



# Copyright Amendment (Online Infringement) Bill 2015

**Joint Submission**  
**16 April 2015**

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## 1 Introduction

- 1 The Australian Screen Association (**ASA**), the Australian Home Entertainment Distributors Association (**AHEDA**), the Motion Picture Distributors Association of Australia (**MPDAA**), the National Association of Cinema Operators (**NACO**) and the Independent Cinemas Association of Australia (**ICAA**) (collectively, the **Australian Film/TV Bodies**), are pleased to make this submission in response to the *Copyright Amendment (Online Infringement) Bill 2015* (the **Bill**).
  
- 2 These associations represent a large cross-section of the film and television industry that contributed \$6.1 billion to the Australian economy and supported an estimated 49,000 FTE workers in 2009-10:<sup>1</sup>
  - (a) The **ASA** represents the film and television content and distribution industry in Australia. Its core mission is to advance the business and art of film making, increasing its enjoyment around the world and to support, protect and promote the safe and legal consumption of movie and TV content across all platforms. This is achieved through education, public awareness and research programs, to highlight to movie fans the importance and benefits of content protection. The ASA has operated in Australia since 2004 (and was previously known as the Australian Federation Against Copyright Theft). The ASA works on protecting and promoting the creative works of its members. Members include: Village Roadshow Limited; Motion Picture Association; Walt Disney Studios Motion Pictures Australia; Paramount Pictures Australia; Sony Pictures Releasing International Corporation; Twentieth Century Fox International; Universal International Films, Inc.; and Warner Bros. Pictures International, a division of Warner Bros. Pictures Inc.
  - (b) **AHEDA** represents the \$1.3 billion Australian film and TV home entertainment industry covering both packaged goods (DVD and Blu-ray Discs) and digital content. AHEDA speaks and acts on behalf of its members on issues that affect the industry as a whole such as: intellectual property theft and enforcement; classification; media access; technology challenges; copyright; and media convergence. AHEDA currently has 12 members including all the major Hollywood film distribution companies through to wholly-owned Australian companies such as Roadshow Entertainment, Madman Entertainment, Hopscotch Entertainment and Anchor Bay Home Entertainment.
  - (c) The **MPDAA** is a non-profit organisation formed in 1926 by a number of film distribution companies in order to promote the motion picture industry in Australia. It represents the interests of motion picture distributors before government, media and relevant organisations, providing policy and strategy guidance on issues such as classification, accessible cinema, copyright piracy education and enforcement and industry code of conduct. The MPDAA also acts as a central medium of screen-related information for members and affiliates, collecting

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<sup>1</sup> Access Economics, *Economic Contribution of the Film and Television Industry* (August 2011) Access Economics Pty Limited <[www.afact.org.au/assets/research/AE\\_report\\_AUG.pdf](http://www.afact.org.au/assets/research/AE_report_AUG.pdf)>, 9.

and distributing film exhibition information relating to box office, theatres, release details and censorship classifications. The MPDAA represents Fox Film Distributors, Paramount Pictures Australia, Sony Pictures Releasing, Universal Pictures International, Walt Disney Studios Motion Pictures Australia and Warner Bros.

- (d) **NACO** is a national organisation established to act in the interests of all cinema exhibitors. It hosts the Australian International Movie Convention on the Gold Coast, this year in its 70th year. NACO members include the major cinema exhibitors Amalgamated Holdings Ltd, Hoyts Cinemas Pty Ltd, Village Roadshow Ltd, as well as prominent independent exhibitors Pacific Cinemas, Dendy Cinemas, Grand Cinemas, Nova Cinemas, Cineplex, Wallis Cinemas, Ace Cinemas and many other independent cinema owners. NACO represents over 1,600 cinema screens throughout Australia, New Zealand and the Pacific regions.
- (e) **ICAA** represents independent cinema exhibitors and has members in every state and territory in Australia including large and small businesses and iconic cinema sites such as the Hayden Orpheum and Cinema Nova. We represent over 80% of regional cinemas – mostly small family businesses. Independent cinemas comprise 25% of the 1991 cinema screens in Australia and 32% of cinema sites – with ICAA representing the owners and operators of 670 cinema screens across 160 cinema locations.

3 All of the Australian Film/TV Bodies and their members have a vital interest in a strong and effective protection of their copyright assets in Australia and the ability to enforce their copyright against threats of online infringement. Indeed, companies represented also invest heavily in major Australian productions that generate millions of dollars in revenue and many thousands in employment. Online copyright infringement presents one of the biggest challenges to the film and television industry's participation in the Australian digital economy, and its contribution to the broader Australian economy. Whilst collectively we embrace digital distribution models and the concept of making content available sooner and on multiple platforms (and for feature films often first available in Australia before the rest of the world), online copyright infringement is also preventing legitimate online business models for the distribution of films and television programs from reaching their full potential.

4 The Australian Film/TV Bodies welcome and strongly endorse the recognition in the Explanatory Memorandum (EM) accompanying the Bill that copyright protection "provides an essential mechanism for ensuring the viability and success of creative industries by incentivising and rewarding creators" and that online copyright infringement "poses a significant threat to these incentives and rewards, due to the ease in which copyright material can be copied and shared through digital means without authorisation." (EM [8]. Targeted measures designed to overcome the "difficulties in taking direct enforcement action against entities operating outside Australia" (EM [10]), such as the no-fault injunction remedy proposed under the Bill, are an appropriate response to the reality of the way in which online infringement needs to be addressed as has occurred in many other countries.

5 Nevertheless there are opportunities to improve the operation and effectiveness of the scheme proposed in the Bill through amendments identified in this submission by the Australian Film/TV

Bodies. These amendments would maintain the “high threshold test” provided for under the Bill while ensuring that the Bill is appropriately framed based on the legal authorities and principles that apply under Australia law, including Australian copyright law.

