1. Protection of Artistic or Literary reputation

1.1. On what terms will a work (of art, music, literature) from a foreign company enjoy copyright protection in your country?

Section 184 of the *Copyright Act 1968* (Cth) (“CA”) provides for the making of regulations in relation to foreign works. Where protection is extended on a bilateral basis, there is a requirement of substantive reciprocity that must be satisfied, unlike the requirement of national treatment (formal reciprocity) that applies for example under the Berne or Rome Convention.

Section 185 of the CA provides for the limitation or denial of protection to foreign works in Australia where these come from countries which do not provide adequate protection for Australian works.

In order to ascertain precisely what foreign works and other subject matter are protected under the CA, it is necessary to refer to the *Copyright (International Protection) Regulations 1969* (Cth).
1.2. What works of art are covered by copyright in your country?

S 10 (1) of the Copyright Act 1968 provides an exhaustive definition of “artistic work” as meaning:

(a) a painting, sculpture, drawing, engraving or photograph, whether the work is of artistic quality or not;

(b) a building or a model of a building, whether the building or model is of artistic quality or not; or

(c) a work of artistic craftsmanship whether or not mentioned in paragraph (a) or (b) but does not include a circuit layout within the meaning of the Circuit Layouts Act 1989.

Did Basalt Co. Ltd constitute an infringement of copyright or moral rights or injured the architect’s reputation by:

(a) Photograph of an architectural work located in a public place?

Here Basalt Co Ltd made use of the photograph in order to market its products without the consent of the architect. In accordance with the right of attribution the author should be acknowledged whenever the work is published, reproduced or performed.

Furthermore, the right of integrity gives the author the right to object to the use of the photographs in marketing materials on the grounds that the work is prejudicial to his honour or reputation. Basalt may be in a position to argue that the architects reputation will be enhanced – this may come from being acknowledged as the author of the works.

The provisions in Pt IX of the CA now ensure that anybody dealing with creative work must uphold the creator's moral rights as well as their economic rights. However, even if treatment of the work would infringe the author's moral rights, if that treatment is reasonable, or the author has consented, no infringement will be deemed to have arisen.

(b) Copying a unique wall from a museum building? What are the tests?

Copyright – the unique wall design is an original work capable of protection under section 35(2) of the CA. It is necessary to prove that the author of the artistic work is

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1 Following the Copyright Amendment (Moral Rights) Act 2000.
the owner of any copyright subsisting in the wall. Pursuant to s 10 (1) (c) of the CA “artistic work” means “a work of artistic craftsmanship…”

**Meaning of work of artistic workmanship**

In the case of *Cuisenaire v Reed* [1963] VR 719 (“Cuisenaire”) at 730 Pape J found that the words “artistic” and “craftsmanship” each referred to some quality in the acts performed by the maker or author of the article in the course of actually making that article. Whilst His Honour accepted that such a work could be of a functional character, he thought that the addition of the word “artistic” required that the craftsman, in exercising his skill and labour, had set out to produce something possessing those attributes suggested by the word itself:

> “the true test…is whether the author in making the article in which copyright is alleged to subsist, was applying his skill and taste to its production with the main object of creating an article which, even if it be utilitarian, nevertheless will have a substantial appeal to the aesthetic tastes of those who observe it.”

Justice Sheppard as a member of the Full Court of the Federal Court in *Commissioner of Taxation (Cth) v Murray* (1990) 21 FCR 436 expressly approved the approach of Pape J in Cuisenaire and said at 442 that the ‘intention of the creator must be all important’ in determining that question, whether as a matter of copyright or revenue law.

In the case of *Coogi Australia Pty Ltd v Hysport International Pty Ltd & Ors* (1998) 86 FCR 154 (“Coogi”) , Justice Drummond summarised the submission of counsel for Hysport, concerning the notion of artistic craftsmanship applicable to the circumstances in Coogi as follows:

> “the notion of artistic craftsmanship required that the mind of a craftsman must be engaged during the act of production. Once it is recognised that the relevant act of production is that of making the first acceptable run of fabric to the XYZ design, the involvement of the Coogi design team and, in particular, Mr Walker's involvement in producing that particular article, answers this requirement. If Mr Walker had been given a fully developed design for the fabric and had simply written a program to ensure that the knitting machine would produce fabric to that design, he would not, in my opinion, have acted as a craftsman and no part of the fabric so produced could be said to be a work of craftsmanship, however much artistic quality it may have. He would have had no involvement with the materials from which the fabric was made
and would not have displayed any skill in the use or understanding of those materials. But Mr Walker performed an entirely different role in the development and production of the first acceptable run of the XYZ fabric. That the initial one, like every subsequent run of fabric produced, is simply one of many identical products of a particular mass production process does not detract from the special quality of the first run of fabric in the circumstances of this case.”

