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IMPLIED LICENCE TO USE THIRD PARTY COPYRIGHT MATERIAL

The recent High Court decision in *Copyright Agency Limited v State of New South Wales* [2008] HCA 35 (6 August 2008) considered the special rules that apply to government use of copyright, and warns that agencies may not always be able to rely on implied licences to use third party copyright material.

Simon Anderson *Senior Lawyer*
T *03 9242 1260* ***F*** *03 9242 1481*
simon.anderson@ags.gov.au

Adrian Snooks *Senior Executive Lawyer*
T *02 6253 7192* ***F*** *02 6253 7306*
adrian.snooks@ags.gov.au

Overview

Copyright Agency Limited v State of New South Wales focused on a situation where a NSW government agency was required by legislation to make survey plans, lodged as part of the land registration process, available to the public. The High Court decided that the agency could not rely on an implied licence from the surveyors who owned the copyright in survey plans to communicate the plans to the public. Instead, the agency was required to rely on the statutory licence under s 183 of the *Copyright Act 1968*, which meant that the agency was required to remunerate surveyors for the communication of their survey plans to the public.

Implications of the decision

The High Court decision is an important one. It suggests that a government agency cannot always rely on an implied licence to perform an act comprised in copyright even where a government agency is authorised and/or required to perform that act under legislation. The availability of the statutory licence in s 183 of the Copyright Act will significantly limit the ability of agencies to rely upon implied licences. In circumstances where an implied licence cannot be found, the agency would need[1] to agree terms with the copyright owner for that use[2] or, if a collecting society such as the Copyright Agency Limited (CAL) exists for the particular government copying undertaken by the agency, agree relevant terms with that collecting society.

While the High Court case dealt with a State agency, given that States and the Commonwealth are can each rely on s 183 of the Copyright Act, it would be reasonable to assume that the High Court decision would be equally applicable to Commonwealth agencies. This assumption is supported by the language of the decision, which in a number of places discusses 'government copying'; it does not make any distinction between copying by a State and copying by the Commonwealth.

It should be noted that the High Court decision appears to be restricted to public uses of third party copyright material (such as communication of a work to the public or to other agencies for administrative purposes) and as such may not extend to situations where the use by the government agency has some sort of direct private benefit for the third party.

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Background

Members of the Australian Consulting Surveyors Association in New South Wales prepare survey plans for registration by the NSW Department of Lands. Survey plans are a critical aspect of Torrens System land title, as they describe the dimensions and location of a parcel of land as shown on a land title.

Survey plans prepared for registration in New South Wales must meet certain requirements.[3] Once registered, survey plans are scanned into a database and copies are made for distribution to the necessary State authorities to enable issue of the land titles. These were treated by the High Court as 'private uses'; that is, the uses of the copyright for the purposes of the surveyor and their client in the registration of the survey plans.

Furthermore, copies are made available to the public (for a fee) and to other agencies. These were referred to by the High Court as 'public uses'; that is, uses that did not directly relate to registration but which occurred after registration that met certain public policy goals—for example, copying survey plans to other government authorities for the purposes of public administrative activities and making survey plans available to the public.

The surveyors owned the copyright in survey plans created by them.[4] The survey plans are 'artistic works' protected by s 10(1) of the Copyright Act. The copyright in these survey plans includes the exclusive rights to reproduce them in a material form (s 31(1)(b)(i)) and to communicate them to the public (s 31(1)(b)(iii)).

Section 36(1) of the Copyright Act provides, relevantly, that copyright in an artistic work (the survey plans) is infringed by a person who, not being the owner of the copyright and without the license of the owner of the copyright, does or authorises the doing of any act comprised in the copyright. However, Part VII, Division 2 of the Copyright Act deals with the rights of a State (or the Commonwealth) to perform an act comprised in copyright. Section 183(1) of the Copyright Act provides, relevantly, that:

> The copyright in a literary, dramatic, musical or artistic work or a published edition of such a work ... is not infringed by the Commonwealth or a State, or by a person authorized in writing by the Commonwealth or a State, doing any acts comprised in the copyright if the acts are done for the services of the Commonwealth or State.

In essence, Part VII of Division 2 of the Copyright Act provides a statutory licence for copying and distribution of survey plans if done for the services of the Commonwealth or a State. If there is a 'relevant collecting society' in operation, s 183A(2) provides that the government must pay equitable remuneration to that collecting society for copies made. The quantum of remuneration must be agreed by the collecting society and the government

or, if there is no agreement, determined by the Copyright Tribunal of Australia (the Tribunal).

CAL is a relevant collecting society for the purposes of Part VII, Division 2 of the Act in relation to works (such as survey plans) other than a work included in a sound recording or cinematograph film. In general terms, the role of a collecting society is to represent the interests of copyright owners, and collect royalty payments from copyright users to pass on to the copyright owner.

