Copyright - Updates, Developments, Key Cases

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recent cases

- JR Consulting & Drafting Pty Ltd v Cummings [2014] NSWSC 1252
- Computer software

- Seafolly v Fewstone **[2014] FCA 321**
- swimsuit pattern

- *Dynamic Supplies Pty Limited v Tonnex International Pty Limited* (No 3) [2014] FCA 909
- Compatibility chart printer cartridges and printers
-

the injunction

- An order that each of the Cross-Defendants, whether by itself, its agents, its officers, its directors, its employees or otherwise, be permanently restrained from infringing the copyright of the First Cross-Claimant, by without the First Cross-Claimant's licence
- (a) reproducing,
- (b) communicating to the public, or
- (c) authorising the doing of (a) or (b) above
- in respect of the whole or a substantial part of each of the computer programs comprising any version of COMPUTER SOFTWARE

JR Consulting & Drafting Pty Ltd & Anor v Cummings [2014] NSWSC 1252

first things first

- The exclusive rights comprised in the copyright in an original work subsist by reason of the relevant fixation of the original work of the author in a material form.
- *To proceed without identifying the work in suit and without informing the enquiry by identifying the author and the relevant time of making or first publication, may cause the formulation of the issues presented to the court to go awry."*
  icetv v Nine Network per Gummow, Hayne, Heydon JJ [109]

Original works in which copyright subsists

(1) Subject to this Act, copyright subsists in an original literary, dramatic, musical or artistic work that is unpublished and of which the author:

(a) was a qualified person at the time when the work was made; or

(b) if the making of the work extended over a period--was a qualified person for a substantial part of that period

(2) Subject to this Act, where an original literary, dramatic, musical or artistic work has been published:

(a) copyright subsists in the work; or

(b) if copyright in the work subsisted immediately before its first publication--copyright continues to subsist in the work; if, but only if:

(c) the first publication of the work took place in Australia;

(d) the author of the work was a qualified person at the time when the work was first published; or

(e) the author died before that time but was a qualified person immediately before his or her death.

subsistence

- author
- qualifying person – connecting factor
- original
- work

Is there a human author?

- software tools to write code - C++ tools

- But a computer program is a tool and it is natural to think that the author of a work generated by a computer program will ordinarily be the person in control of that program. However, care must taken to ensure that the efforts of that person can be seen as being directed to the reduction of a work into a material form. Software comes in a variety of forms and the tasks performed by it range from the trivial to the substantial. So long as the person controlling the program can be seen as directing or fashioning the material form of the work there is no particular danger in viewing that person as the work's author. But there will be cases where the person operating a program is not controlling the nature of the material form produced by it and in those cases that person will not contribute sufficient independent intellectual effort or sufficient effort of a literary nature to the creation of that form to constitute that person as its author: a plane with its autopilot engaged is flying itself. In such cases, the performance by a computer of functions ordinarily performed by human authors will mean that copyright does not subsist in the work thus created.
- Telstra v Phone Directories (2010) 194 FCR 142 per Perram J at [118]

who is the “author”

- who did what, when, on which version
- was their work substantial enough to be a joint author?

- collaboratively, on the cloud, across jurisdictions
- Works remotely from home country

- country of origin – work first published or author’s residence
- where is the copyright work “published” or “author’s residence”

- International copyright law – country of origin determines subsistence + ownership
- US – work for hire
- Germany – employees own their own work
- Finland – employees own their own work except computer software

is the author an “employee”

- degree of control
- the mode of remuneration,
- the provision and maintenance of equipment,
- the obligation to work,
- the hours of work
- provision for holidays,
- the deduction of income tax
- delegation of work by the putative employee

- *Stevens v Brodribb Sawmilling Co Pty Ltd* (1986) 160 CLR 16 at [9] per Mason J

Is the author an “employee”

- legal authority to control, while remaining relevant and indeed often decisive, is no longer the sole determining factor when assessing whether a person is employed under a contract of service, in particular where that person exercises a high degree of professional skill and expertise in the performance of his or her duties
- as a skilled Macintosh technician employed to fill a gap in Redrock's technical staff, it could be expected that even as an employee he would be given a great deal of latitude

- on a fixed salary, from which group tax was deducted
- signed ATO employee Declaration
- entitled to annual leave, to sick leave and to long service leave.
- superannuation contributions were made by Redrock on his behalf.
- Provided necessary equipment and programs specially purchased to assist writing software for the company
- Provide Internet access to download manuals, information or software as needed.
- *Redrock Holdings v Hinkley* [2001] VSC 91 at [20] to [23] per Harper J

did employee do the work “in the course of employment”

- UWA v Gray **[2009] FCAFC 116**

- to undertake research, to organise research and generally to stimulate research among the university’s staff and students
- duty to research did not signify duty to invent

- engaged on research of that kind before joining the staff of the university as well as during his tenure

is the author an “employee”?