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## 2 General comments

### General acceptance of no fault Injunctive Relief process

- 6 A large number of European countries<sup>2</sup> have implemented and applied legislation that enables court imposed site blocking orders. In the United Kingdom, injunctive relief has been used to block more than 100 separate foreign websites on the basis of copyright infringement. Section 97A of the *Copyright, Designs and Patents Act 1988* empowers the English High Court “to grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright”.
- 7 Since the first order under s 97A was made on 28 July 2011 (requiring British Telecom to block access to the “Newzbin 2” website (*Twentieth Century Fox Film Corp & Ors v British Telecommunications Plc* [2011] EWHC 1981 (Ch) (**BT case**)), a well settled body of jurisprudence has developed governing s 97A applications. This has now evolved to the point where Henderson J in the 2014 case<sup>3</sup> only required 44 paragraphs to grant the requested order which (as is now usual practice) was not opposed by the ISP defendants .
- 8 The UK cases granting injunctions under s 97A have unanimously found that the type of site blocking requested by the rights holders was technically feasible (and in many cases already in use) and not excessively costly to the ISPs (see e.g. BT case at [177]). The orders made by the English High Court also allow the order to be varied or discharged in the event of a future change in circumstances.
- 9 The largely consensual nature of s 97A cases in practice is unsurprising, given that their focus is not on the conduct of ISPs (other than to ascertain that they are service providers, and that they have actual knowledge of the infringements). The resulting injunction is a no-fault injunction, which does not depend on a finding of authorisation by the ISP, and stands separate from concepts of extended authorisation liability in that it merely seeks to provide an efficient response to clear, commercial-scale infringements that are based overseas. The rightsholders are responsible for initiating the action, the Court reviews the evidence and supervises the process and the granting of an injunction (including its terms), and the ISP then complies with the injunction.

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<sup>2</sup> Thirty two (32) countries in Europe have legislation that incorporates provisions for the blocking of infringing overseas websites. Ten (10) countries have implemented site blocking and have had cases successfully processed through the courts: United Kingdom, Austria, France, Ireland, Iceland, Denmark, Belgium, Greece, Portugal & Finland. Three (3) countries that have implemented site blocking and have cases currently before the courts: Germany, Netherlands & Sweden

<sup>3</sup> *Paramount Home Entertainment v British Sky Broadcasting* [2014] EWHC (Ch) 18 February 2014 (**Paramount v BskyB**) at [8]..

10 Last year Singapore enacted the Copyright (Amendment) Act 2014 allowing for injunctive relief. It followed an earlier recommendation by the Singapore Media Convergence Review Panel,<sup>4</sup> which deemed injunctive relief one of the most appropriate responses to online infringement (the other two being public education and availability of legitimate digital content). The Media Convergence Review Panel was co-chaired by a representative of an intermediary.<sup>5</sup>

### Effectiveness and proportionality

11 Site blocking injunctions are effective. The fact that some subscribers (likely to be a small minority) could seek to circumvent the orders does not deny their effectiveness. In the BT case, Arnold J considered a challenge to the efficacy of the site blocking orders by an ISP claiming that subscribers could circumvent the orders by several technical means.<sup>6</sup> Arnold rejected the challenge and made the site blocking order, finding that it was justified even if it only prevented access by “a minority of users”.<sup>7</sup>

12 Later in *EMI Records v BskyB*,<sup>8</sup> Arnold J considered it highly relevant that:<sup>9</sup>

*“... the evidence indicates that blocking orders are reasonably effective. The effect of the order made in Italy with regard to TPB referred to in 20C Fox v BT at [197] was a 73% reduction in audience accessing TPB in Italy and a 96% reduction in page views. The blocking order made in Italy in relation to KAT has had a similar effect. As for the effect of the orders made in England in relation to TPB, as at 19 December 2011, TPB was ranked by Alexa as number 43 in the UK, while as at 21 November 2012, its UK ranking had dropped to number 293.”*

13 A report by Incopro in 2014<sup>10</sup>, studied the 250 most popular piracy sites in the United Kingdom that made available infringing film and television content. Key findings of the report included:

- court imposed site blocking orders resulted in a significant decline in traffic to all blocked piracy sites. For example, the UK site blocking order for The Pirate Bay obtained in June 2012 and implemented in July 2012 resulted in a decline in traffic by UK internet users to The Pirate Bay of 83.9%;
- traffic to blocked piracy sites plunged 77.5% on average, compared to an increase of 20.9% for the same piracy sites outside the UK where no court imposed site blocking orders were in place;
- within the UK, traffic to all 250 piracy sites analysed (majority of which were not subject to a UK site blocking order) reduced by 22.9% on average, versus an increase in traffic of 7.8%

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<sup>4</sup> Government Media Convergence *Final Report*, pages 23-29.

<sup>5</sup> Google's Head of Policy & Government Affairs, Southeast Asia was the co-chair of the Media Convergence Review subcommittee.

<sup>6</sup> BT case at [192]ff

<sup>7</sup> BT case at [198].

<sup>8</sup> *EMI Records v BskyB* [2013] EWHC (Ch).

<sup>9</sup> At [106].

<sup>10</sup> Incopro 2014, *Site Blocking Efficacy Study: United Kingdom*, Incopro, <<http://www.incopro.co.uk>>

globally, demonstrating that injunctive relief had an overall effect in decreasing the growth of piracy sites compared to the rest of the world;

- although some users in the UK continued to engage in illegal downloading by using dedicated and multi-site proxies to circumvent judicial relief orders, that traffic was insignificant when compared to the overall decline in traffic to the blocked piracy site.

