FEDERAL COURT OF AUSTRALIA

Dallas Buyers Club LLC v iiNet Limited [2015] FCA 317

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| Citation: | Dallas Buyers Club LLC v iiNet Limited [2015] FCA 317 |
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| Parties: | **DALLAS BUYERS CLUB LLC and VOLTAGE PICTURES LLC v IINET LIMITED, INTERNODE PTY LTD, AMNET BROADBAND PTY LTD, DODO SERVICES PTY LTD, ADAM INTERNET PTY LTD and WIDEBAND NETWORKS PTY LTD** |
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| File number: | NSD 1051 of 2014 |
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| Judge: | **PERRAM J** |
|  |  |
| Date of judgment: | 7 April 2015 |
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| Catchwords: | **DISCOVERY** – preliminary discovery application – whether prospective applicants entitled to obtain  |
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| Legislation: | *Acts Interpretation Act 1901* (Cth) ss 15AB(2)(e), 15AC*Australian Securities and Investments Commission Act 2001* (Cth) s 12CB*Competition and Consumer Act 2010* (Cth) Sch 2 Australian Consumer Law ss 18, 21*Copyright Act 1968* (Cth) ss 10, 22(4)(b), 86, 98(2), 115, 119, 126B(3)*Evidence Act 1995* (Cth) ss 55, 131, 190*Federal Court of Australia Act 1976* (Cth) s 59(4)*Legislative Instruments Act 2003* (Cth) s 13(1)*Privacy Act 1988* (Cth) Sch 1 Australian Privacy Principle 6*Telecommunications Act 1997* (Cth) ss 112, 117, 121, 125AA, 128, 276(1)(a)(iv), 280*Trustee Act 1925* (NSW) s 63*Federal Court Rules 1979* (Cth) O 15A r 3(1)*Federal Court Rules 2011* (Cth) rr 7.21, 7.22*Uniform Civil Procedure Rules 2005* (NSW) r 5.2Federal Court Rules 2011 Select Legislative Instrument 2011 No. 134 (Cth) Explanatory Statement  |
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| Cases cited: | *Allphones Retail Pty Ltd v Australian Competition and Consumer Commission* (2009) 259 ALR 354 cited*Christie v Permewan, Wright & Co Ltd* (1904) 1 CLR 693 applied*Dallas Buyers Club LLC v iiNet Limited (No 2)* [2014] FCA 1320 cited*Golden Eye (International) Ltd v Telefonica UK Ltd* [2012] EWCA Civ 1740 cited*Golden Eye (International) Ltd v Telefonica UK Ltd* [2012] EWHC 723 (Ch) considered*Optiver Australia Pty Ltd v Tibra Trading Pty Ltd* (2007) 163 FCR 554 cited*Roads and Traffic Authority (NSW) v Australian National Car Parks Pty Ltd* (2007) 47 MVR 502 considered*Roads and Traffic Authority of New South Wales v Care Park Pty Ltd* [2012] NSWCA 35 considered*Seven Network (Operations) Ltd v TCN Channel Nine Pty Ltd* (2005) 146 FCR 183 cited*Voltage Pictures LLC v John Doe* [2014] FC 161 considered  |
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| Date of hearing: | 17-18, 25 February 2015 |
|  |  |
| Place: | Sydney |
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| Division: | GENERAL DIVISION |
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| Category: | Catchwords |
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| Number of paragraphs: | 110 |
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| Counsel for the Prospective Applicants: | Mr I Pike SC |
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| Counsel for the Respondents: | Mr RPL Lancaster SC and Mr C Burgess |
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| Solicitor for the Respondents: | Thomson Geer Lawyers |

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| IN THE FEDERAL COURT OF AUSTRALIA |  |
| NEW SOUTH WALES DISTRICT REGISTRY |  |
| GENERAL DIVISION | NSD 1051 of 2014 |

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| BETWEEN: | DALLAS BUYERS CLUB LLCFirst Prospective ApplicantVOLTAGE PICTURES LLCSecond Prospective Applicant |
| AND: | IINET LIMITEDFirst RespondentINTERNODE PTY LTDSecond RespondentAMNET BROADBAND PTY LTDThird RespondentDODO SERVICES PTY LTDFourth RespondentADAM INTERNET PTY LTDFifth RespondentWIDEBAND NETWORKS PTY LTDSixth Respondent |

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| JUDGE: | PERRAM J |
| DATE OF ORDER: | 7 APRIL 2015 |
| WHERE MADE: | SYDNEY |

THE COURT ORDERS THAT:

1. The matter be listed on 21 April 2015 for the making of further orders.

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.

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| IN THE FEDERAL COURT OF AUSTRALIA |  |
| NEW SOUTH WALES DISTRICT REGISTRY |  |
| GENERAL DIVISION | NSD 1051 of 2014 |

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| BETWEEN: | DALLAS BUYERS CLUB LLCFirst Prospective ApplicantVOLTAGE PICTURES LLCSecond Prospective Applicant |
| AND: | IINET LIMITEDFirst RespondentINTERNODE PTY LTDSecond RespondentAMNET BROADBAND PTY LTDThird RespondentDODO SERVICES PTY LTDFourth RespondentADAM INTERNET PTY LTDFifth RespondentWIDEBAND NETWORKS PTY LTDSixth Respondent |

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| JUDGE: | PERRAM J |
| DATE: | 7 APRIL 2015 |
| PLACE: | SYDNEY |

**REASONS FOR JUDGMENT**

## 1. Introduction

1. This is an application for preliminary discovery brought by Dallas Buyers Club LLC, a United States entity which claims to be the owner of the copyright in the 2012 Jean-Marc Vallée film, *Dallas Buyers Club*,and its parent, Voltage Pictures LLC (together, ‘the applicants’). The respondents are six Australian internet service providers (‘ISPs’), which provide internet access to members of the public and businesses through a variety of means. Preliminary discovery is a procedure which enables a party who is unable to identify the person who it wishes to sue to seek the assistance of the Court in identifying that person. The applicants say that they have identified 4,726 unique IP addresses from which their film was shared on-line using BitTorrent, a peer-to-peer file sharing network, and that this occurred without their permission. They say that the people who did this infringed their copyright contrary to the *Copyright Act 1968* (Cth) (‘the Copyright Act’). The applicants do not know the identity of the 4,726 individuals involved in this activity. The applicants do, however, have evidence that each of the IP addresses from which the sharing occurred was supplied by the respondent ISPs and they believe that the ISPs can identify the relevant account holder associated with each IP address. They do not say that the account holders and the persons infringing their copyright using BitTorrent are necessarily the same people but they do say that some of them may be and, even if they are not, the account holders may well be able to help them in identifying the actual infringers.
2. The ISPs resist the application on many bases. They say that the evidence which the applicants have put forward to identify the infringing IP addresses is not sufficient to do so, that the claim against any putative respondent is speculative and that the pre-conditions which must exist before this Court is permitted to order preliminary discovery have not been satisfied. In that context, the ISPs also deny that the applicants have proven that either of them is the owner of the copyright in the film. If all of those contentions are rejected they submit that the Court should not, as a matter of discretion, order them to divulge their customers’ personal and private information. The reasons for this were various. The monetary claims which the applicants had against each infringer were so small that it was plain that no such case could or would be maintained by the applicants. There was, on this view, no point in ordering the ISPs to divulge their customers’ details because there was never going to be a court case against the customers which made any commercial sense. Allied to that point, the ISPs submitted that they were subject to statutory obligations of privacy which, given what they said was the paucity of the case against the customers, were not lightly to be cast aside by Court orders.
3. Finally, if the Court were against all of these primary submissions and were otherwise inclined to order the ISPs to divulge the personal details of the 4,726 account holders, it was said that the Court should impose two sets of constraints upon the applicants. First, they should not be permitted to send what were referred to at the hearing as ‘speculative invoices’ to the account holders. Secondly, the Court should ensure that, whatever else happened, the privacy of the account holders was adequately protected.
4. The ISPs have put nearly everything in issue, so there are a large number of matters which the Court must resolve. The structure of these reasons is as follows:
5. Introduction
6. The Expert Evidence
7. BitTorrent and Maverik Monitor
8. Who Owns the Copyright in the Film
9. The Requirements for Preliminary Discovery
10. The Exercise of the Discretion
11. Relief
12. Interlocutory Rulings
13. My conclusions are these: I will order the ISPs to divulge the names and physical addresses of the customers associated in their records with each of the 4,726 IP addresses. I will impose upon the applicants a condition that this information only be used for the purposes of recovering compensation for the infringements and is not otherwise to be disclosed without the leave of this Court. I will also impose a condition on the applicants that they are to submit to me a draft of any letter they propose to send to account holders associated with the IP addresses which have been identified. The applicants will pay the costs of the proceedings.

