



**Australian Screen Association submission to the Attorney-General's Department on The Hague Conference Judgments Project
11 May 2018 (Revised)**

The Australian Screen Association welcomes the opportunity to participate in this consultation process. Our focus in this submission is on the inclusion of intellectual property generally, and specifically copyright, in the *Draft Convention on the Recognition and Enforcement of Foreign Judgments* (the Convention). Although copyright is most central to our industry, we also make reference to the inclusion of other forms of intellectual property such as trade marks and patents, which are also of significant relevance to members of the ASA.

About Us

The Australian Screen Association (ASA) represents the film and television content and distribution industry in Australia. Our core mission is to advance the business and art of filmmaking, increasing its enjoyment around the world.

Our aim is 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 moviegoers the importance and benefits of content protection.

We have operated in Australia since 2004. ASA is devoted to protecting and promoting the creative works of our members which 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., and Fetch TV.

Our position

As an Australian organisation representing stakeholders engaged in a global industry, we oppose the inclusion of intellectual property in the Convention for practical and policy reasons as further explained below.

No stakeholder support for inclusion of copyright in the Convention

We understand that the rationale behind the Convention is to enhance access to justice (by assisting the successful party with a clearer pathway to obtain meaningful relief), to reduce the costs of, and streamline legal processes involved in, cross-border dealings, and to help address associated risks. This may be a worthwhile goal if those who are actively engaged in the enforcement of copyright interests believed it were desirable and practically beneficial. However, this is not the case, and it would upend basic notions of good policy-making to pursue a goal for the benefit of stakeholders that have expressed no desire for this outcome.

While there are some that argue that it makes sense for the Convention to be broadly applied, this remains a purely theoretical perspective, and we are not aware that any Australian copyright stakeholders have actively sought the inclusion of copyright in the Convention. Furthermore, we are unaware of any similarly situated copyright stakeholders anywhere in the world who have advocated for inclusion of copyright in the Convention. We are, however, aware of the opposite; that is of copyright stakeholders' opposition to the inclusion of copyright in the Convention as expressed

by the broadly representative Copyright Alliance in the U.S.—which is roughly equivalent to the Australian Copyright Council.

We note that there are other mechanisms that can more directly achieve the theoretical goals of improving enforcement for foreign copyright infringement. For example, in relation to copyright, in 2015 the Australian Government enacted the *Copyright Amendment (Online Infringement) Act* which enables parties to apply to the Federal Court of Australia to have access to overseas infringing websites blocked in Australia. As the recent joint submission by the *Australian Film and TV Bodies* to the recent review of this legislation sets out, this self-help mechanism has proved effective for Australian rights holders dealing with infringement of their copyrights.¹ Other self-help mechanisms used by the sector include education campaigns,² licensing and the use of “notice and action” mechanisms.

Given the lack of support from affected stakeholders, the absence of a demonstrated case for the inclusion of copyright in the Convention and the potential complexities that its inclusion raise, we oppose the inclusion of copyright in the Convention.

Principle

Copyright is territorial in nature. Hence, a state generally cannot prescribe the copyright law that applies beyond its borders. Notwithstanding that there are international treaties and conventions that specify obligations and minimum standards for the protection and enforcement of intellectual property,³ member states, nevertheless, have discretion as to how they incorporate and implement their treaty obligations domestically. This allows member states and their courts to apply their own procedural and substantive law in dealing with the claims of non-nationals according to their policy and constitutional requirements.

The danger is that Australia (or any party to the Convention) will be required by the Convention to enforce a judgment from a foreign state which may be at odds with its national law, or accepted international copyright norms, in the name of comity.

For example, should a Singapore court’s judgment for statutory damages for copyright infringement be applied by an Australian court even though Australia does not provide for statutory damages for copyright infringement?

