "intelligent island" with all 750,000 households effectively connected to a S$600-million hybrid fibre-optic network. This network, the result of a IT2000 master plan, not only enables the delivery of both cable and must-carry free-to-air television via the Government-owned Singapore Cable Vision ("SCV"), it makes every home ready for Singapore ONE, Singapore's much-vaunted broadband interactive site which promises a host of audio-visual services, including high-speed Internet access. In addition, cable telephony is in the horizon following SCV's recent grant of Singapore's third public telecommunications licence. It is noteworthy that whilst many in the world are lamenting the ever-widening gap between the information-haves and have-nots, Singapore is ambitiously preparing for e-commerce, touted as the next phase of the dot.com era. The broadband cabling of Singapore's Central Business District, the shopping belt of Orchard Road to Suntec City, and the Science Park area was expected to be completed by the end of 2000. Singapore would then be fully "dot.com-ed" and e-commerce ready!

Although technologically sophisticated, media gatekeepers in Singapore are keenly aware of the "limits" of regulation. Like most other developed nations, self-regulation is widely propagated, though not in terms of editorial independence/freedom. It is common knowledge that the Singapore media is duty-bound to be the Government's mouthpiece. The concern of self-regulation is not so much about whether the media would step out of line, but that local media companies, primarily the Government-backed Singapore Press Holdings ("SPH") and the national broadcaster, Media Corporation of Singapore ("MCS") would lose their competitive edges amidst global competition whilst serving their "national" duty. As a result, the Government has moved to consolidate their positions within the industry with the recent announcement that both SPH and MCS will be allowed to move into each other's core business territories. That is, SPH will run a television station and MCS will publish newspapers. Concomitantly, both companies will move aggressively into Internet businesses.

In trying to shake off Singapore's nanny-state image, the Government recently voiced its concern that Singaporeans have conformed to its traditional cultural policy framework of censorship so much that human creativity and entrepreneurial spirit, the very talents and skills of the new economy, are gradually disappearing. As such, measures are now in place to "market" the positive attributes of creativity, all for the sake of staying ahead in the new economy. One of the most noteworthy outcomes is that the role of censorship in Singapore has shifted from one of governmental geophysical control of information flows to one that is marked by the idea(s) of:

"creating a balance between maintaining a morally wholesome society and becoming an economically dynamic, socially cohesive and culturally vibrant nation".

Evidently, such a censorship "balance" is sufficiently broad for it to remain applicable through time and all media, old and new alike. In September 1999, it was rumoured that a new censorship review was to be carried out to make censorship relevant to contemporary situations. Michelle Levander of the Asian Wall Street Journal opined that any review should yield "incremental reforms" with a "lighter touch" approach expected. What does "lighter touch" entail in the Internet age and how incremental should censorship reforms be? The answer, I propose, can be broached by looking critically at Singapore Broadcasting Authority's ("SBA") internet content policy.
The SBA is empowered by its Act of 1995 to regulate internet content. SBA’s internet policy comprises a set of Industry Guidelines on the Singapore Broadcasting Authority’s Internet Policy, an Internet Code of Practice and a Class Licence scheme. The Industry Guidelines explain the main features of SBA’s internet regulatory policies and spell the rules for internet service and content providers (ISPs and ICPs respectively). Although the Internet Code of Practice is highlighted within the Industry Guidelines, it is essentially a separate document specifying details of “do’s and don’ts”. Most noteworthy is the extensive definition of ‘prohibited material’ as:

“material that is objectionable on the grounds of public interest, public morality, public order, public security, national harmony, or is otherwise prohibited by applicable Singapore laws.”

What at any time constitutes ‘public’ is not, and perhaps cannot be, clearly defined. As many critics have noted, policy/political terms in Singapore are not transparent nor open to debate.

To further strengthen regulatory enforcement, a blanket Class Licence scheme is applied to all ISPs and ICPs so that all who put up any content on the web are automatically licensed without the need to actually apply for one. The only exception, for obvious political expediency, is that any website seeking to promote political or religious causes must pre-register. The Class Licence, an example of ‘light-touch’ self-regulation, is proudly referred to as an ‘automatic licensing framework’. Herein lies one of the key strengths of ‘auto-regulation’: by creating an ‘automatic’ mode of licensing, a panoptic sense of power and subjection is instilled automatically. Internet users and service providers would surely comply with self-regulatory guidelines – either willingly or grudgingly, or perhaps with an ambivalent combination of both. Irregardless, minimal supervision is needed by the authorities to make auto-regulation work.

Singapore’s Internet policy is introduced thus:

“SBA recognises the ability of the Internet to offer unique opportunities and benefits, and strives to adopt a balanced and light-touch approach towards encouraging a healthy environment for Internet to thrive. Its aim is to develop and harness the full potential of the Internet while at the same time, maintain social values, racial and religious harmony. SBA aims for minimal legislation and greater industry self-regulation and public education so that users are empowered to use the Internet for its benefits.”

The idea of maintaining a ‘balance’ is again employed here, but this time, it is used alongside the ‘light-touch’ concept. A light(er)-touch approach, like the notion of censorship in Singapore, is about maintaining a balance between being pro-business and being socio-politically sensitive to society. As Singapore’s polity is founded upon the principle of ‘4Ms’ (multiracialism, multiculturalism, multilingualism and multireligiosity), Singaporeans are compelled – by law – to respect and live harmoniously with all races and religions. The Government has also warned private individuals and the media not to engage in politics unless they are prepared to be publicly cross-examined.

In essence, SBA’s light-touch regulatory approach simply states that the authorities would be slow(er) to incriminate when its rules or the laws of the land are breached, thus giving the offender a chance to rectify. But the concept of ‘minimal legislation’ is also invoked to suggest the malleability of codes governing the rapidly-evolving internet. It is worth highlighting here that both ‘light-touch’ regulatory style and ‘minimal legislation’ do not suggest that all online violations would be conveniently overlooked. Apropos, the internet is also subject to Singapore’s traditionally strict laws that apply to all media. This includes the vaguely-defined Sedition Act 1964 which “prohibits any act, speech, words, publications that have a seditious tendency” where to “excite disaffection against the Government” would be tantamount to sedition. Clearly, it is not difficult to fall out of line, especially when ‘online’.

Furthermore, SBA’s ability to maintain a clean record of policy adherence owes a great deal to several incidents in Singapore’s brief history of the internet. In 1994, the year when public internet access was first made available through SingNet (Singapore’s first ISP), at least two scans for unlawful pornographic...
materials and viruses were reportedly conducted on users' email accounts. In November 1998, the local daily reported that a section of the Police Force is tasked to "patrol the alley of cyberspace" to keep hackers and cyber-criminals at bay. More recently in April 1999, SingNet was found to be conducting unauthorised scanning of its subscribers' web accounts, supposedly for deadly viruses. This particular case made the headlines because the Ministry of Home Affairs, the parent ministry of the Police Force, was involved, forcing SingNet to issue a mass apology.

Although SBA has repeatedly stated that it does not conduct online monitoring, the fact that significant public attention were given to these 'scandals' speaks volumes about the immense power of auto-regulation. Whether or not actual file-searching or monitoring is carried out becomes irrelevant in an auto-regulatory climate. The demonstration of a government's technical capacity and capability is far more potent. Indeed, auto-regulation hinges on an ideology of control and surveillance with the sole aim of producing law-abiding, self-regulated societies. As Foucault calls "docile bodies." Although SBA has not been implicated in any of the above incidents, it has been a major beneficiary insofar as continual compliance to its internet guidelines is concerned. With the welcomed addition of statutory power to define regulatory conditions, SBA could then go on to advocate industry self-regulation in an enlightened and seemingly unproblematic fashion.

SBA is not as innocent as it seems. Perhaps the most significant auto-regulatory tactic employed by SBA since October 1997 - in conjunction with the release of the aforesaid Internet Code of Practice - is the gestural blockage of 100 pornographic sites via proxy servers of ISPs. SBA's rationale for censoring these 100 smut sites is to reaffirm the conservative values of Singaporeans, hence a gesture of pastoral concern. 21

Even in the face of international condemnation, the majority of Singaporeans, arguably well-schooled in the art of portraying conservatism in public surveys, supported the move as a morally desirable one. This mode of gestural censorship exemplifies auto-regulation par excellence as it works to not only draw public attention to its new guidelines (which were announced at around the same time), but also to:

'REAFFIRM THE MEANS BY WHICH THE GOVERNMENT OF SINGAPORE IS ABLE TO ENACT THE IDEOLOGY OF... SOCIAL CONTROL OF THE PUBLIC SPACE, DEMONSTRATING THE MEANS BY WHICH THE HABITUS OF CONTROLLED BEHAVIOUR IS STILL REINFORCED AND ABLE TO BE REINFORCED IN SINGAPORE.'

CONCLUSION

SBA's defence is that its internet policy has been developed in consultation with the industry. This does not, however, negate the powerful perceptions that a panoptic mode of surveillance continues to dominate in Singapore - if not physically, then ideologically. Auto-regulation works because the enclosed nature of a panoptic regulatory supervision "does not preclude a permanent presence from the outside." 22 The public is always welcome to scrutinise the guidelines/codes (by downloading them from government websites) or examine other functions of surveillance (by visiting and/or interviewing the authorities), all of which are held within the central Panopticon 'tower'. As a consequence, the authorities can lay claims to being objective, consultative and transparent. The regulatory role of policing thus strengthens rather than weakens. Auto-regulation, like the Panopticon, becomes as Foucault notes: 'a transparent building in which the exercise of power may be supervised by society as a whole.'

The concept of self-regulation with endless co-applications of legislations, codes and guidelines is at worst, a misnomer, and at best, a temporary solution. Governments around the world are under increasing pressures to demonstrate their abilities to fulfil the basic task of governing, especially in the internet age. Austria has, enduring much protest, introduced legislation to censor copyright rules. 23 In Britain, a 'Regulation of Investigatory Powers Bill' was recently passed to allow the monitoring of online activities. As the world inches towards e-commerce, it is certain that more of such legislations will be enacted. This is where auto-regulation comes in. I would contend that the auto-regulatory framework employed by Singapore in the cultural/ideological management of the internet and other media holds tremendous potential for expansive adoption. For whether one likes it or not, policing tendencies are here to stay. Or as Foucault puts it, 'surveillance is permanent in its effects, even if it is discontinuous in its action.' 24

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Page 4 Communications Law Bulletin, Vol 19 No 4 2000
E-markets ... the next wave?

Christina Rich and Shane Barber provide an overview of the tax and legal implications of the current online phenomenon of vertical and horizontal e-markets.

T
he first wave of e-business swept consumers into the enticing world of electronic sales via the internet. While ordering online has now become routine for some (purchasing anything from books to travel packages), many dot coms that were established to address this new channel to market have, of late, experienced difficult times in meeting the objectives of their business case. There appear to be any number of reasons for the difficulties faced by the dot coms and their business cases - although those reasons are not the subject of this article.

Whatever the reasons for the difficulties faced by many dot coms, it is the older bricks and mortar companies which appear to be leading the next wave of e-business, producing an explosion in business to business exchanges. These exchanges, or e-markets, bring with them a myriad of tax and legal implications which require particular attention.