## 2. The Expert Evidence

1. Generally speaking, applications for preliminary discovery ought not to involve the cross-examination of witnesses. The procedure is intended to be brief and is not intended to devolve into a trial of the underlying matter (here, whether the persons who used BitTorrent to share *Dallas Buyers Club* infringed copyright). Thus the evidence utilised is ordinarily in written affidavit form and does not involve any cross-examination of the witness who has sworn the affidavit.
2. On the issue of how they identified the 4,726 IP addresses that had been used to share *Dallas Buyers Club*using BitTorrent the applicants filed two statements. These were:
3. the expert report of Dr Simone Richter; and
4. the affidavit of Mr Daniel Macek

both of Germany. These addressed entirely different matters but at the heart of both was a piece of software called Maverik Monitor 1.47 (‘Maverik Monitor’). Maverik Monitor is said by the applicants to be able to identify IP addresses which are sharing a given file using BitTorrent, together with the identity of the relevant internet service provider.

1. Dr Richter’s evidence, which is expressed in terms to be an expert opinion, explains the nature of BitTorrent and her analysis of the Maverik Monitor software. It was prepared specifically to meet any challenge that might be launched against the reliability of Maverik Monitor. I will return to Dr Richter’s report in more detail below but for now, to get the flavour of the point, it is enough to set out the questions which she was asked to answer about the Maverik Monitor software. These were as follows:

‘2.2 The questions which I was instructed to answer are:

(a) Is the Software capable of accurately detecting and recording copies of data being shared from a Subscriber’s IP Address taking place on BitTorrent networks?

(b) How does the System function?

(i) Is there likelihood for erroneous information to be recorded by the Software?

(ii) Can the information recorded by the Software be manipulated by a user?

(iii) When the System engages in a BitTorrent transaction with a remote computer, is the System able to accurately record the IP address of the remote computer with the date and time?

(iv) What is the link between hash value and IP address, and does the System record this information accurately?

(v) What procedures are in place to ensure that the IP address recorded was allocated to the correct Subscriber at the time of the alleged copyright infringement?

(vi) What is the ‘anti-leech mod’ and how does it affect the System’s reliability?

(vii) What are dynamic IP addresses and what effect (if any) do these have on the accuracy of the information recorded by the System?

(viii) What are hash collisions and how do they affect the accuracy of the information recorded by the System?

(c) Does the System download from a source computer the full file?’

1. In their submissions to this Court the ISPs contended that there was uncertainty about the reliability of Maverik Monitor particularly in relation to its recording of *when* the uploading of a film had occurred which was suggested, in light of the existence of dynamic IP addresses, to be an important matter. It will be observed that amongst the questions set out above which Dr Richter was asked to answer were questions about the reliability of Maverik Monitor (at 2.2(a) and (b)(i)), its ability accurately to record the time of a download (at 2.2(b)(iii)) and the impact of dynamic IP addresses on the Maverik Monitor software’s reliability (at 2.2(b)(vii)). In her 27 page report, Dr Richter answered all of these questions in detail. Lest there be any confusion about her role as the expert witness, her report was entitled on its front page ‘Expert Report’ and at para 1.2 she acknowledged that she had read and understood Practice Note CM7 which concerns the requirements of this Court with regards to expert testimony.
2. The other witness, Mr Daniel Macek, gave entirely different evidence about Maverik Monitor. He explained his role at [5] of his affidavit:

‘My role at Maverick is to conduct investigations into the unauthorised downloading and distribution of copyrighted works including the monitoring of the BitTorrent file distribution network for the presence of copyrighted works, and using Maverick’s software to identify the Internet Protocol addresses (**IP Address**) of users that are being used to make available and distribute these copyrighted works without permission.’

1. So Mr Macek was a *user* of the software not an analyst of, or apologist for, it. At [15]-[17] of his affidavit he explained that he had been tasked with using Maverik Monitor to identify the IP addresses of persons sharing the film with BitTorrent and that he had done so. He produced a number of spreadsheets setting out the fruits of his labours. Mr Macek’s report was not, perhaps unsurprisingly, described as an expert report and he did not suggest that he had read Practice Note CM7. This was because he was not an expert, was not being called to give expert evidence about Maverik Monitor’s reliability and did not do so.
2. These then were the two sets of written evidence about Maverik Monitor put forward by the applicants. On 2 December 2014 the ISPs asked me for orders requiring Mr Macek to travel from Stuttgart and to attend before this Court for cross-examination at the hearing. Over objection, I required him to attend: *Dallas Buyers Club LLC v iiNet Limited (No 2)* [2014] FCA 1320. Importantly, the ISPs did not request, and I did not order, Dr Richter to attend.
3. By not requesting Dr Richter to attend and be cross-examined about her evidence the ISPs were, in effect, depriving themselves of the opportunity to criticise her evidence. In particular, given her detailed written testimony about time stamps and dynamic IP addresses, they were surrendering the right to suggest that Maverik Monitor was deficient in those respects.
4. At the hearing, the ISPs then took what struck me as an unusual course. Having decided not to cross-examine the applicants’ expert witness on the very topic upon which she had provided her evidence – namely, the reliability of Maverik Monitor – they decided to cross-examine Mr Macek, who was not called as an expert and did not hold himself out as knowing anything about the innards of Maverik Monitor, and to extract from him evidence designed to show doubts and uncertainties about the accuracy of Maverik Monitor.
5. The cross-examination of Mr Macek established that he did not understand the mechanics of how Maverik Monitor did what it did. It also established how Mr Macek created the schedules attached to his affidavit (which set out the IP addresses) using Maverik Monitor. He downloaded the film and watched parts of it to make sure it was the same as the original with which he had been provided.
6. Under cross-examination, Mr Macek was unable to throw any light on what ‘.pcap’ files were, or to explain how Maverik Monitor generated its timestamps.
7. I regard this as signifying nothing in circumstances where Mr Macek was not put forward as any kind of expert about Maverik Monitor and where the witness who was, Dr Richter, was not challenged on her evidence with a single question. Dr Richter’s evidence stands unchallenged and uncontradicted. Mr Macek’s lack of knowledge was as irrelevant as it was foreseeable.
8. Before turning to Dr Richter’s unchallenged and uncontradicted testimony about what Maverik Monitor does, it is necessary that I record that I found the attacks on Mr Macek’s credit to have no substance. There were two such attacks:
9. the contention above that he was not able to explain apparent intricacies in Maverik Monitor’s operations; and
10. evidence obtained from him during cross-examination to the effect that he had been provided with his affidavit with the sub-silentio suggestion that his evidence was not his own.
11. As to (a), I will not repeat what I have said. There was no reason for Mr Macek to know these matters. As to (b) the transcript of his evidence on this issue was as follows (T58):

‘Now, did you sit down and write this affidavit, or was the affidavit provided to you and then you signed it?---It was provided.

And was the text of the affidavit pretty much what the final form is, or did you amend it or revise it?---No. It was pretty much the text.

Pretty much complete; is that right?---Yes. Correct.

Right. Did you make any amendments to the document that was sent to you?---On this affidavit?

Yes?---I can’t remember.

You can’t remember making any amendments to the draft affidavit that was sent to you before you signed it; is that correct?---Correct. Yes.

You provide affidavits and statements in lots of litigation all around the world, don’t you, Mr Macek?---Correct.

And is it your practice just to sign whatever affidavit is put in front of you on behalf of rights owners?---No.

You did that in this case, though, didn’t you?---Sorry?

You did that in this case, though, didn’t you?---What did I- - -

You just signed the draft affidavit that was put in front of you by the rights owner party without any amendment, didn’t you?---This one?

Yes?---I’m not sure if I did any changes.

You can’t remember making any changes, is what I think you said to his Honour?---Yes.

Is that right?

I’m sorry, you will have to answer audibly; it’s being recorded?---Yes. That’s right.’

