

Department of Infrastructure, Transport, Regional Development and Communications

Consultation on the Exposure Draft of the Copyright Amendment (Access Reform) Bill 2021

25 February 2022

Summary

We are a group of Australian legal academics, who individually and collectively have extensive experience teaching and researching in copyright law. We welcome the opportunity to comment on the Exposure Draft Copyright Amendment (Access Reform) Bill 2021 (Cth) and the associated Discussion Paper. Our names and institutional affiliations are listed at the end of this submission, although we emphasise that we write in our personal capacities.

Our submission relates to Schedules 1, 2 and 3 of the Exposure Draft Bill. We address the specific questions asked, but make a number of broader points in relation to more fundamental issues surrounding the proposed legislation.

1. Schedule 1: Limitation on remedies for use of orphan works

We welcome the fact that the government has chosen to address the orphan works problem by adopting a 'limitation on remedies' approach, consistent with the recommendations of the Australian Law Reform Commission (ALRC)¹ and Productivity Commission (PC).² We support the general position taken in the proposed s 116AJA(1) in ensuring that a court cannot grant any relief in respect of an infringing act undertaken by a user before the identity of the copyright owner (or at least one of the owners) became known to the user and before the owner (or at least one of the owners) can be contacted.³ We agree that protection for such a user should turn on them needing to perform a 'reasonably diligent search', and that the six factors in the proposed s 116AJA(2) are appropriate.⁴ We also support the approach taken in the proposed s 116AJB that if the owner surfaces, the 'past user' can continue to use the copyright material on such terms as agreed between the owner and past user, or as fixed by the Copyright Tribunal in default of such an agreement.

We do not, however, support the proposed s 116AJA(1)(e). We accept that part of the ALRC's primary recommendation was that a limitation on remedies for the use of an orphan work be available where 'as far as reasonably possible, the user of the work has clearly attributed it to the author'.⁵ The ALRC

¹ Australian Law Reform Commission, Report No 122, *Copyright and the Digital Economy* (2013), Recommendations 13.1-13.2.

² Productivity Commission, Report No 78, *Intellectual Property Arrangements* (2016), Recommendation 6.2.

³ This follows from the relationship between the proposed ss 116AJA(1) and 116AJB(1)(c).

⁴ We note that the factor in the proposed s 116AJA(2)(b) was not contained in the ALRC's Recommendation 13.2, but we would agree that it is appropriate if the effect of s 116AJA(1) is to ensure that no relief is available for any acts of 'past' infringement by the user.

⁵ ALRC (n 1) Recommendation 13.1(b).

considered that '[t]he primary reason for this requirement is to increase the likelihood that copyright owners will be alerted to the fact that their work is being used'.⁶ In suggesting that attribution ought to be a requirement for the limitation on remedies, the ALRC appears to have been influenced by the US Copyright Office's *Report on Orphan Works*, which made the same recommendation.⁷ However, an important difference between Australia and the US is that the *Copyright Act 1976* (US) does not provide for a general moral right of attribution of authorship,⁸ meaning that an attribution requirement for the use of an orphan work would have novel work to do in US law. In Australia, however, a user of 'work' as defined in Part IX of the *Copyright Act 1968* is already obliged, when an attributable act is done to the work, to identify the author of the work.⁹ A failure to do so will, unless reasonable, be an infringement of the author's moral right of attribution,¹⁰ entitling a court to grant relief (including an injunction, damages, and orders for apologies or removal of the work).¹¹

It is therefore unnecessary in Australia to condition a limitation on remedies for the infringement of Part III or IV copyright in an orphan work on a requirement of attribution. Part IX already imposes this obligation, and in doing so 'increase[s] the likelihood that copyright owners will be alerted to the fact that their work is being used'.¹² Further, it is inappropriate to include an attribution requirement in the proposed s 116AJA(1). It would mean that a user that has conducted a reasonably diligent search and identified the owner of the work but cannot contact the owner, but who then (through inadvertence) fails to attribute the author of the work, becomes liable - for that failure alone - for *both* copyright infringement and moral rights infringement, entitling a court to grant relief under both Parts V and IX.¹³