Such conflicts may arise if copyright was to be included in the Convention. We maintain this not only presents difficulties for national sovereignty, but also in practical application. For example, how does an Australian court apply a form of

¹ Submission in response to the Review of the Copyright Online Infringement Amendment from the Australian Film & TV Bodies, March 23 2018. Available on the Department of Communications and the Arts website:

https://www.communications.gov.au/sites/g/files/net301/f/submissions/australian_film_tv_bodies.pdf.

² From Creative Content Australia, see, for instance, the ‘Price of Piracy’:

<https://www.creativecontentaustralia.org.au/campaigns/2017-price-of-piracy> and ‘Say No to Piracy’:

<https://www.creativecontentaustralia.org.au/campaigns/2018-say-no-to-piracy>.

³ E.g. WTO’s *TRIPS Agreement*; *Berne Convention for the Protection of Literary and Artistic Works*; and the *WIPO Copyright Treaty*; *WIPO Performances and Phonograms Treaty*.

intellectual property with which it is completely unfamiliar, such as the “right to personality”, rights in traditional cultural expression or database rights? These issues have not been adequately addressed in the discussions of the Convention text.

The only option under the Convention is to invoke the high bar of Article 7(1)(c) which provides a court with discretion not to enforce a judgment where it would be “manifestly incompatible with public policy.” However, rather than point to a solution, this simply raises the level of uncertainty. As this Consultation acknowledges, this is a high standard and a conflict of laws *per se* is unlikely to qualify.

This issue lies at the heart of the reason we oppose the inclusion of intellectual property in the Convention. The fact that negotiators have not been able to reach a consensus is indicative of the complexities involved. We submit, even if courts are able to exercise discretion so as not to enforce judgments where there is a manifest conflict of laws, such proceedings are likely to be anything but “streamlined”, as is the Convention’s intent. Instead, the right to refuse recognition or enforcement under Article 7(1)(c) only adds to the uncertainty and corresponding risks.

These concerns also apply to other forms of intellectual property such as patents and trade marks which are of interests to ASA members, which may find themselves as defendants in foreign litigation. Companies that distribute content internationally, or online (where the jurisdictional boundaries for infringement may be more difficult to define), may be exposed to foreign judgments for trade mark infringement, for example, which are adjudicated according to substantive and procedural standards that are vastly different to those applied by Australian courts.

As any global business will attest, the risk of exposure to allegations of trade mark infringement abroad is difficult to manage and often entails the expenditure of significant resources to obtain clearances in foreign territories where goods and services are to be distributed. In some instances, even knowing what threats exist is not possible, such as with regard to unregistered trade marks in foreign territories-- which could, nevertheless, be the basis for an infringement claim.

Obliging Australian courts to enforce such foreign judgments increases risk to the point where it is outweighed by any possible benefits for enforcement by Australian brand owners. It does not seem a coincidence that a proponent of the inclusion of trade marks, and other intellectual property rights, is the EU, which may see the proposed Convention as a tool to enforce judgments for infringement of Geographic Indications against non-EU nationals. (This is consistent with the example included in the Consultation Paper, referencing GIs.)

Uncertainty

There are a number issues raised by the text of the Convention which give rise to concerns about uncertainty.

Definition of Intellectual Property

Article 2.1 and 5.3 of the Convention refer to “intellectual property [and analogous matters]” without providing a definition of “intellectual property” in the text, notwithstanding that Article 5.3 references registered intellectual property rights, unregistered trade marks and industrial designs and copyright or related rights. The Consultation proceeds on the basis that trade secrets would not be included as they are not “intellectual property” (para 5.12); this is in opposition to the subject matter of trade secrets (confidential information), as specified under “intellectual property” in the WTO’s TRIPS Agreement.⁴ We query whether the Department has taken this view because of the inherent uncertainty in defining and regulating “trade secrets.”

For current purposes, it is sufficient to note that there is uncertainty and a lack of consensus as to what constitutes “intellectual property. For example, it may extend to *sui generis* database protection as recognised in the EU or to traditional cultural expressions protected under Algerian law or to the right of personality under United States’ law, none of which are recognised in Australian. By way of illustration, in Australia, a telephone directory is unlikely to be protected under copyright, whereas in Europe it could be protected as a database.⁵ That is, “intellectual property” is defined differently in different countries.