14 Last year, in the *Kino* case, the Court of Justice of the European Union (being the highest appellate Court in the European Union for questions of EU law, whose decisions are binding across all EU Member States) ruled that the blocking order does not need to lead to a complete cessation of the infringement and acknowledged that blocking orders are inherently capable of being circumvented, as long as it discourages users from accessing the file and is:<sup>11</sup>

*“... sufficiently effective to ensure genuine protection of the fundamental right at issue, that is to say that they must have the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter made available to them in breach of that fundamental right.”*

15 In the *BT* case, Arnold J rejected an argument by the ISP that the form of order was not proportionate, instead finding that *“The order is a narrow and targeted one, and it contains safeguards in the event of any change of circumstances. The cost of implementation to BT would be modest and proportionate.”*<sup>12</sup> Similarly, in *Paramount v BSKyB*, Henderson J found that a site blocking order was proportionate bearing in mind the nature of the website in question, the likelihood that affected internet users would know it was infringing and that legitimate content was available elsewhere and users would not be derived of it.<sup>13</sup>

16 In the *Kino* case, the CJEU (being the highest appellate Court in the European Union for questions of EU law, whose decisions are binding across all EU Member States) found that the site blocking orders were proportionate because the orders allowed the ISP to determine the precise means of implementation to achieve the objective, they did not *“unnecessarily deprive internet users of access”* to legitimate content and the measures had the effect of preventing *“or at least making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the [infringing] subject-matter.”*<sup>14</sup>

17 One consideration in terms of the proportionality of a site blocking order is whether it results in over-blocking of websites – unintended restrictions of other non-infringing material. The risk of over-blocking primarily exists when other websites are located on the same server as the piracy website intended to be blocked. The UK film and music industry ensure that piracy sites referred to the courts

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<sup>11</sup> *Kino* (*UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH and Wega Filmproduktionsgesellschaft mbH* (Case C-314-12, 27 March 2014) (*Kino*) at [64].

<sup>12</sup> at [200].

<sup>13</sup> *Paramount v BSKyB* at [42].

<sup>14</sup> *Kino* at [64].

for blocking orders have either 1 or more dedicated IP addresses for their sole use. In the instance when an IP address(es) resolves to more than one site, the onus of due diligence is on the rights holder to ensure the IP addresses they provide to the court are correct and do not impact other sites. This always been satisfied in the United Kingdom. There has only been one case where one site (TorrentFreak.com) was inadvertently blocked when the court issued blocking orders against piracy website EZTV. However that only occurred as a result of deliberate action by EZTV who modified their DNS entries after being blocked to have the same IP address as that of the 'Torrent Freak' website resulting in said online publication being blocked as well.<sup>15</sup>

### **Site blocking orders are consistent with fundamental human rights obligations.**

- 18 As the EM recognises, the Bill is proportionate and entirely consistent with Australia's international obligations under human rights and equivalent treaties and commitments (EM 22 to 28). European Union law provides substantial protection for fundamental human rights. Courts hearing site blocking applications give due weight to the human rights of the parties involved and consider it appropriate to order ISPs to block access to pirate sites. In *Kino*, the CJEU found that a site blocking injunction did not infringe an ISP's freedom to conduct a business because it leaves the ISP to determine the specific measures, which are best adapted to the resources and abilities available to the ISP, and allows the ISP to avoid liability for damages by showing it has taken all reasonable steps to prevent infringement. So far as customers' rights are concerned, the Court observed that the measures implemented must ensure compliance with the fundamental right of internet users to freedom of information. To achieve that, the measures must be strictly targeted. National courts of the EU consistently find that injunctions targeting specific websites achieve that objective.
- 19 For example, courts in England & Wales, in *Paramount v BSKyB*, ruled that the site blocking order being sought would not interfere with fundamental rights of customers recognised by the European Convention on Human Rights.<sup>16</sup>

### **Costs and other considerations**

- 20 The fact that costs will be incurred by the ISP is not a ground for refusing a site blocking order under European law. In the BT case, Arnold J was prepared to make site blocking orders even though implementing them may represent significant costs, have considerable organizational impact and require difficult and complex technical solutions within the ISP's business. In *Paramount v BSKyB*, a recent injunctive relief decision, Henderson J went further and held that "*the cost of compliance will, therefore, be relatively modest and will not cause them any particular difficulty.*"

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<sup>15</sup> <https://torrentfreak.com/skys-court-ordered-piracy-filter-blocks-torrentfreak-130809/>.

<sup>16</sup> *Paramount Home Entertainment v British Sky Broadcasting* [2014] EWHC (Ch) 18 February 2014 (*Paramount v BSKyB*) at [8]



- 21 In the *Kino* case, the CJEU held that since the ISP avoids financial liability by taking reasonable measures and is not required to make “unbearable sacrifices”, that the costs were not disproportionate to the benefits the injunction was designed to achieve in protection of the rights of rightsholders.<sup>17</sup> This decision is now binding on all EU Member States.
- 22 Attempts have been made in Europe to argue that site blocking injunctions interfere with fundamental rights and the freedom of expression under Article 10 of European Convention on Human Rights (ECHR). However, these arguments have been consistently rejected. The CJEU has confirmed that third party injunctions against ISPs made under these laws are consistent with the “fundamental rights recognised by EU law”. These were considered to include the “freedom to operate a business” and the “freedom of information of internet users”.<sup>18</sup>
- 23 In *Kino*, the CJEU found that a site blocking injunction did not infringe “the very substance of the freedom of an internet service provider”.<sup>19</sup> This is because it leaves the ISP to determine the specific measures to be taken to achieve the result – which can involve the use of measures “best adapted to the resources and abilities” of the business - and it is sufficient that the ISP takes reasonable measures to achieve the objective.<sup>20</sup> The CJEU concluded that:<sup>21</sup>

*“...the fundamental rights recognised by EU law must be interpreted as not precluding a court injunction prohibiting an internet service provider from allowing its customers access to a website placing protected subject-matter online without the agreement of the rightholders when that injunction does not specify the measures which that access provider must take and when that access provider can avoid incurring coercive penalties for breach of that injunction by showing that it has taken all reasonable measures, provided that (i) the measures taken do not unnecessarily deprive internet users of the possibility of lawfully accessing the information available and (ii) that those measures have the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter that has been made available to them in breach of the intellectual property right, that being a matter for the national authorities and courts to establish.”*

- 24 Courts in the United Kingdom have reached the same conclusions. One of the clearest statements of this position is found in *Paramount v BSKyB*, with Henderson J ruling that the site blocking order being sought would not interfere with fundamental rights of customers under the ECHR:<sup>22</sup>

*“It appears to me plain that the result of the balancing exercise is that the rights of the Applicants to protection of their copyright should prevail over the rights to freedom of expression and other rights of the other groups of persons whom I have mentioned. The operators of the Target Websites appear to be involved in an activity which they must know is wholly illegitimate. So far as the users of the Target Websites are concerned, they must also for the most part be very well aware that they are participating in an unlawful activity. Furthermore, the*

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<sup>17</sup> *Kino* at [51]-[53].