RECOMMENDATION: *The proposed s 116AJA(1)(e) should be deleted from the Bill.*

On the specific issue raised in Question 1.1 of the Discussion Paper on matters that should be included in an application to the Copyright Tribunal to fix reasonable terms for the ongoing use of a former orphan work, we note that in most cases works have been orphaned due to owners not retaining records, lacking knowledge about such works and/or disinterest in maintaining and refreshing commercial value in such works. In this context, weight needs to be afforded to the skill, labour and material costs of the user in researching and locating the former orphan work and in building new audiences for it. The owner of the former orphan work obtains new financial benefits associated with any market potential built by the new use and attribution of their work. Fair use tests which balance the

⁶ ALRC (n 1) [13.79].

⁷ United States Copyright Office, *Report on Orphan Works* (2006) 10-11, 110-12.

⁸ Under s 106A(a)(1) of the *Copyright Act 1976* (US), only 'an author of a work of visual art' is afforded a right to claim authorship of the work.

⁹ *Copyright Act 1968* (Cth) ss 193-195AA.

¹⁰ *Copyright Act 1968* (Cth) ss 195AO, 195AR.

¹¹ *Copyright Act 1968* (Cth) s 195AZA.

¹² ALRC (n 1) [13.79].

¹³ We accept that some of the exceptions to copyright infringement (contained in ss 41, 42(1)(a), 44, 45, 103A and 103B) currently require a 'sufficient acknowledgement', which in the case of Part III works involves identifying the author of the work. However, it is arguable that the 'sufficient acknowledgment' requirement was incorporated in an attempt to ensure compliance with the 'attribution' requirements contained in Arts 10(3) and 10bis(1) of the *Berne Convention for the Protection of Literary and Artistic Works*. Similar concerns do not arise in respect of the use of orphan works.

existing commercial value of the work and the economic benefit of the reuse in light of the public interest in securing access to new works provide ample guidance.

2. Schedule 2: New fair dealing exception for non-commercial quotation

2.1 Fair use remains the best option for dealing with the identified problem

As a starting point, we strongly disagree with the statement in the Discussion Paper that there is ‘no clear case to move to a broad principles-based “fair use” system’,¹⁴ which has prompted the government to propose a ‘more specific, targeted reform’ in the form of a limited fair dealing exception for non-commercial quotation.

While it is true that stakeholders’ views on copyright exceptions have been and remain polarised, the case for a broad fair use defence has been made, repeatedly and convincingly. Since 2012, all stakeholders in the debate over Australia’s copyright exceptions have had ample opportunity to make their positions known. The ALRC and PC received hundreds of written submissions and held extensive consultations on this issue. Both bodies made detailed recommendations for reform of the Australian exceptions regime. Both bodies gave extensive, carefully justified reasons for their preferred model of a principles-based ‘fair use’ system.¹⁵ In addition, the government’s own commissioned cost-benefit analysis of the ALRC’s primary and secondary recommendations, undertaken by Ernst & Young and released in 2016, concluded that adopting a fair use defence would generate greater net benefits compared with expanded fair dealing defences, with both options offering greater benefits than the status quo.¹⁶ It is incorrect for the government to assert that ‘the evidence base’ for the adoption of fair use ‘was not clear’,¹⁷ and disappointing that the government has seen fit to depart from the recommendations of multiple law reform bodies on the basis that some stakeholders remain unhappy with those recommendations. It is also concerning to see the government express a preference for incremental reform on the basis that this ‘would avoid significant disruption to copyright owners’ commercial markets that sweeping reforms may cause’.¹⁸ If copyright owners have been able to secure markets for uses that would be free if a fair use defence were to exist, then such markets deserve to be disrupted.

¹⁴ Department of Infrastructure, Transport, Regional Development and Communications, *Discussion Paper – Exposure Draft Copyright Amendment (Access Reform) Bill 2021 & Review of Technological Protection Measures Exceptions* (2021) 7.