The person identified above as Mr Walker was not just a member of the design team, but was a person additionally skilled in textile machine operation, and he constantly monitored and adjusted the knitting machine for the production of that crucial first run, and was therefore found to be, in his Honour’s view, the craftsman. The concept of a ‘first manufacturing run is picked up in the provisions of subs 22(1) of the CA, that is to say, ‘ … the time when … , [a]n … artistic work … was first reduced to … material form’.

By s 22(1) of the CA, a reference in the CA to the time when, or the period during which, an artistic work was made, shall be read as a reference to the time when, or the period during which, the work was first reduced to material form. Pursuant to s 31(1)(b) of the CA, copyright in any artistic work is the exclusive right to reproduce that work in a material form, to publish that work, and to communicate that work to the public. Section 35(2) defines the author as the owner of any copyright subsisting in an artistic work.

By s 36(1) of the CA, copyright in any artistic work is infringed by a person who, not being the owner of the copyright, and without the licence of the owner, does in Australia, or authorises the doing in Australia of, any act comprised in the copyright.

However by s 14(1) of the Copyright Act, that exclusive right is qualified as follows:

In this Act, unless the contrary intention appears:

(a) a reference to the doing of an act in relation to a work or other subject-matter shall be read as including a reference to the doing of that act in relation to a substantial part of the work or other subject-matter; and

(b) a reference to a reproduction, adaptation or copy of a work, shall be read as including a reference to a reproduction, adaptation or copy of a substantial part of the work, as the case may be.’
Whether a part is substantial, within s 14(1), must be decided by its quality rather than its quantity: *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273 at 293 (Lord Pearce). Further, as Wilson J said in *S W Hart & Co Pty Ltd v Edwards Hot Water Systems* (1985) 159 CLR 466 at 482, ‘… the question whether there has been a reproduction is a question of fact and degree depending on the circumstances of each case. The emphasis upon quality rather than quantity directs attention to the significance of what is taken’. The importance or the essence of the materiality of the part taken must be compared to the whole of the protected work, for there should be a sufficient objective similarity between the original work and the infringing work: *Zeccola v Universal City Studios Inc* (1982) 46 ALR 189 at 193 (Lockhart and Fitzgerald JJ).

The principles are clearly enunciated by Lord Millet in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2001] All ER 700 at 708–709:

“The first step in an action for infringement of artistic copyright is to identify those features of the defendant’s design which the plaintiff alleges have been copied from the copyright work. The court undertakes a visual comparison of the two designs, noting the similarities and the differences. The purpose of the examination is not to see whether the overall appearance of the two designs is similar, but to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copyright than of coincidence. It is at this stage that similarities may be disregarded because they are commonplace, unoriginal, or consist of general ideas. If the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying.”

Once the court has found that the defendant’s design incorporates features taken from the copyright work, the question will be whether what has been taken constitutes all or a substantial part of the copyright work. This is a matter of impression, for whether the part taken is substantial must be determined by its quality rather than its quantity. It depends upon its importance to the copyright work. It does not depend upon its importance to the defendant’s work. The pirated part is considered on its own and its importance to the copyright work is then assessed.
1.3. Are there other actionable claims which can be brought to protect the reputation of the architect or any artists and authors, other than claims based on infringement of copyright? Can he obtain compensation by virtue of the “unlawful enrichment” laws?

Tort of Passing Off

The architect will be unable to make a breach of contract claim it was not a party to the building contract between the Museum and Basalt.

However, it may be possible to argue that Basalt has committed the tort of ‘passing off’. The five characteristics noted by Lord Diplock in *Erven Warnink v J Townsend & Sons (Hull)* [1979] AC 731 at 742 required:

1. a misrepresentation; 2. made by a trader in the course of trade; 3. to prospective customers of his or ultimate consumers of his goods or services supplied by him; 4. which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and 5. which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

The test is whether the product has derived from the advertising a distinctive character which the market recognises - *Cadbury Schweppes Pty Ltd v Pub Squash Pty Ltd* [1980] 2 NSWLR 851 at 858. In this matter the property protected was not limited to the name or trade mark of the product/business and was extended to cover other descriptive material such as the component parts of an advertising campaign.

It is the existence of the a reputation that counts - the means by which that reputation is garnered or exploited is relevant only to the factual issue of establishing whether any misappropriation has occurred.

The question for the Court would be how strong the architect’s reputation in Australia is? It would be necessary to show that he had a reputation in this country to warrant protection. If more than nominal damages are to be obtained, it will be necessary for the architect to show compensable loss, with injunctive relief the usual remedy.