<sup>18</sup> See e.g. *Kino* at [47].

<sup>19</sup> *Kino* at [52].

<sup>20</sup> *Kino* at [53].

<sup>21</sup> *Kino* at [64].

<sup>22</sup> *Paramount v BSKyB* at [42].

*material which they download is readily available through a number of lawful channels, so there is no question of depriving users of access to it.”*

### Copyright Amendment (Online Infringement) Bill 2015

25 The Bill adopts a scheme with greater similarity to the Singaporean injunctive relief law<sup>23</sup> (“Orders to disable access to flagrantly infringing online location”) than other judicial site blocking laws such as s97A of the CDP Act 1988 UK. This is the appropriate starting point for a legislative scheme for site blocking that does not have the overlay of various other European Directives that apply in Europe and the United Kingdom. However, there are differences between the Singaporean law and the Australian legislative draft, which are worthy of further discussion and consideration to ensure clarity and greater efficacy of the Australian legislative scheme.

26 There are also elements of the scheme that the Australian Film/TV Bodies consider require amendment and are identified below, along with recommendations about the form the amendments should take.

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## 3 “Primary purpose” requirement under s115A(1)(c)

### **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).

27 Section 115A(1)(c) would require that a Court must be satisfied that the “primary purpose” of the online location is to infringe, or to facilitate the infringement of, copyright, before it can order an injunction blocking access to the online location. The Australian Film/TV Bodies have a number of concerns about this provision.

28 Since “primary” is a synonym of “dominant”, this provision reflects the position proposed in the Discussion Paper despite concerns aired by rights holders about that approach.<sup>24</sup> In response to that requirement the Australian Film/TV Bodies expressed the concern (at [107]) that:

*“Raising the level of proof in this way may severely compromise the effectiveness of the new provision in that it would become significantly more difficult for rightsholders to obtain an*

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<sup>23</sup> <http://statutes.agc.gov.sg/aol/search/display/view.w3p;page=0;query=DocId%3A%22875d49ed-00b2-44da-8d5a-078c04fe64b3%22%20Status%3Apublished%20Depth%3A0;rec=0>

<sup>24</sup> Eg para 107 of the Film/TV Bodies’ response to the Online Infringement Discussion Paper: .

*injunction under the scheme: allegedly non-infringing content would be pointed to in each case, not for reasons of freedom of access to information on the internet, but purely as a basis to defeat the order.”*

### **Inconsistency with other judicial site blocking laws**

29 There is no similar requirement under s97A of the CDP Act 1988 or under the national laws of the European countries that enable no-fault injunctions against internet intermediaries.. There is a serious risk that rightsholders could be denied the relief of a site blocking injunction under s115A(1) against sites that are currently the subject of injunctions under the laws of other countries whose site blocking schemes are not so constrained. For example, the site blocking cases decided by reference to s97A, were instances where the Court was prepared to grant a blocking injunction based on evidence of copyright infringement by the relevant websites, without having to make a further enquiry into whether such infringement was the “primary purpose” of those sites.

30 The Singaporean judicial site blocking law, on which the drafting of the proposed s115A is clearly based, has some important differences. It does not have a purpose based condition for the making of a site blocking order. The conditions, or triggers, for obtaining a site blocking order under s193DDA(1) are that:<sup>25</sup>

*“(a) the services of a network service provider have been or are being used to access an online location, which is the subject of the application to commit or facilitate infringement of copyright in that material”; and*

*(b) the online location is a flagrantly infringing online location.*

31 Whether a site falls within the second condition of being “a flagrantly infringing online location”, depends on the findings of a Court about relevant prescribed matters, or factors, under s193DDA(2). “Flagrant” is used as a description of a type of site falling within the provision. One of those prescribed matters is “primary purpose” to commit or facilitate copyright infringement (s193DDA(2)(a)). While the “primary purpose” is a matter to which the Singaporean High Court must have regard, it can be given “such weight as the High Court considers appropriate”..

32 Under the Singaporean judicial site blocking law “primary purpose” operates as a factor that may be relevant to whether a site blocking injunction is ordered but not a threshold condition for making one. This is a more appropriate way of structuring a site blocking provision than the proposed form of s115A, which reverses the concepts and uses “primary purpose” as a condition and flagrancy as a factor. The difficulties with this approach are explained below.