¹⁵ The PC has recently reiterated its preference for the introduction of a ‘fair use’ defence: Productivity Commission, Report No 97, *Right to Repair* (2021) 190-1.

¹⁶ Ernst & Young, *Cost Benefit Analysis of Changes to the Copyright Act 1968* (2016), <https://www.communications.gov.au/documents/cost-benefit-analysis-changes-copyright-act-1968>

¹⁷ Discussion Paper (n 14) 7. The other arguments made in the Discussion Paper - that adopting fair use ‘would risk introducing ambiguity or uncertainty, which may be difficult and costly to resolve, and in some cases lead to litigation or people simply abandoning use of creative content’ - were taken into account by the ALRC and PC and held not to be convincing.

¹⁸ Discussion Paper (n 14) 7.

2.2 There are better options for a fair quotation exception, and the proposed s 113FA is deficient and should be rejected

If the government is not minded to introduce a fair use defence at this point in time, an exception for fair quotation would go some of the way to addressing some of the problems that have been identified with the existing regime. There are a number of options available to the government in so doing.

One option is for the government belatedly to implement an exception that gives full effect to Australia's obligations under Art 10 of the *Berne Convention for the Protection of Literary and Artistic Works* (*Berne*). Article 10(1) is a mandatory provision,¹⁹ relevantly providing that '[i]t shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose'. Article 10(3) provides that where such use is made, 'mention shall be made of the source, and of the name of the author if it appears thereon'. At a minimum, any new quotation exception needs to ensure that quotations from copyright works can be made in the circumstances covered by Art 10. This is not currently the case under Australian law, making us non-compliant with *Berne* and, given the link with the *TRIPS Agreement*, potentially vulnerable to enforcement actions within the WTO.²⁰

However, as the ALRC noted, 'the requirement under [*Berne*] should be seen as providing the minimum scope of a quotation exception' such that '[t]here is nothing to prevent a broader exception, within the confines of the three-step test' that is contained in both Art 9(2) of *Berne* and Art 13 of the *TRIPS Agreement*.²¹ With this in mind, the ALRC made a secondary recommendation that if fair use were not adopted, a number of new, expanded fair dealing exceptions should be introduced, including fair dealing for quotation.²² Importantly, it did not suggest that this new exception should be qualified in any way - for example, by limiting it to certain users or to non-commercial purposes, or that it should apply only to copyright material that had been made public.²³ It also recommended that limitations on contracting out should apply to a new fair dealing for quotation exception.²⁴

The quotation exception in the proposed s 113FA is, however, deficient. It departs unnecessarily from the ALRC's secondary recommendation. It would not ensure compliance with Australia's obligations under Art 10 of *Berne*. It does not adequately address the problems with the existing regime. As described in more detail below, it will not even achieve the much narrower aims set out for it in the Discussion Paper. At the same time, it would introduce disproportionate new administrative burdens and unnecessary uncertainties.

¹⁹ See Tanya Aplin and Lionel Bently, *Global Mandatory Fair Use: The Nature and Scope of the Right to Quote Copyright Works* (Cambridge University Press, 2020) 29-38.

²⁰ See Aplin and Bently (n 19) 208-9.

²¹ ALRC (n 1) [9.64].

²² ALRC (n 1) Recommendations 6-1(f), 9-1.

²³ Matters such as the purpose and character of the dealing, and the impact on the potential market for the copyright material, would instead go to the 'fairness' of the dealing.

²⁴ ALRC (n 1) Recommendation 20-2.

RECOMMENDATION: *The government should delete the proposed s 113FA from the Bill and instead implement the ALRC's secondary recommendation as outlined above or, at a minimum, should implement an exception that ensures full compliance with Art 10 of Berne.*²⁵

We set out our comments on the Exposure Draft below. We do so to show that the proposed s 113FA is fundamentally flawed, and not to suggest that if the problems we identify with the proposed section were fixed, the proposed exception could be salvaged.

