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- advertising
- telecommunications
- contempt
- censorship
- information technology
- the Internet & on-line services

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Speakers have included Ministers, Attorneys-General, members and staff of communications regulatory authorities, senior public servants, executives in the communications industry, lawyers specialising in media and communications law, and overseas experts.

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BULLETIN

"The Panel" Decision of the Full Federal Court

Jackie O'Brien, Sabiene Heindl and Dana Wintermantel consider broadcast copyright in "The Panel" decision.

Once considered by many to be one of the weaker forms of copyright protection, the strength of broadcast copyright has been significantly bolstered by the Full Federal Court decision in *TCN Channel Nine Pty Ltd v Network Ten Pty Ltd*¹.

The decision of the Full Federal Court of 22 May 2002 has significant implications for broadcasters, editors, producers and others within the television and motion picture industries.² The Full Federal Court held that the making of videos of third parties' television footage and rebroadcasting of any of the actual images and sounds constituted copyright infringement. Furthermore, fair dealing defences were undermined by elements of subjectivity and degree.

OVERVIEW

Briefly, Channel Nine alleged that Channel Ten had engaged in copyright infringement under the *Copyright Act 1968* (the Act) by broadcasting short excerpts of Channel Nine programs on its television show "The Panel" as its members highlighted the "serious" and "ridiculous" in that week's news and entertainment. The appeal to the Full Federal Court involved 10 program segments shown on The Panel ranging from the Prime Minister singing "Happy Birthday" to Sir Donald Bradman to

Marlena from "Days of Our Lives" levitating above a bed.

Channel Ten defended the action on the basis that the broadcast of the segments constituted "fair dealing"... either for the purpose of "criticism or review"³ or "the reporting of news".⁴

THE DECISION AT FIRST INSTANCE

At first instance, Justice Conti considered two main issues:

1. The scope of the television broadcast copyright under:
 - (a) section 87(a) of the Act - which grants the owner of the copyright in a television broadcast exclusive rights to make a cinematograph film of the broadcast or copy of such a film;

2. Whether or not the fair dealing defence would apply.

Justice Conti held that in order to infringe copyright in a television broadcast it was necessary to take a "substantial part" of that subject matter. He concluded that whether an excerpt was to be considered "substantial" was to be determined by reference to the particular subject matter. In relation to television footage, the subject matter was a program or a segment of a program with a self contained theme and did not include advertisements, station logos or station breaks.

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Justice Conti concluded that Channel Ten had not infringed copyright in Channel Nine's programs because the excerpts taken were not substantial in terms of quantity or quality and were not taken for a commercial purpose. Justice Conti also addressed the fair dealing defences, although this was not strictly necessary given the nature of his findings on copyright infringement.

THE DECISION OF THE FULL FEDERAL COURT

The Full Federal Court held that making videos of another Channel's television footage and re-broadcasting any of the actual images and sounds of that broadcast is an infringement of copyright. The Court held that there was no requirement that the visual images constitute a **substantial part** of the original broadcast.

In reaching this conclusion, the court first drew a distinction between a cinematograph film and a television broadcast. The definition of cinematograph film in the Act is an 'aggregate of visual images... capable of being shown as a moving picture'.⁵ In contrast, the court considered a television broadcast to be a sequence of still images. Therefore, the court held that copyright can subsist in each and every still image

which is transmitted or capable of being observed as a separate image on a television screen.

Videos of a television broadcast

The Court closely analysed section 25(4) of the Act and the catalyst for its enactment, namely the Spicer Report.⁶ The section relevantly provides:

"(4) In this Act:

(a) a reference to a cinematograph film of a television broadcast shall be read as including a reference to a cinematograph film, or a photograph, of any of the visual images comprised in the broadcast; and

(b) a reference to a copy of a cinematograph film of a television broadcast shall be read as including a reference to a copy of a cinematograph film, or a reproduction of a photograph, of any of those images."

The Court concluded that the section extends the scope of copyright in television broadcasts to each and every visual image of that broadcast. Further, the fact that section 25(4) applied to both a photograph of any of the visual images, as well as to a cinematograph film, supported the notion that the expression

"any of the visual images" encompasses one or more of those images, without any requirement that the images should amount to a substantial part of the broadcast.

The Court rejected the argument put forward by Channel Ten namely that "whilst s25(4)(a) makes it clear that photographs can infringe, there would need to be sufficient photographs to amount to a substantial part of an identified broadcast."⁷ The Court considered this "unconvincing" as it paid insufficient regard to the recommendations of the Spicer Report, namely that "the taking of a photograph of any part" of a television broadcast should be an infringement.