### **Proof of “primary purpose” under Australian law**

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<sup>25</sup> <http://statutes.agc.gov.sg/aol/search/display/view.w3p;page=0;query=DocId%3A%22875d49ed-00b2-44da-8d5a-078c04fe64b3%22%20Status%3Apublished%20Depth%3A0;rec=0>

- 33 There are no provisions under the Copyright Act that use the words “primary purpose”. Therefore there will be no authorities that will assist under Australian copyright law. Few provisions under the Copyright Act use the concept of “purpose”. The closest analogy to s115A would be the secondary dealing provisions. However they do not require that there is a “primary” purpose and could be satisfied by proof of the existence of the purpose even if there were other purposes that were in operation. It is not clear why there should be such a disparity between the proof of purpose of a fault based provision and that of a no-fault provision. If anything, the no-fault provision ought to have the lower requirement for proof as it will not determine rights and remedies of parties.
- 34 A “primary purpose” threshold is likely to be highly problematic in practice based upon the experience of the interpretation of other purpose based provisions under Australian law. In the analogous field of competition law, cases seeking to rely on proof of purpose have often been unsuccessful, because of the reluctance of a Court to impute purpose where the allegation is serious and there is no direct proof of the state of mind of the party. The High Court has observed that the test of a provision using the language of purpose is a subjective one, rather than an objective test.<sup>26</sup> The Full Court has earlier described the approach to a provision based on purpose (in this case s4F of the TPA) as follows:
- s4F, in this operation, requires one to look to the purposes of the individuals by whom the provision was included in the contract, arrangement or understanding in question. It therefore directs attention to the 'subjective' purposes of those individuals.*
- 35 If s115A(1) is interpreted as requiring proof of a subjective purpose of the overseas website then the threshold may be difficult to meet in practice. The site operators are likely to be located outside the jurisdiction, as would their records (which might typically provide direct evidence of purpose in the form of unguarded communications). There may be no direct proof available of subjective purpose. The illegal status of the piracy website ecosystem results in the vast majority of such site operators making every effort to remain anonymous and to ensure that their ‘purpose’ is undeclared.
- 36 The EM describes the “primary purpose” test as an “intentionally high threshold for the copyright owner to meet as a safeguard against any potential abuse” (at [38]). However it appears to assume that subjective purpose can be determined by quantitative measures when it states that the primary purpose threshold “This excludes online locations that are mainly operated for a legitimate purpose, but may contain a small percentage of infringing content” (EM, [20]). This assumption is likely to be mistaken as purpose and effect are different concepts.
- 37 The issues associated with purpose-based legislative provisions were recently reflected in the Harper Review’s Final Report, which concluded that the purpose-based provisions of the Competition and Consumer Act 2010 should be replaced with ‘purpose, effect, or likely effect’. Australian Film/TV

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<sup>26</sup> The distinction was discussed at some length in *News Ltd v South Sydney District Rugby League Football Club Ltd* [2003] HCA 45 with each of the judges maintaining the test as one of subjective not objective intention. .

Bodies consider that the same approach would be appropriate to the Copyright Act. This highlights why using “primary purpose” as threshold condition for making a site blocking order is inappropriate.

### **Recommendation**

38 The Australian Film/TV Bodies recommend that s115A is brought more closely into line with the Singaporean judicial site blocking provision by deleting s115A(1)(c) and replacing it with the words

*“the online location is a flagrantly infringing online location”.*

and amend s 115A(5)(a) to read as follows:

*“a substantial purpose or effect of the online location is to infringe, or to facilitate the infringement of, copyright (whether or not in Australia).”*

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## **4 Matters to be taken into account under s115A(5)**

The Australian Film/TV Bodies are concerned about the form and content of a number of the factors that the Court is required to take into account under s115A(5) when determining whether to grant a site blocking injunction. Amendments to the list of factors are recommended to being considered.

### **Preamble to s115A(5):**

39 The set of factors appears to be based on the factors that the Singaporean High Court is required to have regard to under s193DDA(2) of the Singaporean injunctive relief law. To the extent that factors have been carried across from the Singaporean scheme, they need to be capable of operating under Australian law in the way that they are capable of operating under Singaporean law, taking into account the different laws in each country. This does not appear to be the case in all instances.

40 Unlike the Singaporean law, there is no guidance under s115A(5) about the weight or importance to attach to any of the mandatory factors. It could be assumed by a Court that each of the factors are to be given weight and potentially equal weight. Further guidance should be given in the provision and in the EM about the extent to which the Court is required to give any particular weight to the factors.

41 In addition, a number of the factors under s115A(1)(c) have no equivalent under the Singaporean injunctive relief law. These factors require additional scrutiny because they have no analogue in any judicial site blocking law of which the Australian Film/TV Bodies are aware. Some of them, such as public interest (under (g)) are likely to be contentious, problematic in practice and lead to a lack of certainty.

### **Recommendation re preamble in s115A(5):**

42 The Australian Film/TV Bodies recommend that consideration be given to amending the preamble in s115A(5) as follows:

*“(5) In determining whether to grant the injunction, the Court shall give such weight to each of the following matters as it considers appropriate.”*

**S115A(5)(a) – “Flagrancy”**

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

- 43 Factor (a) relates to “flagrancy” as “referred to in paragraph 1(c)”. However paragraph 1(c) does not use the word “flagrancy” and instead uses the words “primary purpose”. This is likely to lead to uncertainty about the meaning of factor (a). A Court attempting to give (a) meaning will presumably have to equate it to “primary purpose” even though they are different concepts. If it is given meaning, it might amount to a double requirement of “primary purpose” – which is redundant. The equivalent factor under Singaporean law (s193DDA(2)(a) refers to primary purpose only once.
- 44 The use of a factor requiring a finding of flagrancy – as opposed to using it as a description of a type of site falling within the provision (as in the Singaporean judicial site blocking law) - may lead to additional problems. Flagrancy in Australian law is a concept associated with proof of actual infringement. It has been described as “a deliberate and calculated copyright infringement”.<sup>27</sup> It is a specific ground identified in s115(4)(b) of the Copyright Act relevant to the potential award of “additional damages” (which are a form of exemplary damages). As s115(4) makes clear it arises only where “an infringement of copyright is established” (s115(4)(a)) and the Court makes a qualitative assessment about the actual infringement established. Flagrancy has no other role under the current provisions of the Copyright Act.
- 45 The statement in the EM (at [46]) that flagrancy is a “subjective element that goes towards the intention of the operator of the online location” appears to confuse intention to infringe with actual infringement that is flagrant. Subjective intention is not one of the specific factors taken into account under s115(4). The factors set out under s115(4) are primarily objective factors, eg:
- (ia) the need to deter similar infringements of copyright; and*
  - (ib) the conduct of the defendant after the act constituting the infringement or, if relevant, after the defendant was informed that the defendant had allegedly infringed the plaintiff’s copyright; and*
  - (ii) whether the infringement involved the conversion of a work or other subject-matter from hardcopy or analog form into a digital or other electronic machine-readable form; and*
  - (iii) any benefit shown to have accrued to the defendant by reason of the infringement; and*
- 46 The distinction between a finding of flagrant infringement (a concept known under Australian copyright law) and a finding of flagrancy under 115(5)(a) (a new concept) may be important to a Court particularly when determining what relief should be granted. In the absence of proof of actual past infringement, Australian Courts have been unwilling to impose injunctions against a future threatened