Without an agreed definition, it is unclear as to what the Convention covers. This could lead to a situation where a party to the Convention is required to enforce a judgment that relates to an intellectual property right that is not recognised domestically. For example, could a judgment in relation to an Algerian traditional cultural expression be enforced in Australia even though there is no protection for our own indigenous traditional cultural expressions? Such outcomes are likely to create difficult stakeholder management issues for policy makers.

If the Convention is to include or omit certain subjects from “intellectual property” this term requires a more precise definition. (See comments in response to Question 8 below).

Nature of Disputes

Intellectual property transactions are carried out through licence agreements. An action for infringement of copyright will often depend on the interpretation of a contract. It is unclear from the text of the Convention whether such contractual disputes involving the licensing of rights would fall within the scope of the Convention. We submit contractual disputes that touch upon intellectual property matters should not be subsumed into the Convention.

⁴ Article 1.2 of TRIPS provides: “For the purposes of this Agreement, the term “intellectual property” refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II.’ Section 7 deals with the protection of undisclosed information: https://www.wto.org/english/docs_e/legal_e/27-trips_03_e.htm

⁵ See, for example, *Telstra Corporation Limited v Phone Directories Company Pty Ltd* [2010] FCAFC 149, in which the Full Court of the Federal Court of Australia held that copyright did not subsist in telephone directories as they were not works of human authorship.

Status of Statutory Damages

In the United States, Canada, Singapore, the Republic of Korea and Israel, “statutory damages” are available for the infringement of copyright. The precise nature of such damages can be unclear. The rationale for a statutory damage award might be to compensate for actual damages, but it is also as likely that a portion of a statutory damage award is intended as a deterrent.

Article 10 of the Convention permits limiting damages to only those that compensate for actual losses or harm suffered. This raises the question as to whether a judgment for statutory damages for copyright infringement would be enforceable under the Convention.

We submit that in the absence of a clear rationale, the challenges the Convention poses for the international intellectual property system and the uncertainty caused by the current text of the Convention weigh in favour of excluding intellectual property from the Convention at this time.

Minimum Standards

If however, contrary to our submission, the Government takes the position that intellectual property should be included in the Convention, in order to avoid the dangers outlined above with respect to the enforcement of judgments where the substantive, procedural or due process standards fall short of important rule of law norms, we suggest including a provision that specifies that only member states that are also members of the relevant international intellectual property conventions such as *TRIPS*, *Berne* and the *WIPO Internet Treaties*, would qualify for the application of intellectual property by the Convention.

Moreover, in the event that intellectual property is included in the Convention, the full panoply of monetary remedies, including statutory damages, should be enforceable. We believe excluding these remedies from the Convention is likely to undermine the effectiveness of international intellectual property enforcement efforts.

Our responses to the specific questions are set out below. While we are opposed to the inclusion of intellectual property in the Convention in general, our responses focus on copyright law as copyright is at the core of our industry. We note that the fact that rights in copyright vest in the absence of any formalities also presents unique implementation challenges under the Convention.

Q1. Have you experienced any problems with seeking to recognise or enforce a foreign judgment? If so, what have the main problems been? What are the benefits for Australian parties in the recognition and enforcement of foreign judgments abroad, and what are the risks for Australian parties if foreign judgments are recognised and enforced in Australia or overseas?

As noted above, intellectual property is territorial in nature. A consequence of this is that rights holders generally litigate locally and, where necessary, rely on personal jurisdiction to enforce their rights. For example, many of the ASA's members are the local representatives of international companies. Our focus is on protecting and promoting their works *in Australia*.

By way of illustration, copyright industries have developed a range of self-help mechanisms to address the protection and enforcement of their rights in foreign countries. These include site blocking legislation, "notice and action" mechanisms, and licensing arrangements through international distributors and collective management organisations. For example, the ASA has been involved in four site blocking matters in the Federal Court of Australia to date. These have proven effective in denying access in Australia to sites of pirated content emanating from abroad. We also devote considerable resources to educating the public about copyright. Such measures are effective in protecting and enforcing copyright and do not involve the same inherent risks as extending the Convention to cover intellectual property matters.