Before the Copyright Tribunal

CAL sought a determination in the Tribunal as to the terms upon which the State could use the copyright in the survey plans for the 'public uses', including a method of calculating the equitable remuneration payable by the State to CAL for the use of the surveyor's copyright.

The Tribunal referred 11 questions of law to a Full Court of the Federal Court of Australia (Lindgren, Emmett and Finkelstein JJ) (the Full Court).[5] The appeal to the High Court related to questions 5 and 6, namely:

— Question 5: Is the State, other than by operation of s 183 of the Act, entitled to a licence to reproduce survey plans and to communicate them to the public (that is, the 'public uses')?

— Question 6: If the answer to question 5 is 'yes', what are the terms of the licence?

The implicit issue was that, if the State did not have a licence aside from under s 183 (in other words, an 'implied licence', as there was no voluntary licence agreed between the State and the surveyors), the State would be required to pay equitable remuneration to CAL (as agent for the surveyors).

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Federal Court finding on referred questions 5 and 6

Before the Full Court of the Federal Court of Australia, CAL accepted that the State is authorised to copy registered survey plans and make them available to the public. However, CAL argued that the only source of that authority is in s 183(1) of the Copyright Act and since, by that section, the doing of those acts is not an infringement of the copyright subsisting in the survey plan, there is no basis to imply any other licence or authority for the State to do those acts.

However, the Full Court found that an implied licence did exist, on the basis that a surveyor preparing survey plans for registration by the State 'must have known and intended that ... the survey plan would become a registered plan for the purposes of defining boundaries of the parcels of land'. Therefore, by assenting to the survey plan becoming a registered plan, the surveyor authorised the State to do all of the acts that would have otherwise constituted an infringement of the copyright in the survey plan. These acts include both the 'private' and 'public uses' ([2007] FCAFC 80 at 154–156). The Full Court found that the licence allowed the State 'to do everything that, under the statutory and regulatory framework that governs registered plans, the State is obliged or authorised to do with or in relation to registered plans' ([2007] FCAFC 80 at 158).

The appeal to the High Court

As noted above, CAL appealed to the High Court on questions 5 and 6. Ultimately, the High Court (Gleeson CJ, Gummow, Heydon, Crennan and Kiefel JJ) found unanimously that no implied licence arose (question 5), and that question 6 did therefore not arise ([2008] HCA 35 at 94).

In argument, CAL submitted that the statutory licence scheme in s 183 leaves no room for the implication of a licence to copy the plans or to communicate them to the public, largely on the basis that it was not necessary to imply a licence when there was an express statutory licence available ([2008] HCA 35 at 43).

On the contrary, the State argued that, in the circumstances, it was not necessary for the State to be exempted under the government use provisions, as the State had a separate implied licence from the surveyors to reproduce or communicate the survey plans to the public and was therefore not in breach of s 36(1) of the Copyright Act. That is, whether or not s 183 applied was irrelevant: the State had an implied licence that arose as a consequence of the conduct of the surveyors, in that they knew the uses to which the State would put the survey plans once they were registered.

Government use

The High Court found that there is no distinction in the government use provisions of the Copyright Act between uses obliged by statute (the land registration system) and/or 'which may be "vital to the public interest" on the one hand (the "public uses"), and uses which reflect considerations more closely resembling commercial uses, on the other (the "private uses")' ([2008] HCA 35 at 61]).

The High Court therefore considered that ss 183 and 183A of the Copyright Act supported the submission by CAL that Part VII, Division 2 of that Act lays out a comprehensive licence scheme for government use of copyright material ([2008] HCA 35 at 67). The High Court went on to state (at 68):

> [T]he purpose of the scheme is to enable governments to use material subject to copyright 'for the services of the Crown' without infringement ... [subject to] ... a statutory right for the copyright owner (the surveyor) to seek 'terms' upon which the State may do any act comprised in the copyright (section 183(5)) and to receive equitable remuneration for any 'government copies' (section 183A).

The High Court therefore considered that ... Part VII, Division 2 of [the Copyright Act] lays out a comprehensive licence scheme for government use of copyright material ...

In a key statement, the High Court noted (at 70):

> [T]here is nothing in sections 183(1), 183(5) or 183A, or other provisions relating to the statutory licence scheme, which suggests that governments may make, or take the benefit of, arrangements which would have the effect of circumventing those provisions as they apply to the copying, and the communication to the public, of registered survey plans.

The High Court discussed the position on government use in other countries, noting (at 79) that:

> [Such] comparative considerations emphasise the general reach of section 183(1) of the Act and the deliberate choice of the Parliament to combine the exception to infringement, for government use, with a remuneration scheme, rather than to frame the exception as a fair dealing, or otherwise as a free use [of copyright].

