FEDERAL COURT OF AUSTRALIA

Universal Music Australia Pty Limited v TPG Internet Pty Ltd [2017] FCA 435

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| File number: |  |
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| Judge: | **BURLEY J** |
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| Date of judgment: | 28 April 2017 |
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| Catchwords: | **COPYRIGHT** – section 115A of *Copyright Act 1968* (Cth) – whether injunction should be granted requiring carriage service providers (“CSPs”) to take reasonable steps to disable access to online locations outside Australia infringing or facilitating infringement of copyright – appropriate form of orders  **COSTS** – whether applicants should be required to pay CSPs’ costs of complying with injunctions, and if so, what amounts – whether applicants should pay CSPs’ costs of the proceedings |
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| Legislation: | *Copyright Act 1968* (Cth) ss 10, 115, 115A, 119, 120, 121, 122, 125, 126, 126A, 126B, 130  *Copyright Amendment (Online Infringement) Act 2015* (Cth)  *Federal Court of Australia Act 1976* (Cth)  *Telecommunications Act 1997* (Cth) ss 7, 16, 87, 313  *Federal Court Rules 2011* (Cth) r 7.22  *Copyright Amendment (Online Infringement) Bill 2015* (Cth) |
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| Cases cited: | *Airways Corporation of New Zealand v Present Partners of Pricewaterhouse Coopers Legal* [2002] NSWSC 521  *Australian Home Loans Ltd (t/as Aussie Home Loans) v Phillips* [1998] FCA 181; (1998) 40 IPR 392  *Cartier International AG v British Sky Broadcasting Ltd* [2016] EWCA Civ 658  *Council of the City of Sydney v Goldspar Pty Ltd* [2003] FCA 769  *Dallas Buyers Club LLC v iiNet Limited (No 3)* [2015] FCA 422; (2015) 327 ALR 695  *Norwich Pharmacal Co v Customs and Excise Commissioners* [1974] AC 133  *Roadshow Films Pty Ltd v Telstra Corporation Ltd* [2016] FCA 1503  *Twentieth Century Fox Film & Ors v British Telecommunications plc* [2011] EWHC 2714 (Ch) |
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| Date of last submissions: | 23 December 2016 |
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ORDERS

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|  | | NSD 545 of 2016 |
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| BETWEEN: | UNIVERSAL MUSIC AUSTRALIA PTY LIMITED  ACN 000 157 592  First Applicant  AUSTRALASIAN PERFORMING RIGHT ASSOCIATION LTD ACN 000 016 099  Second Applicant  AUSTRALIAN MUSIC CORPORATION PTY LTD  Third Applicant | |
| AND: | TPG INTERNET PTY LTD ACN 068 383 737  (and others named in the Schedule)  Respondents | |

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| JUDGE: | BURLEY J |
| DATE OF ORDER: | 28 APRIL 2017 |

In these Orders:

1. **Domain Name** means a name formed by the rules and procedures of the **Domain Name System** (**DNS**) and includes subdomains.
2. **DNS Blocking** means a system by which any user of a Respondent's service who attempts to use a DNS resolver that is operated by or on behalf of that Respondent to access a Target Online Location is prevented from receiving a DNS response other than a redirection as referred to in Order 3.
3. **URL** means a Uniform Resource Locator.
4. **Target Online Location** means the website known as KickassTorrents or KAT which is currently accessible via any of the domain names listed below (**Nominated Domain Names**):

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| **No.** | **Domain Name** |
| 1. | kat.al |
| 2. | kattor.xyz |
| 3. | kickass.cd |
| 4. | kickass.immunicity.date |
| 5. | kickass.pe |
| 6. | kickass.ukbypass.download |
| 7. | kickass.unblocked.tv |

THE COURT ORDERS THAT:

1. Each Respondent must, within 15 business days of the grant of these Orders, take reasonable steps to disable access to the Target Online Location.

2. Without limiting the technical means which a Respondent may implement to comply with Order 1, Order 1 is deemed to have been complied with by a Respondent if that Respondent implements at its discretion any of the following measures:

* 1. DNS Blocking in respect of each of the Nominated Domain Names; or
  2. any alternative technical means for disabling access to the Target Online Location as agreed in writing between an Applicant and a Respondent.

3. Each Respondent must redirect any communication by a user of its service seeking access to the Target Online Location which has been disabled pursuant to Order 1 to a webpage established, maintained and hosted by either:

(a) the Applicants, or their nominee, pursuant to Order 4; or

(b) that Respondent or its nominee.

4. The Applicants are to cause a webpage to be established, maintained and hosted which makes available the following information to users of a Respondent’s service who have been redirected to the webpage pursuant to Order 3:

(a) that access to the website has been disabled because this Court has determined that it infringes or facilitates the infringement of copyright.

5. Within 5 business days of these Orders the Applicants will notify each of the Respondents in writing of the URL of the webpage established, maintained and hosted under Order 4 and, if the webpage ceases to operate for any reason, will notify each of the Respondents in writing of a different URL that complies with Order 4.

6. The Applicants must notify each Respondent, in writing, within 15 business days of the Applicants (or any one of them) becoming aware that any Nominated Domain Name ceases to enable or facilitate access to the Target Online Location otherwise than by reason of these orders, or that the Target Online Location has ceased to have the primary purpose of infringing or facilitating the infringement of copyright, in which case, the Respondents shall no longer be required to take steps to disable access to the Target Online Location in accordance with Order 1.

7. Order 1 is to operate for a period of 3 years from the date of the grant of these Orders.

8. A Respondent will not be in breach of Order 1 if it temporarily declines or temporarily ceases to take the steps ordered in Order 1 (either in whole or in part) upon forming the view, on reasonable grounds, that suspension is necessary to:

(a) maintain the integrity of its network or systems, or functioning of its blocking system;

(b) upgrade, troubleshoot or maintain its blocking system;

(c) avert or respond to an imminent security threat to its network or system; or

(d) ensure the reliable operation of its ability to block access to online locations associated with criminal content if it reasonably considers that such operation is likely to be impaired, or otherwise to comply with its legal obligations (other than any contractual obligations to its customers) including under section 313(3) of the *Telecommunications Act 1997* (Cth) or otherwise,

provided that:

(e) unless precluded by law, it notifies the Applicant or their legal representatives of such suspension, including the reasons and the expected duration of such suspension by 5.00 pm on the next business day; and

(f) such suspension lasts no longer than is reasonably necessary and in any case, no longer than 3 business days or such longer period as the applicants may agree in writing or the Court may allow.

9. The owner or operator of the Target Online Location and the owner or operator of any website who claims to be affected by these Orders may apply on 3 days’ written notice, including notice to all parties, to vary or discharge these orders, with any such application to:

(a) set out the orders sought by the owner or operator of the Target Online Location or affected website; and

(b) be supported by evidence as to:

(i) the status of the owner or operator of the Target Online Location or affected website; and

(ii) the basis upon which the variation or discharge is sought.

10. If access to the website known as KickassTorrents or KAT is at any time during the operation of these Orders is available via a domain name that is not a Nominated Domain Name (**Additional Domain Name**):

(a) the Applicant may file and serve:

(i) an affidavit which:

(A) identifies the Additional Domain Name;

(B) states that, in the good faith belief of the deponent, the website provided from the Additional Domain Name is a new location outside Australia for the Target Online Location the subject of these orders and the brief reasons for such belief; and

(ii) proposed short minutes of order to the effect that:

(A) the definition of Target Online Location in these orders is amended to include the Additional Domain Name as a Nominated Domain Name; and

(B) the time period in Order 1 of these orders starts to run in relation to the Additional Domain Name upon service in accordance with Order 12(d) of the orders as made; and

(b) the process contained in Order 12 shall apply.

11. The affidavit referred to in Order 10 is to be given by a deponent duly authorised to give evidence on behalf of one or more of the Applicants and may be given by their solicitor.

12. If an affidavit and proposed short minutes of order are filed and served in accordance with Order 10:

(a) the Respondents must, within 10 business days, notify the Applicants and the Court if they object to the Orders being made in accordance with the short minutes of orders served by the Applicants;

(b) if any Respondent gives notice of any objection, or the Court otherwise thinks fit, the proceeding will be listed for further directions;

(c) if no Respondent gives notice of any objection and the Court does not otherwise require the proceeding to be relisted, then the Court may make orders in terms of the short minutes of order served by the Applicants without any further hearing; and

(d) the Applicants must serve on the Respondents any such orders made.

13. The parties have liberty to apply on 3 days’ written notice, including, without limitation, for the purpose of any application:

(a) for an order in this proceeding extending the period of operation of Order 1;

(b) for further orders to give effect to the terms of these Orders;

(c) for further orders in the event of any material change of circumstances including, without limitation, in respect of the costs, consequences for the parties and effectiveness of the technical methods under Order 2; and/or

(d) for orders relating to other means of accessing the Target Online Location not already covered by these Orders.

14. The requirement under s 115A(4) of the *Copyright Act* *1968* (Cth) (***Copyright Act***) that the applicants give notice of their application to the person(s) who operates the Target Online Location be dispensed with insofar as any such notice has not already been given.