Re-broadcast of a television broadcast

In respect of section 87(c) of the Act, the Court stated that the notion of "re-broadcasting" incorporated Channel Ten's transmission of the Panel segments that it had captured on video. In particular, Justice Hely stated:

"When is a television broadcast made? A television broadcast is made when the transmission of visual images and any accompanying sound begins. A television broadcast continues to be made as the transmission of visual images and any

metropolitan newspapers is 30%, with a 25% limit on any single foreign shareholder. The aggregate non-portfolio limit for provincial and suburban newspapers is 50%.

ABOLITION OF MEDIA SPECIFIC FOREIGN OWNERSHIP RESTRICTIONS

The Bill proposes to repeal the media-specific foreign ownership restrictions in the BSA with the effect that all foreign ownership investment in media will be subject only to the general foreign ownership laws under FATA that take account of national interest concerns. The Government's rationale is that the current restrictions impede investment in Australia and that the repeal of the restrictions would result in a more competitive media sector.

CROSS-MEDIA OWNERSHIP EXEMPTION CERTIFICATES

The Bill does not propose to repeal the cross-media ownership restrictions. Instead, it creates a regime whereby an entity seeking to take control of a set of media operations (in circumstances where control would breach the BSA) may apply to the ABA for an exemption certificate. The holder of an exemption certificate will not be in breach of the cross-media rules, provided that the conditions of the certificate are met.

Amendments to the Bill that give effect to the Senate Committee recommendations only allow cross-ownership of two of the three types of relevant media (television, radio and newspapers) in regional (ie non-metropolitan) areas, based on the rationale that regional areas have fewer choices of media outlets than in metropolitan areas. By contrast, a media proprietor could control all three in a metropolitan area subject to compliance with conditions.

The application must identify the set of operations currently controlled and proposed to be controlled, and include proposed organisational charts and editorial policies that show how each media operation will achieve separate:

- editorial policies;
- editorial decision-making; and
- editorial news management, news compilation processes, and news gathering and interpretation capabilities. Provided that separation is maintained in these areas, the relevant media operations may share resources and co-operate.

The rationale behind the exemption certificate regime is that it protects diversity of news sources and opinions while allowing for common control of media operations.

The ABA must issue an exemption certificate if it is satisfied that the conditions included in the application are sufficiently specific and detailed to meet the objective of editorial separation for the relevant set of media operations.

The observance of the objectives is a condition of the entity's relevant commercial television or radio broadcasting licence. The ABA's enforcement powers include notification of a licensee to rectify a breach and the suspension or cancellation of a licence.

Amendments made to the Bill following Senate Committee recommendations require a media company that holds a cross-media exemption certificate to disclose a cross-media holding in certain circumstances.

REGIONAL NEWS

The Bill also provides for new licence conditions on regional commercial

television and radio broadcasting licensees that are subject to an exemption certificate to maintain existing or minimum levels of local news and information.

Critics of the Bill argue that this requirement would impact unfairly on cross-media owners because other regional media operators that do not have cross-media holdings would not have the same obligations. The ABA's August 2002 report, following its investigation into the adequacy of local news and information programs on regional television, recommended that a licence condition be imposed on all regional commercial television operators in certain parts of Queensland, New South Wales and Victoria in respect of local news requirements.

The Government has not addressed this recommendation in the Bill, stating that it intends to give further consideration to the issues following the ABA's final determination on its investigation.

Other amendments

The Bill was also amended to prohibit contracts and arrangements that restrict the program format of commercial broadcasting radio services.

CONCLUSION

The Government now faces its second hurdle—the passage of the Bill through the Senate. This requires the Government to obtain the support of independent Senators or Senators who have previously been opposed to the Bill.

This is an important piece of legislation and enactment of the Bill would result in fundamental changes to the Australian media landscape.

Raami Costelloe is a Senior Associate at the Sydney office of Allens Arthur Robinson

Media Ownership Bill Jumps First Hurdle

Raami Costelloe comments on the progress of proposed changes to cross-media and foreign ownership restrictions.

The Federal Government has been successful in making the first step towards its goal of repealing the cross-media and foreign ownership restrictions, following the passing of a bill to amend the *Broadcasting Services Act 1992*. The second step is more difficult.