**Misleading or Deceptive Conduct**
Claims can also be brought under s 18 of the Australian Consumer Law (previously s 52 of the *Trade Practices Act 1974* (Cth), found in Schedule 2 of the *Competition and Consumer Act 2010* (Cth). The provision is designed to prohibit misleading or deceptive conduct so that the law is not “continually one step behind businessmen who resort to smart practices.” Although contravention of s 18(1) of the ACL is not an offence, it may be restrained by injunction which may be granted on application by the regulator, ACCC and is actionable in damages at the suit of any party that has suffered loss.

Statutory proscription found in s18 of the ACL overlaps with various other branches of the law, including the tort of passing off and misrepresentation, and it is commonly pleaded in the alternative with them. Nevertheless, s 18 must be read in its own right, its meaning is not governed by principles developed in related areas of law.

The focus of the statutory proscription found in s 18(1) is on conduct rather than representations. For this purpose, a reference to ‘conduct’ is regarded as a reference to the doing or refusing to do any act. To engage in conduct that is misleading, though is necessarily to make a misrepresentation, at least by implication, even if nothing is expressly said. It may be possible to argue that the conduct of making use of an unauthorised photograph of the basalt wall in its marketing campaign is seriously misleading.

The statutory proscription found in s 18(1) is limited to conduct that is engaged in ‘in trade or commerce’. The conduct in question must be a part of the corporation’s trade or commercial activities and not merely incidental to them, that is, they must bear a trading or commercial character (*Concrete Constructions (NSW) Pty Ltd v Nelson* (1990) 169 CLR 594. The more important question should be whether the conduct is a kind which is usually of a commercial nature (*Hearn v O’Rourke* (2003) 129 FCR 64 per Dowsett J).

As a general rule, misleading conduct is conduct that has a tendency to lead into error. Since it is the tendency to mislead that results in conduct being misleading, proof of actual deception is not necessary, although it may be of persuasive value. A conduct may be misleading regardless of any intention to mislead. ‘Misleading’ has a wider meaning than ‘false’ and a representation may amount to misleading conduct even if
it is not a false representation. In the context of s 18(1), the words ‘misleading’ and ‘deceptive’ are synonymous and the words ‘likely to mislead or deceive’ add nothing to the preceding text. However, conduct that is confusing may not necessarily amount to a contravention. Exploitation of consumer uncertainty by an advertiser may amount to misleading conduct (Murray Goulburn Co-op Co Ltd v New South Wales Dairy Corp (1990) 24 FCR 370, per Lockhart, Pincus and von Doussa JJ).

**Unjust Enrichment Laws**

In *Pavey & Matthews Pty Ltd v Paul* (1987) 162 CLR 221, Deane J (Mason and Wilson JJ agreeing generally) described unjust enrichment as:

> a unifying legal concept which explains why the law recognises, in a variety of distinct categories of case, an obligation on the part of a defendant to make fair and just restitution for a benefit derived at the expense of a plaintiff and which assists in the determination, by the ordinary processes of legal reasoning, of the question whether the law should, in justice, recognise such an obligation in a new or developing category of case.

Prior to this decision, there was isolated High Court dicta supporting unjust enrichment as the basis for restitution.

To establish a claim for restitution for unjust enrichment the architects must show:

1. that a benefit was obtained by Basalt Co.;
2. that the benefit was obtained by Basalt Co. at the architect’s expense and not at the expense of some other person; and
3. an element of injustice, that is, some circumstance showing that it would be unfair, unjust, unconscionable or inequitable for Basalt Co. to retain the benefit.

For the purposes of an independent action based on unjust enrichment, the enrichment must be at architect’s expense in the sense that the architect was the immediate source of the enrichment. In other words, it must be architect’s money or property which was paid or which passed to Basalt Co. The only purpose served by the “at the expense of” requirement is to identify the proper person to recover the enrichment.
These principles were stated by the High Court in *Commissioner of State Revenue (Vic) v Royal Insurance Australia Ltd* (1994) 182 CLR 51.

Furthermore, the courts will usually strike out pleadings that make a bare assertion of unjust enrichment without stating the material facts supporting each element. (*Reed International Books Australia Pty Ltd v King & Prior Pty Ltd* (1993) 44 FCR 587)

In *Winterton Construction Pty Ltd v Hambros Australia Ltd* (1991) 101 ALR 363, Gummow J struck out pleadings which asserted an enrichment and that it would be “unconscionable for [the defendant] to retain the benefit of that enrichment”. Gummow J held that the pleading “did not specify with anything like sufficient clarity what are the material facts which [the plaintiff] relies (i) to show enrichment of [the defendant], (ii) at the expense of [the defendant] and (iii) in circumstances demonstrating the necessary element of injustice. It is also not sufficient to merely plead that it would be “unjust in all the circumstances” for Basalt Co. to retain the enrichment; rather the facts supporting the unjust factors on which the claim is based, must be specifically pleaded (*Marriott Industries Pty Ltd v Mercantile Credits Ltd; Maesbury Plumbers Pty Ltd (intervening)*) (1990) 55 SASR 228, Prior J at 238).