WHAT IS AN E-MARKET?

Also known as “B2B exchanges”, e-markets involve common groups of entities banding together to undertake B2B transactions.

E-markets can focus on either indirect or specific direct goods and services, and may be built around vertical (industry specific) or horizontal (cross industry) lines. E-markets typically integrate the e-sales and e-procurement systems of all parties in a particular industry, creating a single digital standard for transacting business.

E-markets enable the “many to many” connectivity required to exploit the efficiencies created by early e-sales and e-procurement systems, while allowing companies and their suppliers to begin creating an integrated industry-wide supply chain. For example, assuming 10,000 suppliers deal with 1,000 manufacturers who deal with 10,000 retailers, in an “each to each” system - up to 100 billion electronic data interface connections may be required. Where one hub is used acting as a central conduit, this is reduced to 21,000 electronic data interface connections.

The creation of “B2B exchanges” now allow companies to develop solutions for problems previously accepted as being an integral cost of doing business. For example, by connecting electronically with suppliers, companies can reduce the cost of searching for products and negotiating prices. Likewise, sellers benefit from an expanded global market place and increased volumes.

At the time of writing, approximately 500 such exchanges are in the early stages of development globally, with various estimates pointing to 10,000 exchanges being formed by 2002-2003.

Significantly, consolidation activity is expected to take place at this point, with industry pundits predicting about 500 exchanges to survive beyond 2005.

Consolidation appears to be driven by two main factors:

- the value of an exchange, like a supermarket, grows geometrically as new buyers and sellers are added; and
- companies enjoy greater efficiencies when they can transact business in a single environment.

WHY BECOME INVOLVED IN AN E-MARKET?

The aim of e-markets is essentially to create a major revision of the supply chain. For decades, businesses have endeavoured to drive down the costs involved in buying and delivering products and services. With the advent of the internet, e-markets are enabling businesses to reduce these costs by creating value through their purchase power and price efficiency. Supply chains are integrated, ensuring market efficiency and reducing costs even further.

This trend appears to be continuing. Each company involved in an e-market uses its entry into the exchange (or exchanges in some cases) to facilitate change in their supply chain. Further, it is expected that e-markets will diversify to deliver content, product, consulting, IT and financial services, logistics, risk mitigation and demand planning.

MAJOR TAX AND LEGAL ISSUES

Clearly there are many tax and legal issues associated with the formation of a multi-billion dollar independent enterprise, both for the enterprise itself and the other various participants.

An e-market may have its employees, server, buyers and sellers located in a completely different jurisdiction, identifying difficult questions as to where a transaction occurs. The nature of the income generated and whether withholding or transaction taxes apply are just some of the issues to be dealt with at internet speed.

Some of the major taxation issues facing an e-market are:

- entity structuring and location;
- operational tax and legal issues;
- transaction tax issues;
human resources tax issues;

- participant tax issues.

**Entity Structuring and Location**

Companies becoming involved in e-markets appear to be taking advantage of the opportunity to re-examine their tax structure. Weighing up the tax structure of a company whilst investigating business markets appear to be taking advantage of the opportunity to re-examine their tax structure. Tax authority issues arise from their activities as a large amount of revenue is at stake. It is also not enough to say that the e-market is based in one jurisdiction and therefore has no offshore tax issues. If the e-market facilitates buying and selling with any offshore parties, then taxable presence and indirect tax issues will still arise.

Businesses looking to enter an e-market could also easily under-estimate the range of legal issues involved. Particularly during the start-up phase, competition and other regulatory issues for each jurisdiction will be involved. To be involved needs careful consideration. Signing parties should sign appropriate agreements establishing the basis of their involvement – including the settlement of any ongoing costs, subsequent profits or losses and the basis of the entry for additional participants or entity partners.

An issue particular to e-markets is the commercial arrangements whereby founding shareholders commit to put a certain volume of business through the e-market. Failure by the shareholders to meet their commitments in this regard may result in changes to the level of shareholding interests. Usually, such proposals take place with no consideration, but if they involve disposal and acquisitions, they have tax implications.

Another issue to be dealt with is withholding tax. Withholding taxes on the fees or income generated by an e-market can quite easily destroy marginal profit.

**Operational Tax and Legal Issues**

E-markets face the same tax and legal issues as any other business, but without the luxury of being able to build an internal tax capability over time. E-markets must be diligent when it comes to dealing with taxation issues. Tax authorities will not want to see their tax take eroded with the crumbling of boundaries and will seek to use techniques to protect their revenue base. For example, the Australian Tax Office ("ATO") has already had preliminary discussions with at least one proposed Australian exchange and has made initial inquiries of some of its participants. The ATO will be seeking to understand the issues and ramifications on its revenue base arising from e-markets as quickly as possible.

It is doubtful that tax authorities will be sympathetic to e-markets that ignore tax issues arising from their activities as a large amount of revenue is at stake. It is also not enough to say that the e-market is based in one jurisdiction and therefore has no offshore tax issues. If the e-market facilitates buying and selling with any offshore parties, then taxable presence and indirect tax issues will still arise.

Businesses looking to enter an e-market could also easily under-estimate the range of legal issues involved. Particularly during the start-up phase, competition and other regulatory issues for each jurisdiction will be involved. To be involved needs careful consideration. Signing parties should sign appropriate agreements establishing the basis of their involvement – including the settlement of any ongoing costs, subsequent profits or losses and the basis of the entry for additional participants or entity partners.

All of the usual corporate governance issues associated with setting up a legal entity apply to e-markets and therefore need to be addressed and documented. In addition, far more complex market governance rules need to be drafted and observed from day one of operation of an e-market.

Legal issues impact almost every area of infrastructure – including human resources and recruitment, risk management and insurance, registration and protection of intellectual property, marketing and advertising. Acquiring the software and hardware needed, developing and hosting the online marketplace and outsourcing non-core services all present legal challenges which need to be addressed.

The complex web of relationships created by e-markets means that a strategic view of allocation of liability amongst all participants must be considered at the time the e-market model is designed and not left to negotiation of each individual arrangement.

Once the foundations are in place, legal issues remain critical during the start up of the e-market itself. Arrangements must be established:

- between the e-market owner and its buyers and suppliers;
- to establish terms for the use of the e-market;
- for auctions to be held via the e-market;
- for access to and disclosure of information.

This latter issue should not be overlooked, particularly in the Australian market, in light of the extensive federal debate on privacy issues. Impending implementation of legislation will codify the already widely adopted *National Principles for the Fair Handling of Information*.

Other relevant legal issues include matters such as the website content and authentication, and enforcement of contracts made over the internet.

**Transaction tax issues**

E-markets pose a host of indirect tax problems and opportunities. The sheer volume of throughput and associated transaction fees and service fees cause an indirect tax compliance dilemma for the e-market itself. Add to this the indirect tax position of the participants in the exchange, the shareholders, suppliers and buyers, and the potential burden collectively arising from the exchange can become onerous. Conversely, many opportunities are brought by technology to systemise global indirect tax compliance, not only for the e-market itself but for its participants.

Meeting the various indirect tax requirements – including multiple registration and tracking resale certificates and origin data – will either be conducted at company level or through information hosted by the exchange.

**Human Resources Tax Issues**

E-markets are competing with new dot com ventures for the right people for their business. As such, they need to carefully plan their HR strategy. E-markets need to identify the people in the already highly competitive employment market who can work in the very high growth internet environment, understand what is going on and identify the drivers behind the business. Competing with dot coms means that e-markets need to have innovative remuneration structures involving new style share options, retention strategies and the like. The tax issues behind such structures must be addressed to ensure that employee benefits are not eroded.

**Participant Tax Issues**
With proper planning, a company’s e-business development efforts can be enhanced by designing structures to minimise the taxes resulting from its e-business initiatives. The net value created by e-business transformations can be increased through tax planning by 20% or more if the right business facts and tax planning are present.

**SINK OR SWIM**

In the same way that companies at the beginning of the industrial revolution knew business was changing but did not know how it was going to turn out, no one can predict the next wave of the technological revolution. However, it is clear that the bottom line is e-business and that e-markets appear to be the next wave in this phenomenon.

Not only does business need to ensure that it takes advantage of the e-markets and the benefits they have to offer, it is vital that proper consideration is given to tax and legal issues arising for both the e-markets and its participants.

E-markets present companies with an opportunity to revolutionise the supply chain and save money, but e-business is just business evolving and therefore must be approached with the same degree of caution as any other business venture.

The views expressed in this article are those of the authors and not necessarily those of their firm or their clients.

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### The New Digital Copyright Law

Raani Costelloe examines the Copyright Amendment (Digital Agenda) Act 2000 providing both an insightful analysis and in depth discussion of this long awaited revision to the Copyright Act.

The Copyright Act 1968 ("Copyright Act") has finally been overhauled to address the digital revolution and the internet by introducing a new right of communication for copyright material and numerous other amendments which reflect the outcome of intense lobbying by owners and users of copyright works and other subject-matter. This follows more than six years of deliberation, it being that long since the Copyright Convergence Group ("CCG") was appointed in 1994 by the then Federal Labor Government to consider the need for changes to the way in which the Copyright Act protected broadcast and other electronic transmissions with regards to changes in technology and communication.

In that time there has been a shift in focus from traditional media such as satellite and cable broadcasting towards interactive media and the issues raised by the ubiquitous digitisation and reproduction of copyright material on the Internet.

**The Right of Communication to the Public**

The Copyright Amendment (Digital Agenda) Act 2000 (6th) ("Digital Copyright Act"), which substantially amends the Copyright Act 1968 (6th), was enacted in early September 2000 and will come into effect in early March 2001.

The rationale behind the amendments commencing six months after enactment is to allow affected parties to consider and/or re-negotiate present practices, contracts and arrangements in light of the major changes which have been made to the Copyright Act.

This article focuses on the evolution of the copyright reform process, the effect the changes will have on the media and communications industry and the outcomes of tensions between rights holders and copyright users, in particular:

- the new right of communication to the public;
- the scope of licensing regimes and online use of music;
- the status of temporary reproduction in the course of internet browsing;
- liability issues relating to telecommunications carriers and Internet Service Providers;
- the re-transmission of free-to-air broadcasts by pay television operators; and
- technological protection measures and protection of rights management information.

The Digital Copyright Act also deals with a range of other issues which will not be discussed in this article, such as fair dealing in the digital environment, use of copyright by educational institutions and the protection of computer software.

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radio station. Attached to the right in the broadcast is the exclusive right to make copies of the broadcast and re-broadcast the transmission. Under the current Copyright Act, broadcasts do not have any cable right and copyright does not subsist in cable transmissions. This means that cable pay television operators do not have any copyright in their transmissions and broadcasters’ re-broadcast rights do not extend to re-transmission of their broadcasts via cable.

The CCG’s proposed transmission right would have remedied these shortcomings in relation to sound recordings and broadcasts.

The right of making available

However, the concept of a transmission right quickly became inadequate in dealing with the use of copyright material on the internet. Rights holders argued that placing their content on internet servers was a use which should be controlled by them and wasn’t covered by a concept of transmission which is non-interactive and rooted in broadcast technology where material is disseminated from a transmission point to multiple points of reception.