The risk for Australian parties, if foreign judgments are enforced in Australia (or abroad), is that a court could be required to enforce a judgment that is incompatible with its domestic law. The ASA understands that one of the issues still under consideration is whether the Convention should extend to decisions of administrative tribunals, which could also include decisions related to intellectual property disputes. While the ASA understands that in certain countries administrative proceedings are widely used to adjudicate IP disputes, the possibility that judgments from such proceedings would be included amplifies many of the concerns raised in this document, and should be opposed for that reason. It would be a mistake to afford administrative decisions the same status as judgements of courts which adhere to more rigorous legal procedural and substantive standards.

As noted above, different jurisdictions recognise and protect different types of "intellectual property." Examples of judgments that an Australian court could be required to enforce include:

- a declaratory judgment by a U.S. court that a streaming service can distribute clips of films under "fair use" contrary to Australian law;
- an administrative decision from China in relation to the infringement of patents or designs that applied procedural standards different from Australia's;
- a large award of statutory damages by a Singapore court for a single infringement of copyright in a photograph which would not be possible in Australia;
- an award for infringement of an unregistered trade mark in a foreign territory under a less stringent liability standard that would be applicable in Australia.

Such situations are likely to cause problems at a local policy level, particularly if declaratory judgments are implemented to effect a *de facto* change to Australian law.

At a practical level, it may be difficult for courts to implement judgments that do not conform with Australian jurisprudence.

As noted above, a court would need to rely on general public policy considerations to refuse to enforce a judgment that was incompatible with domestic law. And as this Consultation notes, Australian courts have traditionally applied a high threshold to this test. This is reinforced by the language of Article 7(1)(c) which refers to situations where “recognition or enforcement would be **manifestly incompatible** with the public policy of the requested State.” (Bold emphasis added). In any event, a court would be required to adjudicate the question of “manifest incompatibility”, which is likely to be a complex and costly process.

Q2. Have you encountered issues and/or inconsistencies with the current regimes for recognition and enforcement of either Australian judgments in foreign countries or foreign judgments in Australia? If so, please provide details.

By definition, because international intellectual property law is governed by the principle of territoriality, we cannot point to any experience with the enforcement of foreign copyright judgments.

However, the recent Canadian Supreme Court decision in *Google v Equustek*⁶ provides an interesting case study of how these issues might apply in copyright matters. In brief, the Supreme Court of Canada upheld an order from the Supreme court of British Columbia requiring Google to de-index websites worldwide that were offering to sell goods found to infringe Equustek’s rights. Subsequently, Google applied to a U.S. court in the Northern District of California for a preliminary injunction to prevent the enforcement of the Canadian court’s de-indexing order in the United States on the grounds that it was contrary to the U.S. Constitution’s First Amendment. Google’s injunction was granted. Given that Google’s servers are mostly located in the United States, the interlocutory decision of a single judge from California had the potential to undermine the decision of Canada’s highest appellate court.

Google then applied to the British Columbia Supreme Court to have the Supreme Court of Canada’s global de-indexing order set aside on the grounds that it violated the First Amendment in the U.S. In refusing to do so, the Canadian Court held that Google had not established that the order would violate the First Amendment in the U.S. and denied the application. In doing so the Court noted:

The effect of the U.S. order is that no action can be taken against Google to enforce the injunction in U.S. courts. That does not restrict the ability of this Court to protect the integrity of its own process through orders directed to parties over whom it has personal jurisdiction.⁷

⁶ *Google Inc., v. Equustek Solutions Inc.*, [2017] 1 S.C.R. 34 (Can.)

⁷ *Equustek Solutions v Jack* 2018 BCSC 610 at [22].