The successful passage of the Broadcasting Services Amendment (Media Ownership) Bill 2002 (the **Bill**) through the Commonwealth House of Representatives on 15 October 2002 is the farthest that the Coalition Government has gone towards its long-held goal of repealing the cross-media and foreign ownership restrictions in the *Broadcasting Services Act 1992* (BSA). In previous attempts to pass similar legislation, the Government failed to gain the support of its own party members in the lower house.

For the Bill to become law, the Government must persuade independent Senators to support it because the Government does not have an upper house majority and the Australian Labor Party, the Australian Greens and the Australian Democrats have, up until now, opposed the Bill. Prior to its passage through the lower house, the Bill (first tabled in March 2002) was amended following a Senate Committee Report of June 2002 in which Government members of the committee recommended a number of changes to the first draft. The changes reflect concern from Government members regarding the need for disclosure of cross-media holdings and maintaining diversity of news and local news content in regional Australia.

THE BILL

The Bill proposes to amend the BSA by repealing media-specific foreign ownership restrictions and creating an exemption to the cross-media ownership restrictions that would allow a person or company to control:

- a commercial radio licence, a commercial television licence and/or a major newspaper in the same metropolitan licence area (each a **media operation**); and
 - two separate media operations in a regional licence area - any two of a commercial television licence, a commercial radio licence or a major newspaper, but not all three,
- provided that separate editorial processes are maintained between the individual media operations.

CURRENT CROSS-MEDIA AND FOREIGN OWNERSHIP RESTRICTIONS

The BSA presently prevents any one person controlling more than one of the following in any geographic licence area:

- a commercial free-to-air television licence;
- a commercial radio licence; or
- a major newspaper.

The BSA contains specific foreign ownership restrictions with respect to free-to-air and pay television licences, including:

- **free-to-air television:** foreign persons must not be in a position to control a free-to-air television licence and the total of foreign interests must not exceed 20%;

- **pay television:** foreign interests are limited to a 20% company interest in a pay television licence for an individual and a 35% company interest in aggregate.

A person is regarded to be in a position to exercise control of a licence, company or newspaper if the person has company interests exceeding 15%. Company interests can be shareholding, voting, dividend or winding-up interests. The Australian Broadcasting Authority (ABA) may also have regard to other non-company interest factors in determining the issue of control.

In addition to the BSA, there are controls on foreign investment in the media under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (FATA). In summary:

- **all media:** all direct (ie non-portfolio) proposals by foreign interests to invest in the media sector, irrespective of size, are subject to prior approval under the Government's foreign investment policy on a **national interest** basis. Proposals involving **portfolio** share holdings of 5% or more must also be approved;
- **newspapers:** the maximum permitted aggregate foreign (non-portfolio) interests in **national** and

accompanying sounds continues. Visual images and accompanying sounds as they are broadcast, themselves satisfy the definition of "television broadcast": cf the observations of Buckley LJ in *Spelling Goldberg* at 296. One does not have to wait until there has been a transmission of enough of the images and sounds to constitute a programme, or any other subject matter, before concluding that a television broadcast has been made.¹⁸

Justice Hely held that the interest protected by the copyright is the actual images and sounds in the broadcast, rather than a larger "whole" or composite of interests. He concluded that a "television broadcast in which copyright may subsist is made whenever visual images and accompanying sounds are broadcast by way of television".⁹ His Honour expressly rejected the notion that the "thousands" of transmissions daily lead to any inconvenience or absurdity.¹⁰