1. There is some important background to this exchange. First, Mr Macek is from Stuttgart and whilst I am satisfied that he spoke quite good English it was certainly not his first language. Secondly, the usual way affidavits are prepared involves an iterative process which starts with a conference between the witness and the lawyers during which the witness’s account is elicited. After this conferral a draft is provided to the witness for approval or amendment.
2. When these matters are brought to account there is nothing especially surprising in the answers given by Mr Macek. They are exactly the answers one would expect to get. The matter would only become more interesting if the cross-examiner had sought to drill down into the process by which the affidavit had been prepared with a view to showing that the witness’s evidence was not his own. In this case, the cross-examination began that process by suggesting to Mr Macek that he was willing to sign anything put in front of him, but this was a proposition that Mr Macek denied. The cross-examiner then sought to have Mr Macek agree that he had signed it without making any changes, which Mr Macek could not recall.
3. What does this show? It shows nothing which reflects poorly on Mr Macek’s credit and it does not come close to demonstrating that Mr Macek’s evidence was not his own. The inevitability of this conclusion was underscored by the fact that in final submissions, Mr Lancaster SC, who appeared for the ISPs, did not submit that this aspect of Mr Macek’s evidence had any impact on whether this Court should accept his evidence.
4. I have spent some time explaining the status of Mr Macek’s evidence because the press coverage it attracted was quite negative. However, as these reasons will hopefully show, that criticism was ill-informed: it was true that Mr Macek was unable to answer the ISPs’ questions about Maverik Monitor when the only real question to my mind – still unanswered – was why the ISPs were asking Mr Macek about these matters and not the expert witness, Dr Richter; further, a sober reading of what Mr Macek said about the preparation of his affidavit reveals nothing improper and, indeed, the contrary was not ultimately suggested. In short, the cross-examination of Mr Macek was largely of entertainment, as opposed to forensic, value. I mean no criticism of Mr Lancaster in making these observations. Indeed, given the imposing nature of Dr Richter’s evidence it was plain that asking her questions was not likely to end well for the ISPs. In the circumstances, attempting to undermine Mr Macek’s credit was the most plausible tactic. Be that as it may, it has not succeeded. Mr Macek is entitled to have that recorded.
5. I turn then to what Dr Richter’s report said about BitTorrent and Maverik Monitor.

## 3. BitTorrent and Maverik Monitor

1. As I have mentioned, Dr Richter’s report is 27 pages in length and makes for a solid read. At section 5 of her report she provided a summary of her evidence. She used the expression ‘the System’ to refer to the computers running the Maverik Monitor software. The summary was as follows:

**‘5. Summary of Findings**

 5.1 In my examination of the System, I found that:

(a) it is capable of monitoring traffic on the BitTorrent network;

(b) it identifies the IP addresses of users and records the time of the data transfer accurately. This information enables ISPs to identify the Subscriber whose internet connection was used to conduct the alleged copyright infringement;

(c) The System implements mechanisms to ensure that no erroneous IP addresses are collected by the System.

(d) The System establishes connections with remote computers and receives and stores pieces of data from those computers which make content available across the BitTorrent network.

(e) The received pieces of data are compared to a control copy using hash value comparison. If the hash value of the piece of data downloaded from the source is the same as the control copy, then the received pieces of data and the control copy are considered to be identical.

(f) Dynamic IP addresses have no influence on the accuracy of the System logging and recording IP addresses and associated time stamp of infringement.

(g) If the source computer’s IP address changes during capture of a data transfer, no data is saved by the System, and therefore not used by Maverickeye UG.’

1. Save for one matter, this evidence is sufficient for present purposes to allow me to accept that Maverik Monitor does what is claimed for it. That one matter is an explanation of how BitTorrent works, in order to assess the ISPs’ submission that the end-users were only shown to have shared a very small sliver of the film.
2. In that regard, paras 6.2 to 6.9 of Dr Richter’s report emphasised the mechanism by which the file sharing process worked. I accept this evidence. Paragraphs 6.2 to 6.9 were as follows:

‘6.2 The BitTorrent network is a type of peer-to-peer network. Peer-to-peer networks are a conglomerate of computers that link together to share information, files or data with one another through the use of specialised software (**P2P Network**). The users or computers on a P2P Network can either receive or send information, files or data to other computers (or undertake both functions simultaneously).

 6.3 On P2P Networks, a connection is established between the users of the network who are online at the time. Each participating computer can perform both the function of a “client” (i.e. the receiving or downloading computer) and that of a “server” (i.e. the sending or host computer). The computers can then both send data to, and receive it from, each other’s computers. The data is exchanged directly between the participating computers and is never stored in a centralised place. The data distributed may have various origins, but data exchange takes place exclusively between two individual computer systems.

6.4 Users need to take active steps to set up and install software to enable participation in the P2P Network. These steps cannot be ‘accidently’ or inadvertently undertaken by a user. Any user wishing to participate in file sharing needs to install or actively start specialised software known as a BitTorrent client (**BitTorrent Client**). In order to do so, a user will need to download a BitTorrent Client from a website that distributes BitTorrent clients. As part of the installation process, a user may configure the BitTorrent Client in accordance with his or her preferences, or adopt standard settings. A BitTorrent Client enables users to access a given P2P Network, such as eDonkey or BitTorrent. Some examples of BitTorrent Clients for the BitTorrent network include Azureus, BitComet and UT.

6.5 Once a user has installed the BitTorrent Client, the user may have an option to specify what is called the user’s ‘shared files’ folder (**Shared Folder**) in which the user may place any files. Files placed in the Shared Folder are made available and may be distributed to other users requesting that file.

6.6 A user will then need to conduct a search of torrent files related to the data he or she wishes to acquire. Such data often includes copyrighted works such as films, television shows and music. Websites such as “The Pirate Bay” may be used to search for and obtain the relevant torrent files, as they offer torrent files and magnet links for download. The user then needs to download those torrent files and open them in their BitTorrent Client.

6.7 The BitTorrent network splits or separates a complete file, being for example, a movie or song (**Complete Data Set**) into pieces to enable efficient distribution to participants. Those pieces may be further broken down into sub pieces. When those pieces are reassembled, they constitute the Complete Data Set.

6.8 Once a user opens the torrent file in their BitTorrent Client, the BitTorrent Client queries the peers to which it is connected in order to ascertain which pieces of the Complete Data Set those peers have available to download. Some peers will have the Complete Data set, and are known as “seeders” (**Seeders**). Other peers may have less that [sic] the whole file because they are still in the process of downloading it, but they will still be able to share the pieces that they have.

6.9 Over the time of downloading the Complete Data Set, pieces are requested and received by the BitTorrent Client from various other peers and are ultimately assembled together like a large jigsaw into the Complete Data Set. If, for example, the Complete Data Set is a film file, the film file will at this stage be in a state in which a user can view it.’

1. This certainly makes good the ISPs’ submission that a film is distributed by an individual computer downloading slivers of a film from other multiple computers. The size of these slivers is very small, sometimes only a few hundred bytes. I therefore accept the submission made by the ISPs that the individual ISP addresses which Maverik Monitor detected making the film available for downloading from the identified IP addresses reveal only a download of a very small sliver of the film. I reject the ISPs’ argument that it is not sufficiently shown that the end-users infringed the film’s copyright because no ‘substantial’ copying occurred. I do so, in short, because that is not the question to be asked, which is instead whether the end-user has made the film available on the internet.
2. This follows from the prohibition in s 86 of the Copyright Act on communicating the film to the public and the definition of ‘communicate’ in s 10 as including ‘make available online’. The issue is whether, having been detected sharing a sliver of a film, it follows that the end-user might be involved in making the film ‘available online’ within the meaning of s 10. That a single sliver has been downloaded is consistent with a number of different factual scenarios:
3. the end-user has a whole copy of the film on his computer and has made it available to other BitTorrent users;
4. the end-user is in the process of downloading the film and the sliver is being shared from the portion thus far downloaded;
5. the end-user has partially downloaded the film and then stopped the process and the sliver comes from the part which has been downloaded; or
6. the end-user has managed to download a single sliver and is sharing it.
7. However, I do not think any of these scenarios assist the ISPs in their ambitious contention that the applicants have failed to show that the end-users have been involved in copyright infringement. Scenarios (a) and (b) could both be correctly described as instances in which the end-user was making the film available on-line (and hence within the definition of ‘communicate’ in s 10). As to (c), whilst I accept that there may well be individual instances where BitTorrent users have cancelled the sharing process mid-stream, on the whole I do not accept that the number of instances in which this might have occurred is plausibly likely to represent what most BitTorrent end-users are doing. I regard (d) as being relevant only to a very small category of specialists such as Dr Richter. Accordingly, I am comfortably satisfied that the downloading of a sliver of the film from a single IP address provides strong circumstantial evidence that the end-user was infringing the copyright in the film. It certainly provides enough evidence on a preliminary discovery application. The applicants do not need to establish even a prima facie case of infringement for that purpose. It is sufficient that the contemplated suit has some prospect of succeeding, that is to say, it is a real case which is not fanciful: *Allphones Retail Pty Ltd v Australian Competition and Consumer Commission* (2009) 259 ALR 354 at 367 [54] per Foster J. I do not regard as fanciful the proposition that end-users sharing movies on-line using BitTorrent are infringing the copyright in those movies. Indeed, if there is anything fanciful about this, it is the proposition that they are not.
8. For those reasons, I am satisfied that there is a real possibility that the IP addresses identified by Maverik Monitor were being utilised by end-users who were breaching copyright in the film by making it available for sharing on-line using BitTorrent.
9. The next issue is whether either of the present applicants is the copyright owner.