2.3 Deficiencies with the proposed s 113FA

2.3.1 There is no justification for limiting the quotation exception to certain users or to non-commercial uses. The fairness factors would already appropriately cabin the exception.

All users of copyright material should be able to make 'fair' quotations. This is mandatory under *Berne*, and was recognised as essential by the ALRC. However, the proposed s 113FA(1)(a) unjustifiably limits the application of the exception to certain categories of user. It is no response to say that all other users can rely on the fair dealing exception in ss 41 or 103A of the *Copyright Act* for their quotations, since those sections require the user to be quoting for a narrowly-defined purpose.²⁶

The proposed s 113FA(1)(b) further limits the applicability of the exception where the quotation is for a non-commercial purpose or 'a commercial purpose in relation to a product or service, but the quotation is immaterial to the value of the product or service'. It is apparent from the Discussion Paper that the 'non-commercial' or 'immateriality' limitation is intended to avoid disturbing copyright owners' commercial markets for quotations. However, that would already be amply achieved by the fact that the dealing involving the quoted material must be 'fair' (proposed s 113FA(1)). The fairness analysis takes all relevant factors into account, with the proposed s 113FA(2)(c) specifically mandating consideration of the effect of the dealing upon the potential market for, or value of, the material used. Thus, any commercial purpose ought to be weighed together with all other relevant fairness factors, ensuring appropriate protection of copyright owners' commercial interests. This would allow for a much more nuanced analysis: rather than 'yes or no' questions of whether a use is commercial or more than immaterial to the product or service's value (which would require a 'yes' even for minimally qualifying uses), the fairness analysis requires the nature of any commercial elements to be taken into account with all other relevant circumstances.²⁷ Additional comfort for rightsholders comes from the reality that

²⁵ On national models and compliance with Art 10, including consideration of s 30(1ZA) of the *Copyright, Designs and Patents Act 1988* (UK) (which introduced a new fair quotation exception into UK law in 2014), see Aplin and Bently (n 19) ch 7.

²⁶ Where the quotation is from a work, s 41 provides that the dealing must be for the purpose of criticism or review of that work or another work (but not of subject matter other than a work). Where the quotation is from an audio-visual item, s 103A provides that the dealing must be for the purpose of criticism or review of that audio-visual item, another audio-visual item or a work. In neither case is it sufficient for the user to show that the quotation was for the purpose of criticism at large (for example, where a company's logo was used to criticise the company's business practices, as recently demonstrated in *AGL Energy Ltd v Greenpeace Australia Pacific Ltd* (2021) 395 ALR 275, [92]-[95] (Burley J)).

²⁷ To the extent that there is a perceived market for academic quotation, this is a market primarily funded by the Australian taxpayer through the use of competitive grant income or Faculty funds that support research dissemination. In this context, the public interest falls squarely on drafting that ensures incidental and 'fair' uses of

existing trade mark law is also already effective in protecting the commercial interests of trade mark owners with respect to on-demand vendor services for user-generated products, such as print-on-demand services that put user-uploaded images on T-shirts and other clothing, mugs, and stationery.

On the more specific issue of the administrative burdens that would be imposed by the proposed s 113FA, requiring all users to evaluate under (1)(b) whether their use of each quotation is for a 'non-commercial' or 'commercially immaterial' purpose would add substantially to compliance costs, reducing access to knowledge and culture without doing anything more to benefit copyright holders than what is already achieved via the fairness factors. No other fair dealing exception is confined in this way. The exclusion of commercial quotation is not only unjustified but would increase uncertainty and cost.

The problems will be particularly acute in relation to academic and educational researchers. We explain below (at 2.3.3) why the inclusion of the phrase 'for the purpose of research' is unlikely to achieve the purported objective of allowing third parties to disseminate research findings. This is made still more unlikely by the addition of s 113FA(1)(b) because the vast majority of scholarly research is published in commercial journals or by commercial publishers. Most of the examples provided in Table 3 on page 17 of the Discussion Paper as being the kinds of quotation that the exception supports would potentially fall foul of the requirement of being 'non-commercial' or 'commercially immaterial'.