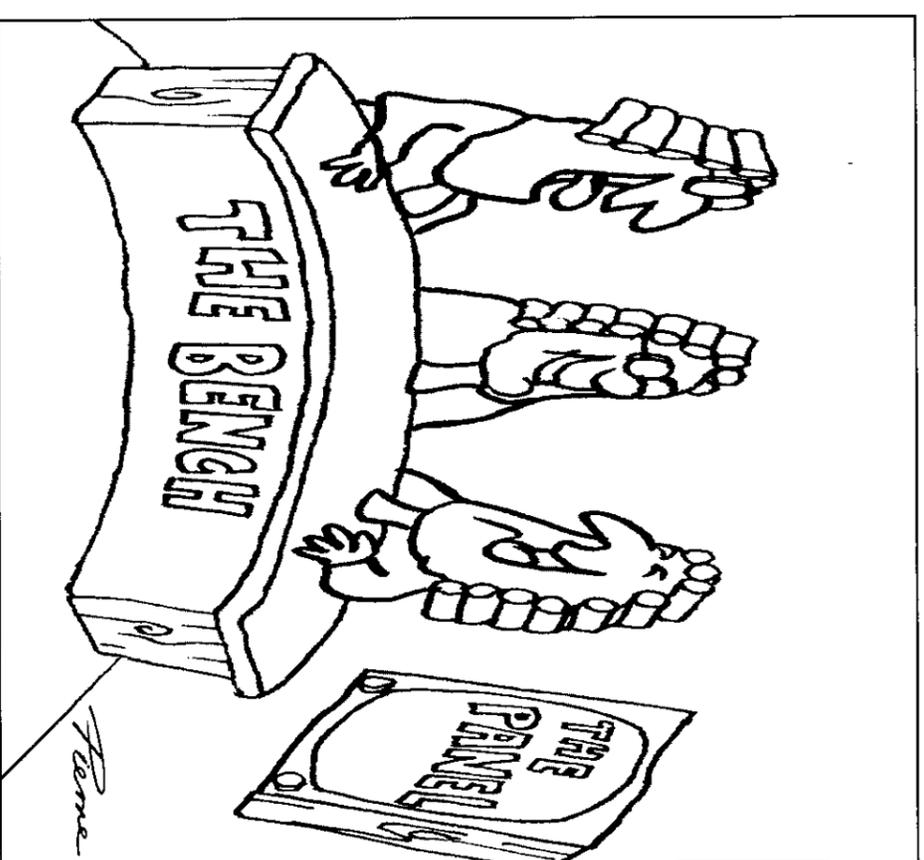
WHAT ABOUT THE "FAIR DEALING DEFENCE"?

Channel Ten argued that the broadcast of the 10 segments the subject of the appeal constituted fair dealing for the purpose of either criticism, review or the reporting of news. The Appeal was upheld in relation to five of the 10 segments.

Justice Sunberg stated "the defence of fair dealing involves questions of degree and impression, on which different minds can reasonably come to different conclusions".¹¹ This is clearly borne out by the decision itself in which the three Federal Court judges reached different conclusions about whether or not the fair dealing defence was established in relation to some of the segments.

The Court did broadly agree on the principles that emerged from authorities involving fair dealing defences (as summarised by Justice Conti at first instance), which included¹²:

- Generally:**
- "fair dealing involves questions of degree and impression; it is to be judged by the criterion of a fair



minded and honest person, and is an abstract concept";

- "fairness is to be judged objectively in relation to the relevant purpose, that is to say, the purpose of the criticism or review or the purpose of reporting the news; in short, it must be fair and genuine for the relevant purpose"....;

Criticism and review:

- "must be genuine and not a pretence for some other form of purpose, but if genuine, need not necessarily be balanced";

News:

- "news is not restricted to current events" and "may involve the use of humour though the distinction between news and entertainment may be difficult to determine in particular circumstances".

Channel Nine argued that it was incumbent upon Channel Ten to prove that it had the relevant purpose of

criticism or review or of news reporting. It argued that Channel Ten's purpose was to entertain, provide program content and achieve ratings and that this did not ground a fair dealing defence. The Court held that even if that was Channel Ten's purpose, this did not disentitle it from relying on the fair dealing defence if Channel Ten's program involved or included criticism, review or reporting of news.

The Court considered the particular Panel Segments the subject of the appeal. Those of particular interest are the segments for which the Court reached differing views. For example:

- *The Today Show* segment showed Boris Yeltsin shaking hands with three former Russian Prime Ministers. Justices Hely and Sunberg confirmed the primary judge's statement that there could be an overlap between news and entertainment and that the primary judge had not erred in coming to the conclusion that the particular segment was entertainment only. In contrast, Justice Finkelstein concluded that the discussion

“whether there should be an age limit imposed on a president, while considered in a humorous way because of Yeltsin’s known drinking and memory problems, was newsworthy.” This was all that was required for fair dealing.

- The *Simply the Best* segment showed the audience casting a vote on which was the “best” variety of things, however the voting was given no context. Justice Finkelstein stated that The Panel’s discussions about what the vote was for and the various possibilities raised was justified criticism about the show’s format. On the other hand, Justices Sunberg and Hely agreed with the primary judge that the fair dealing “defence was not made out because of the paucity of the evidence which left no viable basis for comprehending, much less resolving, what was the true nature of the alleged criticism”.

THE CONSEQUENCES...