- Contract for service or services
- sub-contractor
- s/he started here a while ago, we pay workers comp and super and holidays, s/he gives us invoices with ABNs, we pay per hour, we don’t deduct PAYG
- sole shareholder/director

- Group certificates
- PAYG statements
- Tax returns
- Superannuation contributions
- Workers compensation

- equitable ownership?

what is “the work”

- every version of the software
- particular version of the software

- originality in every version

originality

- Ice tv v Nine Network - French, Crennan, Kiefel at para 33
- The requirement for copyright subsistence that a literary work be "original" was first introduced into the *Copyright Act* 1911 (Imp), although it had already been recognised at common law. *Originality for this purpose requires that the literary work in question originated with the author and that it was not merely copied from another work. It is the author or joint authors who bring into existence the work protected by the Act. In that context, originality means that the creation (ie the production) of the work required some independent intellectual effort*, but neither literary merit nor novelty or inventiveness as required in patent law.
  There has been a long held assumption in copyright law that "authorship" and "original work" are correlatives

- The requirement of the Act is only that the work originates with an author or joint authors from some independent intellectual effort.

how much intellectual effort is required….

- *previously - skill, labour and effort- industrious collection, sweat of the brow*
- *now - Some intellectual effort*

- *Walter v Lane* – shorthand verbatim transcript of public speech, skilled and time consuming activity, more mere transcribing or writing from dictation
- *University of London Press* – maths exam papers, drew upon the stock of knowledge common to mathematicians, small amount of time preparing questions, common type of questions
- *Ladbroke (Football) Ltd* – football coupons, more than negligible work, labour or skill
- *A-One Accessory Imports Pty Ltd v Off Road Imports Pty Ltd* (1996) – motor spare parts catalogue, indexing not unique but work putting catalogue together
- *Dynamic v Tonnex* - compatibility chart for printer and computer consumables; selection, layout and format of information
- *Insight SRC IP Holdings Pty Ltd v ACER* - Dept of Education questionnaire
- *Icetv v Nine Network* – television schedule

originality

- iterative works
- new version of software

- new version attaching updated libraries (computer program – set of instructions)
- new version minor bug corrections

licence

- distribution right – right to *distribute* physical copies
- copyright rights - right to *reproduce* the physical copy

- one particular version of software
- *or* software as updated – new versions of software
- has it become “new software” even though software has same name?

- abandonment of software licence

authorisation

- directors liability for authorisation
- [350] “not merely undertaken as an officer in implementing corporate action but implementing an arrangement which he developed and caused the companies to implement”

- authorising an authorisation of infringement

- authorisation if related company approach your clients
- [345] practical power to prevent infringing conduct because conduct enabled by ceasing to do business with new clients thereby permitting [infringer] to assume its business; close relationship because [director] controlled and had substantial economic interest, and took no steps to prevent or avoid which could have included withholding its co-operation by not ceding its business”

Idea / expression dichotomy

- Seafolly v Fewstone **[2014] FCA 321**
- "Senorita" – smocking – embroider onto shirring
- Copyright does not protect subject matter, information, techniques or methods. Nor does it protect ideas or concepts, as opposed to the form in which they are expressed. The ideas/form of expression dichotomy, frequently invoked as in the present case, may nevertheless be difficult to apply in practice, particularly, for example, where functional requirements dictate numerous and significant aspects of the work.
- copyright, in Anglo-Australian law at least, protects the "look and feel" of a work only to the extent that it is represented by identifiable elements of expression in a material form.
- *Fewstone claim* - inevitable outcome of using the type of industrial sewing machine which manufactured the garments
- *Held* - expert witnesses stated that diamond patterns of smocking were very common. The evidence did not establish, however, that smocking *inevitably* assumed the form of diamonds or diagonals

Copyright / design overlap – s77 defence

- Diamond pattern embroidery design is not embodied in Senorita garments
- Fewstone claim - the smocking/shirring design used in the Senorita garments was a three-dimensional embodiment of the Senorita artwork which was woven into, and had become part of, the structure of the Senorita garment
- Senorita artwork applied to the fabric used to make Seafolly's garments was a "corresponding design"
- the features of shape or configuration of an artwork (not a label on which the artwork is reproduced) that must be relevantly embodied in a product, which will occur when the product (in the present case, a garment) is made in the shape or configuration of the artwork
- will not be made out even if the design is placed on or in the article in a three dimensional way, as embodiment and three dimensionality are both necessary conditions.

damages

- compensate not punish

- lost sales – 75% discount [592]
- a difference in price
- the markets in which the products are sold are not radically different, but the target demographics differed.
- *tho* sold at the same time and there is evidence consistent with some modest impact on Seafolly's sales as a result of City Beach's infringing garments

- damage to goodwill / loss of reputation
- loss of uniqueness/freshness/exclusivity

additional damages

- *Dynamic Supplies Pty Limited v Tonnex International Pty Limited* (No 3) [2014] FCA 909
- Compensatory damages $1
- additional damages may be given on principles corresponding to those governing awards of aggravated and exemplary damages at common law *tho* sui generis and not limited to the circumstances in which aggravated and exemplary damages are recoverable in tort
- Section 115(4) factors not preconditions but court must have regard
- Flagrancy not established simply by copying
- a consciousness of wrongdoing, whether or not it also exhibits a consciousness of copyright infringement
- Benefit to infringer may include advantages even though no tangible financial benefit
- No need for additional damages to be proportional to compensatory damages
- Court may consider the burden that additional damages will visit on the infringer