It is, however, difficult to be certain of this because the drafting of s 113FA(1)(b) eludes coherent interpretation. It is not clear what is meant by 'product or service', and how an assessment of whether 'the quotation is immaterial to the value of the product or service' is to be undertaken (even if it is accepted that the 'value' in question is purely economic). For example, where an academic journal article is published by a commercial publisher,²⁸ it is not clear whether the relevant question is the materiality of the quotation to the value of the journal article, the value of the volume of the journal in which the article appears, the value of the electronic database service in which the journal is included, or some other 'product or service'. Whether the quotation is permissible may well depend on which of the various possible understandings of 'product or service' is adopted, in addition to the question of what is meant by 'immaterial'.

To our mind, the proposed s 113FA(1)(b) is so unclear in its scope that the only safe course of action that any intended beneficiary of the exception would be likely to take in circumstances that involve any hint of commerciality is to avoid using the quoted material, thereby defeating entirely the object of the exception.

***RECOMMENDATION:** Any fair quotation exception must encompass any user and any potential context of use, commercial or non-commercial. The fairness factors will ensure that appropriate weighting is given to all relevant factors, including any commercial aspects of the use.*

small portions of copyright material in research fall within the scope of the exception, and that the right to *fairly* quote for research purposes without paying a licence fee is easy to understand by non-expert users.

²⁸ Assuming that a commercial publisher can even rely on the defence: see section 2.3.3 below.

2.3.2 Any quotation exception must cover unpublished works

Question 2.1 of the Discussion Paper asks whether the exception should 'extend to the quotation of unpublished material or categories of unpublished material?' Our view is that it must allow for quotation from unpublished material.

Original historical research relies heavily on unpublished materials like letters, maps and diaries, administrative files and memoranda, and the records of business and government. If s 113FA were enacted in its current form, researchers would be limited to quotations of the subset of documents that have been 'made public', mostly via existing secondary sources. This would impede new discoveries and disclosure of new insights and corrections to the historical record.

As the ALRC recognised,²⁹ there is no persuasive justification for limiting the exception to material that has been 'made public' as defined by s 29A. Again, the fairness factors would already ensure that a work's unpublished status is taken into account in determining whether the quotation is 'fair' (ie, as part of the consideration of the purpose and character of the dealing, and of the nature of the copyright material). This would safeguard against the inappropriate use of unpublished materials.

If some limitation is thought to be desirable to ensure that the new fair quotation exception meets the minimum standard required by *Berne*, the government should adhere to the language of the Convention. Article 10(1) refers to works that have 'been lawfully made available to the public'. This is a broader concept than either 'made public' or 'published'.³⁰ If some limitation is to be retained, the provision ought to provide that 'the copyright material has been *lawfully made available to the public, including being accessible to the public in a library, art gallery, museum or archive*'.

RECOMMENDATION: Unpublished works must be covered by any quotation exception, with the fairness factors (including whether the copyright material has been published) doing the work of establishing whether the use is permissible.

2.3.3 The legislation does not clarify that the exception covers those who publish or disseminate the material that includes the quoted material

The drafting of the proposed s 113FA creates uncertainty as to whether its intended beneficiaries will even be able to rely on it.

Section 113FA(1)(a)(vii) refers to the dealing being made 'by a person or organisation for the purposes of research'. The Discussion Paper states that 'dealing with copyright material "for the purpose of research" extends to making the research public, including the publication or dissemination of research material *by the researcher*'.³¹ Although s 113FA(1) does allow this, it is redundant: this act is already covered by ss 40 and 103C of the *Copyright Act*, which allow a 'fair dealing ... for the purpose of research'.

²⁹ ALRC (n 1) [9.64].

³⁰ See Emily Hudson, *Drafting Copyright Exceptions: From the Law in Books to the Law in Action* (Cambridge University Press, 2020) 282-4.