1.4. If damages can be claimed for loss of, or injury to, reputation:

(a) What type(s) of damages can be awarded – eg. compensatory or punitive?

Copyright breach - generally compensatory in nature

The damages which are awarded under s 115(2) are compensatory: *Aristocrat Technologies Australia Pty Ltd v DAP Services (Kempsey) Pty Ltd* (2007) 157 FCR 564 per Black CJ and Jacobson J.

Damages would flow if the owner establishes that the infringement has caused a depreciation in the copyright as a chose in action: *Sutherland Publishing Co Ltd v Caxton Publishing Co Ltd* [1936] Ch 323 at 336 per Lord Wright MR; *Elwood Clothing Pty Ltd v Cotton On Clothing Pty Ltd* (2009) 81 IPR 378 ; [2009] FCA 633 at [31]–[34] per Gordon J. Essentially, under copyright law damages can generally only be awarded to compensate for loss to the copyright owner.
The damages contemplated in s 115(4) are of a punitive kind. Damages are only awarded under s 115(4) where, after an infringement of copyright is established, the court is satisfied of the relevant matters in s 115(4)(b). Those matters are of a kind which are taken into account in determining whether a party is entitled to aggravated or exemplary damages at common law.

The Sui Generis Case – damages to "reflect the harm suffered ...[by them] in their cultural environment."

That said, the sui generis case of Milpurrurruru v Inodfurn Pty Ltd (1994) 54 FCR 240 provides an unusual situation and result. Here, Aboriginal artists had licensed the use of their works namely for educational purposes. Depiction was made on carpets against their will and damages were ultimately sought to compensate the cultural and personal hurt of the artists. The activities of the respondents could not be said to have caused a palpable economic loss and on this basis a merely modest award of damages could have been made. Yet, the damage that the living artists in this case extended beyond the commercial potential for a mere monetary return. The court acknowledged that the infringements had caused personal distress and potentially exposed the artists to embarrassment and contempt within their communities, if not to the risk of diminished earning potential and physical harm. One of the artists (Ms Marika) submitted that the reproduction of the artwork in circumstances where the dreaming would be walked on, was totally opposed to the cultural use of the imagery in her artwork. She explained that the misuse of her artwork had caused her great concern and that if it had come to the attention of her family she could have been subject to a catalogue of sanctions ranging from being outcast to a prohibition against further artistic production.

The court having found an infringement in the copyright of Ms Marika's works, found that the potential sanctions to which she may have been subject by her people was a matter to be taken into account in the quantification of her damages. While enunciating the qualifying principle that under copyright law damages could only be awarded to compensate a loss to a copyright owner, the trial judge accepted that given the cultural environment of the artists the infringement of their copyright was likely to have far reaching effects. Applying the English case Williams v. Settle [1960] 1 WLR
the court noted that "anger and distress suffered by those around the copyright owner constitute part of that person's injury and suffering."

As an alternative method to permit this sort of recovery, the trial Judge called in aid s.115(4) of the Copyright Act which provides for the additional grant of damages in a case of flagrant infringement. *Williams v. Settle* had upheld a substantial award of 'vindictive' damages in a case where purely commercial compensation would have dictated only a minimal level of loss.

In his computation of damages the Von Doussa J awarded an amount of $1500 per artwork against each of the respondents under s.115(2) of the Copyright Act, reflecting the low quantum of damage attributable to the commercial depreciation which had been suffered. However, to mark the seriousness of the infringements he awarded an additional sum under s.115(4) of $70,000 to be apportioned in the amounts of $15,000 to each of the living applicants to "reflect the harm suffered ...[by them] in their cultural environment." Each of the estates of the deceased artists received $5,000, but this was awarded in respect of the other aspects of flagrancy.

**Moral Rights – generally mere economic loss**

In *Meskenas v ACP Publishing Pty Ltd* [2006] FMCA 1136 per Raphael FM quoting Laddie et al said:

"In an action for infringement of the right to be identified as author of a work or director of a film or the right to object to derogatory treatment, in addition to any specific pecuniary loss which could be proved, it is likely that the damages would be assessed on the basis of the damage to the goodwill and reputation enjoyed by the author or director, this type of damage being regarded as an economic loss. If it also likely that, where appropriate, an author or director may also claim compensation for injured feelings.