There is a great level of uncertainty as to whether uploading copyright material onto the internet constitutes an exercise or infringement of the diffusion right notwithstanding that any copying of such material in the process would constitute an exercise or infringement of reproduction and copying rights.

This led to a recommendation in 1997, arising from the Coalition Government’s review, that a right of ‘making available’ be created in addition to a broad-based diffusion right which effectively allows non-owners of sound recordings to transmit sound recordings via cable without infringing any right.

Some copyright regimes overseas, such as that of the United States, do not even grant owners of sound recordings a basic broadcast right. This is due to the historical power of the American radio industry. The wireless broadcast right was created in Australia in 1968 with the enactment of the Copyright Act and was followed by a refusal by Australian radio stations to broadcast and pay for the right to broadcast Australian sound recordings. Australian copyright law does not recognise broadcast right in American sound recordings on the basis that American law does not grant such a right to American or foreign sound recordings. Australian broadcasters argued that they promoted the sale of Australian music and should not have had to pay any fees. This “pay for play” stand-off was ultimately resolved.

Retention of and expanded definition of broadcast

While the broadcast right is to be replaced by the right of communication to the public, the definition of broadcast will be retained in the Act with respect to broadcasts as a copyright subject-matter. It will be expanded to cover wireless and cable transmissions by bringing the definition in line with the definition of broadcasting service under the Broadcasting Services Act 1992 (“BSA”) which is a transmission based definition, i.e. a broadcast will not include making copyright material available online. This is achieved by defining a broadcast as a communication to the public delivered by a broadcasting service within the meaning of the BSA.

The reason for the retention and expansion of the definition is twofold. Firstly, it expands the protection for broadcasts in which copyright separately subsists. Cable pay TV operators will have exclusive re-broadcast and communication rights in their cable broadcasts and free-to-air broadcasters will effectively have a cable re-transmission right which they presently do not have, as well as a communication right. The effect of the communication right will be that owners of copyright in broadcasts will have an exclusive right to transmit or make their broadcasts available over the internet.

Secondly, the Government has decided that the licensing regimes under the Copyright Act with respect to the broadcasting of copyright material should not extend to the broader communication of such material, particularly making such material available online. This is discussed further below.

Clarification of broadcast and transmission issues

The Digital Copyright Act deals with a number of issues which have required clarification for some time, namely:

- Ownership of copyright in broadcasts: The Copyright Act has been amended to provide that a broadcast is taken to have been made by the person who provided the broadcasting service by which the broadcast was delivered. The effect of this is twofold. Firstly, coupled with another amendment, it makes it clear that the broadcaster is the owner of copyright in the broadcast, and not service providers such as telecommunications carriers and transmission services (e.g. satellite uplinks and downlinks). Secondly, it makes it clear that the broadcasting licensee (as opposed to a channel content provider which is particularly relevant to the pay TV industry) is ultimately responsible for obtaining licences for the broadcast of underlying copyright material contained in the broadcast channel.

- Definition of “to the public”: This has been defined to mean the public within or outside Australia. The Copyright Act did not define the term or provide copyright owners with the exclusive right to control transmissions that originate from Australia but are intended only for reception by the public outside Australia as they are not broadcasts to the public in Australia as required by the Copyright Act. The
amendment will allow Australian copyright owners to control the transmission of material from Australia directed to overseas audiences.13

Digital terrestrial broadcasting: A range of amendments have been made which deal with the introduction of digital terrestrial broadcasting in Australia and in particular the requirement under the BSA that broadcasting licensees simulcast their broadcasts in analog and digital mode in the period before the phase out of analog services.14 In essence, broadcasters will not infringe copyright in the underlying works and other subject-matter included in a film or sound recording where a copy of the film or sound recording is made solely for the purposes of simulcasting.15

Effect on compulsory broadcast licences and licence schemes
The Government has decided to retain the existing compulsory statutory licences and Copyright Tribunal jurisdiction in relation to the broadcasting of works and other subject-matter and not extend these licences to apply in relation to broader online and interactive communication. For example, the compulsory licence for broadcasting sound recordings allows free-to-air television and radio broadcasters to broadcast sound recordings provided that the broadcasters pay the fee determined under the scheme.16 This scheme is subject to the Copyright Tribunal's jurisdiction and the Tribunal may determine an amount of equitable remuneration upon application by either the copyright owners' or broadcasters' representative. The Phonographic Performance Company of Australia ("PPCA") administers the broadcasting rights in sound recordings.

Free-to-air, subscription broadcasters of musical works, and subscription broadcasters of sound recordings upon the commencement of the Digital Copyright Act amendments, are subject to licensing regulation where the Copyright Tribunal has jurisdiction to determine a reasonable charge in circumstances where a copyright user claims that the rights holder has refused or failed to grant a licence in accordance with an existing licence scheme. It has failed to grant such a licence within a reasonable time, or the grant of such licence is subject to unreasonable charges or conditions.17

The Australasian Performing Right Association ("APRA") administers public performance and broadcast rights in musical works. Consequently, while there is strictly only a compulsory licence with respect to the free-to-air broadcast of sound recordings and other uses of copyright material18, section 157 of the Copyright Act - the provision giving Copyright Tribunal jurisdiction over the determination of disputes over licences19 relating to the broadcast of musical works and subscription broadcast of sound recordings - effectively creates a de facto compulsory broadcast licence in relation to musical works because the determination of usage and fees is subject to statutory review. However, it does not afford copyright users the ease of usage afforded by the compulsory licences because it is subject to conditions.

The policy rationale behind these licence schemes is to provide a framework which balances the interests of rights holders (owners of copyright in music and sound recordings and other copyright material) and copyright users (broadcasters).

From a copyright user perspective, the restriction of the licence regimes to traditional broadcasters and non-extension to internet content providers means that rights holders will have a substantial amount of power in determining the terms on which internet service providers may use copyright material because users will have no recourse to the Copyright Tribunal. However, note there is some ambiguity as to whether the section 157 regime applies to internet transmission of works over the internet, which is discussed below.

Conversely, copyright owners believe that this is necessary to allow them full control over the exploitation of their intellectual property on the internet. They argue that the regime does not afford copyright users the ease of usage afforded by the compulsory licences because it is subject to conditions.

As discussed above, the section 157 scheme has been amended to include the subscription broadcasting of sound recordings within the Copyright Tribunal's jurisdiction. Record companies unsuccessfully lobbied against the inclusion of audio-only subscription broadcasting services (pay radio) within licence schemes under the jurisdiction of the Copyright Tribunal on the basis that it gives such services a de facto statutory licence to broadcast sound recordings. As with their successful arguments relating to the non-extension of the licensing regimes to the interactive use of music, they argued that they should have the sole right to decide whether sound recordings should be licensed to subscription radio services and the terms of such licences, given that a proliferation in such services may undermine the market for the sale of sound recordings.20

Telephone music on-hold services are an example of subscription based transmissions which would not fall within the expanded definition of broadcast and would be covered by the amended section 136 of the Copyright Act. This would only apply to musical works, and a person providing music on-hold services would require a licence from owners of copyright in sound recordings. Any disputes over such a licence would not be within the Copyright Tribunal's jurisdiction.

As discussed above, section 157 of the Copyright Act provides for the determination of a charge in circumstances where a copyright user claims that the rights holder has refused or failed to grant a licence in accordance with an existing licence scheme. It has failed to grant such a licence within a reasonable time, or the grant of such licence is subject to unreasonable charges or conditions. The policy rationale behind these licence schemes is to provide a framework which balances the interests of rights holders (owners of copyright in music and sound recordings and other copyright material) and copyright users (broadcasters).

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The Government recently made a determination under the BSA in relation to the definition of broadcasting service which effectively excludes television and radio programs made available using the internet from the definition (other than internet services delivered over the radiofrequency spectrum of the broadcasting services bands). The determination provides that:

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'a service that makes available television programs or radio programs using the Internet, other than a service that delivers television programs or radio programs using the broadcasting services bands does not fall within the definition of broadcasting service.'

While this determination was made for non-copyright policy reasons (to exclude cable and wire delivered internet television and radio services from the operation of the BSA's licensing regime), it has the effect of making it clear that such services will not be able to take advantage of the section 109 compulsory licence relating to non-subscription broadcasting of sound recordings or the section 157 licence regime relating to the subscription broadcast of sound recordings.

TEMPORARY REPRODUCTION IN THE COURSE OF BROWSING

The Digital Copyright Act amends the Copyright Act to provide that the copyright in copyrighted subject-matter is not infringed by making a temporary reproduction or copy of the subject-matter as part of the technical process of making or receiving a communication provided that the making of the communication is not an infringement of copyright.

DIRECT INFRINGEMENT LIABILITY AND AUTHORIZATION LIABILITY OF CARRIERS AND ISPS

Under the Copyright Act, the copyright in a musical work, sound recording or film is infringed by a person who, not being the owner of copyright, and without the licence of the owner of copyright, does in Australia, or authorises the doing in Australia of, an act comprised in the copyright.

Direct infringement liability

Telecommunications carriers and service providers such as Internet Service Providers ("ISPs") will not be liable for direct infringement of the communication rights in copyright subject-matter in instances where they do not determine the content of communications made by others on their networks and services. The Digital Copyright Act amends the Copyright Act to provide that a communication other than a broadcast is taken to have been made by the person responsible for determining the content of the communication.

For example, a telecommunications carrier which provides its own music on-hold service to its customers without the licence of the rights holder will be directly liable for copyright infringement because it is determining the content of the communication. Conversely, the carrier will not be liable for direct infringement in the instance of a small business using the carrier's network to provide music on-hold to callers without the licence of the relevant rights holders in the music.

Authorisation liability

Authorisation liability has particular relevance in the communications industry given that telecommunications carriers and service providers are potentially exposed to authorisation liability in relation to infringing acts performed by users of their services who reproduce, transmit or make available copyright material without the licence or permission of copyright owners.

New provisions will clarify the authorisation of infringing actions. In determining whether or not a person has authorised the doing in Australia of any act comprised in the copyright in a copyright subject matter, without the licence of the owner of the copyright, the matters that must be taken into account include the following:

- the extent (if any) of the person's power to prevent the doing of the act concerned;
- the nature of any relationship existing between the person and the person who did the act concerned; and
- whether the person took any reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry codes of practice.

This will provide carriers and other service providers with some certainty and means of avoiding liability for authorising copyright infringement by users of their services. These amendments, combined with service providers' comprehensive terms of use and the Internet Industry Association of Australia's Code of Practice, will go a long way towards creating certainty for ISPs.

Carrier and carriage service provider liability for authorisation

The amended Copyright Act also expressly provides that a person (including a carrier or carriage service provider) who provides facilities for making, or facilitating the making of, a communication is not taken to have authorised any infringement of copyright in a work or an audio-visual item merely because another person uses the facilities so provided to do something which is included in the copyright.

RE-TRANSMISSION OF FREE-T TO-AIR BROADCASTS BY PAY TV OPERATORS

The re-transmission debate

One of the major copyright issues in the television industry since the commencement of pay television in Australia in the early 1990s has been the re-transmission of free-to-air television broadcasts by cable pay TV operators as part of the pay TV operators' services to their customers. Re-transmission is attractive because it provides customers with clearer pictures and ease of switching between pay channels and the re-transmitted free-to-air channels.