15. The first applicant, the second applicant and the fifth applicant be granted leave under s 120(1) of the *Copyright Act*, to proceed with this proceeding without joining the relevant copyright owners as applicants or respondents.

16. The Applicants pay the Respondents’ compliance costs calculated at the rate of $50 per domain name the subject of DNS Blocking undertaken for the purposes of complying with Order 1 hereof.

17. The Applicants pay the Respondents’ costs (as agreed or taxed) of and incidental to the preparation of evidence and written submissions and the making of oral submissions, in relation to the issue of compliance costs (excluding set-up costs).

18. There be no other Order as to costs other than those set out in Orders 16 and 17.

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

REASONS FOR JUDGMENT

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| 4.2 Are the respondent carriage service providers providing access to an online location outside Australia – s 115A(1)(a)? | [57] |
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BURLEY J:

##### INTRODUCTION

1. The KickassTorrents website (**KAT website**) is a website which can be accessed by users of the internet via a number of different domain names. Users of the website are encouraged to search for digital content on the website and download it. The primary, and probably the sole, function of the website is to enable the digital downloading of musical works, sound recordings, movies and books, free of charge and without the licence or approval of the owners of copyright in those works. The evidence indicates that the website enables users to infringe copyright on an industrial scale.
2. The applicants in these proceedings seek to take advantage of recent amendments made to the *Copyright Act 1968* (Cth) (***Copyright Act***) brought about by the *Copyright Amendment (Online Infringement) Act 2015* (Cth) (***Copyright Amendment Act***) which introduced s 115A to the *Copyright Act*. This section enables an injunction to be granted against a carriage service provider (**CSP**) requiring it to take reasonable steps to disable access to an online location outside Australia which infringes or facilitates the infringement of copyright. The respondents are CSPs who accept that users of their services are able to obtain access to the KAT website.
3. The secondary materials relevant to the *Copyright Amendment Act* make plain that the grant of an injunction against a CSP does not suggest or imply fault or complicity on the part of that provider in acts of copyright infringement. The applicants do not suggest otherwise. The new legislation responds to concerns raised by copyright owners that online locations operated outside Australia utilise a business model that involves the distribution of infringing copyright material to Australian consumers. The purpose of s 115A is to disrupt that model by enabling copyright owners to require a CSP to take reasonable steps to disable access to an online location.
4. The applicants are the owners or exclusive licensees of the copyright in various musical works or sound recordings of popular Australian and overseas artists. They are Universal Music Australia Pty Ltd (**Universal**), Australasian Performing Right Association Ltd (**APRA**), Australian Music Corporation Pty Ltd (**AMC**), Sony Music Entertainment Australia Pty Ltd (**Sony**) and Warner Music Australia Pty Limited (**Warner**). In these reasons, I refer to them collectively as the applicants. There are 33 named respondents but they can conveniently be collected into four groups, reflecting their separate representation at the hearing and their corporate grouping; the Telstra parties, who are the 15th – 17th respondents (**Telstra**), the Optus parties, being the 3rd – 8th and 10th – 14th respondents (**Optus**), the TPG parties, being the 1st, 2nd and 19th – 34th respondents (**TPG**) and the Foxtel party being the 18th respondent (**Foxtel**). A list of the parties is set out in the Schedule to these reasons.
5. The applicants seek orders under s 115A for the respondents to disable access to the KAT website, by disabling access to each of seven domain names via which it can currently be accessed, which are listed in the table below (**Nominated Domain Names**). They submit that they have established the conditions necessary for the grant of orders under s 115A. The respondents do not oppose the grant of the orders, and have not put into issue any of the material facts relied upon by the applicants in support. They have, however, made submissions as to the form of the orders, particularly in relation to the question of the costs of compliance with those orders and the costs of these proceedings.

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| **No.** | **Domain Name** |
| 1. | kat.al |
| 2. | kattor.xyz |
| 3. | kickass.cd |
| 4. | kickass.immunicity.date |
| 5. | kickass.pe |
| 6. | kickass.ukbypass.download |
| 7. | kickass.unblocked.tv |

1. After the hearing of the present application Nicholas J delivered judgement in *Roadshow Films Pty Ltd v Telstra Corporation Ltd* [2016] FCA 1503 (***Roadshow***) which considered, for the first time, the scheme concerning s 115A of the *Copyright Act*. Subsequently, the parties provided written submissions addressing the relevance of that decision to the issues in the present case. In these reasons I gratefully adopt many of the observations made by Nicholas J in *Roadshow*.

##### THE STATUTE

1. Section 115A provides:

**115A  Injunctions against carriage service providers providing access to online locations outside Australia**

(1) The Federal Court of Australia may, on application by the owner of a copyright, grant an injunction referred to in subsection (2) if the Court is satisfied that:

(a) a carriage service provider provides access to an online location outside Australia; and

(b) the online location infringes, or facilitates an infringement of, the copyright; and

(c) the primary purpose of the online location is to infringe, or to facilitate the infringement of, copyright (whether or not in Australia).

(2) The injunction is to require the carriage service provider to take reasonable steps to disable access to the online location.

*Parties*

(3) The parties to an action under subsection (1) are:

(a) the owner of the copyright; and

(b) the carriage service provider; and

(c) the person who operates the online location if, but only if, that person makes an application to be joined as a party to the proceedings.

*Service*

(4) The owner of the copyright must notify:

(a) the carriage service provider; and

(b) the person who operates the online location;

of the making of an application under subsection (1), but the Court may dispense, on such terms as it sees fit, with the notice required to be sent under paragraph (b) if the Court is satisfied that the owner of the copyright is unable, despite reasonable efforts, to determine the identity or address of the person who operates the online location, or to send notices to that person.

*Matters to be taken into account*

(5) In determining whether to grant the injunction, the Court may take the following matters into account:

(a) the flagrancy of the infringement, or the flagrancy of the facilitation of the infringement, as referred to in paragraph (1)(c);

(b) whether the online location makes available or contains directories, indexes or categories of the means to infringe, or facilitate an infringement of, copyright;

(c) whether the owner or operator of the online location demonstrates a disregard for copyright generally;

(d) whether access to the online location has been disabled by orders from any court of another country or territory on the ground of or related to copyright infringement;

(e) whether disabling access to the online location is a proportionate response in the circumstances;

(f) the impact on any person, or class of persons, likely to be affected by the grant of the injunction;

(g) whether it is in the public interest to disable access to the online location;

(h) whether the owner of the copyright complied with subsection (4);

(i) any other remedies available under this Act;

(j) any other matter prescribed by the regulations;

(k) any other relevant matter.

*Affidavit evidence*

(6) For the purposes of the proceedings, section 134A (affidavit evidence) applies as if the reference in paragraph 134A(f) to a particular act included a reference to a class of acts.

*Rescinding and varying injunctions*

(7) The Court may:

(a) limit the duration of; or

(b) upon application, rescind or vary;

an injunction granted under this section.

(8) An application under subsection (7) may be made by:

(a) any of the persons referred to in subsection (3); or

(b) any other person prescribed by the regulations.

*Costs*

(9) The carriage service provider is not liable for any costs in relation to the proceedings unless the provider enters an appearance and takes part in the proceedings.

1. The second reading speech for the *Copyright Amendment (Online Infringement) Bill 2015* (Cth) was given by the Honourable Mr Malcolm Turnbull on 16 June 2015. He relevantly said:

There is no silver bullet to deal with internet piracy, but the Copyright Amendment (Online Infringement) Bill 2015 provides an important part of the solution to the problem of online copyright infringement. It is vital that copyright owners have an efficient mechanism to disrupt the steady supply of infringing content to Australian internet users from overseas based websites. This bill will provide an enhanced, streamlined mechanism that enables infringing material to be blocked by a carriage service provider – an internet service provider – without the need to establish fault on the part of that provider. Specifically, the bill will introduce a new provision that allows a carriage service provider to disable access to infringing online locations located outside Australia.

…

… [C]onsistent with case law, carriage service providers should not be exposed to legal actions by subscribers as a result of acts or omissions in compliance with an order and that the court has discretion to make appropriate directions on the costs of implementing an order.

…

The government has also committed to review the operation of the bill 18 months after its commencement. I want to stress this point that I made earlier: we recognise that we are living in a very dynamic and disruptive environment, powered in large measure by the internet. We believe this is a very good policy response to this problem of internet piracy. …

1. The Revised Explanatory Memorandum to the *Copyright Amendment (Online Infringement) Bill 2015* (Cth) (**REM**) is referred to in more detail below. For present purposes it suffices to note the following extracts:

1. The purpose of this Bill is to introduce a key reform to reduce online copyright infringement. The scheme is deliberately prescriptive; it is intended as a precise response to a specific concern raised by copyright owners.

…

7. The Bill contains a stand-alone injunction power which operates as a no-fault remedy. It would not affect existing laws on infringement, copyright exceptions or limitations, authorisation liability or any of the safe harbour conditions. Further, the Court granting an injunction would not create a presumption that the CSP has infringed copyright nor authorised the infringement of copyright.