## 4. Who Owns the Copyright in the Film

1. The applicants called as a witness Mr Michael Wickstrom, who travelled from Los Angeles to be cross-examined. In his affidavit of 20 January 2015 he explained that he was Vice President of Royalties and Music Administration at Voltage Pictures LLC, which I will call ‘Voltage’. Voltage is a film producer, that is to say, the person who makes the film happen. The combined operation of ss 98(2) and 22(4)(b) is that the owner of copyright in a film ‘is the person by whom the arrangements necessary for the making of the film were undertaken’. Ordinarily, this will be the producer: *Seven Network (Operations) Ltd v TCN Channel Nine Pty Ltd* (2005) 146 FCR 183 at 186 [12] (FC).
2. Mr Wickstrom explained during his cross-examination that Voltage creates an individual company for each film so that the rights relating to it are all sequestered in a single location. He put it this way:

‘Yes. And you know that Voltage is not a party to these proceedings, don’t you? --- Dallas Buyers Club LLC and Voltage are – Voltage owns the LLC. Every picture that we put out, we create an LLC for liability’s sake. So if there’s any issues with Dallas Buyers Club, it gets focused to Dallas Buyers Club or Hurt Locker LLC or any other films that we have released.’

(Subsequent to this evidence being given I permitted Dallas Buyers Club LLC to join Voltage to the proceeding as a second prospective applicant. I give my reasons for this at the end of this judgment.)

1. I infer from this evidence that the contractual arrangements which were entered into in order to bring *Dallas Buyers Club* into existence were made by Dallas Buyers Club LLC. From this I conclude that it was the original copyright owner. It might be noted that the only other possible candidate for the role of producer would have to be Voltage. The ISPs did not submit that the copyright was originally vested in any other entity apart from these two companies. In any event, I conclude that the copyright in the film was originally owned by Dallas Buyers Club LLC.
2. In reaching that conclusion, however, I disregard the certificate produced by Mr Wickstrom which, according to him, showed that Dallas Buyers Club LLC was the copyright owner on 1 November 2013. Although that is factually correct, the certificate does not advance this case. It is not a certificate which ‘states that a person was the owner of copyright in the work’ within the meaning of s 126B(3) of the Copyright Act so the certificate does not have prima facie effect under that provision. All that the certificate says is that Dallas Buyers Club LLC *claims* to be the copyright owner. This is not sufficient but, given my conclusions, neither is it relevant.
3. If matters rested there it would follow that the owner of the copyright was Dallas Buyers Club LLC. The ISPs, however, submitted that if Dallas Buyers Club LLC had originally been the copyright owner then that copyright was assigned to Picture Perfect Corporation (‘Picture Perfect’) under a Distribution Licence Agreement dated 18 October 2012.
4. This was denied by the applicants who submitted that the agreement operated merely as an exclusive licencing arrangement. The question of whether it operated as an assignment or a licence is not, however, one which needs to be resolved. This is because cl H of the agreement and Exhibit E to the same agreement resulted in Voltage being given the right to proceed against persons infringing copyright in the film using BitTorrent. So much emerged from cl 3(e) of Exhibit E which said:

‘[Voltage] shall render customary film sales agent services with respect to the Picture in the Territory during the Term, including, without limitation, the following: … (vii) proceeding against infringers of the Picture’s copyright via Internet and/or Wireless means (e.g.; piracy, illegal downloads, Bit Torrents, etc.) in the Territory.’

1. In addition to that right, cl 3(f) made clear that Voltage’s rights in relation to the film included ‘the sole and exclusive right of all benefits and privileges of [Picture Perfect] in the Territory, including the exclusive right to collect (in [Voltage’s] own name or in the name of [Picture Perfect] and [Picture Perfect] hereby appoints [Voltage] as [Picture Perfect’s] irrevocable lawful attorney-in-fact …), receive, and retain … any and all royalties, benefits, and other proceeds derived from the ownership of … the Picture … including without limitation, any amounts received in relation to any settlement of claims (including for copyright infringement)’.
2. These provisions authorise Voltage to commence infringement proceedings. Of course, whether Picture Perfect was the copyright owner (as the ISPs suggest) or the exclusive licensee (as the applicants submit), it had sufficient title to sue for infringement: see ss 115 and 119 of the Copyright Act. On its face, this would appear to mean that Voltage could, pursuant to its contractual rights, commence proceedings on behalf of Picture Perfect (whether as copyright owner or exclusive licensee).
3. The ISPs, however, denied that Voltage could commence proceedings as an agent under ss 115 and 119, submitting instead that the rights which existed under those sections could only be exercised personally by Picture Perfect. I reject this submission. Unless the Copyright Act exhibits an intention, either expressly or by necessary intendment, that the rights in ss 115 and 119 must be exercised personally and not by an agent then the ordinary common law rule that what a person may do he may authorise another to do (qui facit per alium facit per se) applies: *Christie v Permewan, Wright & Co Ltd* (1904) 1 CLR 693 at 700-701 per Griffith CJ. Indeed, the right involved in *Christie* was itself a right to commence a summary prosecution. I do not discern in either s 115 or s 119, therefore, the necessary contrary intention. Consequently, Voltage is entitled to sue for infringement regardless of whether the license agreement operates as an assignment.
4. The ISPs then sought to outflank that outcome by submitting that any such role for Voltage was inconsistent with two other agreements. These were:
* a distribution agreement dated 9 August 2011 between Content Media Corporation International Limited (‘Content’) and Pinnacle Films (‘Pinnacle’); and
* an assignment and assumption agreement between Content, Pinnacle and Voltage dated 18 October 2012.
1. The first agreement pre-dated the production of the film (and hence the existence of the legal title to its copyright) but assumed that Content could grant a license to distribute the film in, inter alia, Australia. It granted such a licence to Pinnacle. The second agreement assigned whatever Content’s rights were to Voltage.
2. In order for the ISPs’ argument to get anywhere it would be necessary for them to demonstrate that Content had the rights which this agreement appears to assume that it had. However, there is no evidence that any such rights were ever granted to Content by Dallas Buyers Club LLC (or even Voltage if it was the producer). Nor am I willing to assume that this is proved by the agreement itself which, as I have noted, predated the release of the film. In order to displace the evidence which shows that Dallas Buyers Club LLC owned the copyright in the film upon its first release, the ISPs would need to prove how that copyright moved to Content, a burden which has not been discharged.
3. Even assuming that that problem with the first agreement could be surmounted, the second agreement simply put Voltage in the position that Content had been in. The ISPs pointed to cl 3(g) of the Schedule of General Terms and Conditions to the first agreement which prevented Content (and thereafter Voltage as its assignee) from derogating from the rights granted to Pinnacle under the agreement. So much may be accepted. However, the schedule also included cl 6(b) which, relevantly, provided (keeping in mind that the Licensor by assignment was Voltage):

‘…In that connection, the Licensor shall have the sole and exclusive right to apply for and collect such income derived from the Film from any source, including but not limited to agencies, societies or organisations (by way of example only such organisations as AGICOA, VGF, GWFF and similar organisations) established for the purpose of collecting and disbursing such income. The Licensee shall not claim any such monies, and in the event such monies are paid to the Licensee by the applicable agency, society or organisation the Licensee shall immediately remit one hundred percent (100%) of such monies to the Licensor with the appropriate statement setting forth the nature of such payment. The Licensee agrees to do all such acts and execute all such documents as the Licensor may hereafter require in order to comply with the foregoing, and the Licensee hereby appoints the Licensor its attorney and duly authorised agent to do all such acts and execute all such documents on its behalf if the Licensee shall fail or refuse to do so within one month of any request. It is acknowledged that this power is coupled with an interest.’

1. Consequently, even if the ISPs had demonstrated that Content did have some rights in the film this would only have shown that Voltage had the right to collect income.
2. The situation then is that:
3. Dallas Buyers Club LLC owned the copyright on release of the film;
4. the Distribution Licence Agreement either did, or did not, operate as an assignment of the copyright to Picture Perfect;
5. if it did, Dallas Buyers Club LLC cannot sue;
6. if it did not, Dallas Buyers Club LLC can sue;
7. regardless, Voltage can sue;
8. it is not shown that Content had any rights to sue for infringement in respect of the copyright in the film; but
9. if it did, those rights may be exercised by Voltage as its attorney.
10. Consequently, Voltage can certainly sue for infringement. Further, it is reasonably arguable that the Distribution Licence Agreement of 18 October 2012 is what it appears to be, namely, a licence rather than an assignment. It is reasonably arguable, therefore, that Dallas Buyers Club LLC owns the copyright and may also have a right to sue for infringement. Both applicants are therefore authorised to seek preliminary discovery.