Prior to the commencement of the Digital Copyright Act amendments, broadcasters do not have an exclusive cable re-transmission right because, by definition, the re-broadcast right of the broadcaster is limited to a wireless re-broadcast. As a result, cable pay TV operators do not infringe the re-broadcast right of the broadcaster. Also, section 199(4) of the Copyright Act, a section originally enacted in relation to self-help re-transmitters, has the effect of allowing pay TV operators to re-transmit the copyright works and films contained in the broadcast by deeming them to be in possession of a licence to do so from the relevant copyright owner. A broadcaster may indeed own the copyright in the underlying content as well as the broadcast copyright, particularly news and current affairs programming.

In 1995, the free-to-air networks failed in their litigation against Foxtel, a pay television operator which re-transmits free-to-air broadcasts to its cable subscribers.

There are a number of competing arguments surrounding this re-transmission issue. Free-to-air broadcasters and underlying rights holders in the programming which is re-
transmitted argued that they should be compensated by pay TV operators. In addition, free-to-air broadcasters demanded control over their signals and the requirement that pay TV re-transmitters obtain permission to do so. Pay TV re-transmitters have argued that compensation constitutes a double-dip and that unaltered re-transmission benefits free-to-air broadcasters and their advertisers through ensuring better signal quality and greater reach within licence areas.

Upon its election in 1996, the Coalition stated that it would recognise the re-transmission rights of free-to-air broadcasters and underlying rights holders through amending the Copyright Act and BSA to require re-transmitters to obtain the broadcasters’ consent.

The re-transmission regime
The Government has sought to implement its policy decision through amendments to the Copyright Act and the BSA. As presently formulated, it consists of:

- a de facto consent regime whereby pay TV re-transmitters must obtain a licence from free-to-air broadcasters. Otherwise, the re-transmitter would infringe the broadcasters’ expanded re-broadcast right. It is de facto in the sense that it differs from the United States’ regime which expressly provides that consent be obtained. However, such a licence will not be required until the Government makes further amendments to the BSA, which presently grants re-transmitters immunity from suit in relation to copyright infringement; and

- a compulsory licence regime with respect to the payment of underlying rights holders in the broadcast programs. As with the United States, the compulsory licence fee is payable even if the re-transmission occurs within the broadcaster’s licence area. This is different to the Canadian and British regimes.

Expanded re-broadcast right
The broadening of the definition of broadcast under the Copyright Act to cover any means of delivery (rather than only wireless transmission) has the effect of expanding the re-broadcast right to include cable re-transmission. Consequently, cable re-transmitters will infringe the re-broadcast rights of free-to-air broadcasters as well as cable broadcasters unless they obtain a licence to do so.

Underlying rights in re-transmitted content
The Digital Copyright Act creates a statutory licensing regime with respect to the re-transmission of underlying copyright subject-matter contained in the re-transmitted broadcast. That is, a re-transmitter does not infringe the copyright in a work, sound recording or film included in a free-to-air broadcast provided that the re-transmitter pays a collecting society equitable remuneration. The regime is similar to the educational statutory licence regime in the Copyright Act. This means that a re-transmitter does not need to obtain a direct licence from the rights holders in the re-transmitted content before it commences re-transmission.

With the imminent introduction of digital terrestrial free-to-air television in Australia and the variety of additional services that may be offered using digital technology under the BSA, pay TV operators submitted that the statutory licence should extend to the re-transmission of primary broadcasts, enhanced programming and multi-channel broadcasts. This issue has been left unclear.

Similar compulsory licence regimes regarding the re-transmission of underlying content in broadcasts exist in other countries such as the United States and Canada. By contrast, the copyright law of the United Kingdom provides that copyright in any underlying works contained in the broadcast is not infringed if the re-transmission is made within the licence area of the original broadcaster.

Importantly, the re-transmission statutory licence does not apply in relation to a re-transmission of a free-to-air broadcast if the re-transmission takes place over the Internet and by definition, a re-transmission of a subscription broadcast. This means that a service which sought to re-transmit a television or sound broadcast over the Internet would require a direct licence from the broadcaster and the owners of copyright in all content contained in the broadcast.

Self help re-transmitters
Under the BSA, re-transmitters are immune from suit in relation to the re-transmission of programs. This includes immunity from copyright infringement proceedings by broadcasters and underlying rights holders in relation to their respective re-broadcast and broadcast rights.

Amendments to the BSA which will come into force upon the commencement of the Digital Copyright Act will make it clear that this immunity will not extend to re-transmitters who are not self-help providers (as defined under the amended BSA). Self-help providers will not have to pay licence fees to broadcasters or underlying rights holders. As a result, self-help providers will not be subject to the statutory licence regime.

Pay TV re-transmitters and the re-broadcast right
Upon the commencement of the Digital Copyright Act in March 2001, pay TV re-transmitters of a broadcast will be infringing the re-broadcast right of the broadcaster if they have not obtained a licence from the broadcaster to do so. As discussed above, this is the result of the expanded definition of broadcast which will have the effect that cable re-transmission will constitute an exercise of a broadcaster’s exclusive re-broadcast right.

However, the Government has retained the general immunity from suit for all re-transmitters in relation to the infringement of a broadcaster’s re-broadcast right. In the short-term, pending the outcome of further consultations on the re-transmission issue, section 212 of the Copyright Act has been retained to ensure that re-transmitters will not need to seek the consent of, or remunerate, broadcasters in relation to the re-broadcast right under the Copyright Act.

TECHNOLOGICAL PROTECTION MEASURES
The Digital Copyright Act provides copyright owners with remedies against manufacturers, sellers, distributors and importers of circumvention devices which circumvent technological protection measures. Technological protection measures are devices, components or products which are designed to prevent or inhibit the infringement of copyright in copyright material through such means as limiting access by encryption or copy control mechanisms. There are also criminal sanctions against such activities.

Similar provisions exist in relation to the removal electronic rights management information and commercial dealing with copyright material whose electronic rights management information has been
removed. Such information includes information attached to, or embodied in, copyright matter that identifies the copyright matter and its owner or author, or identifies or indicates some or all of the terms and conditions on which the copyright matter may be used.

These provisions are important in the current climate where copyright owners are developing ways of ensuring that digitised intellectual property such as software, films and music can be exploited through secure methods of transmission and authorised reproduction.

Rights holders lobbied the Government to introduce criminal and civil provisions against the use of such circumvention devices. However, the Government decided against introducing remedies against users on the basis that it believed the most significant threat to copyright owners' rights lies in preparatory acts for circumvention, such as manufacture, importation, making available online and sale of devices, rather than individual acts of circumvention.

Broadcast decoding devices

The pay TV industry successfully lobbied for the introduction of provisions which grant broadcasters rights against the making of and dealing with broadcast decoding devices. A broadcast decoding device is defined as a device (including a computer program) that is designed or adapted to enable a person to gain access to an encoded broadcast without the authorisation of the broadcaster by circumventing, or facilitating the circumvention of, the technical means or arrangements that protect access in an intelligible form to the broadcast.

As with the technological protection measures and electronic rights management information provisions, there are also criminal sanctions against such activities.

Broadcasters will also be able to bring actions against persons who use or authorise the use of unauthorised broadcast decoding devices for the purpose of, or in connection with, a trade or business.

1 Broadcast is defined under section 10(1) of the Copyright Act as transmit by wireless telegraphy to the public. Section 26 of the Copyright Act sets out the interpretation of the right to cause a work or other subject-matter to be transmitted to subscribers to a diffusion service. The problems in interpreting the diffusion right are evident in the Australasian Performing Right Association Ltd v Telstra Corporation Ltd music-on-hold case (1995) 31 IPR 289. The application of the diffusion right to the Internet is unclear and has not been decided upon although APRA, the administrator of public performance rights in a substantial repertoire of musical works, commenced an action against OZEmail, an Internet Service Provider, which contended that OZEmail's service was a diffusion service and that OZEmail caused musical works to be transmitted to subscribers to a diffusion service without APRA's licence. This action was subsequently settled.

2 Section 87 of the Copyright Act.

3 Federal Government Discussion Paper, Copyright Reform and the Digital Agenda (July 1997).

4 Sections 31, 85, 86 and 87 of the Copyright Act as amended by the Digital Copyright Act.

5 Section 10(1) of the Copyright Act as amended by the Digital Copyright Act.

6 The Australian "pay for play" boycott is discussed in Shane Simpson and Colin Seeger, Music Business: Making Music Work (Warner Bros, 1994) at page 383.

7 Section 6(1) of the BSA.

8 Section 10(1) of the Copyright Act as amended by the Digital Copyright Act.

9 Section 26(5) of the Copyright Act as amended by the Digital Copyright Act.

10 Section 99 of the Copyright Act as amended by the Digital Copyright Act provides that the maker of a television broadcast or sound broadcast is the owner of any copyright subsisting in the broadcast.

11 Section 10(1) of the Copyright Act as amended by the Digital Copyright Act.

12 Explanatory Memorandum to the Copyright Amendment (Digital Agenda) Bill 1999 at page 27.

13 Sections 47(7), 47AA and 110C of the Copyright Act as amended by the Digital Copyright Act.

14 Simulcasting is defined in section 10(1) of the Copyright Act as amended by the Digital Copyright Act.

15 Section 109 of the Copyright Act. Note that this compulsory licence does not apply to subscription broadcasters.

16 Part VI of the Copyright Act as amended by the Digital Copyright Act, particularly section 136.

17 Other compulsory statutory licences include the reproduction of works and other subject-matter for purpose of broadcasting, the manufacture of records of musical works and educational and institutional copying of copyright matter.

18 Section 136 defines the scope of licences covered by the Copyright Tribunal's jurisdiction under section 157 of the Copyright Act.

19 Section 136(a) of the Copyright Act as amended by the Digital Copyright Act.

20 These arguments are cited in the House of Representatives Standing Committee on Legal and Constitutional Affairs' Advisory Report on Copyright Amendment (Digital Agenda) Bill 1999 (November 1999) at paragraph 5.20.

21 Sections 45A and 111A of the Copyright Act as amended by the Digital Copyright Act.

22 Sections 36 and 101 of the Copyright Act.

23 Section 22(6) of the Copyright Act as amended by the Digital Copyright Act.

24 Sections 36(1A) and 101(1A) of the Copyright Act as amended by the Digital Copyright Act.
Unlike many areas of the law, intellectual property has always had a very international flavour. Bearing that in mind, it should be easy to adapt intellectual property principles to the changes brought about by the development of the internet. However, in some arenas, the laws in relation to intellectual property cause as many uncertainties as those in relation to taxation.

The ways in which these issues will be or can be dealt with will vary depending on the type of intellectual property and the type of product or service being offered. For example, there are two international conventions already in force to provide protection to the copyright owners of one country in another country. Trade marks, however, are different. The rights granted are national or granted on the basis of an economic unit such as the community trade mark ("CTM") of the European Union.

In the cases of both copyright and trade marks, any rights owner commencing an action for infringement in a particular jurisdiction has to show that the alleged infringing conduct has taken place in that jurisdiction. In the case of copyright, if material is available to be downloaded from the internet in the jurisdiction, copyright infringement will have occurred. The situation is not so clear, however, with respect to trade marks. For trade mark infringement to have occurred, there must be a "use" of the trade mark in the particular jurisdiction within the meaning of that jurisdiction's trade marks legislation.