…

9. Where online copyright infringement occurs on a large scale, copyright owners need an efficient mechanism to disrupt the business models of online locations operated outside Australia that distribute infringing copyright material to Australian consumers. In addition, a consequence of fewer visitors at the particular online location may also impact the advertising revenue, which is often an integral element of the business models of these types of entities.

10. The Bill acknowledges the difficulties in taking direct enforcement action against entities operating outside Australia. The proposed amendments are intended to create a no-fault remedy against CSPs where they are in a position to address copyright infringement.

1. The following matters are relevant to the consideration of s 115A.
2. First, the language of the chapeau to s 115A(1) indicates that in each case it is a matter for the discretion of the Court whether or not to grant an injunction. The exercise of that discretion is guided by, but not limited to, the matters set out in s 115A(5) and the policy and purposes underlying the section, but the Court may only grant injunctive relief if it is satisfied as to the existence of the matters referred to in ss 115A(1)(a) – (c).
3. Secondly, the factors that the Court may take into account set an intentionally high threshold test for satisfaction by the Court. The purpose of the scheme is to allow a specific and targeted remedy to prevent those online locations which flagrantly disregard the rights of copyright owners from facilitating access to infringing copyright content; REM [6].
4. Thirdly, the Court must be satisfied of the various matters referred to in s 115A(1) at the time of granting the injunction. If the Court was, at the time of giving consideration to the making of an order not so satisfied, then it should not grant the injunction; *Roadshow* at [50].
5. Fourthly, if the applicant satisfies the court that the CSP provides access to an online location outside Australia, that the primary purpose of the online location is to infringe, or facilitate the infringement of copyright, and that the online location infringes or facilitate the infringement of the applicant’s copyright, then the conditions necessary to permit the Court to grant an injunction will be fulfilled; *Roadshow* at [31]. In this context, it is not necessary to establish any element of knowledge or intention on the part of a CSP, s 115A operates as a no-fault remedy against a CSP; *Roadshow* at [32], [30].
6. Fifthly, the requirement in s 115A(1)(a) that a “carriage service provider” provides access to an online location directs attention to the definition of that term in s 87 of the *Telecommunications Act 1997* (Cth) (***Telecommunications Act***) (see s 10 *Copyright Act*) which provides that if a person supplies, or proposes to supply, a listed carriage service to the public using a network unit owned by one or more carriers, or a network unit in relation to which a nominated carrier declaration is in force, then the person is a carriage service provider. Under that Act, a carriage service means “a service for carrying communications by means of guided and/or unguided electromagnetic energy” and a “listed carriage service” includes a carriage service between a point in Australia and one or more other points in Australia (ss 7, 16(1) *Telecommunications Act*); *Roadshow* at [37].
7. Sixthly, an “online location” is not defined in the *Copyright Act*. According to the REM the term is intentionally broad and includes, but is not limited to, a website and would also accommodate future technologies; REM at [36], *Roadshow* at [27].
8. Seventhly, s 115A(1)(b) requires that the Court be satisfied that the “online location infringes, or facilitate an infringement of, the copyright”. “[T]he copyright” is the copyright asserted by the applicants. Analysis of the infringement provisions of the *Copyright Act* reveals that acts of infringement are acts of persons. An inanimate object or an online location such as a website cannot itself infringe copyright, although it may facilitate an infringement. As noted in *Roadshow* at [46], to the extent that s 115A(1)(b) refers to an online location that infringes copyright, it may be understood as referring to acts comprised within the copyright as defined.
9. The term “facilitates” is deliberately broad. In *Roadshow* Nicholas J observed at [47] that:

In determining whether an online location facilitates the infringement of copyright, the Court will seek to identify a species of infringing act and ask whether the online location facilitates that act by making its performance easier or less difficult. An online location may both infringe and facilitate the infringement of copyright by making an electronic copy of a work or other subject matter available online for transmission to users. But it may also facilitate the infringement of copyright merely by making it easier for users to ascertain the existence or whereabouts of other online locations that themselves infringe or facilitate the infringement of copyright.

1. Eighthly, s 115A(1)(c) requires that the primary purpose of the online location is to infringe, or facilitate the infringement of, copyright (whether or not in Australia). It is not necessary for the primary purpose to be to infringe the applicant’s copyright. The primary purpose test directs the Court to consider the principal activity for which the online location exists and the principal intention of users of that online location; REM [40].
2. Ninthly, s 115A(2) provides that the relief that may be granted consists of an injunction against a CSP requiring it to “take reasonable steps to disable access to the online location”. It is open to the Court to grant its injunction conditionally or by the imposition of terms such as requiring the applicant to indemnify a CSP against whom the injunction is sought, or to provide security for a CSP’s costs of complying with an injunction granted pursuant to s 115A; *Roadshow* at [33]. Furthermore, other statutory provisions found inthe *Federal Court of Australia Act 1976* (Cth) enable ancillary or other orders to be made; *Roadshow* at [34].

##### THE PROCEEDINGS

###### The Pleaded Case

1. These proceedings were commenced by originating application and statement of claim filed on 18 April 2016. An amended application was filed on 4 October 2016 and on 26 October 2016, I granted leave to the applicants to file a further amended originating application (**application**) and amended statement of claim (**statement of claim**).
2. The statement of claim identifies the KAT website as an online location that can be accessed by users of the internet at the Nominated Domain Names. It pleads that the KAT website is located outside Australia, and that it facilitates the infringement of copyright works by its users and in particular that it facilitates its users to communicate to the public and/or copy copyright works and/or other subject matter without the authorisation of the owners or exclusive licensees of those works. The statement of claim further alleges that the KAT website has the primary purpose of facilitating the infringement of copyright by its users and that the facilitation is flagrant, and also that access to the KAT website has been disabled by orders of courts in at least five named countries.
3. One substantive change to the case brought by the applicants by recent amendment concerns changes to the domain names by which users can access the KAT website. In the original pleading, the statement of claim identified that KAT could be accessed by users of the internet at eight identified domain names (**Original Domain Names**). However, the evidence discloses that on 7 October 2016 a person seeking to enter the Original Domain Names as a means to access the online location received notifications that the website could not be displayed. For three of the eight domain names the user was notified that “*this domain for KickassTorrents has been seized as a part of a joint law enforcement operation by Homeland Security Investigations and the Internal Revenue Service pursuant to a seizure warrant issued by the United States District Court for the Northern District of Illinois*”. Online publications which were put into evidence indicate that in July 2016, the US Government arrested the alleged owner of the KAT website, who is said to be a 30 year old Ukrainian in Poland, on 20 July 2016, and charged him with criminal copyright infringement and money laundering.
4. The Nominated Domain Names in the amended pleadings reflect domain names which, phoenix-like, have appeared online as the means by which the KAT website may now be accessed by users following the closure of access to the Original Domain Names.
5. The statement of claim pleads that at least since 22 December 2015 users of the KAT website have infringed the copyright of the applicants in various works (**Applicants’ Works**). More particularly:

(a) Universal claims to be the exclusive licensee in Australia of the copyright in the sound recordings by Fall Out Boy, Justin Bieber and Ellie Goulding, which are included within Appendix A to these reasons;

(b) APRA claims to be the owner or exclusive licensee in Australia of the right to communicate the nine musical works identified in Appendix B to these reasons;

(c) AMC claims to be the owner in Australia of the copyright in the sound recording of the AC/DC musical work “Highway to Hell”;

(d) Sony claims to be the owner in Australia of the copyright in the sound recordings by Guy Sebastian and Jessica Mauboy identified in Appendix A; and

(e) Warner claims to be the exclusive licensee in Australia of the copyright in the sound recordings by Major Lazer and The Kite String Tangle identified in Appendix A.

1. The statement of claim pleads that copyright subsists in each of these identified works and that users of the KAT website have, without the license of the applicants made available online to the public, electronically transmitted to the public and/or copied, in Australia, these works and by reason thereof infringed the copyright in them. This infringement is alleged to have been facilitated by the KAT website. Takedown notices are alleged to have been emailed to the KAT website requesting that it immediately and forever remove all links to the copyright works on 11 February 2016 and 14 October 2016 but the copyright works remain searchable on the KAT website.
2. The pleading concludes by alleging that each of the respondents is, and was at all material times, a “carriage service provider” for the purposes of s 115A of the *Copyright Act* and that a person in Australia is able to use the internet services provided by any of the respondents to access and use the KAT website from Australia.
3. No defences have been filed by the respondents. The person who operates the online location (that is, the KAT website) has made no application to be joined as a party pursuant to s 115A(3).