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<sup>27</sup> *Flags 2000 Pty Ltd v Smith* [2003] FCA 1067 (7 October 2003) per Goldberg J at [36].

infringement regardless how “flagrant” or egregious the threat of infringement has been. The position may be otherwise under Singaporean law.

- 47 Presuming that the only relevant infringement being considered by the Court is an infringement by facilitating the communication of copyright infringing content to Australian subscribers (thereby giving rise to an infringement under Australian copyright law),<sup>28</sup> this factor also raises issues about what evidence an applicant would need to prove to establish such flagrancy. Unlike s 193DDA(2)(f) of the Singaporean legislation, which refers to the extent of infringing content or traffic, there is no guidance given here about how a Court can making a finding about flagrancy. A Court may also be reluctant to make a finding of “flagrancy” in relation to a foreign site when its external messaging does not specifically refer to infringement.
- 48 There is also no guidance given to a Court about whether absent a finding of flagrancy the Court could still decide to make a site blocking order. It should be possible for an applicant to seek an injunction even where this factor is absent, if the likely threat of infringement is so great to warrant an injunction to prevent the infringement from taking place. This could occur, for example, if a website or server sprang up to distribute a pre-release film or sound recording and there is not sufficient continuity of operation to provide evidence of any flagrancy. There is no policy reason why an online location that has come into existence in this way should not be the subject of the no-fault scheme under s115A and the Court should be empowered to make findings that are supportive of a site blocking injunction to address such a situation expeditiously.

**Recommendation re s115A(5)(a):**

- 49 The Australian Film/TV Bodies recommend that s115A(5) (a) be amended to become a provision dealing with purpose or effect, as described above, and read as follows:

*“a substantial purpose or effect of the online location is to infringe, or to facilitate the infringement of, copyright (whether or not in Australia).”*

**S115A(5)(c) – “Disregard for copyright generally”**

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

- 50 This factor appears to be closely based on the equivalent factor under the Singaporean scheme (factor (c)), however the Court in that scheme can give it such weight as it considers. The concept of “disregard for copyright generally” is not one known under Australian copyright law. It is not a phrase

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<sup>28</sup> There is no mechanism under the text of Australian copyright law to give effect to or to take into account conduct that could amount to infringement under the law of another country. It may however be possible to mount a case along these lines for the Court, considering infringement is taking place elsewhere, based on the UK Supreme Court’s rejection of the *Moçambique* rule in the *Lucasfilm Ltd & ors v Ainsworth and another* case ([2011] UKSC 39). The *Moçambique* rule has been expressly overridden by statute, at least in NSW.



used under the Copyright Act and the Australian Film/TV Bodies are unaware of any finding of disregard for copyright generally in an Australian copyright infringement case. It is likely to be treated as a foreign concept by an Australian Court.

- 51 This factor is likely to be the subject of significant dispute because it appears to be very subjective. The EM indicates that this factor “will often be clear from the material on the site” (EM [48]). However, unless a site is in the same cohort as “Pirate Bay” or uses other language that is a rejection of copyright as a whole (which is the exception rather than the rule), this factor could be difficult to prove. Many infringing sites – including some sites blocked in the UK – have or had copyright policies in place. This factor may present a challenge in relation to a site that might have reserves of infringing content but carefully disguises its operations and professes to uphold and respect copyright laws.
- 52 A more appropriate way of determining whether an owner or operator of a website demonstrates disregard for copyright would be to consider the way the site operates and its effect, in qualitative terms. A factor based on s193DDA(f) of the Singaporean Act would be more appropriate. s115A(5)(c) is redundant given that s115A(5)(a) already refers to flagrancy and adequately covers the manner in which the online location is being conducted. With amendments to s115A(5)(a) as proposed by the Australian Film/TV Bodies, there would be no reason to maintain s115A(5)(c).

**Recommendation re s115A(5)(c):**

- 53 The Australian Film/TV Bodies recommend that factor (c) be removed entirely or amended as follows:

*“the volume of traffic at or frequency of access to the online location”*

**S115A(5)(d) – “Whether access has been disabled by orders from any court”**

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

- 54 This factor appears to be closely based on the equivalent factor under the Singaporean injunctive relief scheme (factor (d)), however the Court in that scheme can give it such weight as it considers. Without that qualification and additional guidance it is not clear whether the absence of an order disabling access made by a foreign Court will count against the issue of a site blocking injunction.
- 55 Although this is a discretionary factor that a Court would likely consider in any site blocking application (even if there was no factor specifically directing the Court to it), the fact that it has been elevated to a factor a Court must consider means the Court will be compelled to make the enquiry about the existence of other site blocking orders relating to the same site.

**Recommendation re s115A(5)(d):**

- 56 The Australian Film/TV Bodies recommend that it be made clear in a supplementary EM that the Court is not expected to refuse a site blocking injunction simply because there is no site blocking order made in another country together with the amendment to the preamble to s115A(5).