## 5. The Requirements for Preliminary Discovery

1. In this Court there are two kinds of preliminary discovery, one of which facilitates finding out whether a party has a case against another person and the other of which is to ascertain the identity of a putative respondent where that is not known. This case is concerned with the latter. It is governed by r 7.22 of the *Federal Court Rules 2011*(Cth) (‘FCR 7.22’):

‘(1) A prospective applicant may apply to the Court for an order under subrule (2) if the prospective applicant satisfies the Court that:

(a) there may be a right for the prospective applicant to obtain relief against a prospective respondent; and

(b) the prospective applicant is unable to ascertain the description of the prospective respondent; and

(c) another person (the ***other person***):

(i) knows or is likely to know the prospective respondent’s description; or

(ii) has, or is likely to have, or has had, or is likely to have had, control of a document that would help ascertain the prospective respondent’s description.

 (2) If the Court is satisfied of the matters mentioned in subrule (1), the Court may order the other person:

(a) to attend before the Court to be examined orally only about the prospective respondent’s description; and

(b) to produce to the Court at that examination any document or thing in the person’s control relating to the prospective respondent’s description; and

(c) to give discovery to the prospective applicant of all documents that are or have been in the person’s control relating to the prospective respondent’s description.

 Note 1: ***Control*** and ***description*** are defined in the Dictionary.

 Note 2: For how discovery is to be made, see rule 7.25.

 (3) The prospective applicant must provide the person with sufficient conduct money to permit the person to travel to the Court.

 Note: ***Conduct money*** is defined in the Dictionary.’

1. The word ‘description’ is defined in the Dictionary to the *Federal Court Rules 2011* as follows:

‘(a) for a person who is an individual—the person’s name, residential or business address and occupation;

 (b) for a person that is not an individual:

(i) the person’s name; and

(ii) the address of one of the following:

(A) the person’s registered office;

(B) the person’s principal office;

(C) the person’s principal place of business.’

1. This definition will be of some relevance when it becomes necessary to consider the applicants’ entitlement to access to account holders’ email addresses (which do not appear in the definition).
2. To meet the requirements of FCR 7.22 it is therefore necessary for the applicants to satisfy the Court that they may have a right to obtain relief against a prospective respondent, that they cannot identify the prospective respondent and that the ISPs know or are likely to know the identity of that person or have a document which reveals it. In addition, the definition of ‘prospective applicant’ in r 7.21 of the *Federal Court Rules 2011* as a person who ‘reasonably believes that there may be a right for the person to obtain relief against another person who is not presently a party to a proceeding in the Court’ means that the applicants must possess such a belief and that belief must be reasonable. The ISPs submitted that this was significant because there was no evidence which the Court would accept that Dallas Buyers Club LLC believed that it might have such a right.
3. Of course, Mr Wickstrom had given such evidence in his affidavit (at [25]) which was premised on his evidence (at [7]) that Dallas Buyers Club LLC was the owner of the copyright. When he subsequently gave evidence that it was Voltage that owned the copyright this opened a lacuna in the applicants’ evidence in that there was then no express evidence that Voltage believed it might have a right to sue for infringement. However, it is a trivial inference that Mr Wickstrom believed that whoever it was within the Voltage group that was legally entitled to sue might have a claim. As the analysis above shows, the question of who owns what is complex in the case of this film. I do not think that Mr Wickstrom is to be criticised about his confusion between Voltage and Dallas Buyers Club LLC. I have no doubt that both Voltage and Dallas Buyers Club LLC believe they might have a claim. Both are therefore eligible applicants. In light of my earlier conclusions, Voltage can sue for infringement and it is reasonably arguable that Dallas Buyers Club LLC may be able to do so too.
4. The ISPs submitted that the requirements of FCR 7.22(1) could not be satisfied in this case. As to (1)(a), it was submitted that all that Mr Macek’s evidence showed was that each IP address had uploaded a single sliver and this could not be an infringement of the copyright. I have already given my reasons for rejecting this argument above. Furthermore, contrary to the ISPs’ submissions I accept that one or both of the applicants may, indeed probably does, have a right to sue the persons who were using BitTorrent at the identified IP addresses for copyright infringement.
5. As to (b), it was faintly suggested that the applicants’ personnel could monitor internet chat rooms and identify the infringers from discussions taking place therein. The chat rooms were not identified, nor any reasons why people discussing bootleg copies of movies in them would do so using their own names. All in all, I regard this possibility as distinctly unlikely.
6. As to (c), the ISPs submitted that it was not shown that they would have documents ‘that would help ascertain’ the prospective respondents’ descriptions. This was because, at best, the ISPs could only identify the account holders and there was no guarantee that the account holders were the persons that had shared the film using BitTorrent.
7. Of course, it was possible that the account holders might have some insight into who the end-user using BitTorrent might have been. In some cases this might be straightforward, such as in homes with only two occupants having access to the internet connection. In other cases it might not be too difficult for the account holder to work out who the downloader was. In many homes the identity of the film may itself provide some insight into the identity of the file sharer. The audiences for *Cinderella* and *American Sniper* would have few common members (hopefully). Of course, there will be difficult situations such as those where the account holder has been providing wireless internet access in a public space like a café or airport lounge.
8. It was considerations of this kind which led the applicants to submit that even where the account holders were not the BitTorrent users, nevertheless there were good reasons to think that they might still be able to assist in identifying who the downloaders were. They submitted that the authorities concerned with identity discovery established that this was enough. These authorities were *Roads and Traffic Authority (NSW) v Australian National Car Parks Pty Ltd* (2007) 47 MVR 502 (CA) and *Roads and Traffic Authority of New South Wales v Care Park Pty Ltd* [2012] NSWCA 35.
9. In some ways the factual situation in both of these cases is quite similar to the situation in this case. Both concerned car park operators where persons wishing to park were required to obtain and display a ticket validated for a specified amount of time. It was possible to park without getting such a ticket but the displayed conditions of entry imposed agreed charges of $88 if a ticket was not purchased or was purchased but the time on it expired. The car park owners knew the registration plates of the cars which had breached this term. They sought preliminary discovery from the Roads and Traffic Authority of New South Wales (‘RTA’) on the basis that it knew the identity of the person in whose name each vehicle was registered and those people either had been the person who had overparked the vehicle or were likely to know the identity of that person.
10. In both cases, the RTA submitted that it could only be required to give preliminary discovery of the identity of the putative defendant (i.e. the person parking the car) and that the information it had on its vehicle register recorded, at best, only the identity of the person in whose name the car was registered. On this view, the preliminary discovery rule could not be used to reveal the identity of someone else who might know who the wrongdoer was, it could only be used to identify the actual wrongdoer.
11. This, of course, is the argument now deployed by the ISPs in this case. Three judges of the New South Wales Court of Appeal rejected this argument in *Roads and Traffic Authority (NSW) v Australian National Car Parks Pty Ltd* (2007) 47 MVR 502 at 507 [26]-[27] in these terms:

‘26. The putative contract claim would lie against the driver of the car on the day in question. It is not suggested that there is some basis for inferring that the driver was the owner’s agent as a matter of contract law. But discovery of the owner and registered operator would enable the applicant to know details of the person with day to day control of the vehicle. For many households, the person who owns or manages the vehicle garaged at that address will be its only driver. For practically all households, the owner will know who was the driver on a particular day.

 27. Whether or not a court trying a civil claim could infer the identity of the driver of the vehicle on the day in question from this information alone (and I imply no view either way on that matter), the information would certainly assist the respondent in its task of establishing the driver on the day in question. Perhaps further enquiries are necessary – for example, to determine the number of persons capable of holding a driver’s licence who are likely to have had access to the car on the day and time in question. Perhaps the respondent can gather additional evidence by way of admissions from its prospective defendant or from surveillance at the “garage address”. The possibility that additional evidence may be required to make out a prima facie case of identifying the driver does not mean that the information in the register lacks utility or forensic worth as regards the driver’s identity or whereabouts. As stated, preliminary discovery is not restricted to applicants seeking the last piece of a jigsaw.’

