Hargreaves One Year On – An Assessment: Legal and International Implications

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Some opening caveats…

- Speaking here as an outsider
  - Some presumption here
  - Different circumstances now applying to my own country, in particular not a member of the EU?
  - Some personal reflections about the past…
Some general observations...from an outsider’s perspective

- A timely report
- Obvious limitations – no general review of UK IP laws contemplated, eg copyright, designs, patents...
- Chiefly focussed on online, enforcement and exploitation issues
- Policy objectives well articulated
- Insistence on evidence ‘driving policy’

Assessing progress so far..

- Economic objectives, and
- Social objectives, both linked to...
- Legal perspectives:
  - Law sets limits – red lights, but
  - Can also facilitate the above
  - At the very least, should be:
    - Clear
    - Certain
    - Readily understandable, and
    - In conformity with social/community values
- In general, Hargreaves seems sensitive to all these concerns, as does the present implementation process
The surrounding legal framework

- Recommendations for change must fit within existing international legal framework:
  - EC Directives, in particular the Info Soc Directive
  - Berne Convention
  - TRIPS Agreement
  - Paris Convention?

- Chief legal issues arising here:
  - No formalities rule (Berne, TRIPS)
  - Limitations and exceptions (Berne, TRIPS)
  - Moral rights (Berne)
Progress thus far...

- Impressive (to an outsider!)
  - Implementation report on DCE (phase 1, moving into phase 2)
  - Extensive consultation process with respect to copyright issues
  - Enforcement – small claims
- But all these raise difficult and complex issues...

Digital Copyright Exchange

- Still in very early implementation stage
  - Some of this already occurring in specific sectors
- Benefits seem obvious, even if differently balanced in different sectors
- Government seems clear that this should ultimately be a non-government venture
  - ie government should facilitate, not mandate
  - Indeed, this cannot be a 21C registry operation, as this would probably be an impermissible formality under art 5(2), Berne
The ‘no formalities’ rule in Berne

- Article 5(2):
  
  (2) The enjoyment and the exercise of these rights shall not be subject to any formality; such enjoyment and such exercise shall be independent of the existence of protection in the country of origin of the work. ...

- Registration systems, notice and deposit requirements and the like are out...

- But establishing a DCE is a lot like setting up a register of rights...

No formalities (cont)

- But formalities may be optional – art 5(2) only prohibits making them a condition for the exercise and enjoyment of rights

- Having said this, will DCE work without some element of compulsion?
  - Need for it to be comprehensive/reliable even if limited to specific sectors
  - Can incentives to use DCE be provided without contravening art 5(2)?
No formalities (cont)

- Answer is: probably ‘yes’
  - But depends upon kind of incentive
- US precedent:
  - Registration required for US authors, not for foreign (Berne/TRIPS claimants)
  - But certain procedural/remedial benefits to those who register, eg damages, costs
  - Distinction here between unregistered and registered works:
    - Unregistered must receive ‘normal’, ie Berne/TRIPS level of protection, BUT
    - Registered/DCE works receive ‘added’, ie Berne/TRIPS–plus protection

No formalities (cont)

- Way forward here for UK:
  - Could provide for financial/economic benefits to those using DCE
  - More specifically, could provide for those using DCE to receive further specific procedural benefits under CPDA, eg:
    - Availability of additional damages, ex parte orders
    - Stronger evidentiary presumptions
    - Costs rules
    - "Fast track" procedures
  - Unregistered right owners still get ‘normal’ range of remedies, bearing in mind second part of art 5(2) = means of redress up to protecting country
Orphan works

- Case for change here seems compelling: public collections, unused materials ‘frozen’
- Implementation proposals here seem balanced and cautious, BUT NONE THE LESS:
  - This is a vast amount of unauthorised use versus
  - Substantial public benefit
  - Uses need to be remunerated if author appears
- Defining limits – 3-step test under Berne/TRIPS/InfoSoc Dir (works), WPPT (phonograms and performances), EC proposed directive

Orphan works

- Applying 3 step test – this requires:
  - Certain special case
  - No conflict with normal exploitation of work
  - No unreasonable prejudice to legitimate interests of author/owner:
    - May allow compulsory licence, ie must be payment
    - Must protect moral rights of authors
- In principle, any sensibly framed orphan works procedure should be acceptable within these parameters
Extended collective licensing