The development of the internet has also led indirectly to the recognition of a new type of patent. Traditionally, patent protection has not been available for business methods. However, because of the novelty of some of the methods of doing business on the internet, patent protection has now been granted in some cases (eg Amazon.com v. Barnes & Noble). In Australia (and in the United States) the grant of a patent is not a guarantee that the patent is valid, despite the legislative assumption to that effect. Large numbers of patents (perhaps around 70%) have been found to be invalid when challenged by the owners in Court.

The use of the internet provides challenges in respect of each of these species of intellectual property. In the context of the internet, there is one further breed of right (not really an intellectual property right) which has received a great deal of publicity due to its capacity to affect business on the internet, the domain name. Because a domain name is the means by which internet users gain access to a particular site with a view to doing business, there have been many cases in which well known individuals, companies and trade marks have been registered as domain names by entities other than the real owners of those names. In most cases, the basis for that action has not been to trade on the entities' reputations by passing off goods and services as coming from another source; rather, registration has been obtained in order to hold to ransom the real owners by selling them back their names at a profit. Because of the urgency and immediacy of these problems, legislation has been enacted in the US and the World Intellectual Property Organisation ("WIPO") has taken steps to prevent the practice of cybersquatting.

**COPYRIGHT**

As discussed in the previous article, the long awaited Copyright Amendment (Digital Agenda) Act 2000 was enacted in September 2000 and will come into force in early March 2001. Its purpose is to extend the protection already granted by the Copyright Act 1968 so as to end the exclusive rights granted by that Act to the creators of a "work" and include the creators of a "work" where that work is created initially in digital form. This has been achieved by putting in place a "broad-based technology-neutral" right of communication to the public. The definition of "public" includes people both inside and outside of Australia.

Some of the major features of the new legislation are:

- the ability of a copyright owner to control how his or her work is made available to the public;
- a prohibition against methods to overcome technological protection measures;
- a statutory licence system for the re-transmission of free-to-air broadcasts.

However, the internet is not bound by national borders. Therefore, whilst the Digital Agenda Amendments will be effective against infringers in Australia, the ability of an Australian copyright owner under those amendments to take action against a copyright infringer whose infringement occurs on an international stage will depend upon the rights granted to that form of "work" in the country in which action is alleged to commence.

**TRADE MARKS AND DOMAIN NAMES**

The precise definitions of trade mark infringement vary from country to country. Generally, however, trade mark legislation will enable the owner of a registered trade mark to take action for trade mark infringement against a third party who uses a trade mark which is identical with or similar to a registered trade mark in relation to goods or services covered by the registration, goods or services which are similar or goods and services which are dissimilar if the trade mark is a famous one.

The definition of "use" differs from jurisdiction to jurisdiction and, in the short term, the solution to the problem of trade mark infringement on the internet
is likely to be solved on a nation by nation basis. Anglo-Australian Courts have found that "use" involves making goods or services available for purchase under that trade mark (or one which is substantially identical, deceptively similar or perhaps confusingly similar). In some jurisdictions, however, the "use" required for trade mark infringement will not require an actual offer of sale to have taken place. In the Australian context an offer of sale will only be 'use' of a trade mark within the meaning of the Trade Marks Act 1995 (Cth) where the goods or services in respect of which the trade mark appears are available to be purchased by reference to the trade mark. In Germany, however, trade mark infringement will be held to occur where the trade mark is displayed, even if the product in respect of which the trade mark is used is not available for purchase in Germany. In the United States, the Lanham Act provides that a use in commerce which may involve mere advertising. There is no indication that this type of discrepancy in national treatment is likely to change in the near future.

However, the situation is different in the related area of domain names. The owners of well known/famous trade marks try to register those names as domain names so that people will be led to their websites in the same way that a person making a telephone call will be led to the entity's phone at its premises when they ring the number.

This has led to the creation of a new market on the internet; one which sells or auctions registered domain names. Nevertheless, although domain names function primarily as addresses, it is arguable that they are also used as trade marks to identify goods or services emanating from a particular source. This is one area in which regulatory authorities are making attempts to work together. As a result of recommendations made by WIPO in its final report into the internet domain name process released in April 1999, the internet's new governing body, the International Corporation for Assigned Names and Numbers ("ICANN") developed a Uniform Domain Dispute Resolution Policy ("UDRP") to help trade mark owners who believe that their trade marks have been usurped by third parties as a domain name and registered (commonly known as cybersquatting).

Those traders now have the ability to take action under this system which allows them to challenge a granted domain name registration comprising a word or sign which is either or identical with or confusingly similar to their trade marks. If successful, the complainant will have the domain name in question cancelled or transferred to it. In order to be successful under this system, the trade mark owner has to prove three matters:

- that the domain name is either identical with or confusingly similar to a trade mark in which the entity has rights;
- why the complainant considers that the current domain name holder is disentitled to register it as a domain name;
- why the domain name should be considered to have been registered and to be used, or would be used, in bad faith.

This system appears to provide the potential for the sorts of disputes which are international in nature to be solved in one international forum. At the moment it applies only in relation to top level domain names but it is hoped that it may be adopted by national domain name registries either by agreement or, perhaps also under the overall umbrella of WIPO.

Last year, also, the US government introduced legislation to deal with the problem of cybersquatters holding the trade mark owners to ransom. Under that legislation plaintiffs are entitled to take action against cybersquatters seeking damages and an injunction prohibiting the defendant from using the domain name. However, the general view appears to be that the UDRP of WIPO is preferable to taking action under the US anti-cybersquatting legislation. The UDRP procedure is much cheaper and faster than the court action required under the legislation. Further, although the legislation provides for an award of damages, most cybersquatters lack the funds to make an award of damages worthwhile to the successful plaintiff and most trade mark owners are satisfied simply to reclaim their trade marks as domain names.

Complicated issues of patent infringement may arise as a result of transactions conducted on the internet. There is no definition of "infringement" per se under the Patents Act 1990 (Cth). However, patent infringement will occur where a person other than the patentee or a licensee of the patentee exercises one of the exclusive rights given to the owner of the patent under the Act. Section 13 of the Patents Act 1990 sets out the exclusive right granted by the monopoly as being the right, during the term of the patent to exploit the invention covered by the patent and to authorise another person to do. The term "exploit" is defined in schedule 1 of the Patents Act as:

- where the invention is a product - make, hire, sell or otherwise dispose of the product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things;

Usually, where an Australian patentee believes that its patent is being infringed by a product which is being imported into Australia, the company will take action for infringement against the importer of the patented product without joining the purchaser of that product despite the fact that, under the Patent Act 1990, a purchaser of an authorised product would be an infringer. However, where infringing products are imported into Australia on an individual basis by use of the internet, the situation is clearly more difficult since the supplier may well be outside of the jurisdiction.

The growth of the internet has also brought about a spate of recent cases on the patentability of business methods. Traditionally, business methods have not been patentable. The various patent legislation around the world were designed to protect and encourage invention by granting the reward of a limited monopoly. Inventions were considered to comprise subject matter which was new, not obvious and capable of being industrially applied. In the past, business methods did not satisfy those

PATENTS
criteria. Nevertheless, the technological advances which have made the internet possible have also enabled large companies to use the differences in the delivery of the business methods by the internet to claim patentability for some of those new methods of doing business.

The validity of many of those patents may be open to challenge and the history of patent litigation (in both the US and Australia) shows that perhaps 60% or 70% of all patents are ultimately found to be invalid when they are challenged. Nevertheless, the obtaining of a patent is a substantial deterrent to the vast majority of businesses who cannot afford the costs of commencing a challenge to a patent or defending an action for patent infringement commenced by a large company.

The most famous of the business methods for patent cases was the Amazon.com action in the United States in December 1999 against the American bookseller, Barnes & Noble. Amazon.com had patented a method of doing business on the internet which involved the online purchaser in confirming his purchase with one click of the mouse. (Amazon.com claims "ONE CLICK" as a service mark.)

Barnes & Noble, which has a chain of book stores in the United States, also used this method on its website. barnesandnoble.com during the lead up to Christmas 1999 and Amazon.com obtained an injunction against barnes&noble.com preventing it from using that method and forcing it to introduce a more cumbersome double click method of completing transactions. Although only an interim decision, it had a huge effect on the Christmas market for books over the internet. In February 2000, Amazon.com was granted a further patent (its eighth) for a customer referral method allowing businesses on the internet to sell the goods and services of another website for commission.

A patent granted by the US Patent Office lasts for 20 years and, in many cases, the standard of examination given by the US Patent Office for these types of patents is considerably lower than that given for other types of patents. There are two reasons for that; lack of skill of examiners in this area and the sparse collection of prior art in business methods available to the examiners.

To combat this, the US has examined the feasibility of a scheme for providing more qualified examiners. The government also introduced the American Inventors’ Protection Act of 1999. The purpose of that legislation is to enable a person who has been using a business method to take action against a third party seeking a patent for that invention by raising his own prior use of the business method during opposition proceedings. It is generally considered doubtful that many of the patents would be found valid if tested. Nevertheless, the trend is for large companies to stockpile software patents on the basis that the ownership of those patents may give them a business advantage and will almost certainly increase the value of their shares on the stockmarket.

Australian companies are following the American trend and also applying for the registration of business method patents which are being granted in substantial numbers. Again, the advantages in these patents are held by large companies who can afford to operate substantial patent programs and to conduct the necessary proceedings to defend the patents.

**CONCLUSION**

Presently most of the world’s intellectual property laws are nationally structured and it seems likely that people and companies will have to deal with the difficulties caused by that situation for some time to come. In the long term, however, it seems probable that the development of the internet will result in the expedition of more internationally based laws sponsored by international bodies. In the area of intellectual property the sponsoring body is likely to be WIPO although that organisation is wary of becoming involved in anything which could be considered to have political ramifications. It seems likely, therefore, that, although WIPO is the logical body to administer an intellectual property legal scheme, its authority would have to come from other international organisations. Unfortunately it seems unlikely that the solution to these problems will take place in the near future.

The views expressed in this article are those of the author and not necessarily those of the firm or its clients.

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"You've Got A Friend" Official International Co-productions

Therese Catanzariti and Caroline Verge join forces to show that in the world of film it is better to have friends then to go "Hans" Solo.

International co-productions are made pursuant to international agreements on the basis that the film industries of two countries will benefit from closer mutual co-operation in the production of films.

INTERNATIONAL AGREEMENTS

There are currently treaties with Canada, UK, Ireland, Israel, Italy, and Germany, a memorandum of understanding with New Zealand, and an administrative arrangement with France.

CO-PRODUCTION GUIDELINES

The international agreements provide that each country's competent authority may formulate guidelines which are framed to achieve the general aims and objects of the international agreement, and each competent authority may apply its policies and guidelines in deciding whether to grant or refuse an application.

The AFC has formulated its own guidelines, which are available at http://www.afc.gov.au/services/funding-guides/co-prod/icpgl.html.