1. The attempt by the RTA to resurrect the same argument in the second case of *Roads and Traffic Authority of New South Wales v Care Park Pty Ltd* [2012] NSWCA 35 was even less successful. On that occasion a specially convened bench of five judges of appeal concluded that it was wrong. Barrett JA (with whom the other members of that bench agreed on this point) put it this way at [120]:

‘120. One other matter should be mentioned. Care Park sought information from RTA about the identity of the owners of certain vehicles but did not claim a right of action against those persons. It knew it could sue only a person who had parked a vehicle. Identification of the owner would, however, tend to assist in identifying whether it was the owner who had parked the vehicle and, if not, who had. That would be sufficient to satisfy the test in rule 5.2(1)(b) [*Uniform Civil Procedure Rules 2005* (NSW)]. On that approach, the person concerned would be the person who parked the vehicle rather than the owner as such.’

1. In both cases, the Court of Appeal dismissed appeals from single judges in Courts below, bringing, therefore, the number of judicial officers who think this argument is wrong to at least ten.
2. To be fair, Mr Lancaster did not seek to argue that these cases ought not to be followed in this Court. Instead, he emphasised that the wording of FCR 7.22 was materially different to the rule in those two cases. The relevant rule in those cases was r 5.2 of the *Uniform Civil Procedure Rules 2005* (NSW) (‘the UCPR’) which was in these terms:

‘5.2 Discovery to ascertain prospective defendant’s identity or whereabouts

 …

 (1) This rule applies if it appears to the court that:

(a) the applicant, having made reasonable inquiries, is unable to sufficiently ascertain the identity or whereabouts of a person (***the person concerned***) for the purpose of commencing proceedings against the person, and

(b) some person other than the applicant (***the other person***) may have information, or may have or have had possession of a document or thing, that tends to assist in ascertaining the identity or whereabouts of the person concerned.’

1. According to Mr Lancaster, the critical words in r 5.2(1)(b) were ‘some person … may have information … that tends to assist in ascertaining the identity … of the person concerned’. By contrast, so it was submitted, the requirements of FCR 7.22(1) were much stricter. There the critical words were ‘another person … has, or is likely to have, … control of a document that would help ascertain the prospective respondent’s description’. So under the UCPR rule it was enough if the person ‘may’ have information whereas under FCR 7.22(1) they either had to have the document or be likely to have the document. Further, under the UCPR rule the information had only to ‘tend to assist’ in identifying the putative defendant whereas under FCR 7.22 it had to be such that it ‘would help’ ascertain the identity of the putative defendant.
2. The question of whether these differences are material involves the ascertainment of what is meant by FCR 7.22(1). Whether ‘would help’ can have the same meaning as ‘tend to assist’ and whether ‘may’ means ‘is likely’ are questions involving the resolution of ambiguity. To my mind, two matters bear upon the resolution of this uncertainty. First, if the narrower view for which the ISPs contend be correct, then the scope of FCR 7.22 is limited to circumstances in which the discovery process would result in the identification of actual wrongdoers as opposed to persons who may be able to assist in identifying a wrongdoer. From the point of view of principle, it is difficult to identify any good reason why a rule designed to aid a party in identifying wrongdoers should be so narrow as only to permit the identification of the actual wrongdoer rather than the witnesses of that wrongdoing. If this is what FCR 7.22 means it would cry out for reform.
3. Secondly, the legislative history of FCR 7.22(1) shows that its present wording was not intended by the makers of the *Federal Court Rules 2011* (Cth), that is to say the judges of this Court, to have any different meaning to the words which appear in the UCPR rule. The explanation for this requires a slight digression. The *Federal Court Rules 2011* replaced the *Federal Court Rules 1979* (Cth). In particular, the current r 7.22 replaced what had been O 15A r 3(1), which had provided:

‘(1) Where an applicant, having made reasonable inquiries, is unable to ascertain the description of a person sufficiently for the purpose of commencing a proceeding in the Court against that person (in this rule called ***the person concerned***) and it appears that some person has or is likely to have knowledge of facts, or has or is likely to have or has had or is likely to have had possession of any document or thing, tending to assist in such ascertainment, the Court may make an order under subrule (2).’

1. This is worded in essentially the same terms as r 5.2(1)(b) of the UCPR. On the introduction of the new *Federal Court Rules 2011*, the judges issued an explanatory statement. It described what was intended by the new rule in these terms:

‘The provisions in Divisions 7.1 (Injunctions, Preservation of Property and Receivers), 7.2 (Approval of Agreement for Persons under a Legal Incapacity) and 7.3 (Preliminary Discovery) adopt, simplify and streamline the process and procedures which operated under the former Rules and do not substantially alter existing practice. Divisions 7.4 (Freezing Orders) and 7.5 (Search Orders) are harmonised with the rules of other courts and are substantially identical to the equivalent rules in the former Rules.’

1. This strongly suggests that the new wording was not intended to alter the former operation of the rule. This strong suggestion is given effect to by s 15AC of the *Acts Interpretation Act 1901* (Cth) which provides:

‘15AC Changes to style not to affect meaning

 Where:

(a) an Act has expressed an idea in a particular form of words; and

(b) a later Act appears to have expressed the same idea in a different form of words for the purpose of using a clearer style;

 the ideas shall not be taken to be different merely because different forms of words were used.’

1. Section 15AC, in terms, applies only to statutes, which FCR 7.22 is not. On the other hand, s 13(1) of the *Legislative Instruments Act 2003* (Cth) applies the *Acts Interpretation Act* to ‘legislative instruments’ which, by s 9 of the same act, does *not* include court rules such as the *Federal Court Rules*. However, in what is a trap for the unwary, s 59(4) of the *Federal Court of Australia Act 1976* (Cth) nevertheless applies much of the *Legislative Instruments Act*, including s 13(1),to the *Federal Court Rules*. It being plain that the slightly different wording was not intended to change the meaning of the rule, s 15AC has the outcome that it did not. It follows that the ISPs’ argument should be rejected. (For completeness, it is legitimate to look at the explanatory statement because of s 15AB(2)(e) of the *Acts Interpretation Act* combined with s 13(1) of the *Legislative Instruments Act*.)
2. For these reasons, the suggested textual basis for distinguishing the two Court of Appeal decisions is unpersuasive. I propose, indeed, I am probably bound, to follow them.
3. In those circumstances, I conclude that the pre-conditions to the operation of FCR 7.22 have been met. The Court’s power to order the ISPs to give preliminary discovery is enlivened. I turn then to the issue of discretion, that is, whether that power should be exercised.

## 6. The Exercise of the Discretion

1. The ISPs advanced 8 reasons why the Court ought to decline to order preliminary discovery even if the power to do so under FCR 7.22 were enlivened. These were:
2. it was only shown that a single sliver of the film was shared from each IP address. Whatever infringement of the copyright was involved it was minor;
3. given the trivial nature of the demonstrated infringements it was unlikely that any real case would be brought against the infringers. The value of each copy of the film was less than $10 and it was simply not plausible to think that the applicants would seek to recover such sums;
4. there were no realistic chances of the applicants obtaining injunctive relief, either because all that was shown was the sharing of a sliver or because there was no demonstrated risk of repetition;
5. the applicants had failed to do adequate monitoring which could have revealed serious infringers, i.e. persons involved in multiple downloads of multiple films;
6. there was evidence which suggested that the applicants were going to engage in the practice of speculative invoicing if they were given the information which they sought. What was meant by this was that the applicants would write to the account holders demanding a large sum of money and offering to settle for a smaller sum which was still very much in excess of what might actually be recovered in any actual suit. This was said, in effect, to be sharp practice;
7. the ISPs were subject to privacy obligations with respect to their customers which should be respected;
8. the Federal government had required the industry to formulate an industry code dealing with the issue of internet piracy and the Court should wait until that code was in place rather than granting the relief sought; and
9. the FCR 7.22 process was being used as a tool of investigation rather than identification.
10. I do not accept that these matters, either individually or cumulatively, would justify me in withholding relief to the applicants, although I do accept that some of them impact on the terms upon which discovery should be granted. I shall deal with each in turn.
11. As to (i) (the de minimis infringement argument): I have already dealt with this.
12. As to (ii) (the trivial nature of each sharing incident): it is, I think, important to be clear about what is involved in an application under FCR 7.22. It is a procedure to identify putative respondents. It is not a procedure for working out how good those claims are, other than in the sense of eliminating plainly frivolous exercises. But it is very far from apparent that the current exercise is frivolous. It may be true that for single instances of infringement the damages are likely to be modest and quite possibly limited to the foregone licence fee that would have been paid had the film been lawfully downloaded, although *quaere* whether this is so where the film had been shared because it was not available in the Australian market at all.
13. Regardless, I am not persuaded that a suit by the copyright owner naming individual BitTorrent users would be economically pointless. Further, in the case of multiple downloaders it must be considered at least plausible that a copyright owner may be able to obtain aggravated damages under s 115(4), which provides:

‘(4) Where, in an action under this section:

(a) an infringement of copyright is established; and

(b) the court is satisfied that it is proper to do so, having regard to:

(i) the flagrancy of the infringement; and

(ia) the need to deter similar infringements of copyright; and

(ib) the conduct of the defendant after the act constituting the infringement or, if relevant, after the defendant was informed that the defendant had allegedly infringed the plaintiff’s copyright; and

(ii) whether the infringement involved the conversion of a work or other subject‑matter from hardcopy or analog form into a digital or other electronic machine‑readable form; and

(iii) any benefit shown to have accrued to the defendant by reason of the infringement; and

(iv) all other relevant matters;

the court may, in assessing damages for the infringement, award such additional damages as it considers appropriate in the circumstances.’