The Panel decision generates little comfort or certainty in relation to the dealings and treatment of broadcasters. On one hand, the threshold for copyright infringement has been significantly reduced. Broadcasters, editors, producers and others within the television and motion picture industries risk copyright

infringement in the making of videos of third parties’ television footage and rebroadcasting of any of the actual images and sounds. There is no requirement that the visual images so transmitted must constitute a substantial part of the original broadcast.¹³ This obviates any previous need to consider whether any harm had been inflicted on the television broadcaster’s commercial interest in the program.

Yet in the face of heightened risks of copyright infringement, the Federal Court did not perceptibly broaden third parties’ ability to establish a defence to such infringement. Rather the Federal Court highlighted in both word and deed the element of “subjectivity” in recognising that different people may reach different decisions on whether or not the defence of fair dealing applies. The Panel decision itself contains conflicting conclusions on whether or not a particular segment could be properly characterised as the reporting of news or criticism or review. For example, it appears that where humour is involved it is more difficult to establish the fair dealing defence. Ultimately, whether the defence can be established will depend on subjective judicial determinations based on questions of degree and impression. The decision is currently the subject of an application for special leave to the

High Court of Australia. Many will await the outcome of the application with great interest.

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- 1 [2002] FCAFC 146 (22 May 2002).
- 2 The decision of the trial judge was discussed in “Fair or Foul Dealing: The Panel and Copyright”, Golder, T and Ward, T, *Communications Law Bulletin*, Volume 20, Number 3, 2001 at page 6.
- 3 Section 103A of the Act.
- 4 Section 103B of the Act.
- 5 Section 10 of the Act.
- 6 *Report of the Copyright Law Review Committee*, 1959 (the *Spicer Report*).
- 7 Justice Hely at paragraph 68 [2002] FCAFC 146 (22 May 2002).
- 8 Justice Hely at paragraph 80 [2002] FCAFC 146 (22 May 2002).
- 9 Justice Hely at paragraph 82 [2002] FCAFC 146 (22 May 2002).
- 10 Justice Hely at paragraph 88 [2002] FCAFC 146 (22 May 2002).
- 11 Justice Sunberg at paragraph 2 [2002] FCAFC 146 (22 May 2002).
- 12 Justice Hely at paragraph 98 [2002] FCAFC 146 (22 May 2002).

13 Despite the fact that the court did suggest that in certain circumstances copyright infringement may not occur if the re-broadcast does not substantially resemble the original footage (eg. if the segment has been cropped or the sound removed) or it is very “insubstantial in duration”.

Sharing the Burden of Providing Local Content in Regional Television

John Coker comments on a recent ABA proposal for increased programming of local news and information on commercial television in regional Australia.

The Australian Broadcasting Authority (the ABA) should be congratulated for finally taking on the difficult issue of localism in regional television programming. Ensuring appropriate coverage of matters of local significance has been an object of the *Broadcasting Services Act* since 1992 but this is the first time the ABA has suggested a solution. The proposal has the potential to be a win/win for the industry and the public but not in its current form.

In its report released on 27 August 2002 the ABA suggests that a licence condition be imposed on all regional commercial television licensees in regional Queensland, New South Wales and Victoria that requires them to broadcast a minimum amount of programs about matters of local significance by meeting a points target each week equivalent to 45 minutes of local news or 90 minutes of local information per week. Comments were sought by 31 October 2002.

Commercial television news services in regional and remote Australia have been closing down for some time. The reason is that local news programs aren’t rating as well as other programs. Significantly this has occurred in three of Australia’s largest regional markets, Wollongong, Newcastle and Canberra. The ABA has formed the view that the market is unable

arrangement, not its purpose, that stopped Mannum residents having access to a second newspaper.

MARKET DEFINITION

Justice Mansfield found the relevant market was the market for regional newspapers in Murray Bridge. On appeal, the Rural Press parties argued that the market should include other print media and commercial radio, which competed with regional newspapers. However, there was evidence that Bridge Printing had never enquired about the local commercial radio station’s advertising rates, in contrast to its preoccupation with the rates of nearby newspapers. Despite evidence from advertisers who chose to advertise their product through either radio and newspapers, or both, the Full Court upheld Justice Mansfield’s definition of the market.