³¹ Discussion Paper (n 14) 17 (our emphasis).

The Discussion Paper is vague about whether the proposed new quotation exception covers those other than the researcher who wish to disseminate the material containing the quote - for example, the publisher of that research. The Discussion Paper expresses concern that the current law 'may not cover, for example, quotation for academic publication', citing the Federal Court case of *De Garis v Neville Jeffress Pidler Pty Ltd*³² as authority for the proposition that ss 40 and 103C 'apply only if the person who does the copying is the person doing the research' such that 'publishers of a book that is the subject of academic research' cannot rely on those sections.³³ Some examples are then given in the Discussion Paper that 'may be supported' by the new exception, including:

- 'an academic work published in a journal or book';
- 'a non-fiction book based on historical facts or real-life events'; and
- 'a documentary film, in which excerpts of background music or images are captured'.³⁴

These examples suggest that an intended aim is that the publisher of the journal or book, or the distributor of the film, can take advantage of the new exception. However, the draft legislation is silent on the matter. Notably, both s 40 and s 113FA(1)(a)(vii) contain the same language: both require a 'dealing ... for the purpose of research'. But if *De Garis* prevents a publisher from relying on s 40, how will s 113FA(1)(a)(vii) lead to a different outcome? Further, if the government believes that *De Garis* only applies to ss 40/103C and will not apply to the identical language in s 113FA(1)(a)(vii) then it is unclear why the Discussion Paper explicitly says that the meaning of 'research' as applied in *De Garis* would apply to s 113FA(1)(a)(vii).

The effect of this is that even if a publisher or distributor believes that the quotation falls within the scope of s 113FA(1)(b), it would not have confidence that it could rely on the defence, due to the uncertain scope of para (a)(vii).

***RECOMMENDATION:** At minimum, the legislation should make clear that the fair quotation exception also covers those whose interventions are necessary to achieve the exception's purpose.*

2.3.4 Other drafting problems

The location of the proposed quotation exception in Part IVA, Division 2A, alongside a range of more technical exceptions to infringement, creates unnecessary complexity - a feature already recognised by the ALRC and PC as a problem with the Australian legislation. Users will now need to navigate their way through provisions contained in two or three Parts of the Act to determine whether they can take advantage of a relevant exception to infringement. This is a further indication that wholesale, rather than piecemeal, change to Australia's exceptions regime is needed.

There are also a number of more specific problems with the drafting of s 113FA that we wish to point out.

³² (1990) 37 FCR 99.

³³ Discussion Paper (n 14) 15.

³⁴ Discussion Paper (n 14) 17.

- (a) No thought has been given to the likely impact of the proposed s 113FA on the other fair dealing exceptions contained in ss 40-43 and 103A-103C. Whether a dealing will be permissible under s 113FA is likely to influence how a court would approach the fairness of the dealing in interpreting these other sections. If s 113FA does not permit a researcher to quote from an unpublished source, or to quote for a commercial purpose, then this is likely to mean that such conduct will not be 'fair' for the purposes of those other sections, even if the user can show that its dealing was for the permitted purpose (eg, research, criticism or review, etc).³⁵ Given that these other fair dealing are already narrower in scope than they ought to be, as recognised by both the ALRC and PC, any further contraction of the scope of these exceptions is to be avoided at all costs.
- (b) The proposed s 113FA(1)(d) - which conditions the application of what is an exception to infringement of Part III or IV subject matter on the user not infringing the author's moral right of attribution (a right given under Part IX) - blends two separate regimes in a way that can only lead to confusion and incoherence. Both para (d) and (e) are unnecessary requirements, since a failure to attribute the author and/or make mention of the title or name of the quoted material should best be considered as a factor going towards the fairness of the dealing.³⁶ If Australia wishes to implement a quotation exception that goes no further than ensuring compliance with Art 10 of *Berne*, it is worth recalling that Art 10(3) requires that 'mention shall be made of the source, and of the name of the author *if it appears thereon*',³⁷ and Australia should adhere to this language (especially given that 'source' is a broader concept than 'name or title of the work'³⁸).
- (c) The examples in the proposed s113FA(5) are both unnecessary and unhelpful. It is not clear how they will interact with the requirement in the proposed s 113FA(1)(a)(vii) that the dealing is for the purpose of research. Are these additional purposes or alternative purposes? Do they only apply to the bodies or people set out in para (a)(i)-(vi)? Notwithstanding s 15AD of the *Acts Interpretation Act 1901* (Cth), which makes it clear that the list in the proposed s 113FA(5) is non-exhaustive, offering examples is likely to create further uncertainty for those seeking to interpret the statute where the purpose of their quotation does not fall neatly into one of the listed categories. Users might have concerns that their quotation must be for an analogous purpose, or as to whether any purpose is acceptable. Once again, the provision promises only to increase administrative burden, cost, and uncertainty.
- (d) A final problem is that it is not specified that a party cannot contract out of the operation of the proposed s 113FA. This is directly contrary to the recommendation of the ALRC.³⁹ As explained