###### The Online Location

1. The unchallenged lay and expert evidence adduced by the applicants demonstrates the following matters in relation to the KAT website, which is the target online location in these proceedings.
2. Ms Adeline Yeung, an IT Officer at Music Rights Australia Pty Limited, gives evidence that the online location was accessed by her in August 2016 by using each of the Nominated Domain Names. The KAT website then enabled her to search for digital content by reference, inter alia, to songs, albums, movies, and television programmes. Ms Yeung searched for the musical works and sound recordings in which the applicants claim to be the owner or exclusive licensee in Australia. With two presently immaterial exceptions, she located all of those works. By obeying the instructions on the website, and without entering any password, Ms Yeung successfully downloaded each of the copyright works onto her computer.
3. Ms Yeung performed this task using a laptop connected to the internet by “tethering” to a smartphone, which connected to the internet using a SIM card purchased from Telstra, but there is no dispute in this proceeding that SIM cards obtained from any of the respondents would have enabled her to perform the same task.
4. Witnesses were called from each of the applicants, who deposed to the absence of any licence conferred by their companies upon the KAT website which would authorise the upload, reproduction, communication to the pubic or other exploitation of their copyright works, or otherwise facilitate or authorise any third party to do the same.
5. Expert evidence provided by Dr Robert Nicholls, an engineer specialising in communications technologies, explained that the KAT website enabled the download of copyright material by the use of a distributed file sharing protocol known as “BitTorrent”. Distributed file sharing refers to file sharing where a large number of devices can download a file simultaneously by means of that file being split into a number of smaller pieces, with each piece being separately and simultaneously distributed. With BitTorrent, a person wishing to gain access to content will first download BitTorrent client software, which allows their device to connect to other devices making use of the BitTorrent protocol. The software also reassembles pieces of a file downloaded into a copy of the original file being shared. In order for the BitTorrent client to connect to a group of other devices sharing the particular content sought (the collective group of devices is known as a “swarm”), it must first be provided with IP addresses of members of the swarm and information regarding the content itself. The first mechanism by which this is done is the use of torrent files, which contain sufficient information to allow a BitTorrent client to connect to a swarm that is sharing a desired file. The torrent file provides information to allow the BitTorrent client to connect to “tracker” software which holds a register as to digital files available in a swarm and the IP addresses of peers in the swarm sharing that file. The second mechanism is by use of “magnet” links which allow a BitTorrent client to connect directly to members of the swarm without the need for a torrent file and tracker.
6. Dr Nicholls explained that in the case of either a torrent file or a magnet link, a person seeking to access particular content will need to locate a source of such torrent files or magnet links. That is the service that the KAT website provides; it serves as a central location for locating torrent files and magnet links, as well as an operator of tracker software.
7. In this proceeding there is no dispute that the KAT website, as accessible by the Nominated Domain Names, provides a means for achieving copyright infringement on an industrial scale. The evidence adduced supports this conclusion. It indicates that the KAT website has received millions of visits a month from Australian users. In one online publication, the online location is reported, as at June 2016, to be the world’s “leading” torrent site. Certainly, the evidence adduced by witnesses who accessed the online location and manipulated its features to download digital material demonstrates that the site promotes and facilitates the easy and free downloading of digital data.

###### Service of Notice on the operator of the KAT website

1. Subsection 115A(3)(c) provides that the person who operates the online location will be a party to an action under subsection (1), “if, but only if”, that person makes an application to be joined. No such application has been made, and the operator of the KAT website is not a party.
2. Subsection 115A(4)(b) obliges the copyright owner to notify the operator of the online location of the making of the application under subsection (1), but if the Court is satisfied that the owner of the copyright is unable, despite reasonable efforts, to determine the identity or address of the operator, or to send notices to that person, the Court may dispense with notice on such terms as it sees fit.
3. The applicants submit that notice has been provided, although the operators of the KAT website have made no attempt to respond or to take part in the proceedings. In the alternative, they submit that the Court should dispense with the notice requirement on the basis that the applicants have been unable, despite reasonable efforts, to determine the identity or address of the person who operates the online location. I am satisfied that the latter course is appropriate.
4. Ms Yi Lu, a solicitor in the employ of the solicitors for the applicants, Allens, undertook the first exercise in endeavouring to notify the person who operates the KAT website. On 11 February 2016 she entered one of the Original Domain Names (kat.cr) into her web browser which directed her to the homepage of the KAT website. From there she navigated to the webpage at the URL https://kat.cr/dmca/ which was entitled “Content Removal Regulations”. That page included the following statements:

We want you to know that we do not have any copyrighted or illegal content on KickassTorrents. The torrent information we host does not have files that can be copyrighted. We are in correspondence with the Digital Millenium Copyright Act (“DMCA”) and general international copyright laws.

However, we still can remove torrents from our site if the copyright owner would like us to do so. The following procedure will be performed if:

* Send your Claim to copyright@kat.cr
* The Claim must be written in English language, it must be understandable and in polite form;

…

1. Allens sent a comprehensive cease and desist letter on 11 February 2016 to the nominated email address and on the same day received a response which, in part, was as follows:

Your request has been reviewed, but cannot be processed due to one (or more) of the following reasons:

(1) The Claim wasn’t written in English language;

(2) You provided no evidence showing that you are the copyright holder or that you are acting on behalf of the copyright holder;

(3) You provided no evidence …;

(4) There were more then [sic] 30 torrents mentioned in the Claim email;

(5) Your content is hosted on a different website.

…

You can find more detailed information regarding the DMCA email layout via the following article - https://kat.cr/dmca/

1. Plainly the response to the Allens letter was pro forma, inaccurate, and, in my view, not a proper response to a serious complaint. Ms Lu persisted. She located the website at the URL referred to in the above response, being https://kat.cr/dmca/. That site in turn identified two further email addresses. Mr Lu sent similar cease and desist letters to these email addresses to which she received the same pro forma response as quoted above.
2. In her second affidavit, sworn on 17 October 2016, Ms Lu noted that the email address for the receipt of copyright notices had been changed on the KAT website to katcrew@hushmail.com and copyright@kickassto.cr. Ms Lu sent cease and desist letters to these addresses and received two automated emails to indicate that delivery of those letters had failed.
3. Furthermore, Ms Emma Gorrie, another solicitor in the employ of Allens, gave three affidavits setting out her efforts to find the contact details of the operators of the Online Location. To summarise, Ms Gorrie conducted a number of “Whois” searches for the registrant or administrative contact of the Nominated Domain Names, as well as the Original Domain Names. Ms Gorrie’s searches in respect of each produced varying, but unsuccessful results. Some of the searches were redirected, others contained no contact information, and some recorded a Registrant Name “WhoisGuard Protected” registered with the organisation “WhoisGuard, Inc.” Ms Gorrie later visited the website accessible at the domain name whoisguard.com, and sent letters by email to contact addresses available from that webpage. In reply, contact information, including an email address, was supplied for some of the domain names. Ms Gorrie then caused a letter, together with a stamped copy of the application, statement of claim and Genuine Steps Statement, to be sent to the email addresses provided. No reply was received to any of the emails.
4. Despite sending these notifications to addresses which one would reasonably expect that the operator of the online site would receive (it having invited such correspondence on its website) either an obviously non-responsive and irrelevant response was received, or the email addresses were not relevantly operational. In any event, no substantive response was received.
5. I am satisfied that the applicants have made reasonable efforts to determine the identity or address of the person who operates the KAT website and to send notices to that person. It appears to me that the operator of the KAT website has taken steps to avoid proper engagement on the question of copyright infringement. I am satisfied that it is appropriate to make an order dispensing with the requirement for service under s 115A(4)(b) of the *Copyright Act*.

##### APPLICATION OF SECTION 115A

###### Ownership and subsistence of copyright – s 115A(1)

1. Subsection 115A(1) provides that the relevant application to the Federal Court of Australia is by the “owner” of a copyright. AMC and Sony are each pleaded to be the owners of copyright in the works asserted in these proceedings. APRA is pleaded to be either the exclusive licensee or the owner of the right to communicate the musical works that it asserts in these proceedings, and Universal and Warner are pleaded to be the exclusive licensee of the copyright in the sound recordings that it asserts.
2. Section 119 of the *Copyright Act* provides, inter alia, that except against the owner of the copyright, the exclusive licensee has the same rights of action, and is entitled to the same remedies, pursuant to s 115A, as if the licence had been an assignment. It is by this provision that those applicants that are exclusive licensees claim standing to seek a remedy under s 115A.
3. An exclusive licensee is not entitled, except with leave of the Court, to proceed with an action under s 115A unless the owner is joined as a plaintiff or added as a defendant. The applicants seek leave for Warner, Universal and, in relation to some musical works, APRA to continue the proceedings without joining the copyright owners.
4. Subsection 120(1) of the *Copyright Act* relevantly provides that where an action is brought by the exclusive licensee and, in so far as the action brought under ss 115 or 115A relates, in whole or in part, to an infringement in respect of which the owner and the licensee have concurrent rights of action, then the exclusive licensee is not entitled, except with the leave of the Court, to proceed with the action in so far as it relates to that infringement, unless the copyright owner is joined as a plaintiff in the action or added as a defendant.
5. Section 121 provides that in an action brought by the exclusive licensee a defence under the *Copyright Act* that would have been available to a defendant in the action if the action had been brought by the owner of the copyright is available to that defendant as against the exclusive licensee. Section 122 relevantly provides that where an action to which s 120 applies is brought and the owner and exclusive licensee are not both plaintiffs in the action, the Court, in assessing damages in respect of an infringement of a kind referred to in s 120 shall take into account, if the plaintiff is the exclusive licensee, any liabilities in respect of royalties or otherwise to which the licence is subject, and any pecuniary remedy already awarded to the copyright owner in respect of that infringement or any right of action exercisable by the copyright owner in respect of that infringement.
6. The requirement under s 120 that both exclusive licensee and copyright owner be joined as parties might be considered to have more limited application to an action brought pursuant to s 115A than an action under s 115. In the case of the latter, the difficulties arising from separate proceedings being brought in respect of the same rights are apparent and are addressed in ss 121 to 125 of the *Copyright Act* and concern available defences and pecuniary remedies. In the case of an action brought under s 115A, the separation of rights as between copyright owner and exclusive licensee is less likely to give rise to these complications. It is possible, of course, that an online location may wish to raise a defence within s 121 of the *Copyright Act*, an example of which may be that the copyright owner authorised the alleged acts of infringement. However, in the circumstances of the present case, where the operators of the online location have apparently avoided or ignored service and have not sought to appear, it is appropriate to grant the leave sought. No such defences will be raised. Nor will an action of this type give rise to any pecuniary remedy. Accordingly, in my view it is appropriate to grant leave to the exclusive licensees to proceed without joining the copyright owners.
7. The applicants rely upon s 126 of the *Copyright Act* in relation to the proof of subsistence and ownership of copyright in works in which they claim to own copyright.
8. Section 126 provides:

**126 Presumptions as to subsistence and ownership of copyright**

In an action brought by virtue of this Part:

(a) copyright shall be presumed to subsist in the work or other subject-matter to which the action relates if the defendant does not put in issue the question whether copyright subsists in the work or other subject-matter; and

(b) where the subsistence of the copyright is established--the plaintiff shall be presumed to be the owner of the copyright if he or she claims to be the owner of the copyright and the defendant does not put in issue the question of his or her ownership.

1. In addition, the applicants rely on other provisions contained in Part V, Div 4 of the *Copyright Act* which create presumptions that may apply where the defendant puts in issue the question of subsistence or ownership of copyright, being ss 126, 126A, 126B and 130.
2. None of the respondents put either subsistence or ownership of copyright in issue. In my view, it is open to the applicants to rely entirely upon s 126 in this case. The fact that the operators of the KAT website have not appeared is, in my view, immaterial for present purposes; see for example (in the context of an ex parte application) *Australian Home Loans Ltd (t/as Aussie Home Loans) v Phillips* [1998] FCA 181; (1998) 40 IPR 392 at 397 (per Lehane J). Accordingly, I find ownership and subsistence of copyright in the Applicant’s Works to have been established.
3. Furthermore, having regard to the affidavit evidence filed in these proceedings by Elizabeth Blakey, Karen Don, Gordon Pitt, Damian Rinaldi and Dean Ormston, I am satisfied that no licence has been supplied to the operators of the KAT website for the use of the works.

###### Are the respondent carriage service providers providing access to an online location outside Australia – s 115A(1)(a)?

1. Subsection 115A(1)(a) invites the inquiries; what is the online location, is it located outside Australia and do the respondents provide access to it?
2. The meaning of the phrase “online location outside Australia” was a matter of some focus in *Roadshow* at [38] – [40]. There Nicholas J noted that the requirement in s 115A(1)(a) that a CSP provides access to an online location outside Australia constitutes an important limitation on the power of the Court to make an order under s 115A(2). This limitation may reflect an assumption that other provisions of the Act provide copyright owners with adequate remedies in respect of online locations situated within Australia that have, as their primary purpose, copyright infringement or the facilitation of copyright infringement.
3. In the present case Dr Nicholls considered in his evidence the geographical location of the KAT website, a summary of which is set out below.
4. A website consists of content that is communicated via the internet. The content is hosted by a server or a network of servers (which, for convenience, I refer to as the **host server**). The host server must communicate the content via a router which is connected to the internet and which forms part of the same network as the host server. The network between the router and the host server is a private network. The router connects the private network to the internet and it, and all of the devices connected to it, will share the same public IP address. Public IP addresses have geographical characteristics, because each geographical region in the world has allocated to it a numerical range of such addresses. As a result, the geographical location of a router which provides connectivity to the internet can be determined based on the geographical characteristics of the public IP address which it uses. This does not conclusively determine the geographical location of the host server, because the server could be remote from the router. However, Dr Nicholls’ evidence is that whilst it is possible for the host server not to be in the same location as the router that it uses to connect to the internet, that event is unlikely because it would be slow and potentially costly to communicate information over long distances if the host server and router are far apart.
5. If a number of websites are made accessible through the same router then its single public IP address will not be sufficient information to direct data to that website. In that circumstance a domain name is also needed to identify the host server. In that context Dr Nicholls draws an analogy; if the host server is an apartment, the public IP address will be the building number and the domain name the apartment number.
6. The World Wide Web refers to those parts of the internet that are accessible via an internet browser. Access to content via the World Wide Web is governed by the Hypertext Transfer Protocol (HTTP), which requires that a request to access the contents of a webpage on a website must contain both the IP address of the relevant website and text information as to the website itself. If the website has a unique public IP address, then only that IP address is required to access the website. However, if the website is hosted by a network and the network is also the host to a number of websites, then the public IP address provides connectivity to that network (via the router) and the text information identifies to a router in that network which website is intended to be accessed. Most popular websites are likely to have their own dedicated public IP addresses, although other websites will be hosted on a network.
7. Internet users seeking access to a website typically either type into a browser application (such as Google Chrome) a text-based web address for the relevant webpage (such as http://www.google.com), which is called the Uniform Resource Locator or URL, or type a relevant search term into a search engine in order to bring up search results which reveal the URL and then clicking on the search result. With respect to both methods, in order to identify the public IP address of the website, so as to send and receive packets between that public IP address and the internet user’s public IP address, the CSP of the internet user would send the URL to a Domain Name Systems server (**DNS server**), which would then translate the URL to a numerical IP address.
8. A “Domain Name” refers to the website address, or URL, which is registered as the main contact for an enterprise.
9. In the present case, Dr Nicholls obtained the public IP addresses associated with each of the Nominated Domain Names, all of which were associated with the geographical location located outside Australia. He also used a desktop application which traces the path which a packet of data takes to travel between a source and a destination by recording the public IP address of the routers through which the packets travel. The application records the time taken for a packet of data to travel from the source to the destination and back in what Dr Nicholls referred to as a “ping test”. Using this information Dr Nicholls concluded that for each of the Nominated Domain Names the time taken for the data to travel indicates that the geographical distance between the source and the destination is likely to be outside of Australia.
10. Separate evidence involving a “Whois” search for each of the Nominated Domain Names indicated that each was associated with an IP address located outside of Australia. “Whois” is an online service which provides information relating to the ownership of domain names. In addition, a search was conducted that identified that the final letters of four of the Nominated Domain Names (.al, .cd, .pe and .tv) are country code domain name extensions associated with a country which is not Australia.
11. On the basis of this evidence, the KAT website (that is, the online location) is located outside Australia.
12. The next question arising under s 115A(1)(a) is whether the respondents provide access to the KAT website. The respondents have not disputed that this is so, and the applicants have filed evidence of persons using the internet services of each of the respondents to access the KAT website by means of the Nominated Domain Names. Accordingly, I am satisfied that this requirement is met.

###### Does the online location infringe, or facilitate an infringement of the copyright – s115A(1)(b)?

1. Subsection 115A(1)(b) requires that the applicants show that the online location infringes, or facilitates the infringement, of their copyright.
2. As noted above (at [30] and [31]), the evidence of Ms Yeung is that using each of the Nominated Domain Names, she successfully downloaded the copyright works onto her computer. Ms Yeung also confirmed, by listening to the files, that they were copies of the musical works and sound recordings. As is also noted above (at [32]), no licence has been supplied to KickassTorrents, KAT, or users thereof.
3. The download of a sound recording will infringe the right to copy the sound recording because the person undertaking the downloading will have produced an entire copy of the sound recording. If the downloaded sound recording embodies a musical work, this also infringes the reproduction right.
4. In the result, I am satisfied that the online location, the KAT website, facilitates an infringement of the applicants’ copyright.

###### The primary purpose of the online location is to infringe, or facilitate the infringement of copyright (whether or not in Australia) – s 115A(1)(c)

1. In *Roadshow* Nicholas J observed that if the Court is satisfied that the principal activity for which the online location is used or designed to be used is copyright infringement or the facilitation of copyright infringement, then it will be open to conclude that the primary purpose of the online location is to infringe, or facilitate the infringement of, copyright (*Roadshow* at [49]).
2. It is necessary for the applicants to establish that the primary purpose of the online location is to infringe copyright generally, not the applicant’s particular copyright. In addition to the matters identified earlier in these reasons at [30] – [35], the following points demonstrate that this is the primary, if not the sole purpose of the online location:

* A significant amount of popular motion picture and television content (including Australian television content), which is available on the Respondents’ digital distribution services (set out further below), has been made available for download from the online location. It can be inferred that this, and other popular content, would not be licensed to an online location with vast numbers of users (millions of visits per month from Australian users alone) without requiring payment or a user registration process, yet the KAT website requires neither.
* The online location allows users to search for content using terms such as “*CD rip*”, “*DVD rip*” and “*iTunes rip*”. These searches produce a significant amount of content which, given their nature, is likely to be infringing content.
* The online location provides explanations for how to use the site, how to upload content for other users to download by means of the BitTorrent protocol, and provides a mechanism for users to request that particular content be uploaded and made available free of charge.