The *Equustek* case demonstrates the complexities that can be involved in international copyright disputes, especially when one is seeking the extraterritorial application of injunctions.

Q3. What are your views on the scope of the draft Convention? Are there any civil or commercial matters that are currently in scope that raise concerns? In particular, do you have any views on those matters in bracketed text, ie privacy/unauthorised public disclosure of information relating to private life; and/or intellectual property [and analogous matters]?

As set out above, we do not support the inclusion of intellectual property and specifically, copyright, as part of the Convention.

We note that the Consultation makes it clear that the Convention is not intended to harmonise intellectual property laws (para 5.3). However, we remain concerned that the Convention is antithetical to the system of international copyright law which is based on territoriality.⁸

The Convention raises complex issues for the international intellectual property system which do not lend themselves to a simple resolution. In the absence of a clear reason to include copyright in the Convention, we favour its exclusion.

Q4. What are your views on the jurisdictional bases for recognition and enforcement? Do any of the currently proposed bases cause concern?

In our industry, rights are dealt with by way of licence agreements. It is usual for agreements to stipulate the operating law for the purposes of the agreement as well as provisions on how disputes are to be resolved. In other words, jurisdictional issues are generally dealt with in contracts as part of the deal-making process. An example of this is the recent decision by the New South Wales Court of Appeal regarding the appropriate forum for a dispute between Kennedy Miller and Warner Bros regarding *Mad Max Fury Road*.⁹

As stated with respect to the preceding question, we do not support the inclusion of intellectual property in the Convention. We are therefore concerned that the drafting of Article 5 of the Convention may facilitate the enforcement of a judgment relating to intellectual property as a contractual obligation. In our view, this should be expressly excluded. We address the bracketed text in Article 5.3 in response to question 9, below.

As stated previously, if intellectual property is to be included in the Convention contrary to our view, then we maintain that its application should be contingent upon

⁸ See note 3, above.

⁹ *Warner Bros Feature Productions Pty Ltd v Kennedy Miller Mitchell Films Pty Ltd* [2018] NSWCA 81 (24 April 2018).

membership of the relevant international intellectual property treaties. For example, in the case of copyright, the *Berne Convention for the Protection of Literary and Artistic Works*, and the *WIPO Copyright Treaty* and the *WIPO Performances and Phonograms Treaty*. This would at least ensure that parties seeking to enforce intellectual property judgments under the Convention observe the same minimum intellectual property standards, even if their laws are not identical.

Q5. What are your views on the grounds for refusing recognition or enforcement? Do any of the currently proposed grounds cause concern?

In our view the Convention's grounds for refusing recognition or enforcement of a judgment are unlikely to provide sufficient protection against some of the worrisome examples listed above in response to question 1. For example, an Australian court may be required to enforce a judgment for damages for copyright infringement from a European court, even though copyright in the work in question had lapsed in Australia. In any event, the party contesting the recognition or enforcement will be have to assert its Article 7 arguments to a local court and the court will be required to adjudicate the matter. In our view, this process hardly seems consistent with the stated objective of the Convention of enhancing access to justice. We submit the concerns are best dealt with by excluding intellectual property from the Convention altogether.

Q6. What are your views on damages, costs and/or other provisions in the draft Convention?

If, contrary to our submission, intellectual property and specifically, copyright, is to be included in the Convention, it should only cover monetary relief.

As noted above, it is unclear whether statutory damages as applied in the United States and other jurisdictions would fall under Article 10. Nevertheless, we do not support the inclusion of Article 10. It is essential to the enforcement of intellectual property that rights holders be able to deter infringements of their rights through the award of damages.

We do however, support the inclusion of the bracketed text in Article 11. As the *Equustek* litigation demonstrates, injunctions raise complex issues which do not lend themselves to resolution through the Convention. In the context of alleged copyright infringement, injunctions may give rise to constitutional concerns, particularly where judgments emanate from countries without appropriate substantive and procedural safeguards. Furthermore, if declaratory relief were available through the Convention, it could be a *de facto* mechanism for overriding domestic law. For example, an order from a U.S. court could hold that certain conduct amounted to “fair use” and would be required to be enforced in Australia. In our submission, the Convention is not the appropriate vehicle for enforcing non-monetary relief in international intellectual property matters.