1. One aspect of this provision is the need to provide deterrence. It is not beyond the realm of possibilities that damages of a sufficient size might be awarded under this provision in an appropriately serious case in a bid to deter people from the file sharing of films. There is no need to speculate on what those damages might be. For present purposes, it is enough only to observe that the ISPs’ submission that what the rights owners have in mind is frivolous or de minimis is a submission which does not afford sufficient weight to the genuine rights which here exist, and which are expressly recognised by statute.
2. As to (iii) (the unlikelihood of obtaining injunctive relief): really the same point is to be made. I do notthink it unlikely that injunctive relief may ultimately be granted but I do not, in any event, consider that an application such as the present is an appropriate occasion to consider such a submission.
3. As to (iv) (the failure of the applicants to identify and pursue only persons involved in acts of multiple downloading): this is besides the point given my conclusions on (ii).
4. As to (v) (speculative invoicing): there is no doubt that Voltage has done this in the past. There were a number of instances put before me of Voltage having written, in the United States, very aggressive letters indicating to the identified account holder a liability for substantial damages and offering to settle for a smaller (but still large) sum. Mr Wickstrom gave evidence that this would not be happening in Australia. My impression was that Mr Wickstrom would act as aggressively as he was legally permitted, a proposition from which counsel for the applicants, Mr Pike SC, did not dissent.
5. Whether speculative invoicing is a lawful practice in Australia is not necessarily an easy matter to assess. Representing to a consumer that they have a liability which they do not may well be misleading and deceptive conduct within the meaning of s 18 of the *Australian Consumer Law* and it may be equally misleading to represent to someone that their potential liability is much higher than it could ever realistically be. There may also be something to be said for the idea that speculative invoicing might be a species of unconscionable conduct within one or other of s 21 of the *Australian Consumer Law* or s 12CB of the *Australian Securities and Investments Commission Act 2001* (Cth). In the former, however, it would be necessary to identify a supply of goods or services which may be difficult. In the latter, it would be necessary to identify a financial service which may also not be without difficulty.
6. Having regard to the likely identity of many account holders and their potential vulnerability to what may appear to be abusive practices I propose to impose conditions on the applicants that will prevent speculative invoicing. This course has been taken in other jurisdictions. In *Golden Eye (International) Ltd v Telefonica UK Ltd* [2012] EWHC 723 (Ch) the English High Court of Justice granted preliminary discovery against an ISP at the suit of a producer of pornographic films but required the applicant to submit to the Court for prior approval a draft of the letter which was to be sent to the identified account holders. There was an appeal to the Court of Appeal regarding the expansion of discovery to other claimants, who were other copyright holders, and this appeal was allowed, but certainly no doubt was cast on the decision to permit preliminary discovery: see *Golden Eye (International) Ltd v Telefonica UK Ltd* [2012] EWCA Civ 1740 at [29]. The same approach has been taken in the Federal Court of Canada: *Voltage Pictures LLC v John Doe* [2014] FC 161 at [133]-[139]. Mr Pike submitted that *Golden Eye* might be distinguished on the basis that it involved pornography and hence that there were potential blackmail concerns. I do not think that this was the basis of the decision. I read *Golden Eye* as being concerned with the consequences to persons who are untutored about litigation receiving menacing correspondence apparently resulting from Court orders. That concern is the same regardless of the genre of cinematographic work involved.
7. As to (vi) (privacy concerns): this is indeed a relevant matter. Elaborate provision is made under Federal law for the protection of the privacy of individuals’ telecommunications activity. The first tranche of these protections is contained in Pt 13 of the *Telecommunications Act 1997* (Cth). Division 2 establishes a set of protections entitled ‘Primary disclosure/use offences’. By s 280, nothing in Div 2 prevents disclosure required by law. Thus, regardless of its contents, nothing in Div 2 prevents this Court from ordering the ISPs to disclose the information in question.
8. The relevant provision is s 276(1)(a)(iv). Its effect is that an ISP ‘must not disclose or use any information or document that … relates to … the affairs or personal particulars … of another person’. It was not in dispute that, apart from s 280, this provision prevents the ISPs from disclosing their customer information. Australian Privacy Principle 6.1 (contained in Sch 1 of the *Privacy Act 1988* (Cth)) is to like effect, with 6.2(b) the analogue to s 280. Together, these provisions demonstrate that the privacy of account holders of ISPs is regarded by the Parliament as having significant value. Of course, the Parliament has also accorded significant value to the owners of copyright by enacting the Copyright Actand by giving them the right to sue for infringement.
9. In situations where different rights clash it is usual for courts to try and accommodate both rights as best they can. Here that can be done by requiring the information to be provided but by imposing, by way of conditions, safeguards to ensure that the private information remains private, which parallels the approach to the same issue adopted in *Golden Eye*.
10. Further, I propose to constrain the use to which the information may be put to purposes relating only to the recovery of compensation for infringement. Those purposes would seem to be limited to three situations:

(a) seeking to identify end-users using BitTorrent to download the film;

(b) suing end-users for infringement; and

(c) negotiating with end-users regarding their liability for infringement.

1. As to (vii) (the industry code): s 112(1) of the *Telecommunications Act 1997* (Cth) provides that it is Parliament’s intention that the representative bodies in the telecommunications industry should develop industry codes to apply to participants. Industry codes have no effect until registered: s 117. Even when registered they have no direct effect until the Australian Communications and Media Authority (‘ACMA’) is satisfied they have been breached and directs that they are to be complied with: s 121. The industry may formulate its own code, but ACMA can determine industry standards, which upon registration have immediate effect (s 128), in various circumstances, including where the Minister directs ACMA to formulate such a standard: s 125AA.
2. In December 2014 the Minister indicated he would exercise this power and require ACMA to formulate an industry standard dealing with ISPs and illegal downloading. The Minister indicated that if the ISPs did not formulate their own code by April 2015, he would direct ACMA to determine a standard for them. On 20 February 2015, in the middle of the present hearing, the Communications Alliance released a draft industry code dealing with internet piracy. It called for public comment by 23 March 2015.
3. The submission the ISPs made to this Court was that the possibility that the code would come into existence was a reason for me not to order preliminary discovery because alternative avenues existed to deal with the problem. I do not accept this argument for a number of reasons. First, it is only a draft. Secondly, it is an incomplete draft. Thirdly, there is no sensible chance of it coming into force in the next few months. In these circumstances, the draft code provides no reason to decline relief. I do not need to decide, therefore, whether the Court would ever decline a preliminary discovery application on the basis of the existence of non-binding soft law such as the proposed code.
4. As to (viii) (preliminary discovery being used as a tool of investigation rather than identification): I reject this argument. There is, in a case such as the present, an element of investigation involved in identification, as the two *RTA* cases show.

## 7. Relief

1. The *Federal Court Rules 2011* (Cth) do not authorise the Court to order the production of email addresses and I do not propose to order that the operation of the rules be altered to achieve that outcome. In *Voltage Pictures LLC v John Doe* [2014] FC 161 at [134] it was recognised that the Court should not generally order the production of email addresses.
2. I will make orders in due course which:
3. provide for the preliminary discovery sought;
4. impose privacy obligations on the material produced;
5. require the applicants to submit to this Court for its approval a draft of the letter they propose to write to account holders;
6. require the applicants to pay the ISPs’ costs of these proceedings as taxed or agreed; and
7. require the applicants to pay the ISPs’ costs of giving preliminary discovery as taxed or agreed.
8. The issue of whether security should be provided for (e) has yet to be ventilated but may need to be addressed in due course. I will list the matter for further directions on 21 April 2015 to determine the form of the orders. The parties should exchange their concluded views on this topic by 14 April 2015.