1. I am satisfied that the primary purpose of the KAT website is to infringe or to facilitate the infringement of copyright.

###### Discretionary considerations

1. I consider that it is appropriate to grant an injunction to require the respondents to take reasonable steps to disable access to the KAT website. As noted, I am satisfied that each of the requirements of s 115A(1) have been established. I have also had regard to the matters to be taken into account set out in s 115A(5). The matters set out above at [73], [74], including the large number of monthly visits to the KAT website, indicate that the infringement facilitated by the KAT website can be described as flagrant and reflect an open disregard for copyright on the part of the operators of the KAT website. The matters set out in [36] – [45] above tend to support this conclusion. The KAT website has already been the subject of orders blocking access to it on the basis of copyright infringement in a “*significant number of jurisdictions*”, including the United Kingdom, Ireland, Denmark, Italy, Finland and Belgium. The scale of the infringement is such that it has a real and meaningful impact on the creation of new copyright content.
2. I accept the applicants’ submission that the orders sought would be effective at preventing a meaningful proportion of Australian users from infringing copyright via the online location in the future, without giving rise to a danger of “*overblocking*” legitimate websites. In this regard the blocking order sought is relevantly:

1. [T]hat each Respondent must, within 15 business days of the grant of these Orders, take reasonable steps to disable access to the Target Online Location.

2. [T]hat without limiting the technical means which a Respondent may implement to comply with Order 1, Order 1 is deemed to have been complied with by a Respondent if that Respondent implements at its discretion any of the following measures:

(a) DNS Blocking in respect of each [of the Nominated Domain Names]; or

(b) any alternative technical means for disabling access to the Target Online Location as agreed in writing between an Applicant and a Respondent.

1. The evidence of Dr Nicholls is that in order to send and receive packets between a public IP address and the internet user’s public IP address, the ISP (relevantly here, one of the respondents) would send the URL to a domain name systems server (**DNS server**) which would then translate the URL to a numerical IP address. The order sought requires, inter alia, that the respondents take steps to disable access to the KAT website via each of the Nominated Domain Names by a process of DNS Blocking by which a user who attempts to use the Nominated Domain Name will be redirected to another location rather than the KAT website. The result is that a person in Australia who uses one of the respondents’ CSP services would be unable to access the online location by using any of the Nominated Domain Names. That is, in my view, a proportionate response in the circumstances of the present case. Furthermore, the evidence reveals that the applicants have taken steps to ensure that Australian customers have access to their licensed copyright content by other, legal means. As noted, the respondents do not contend that DNS Blocking is unable to be achieved or is impracticable, and consent to this form of order.
2. Overall, I am satisfied that it is appropriate to grant the remedy sought under s 115A.

##### TERMS OF RELIEF

###### Substantive Orders

1. The parties have helpfully negotiated and agreed on most matters relating to the form of the injunctive relief that should be granted. Since the delivery of the judgement in *Roadshow* a number of the outstanding issues have further been resolved. Below, I address the form of orders to be granted and identify the remaining areas of disagreement between the parties.
2. Orders 1 – 7 as sought by the applicants are relevantly as follows:

1. That each Respondent must, within 15 business days of the grant of these Orders, take reasonable steps to disable access to the Target Online Location [defined in these reasons as the KAT website].

2. That without limiting the technical means which a Respondent may implement to comply with Order 1, Order 1 is deemed to have been complied with by a Respondent if that Respondent implements at its discretion any of the following measures:

(a) DNS Blocking in respect of each Nominated Domain Name; or

(b) any alternative technical means for disabling access to the Target Online Location as agreed in writing between an Applicant and a Respondent.

3. That each Respondent must redirect any communication by a user of its service seeking access to the Target Online Location which has been disabled pursuant to Order 1 to a webpage established, maintained and hosted by either:

(a) the Applicants, or their nominee, pursuant to Order 4; or

(b) that Respondent or its nominee.

4. That the Applicants are to cause a webpage to be established, maintained and hosted which makes available the following information to users of a Respondent’s service who have been redirected to the webpage pursuant to Order 3:

(a) that access to the website has been disabled because this Court has determined that it infringes or facilitates the infringement of copyright.

5. That, within 5 business days of these Orders the Applicants will notify each of the Respondents in writing of the URL of the webpage established, maintained and hosted under Order 4 and, if the webpage ceases to operate for any reason, will notify each of the Respondents in writing of a different URL that complies with Order 4.

6. That the Applicants must notify each Respondent, in writing, within 15 business days of the Applicants (or any one of them) becoming aware that any Nominated Domain Name ceases to enable or facilitate access to the Target Online Location otherwise than by reason of these orders, or that the Target Online Location has ceased to have the primary purpose of infringing or facilitating the infringement of copyright, in which case, the Respondents shall no longer be required to take steps to disable access to the Target Online Location in accordance with Order 1.

7. That Order 1 is to operate for a period of 3 years from the date of the grant of these Orders.

1. These orders are appropriate and are of similar effect to those made in *Roadshow* (see [125] – [128] of that judgment).
2. Proposed order 8 is (mark-up added):

8. That a Respondent will not be in breach of Order 1 if it temporarily declines or temporarily ceases to take the steps ordered in Order 1 (either in whole or in part) upon forming the view, on reasonable grounds, that suspension is necessary to:

(a) maintain the integrity of its network or systems, or functioning of its blocking system;

(b) upgrade, troubleshoot or maintain its blocking system;

(c) avert or respond to an imminent security threat to its network or system; or

(d) ensure the reliable operation of its ability to block access to online locations associated with criminal content if it reasonably considers that such operation is likely to be impaired, or otherwise to comply with its legal ~~statutory~~ obligations (other than any contractual obligations to its customers) including under section 313(3) of the *Telecommunications Act 1997* (Cth) or otherwise,

provided that:

(e) unless precluded by law, it notifies the Applicant or their legal representatives of such suspension, including the reasons and the expected duration of such suspension by 5.00 pm on the next business day; and

(f) such suspension lasts no longer than is reasonably necessary and in any case, no longer than 3 business days or such longer period as the applicants may agree in writing or the Court may allow.

1. In relation to the marked up words in (f), I note that the Court in *Roadshow* at [133] considered that this was an appropriate formulation, and whilst the parties in the present case did not propose these words, I consider it appropriate that the order include them. TPG submitted that the marked up amendments to (d) should be made, contending that the broader language proposed will enable a CSP a short window of time in which to approach the Court for a variation of the orders in the event that it falls under a legal obligation. I consider that these additional words are appropriate to safeguard the interests of the respondents.
2. TPG also contends that the following order should be included, it being an order that was desirable for uniformity with the agreed *Roadshow* orders :

9. The owner or operator of the Target Online Location and the owner or operator of any website who claims to be affected by these Orders may apply on 3 days’ written notice, including notice to all parties, to vary or discharge these orders, with any such application to:

(a) set out the orders sought by the owner or operator of the Target Online Location or affected website; and

(b) be supported by evidence as to:

(i) the status of the owner or operator of the Target Online Location or affected website; and

(ii) the basis upon which the variation or discharge is sought.

1. The applicants do not, as I understand it, oppose this additional order and, in my view, it is appropriate to make it.
2. Orders 10-12 provide a regime whereby, in the event that the applicants consider that further blocking orders should be made as a result of knowledge that they obtain that the KAT website may be accessed by an additional domain name, the Court may be approached. This approach is not identical to, but is consistent with the approach adopted in *Roadshow* and I consider to it be appropriate.
3. The remaining areas that warrant consideration arise from the substantial dispute between the applicants and the respondents as to the correct orders to make with regard to the costs of compliance with these orders and the costs of the proceedings as a whole.

###### The Costs of Compliance

The Arguments

1. The applicants submit that the respondents, as CSPs, should bear their own costs of complying with the orders for several reasons. First, they submit that the injunction is simply part of the regulatory regime in which they find themselves, and thus should be seen as a cost of “doing business”. They cite s 313(2) of the *Telecommunications Act*, which provides that a carriage service intermediary must do its best to prevent telecommunications networks and facilities from being used in, or in relation to, the commission of offences against the laws of the Commonwealth or of the States and Territories. Section 115A of the *Copyright Act* is, the applicants submit, part of a broader regulatory regime in which the respondents find themselves. The applicants cite the decision of Arnold J in *Twentieth Century Fox Film & Ors v British Telecommunications plc* [2011] EWHC 2714 (Ch) (***Twentieth Century Fox***) at [32]:

BT [British Telecommunications] is a commercial enterprise which makes a profit from the provision of the services which the operators and users of Newzbin2 use to infringe the Studio’s copyright. As such, the costs of implementing the order can be regarded as a cost of carrying on that business. It seems to me to be implicit in recital (59) of the Information Society Directive that the European legislature has chosen to impose that cost on the intermediary.