### S115A(5)(g) – the public interest

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

- 57 There is no equivalent of this factor under the Singaporean injunctive relief legislation. There is also no equivalent of a public interest factor in s97A of the CDP Act 1988 or equivalent site blocking legislation in other European countries. If Australia was to introduce this factor it would fundamentally change the nature of the provision and put in place a scheme that is inconsistent with other judicial schemes. This is a strong reason in favour of the deletion of this factor from the list of factors under s115A(5). A copyright owner seeking to obtain a site blocking injunction should not be at a disadvantage in seeking the order under an Australian law with a public interest test, rather than the law of another country without one.
- 58 These are additional strong reasons for its removal. The public interest is not defined in s15A(5)(g). Public interest is not a concept known under the Copyright Act or applied under Australian copyright law.<sup>29</sup> It is not a defence to copyright infringement or the remedies that a Court may award a copyright owner that establishes copyright infringement. The Copyright Act already strikes a balance between competing interests of copyright owners and users, that reflects (indirectly at least) what is in the public interest. The EM does not explain why there is any need for an additional balancing concept.
- 59 The concept would be uncertain in practice. A copyright owner would not know what might potentially be raised in opposition to an application for an injunction under s115A. Given the mandatory enquiries the Court must make under s115(5), public interest issues may be raised at the initiative of the Court even if they are not raised by any party to the action. It is not clear how a Court would determine what was in the public interest or how much weight to give to it relative to the other interests that the law protects, such as the interests of the copyright owner. Courts apply the law, as established by the statutes or the decisions of previous cases. They have no wider role in attempting to determine what is in the public interest and Australian Courts routinely decline to seek to determinate what is in the public interest because that is the role reserved for Parliament, not the Courts.
- 60 The EM refers to “the freedom of expression, and other public interest issues such as, for example, freedom of access to information”. These are not exhaustive categories of what might be in the public interest. If the EM was to be treated by a Court as relevant to interpreting s15A(5)(g), then the issues described there are not necessary. Courts considering site blocking schemes have already found that they do not interfere such fundamental rights. In the *Kino* case the CJEU (being the highest appellate Court in the European Union for questions of EU law, whose decisions are binding across all EU

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<sup>29</sup> There are only three references to “public interest” in the Copyright Act: in definition of archives (s10); use of copyright material for services of the Crown (s183) and special arrangements for government copying (s183A). None of these definitions are likely to assist a Court in interpreting this provision.

Member States) found that site blocking was not an impermissible restriction on freedom of expression:<sup>30</sup>

*“...the fundamental rights recognised by EU law must be interpreted as not precluding a court injunction prohibiting an internet service provider from allowing its customers access to a website placing protected subject-matter online without the agreement of the rightholders when that injunction does not specify the measures which that access provider must take and when that access provider can avoid incurring coercive penalties for breach of that injunction by showing that it has taken all reasonable measures, provided that (i) the measures taken do not unnecessarily deprive internet users of the possibility of lawfully accessing the information available and (ii) that those measures have the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter that has been made available to them in breach of the intellectual property right, that being a matter for the national authorities and courts to establish.”*

61 Similarly, in *Paramount v BSKyB*, with Henderson J ruled to similar effect that the site blocking order being sought would not interfere with fundamental rights of customers under the ECHR:<sup>31</sup>

*“It appears to me plain that the result of the balancing exercise is that the rights of the Applicants to protection of their copyright should prevail over the rights to freedom of expression and other rights of the other groups of persons whom I have mentioned. The operators of the Target Websites appear to be involved in an activity which they must know is wholly illegitimate. So far as the users of the Target Websites are concerned, they must also for the most part be very well aware that they are participating in an unlawful activity. Furthermore, the material which they download is readily available through a number of lawful channels, so there is no question of depriving users of access to it.”*

62 Likewise in the *Newzbin2* judgment at para 200 (Article 10 is the right to freedom of expression; Article 1 covers right to peaceful enjoyment of property, which Courts have confirmed includes intellectual property):

*“In general, I am satisfied that the order sought by the Studios is a proportionate one. It is necessary and appropriate to protect the Article 1 First Protocol rights of the Studios and other copyright owners. Those interests clearly outweigh the Article 10 rights of the users of Newzbin2, and even more clearly outweigh the Article 10 rights of the operators of Newzbin2. They also outweigh BT’s own Article 10 rights to the extent that they are engaged. The order is a narrow and targeted one, and it contains safeguards in the event of any change of circumstances. The cost of implementation to BT would be modest and proportionate”<sup>32</sup>*

63 The concept of a public interest test on a case-by-case basis runs counter to the policy of implementing an effective means of disrupting infringing websites and servers, without having to establish fault. The only consideration of public interest should be of the scheme as a whole at the time the Bill is read and considered by the Parliament. A public interest test may potentially make it more difficult for a copyright owner to obtain a no-fault remedy than to obtain a fault-based remedy. If the relief provided by s115A is not readily available and achievable, the scheme will either not be used or not be effective if it is used.

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<sup>30</sup> Kino at [64].

<sup>31</sup> *Paramount v BSKyB* at [42].

<sup>32</sup> *TWENTIETH CENTURY FOX FILM CORP & ORS V BRITISH TELECOMMUNICATIONS PLC* [2011] EWHC 1981 (CH) (28 JULY 2011), HIGH COURT (CHANCERY DIVISION).

**Recommendation re s115A(5)(g):**

64 The Australian Film/TV Bodies recommend that s115A(5)(g) be deleted.

**Factor (i) – any other remedies available**

(i) any other remedies available under this Act

65 The Australian Film/TV Bodies have serious concerns about the factor in s115A(5)(i). It would require a Court to embark on an evaluation of other remedies available to copyright owners and make a comparison between such remedies and the remedy of obtaining a site blocking injunction. There are many problems with this provision, both conceptually and in practice.

66 There is no equivalent of this factor under the Singaporean injunctive relief legislation. There is also no equivalent of this requirement under s97A of the CDP Act 1988 or the European site blocking legislation. If Australia were to introduce this factor it would create a mandatory enquiry that is inconsistent with other site blocking schemes. This factor should be deleted from the list of factors under s115A(5) to avoid a copyright owner seeking to obtain a site blocking injunction being put at a disadvantage under a Australian law compared with the laws of other countries with parallel laws.

