COPYRIGHT TRIBUNAL OF AUSTRALIA

Copyright Agency Limited v State of New South Wales (No 2) [2013] ACopyT 2

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| Citation: | | Copyright Agency Limited v State of New South Wales (No 2) [2013] ACopyT 2 |
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| Parties: | | **COPYRIGHT AGENCY LIMITED v STATE OF NEW SOUTH WALES** |
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| File number: | |  |
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| Tribunal: | | **)**  **DR CATHERINE RIORDAN (MEMBER)** |
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| Date of judgment: | | 1 October 2013 |
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| Legislation: | | *Copyright Act 1968* (Cth) ss 183, 183A(2), 183(5) |
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| Cases cited: | | *Copyright Agency Limited v State of New South Wales* [2013] ACopyT 1 considered |
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| Date of hearing: | 4 September 2013 | | |
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| Place: |  | | |
|  |  | | |
| Category: | No catchwords | | |
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| Number of paragraphs: | 20 | | |
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| Counsel for the Applicant: | | | Mr D K Catterns QC, Mr M R Ellicott | |
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| Solicitor for the Applicant: | | | Banki Haddock Fiora | |
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| Counsel for the Respondent: | | | Ms J Baird SC, Mr D Tynan | |
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| Solicitor for the Respondent: | | | IV Knight, Crown Solicitor for New South Wales | |

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| COMMONWEALTH OF AUSTRALIA  *Copyright Act 1968* | |
| IN THE COPYRIGHT TRIBUNAL | CT 2 of 2003 |

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| BETWEEN: | COPYRIGHT AGENCY LIMITED  Applicant |
| AND: | STATE OF NEW SOUTH WALES  Respondent |

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| TRIBUNAL: | PERRAM J (DEPUTY PRESIDENT)  DR CATHERINE RIORDAN (MEMBER) |
| DATE OF ORDER: | 1 october 2013 |
| WHERE MADE: | SYDNEY |

THE TRIBUNAL ORDERS THAT:

1. The parties submit to the Tribunal agreed short minutes of order by 15 October 2013.
2. The matter be listed for further argument on 22 October 2013 at 9.00am

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| IN THE COPYRIGHT TRIBUNAL |  |

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| BETWEEN: | COPYRIGHT AGENCY LIMITED  Applicant |
| AND: | STATE OF NEW SOUTH WALES  Respondent |

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| TRIBUNAL: | PERRAM J (DEPUTY PRESIDENT)  DR CATHERINE RIORDAN (mEMBER) |
| DATE: | 1 OCTOBER 2013 |
| PLACE: |  |

**REASONS FOR DETERMINATION**

**The Tribunal**

1. On 17 July 2013 the Tribunal determined that the rate of equitable remuneration should be 12.5% per copy subject to certain reductions and directed the parties to bring in short minutes of order to give effect to its reasons. See: *Copyright Agency Limited v State of New South Wales* [2013] ACopyT 1.
2. The parties are now in dispute as to the correct form of the orders. The matter was listed for further directions before Perram DP on 4 September 2013 during which full argument on the various disputes took place. Riordan M who, with Perram DP, comprised the Tribunal in this matter did not sit on that day. During argument the Tribunal suggested, and the parties agreed, that the matters in issue needed to be heard by both members of the original Tribunal but that it would suffice for Riordan M to deal with the matter on the papers including the transcript of 4 September 2013. This has occurred.
3. By the time of the primary hearing agreement had been reached on one point. The Tribunal had indicated in its initial reasons that the issue of expired copyright would need to be dealt with by means of a rule of thumb involving a sampling process. This has now been done and the parties agree that the rate of reduction which results is 7.4%. Apart from this modest consensus the parties remained, as they have on almost all matters for over a decade, in strident, if polite, disagreement.
4. The parties submitted competing orders and, at the Tribunal’s request, a brief written explanation about the nature of differences. The issues were as follows:

### The agreed payment of $2.25 million

1. The partiers were, even before the primary hearing, able to agree that for the period 18 December 1998 to 31 December 2012 the remuneration due under s 183 of the *Copyright Act 1968* (Cth) (‘the Act’) was $2.25 million. At [8] in the reasons for determination the Tribunal concluded that its jurisdiction was circumscribed by the need for the parties to disagree citing s 183(5) (‘…or in default of agreement, as are fixed by the Copyright Tribunal’). CAL now wishes the Tribunal to note the existence of the agreement in its orders. The State submits that the terms of the notation do not reflect the agreement, in fact, reached.
2. In principle, the Tribunal is content to note the existence of an agreement. Its existence explains why the Tribunal has not exercised jurisdiction in the case of the agreement’s subject matter. However, the Tribunal sees no advantage in resolving a debate about what the terms of the agreement are. In those circumstances, the orders should not include the suggested notation. If the parties subsequently work out what they agreed the Tribunal will be content to note it.

### Whether the 12.5% figure should appear in the orders

1. The proposed orders of the State use a final royalty figure which reflects reductions for Crown copyright and expired copyright. CAL submits that for future purposes it would be useful for the Tribunal to record that its initial determination of what was just and equitable was 12.5% and to set out the two steps of reduction for expired copyright and Crown copyright so that the methodology is clear. The State submitted that this was unnecessary and that the methodology was obvious from the Tribunal’s reasons. This submission is not without some force. Nevertheless, the Tribunal concludes that the orders should reveal the entire process and that this should include explicit reference to the 12.5%. Largely this is for reasons of transparency.

### The treatment of communications

1. This was the major issue dividing the parties. There had been a debate at the primary hearing between them about the potential differential treatment of physical copies of plans handed over the counter at the LPI and copies provided electronically. CAL had sought to be remunerated for the multiple acts of copying and/or communications involved in the electronic provision of a plan from the LPI’s online shop or through information brokers. The Tribunal dealt with this as follows:

67 The Tribunal does not accept that the electronic communication of a plan to an end-user should be dealt with any differently to the physical copying of a plan over the counter. There are two aspects to this. The *first* is that the analogy with slides is inapt. The information broker’s role is as a conduit. The broker may only obtain a specified plan on request from a user and supply that plan to that user. Further, the electronic copy of the plan may only be held for the limited time of 30 days for each request (to allow any failure in delivery to be addressed). This state of affairs in no way resembles the operation of a slide. Rather, and as we have already indicated, the most sensible way to approach what occurs is on a basis which is largely analogous to the provision of a single copy. *Secondly*, to develop that point a little more, whilst it is true that each electronic sale of a plan involves – particularly in the case of plans supplied through information brokers – multiple acts of uploading, storage and sending, there is no reason to treat these as other than what they, in substance, are: i.e. the provision to a single user of a copy of a plan. In substance, all that is involved is the distinction in practical terms between provision of a hard copy and the provision of a soft copy.

68 The Tribunal sees no reason, in light of that conclusion, to treat the position of physical copies handed over the counter any differently to electronic copies communicated using various formats. The royalty rate in each case should be the same.

1. The relevance of this for present purposes is that whilst CAL, in its capacity as a collecting agency, is entitled to seek equitable remuneration in respect of all copies (s 183A(2)) its ability to claim for communications is circumscribed by the necessity of the copyright in the plan in question to be owned by a member of CAL. Only a copyright owner, not a collecting society, may make a claim for remuneration in respect of communications. Whilst CAL is the agent of its members for that purpose, it has no ability to recover compensation for communications on behalf of those who are not its members.
2. The State’s orders seek in part to estimate the entitlement of CAL in its capacity as the agent of its members. At the threshold, CAL objects to this course being pursued. It says that at [67] (above) the Tribunal determined that the various acts making up the various events of communication and copying were to be treated as a single copy.
3. This contention is supported by the last two sentences of [67] which are consistent with such a view. However, two matters incline the Tribunal not to accept CAL’s submission.
4. *First*, the topic under discussion at [67] is a response to CAL’s argument that the remuneration for electronically communicated copies should be different to that for single hard copies in that the former consisted of multiple acts of communication and copying. Paragraph [67] and [68] resolve that debate adversely to CAL. There was no occasion at [67] to consider the nature of the single event which the Tribunal decided it would treat the acts of communication as. The burden of the reasons was directed not at the nature of the event (communicating or copying) but to the number of the events (one or more). *Secondly*, other parts of the reasons confirm this understanding. At [2] the Tribunal said:

2 It is accepted by all concerned that the survey plans which become registered upon lodgement with the LPI are original artistic works in which copyright, in principle, inheres (*Copyright Act 1968* (Cth) (‘the Act’) s 32) and that the owner of that copyright is either the surveyor who made the plan, or his or her employer: s 35(6). The nature of the bundle of rights comprising that copyright is set out fully in s 31 of the Act but, for present purposes, it is sufficient to observe that the copyright in a survey plan includes the right to reproduce it (s 31(1)(a)(i)) as well as the right to communicate it to the public (s 31(1)(a)(iv)). **The parties largely proceeded on an assumption, which the Tribunal will make its own, that the provision of a hard copy over the counter was an act of reproduction and that the provision of an electronic version involved one or more communications**.

(emphasis added)

1. And at [28] it said this:

28 This means, at least so far as this Tribunal is concerned, that there is no need for it to distinguish between those acts of the LPI which involve the copying of a single plan for provision to a member of the public in hard copy (i.e. reproduction) and those acts which involve the provision of a single plan in soft copy to a member of the public (i.e. communication). We did not apprehend that, in substance, either party advocated a different outcome. Regardless then of the correct taxonomy, the conclusion that the rates for copying and communicating should be the same means that the Tribunal does not need to distinguish between them when applied to individual plans.

1. The Tribunal does not accept, therefore, CAL’s submission that its reasons show that it found the various acts of communication to be an act of copying. Rather, consistent with [2] and [22] it found that all of those events were to be treated as a single communication.
2. Whilst it is obvious enough that the sale of a single hard copy of a survey plan over the counter involves a single copy, matters are not so clear in the case of the provision of an ‘electronic copy’. This is because whilst it is convenient to think of the concept of a single soft or electronic copy, the provision of that copy is in fact a shorthand for several acts of copying and communication as the soft copy makes its way via various servers and computers to the end-user. The Tribunal’s earlier reasoning reflected the view that the number of acts of copying and communications involved was largely fortuitous and that, at the level of principle, provision of a single soft ‘copy’ was what was involved. Having decided that a single event was involved the Tribunal concluded that this single event was best characterised as a communication.
3. The Tribunal’s decision to treat the various acts of copying and communication comprising the provision of a single soft copy as a single communication, however, did not (and could not) alter the distinction made in the *Coypright Act* between copying and communication of copyright works, and the provisions regarding remuneration for these acts. On a formal level, then, the decision reflects a determination that the remuneration due for all of the acts of copying involved in the provision of a soft copy is nil and that all of the communications involved, regardless of number, are to be remunerated as if they were one communication at the same rate as a hard copy. The Tribunal could have chosen to deal, in an analogous fashion, with a soft copy as a single act of copying rather than as a single act of communication. However, the Tribunal concluded that this was not the substance of what was occurring.
4. Accordingly, it is necessary for CAL’s role as an agent for copyright owners who are members of CAL to be brought to account but it is not entitled to recover for those copyright owners who are not its members in respect of communications.
5. The State suggested the use of a rule of thumb using as a proxy the proportion of registered surveyors who were registered with BOSSI. CAL made no alternative submission. The Tribunal’s *preliminary* view is that this is a process which should be performed with actual data. CAL should either provide a current list of its members to the LPI so that it can consider the position of each plan or the LPI should provide details of each plan to CAL.
6. Hopefully, this should be sufficient for the parties to resolve their remaining differences. To the extent that style is a relevant consideration, the Tribunal prefers the format of the State’s orders.
7. If either party requires further argument on the proxy issue set out at [17], the matter may be relisted on 22 October 2013. If the parties are able to reach agreement on the basis of the above, and the Tribunal strongly encourages them to do so, short minutes may be provided to the associate to Perram DP by 15 October 2013.

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| I certify that the preceding twenty (20) numbered paragraphs are a true copy of the Reasons for Judgment herein of the Honourable Justice Perram (Deputy President) and Dr Catherine Riordan (Member). |

Associate:

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| Dated: 1 October 2013 |  |