



Law Council
OF AUSTRALIA

Business Law Section

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Via email: legcon.senate@aph.gov.au

21 April 2015

Dear Sir or Madam,

Copyright Amendment (Online Infringement) Bill 2015

1. The Intellectual Property Committee (**IPC**) of the Business Law Section of the Law Council of Australia is pleased to make this submission in response to the referral of the Copyright Amendment (Online Infringement) Bill 2015 to the Senate's Legal and Constitutional Affairs Committee.
2. Noting that the terms of the Bill have made some changes to the initial proposals outlined in the Government's Online Copyright Infringement Discussion Paper, the IPC is broadly supportive of the Bill and its objects. The IPC does, however, have the following concerns and comments.
3. First, the IPC notes that pursuant to the current Bill, the Court may, upon application, vary an injunction granted under s 115A.
4. The IPC understands that the courts in England making orders under s 97A of the *Copyright Designs and Patents Act 1988* (UK) include in the order provision for "updating" or adding to the URLs to be blocked if the URL of the website to be blocked changes or the website moves.¹
5. As the IPC understands this procedure, it is an administrative procedure in which the right holder notifies the ISP in writing of the change or addition and there is no need for further application to the court. That is, the right holder simply writes to the ISP which then must implement the block. Presumably, if an ISP disagrees that the "updated" URL falls within the scope of the Court order, it can make an application to the court for clarification. The IPC is unaware, however, whether that is the case or ever happens.
6. The IPC can see attractions in such a procedure in terms of efficiency and reduced costs. In particular, the procedure would provide a cost-effective and efficient

¹ *Cartier International AG and ors v British Sky Broadcasting Limited* [2014] EWHC 3354 (the *Richemont* case).

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means to address attempts by the operator of an online location to subvert the orders of the Court by moving infringing content to another electronic address. This is a unique problem to the internet given the ease by which content may be moved from one electronic address to another. The IPC is concerned, however, that such a procedure, if not subject to appropriate safeguards, could be open to abuse. There is no assurance that the matters to be taken into account in relation to the grant of the injunction apply with the same weight to the new online location. Without a Court considering such matters, the procedure could be seen as an unwarranted and unconstitutional delegation of judicial power. The IPC is not aware of the courts allowing similar “administrative” changes or additions to injunctions which are after all orders of the court, breaches of which are punishable for contempt. It is not clear to the IPC whether or not it is intended that such a procedure be available for injunctions granted under proposed s 115A. It is also not clear to the IPC that the Federal Court would necessarily adopt this procedure in Australia under the proposed s 115A in the absence of express power or expressed Parliamentary intention. We suggest that the procedure might be appropriately enabled by a provision in the statute specifically enabling the Court to make an order enabling the injunction to extend to any other location where, following blocking of an online location, substantially the same content is made available at another location, but subject to prior notice given by the owner of the copyright to the Court.

7. We note that the list of matters to be taken into account by the Court (at sub-clause 115A(5) is lengthy, non-exhaustive (“any other relevant matter”) and mandatory for the Court to follow. Given the jeopardy that is created by mandatory consideration of many factors including other relevant matters, we suggest that the Court should be expressly empowered to give such weight as the Court considers appropriate to relevant (including listed) matters. This is the approach taken in the recent Singapore legislation, now section 193DDA(2) of the *Copyright Act (Chapter 63)* of Singapore.
8. We note that the Bill uses the concept of “carriage service provider” which (by section 10 of the *Copyright Act 1968*) cross-refers to section 87 of the *Telecommunications Act 1991*. The complex definition in section 87 relates to supply of a “listed carriage service” “to the public”. The provision of internet services in Australia is multi-tiered, with some vertically integrated internet service providers providing international connectivity to the global internet, some retail only providers using others as wholesalers for connectivity, and some backbone and connectivity only providers. The most efficient way to block access to infringing online locations will often be to address the blocking at the relatively few international connectivity (wholesale) points, not at the multiplicity of retail interfaces of retail internet service providers. This would also minimise administrative inconvenience and costs of retail internet service providers that may otherwise be incurred in responding to applications for ‘retail level’ blocking made under this Bill. Given the complexity of determination of whether a wholesale provider supplies a “listed carriage service” “to the public”, we suggest that the Bill should make it clear that a Court may grant an order in respect of service providers providing international connectivity to the global internet.
9. Next, we note that sub-clause 115A(3) provides that the parties to the proceeding are the right holder, the alleged infringer and the carriage service provider. Sub-

clause (9) provides that a carriage service provider is not liable for any costs unless it enters an appearance and takes part in the proceedings.

10. On the one hand, carriage service providers may prefer to play a minimal role rather than incur costs, and may welcome the apparent intention that the proceedings be essentially *ex parte*. The IPC is concerned, however, that this will provide a powerful incentive for carriage service providers not to contest applications for such injunctions which may well mean that such applications are not scrutinised with the care that such significant orders should receive.
11. It should be borne in mind that the carriage service provider is not the infringer targeted by this procedure, but is very much playing an ancillary role. The carriage service provider is being ordered to block access to the website to assist the right holder through this procedure in the right holder's dispute with the website operator. The position of the carriage service provider is akin to that of a person against whom a court makes orders for pre-action discovery to assist a right holder to identify who the infringer is or to preserve property pending judicial determination.²
12. Typically, the courts order a right holder who makes such an application to pay the (reasonably incurred) costs of the person against whom the orders are made unless the right holder starts proceedings for infringement against that person resulting from the application.³ A recent example of this is the *Dallas Buyers Club* litigation in which Perram J ordered the right holder to pay the ISPs' costs of providing information about the identity of customers alleged to be downloading copies of the movie illegally.⁴ We note that the Court's discretion in this regard provides the ability for the Court to address costs as it sees fit. Provided that this discretion is not restrained, the reasonable exercise of this discretion should allow a Court to make appropriate orders as to costs.
13. Finally, the Bill does not address the question of who should pay the costs of implementing an order to block access to a third party website: the right holder or the carriage service provider. The IPC notes that in the *Richemont* case, Arnold J ordered the ISPs to bear the costs of implementing the orders. The IPC also notes the apparently wide differences in costs different ISPs claimed to incur in implementing the orders.
14. A Court should not be constrained by statute in its ability to make appropriate orders as to costs, having regard to the principles discussed above. Further, the IPC is concerned that an order that the carriage service provider bear the costs of implementing an order will impose a cost that will be passed on to all users of the carriage service provider's service. That is, the costs order will essentially act as a tax on all users, not just infringers. Some constraint on what the costs are may be imposed by competition between service providers for customers. The constraint imposed by competition, however, will apply mostly in capital cities and other large centres. It will not apply in towns or other areas where there are only one or one or two carriage service providers. The IPC therefore submits that a subpoena costs

² Federal Court Rules 2011 r. 7.21 – 7.47.

³ For example, *SmithKline Beecham plc v Alphapharm Pty Ltd* [2001] FCA 271; *Project Development Co Ltd SA v K M K Securities Ltd* [1983] 1 All ER 465; [1982] 1 WLR 1470.

⁴ *Dallas Buyers Club LLC v iiNet Limited* [2015] FCA 317.

regime may be worth considering, as these cover legal as well as implementation costs.

15. If you have any questions regarding the submission, in the first instance please contact the Committee Chair, Sue Gilchrist, on 02-9296 2166 or via email: sue.gilchrist@au.kwm.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Keeves', with a long horizontal flourish extending to the right.

John Keeves, Chairman
Business Law Section