- Scandinavian precedents here – long established, no treaty challenges
- Potential issues:
  - No formalities breach under art 5(2), Berne, so long as not mandatory and not state-sponsored (Gervais)
  - 3 step test likewise applicable

Reforming copyright exceptions

- Traditional tension here between general formula (‘fair use’) and detailed listing (EC Dir)
  - Benefits/advantages to both, but US experience may be exceptional
  - CLRC Simplification exercise in Australia: 1998
- Two aspects to present exercise here:
  - Need to comply with EC Directive – still some room for flexibility
  - Ultimate need to meet Berne/TRIPS requirements, in particular 3 step test
- Particular problem: can one expand exceptions for individuals to allow others, eg institutions, to do same thing on their behalf?
Specific exceptions to be explored

- Personal/private use: format shifting, non-commercial
- Preservation by libraries and archives
- Research and private study
- Text and data mining for research
- Parody, caricature and pastiche
- Educational uses
- Quotation and reporting current events
- Public administration and reporting
- Other exceptions
- Contractual overrides

Exceptions – some general issues

- Personal use
  - Interesting question of community norms here: 2nd step of 3 step test
  - No levies, remuneration, etc, on assumption that harm is minimal – but is this consistent with InfoSoc, art 5(2)(b)?
- Providing for institutional use (educational and other institutions) without payment where this is within limits allowable to individuals – the proxy/agent argument?
  - Possible conflict with 3 step test
  - Cf the Australian approach where remuneration is payable
Exceptions (cont)

- Expanding quotation rights – mandatory under art 10(1) Berne in any event
- Parody, etc – ‘rules of the genre’ (as in France)?
  - Appropriate accommodation of moral rights concerns?
- Governmental and public uses?
  - Commendable in interests of transparency, accountability
  - Possible Berne issue here – no specific applicable exception in case of third party materials, but may be justifiable under art 9(2)(3 step test) or even art 17

Alternative formulations of exceptions and limitations

- CLRC proposals of 1998 – one general ‘fair dealing’ provision
- European Copyright Code (the Wittem Project) – provides an elegant taxonomy of exceptions
CLRC – omnibus fair dealing provision

(1) Subject to this section, a fair dealing with any copyright material for any purpose, including the purposes of research, study, criticism, review, reporting of news, and professional advice by a legal practitioner, patent attorney or trade mark attorney, is not an infringement of copyright.

(2) In determining whether in any particular case a dealing is a fair dealing, regard shall be had to the following:
   (a) the purpose and character of the dealing;
   (b) the nature of the copyright material;
   (c) the possibility of obtaining the copyright material within a reasonable time at an ordinary commercial price;
   (d) the effect of the dealing upon the potential market for, or value of, the copyright material;
   (e) in a case where part only of the copyright material is dealt with — the amount and substantiality of the part dealt with, considered in relation to the whole of the copyright material.

(3) The use of a literary, dramatic, musical or artistic work, or a cinematograph film, in the course of reporting the news by means of photography, communication to the public or in a cinematograph film, shall be a fair dealing only if that material forms part of the news being reported.

Wittem Project taxonomies of exceptions

- Uses with minimal economic significance, eg back-up, ephemeral or transient copies
- Uses for the purposes of freedom of expression and information – reporting, quotation, parody, etc
- Uses permitted to promote social, political and cultural objectives, eg governmental, users with a disability, archiving
  - some to be remunerated, eg educational, private use
- Use for the purposes of enhancing competition, eg advertising, reverse engineering
- Further limitations – 3step default provision
- All presumably Berne/TRIPS compatible
Copyright Notices

- Interesting proposal – to assist clarification of law
- Status of ‘notices’ – effect on courts
- Analogies with US Copyright Office – regulation making power
- Taxation/revenue rulings
- Analogous developments in WIPO (trade marks, an alternative to treaty making in the case of exceptions

Procedural issues

- Small claims procedures
- Some Australian models:
  - ‘Fast track’ procedures in Federal Court in Australia – mixed success
  - Copyright, designs, trade marks claims in Federal Magistrates Court (not patents)
- Patents perhaps the biggest problem – the technology and multiple grounds for challenge
- But even trade marks can be complex and likewise copyright (‘Red Bus’ example: Temple Island v New English Teas)
Concluding comments..

- Reform always difficult – never seems to end or go away…
- Present exercise appears well conceived and the processes well considered and consultative
- Some international/EC issues, but none that can’t be overcome
- Laws need not be complex – simplicity and access should remain at forefront