... In a case of false attribution of authorship, there is little guidance as to the principles on which damages are assessed. It has been held that where a claimant is a professional author, particularly one with a significant reputation, a false attribution is calculated to place his reputation and goodwill at risk of substantial damage and that damage may be presumed. In *Moore v News of the World* [1972] 1 QB 441 at 450 it was held that the plaintiff was entitled to something for the annoyance and irritation of having somebody taking the liberty of passing off the newspaper article as hers and that [sterling]100 was not an excessive
sum and in Noah v Shuba [1991] FSR 14, where a statement endorsing certain after-care procedures was falsely attributed to a medical man, [sterling]250 was awarded.”

Passing Off – damages

The usual relief sought for passing off is injunction, however, the plaintiff may also be able to elect between the alternative remedies of damages and an account of profits (Henderson v Radio Corp Pty Ltd [1960] NSWR 279). Delivery up of any offending goods may also be ordered in appropriate circumstances (Australian Home Loans Ltd v Philips (1998) 40 IPR 392).

As damages and an account of profits are alternative and inconsistent remedies, the plaintiff in an action for passing off must elect which remedy to pursue prior to final judgment in the matter. (Neilson v Betts (1871) LR 5 HL 1). Once judgment for either damages or an account of profits is entered the right of election is lost.

Injunctive relief

In determining whether an interlocutory injunction should be granted, the court must assess whether there is a serious question to be tried, whether or not damages would be an adequate remedy for the plaintiff and whether the balance of convenience favours the grant of an injunction. Injunctive relief may be granted in qualified rather than absolute terms, for instance where an injunction is made conditional on the use of disclaimers to limit the deceptive effects of the conduct complained of. Where the plaintiff’s reputation has been proved only in relation to certain areas, the injunction may be framed so as to operate only in those areas.

Damages

It appears that damages may only be awarded in an action for passing off where there is fraud on the defendant’s part (10th Cantanae Pty Ltd v Shoshana Pty Ltd (1987) 79 ALR 299). ‘Fraud’ in this context does not equate to the mental element required in the tort of deceit, but simply means persistence after notice. The proprietor or authorised user of a registered trade mark which is substantially identical with or deceptively similar to another mark, and who is sued in passing
off by the owner of that other mark, is not liable in damages for any period when reasonably unaware of the plaintiff’s mark (Trade Marks Act 1995 (Cth) s230 (2)).

Damages for passing off are assessed on the basis of compensating the plaintiff for whatever loss can be shown to have flowed directly from the defendant’s conduct. The precise measure will depend on the type of loss pleaded by the plaintiff.

**Account of profits**

As a general rule, account of profits is only available in respect of profits which are dishonestly accrued and which it would be unconscionable for the defendant to retain. As a result, an account of profits for passing off may not be awarded in circumstances where the defendant was innocent of any knowledge of wrongdoing.

An account of profits is only available in respect of profits actually made (Apand Pty Ltd v Kettle Chip Co Pty Ltd (No 2) (1999) 88 FCR 568. A distinction should be made between what the plaintiff would have made had the passing off not occurred and what the defendant did in fact make. It is what the defendant actually made that forms the basis of an account of profits. An account of profits may include capital profits as well as trading or revenue profits where the infringing conduct provided the means by which the defendant acquired those capital profits.

**(b) How are the damages to be proved and measured?**

In Facton Ltd & Others v Rifai Fashions Pty Ltd & Anor (2012) 287 ALR 199 the court found that the evidence did justify an award of reputational damages under s 115(2). The appellants had established a *substantial, exclusive and valuable reputation* in Australia in relation to their trademarks, brand and goods. He also found that the *brand would be diminished* by the sale of counterfeit items, and that customers would be lost because the goods are no longer considered exclusive.

In Commonwealth v Amann Aviation Pty Ltd (1991) 174 CLR 64 at 83, Mason CJ and Dawson J said:
“The settled rule, both here and in England, is that mere difficulty in estimating damages does not relieve a court from the responsibility of estimating them as best it can. Indeed, in Jones v Schiffmann Menzies J. went so far as to say that the “assessment of damages … does sometimes, of necessity involve what is guess work rather than estimation”. Where precise evidence is not available the court must do the best it can. And uncertainty as to the profits to be derived from a business by reason of contingencies is not a reason for a court refusing to assess damages.”

In Facton Ltd & Others v Rifai Fashions Pty Ltd & Anor (2012) 287 ALR 199 the Court found at [29] that it is a matter of judgment as to the loss of value in a party’s reputation.