³⁵ See *Haines v Copyright Agency Ltd* (1982) 64 FLR 184, 191 (Fox J) as to how an assessment of the 'fairness' of the dealing for s 40 would need to take into account the existence and effect of the statutory licensing schemes.

³⁶ ALRC (n 1) [9.85]-[9.86].

³⁷ Emphasis added.

³⁸ See *Aplin and Bently* (n 19) 78.

³⁹ ALRC (n 1) [20.99].

in more detail below, the legislature's ongoing failure to address this issue will only lead to increased uncertainty for users.

3. Schedule 3: Libraries and archives, etc

3.1 The proposed s 47H(2) only adds to the uncertainty regarding the circumstances (if any) in which parties can contract out of exceptions

There has long been considerable uncertainty regarding whether, and in what circumstances, Australia's current law permits parties to use contracts to eliminate copyright exceptions.⁴⁰ This uncertainty was exacerbated by the introduction in 1999 of s 47H of the *Copyright Act*, which provides that agreements that attempt to limit or exclude a number of certain, specific exceptions allowing the reproduction of computer programs have no effect. The effect of this section is potentially to suggest that other exceptions *can* be limited or excluded via contracts.⁴¹

The ALRC considered 'contracting out' in detail, concluding that it 'puts at risk the public benefit that copyright exceptions are intended to provide', and recommended creating express prohibitions on contracting out that apply to all fair dealing exceptions.⁴²

The proposed s 47H(2) is not a sufficient response. In seeking to clarify that the existence of s 47H(1) does not imply that an agreement may exclude or limit the operation of provisions of the Act that aren't mentioned in that subsection, it fails to address the longstanding uncertainty over whether such attempts to do so are ever valid. Indeed, it may even make the situation worse. There is a strong argument that attempts to contract out of at least some exceptions will be void on public policy grounds.⁴³ The proposed new s 47H(2) could be taken to imply that it might in fact be possible to contract out of some exceptions, inadvertently weakening the position of Australia's key cultural institutions, universities and schools even further.

***RECOMMENDATION:** In any new libraries and archives exceptions, and in any expanded fair dealing exceptions, the government should follow Recommendations 20-1 and 20-2 of the ALRC.*

3.2 The proposed changes to s 40 fail to address a critical and longstanding problem with s 40(2)

We note that a number of changes to s 40(4)-(8) are proposed, but that s 40(2) is to be left unamended. This subsection lists five matters to which regard shall be had in determining whether the dealing is fair

⁴⁰ Copyright Law Review Committee, *Copyright and Contract* (2002) 258; ALRC (n 1) ch 20; PC (n 15) 193-6.

⁴¹ ALRC (n 1) [20.26].

⁴² ALRC (n 1) [20.80].