Q7. Should intellectual property matters be included or excluded in the draft Convention (see Article 5(3) and Article 2, respectively)? To what extent should the circulation of intellectual property judgments be treated differently to that of other judgments under the Convention?

We favour Option 1, the exclusion of intellectual property rights from the Convention. As noted in our response to question 3 above, the international intellectual property system is based on the principle of territoriality. This does not lend itself to the easy application of the Convention.

Q8. If included in the draft Convention, what are your views on the scope of intellectual property rights as currently defined and categorised?

Regardless of whether intellectual property is ultimately included or excluded from the Convention, negotiators would benefit from a clear understanding of what they are discussing.

In our submission, the Convention needs to include a clear definition of “intellectual property” and should omit references to vague concepts such as “analogous rights”. In the absence of such a definition, there will be no certainty as to what the Convention covers. For example, directors’ rights, performers rights and moral rights are recognised as intellectual property in some jurisdictions but not in others.

In order to make the Convention’s scope clear, it should include a definition of “intellectual property.” One option may be to draw the definition from Article 1.2 of TRIPS¹⁰ which includes the subject matters of copyright and related rights, trade marks, geographic indications, industrial designs, patents, layout-designs and trade secrets (undisclosed information). However, even such a list would not reflect full harmonisation since geographic indications may be accorded inferior protection to trade mark rights in some jurisdictions so that the enforcement of a judgment that relies on a contrary basis would still prove problematic.

Furthermore, as there is no registration system for copyright in most jurisdictions, we query the usefulness of distinguishing validity (subsistence and ownership) from infringement. That is because proving subsistence and ownership is a condition precedent to a finding of copyright infringement.

Q9. Are the suggested discretionary safeguards in the draft convention adequate for intellectual property matters?

As stated above, we do not support the proposed safeguards in Article 10. Neither do we support the proposed safeguard for “passive defendants” in the bracketed text in Article 5.3.

¹⁰ See note 4, above.

The drafting of Article 5.3(b) leaves it open to interpretation whether a defendant has acted “to initiate or further the infringement “or to “target” the State. As seen from the High Court’s decision in *Roadshow Films Pty Ltd v iiNet Ltd*¹¹ questions about whether an intermediary has been active or passive involves complex questions and getting the terminology wrong can have serious consequences for the protection and enforcement of copyright. In our submission, digital platforms and other intermediaries play a key role in protecting and enforcing copyright and the proposed text in Article 5.3 has the potential to undermine this.

Q10. What are your views on the recognition and enforcement of monetary vs non-monetary judgments for infringement in intellectual property matters? Are there any other issues relating to intellectual property that should be addressed by the draft Convention?

As stated in response to question 6 above, if the Convention is going to include intellectual property and specifically copyright, it should include the full suite of monetary remedies, including statutory damages. Extending the Convention to non-monetary judgments such as declaratory judgments and injunctions is impractical and potentially raises complex conflict of laws issues.

Conclusion

In summary, we do not support the inclusion of intellectual property in the Convention, we believe doing so would create more problems than it would address.

Content industries already utilise a range of self-help mechanisms to address intellectual property protection and enforcement. These include education, licensing, use of “notice and action” procedures and site blocking remedies as well as litigation in appropriate circumstances. We maintain that the inclusion of intellectual property in the Convention will do little to advance this effort and may, instead, impede it.

Please do not hesitate to contact us if we can provide further comments or assistance.

Kind regards,



Paul Muller
Chief Executive Officer, Australian Screen Association

¹¹ *Roadshow Films Pty Ltd v iiNet Ltd* [2012] HCA 16 (20 April 2012). Because of the way the *Copyright Act 1968 (Cth)* is drafted, the High Court found that iiNet was not liable for the infringements of customers on its network.