The purpose of an award of damages under s 115(2) “is to compensate the plaintiff for the loss which he has suffered as a result of the defendant’s breach”: see Bailey v Namol Pty Ltd (1994) 53 FCR 102 at 111 (Bailey). The principles that guide the assessment of those damages are similar to those that apply for an award of damages in tort: see Bailey at FCR 110 ALR 236. The damages award should endeavour to put the owner back in the position the owner would have been in if the infringement had not occurred. If an owner makes a claim for damages and proves damage there is no room for the exercise of discretion: Robert at FCR 65 per Carr J.

The purpose of an account of profits is to allow the owner to recover the net gain made by the infringer of the copyright. The remedy of an account of profits is discretionary: LED Builders. An account of profits “will be defeated by equitable defences such as estoppel, laches, acquiescence and delay”: Warman International Ltd v Dwyer (1995) 182 CLR 544 at 559. There is no element of punishment in an account of profits. The purpose is to prevent the infringer becoming unjustly enriched: Dart Industries Inc v Décor Corporation Pty Ltd (1993) 179 CLR 101 at 114–15 per Mason CJ, Deane, Dawson and Toohey JJ.

The remedies in s 115(2) are not given to an owner for the punishment of the infringer. Section 115(2) is designed in so far as it allows for damages and an account of profits to compensate the owner for the loss suffered or for the profit made.

An owner who has obtained an award under s 115(2) will have been fully compensated by way of damages or by an account of profits, and would therefore not be entitled to any further compensation.
Section 115(4) speaks of additional damages. It must mean additional to some other damages. The only other damages to which it could refer are damages awarded under s 115(2). While an award can be made under s 115(2) which does not reflect damages but reflects an account of profits, that would not allow an owner to seek additional damages under s 115(4) because a claim for additional damages does not lie where an owner has sought an account of profits: Redrow Homes Ltd v Bett Brothers Plc [1999] 1 AC 197 at 209 per Lord Clyde; Aristocrat Technologies at [24] per Black CJ and Jacobson J.

An owner of a copyright would not be entitled to additional damages under s 115(4) without first making out an entitlement to damages under s 115(2). That is so because of the use of the words “additional damages” in s 115(4), and also because s 115(4) speaks of non-compensatory damages. If a defendant has infringed an owner’s copyright but not caused the owner any damage it is unlikely that the court would think there was any need for any pecuniary damages. However, the authorities appear to recognise that s 115(4) may be engaged when the owner is entitled only to nominal damages under s 115(2): Aristocrat Technologies.

The damages contemplated in s 115(4) are of a punitive kind. Damages are only awarded under s 115(4) where, after an infringement of copyright is established, the court is satisfied of the relevant matters in s 115(4)(b). Those matters are of a kind which are taken into account in determining whether a party is entitled to aggravated or exemplary damages at common law.

S 115(4) appears to encompass both aggravated and exemplary damages because it addresses the manner in which the infringement occurred and the conduct of the defendant after the infringement (s 115(4)(b)(ib)), together with aspects of punishment (s 115(4)(b)(i) and (ia)) however in the case of Autodesk Inc v Yee (1996) 68 FCR 391 they were deemed to be additional damages, being of a type of sui generis

Section 115(4)(b)(iii) does not allow an owner who has elected to be compensated in damages to seek an account of profits in addition to the award of damages. Section 115(4) only comes to be considered after the owner has elected for damages and has no part to play if the owner has elected for an account of profits. An owner cannot
under the guise of s 115(4) damages seek an account of profits in addition to the compensatory damages already awarded under s 115(2). Section 115(4)(b)(iii) is addressing the conduct of the defendant which may or may not have led to financial gain, but which is such that it calls for punishment.

Pursuant to ss 115(2), 116D(1), 135AN(4), 195AZA(1) the court ‘may’ make and award.

1.5. What permitted uses can be made of a protected work or reputation without constituting infringement of copyright? What is fair use?

Acts permitted by the Copyright Act

Fair dealing for research or study (ss.40 & 103A)
There are two ways of deciding whether copying is fair dealing for the purpose of research or study.

The first way depends on the exact amount copied. The following all constitute fair dealing, provided only one copy is made:

- any copying of one or more articles in a periodical for the purpose of a single piece of research or a single course of study;
- copying of no more than 10% of the total number of pages or one chapter of a published edition of a work (other than a periodical article or a computer program), provided the work is at least 10 pages long; and
- the copying of no more than 10% of the total number of words or one chapter of a published literary work in electronic form (other than a periodical article, a computer program or database).

The second way of establishing fair dealing is not restricted to copying any particular amount of the work or audio-visual item (sound recording or film), although the amount copied is relevant. Other relevant factors are the reason for the copying, whether the work could be bought in a reasonable time at an ordinary commercial price, and the effect of the copying on the value of the work. For example, it may be necessary to reproduce the whole of a short letter in a historical thesis in order to analyse the writer's attitude to the matters discussed in the letter.
Fair dealing for criticism or review (ss.41 & 103A)

Fair dealing for satire or parody (ss.41A & 103AA)

Fair dealing for reporting news (ss.42 & 103B)

Temporary reproductions (ss.43A, 43B, 111A & 111B)

These sections permit the temporary reproductions that occur in the course of using computers and other devices with memory (for example, to download internet content or play legitimate copies of computer games).