1. The applicants submit that whilst the legislative regime is different in the United Kingdom, the reasoning of Arnold J applies equally here and did not depend wholly on Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (***Information Society Directive***). Put another way, the applicants submitted that the respondents carry out a public function as licensed private persons in the same manner as a public utility. They provide a licensed facility and, whilst they do not authorise infringement, they provide a facility by which infringement occurs. This, they submit, is the principal reason why it is fair for them to pay for the costs of implementing a reasonable system.
2. Secondly, the applicants submit that the respondents will also benefit from the blocking of the online location. This is because they too are providers of licensed copyright content and, although the extent is unquantifiable, as a matter of impression (rather than mathematically) they accrue a benefit beyond that of mere bystanders or innocent third parties. In this context, each of the respondents provides paid services to customers by which they can access legitimate copyright content. Those services, which make licensed copyright content available to customers, are also undermined by copyright infringement facilitated by the online location and websites like it. The evidence shows that copyright content available from the respondents’ digital distribution services is available on the KAT website for download. Further, the respondents have sought, and the applicants have agreed, to orders which allow for them to provide their own landing page (order 3) which provides an opportunity for a respondent to implement the orders and use the landing page to promote its own services.
3. Thirdly, the applicants submit that the costs of the implementation of the orders are de minimis. In the context of achieving a regime for blocking online locations which is intended to be efficient and economical, it is as a matter of policy better to avoid arguments about trivial costs, having regard to the inefficiencies of raising such arguments upon the bringing of each application. This approach accords with the approach adopted in the United Kingdom.
4. Fourthly, s 115A is silent on the question of payment of costs of implementation. Whilst the applicants accept that the Court has power to order such costs, they submit that a contrast might be drawn between this section and s 313 of the *Telecommunications Act 1997* (Cth) (whereby CSPs may be required to provide assistance to the authorities), where s 314(2) provides that the costs of such assistance will be reimbursed to CSPs. The applicants submit that no similar provision is included in s 115A, ‘though it easily could have been’.
5. The respondents advanced a range of arguments in support of their position, which is essentially that the applicants should pay some or all of their compliance costs.
6. Telstra submits that there are two reasons why the applicants should bear their costs of compliance. First, Telstra is an innocent party which has not infringed any of the applicants’ rights. Secondly, an injunction is intended to serve the applicants’ commercial interests. Each of those propositions (which counsel for Telstra dubbed the “innocence principle” and the “benefit principle”) is, Telstra submits, evident from the wording of s 115A and the REM. Telstra submits that the usual position is that where there is an innocent party against whom coercive orders are sought, and those orders benefit another party, the practice of the Court is to require the applicant to pay the respondent’s costs of compliance (and the costs of the proceedings); *Dallas Buyers Club LLC v iiNet Limited (No 3)* [2015] FCA 422; (2015) 327 ALR 695 at [11]. The position of Telstra is, it submits, analogous to that of a third party recipient of a freezing order or a subpoena, or the respondent in an application for preliminary discovery seeking the description of a prospective respondent. Each routinely involves orders that the applicant pay the innocent party’s costs of compliance with the orders; *Council of the City of Sydney v Goldspar Pty Ltd* [2003] FCA 769 at [5]; *Airways Corporation of New Zealand v Present Partners of Pricewaterhouse Coopers Legal* [2002] NSWSC 521 at [12].
7. In this context, Telstra distinguished the reasoning of Arnold J in *Twentieth Century Fox* as arising from a different legislative heritage to that of s 115A, in that Article 8 and Recital 59 of the *Information Society Directive* evinced a general policy concerning CSPs which is not applicable under the Australian regime.
8. Optus adopted Telstra’s arguments, and added reference to the decision of the House of Lords in *Norwich Pharmacal Co v Customs and Excise Commissioners* [1974] AC 133 (***Norwich Pharmacal***) to the list of cases where it might be said that the innocence principle and the benefit principle applied. It also submits that the Court of Appeal in the United Kingdom decision of *Cartier International AG v British Sky Broadcasting Ltd* [2016] EWCA Civ 658 supports its position, when one recognises that the outcome of that decision was influenced by the legislative heritage identified above.
9. TPG adopts the submissions of Optus and Telstra and further submitted that s 115A offered an alternative means by which a copyright owner could enforce its rights against an overseas online location. Had that location been in Australia, if the copyright owner desires to seek the identity of the online location operator, it most likely would have moved under *Federal Court Rules 2011* (Cth) r 7.22 for preliminary discovery. In that circumstance, prevailing authority indicates that the applicant for discovery would have to pay compliance costs and legal costs. As a matter of principle, the position of the respondents is no different to that of a party who has received an application for preliminary discovery (or a *Norwich Pharmacal* order).
10. Foxtel is in a different position to the other respondents. It expressly does not adopt their submissions and affirms that its primary position is that there should be no order for compliance costs to be paid. Its alternative submission is that, in the event that the Court orders the payment of compliance costs, it should receive the benefit of that order.

Consideration

1. The REM makes plain that it is desirable for orders under s 115A to be made in an efficient and streamlined manner. The REM also emphasises that the injunctions provided under s 115A(2) are no-fault remedies in order to benefit copyright owners. Without the operation of s 115A, copyright owners could not secure the blocking of an overseas website from a domestic CSP.
2. Although it is a bespoke provision, in my view the remedy is broadly analogous to processes which use the coercive powers of the Court to require third parties to take actions for the benefit of a litigant under principles developed pursuant to the *Norwich Pharmacal* case, preliminary discovery and also the administration of subpoenas and the like. As submitted by the respondents (with the exception of Foxtel), those remedies are available against innocent third parties who are generally recompensed by the applicant for costs incurred in compliance.
3. The REM and secondary reading materials demonstrate that s 115A was enacted to benefit rights holders, such as the applicants. Others undoubtedly do benefit from the proper policing of copyright law. Such laws benefit the cultural heritage of the community by encouraging the creative arts, the original owners of the copyrights who in due course often receive a financial return for their creations (frequently by assigning those rights) and current copyright owners and licensees. However, the legislation most directly and immediately benefits copyright owners and exclusive licensees, such as the applicants. The fact that some CSPs may also licence the use of copyright works, and that the present respondents do so, does not displace the fact that the commercial benefit for the action sits most squarely with the applicants. Any derivative benefit to the respondents is speculative, unproved, and at a level of abstraction that renders it irrelevant. The question of whether an innocent third party should bear the burden of costs incurred to the benefit of rights holders is not to be answered by asking a general question as to whom may, in a broad and abstract sense, benefit from copyright. At that level, everyone in the community does.
4. In my view it is appropriate that the applicants pay the respondents’ costs or some significant portion thereof. In *Roadshow*, Nicholas J found that in circumstances where each of the respondents propose to use DNS Blocking it is appropriate to settle on compliance costs calculated by reference to the number of domain names that the respondents will be required to block; *Roadshow* at [148]. I agree.
5. Turning to the question of quantum, his Honour concluded that it was not appropriate for the applicants to pay Telstra’s set-up costs, on the basis that these costs, which have already been incurred, were the practical consequence of the introduction of s 115A to the *Copyright Act*. As a result of that section, it has become essential that a CSP possess the technical capacity to comply with an injunction. Telstra’s set-up costs are, as Nicholas J found (borrowing the language of Arnold J in *Twentieth Century Fox*) a general cost of carrying on business; *Roadshow* at [144]. I share and adopt his Honour’s view in this respect.
6. When it comes to quantifying the costs of implementing DNS blocking in the current case, I agree with the applicants’ submission that, in the scheme of things the compliance costs in the present case appear to be minimal. But nevertheless as a matter of principle the applicants should bear them and do so by reference to a notional cost per domain name to be blocked. As in *Roadshow*, the respondents advanced costs claims in varying amounts. However, their evidence broadly indicated that their costs specific to blocking (as opposed to set-up costs or the cost of the optional landing page) were broadly about $50 per domain name. There is much to commend a uniform approach to fixing a “tariff” for the grant of such orders. The evidence in the *Roadshow* proceedings commended to Nicholas J the conclusion that $50 (exclusive of GST) per domain name is appropriate. Whilst that is less than some respondents seek, it broadly reflects the amount sought by TPG and is not far from the mark for the amount sought by Telstra, and more generous than the amounts sought by Optus and Foxtel on a per domain basis. To the extent that actual costs exceed this, I agree that the respondents should bear them.