NATURE OF A CO-PRODUCTION

There must be a co-producer from each country who together contribute 100% of the cost of the co-production, and all individuals participating in the making of a co-production must be nationals or residents of Australia. In exceptional circumstances where script or financing dictates, limited numbers of performers from other countries may be engaged subject to the approval of the competent authorities of both countries.

Whether a person is a "national" or "resident" is defined in the relevant treaty or MOU. Resident is usually defined in the treaties as "permanent resident". However, recent amendments to the Migration Act 1958 removed the definition of "permanent resident". As such, the AFC interprets "permanent resident" to mean a person whose passport has been stamped that they are entitled to stay and work in Australia indefinitely. Note that because of obligations devolving from European Union law, any country in the European Union must treat the nationals or residents of another country in the European Union as if they were a national or resident of their country. For example, for the purposes of the Australian-Irish co-production treaty, a German national will count as an Irish national.

In general terms, the treaties and MOUs (other than the NZ MOU) require that the performing, technical and craft contribution of each co-producer to a co-production film is in reasonable proportion to each co-producer's financial contribution. Every treaty and MOU states that it is an over-riding aim of the agreement that there be an overall balance between the financial, creative, cast and technical contribution of each country. This is monitored by the competent authority in each country.

The competent authorities in each country have formulated their own guidelines to assess what "reasonable proportion" means. For the Australian co-producer, the AFC Guidelines state that the Australian co-producer's relative share of financing should be within 5% of the relative percentage of key participants who are Australian citizens or permanent residents, the percentage of the budget spent on Australian elements of the co-production and the relative percentage of other cast and crew.
A co-producer's share of financing can be equity investment by the co-producer itself, financing by way of a co-producer contributing distribution advances or licence fees, financing by way of loan, or financing by way of a co-producer contributing equity investors such as Division 10BA investors.\textsuperscript{16}

The relative percentage of key participants from each co-producer's country is determined by a points system.\textsuperscript{17} There are a total of 12 points for live action drama and animation, and 10 points for documentaries. For example, for live action drama, the points are allocated to the writer, director, director of photography, composer, editor, production designer and each of the four major cast roles.\textsuperscript{18} Additional points can be approved on a project by project basis, for example choreographers in the case of musicals.

The Australian elements of the co-production may include cast, crew, facilities and materials, per diems of all Australian producers and their cost of travel and accommodation, whether incurred in Australia or not. The Australian producer can also include a percentage of contingencies, the cost of insurance, the completion guarantee and legal costs.\textsuperscript{19}

**APPLYING FOR CO-PRODUCTION STATUS**

The application must include the following documents:\textsuperscript{20}

**Application Form**
The Australian co-producer will need to complete an application form, which is available online at [http://www.afc.gov.au/resources/online/download.html](http://www.afc.gov.au/resources/online/download.html).

**The Chain of Title for the Script**
Only projects initiated, developed or scripted by nationals or residents of the co-production countries may qualify as official co-productions.\textsuperscript{31} This not only includes the script of the co-production, but also any underlying work such as an original novel or stage play, original treatment or bible. The only exception is that underlying material may be sourced from a third country if it is in the public domain in the co-producing countries. This means that a film based on a Shakespeare play may qualify as a co-production, but a film based on a Toni Morrison novel will not.

**Two Copies of the Script**
The applicant should be aware that the AFC will read the script. In part, this is to confirm that the nominated four lead cast are in fact the four lead cast on a line count. If the co-producers consider that some different test should be used to identify the leads (for example number of shooting days), this must be stated in the application.

**One paragraph synopsis**
A one paragraph synopsis should be provided.

**Presentation credits**
In part, this is to confirm that the film is in fact a co-production between two bona fide co-producers rather than one producer engaging the other producer to provide production services or second unit work, or a producer from a third country, such as the United States, engaging the two producers to provide production services or second unit work. If the co-producers are bona fide co-producers they will both receive credit as co-producers, and no third party will receive credit as a producer.

**Budget**
The budget should show Australian elements and costs stated separately or highlighted. Note that the full budget and the Australian breakout budget must be in the same currency, although this need not be Australian dollars.

**Producer's Undertaking**
This includes a personal undertaking from the Australian co-producer that it will give the AFC a final cast and crew list, ensure that there is a separate credit that the film is an official co-production, and obtain the AFC's written approval before changing any of the details on which the co-production status was approved. These details include the principal cast and crew, overall balance of nationalities of cast and crew, budget payments, locations and financial and distribution arrangements.

**Signed Co-Production Agreement**
The co-production agreement needs to include certain provisions that are listed in the relevant co-production treaty. For example a co-production agreement relating to an Australian - Canadian co-production must include provisions that a co-producer cannot assign or dispose of benefits except to a person who is a national or resident of the co-producer's country,\textsuperscript{22} provide for sharing of copyright\textsuperscript{23} and what happens in the event the co-production is not approved as an official co-production.\textsuperscript{24} In contrast, the New Zealand and French MOUs have no requirements for co-production agreements.

Note that the Australian Film Finance Corporation ("FFC") requires co-production agreements to be unsigned when a project goes to the FFC board; therefore, the AFC will accept a deal memo (containing the provisions required by the treaties) or a settled draft in the first instance.

**Financing Agreements**
It is possible to submit an incomplete application to the AFC so that the AFC can start reviewing the application. However, all information needs to be provided well before the AFC Co-Production Committee considers the application.

**PROCESS**

**Who Receives the Application?**
The co-production application must be submitted to the AFC.

The Legal Manager assesses the application for compliance with the guidelines and relevant treaty/MOU, and may ask the Australian co-producer for further information. An industry advisory panel is notified of the application. The application will then be submitted to the AFC Co-Production Committee.

**Australian Film Commission Co-Production Committee**
The AFC Co-Production Committee consists of a:

- CEO;
- Legal Manager;
- Director of Film Development and Marketing; and
- Director of Policy, Research and Information.

The AFC Co-Production Committee will consider the Legal Manager's comments on the application, and the comments of the industry advisory panel (if any) and will then decide whether to recommend to the AFC Commission that the application should be granted or refused. It may request further information from the Australian co-producer before making its recommendation.

**INDUSTRY PANEL**
The industry advisory panel has a strategic role in relation to co-productions. The panel does not meet to consider each application and does not make recommendations to the AFC.
Commission about whether the application should be granted or refused. However, members of the panel may make comments about a particular application to the AFC Co-Production Committee.

The AFC will notify the industry advisory panel about each co-production application and will send them a copy of the application and its recommendation to the AFC Commission.

The industry panel consists of representatives from:

- AGSC (Australian Guild of Screen Composers);
- ASDA (Australian Screen Directors Association);
- AWG (Australian Writers Guild);
- MEAA (Media Entertainment and Arts Alliance - the umbrella union covering cast and crew); and
- SPAA (Screen Producers Association of Australia).

Members of the industry advisory panel have been known to comment on an application if there is a wide discrepancy between fees paid to the Australian key cast and crew and those to the foreign key cast and crew, and if the co-production is perceived by the panel to be using the official co-production program to dress up as a co-production what would otherwise be an "offshore production" such as a Hollywood film entirely shot in Australia, second unit work, or a production services arrangement.

In part, this is because:

- if it is an offshore production rather than an official co-production, then a different industrial agreement may apply and the rates payable to the panel's members may be higher; 25
- if it is an offshore production, then the Department of Immigration will only issue a visa sub-class 420 visa if a certificate is given by the Minister for the Arts and the Centenary of Federation. The Minister will only give a certificate in relation to non-government subsidised productions if reasonable opportunities have been provided to Australians to participate in all levels of production including consultation with MEAA. 26

However, if it is an official co-production then the Department of Immigration will only consult with MEAA to confirm that it is an official co-production before issuing visas to cast and crew who are nationals or residents of the other co-producer's country. Furthermore, there is no limit on the number of actors from the other co-producer's country that may be imported to appear in an official co-production film; and

- an official co-production counts as Australian content, 27 and members of the panel are concerned that broadcasters will license the co-production instead of other wholly Australian television programs. In part, this is because members of the panel fear that a co-production may be fully financed without recourse to an Australian presale, then licensed to an Australian television broadcaster for a lower licence fee than a wholly Australian television program. Another reason is that a co-production film may have no (apparent) Australian on-screen elements.

The application and the AFC Co-Production Committee's recommendation are then submitted to the AFC Commission meeting.

The deadline for finalising a recommendation on a co-production is two weeks before the Commission meeting.

The AFC Commission will accept or reject the recommendation. The AFC decision is not official until the Commission minutes have been approved by the AFC Chairman. Approval is provisional until the AFC is notified that its counterpart competent authority has approved the film as an official co-production.

In all cases, Commission approval lapses if principal photography has not commenced within two years.

The AFC Commission will make up of a number of representatives from the Australian film and television industry as well as independent members of the public. The AFC Commission meetings are usually held every six weeks. 28

The international agreements provide that a co-production will be entitled to enjoy all of the benefits that national films enjoy.

Local Content
The co-production may count as local content for the purposes of the Australian free-to-air content quota, the Australian Content Standard. 29 In particular, Part 11, section 18 of the Australian Content Standard provides that a licensee's obligations are reduced to the extent to which the licensee broadcasts Australian official co-productions provided that it satisfies the same requirements that an Australian program must satisfy other than the requirement to be Australian. The licensee's obligations would include its obligations under section 10 to transmit first release Australian drama programs. As such, an official co-production which is a first release drama program would qualify notwithstanding that it is not wholly produced under the creative control of Australians.

The co-production may also count as local content for the purposes of pay television. 30

Tax Incentives
The co-production may qualify for tax incentives as if it were a local film.

For example, a UK-Australian co-production feature film may qualify as a British film notwithstanding that it does not fall within the definition of "British Film." because the maker of the film is not British and less than 70% of the production cost is spent on film production activity in the United Kingdom. 31 As such the co-producers may be able to use the British sale and leaseback tax incentives to facilitate financing the film by assigning or licensing the film to British taxpayers who are entitled to write off the cost of the film against their taxes, in circumstances where the taxpayers get their money back by licensing the film back to the co-producers over 15 years. 32

In addition, a UK-Australian co-production feature film may qualify as a "qualifying Australian film" for the purposes of Division 10BA of the Income Tax Assessment Act 1936, notwithstanding that it may not have significant Australian content. 33 As such, the Co-producers may also use the Division 10BA tax incentives to facilitate financing the film. 34
**Government Assistance**

A co-production feature film telemovie, mini-series or documentary which has been certified by the Department of Communications Information Technology and the Arts as a “qualifying Australian film” may also qualify for FFC funding.

**FLIC Funding**

A co-production feature film telemovie, mini-series or documentary which has been certified by the Department of Communications Information Technology and the Arts as a “qualifying Australian film” may also qualify for FLIC funding.

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**TRIPARTITE CO-PRODUCTIONS**

Tripartite co-productions are contemplated by many of the treaties or MOUs, for example, providing that films can be made and processed in the third co-producer's country if there is a third country co-producer.

However, there are currently no provisions in the treaties or memorandums of understanding which directly facilitate co-productions other than on a de-facto basis in respect of the European co-production arrangements. The draft German treaty however does provide that whereas the minimum contribution from each country must usually be 30%, where there is a third country co-producer involved, the minimum contribution from each country is only 20%.