Format Shifting (ss.43C & 109A)

Computer Programs (ss.47AB–47H)

Reproduction of a computer program is permitted for the following purposes:

- running the program for its normal purpose;
- studying the functioning of the program;
- making a backup copy;
- making interoperable products;
- correction of programming errors; and
- security testing.

Public Reading or recital, and broadcasting (s.45)

Reading or reciting in public, or broadcasting of a reading or recital, of an extract of reasonable length from a published or dramatic work does not infringe copyright in that work. Sufficient acknowledgement must be made to avoid infringement. The term "reasonable length" is not defined in the Copyright Act.

Buildings and Public Sculptures (ss.65 & 66)

Making a picture, photograph, film or television broadcast of a building, or of a sculpture which is in a public place.

Timeshifting (s.111)
Permits the recording of radio and television broadcasts for private use so they can be watched or listened to at a more convenient time. The recording must not be dealt with by way of trade.

The Court’s use of experts or assessors:

1.6. Does your country have a specialist Court or Tribunal that hears intellectual property disputes?

- Australia’s Federal IP statutes vests primary jurisdiction for IP litigation in the Federal Court of Australia, with concurrent jurisdiction vested in the State Supreme Courts. The Federal Court has a number of specialist judges with expertise in IP matters. The docket system ensures that an experienced judge is allocated a matter at the time it is commenced and will preside over the matter until it is determined. This generates an overall consistency in approach among the judges.

- The Federal Court also has jurisdiction to hear appeals from examiner’s decisions of the Trade Marks and Patents Office – these involve a hearing de novo of the matter.

- Shorter and simpler IP claims can be litigated in the Federal Magistrates Court – a lower federal court with a more limited jurisdiction – encompasses copyright and consumer protection. The Federal Magistrates Court has jurisdiction to hear and determine civil copyright matters under the Copyright Act 1968, as amended by the Copyright Amendment (Parallel Importation) Act 2003. In particular, the Court can deal with matters arising under parts V, VAA, IX and s 248J of the Copyright Act 1968.

- The Copyright Tribunal of Australia was established under the Copyright Act 1968, and has certain powers to deal with inquiries and disputes arising out of royalties payable in respect of the recording of musical works, certain compulsory licenses, and existing and proposed licensing schemes. The tribunal receives operational support from the Federal Court of Australia and the President is a Federal Court Judge. Those provisions confer jurisdiction on the Tribunal to determine amounts, variously described, payable to copyright
owners by would-be users of copyright material, failing agreement between them. Section 109 creates a licence in favour of those who make broadcasts in certain circumstances of published sound recordings, and the amount payable by the broadcaster to the owner of the copyright in the sound recording is described simply as "such amounts (if any) as may be specified in, or determined in accordance with, an order of the Tribunal made under [s 152]" (s 152 governs the application to the Tribunal).

- Under ss 55 and 152A (pursuant to the statutory licence created in favour of manufacturers of records of copyright musical works), the amount which the Tribunal may be called upon to determine is an "equitable amount of royalty". Section 183 creates a licence in favour of the Commonwealth and the States in respect of the doing of any acts comprised in copyright if done for the services of the Commonwealth or a State, and it is "the terms for the doing of the act" which the Tribunal is empowered by ss 183(5) and 153E to "fix". But if there is a declared collecting society, there is substituted an obligation to pay "equitable remuneration" to that collecting society (s 183A ). The Tribunal is given jurisdiction to determine amounts of charges that are "reasonable in the circumstances" by s 157, which provides for applications to the Tribunal in relation to voluntary licences. There is not a single statutory formula under which the Tribunal arrives at an amount, although the most common one is "equitable remuneration". In the determinations which the Tribunal has made to date, there has not been any difference of approach according to the statutory description applicable.

- My own Court – the Supreme Court of Victoria has an IP list managed by the Honourable Justice Vickery. The Supreme Court has jurisdiction in respect of all intellectual property disputes (copyright, patents, trademarks and designs) excepting s 154 of the Patents Act 1990 which confers exclusively on the Federal Courts. The ultimate appellate court in both the Federal Court and State court systems is the High Court.