## 8. Interlocutory Rulings

1. The hearing occupied three days.
2. Very extensive objections were taken by the ISPs to the affidavit evidence put forward by the applicants. On the morning of the first day of the trial, I overruled all of these objections and admitted the material. These objections included objections based on various provisions of the *Evidence Act 1995* (Cth). The *Evidence Act* is directed to proof of facts which are in issue. So much follows from its central provision, s 55, which provides:

‘55 Relevant evidence

1. The evidence that is relevant in a proceeding is evidence that, if it were accepted, could rationally affect (directly or indirectly) the assessment of the probability of the existence of a fact in issue in the proceeding.
2. In particular, evidence is not taken to be irrelevant only because it relates only to:

(a) the credibility of a witness; or

(b) the admissibility of other evidence; or

(c) a failure to adduce evidence.’

1. There are some proceedings in which the concept of a fact in issue is simply not apposite. One example of this is afforded by the provisions dealing with the giving of judicial advice under s 63 of the *Trustee Act 1925* (NSW) and equivalent legislation. Sections 63(3) and (4) expressly contemplate a departure from the rules of evidence. A consideration of FCR 7.22 in the current case shows that there are no facts in issue to which the rules in the *Evidence Act* can sensibly attach. The four matters which are to be demonstrated are:
2. the reasonableness of the applicant’s belief that it has a remedy;
3. that there may be a right to obtain relief;
4. that the applicant cannot identify the wrongdoer; and
5. that another person may be able to assist in identifying the wrongdoer.
6. The concepts in (1), (2) and (4) simply do not lend themselves to the ‘fact in issue’ approach under the *Evidence Act.* In *Optiver Australia Pty Ltd v Tibra Trading Pty Ltd* (2007) 163 FCR 554 at 561 [26] Tamberlin J exercised the power under s 190(3) of the *Evidence Act* to suspend the rules of evidence in a preliminary discovery application. Section 190 provides:

‘190 Waiver of rules of evidence

 (1) The court may, if the parties consent, by order dispense with the application of any one or more of the provisions of:

(a) Division 3, 4 or 5 of Part 2.1; or

(b) Part 2.2 or 2.3; or

(c) Parts 3.2 to 3.8;

in relation to particular evidence or generally.

 Note: Matters related to evidence in child‑related proceedings (within the meaning of section 69ZM of the *Family Law Act 1975*) are dealt with by that Act.

 (2) In a criminal proceeding, a defendant’s consent is not effective for the purposes of subsection (1) unless:

(a) the defendant has been advised to do so by his or her Australian legal practitioner or legal counsel; or

(b) the court is satisfied that the defendant understands the consequences of giving the consent.

 (3) In a civil proceeding, the court may order that any one or more of the provisions mentioned in subsection (1) do not apply in relation to evidence if:

(a) the matter to which the evidence relates is not genuinely in dispute; or

(b) the application of those provisions would cause or involve unnecessary expense or delay.

 (4) Without limiting the matters that the court may take into account in deciding whether to exercise the power conferred by subsection (3), it is to take into account:

(a) the importance of the evidence in the proceeding; and

(b) the nature of the cause of action or defence and the nature of the subject matter of the proceeding; and

(c) the probative value of the evidence; and

(d) the powers of the court (if any) to adjourn the hearing, to make another order or to give a direction in relation to the evidence.’

1. The matters in subs (4) lead me to conclude, based on the nature of a proceeding under FCR 7.22, that the provisions of the *Evidence Act* referred to in s 190(1) should not apply to proof of the matters in (1), (2) and (4) above. I do not consider that it would be administratively possible to keep them in place for (3) either. For that reason, I concluded that the provisions of the *Evidence Act* referred to in s 190(1) should not apply to an application under FCR 7.22 pursuant to s 190 and overruled all of the objections.
2. On the first afternoon of the hearing I rejected the tender of parts of MFI1. These consisted of letters of demand issued by Voltage in the US which were expressed to be without prejudice. I did so because I concluded they were communications to which s 131(1) of the *Evidence Act* applied. The same letters were subsequently tendered on a different basis and admitted. In those circumstances, there is nothing to be gained in explaining in detail why I initially rejected them.
3. On the afternoon of the second day Mr Pike sought leave to add Voltage as the second prospective applicant, which leave I granted. Mr Lancaster opposed the joinder on four bases which related to delay and prejudice. The four reasons were:
4. if he had been aware that Voltage was to be added as an applicant the ISPs would have made further inquiries about the relationship between Voltage and two entities known as GuardaLey and the Anti-Piracy Management Company;
5. the ISPs had been pursuing the issue of who owned the copyright in the film with the applicants since the proceedings began and it was very late in the piece in view of that history to be adding a new party on the second day of the trial;
6. if Voltage had been joined earlier then it would have been possible to investigate its financial position, an opportunity now denied the ISPs mid-trial; and
7. if Voltage had been joined earlier the ISPs would have sought access to the instructions given by Voltage to its attornies.
8. I did not consider that these considerations required that I should refuse to add Voltage as a party. One begins with the fact that the suggestion that it was Voltage which was the copyright owner emerged from the ISPs’ cross-examination of Mr Wickstrom. It was the ISPs who set out to disprove his evidence that Dallas Buyers Club LLC was the owner by getting him to say the owner was Voltage. The ISPs cannot have their cake and eat it too. If they wish to contend that Voltage is the owner in order to show that Dallas Buyers Club LLC is not then they need to live with the consequences that endeavour may have, including the joinder of Voltage to the proceeding.
9. In any event none of the discretionary considerations set out in (a)-(d) above is persuasive. As to (a): I do not think that further investigation of GuardaLey or the Anti-Piracy Management Company could have thrown any light on the issue of either applicant’s standing to sue. Indeed, this was accepted to be so and the issue was said only to go to the exercise of the Court’s discretion. What that concession meant was that whatever the GuardaLey/Anti-Piracy Management Company issue was it did not bear upon whether Dallas Buyers Club LLC or Voltage could sue. The ISPs did not identify what the discretionary matter was but the likely candidate is the notion that Voltage used intermediaries to track down film pirates and/or was aggressive in doing so. As will be apparent from the reasons I have given already, I accept that Voltage is aggressive and pursues pirates. I do not think the forensic value of working out whether, and, if so, to what extent, Voltage used intermediaries to pursue pirates or how those intermediaries went about any such pursuit, sufficiently outweighs the obvious wastage which would occur if I refused to join Voltage. That wastage exists because if I refused to join Voltage it could simply commence its own separate case which would then still need to be heard and which would involve substantially identical issues to the present application.
10. As to (b): whilst I accept that the ISPs have been pressing Dallas Buyers Club LLC on the title issue for some time, it was the ISPs who asserted at the hearing that the owner was Voltage. In that circumstance, I do not accept there has been any inexcusable delay such as to warrant refusing the joinder.
11. As to (c): I do not accept that it would have made sense to permit an investigation into the financial position of Voltage. This would not in any way impact on the title issue and its only discretionary relevance would appear to be the notion that such material might attenuate Voltage’s claims for damages. But in a preliminary discovery application such a consideration would be inappropriate.
12. As to (d): I do not think it would have been proportionate to permit further inquiry into the instructions given by Voltage to its attornies. The evidence before me already showed that Voltage behaved aggressively and, indeed, my finding has been that Voltage will be as aggressive as it is legally permitted to be. Further exploration of this topic would have added little, if anything, to the ISPs’ arguments.
13. For those reasons, I permitted Voltage to be joined as a second prospective applicant. Upon doing so, Mr Lancaster immediately applied for an adjournment of the proceedings. I refused this application too. There were five bases for the adjournment application:
14. the need to find out more about a document referred to by Mr Wickstrom as being a 60 page letter of instruction given by Voltage to its lawyers;
15. the need to investigate what Voltage’s policy on recoveries was;
16. the need to investigate the relationship between Voltage, GuardaLey and Anti-Piracy Management Company;
17. the need to investigate the fee arrangements between Voltage and Maverickeye UG; and
18. the need to investigate other documents relating to Voltage’s entitlement to damages.
19. As to (a), this is the same point in substance as the need to carry out further investigations into Voltage’s relationship with its attornies discussed above. I reject it for the same reasons. As to (b) and (e) these are effectively a damages point which for the reasons I have already given has no place in an application for preliminary discovery. Insofar as (c) is concerned, I reject it for the reasons I have given on the same point on the joinder application. I do not think, as to (d), that knowing what the terms of the relationship between Maverickeye UG and Voltage were would add much to the sum of human knowledge or, at least, to the straightforward issues on the present application. Further, the notice to produce issued by the ISPs did, in fact, seek these materials insofar as they related to Voltage: see Ex 8. This is another reason to reject (d) and (e).
20. For those reasons I refused the adjournment application.

## Orders

1. The only order I will make is that the matter be listed on 21 April 2015 for the making of orders.

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| I certify that the preceding one hundred and ten (110) numbered paragraphs are a true copy of the Reasons for Judgment herein of the Honourable Justice Perram. |

Associate:

Dated: 7 April 2015