In other words, it would defeat the purpose of having a broad statutory licence (which would potentially be remunerated) if government agencies were generally able to rely on an implied licence (which would not be remunerated).

The implied licence

In relation to the 'public uses', the High Court found a number of considerations that militated 'against implying a licence, as a matter of law, into all contracts between surveyors and their clients, in favour of the State, which is a stranger to such contracts'.[6]

Most relevantly, the considerations include that:

- 'nothing in the conduct of a surveyor when preparing plans for registration involves abandoning exclusive rights bestowed by the Act, particularly since the statutory licence scheme qualifies those exclusive rights on condition that remuneration be paid for permitted uses'
- surveyors cannot practise their profession 'without consenting to the provision of survey plans for registration knowing the uses, subsequent to registration, to which the plans will be put'
- the State imposed charges for copies issued to the public
- a surveyor and their client could not be expected to factor into their contract remuneration for the surveyor for the public uses of the survey plan by the State
- there is nothing in s 183(1) 'which could justify reading down the expression "for the services of the ... State" so as to exclude reproduction and communication to the public pursuant to express statutory obligations'.

Importantly, the High Court noted that a licence will only be implied when there is a necessity to do so,[7] and that such a necessity did not arise where a statutory licence scheme exempts the State from infringement on the condition that terms for use are agreed or determined by the Tribunal ([2008] HCA 35 at 93).

Implications of this decision for government agencies

The decision of the High Court means that agencies need to carefully consider how they use third party copyright material. Agencies, and particularly those that routinely carry out 'public use' functions such as the communication of third party material to other agencies and/or the public, should consider the terms upon which they use third party material. If there is no formal agreement in place covering that use, agencies should consider whether they need to formalise arrangements with copyright owners (or relevant collecting societies) as to the use (and remuneration for use, if any) of the material; for example, through negotiating a voluntary licence with the copyright owner or a remuneration arrangement with CAL or other relevant collecting society.

Agencies ... should consider the terms upon which they use third party material.

Application to Commonwealth agencies

Only agencies which are part of the 'Commonwealth' or a 'State' for the purposes of the Copyright Act will be affected by the High Court decision, as only those agencies can rely on the statutory licence in s 183 of that Act. For Commonwealth agencies, most if not all FMA agencies will be

considered to be the 'Commonwealth' for the purposes of the Copyright Act, and some (but not all) CAC Act agencies will also be considered to be the 'Commonwealth' for the purposes of the Copyright Act. Whether an agency is part of the 'Commonwealth' for the purposes of the Copyright Act depends on a number of complex considerations. If your agency is not sure of its status under the Copyright Act, AGS can advise you on this point.

It is also important to note that CAL sought remuneration and terms only for the 'public uses'; CAL did not seek remuneration for the copying of the survey plans for the purposes of compliance with the registration system or to issue land titles (i.e. the 'private uses').[8] Consequently, agencies may be able to rely on an implied licence for an act comprised in copyright if the use is essentially a 'private use', although such reliance is not without risk, as the High Court did not expressly endorse such an approach. Therefore, it will be important for agencies to clarify the legal basis upon which they are performing the act comprised in copyright. If such basis involves an implied licence, the agency will need to consider, in the light of the High Court decision, if it can continue to rely on such an implied licence.

Ultimately, the High Court decision makes it clear that the specific circumstances of a situation will have a strong bearing on whether an implied licence can be relied upon. Nonetheless, the High Court has sent a strong message that the existence of the statutory licence which allows for remuneration of third parties for the use of their copyright material by government will significantly limit the ability of government to rely upon implied licences.

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Tendering

Generally, agencies include in conditions of tender a provision dealing with ownership and use of submitted tenders. Agencies should review their standard tender conditions to confirm that they clearly grant a voluntary licence to the Commonwealth to use the copyright in the tenders for the purposes for which the agency needs to use those tenders (e.g. for evaluation, copying etc). This will avoid any uncertainty about whether an agency may need to remunerate a tenderer for using their tender.

IP policies

All FMA agencies were required to comply with the Commonwealth's Statement of IP Principles by 1 July 2008, which included a requirement to have in place an IP management policy. FMA agencies should review their IP policy to ensure that it covers the issues raised above.

Future statutory or administrative schemes

A final implication for agencies arising from the decision is that when developing future statutory or administrative schemes that involve the provision of documents and information by the public to an agency, consideration should be given to the licensing mechanism that will allow the agency to use that information in the manner intended by the scheme.