⁴³ See John Carter, Elizabeth Peden and Kristin Stammer, 'Contractual Restrictions and Rights Under Copyright Legislation' (2007) 23 *Journal of Contract Law* 32; Alexander Sloan and Lucy Craddock, 'Contracting Out, Fair Dealing, and Public Policy: The Australian Perspective' (2021) 32 *Australian Intellectual Property Journal* 45.

for the purpose of research or study. Section 40(2)(c) provides that one such factor (known as the ‘fifth factor’) is ‘the possibility of obtaining the work or adaptation within a reasonable time at an ordinary commercial price’.⁴⁴

In our earlier submission to the *Copyright Modernisation Consultation*,⁴⁵ we argued that the fifth factor should have no place in a modern fair dealing regime. The fifth factor was originally introduced into s 40(2) without proper consideration. The primary intention of the Franki Committee in supporting the introduction of this factor into the Act was to *expand* the scope of permissible copying by libraries under other sections of the Act. Making it a ‘fairness factor’ in s 40 has had the opposite effect, in that it adds a potential barrier for researchers. Commentators have noted that its presence as a ‘fairness factor’ is problematic ‘if courts choose to interpret [it] as a requirement that the infringer should have at least made some effort to request for a licence ... as high search and transaction costs would be incurred for what otherwise might be a permissible activity’.⁴⁶ The ALRC rejected arguments for the retention of the fifth factor in any expanded fair dealing defences, noting that the sort of concerns sought to be addressed by this factor were, in fact, adequately accommodated within the ‘market impact’ factor.⁴⁷

The ongoing presence of s 40(2)(c) does not only create problems for those engaging in research. In two recent Federal Court decisions - *Universal Music Publishing Pty Ltd v Palmer (No 2)*⁴⁸ and *AGL Energy Ltd v Greenpeace Australia Pacific Ltd*⁴⁹ - it was held that the s 40(2)(c) factor is relevant to assessing the fairness of the dealing for *other* statutory purposes (in those cases, criticism, parody and satire). Although not decisive in those cases, our concern is that giving any additional weight to the fifth factor has the potential to unduly restrict the scope of all the fair dealing defences.

It is notable that the fifth factor, which was contained in Singapore’s *Copyright Act 1987* (as a factor to be taken into account in assessing the fairness of a dealing for any purpose other than criticism, review or news reporting) is no longer contained in Singapore’s new *Copyright Act 2021*. In recommending that it be deleted from the new law, the Singapore Ministry of Law and Intellectual Property Office of Singapore stated:

It would be undesirable to perpetuate the misconception that as a result of the fifth factor, users of copyrighted works must always try to seek a licence when relying on ‘fair use’. In some cases, it may not even be appropriate – much less necessary – to consider the ‘ordinary commercial price’ ... At the same time, removing the fifth factor, along with any associated misconception that a user must first try to seek a licence, will not compromise rights-holders’ interests in ensuring that the market for their works will not be usurped without compensation.

⁴⁴ See also s 103C(2)(c).

⁴⁵ Isabella Alexander et al, *Copyright Modernisation Consultation: Response to Consultation Paper* (4 July 2018), https://www.infrastructure.gov.au/sites/default/files/submissions/alexander_et_al.pdf.

⁴⁶ David Tan and Benjamin Foo, ‘The Unbearable Lightness of Fair Dealing: Towards an Autochthonous Approach in Singapore’ (2016) 28 *Singapore Academy of Law Journal* 124, 137.

⁴⁷ ALRC (n 1) [5.99].

⁴⁸ (2021) 158 IPR 421, [323]-[325] (Katzmann J).

⁴⁹ (2021) 395 ALR 275, [81] (Burley J).

Such interests are already considered as part of the fourth factor (which considers any effects on the potential market for, or value of, a copyrighted work or other subject matter).⁵⁰

It is time for Australia to take a similar approach.

RECOMMENDATION: *Sections 40(2)(c) and 103C(2)(c) should be repealed.*

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⁵⁰ Singapore Ministry of Law and Intellectual Property Office of Singapore, *Singapore Copyright Review Report* (2019) [2.6.6].