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7 Administrative Arrangement Governing Franco-Australian Film Relations between the Australian Film Commission and the Centre National de la Cinematographie dated 15 May 1986
8 the agreed text of the draft treaty is available at http://www.africa.gov.au/services/getting/coproduction/france_germany.pdf
9 Article 3.2(a) of AFC Guidelines
10 Article 3.2(b) of AFC Guidelines. Note that a further requirement of the Australian Canadian treaty is that the co-producer must demonstrate that any third country performer must substantiate that the performer is internationally recognised. The AFC is developing guidelines as to how a co-producer demonstrates that a third country performer is "internationally recognised", largely based on the US visa requirements for performers
11 Article 3.2 of AFC Production Guidelines
12 Annex 7 Australian-Canadian Treaty; Annex 4 Australian-Irish Treaty; Article 4 Australian-French MOU; Article 4 Australian-German Treaty; Annex 4 Australian-Israel Treaty; Annex 7 Australian-Italian Treaty.
13 Article 4(b) AFC Guidelines - the Australian co-producer's financial contribution must not exceed the percentage of Australian key participants by more than 5%
14 Article 3.4(b) AFC Guidelines
15 Article 3.4(a)(ii) AFC Guidelines
16 Article 2.1 of the previous AFC co-production guidelines provided that the Australian co-producer could obtain its contribution from any bona fide source except from the co-producer's country. However, the current AFC Guidelines do not limit the co-producers' source of funding.
17 Article 4 of AFC Guidelines
18 Article 4.1(a) AFC Guidelines
19 Article 3.4(d)(iii) AFC Guidelines
20 Article 5 AFC Guidelines
21 Article 3.1 AFC Guidelines
22 Annex 2 to the Australian Canadian treaty
23 Annex 11(e) Australian Canadian treaty
24 Annex 11(b) to the Australian Canadian treaty
25 For example, in relation to performers, an official co-production or bona-fide unofficial co-production is subject to the Australian Television Repeats and Residuals Agreement 2000 whereas an offshore production is subject to the Offshore Television Repeats and Residuals Agreement 2000
27 see later - Part 7 Advantages
28 There is no meeting in January
29 The Australian Content Standards is available on line at http://www.aba.gov.au/what/program/81v_standard99.htm
30 section 102 of Broadcasting Services Act 1992 (Cwlth), and in particular as amended December 1999
31 Schedule 1 of Films Act 1985
32 "Round Table - International Co-productions"
Ambush Marketing - The Olympic Experience

Now that the Sydney Olympic games are well and truly over Odette Gourley looks at some of the legal issues arising out of the advertising tactics of some of our major corporates

Now that the Sydney Olympic Games of 2000 are over, questions arise: how much ambush marketing was there and did the official sponsors get value for money?

These are large and difficult questions which others can answer. It is interesting, however, to look at some of the Olympic related cases. They may allow you to speculate about the answers to those questions.

THE AIRLINES

Less than two weeks before the Games were to start on 15 September 2000, Ansett sued Qantas over recent Qantas advertising. Ansett was the official airline partner of the Sydney 2000 Games. The Qantas ads started a few days before proceedings were commenced.

One was a Spirit of Australia strip ad with the Qantas logo along the bottom of an Age double page lift-out with Kathy Freeman pictures. Sydney 2000 etc. Another strip ad included the words ‘we welcome the spirit of competition’ and appeared at the bottom of an Age double page lift-out on Australian Olympians. The third ad was for a Qantas ‘Australia wide Olympic sale’ referring to various travel products and prices available around the Olympics. It appeared also in a small version adjacent to Olympic reportage.

Interestingly, in addition to that advertising in the lead up to the Games, Ansett’s statement of claim referred to:

• a Qantas 1997 Flying Towards 2000 campaign and its use of Australian athletes including Olympians;
• a February 2000 brochure featuring athletes with the Olympic rings in the background, distributed in connection with the Qantas International Gymnastics Challenge;
• June 2000 full page Qantas advertisement featuring a picture of Kathy Freeman on the back page of a newspaper lift-out;
• June-August 2000 outdoor advertising in Sydney and Melbourne featuring Kathy Freeman;

Furthermore, Ansett asserted that a significant proportion of the Australian public were under the misconception that Qantas was an official sponsor of the Games and relied on its own market research for that assertion.

Ansett’s case was that Qantas’ advertising breached the Trade Practices Act and the Olympic legislation Sydney 2000 Games (Indicia and Images) Protection Act 1996. A declaration was also sought that Qantas’ conduct amounted to passing off, although passing off was not pleaded in the statement of claim. (An observation by way of an aside, then, is the continued ascendancy of the Trade Practices Act causes of action over passing off in misleading advertising cases and, though not relevant here, cases of alleged deceptive use of a name or logo similar to that of the plaintiff).

Ansett sought declarations, injunctions restraining further wrongful conduct, compensatory damages (of various kinds) exemplary damages and corrective advertising. By way of urgent interlocutory relief, injunctions and corrective advertising were sought. In relation to the claim for exemplary damages, perhaps the pleading of the older advertising campaigns was partly also relevant to that claim.

The essence of the Trade Practices Act case was that the recent Qantas advertising, given the material that appeared adjacent to it, or having regard to the earlier advertising, conveyed the misleading representation that Qantas was the official Olympic airline sponsor, and that this was a breach of section 52 and section 53 (c) and (d) of the Trade Practices Act.

For the Olympic legislation breach, the allegations were a little more complex given the structure of the legislation and because the specific Olympic indicia like Sydney 2000 appeared in the adjacent text or material, rather than in the Qantas advertisement itself (apart from the word ‘Olympic’).

Thus, it seems that Ansett intended to argue that, in their context or given the adjacent material or having regard to the earlier campaigns or the misconception, however it arose, Qantas had represented that it was a sponsor, in breach of the Trade Practices Act and the Olympic legislation. If Ansett’s apparent view was correct, that the advertisements alone were not enough to amount to breaches by Qantas, there were difficult issues in whether the context and the adjacent material and the misconception amounted to conduct by Qantas.

In any event, as may not surprise, the proceedings were settled by orders made by consent on 7 September 2000. The terms of that settlement, we can assume, are confidential. Those following the Olympics in the media at the time will form their own view as to the level of visibility of Qantas.

THE BREWERS

From airlines to the important Australian institution of beer, Carlton & United Breweries (“CUB”), owned by Fosters, had the exclusive beer franchise for the Olympic stadium during the games. However, Tooheys (“Lion Nathan”) otherwise had the beer rights at the stadium.

Shortly before the Games, Lion Nathan was marketing its Tooheys New beer. CUB alleged that advertisements and beer cartons carried the slogan ‘beer of choice at Stadium Australia’ and that this misrepresented that Lion Nathan was an Olympic sponsor.

CUB commenced proceedings alleging breaches of the Trade Practices Act and seeking interlocutory relief. Its application was due to be heard the day before the commencement of the Games.

CUB was seeking urgent corrective advertising to the effect that Lion Nathan’s beer would not be available to the public at Stadium Australia during the Olympic and Paralympic period. It also sought delivery up of the packaging of products bearing the alleged misleading material.

The proceedings were settled.
An interesting issue thrown up by the cases is whether the special Olympic legislation was necessary to deal with 'ambush marketing' given the power of the Trade Practices Act. Despite the fairly complex structure of the Olympic legislation, there continued to be a requirement of conveying to the public a message of Olympic sponsorship before breach occurred. In substance, this is fairly complex structure of the Olympic legislation was necessary to deal with 'ambush marketing' given the power of the Trade Practices Act. Despite the fairly complex structure of the Olympic legislation, there continued to be a requirement of conveying to the public a message of Olympic sponsorship before breach occurred. In substance, this is entirely analogous to the requirement for breach of section 52 of the Trade Practices Act that a misrepresentation be conveyed. Legally, therefore, it seems that it may not have been necessary to create Olympic specific causes of action. In practice, of course, the legislation may including the special causes of action have acted as a significant deterrent.

**THE SHOE MANUFACTURERS**

In late 1997, Reebok became the athletic footwear sponsor for the Sydney Olympic Games. As you would expect, the agreement gave Reebok exclusivity on athletic footwear although Reebok acknowledged that SOCOG might: '...enter into sponsorship agreements with, and grant advertising, marketing and promotional rights to suppliers of sports apparel, sports footwear or sports equipment not provided by [Reebok] provided that such rights will be limited to the right to use a product-specific SOCOG or AOC designation in non-electronic media ...'.

Two years later, Reebok purported to terminate its sponsorship agreement on the basis of alleged material breaches by SOCOG including entering into agreements with Canterbury and Pacific Dunlop (baseball caps).

SOCOG responded that Reebok had wrongfully repudiated the agreement but it accepted that the agreement was at an end and claimed that Reebok owed it $500,000.

Reebok struck pre-emptively by commencing litigation in late 1999 seeking declarations to the effect that it had validly terminated, damages for breach of contract and other relief. SOCOG cross claimed seeking to recover the amount allegedly owed.

Over the course of the next 12 months, the parties argued an interlocutory issue concerning access to documents and confidentiality up to the court of appeal of NSW and back again.

Reebok wanted to see the Pacific Dunlop agreement. SOCOG did not want to provide it at all and certainly not to anybody other than the external lawyers for Reebok. Reebok's response was that it at least needed to be able to get instructions from Reebok's internal lawyers. But if Reebok saw the Pacific Dunlop agreement, so SOCOG countered, it would assist Reebok in ambush marketing.

Despite SOCOG's attempts at defining ambush marketing, Justice Rofe in the New South Wales Supreme Court concluded that:

'...the term 'ambush marketing', which has a pejorative ring, was intended to identify nothing more than marketing by competitors of sponsors in opposition to the sponsors, which is an everyday occurrence in commercial life'.

The Court ordered that Reebok lawyers should have access to the Pacific Dunlop agreement albeit in a redacted form (irrelevant sensitive material removed). SOCOG appealed to the Court of Appeal and the appeal was dismissed. Reebok then revived the issue by seeking access to the Canterbury agreement not be limited to internal lawyers but expanded to allow access by nominated employees of Reebok and witnesses. At the same time, SOCOG sought documents from Reebok and its Australian subsidiary about Olympic marketing plans apparently in an endeavour to show that SOCOG's fears that access to the agreements would lead to ambush marketing by Reebok were reasonably based. The dispute about production of documents was resolved by agreed provision of certain documents.

As to Reebok's renewed request for expanded confidentiality, Justice Hunter in the Supreme Court (in what was an astute exercise of practical case management) ordered the expanded access but deferred until after conclusion of the Olympic Games.

After the conclusion of the Olympic Games, Justice Hunter made a costs order in favour of Reebok (costs of the applications be plaintiff's costs in the cause). But it is irresistible to speculate that, if not yet already settled, the proceedings will, sooner or later, settle.

The views expressed in this article are those of the author and not necessarily those of the firm or its clients.

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Corporations Law Goes Into Bat For Bradman

Hilary May Black looks at what lengths celebrities can go to in order to protect their names and images from unauthorised use and whether that protection is enough.