Simon Anderson *specialises in intellectual property agreements and negotiations. He also advises more generally on ICT procurement, competitive tendering and contracting, and general commercial matters.*

Adrian Snooks *is recognised as a leading intellectual property and technology law adviser, having provided practical and strategic advice on some of the Australian Government's largest technology projects. He is also a highly experienced adviser on major procurement projects.*

Notes

1 Unless the agency could rely on an express exception to infringement of copyright allowed under the Copyright Act, such as a fair dealing exception.

2 Or, in the absence of agreement, abide by terms set by the Copyright Tribunal on application from one of the parties.

3 Schedule 5 of the *Conveyancing (General) Regulation 2003* (NSW).

4 Note that the State's argument in the Federal Court, that it owned the copyright in the survey plans on the basis that they were first published and/or produced under the direction or control of the State, was rejected. The High Court noted that this decision was not appealed, so it proceeded on the assumption that survey plans were 'artistic works' within the meaning of the Copyright Act, and that surveyors *are* the owners of the copyright in those works (see paragraph 29).

5 *Copyright Agency Limited v State of New South Wales* [2007] FCAFC 80 (5 June 2007).

6 [2008] HCA 35 at 85–91. It is important to note that this case is limited to this particular scenario. The High Court found a number of factors militated against implying a licence into all contracts between surveyors and their clients in favour of the State. It is therefore not necessarily the case that a licence would not be implied in all circumstances where a statutory regime obliges or authorises a government to do certain things with third party copyright. If a licence was implied, it may be possible for governments to rely on this licence rather than the statutory licence.

7 See *Concrete Pty Ltd v Parramatta Design & Developments Pty Ltd* (2006) 229 CLR 577 at 584 [13]–[14] per Gummow ACJ, 606 [96] per Kirby and Crennan JJ.

8 Note that the amount of remuneration is to be agreed between CAL and NSW or, if no agreement is reached, by the Copyright Tribunal.

AGS contacts

AGS has a national team of lawyers specialising in advising agencies on a wide range of intellectual property (IP) matters, including establishing agency-specific IP policies, managing IP in connection with specific transactions and initiatives, and handling IP disputes. For assistance with any IP matters, please contact one of our national Technology and IP network leaders, Rachel Chua, Adrian Snooks or Tony Beal, or one of our other specialist IP lawyers listed below.

Philip Crisp	Special Counsel Commercial	02 6253 7159	Canberra
Grant Follett	Senior Lawyer	02 6253 7174	
Matthew Garrett	Senior Lawyer	02 6253 7067	
Zoe Loughton	Senior Lawyer	02 6253 7441	
Joanna Piva	Senior Lawyer	02 6253 7122	
Jane Supit	Senior Lawyer	02 6253 7485	
Kate Brophy	Senior Lawyer	02 9581 7678	Sydney
Kenneth Eagle	Senior Executive Lawyer	03 9242 1290	Melbourne
Paul Lang	Special Counsel Commercial	03 9242 1322	
Simon Anderson	Senior Lawyer	03 9242 1260	
Stuart Hilton	Senior Lawyer	03 9242 1431	
Peter Blennerhassett	Senior Executive Lawyer	07 3360 5767	Brisbane
Scott Slater	Senior Lawyer	08 9268 1144	Perth
Siobhan Anderson	Lawyer	08 9268 1108	
Alexandra Hall	Senior Lawyer	08 8205 4210	Adelaide
Andrew Schatz	Senior Lawyer	08 8205 4211	
Peter Bowen	Deputy Director	03 6210 2104	Hobart
Joanna Albert	Lawyer	08 8943 1444	Darwin

Rachel Chua *Senior Executive Lawyer*
T *02 6253 7086* ***F*** *02 6253 7306*
rachel.chua@ags.gov.au

Adrian Snooks *Senior Executive Lawyer*
T *02 6253 7192* ***F*** *02 6253 7306*
adrian.snooks@ags.gov.au

Tony Beal *Special Counsel, Commercial*
T *02 6253 7231* ***F*** *02 6253 7306*
tony.beal@ags.gov.au

Offices

Canberra	*50 Blackall Street Barton ACT 2600*
Sydney	*Level 42, 19 Martin Place Sydney NSW 2000*
Melbourne	*Level 21, 200 Queen Street Melbourne VIC 3000*
Brisbane	*Level 12, 340 Adelaide Street Brisbane QLD 4000*
Perth	*Level 19, 2 The Esplanade Perth WA 6000*
Adelaide	*Level 18, 25 Grenfell Street Adelaide SA 5000*
Hobart	*Level 8, 188 Collins Street Hobart TAS 7000*
Darwin	*Level 3, 9–11 Cavenagh Street Darwin NT 0800*

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For enquiries regarding supply of issues, change of address details:
T *02 6253 7052* ***F*** *02 6253 7313*
E *ags@ags.gov.au*

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