###### Legal Costs of Proceedings

1. Each of the respondents submits that the applicants should pay their costs of the proceedings. In broad terms, they submit that they have not contested any of the substantive copyright questions in the proceeding and have engaged cooperatively with the applicants to endeavour to settle, as far as possible, on a set of orders that are clear and readily capable of implementation. They submit that s 115A represents an extraordinary jurisdiction which exposes CSPs who are themselves not alleged to have committed any wrong to a mandatory injunction. It is the applicants who obtain the benefit from an order, being the compulsory assistance of the respondents to enforce their copyright. Furthermore, Foxtel and TPG submit that the form of order initially proposed by the applicants was substantially different to that which was presented to the Court at the hearing, and it was only after extensive negotiations that the applicants agreed to adopt the form currently sought, which in large measure is the same as that which was proposed by agreement in the *Roadshow* proceedings. They submit that the applicants ought to have adopted this form of orders from the outset and that by failing to do so they obliged the respondents to incur additional expense. The applicants submit that there should be no order as to costs.
2. In my view, the scheme of the legislation is such that it is in the parties’ mutual interest to discuss and, if possible, agree to suitable orders. The interest on the part of the applicants is to ensure a workable scheme by which the operation of target online locations can be disrupted. The interest of the respondents is to ensure a practical mechanism by which their own operations can give effect to the legislation. In those circumstances, negotiations are to be encouraged. Whilst as a matter of hindsight it may have been preferable for the applicants earlier to adopt proposed orders in the form that was agreed between the parties in the *Roadshow* proceedings, given that the legislation is new, and there had been no determination in those proceedings by the time that the proceedings came before me, I do not think that the approach adopted by the applicants warrants a conclusion that they should bear the costs of the proceeding. The outcome may be different if such an approach is taken in future proceedings.
3. The only substantive matter outstanding between the parties was the question of principle as to whether or not the applicants should pay the costs of compliance. In that regard, the respondents were successful. The position again is similar to that considered in *Roadshow*. I propose to adopt the same form of order made by Nicholas J; namely to require the applicants to pay the respondents’ costs of and incidental to the preparation of evidence and written submissions and the making of oral submissions, in relation to the issue of compliance costs (excluding set-up costs). There will also be an order that there will be no other order as to costs.

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| I certify that the preceding one hundred and eight (108) numbered paragraphs are a true copy of the Reasons for Judgment herein of the Honourable Justice Burley. |

Associate:

Dated: 28 April 2017

# Schedule

**Applicants:**

|  |  |
| --- | --- |
| First Applicant: | Universal Music Australia Pty Limited (ACN 000 158 592) |
| Second Applicant: | Australasian Performing Right Association Ltd (ACN 000 016 099) |
| Third Applicant: | Australian Music Corporation Pty Ltd (ACN 000 035 576) |
| Fourth Applicant: | Sony Music Entertainment Australia Pty Ltd (ACN 107 133 184) |
| Fifth Applicant: | Warner Music Australia Pty. Limited (ACN 000 815 565) |

**Respondents:**

|  |  |
| --- | --- |
| First Respondent: | TPG Internet Pty Ltd (ACN 068 383 737) |
| Second Respondent: | iiNet Limited (ACN 068 628 937) |
| Third Respondent: | Optus Networks Pty Limited (ACN 008 570 330) |
| Fourth Respondent: | Optus Mobile Pty Limited (ACN 054 365 696) |
| Fifth Respondent: | Uecomm Pty Limited (ACN 079 083 195) |
| Sixth Respondent: | Optus Fixed Infrastructure Pty Limited (ACN 092 450 783) |
| Seventh Respondent: | Uecomm Operations Pty Limited (ACN 093 504 100) |
| Eighth Respondent: | Vividwireless Pty Ltd (ACN 137 696 461) |
| Tenth Respondent: | Virgin Mobile (Australia) Pty Limited (ACN 092 726 442) |
| Eleventh Respondent: | Alphawest Pty Limited (ACN 009 222 931) |
| Twelfth Respondent: | Optus Wholesale Pty Limited (ACN 092 227 551) |
| Thirteenth Respondent: | Optus Internet Pty Limited (ACN 083 164 532) |
| Fourteenth Respondent: | Optus Backbone Investments Pty Limited (ACN 138 676 356) |
| Fifteenth Respondent: | Telstra Corporation Limited (ACN 051 775 556) |
| Sixteenth Respondent: | Pacnet Services (A) Pty. Ltd. (ACN 056 783 852) |
| Seventeenth Respondent: | Pacnet Internet (A) Pty Ltd (ACN 085 213 690) |
| Eighteenth Respondent: | Foxtel Management Pty Limited (ACN 068 671 938) |
| Nineteenth Respondent: | TPG Network Pty Ltd (ACN 003 064 328) |
| Twentieth Respondent: | FTTB Wholesale Pty Ltd (ACN 087 533 328) |
| Twenty First Respondent: | Chariot Pty Ltd (ACN 088 377 860) |
| Twenty Second Respondent: | Soul Pattinson Telecommunications Pty Limited (ACN 001 726 192) |
| Twenty Third Respondent: | SPT Telecommunications Pty Limited (ACN 099 173 770) |
| Twenty Fourth Respondent: | SPTCom Pty Limited (ACN 111 578 897) |
| Twenty Fifth Respondent: | Soul Communications Pty Ltd (ACN 085 089 970) |
| Twenty Sixth Respondent: | PIPE Networks Pty Limited (ACN 099 104 122) |
| Twenty Seventh Respondent: | lntraPower Terrestrial Pty Ltd (ACN 081 193 259) |
| Twenty Eighth Respondent: | lnternode Pty Ltd (ABN 82 052 008 581) |
| Twenty Ninth Respondent: | TransACT Capital Communications Pty Ltd (ACN 093 966 888) |
| Thirtieth Respondent: | TransACT Victoria Communications Pty Ltd (ACN 063 024 475) |
| Thirty First Respondent: | Westnet Pty Ltd (ACN 086 416 908) |
| Thirty Second Respondent: | Adam Internet Pty Ltd (ACN 055 495 853); |
| Thirty Third Respondent: | AAPT Limited (ACN 052 082 416) |
| Thirty Fourth Respondent: | Request Broadband Pty Ltd (ACN 091 530 586) |

# Appendix A

**Sound Recordings:**

1. Sound recordings of musical works on the album "Peace Is the Mission" (Extended) by Major Lazer, being:
   1. Be Together
   2. Too Original
   3. Blaze Up The Fire
   4. Lean On
   5. Powerful
   6. Light It Up
   7. Roll the Bass
   8. Night Riders
   9. All My Love (Remix)
   10. Light It Up (Remix)
   11. Boom
   12. Wave
   13. Thunder & Lightning
   14. Lost

(together, the ***Major Lazer Recordings***).

1. Sound recordings of musical works on the album "Vessel" by The Kite String Tangle, being:
   1. Arcadia
   2. What If
   3. Stone Cold
   4. Words
   5. Given The Chance
   6. What's The Point

(together, the ***TKST Recordings***).

1. Sound recording of the musical work "Like a Drum" by Guy Sebastian (the ***Guy Sebastian Recording***).
2. Sound recordings of musical works on the album "Beautiful" by Jessica Mauboy, being:
   1. Beautiful
   2. Kiss Me Hello
   3. Pop a Bottle (Fill Me Up)
   4. I Believe
   5. Never Be the Same
   6. In Love Again
   7. Honest
   8. I’ll Be There
   9. Go (I Don’t Need You)
   10. Heartbreak Party
   11. Barriers
   12. To the End of the Earth
   13. Kick Up Your Heels

(together, the ***Jessica Mauboy Recordings***).

1. Sound recordings of musical works on the album "American Beauty / American Psycho" by Fall Out Boy, being:
   1. Irresistible
   2. American Beauty / American Psycho
   3. Centuries
   4. The Kids Aren't Alright
   5. Uma Thurman
   6. Jet Pack Blues
   7. Novocaine
   8. Fourth of July
   9. Favorite Record
   10. Immortals
   11. Two Skeleton’s (Hotel in NYC)

(together, the ***Fall Out Boy Recordings***).

1. Sound recordings of musical works on the album "Purpose" (Deluxe) by Justin Bieber, being:
   1. Mark My Words
   2. I'll Show You
   3. What Do You Mean?
   4. Sorry
   5. Love Yourself
   6. Company
   7. No Pressure
   8. No Sense
   9. The Feeling
   10. Life is Worth Living
   11. Where Are Ü Now
   12. Children
   13. Purpose
   14. Been You
   15. Get Used To It
   16. We Are
   17. Trust
   18. All In It

(together, the ***Justin Bieber Recordings***).

1. Sound recordings of musical works on the album "Delirium" (Deluxe) by Ellie Goulding, being:
   1. Intro (Delirium)
   2. Aftertaste
   3. Something In the Way You Move
   4. Keep On Dancin'
   5. On My Mind
   6. Around U
   7. Codes
   8. Holding On For Life
   9. Love Me Like You Do
   10. Don't Need Nobody
   11. Don't Panic
   12. We Can't Move To This
   13. Army
   14. Lost and Found
   15. Devotion
   16. Scream It Out
   17. The Greatest
   18. I Do What I Love
   19. Paradise
   20. Winner
   21. Heal
   22. Outside

(together, the ***Ellie Goulding Recordings***).

1. Sound recording of the musical work "Highway to Hell" by AC/DC (the ***AC/DC***

***Recording***).

# Appendix B

**Musical Works:**

1. Chandelier – performed by Sia
2. Highway to Hell – performed by AC/DC
3. She Looks So Perfect – performed by 5 Seconds of Summer
4. Talk is Cheap – performed by Chet Faker
5. Like a Drum – performed by Guy Sebastian
6. Thinking Out Loud – performed by Ed Sheeran
7. I'm Not the Only One – performed by Sam Smith
8. Shake it Off – performed by Taylor Swift
9. Steal My Girl – performed by One Direction