Australian cricketing legend, the late Sir Donald Bradman, and the non-profit organisation responsible for protecting his name and image, the Bradman Foundation, have recently been required to fend off unauthorised users. Their cause has recently been fortified by an amendment to Australia's Corporations Law which confirms Bradman's unique status amongst his die-hard Australian fans and elevates the protection of his name to a statutory level.

**UNAUTHORISED USERS - A STICKY WICKET**

Amongst the organisations that have recently fallen foul of the Foundation's attempts to protect the Bradman name are a number of shops operating on Adelaide's Burbridge Road, to be renamed Sir Donald Bradman Drive from January 1, 2001. Sir Donald approved the re-naming of the road. However, since that time a number of businesses have tried to take advantage of the re-naming for their own commercial purposes. In anticipation of the name change a café on Burbridge Road registered the business name "Bradman's Café Restaurant" with plans to feature cricket memorabilia. After negotiations with the Foundation the owners have dropped plans for the cricketing theme and will identify themselves, by location, as "Bradman Drive Café Restaurant" rather than attempt to link the café with Sir Donald Bradman himself. However, the unfortunate re-naming of a sex shop...
on the same road as “Erotica on Bradman” remains a problem for the Foundation.

On another front, there is a museum in Cootamundra where Sir Donald was born which has trade mark applications pending for the name “Bradman’s Birthplace”. The Foundation has requested that the museum withdraw its application and has entered into negotiations with the Cootamundra Council with a view to reaching an agreement whereby the museum can use the name with the Foundation’s permission.

Finally, the Foundation commenced an action in the Federal Court of Australia in early October 2000 to prevent the unauthorised use of the Bradman name, associated indicia and images by the “Bradman Corporation” and associated companies such as “Bradman Building Pty Ltd” and “Bradman Cascades Pty Ltd” which operate a string of property developments in the southern highlands of New South Wales, famously associated with Bradman’s early cricketing exploits.

TRADE MARKS AND TRADE PRACTICES STEP UP TO THE CREASE

Celebrities attempting to protect their names and images under Australian law are generally obliged to rely on actions under the tort of passing off or the Trade Practices Act 1974 (Cth) and state equivalents which attack the alleged misrepresentation of an association between the celebrity and the usurper’s product or service. The value of the tort of passing off, in the protection of celebrity personality under Australian law, was established in the Henderson Case 1 in 1960. Here a well known ballroom dancing couple took action against the unauthorised use of their photograph on the sleeve of a dance music record arguing that the defendant’s use of the photograph misrepresented a favourable connection with themselves that did not exist. The Court ordered an injunction to prevent further unauthorised use of the photograph.

However, damage resulting from the unauthorised use of a celebrity’s name or image such as lost sponsorship fees or tarnished reputation are difficult to prove and quantify. Action under the Trade Practices Act has proven useful in this regard because, unlike the tort of passing off where actual damage must be proven, loss of an opportunity to exploit one’s own name, because of the unauthorised actions of another, has proven sufficient to ground an action for damages under the Act. 2 Nevertheless, cases such as Sue Smith 3, Honey 4 and Olivia Newton-John 5 indicate that the use of subtle imitations and prominent disclaimers can defeat celebrity claims relatively easily.

As a result Australian trade mark law has now also been called upon to assist in protecting celebrity names, images and signatures with a number of celebrities such as racing car drivers Jacques Villeneuve and Michael Schumacher and Olympic swimmer Kieren Perkins registering photographs of themselves. Perkins has also registered his name, signature and nickname “Superfish”. The Bradman Foundation has had Sir Donald’s name and signature registered since 1992 although registrations for a number of photographic images are still pending.

A measure of post-mortem protection is available under this avenue with Elvis Presley Enterprises, for example, holding registered trade marks for Elvis’s name and a photograph since 1986. Although some quarters continue to express doubt as to whether Elvis did, in fact, definitively “leave the building” in 1977, pending his return, his estate is firmly in control of the use of his name and image by Australian businesses.

However, protection of celebrity personality under trade mark law is limited in a number of respects. First of all, protection only extends to the classes of goods and services for which the personality has registered the indicia of their personality such as their name or likeness. Use of the trade mark in relation to other classes of goods and services cannot be prevented by that registration unless the mark is accepted as being “well known” 6 which may apply in the case of leading celebrity personalities.

In addition the trade mark must be used as a trade mark. For example, in the Rolling Stones Case 7 the Federal Court held that the use of the words “Rolling Stones” on the cover of an unauthorised recording of the band did not infringe the registered trade mark “Rolling Stones” because the packaging of the recording carried a bold disclaimer making it plain that the recording was unauthorised. In these circumstances the use of the words “Rolling Stones” on the cover were merely descriptive of its contents.

Trade mark registration is not a realistic option for emerging personalities or those whose fame is likely not to be enduring. The initial costs of trade mark registration, the complexities of the registration process, the time involved in obtaining registration and the organisational and financial infrastructure required to maintain its use means that it is only of practical use to relatively well established celebrities.

Finally, celebrity owners of a registered trade mark cannot use the fact of registration as a platform from which to issue what may ultimately be groundless threats against unauthorised users of the celebrity’s name or image. Since a threat to bring legal proceedings for infringement of a trade mark may have severe commercial ramifications for the alleged infringer 8 the Trade Marks Act 9 specifically prevents trade mark owners from issuing threats of legal action where they are unable to substantiate their claim.

AUSTRALIAN LAW DUCKS A RIGHT OF PUBLICITY

In contrast to Australian law there is a well developed body of law giving specific protection to personality in Europe, Canada and the United States of America, in particular. Australia’s “right of publicity” gives the celebrity personality an action against misappropriation of key aspects of their identity for unauthorised commercial use. Twenty six American states have some form of statutory or common law right of publicity protection.

In the United States the right of publicity has been invoked to prevent imitations of celebrity voices in advertising (the Bette Midler Case 10 and the Tom Waits Case 11), the portrayal of a game show host by a look-alike robot (the Vanna White Case 12), the use of a photograph of the late Fred Astaire for an instructional dance video without the permission of his estate (the Robyn Aisotaire Case 13) and even the use of a slogan, “Here’s Johnny!!”, famously associated with the television entertainer Johnny Carson, for a portable toilet advertisement without his permission. 14

Given the lack of a comprehensive means of preventing unauthorised use of celebrity personality under Australian law there has been considerable academic and some judicial support for an American style “right of publicity” in Australia in recent years. However, prospects for this development were rejected by the High Court of Australia when it confirmed in Mooygate Tobacco 15 in 1984, and more recently in the Nike Case, 16 that there is no general tort of unfair competition in Australian law. Consequently, there is no common law basis for attacking misappropriation of celebrity personality directly, as is possible under right of publicity laws found in Europe and the United States. In addition, despite support by the Australian Law Reform Commission as recently as the “Report on Unfair Publication” for a statutory right of publicity in Australia no legislative initiatives in this area have eventuated.
To the Interest of Australian cricket fans and members of the legal profession, not a mutually exclusive group, the late Sir Donald Bradman's iconic status was recently confirmed by an amendment to the Australian Corporations law on 11 October 2000. The Corporations Amendment Regulation 2000 (No. 8) now adds Sir Donald's name to a select group whose names may not be used to register a company name if a connection, which does not exist, with one of these people or organisations, is suggested. Current members of this very special club include all members of the Royal Family, persons in receipt of Royal Patronage and ex-serviceman's organisations. In adding Sir Donald's name to this hallowed list his status as an icon in the development of a unique Australian identity along with the Queen and the "Aussie Digger" is assured. The States and Territories are considering changes to their Business Names legislation in support of the Commonwealth initiative.

COULD OTHER CELEBRITIES FOLLOW ON?

Although appearing to create a precedent that other Australian celebrities might try to emulate, the Australian Prime Minister John Howard, is of the view that it is unlikely that anyone will be able to claim a similar contribution to the development of the Australian "character" in years to come.

Action under the tort of passing off, the Trade Practices Act and the Trade Marks Act provides a limited form of protection for celebrity personality under Australian law. However these areas of law focus on the misrepresentation of a connection between the celebrity and the unauthorised user when the mischief these actions seek to remedy is misappropriation. The repeated attempts by commercial interests to use aspects of Sir Donald Bradman's personality without permission illustrates the need for more comprehensive protection under Australian law to prevent the misappropriation of the identity of the model. The statutory right of publicity in New York, providing remedies to undeserving claimants. Clearly it is necessary to guard against the fundamental problem posed by the publication of the letters which is the attempt to benefit from the unauthorised use of his name and personality.

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endeavour and to prevent the unjust enrichment of undeserving usurpers. Whilst imperfect, protection focusing on misappropriation of clearly defined and limited indicia such as a celebrity's name, signature, photograph, or likeness, rather than an attempt to protect the identity itself, is recommended. Recognition of these rights as a form of personal property, similar to the registered trade mark under the Trade Marks Act, will allow them to be assignable, necessary to the concept of personality merchandising. Ultimately, whatever form of protection is to be extended to celebrity personality under Australian law, must be balanced by the continuing need for reasonable public access to information, a principle underlying all forms of intellectual property protection in Australia today.

1 Henderson v Radio Corp Pty Ltd (1960) 60 SR (NSW) 576.

2 In Talmix Pty Ltd v Teatra Corp Ltd [1997] 2 Qd R 444 Olympic swimmer, Kieren Perkins took action against telecommunications giant, Telstra Corporation, for its unauthorised use of his name and photo in newspaper promotional material. The Court ordered damages of $15,000 under the Trade Practices Act 1974 (Cth) s22(1) for the diminution of the opportunity for Perkins to commercially exploit his name, image and reputation because of the defendant's misleading conduct in contravention of s22.

3 10th Cantonese Pty Ltd v Shoshana Pty Ltd (1987) 79 ALR 259: Sue Smith, a well known personality, sued the defendant for its use of her name in a magazine advertisement for video records. The advertisement featured a model operating a remote control with the words "Sue Smith just took control of her video recorder." A majority of the Federal Court held there was no passing off as there was no evidence of the public being misled as to the identity of the model.

4 Honey v Australian Airlines Ltd (1990) 18 IPR 185: Olympic athlete, Gary Honey took action in passing off against Australian airlines who distributed a poster featuring his photo along with its company logo. The airline then gave permission for a religious publishing organisation to use the photograph on the cover of a magazine and a book it published. The court dismissed the case accepting the Airlines' argument that the purpose of the poster was the promotion of the sport not the airline itself and that there was no misrepresentation of a commercial arrangement of sponsorship or endorsement between the parties.

5 Newton-John v Scholl-Plough (Australia) Ltd (1985) 11 FCR 233: Internationally known singer and actress Olivia Newton-John took action against an advertisement containing a photograph of a "look alike" model. On top of the ad were the words "Olivia? No, Maybelline!" The court took the view that the words "No, Maybelline" acted as sufficient disclaimer to negate Newton-John's claim of passing and misleading and deceptive conduct under the Trade Practices Act 1974 (Cth), s52.

6 Trade Marks Act 1995 (Cth), s120(3). S120(4) states "in deciding whether a trade mark is well known in Australia, one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason."
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Contributions and Comments

are sought from the members and non-members of CAMLA, including features, articles, and case notes. Suggestions and comments on the content and format of the Communications Law Bulletin are also welcomed.

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