1.7. Does the Court/Tribunal which hears intellectual property disputes in your country use experts or assessors:
Our Courts do use experts in IP disputes. According to the Freckelton Report\(^2\) on a survey of Australian Judges on the topic of expert evidence, 11% of respondents said they had called an expert witness themselves in the previous 5 years, 3% more than 5 times and 49% of Judges thought more use of Court appointed experts would be helpful.\(^3\)

Pursuant to Order 10.01 of the *Supreme Court (Intellectual Property) Rules 2006* ("IPR") the Judge may at any time on the application of a party or on the Judge’s own motion appoint an independent expert to report on a question of fact or opinion or to provide the a demonstration to the Court.

The Court expert shall be a person agreed between the parties, however where this is not possible, shall be nominated by the Judge in accordance with Order 10.01 (3) of the IPR.

Furthermore, the Judge (pursuant to Order 10.05 of the IPR) may at any time direct a Court expert to make a further or supplementary report where necessary.

1.8. If not, does the Court/Tribunal have the power to refer the dispute or part of the dispute to an independent expert or assessor who has relevant specialist knowledge? If so, is this power often used and how effective is it?

Pursuant to Order 50.01 of the *Supreme Court (General Civil Procedure) Rules 2005* ("Procedural Rules"), the Court may refer any question to a special referee for the referee to decide the question or give the referee’s opinion with respect to it.

The referee provides a report in writing to the Court on the question referred, with the reasons that led to the opinion/decision. Pursuant to Order 50.04 of the Procedural Rules the Court may in the interests of justice adopt the report in whole or in part, and make such order or give such judgment as it thinks fit.


\(^3\) Ibid at pp. 101-105.
The Federal Court under s 54A (1) of the Federal Court Act of Australia 1976 (Cth) (“Federal Court Rules”), the Court may refer ‘a proceeding…or one or more questions arising in a proceeding…to a referee for inquiry and report’. Order 72A of the Federal Court Rules provides that the Court may refer ‘a proceeding in the Court’ or ‘1 or more questions or issues arising in a proceeding, whether of fact or law or both, and whether raised by pleadings, agreement of parties or otherwise’.

Fundamentally, referees do not make decisions that are automatically binding on the parties. They are not delegated judicial power, rather they provide advice so that the Court may make an informed decision and are particularly useful in cases involving complex technical issues or where detailed examination of financial records is necessary to assess damages. Essentially, it is the procedural flexibility with which a referee can deal with a question – combined with their technical expertise – that allows a referee to quickly get to the core of the technical issue and reduce the cost and length of trials for litigants.

1.9. Do specialists (ie. non-lawyers with specialist training in the field of intellectual property) sit on the Court/Tribunal to understand the specialist subject matter of the intellectual property dispute or does the specialist have a decision-making role?

- The Supreme Court of Victoria and the Copyright Tribunal does not endow specialists with a decision-making role. Expert evidence is the avenue that allows specialists to aid the Courts.

1.10. Does the Court/Tribunal hear expert evidence on specialist subject matters in intellectual property disputes? How is the evidence given? Eg in writing, in person or by both means?

- Yes, the court/tribunal hear expert evidence on specialist subject matters in intellectual property disputes.
Prior to the commencement of the trial, parties are required to exchange expert witness statements.

At trial, the only oral evidence given by the expert witnesses comes in cross-examination and re-examination. The expert evidence is only admissible if, amongst other things, the expert agrees to be bound by a code of conduct that forms part of the Court’s rules. In Australia, an expert witness cannot act as an advocate for a party. Judges are increasingly looking towards concurrent evidence and pre-trial joint expert conferences in an attempt to narrow areas of disagreement and overcome perceptions of partisanship.

1.11. What other processes are used by the Court/Tribunal to assist in understanding specialist subject matter in an intellectual property dispute, and where experts have differences of opinion on a topic, to assist in deciding which opinion to accept?

As noted above the experts are required to prepare a joint report that covers both the areas of agreement and areas of disagreement and why. It is for the judge to determine which opinion to accept.

The Copyright Tribunal has the same express power to control the use of expert evidence as the Federal Court, including the power to appoint experts to assist it in dealing with technical evidence and to receive expert evidence by utilising the panel approach. This can be helpful in determining remuneration for the use of copyright materials.

1.12. What processes do you think would be useful for the Court/Tribunal to adopt or implement to assist in deciding intellectual property disputes where the making of the decision requires specialist knowledge on a non-legal topic?

Whilst acknowledging the potential unfairness arising from the use of assessors, I advocate for a greater use of expert advisers by judges, particularly where the issues to be decided are complex. I understand that the Australian Law Reform Commission has suggested a number of ways to address the potential unfairness if an assessor were to usurp the judge’s role or express his
or her views without the opportunity of challenge by either party, such as providing the parties with the opportunity to address the court whenever the assessor expressed a view that was contrary to the position taken by either side in submissions.