67 The nature of the enquiry under s115A(5)(i) is also inappropriate. It involves comparing remedies under fault-based provisions with the remedy offered under this no-fault provision. The fact that they are not equivalents or comparable is the key justification for introducing s115A – otherwise it would not be necessary. The policy rationale for s115A is based on the assumption the existing fault-based remedies are not sufficient to enable copyright owners to respond to the threat posed by sites hosted outside Australia. The EM recognises that direct action is not available or feasible. This should not be reconsidered on a case-by-case basis.

68 Nor should the scheme under s115A be considered a last resort, only available once all other remedies are unavailable. This may deprive the scheme of its attraction if a copyright owner had to incur the costs of considering and exhausting other potential actions before being able to qualify for the no-fault scheme under s115A. The existence of an alternative direct remedy should not be a factor disentitling an applicant to a site blocking injunction – it should be the very reason why such an injunction should be ordered as the most efficient and effective way of preventing infringement.

69 S115A(5)(i) is likely to create other difficulties in practice. If it requires an applicant to have to demonstrate why it could not take other direct action to warrant this relief, the applicant may have to face the fact that it may have a potential action it could take against the ISP's subscribers even if not against the ISP. There will always be a potential action that could be brought against the infringing subscribers in Australia – as the Dallas Buyers Club case may confirm if the Court grants the injunction. Similarly, the introduction of the ISP Code negotiated between ISPs and rightsholders may also qualify as a mechanism that rightsholders would have available to them to have notices issued to

an ISP's subscribers before pursuing an action for preliminary discovery, as opposed to making an application for a site blocking no-fault injunction against the ISP.

**Recommendation re s115A(5)(i):**

70 The Australian Film/TV Bodies recommend that s115A(5)(i) be deleted.

**Factor (k) – any other relevant matter**

(k) any other relevant matter

71 The Australian Film/TV Bodies consider that the factor in s115A(5)(k) would be uncertain in scope and potentially lead to greater expense in practice. A provision such as this might be used where there is an optional list of factors to be considered by a Court. In this case, where the factors under s115A(5) are mandatory, it is inappropriate. It begs the question what are the class of "other relevant matters" that could be the subject of the application or the Court's determination. It is opaque and completely open-ended. The parties to an application will also be exposed to the uncertainty of dealing with this enquiry in evidence and submissions, likely increasing the time and expense of the application unnecessarily. This subsection has little utility given that the Court will already have considered a defined class of matters that more than cover the field of the issues a Court should take into account given the international jurisprudence on judicial site blocking orders. The presence of subsection (j) provides a formal mechanism for additional factors to be included if they become necessary.

**Recommendation re s115A(5)(k):**

72 The Australian Film/TV Bodies recommend that s115A(5)(k) be deleted.

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## **5 Costs under s115A**

73 Australian Film/TV Bodies are also concerned about the treatment of costs under s115A. Section 115A(9) states that an ISP is not liable for any costs in relation to the proceedings unless it enters an appearance and takes part in the proceedings. There is no statement of the position of costs if an ISP that does take part in the proceedings. The Australian Film/TV Bodies presume that it is intended that an ISP that takes part in proceedings, such as by opposing an injunction under s115A(1), would become liable to the copyright owner for costs if the application is successful. If there is any uncertainty about this outcome, the intended outcome should be stated in s115A(9).

74 Australian Film/TV Bodies' position on costs is set out in the joint submission in response to the Australian Government's discussion paper Online Copyright Infringement. Those submissions also apply to the proposed Bill. Rightsholders should not have to assume ISP costs associated with giving

effect to an order and to indemnify ISPs against any damages claimed by a third party and this should be clarified in s115A to avoid the potential for dispute during an application made under the section.

75 Requiring rightsholders to meet any costs of an ISP is disproportionate, unnecessary, out of step with international practice and contrary to the fundamental principles of copyright law. As the site blocking decisions in the UK have demonstrated, the costs of complying with an injunctive relief order are not excessive or onerous, and that ISPs can deploy existing technology that they are already using to do so. Indeed, in the second judgment in the BT case (dealing with the precise form of relief to be granted: [2011] EWHC 2714 (Ch)), Arnold J found that:

*“the cost to BT “would be modest and proportionate” is supported by the evidence subsequently filed by BT, which estimates the initial cost of implementation at about GBP 5,000 and GBP 100 for each subsequent notification.”*

76 For these reasons, courts in the UK have ordered the costs of implementing site blocking injunctions be borne by the ISP. The dispute over the treatment of costs followed from the absence of any provision in s97A to clarify when costs would fall. The costs of an application to the court are best determined by that court, whereas the costs of implementing the order should be consistent with the position of jurisprudence in the UK and Europe.

77 Finally, the EM introduces the figure of \$130,825 which is claimed to represent the costs to ISPs on an annual basis for the implementation costs of the scheme. No details or purpose for this calculation is provided. The basis for this estimate should be made public so that the Australian Film /TV Bodies and other rightsholders have the opportunity to test the claim.

### **Recommendation re s115A**

The Australian Film/TV Bodies recommend that a new s115A(10) be added as follows:

*“An owner of copyright in any proceeding brought under this section is not liable for the costs of a carriage service provider complying with an injunction made under subsection (1).”*

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## **6 Scope of the Bill**

78 The Bill limits injunctive relief to Carriage Service Providers (CSPs). The EM stresses that the Bill is intended to capture both existing and future technologies and to meet this important requirement the no-fault remedy should also be applied to service providers and intermediaries.

### **Recommendation re s115A**

79 The Australian Film/TV Bodies recommend that the Bill to include service providers and intermediaries within the scope of the Bill in addition to the inclusion of Carriage Service Providers.