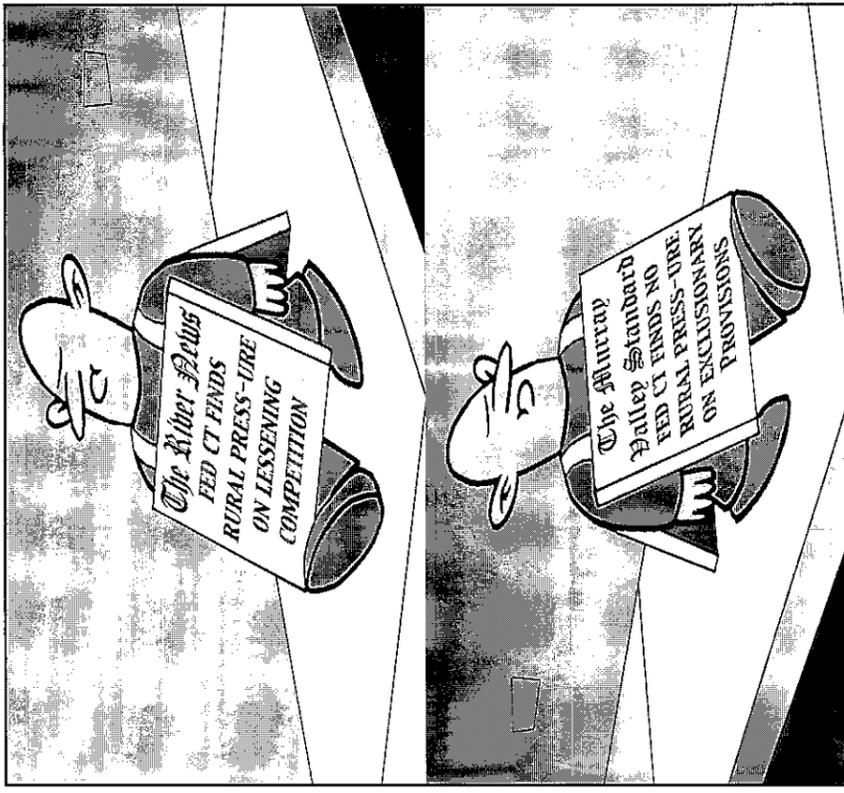
SUBSTANTIAL LESSENING OF COMPETITION

Although the Full Court did not find that the arrangement involved an exclusionary provision, it did find that it resulted in a substantial lessening of competition. The fact that newspaper sales in Mannum were modest and affected a small part of the market, did not mean that the level of competition in question was trivial or insubstantial. The scale of the Rural Press parties’ actions in response to Waikerie Printing’s conduct indicated that the impact of the arrangement was, in fact, substantial. The effect of the Rural Press parties’ conduct was to nip the actual and potential competition in the bud’ Bridge newspaper market ‘in the bud’ and snuff out any potential competition. Otherwise Waikerie Printing could have continued to service Mannum.

MISUSE OF MARKET POWER

The Rural Press parties accepted that they had a substantial degree of power in the market and so the Full Court considered whether their conduct was a misuse of that market power. It found that the Rural Press parties had the proscribed purpose of preventing Waikerie Printing from competing in the market, but the critical issue was whether they had taken advantage of that market power.

Justice Mansfield decided that financial and publishing resources and expertise were relevant to the determination of market power and that the private nature of communications between the Rural Press parties and Waikerie Printing amounted to a taking advantage of market power rather than an exercise of



competitive rights.

Applying the test in *Melway Publishing Pty Ltd v Robert Hicks Pty Ltd*, the Full Court held that, even in a perfectly competitive market, the Rural Press parties could have threatened to enter or actually enter the Riverland market. As such, they were utilising something other than market power in making their threats. While the ACCC conceded that the use, or threatened use, of financial resources in itself could not be an exercise of market power, the Full Court noted that the issue of whether financial resources are relevant to the existence of market power is debatable. The Full Court went on to state that, while the existence of resources in this case may have been either the ultimate cause or the result of market power, using those resources was not ‘taking advantage of’ market power.

PENALTIES

The Full Court then considered penalties. At trial, the ACCC sought penalties of \$6,500,000 for Rural Press and \$1,500,000 for Bridge Printing. In the original case Justice Mansfield had imposed penalties of \$400,000 on Rural Press, \$200,000 on Bridge Printing, and \$60,000 on Waikerie Printing and penalties totalling \$70,000 on Rural Press employees. The ACCC argued that the penalties against the Rural Press parties

were manifestly inadequate. It also argued that Justice Mansfield had taken into account an irrelevant consideration - the conduct of the parties during a trial - in imposing them. The Full Court agreed that conduct of parties during a trial is irrelevant when considering penalties, but noted that it may be relevant to costs orders. Despite finding for the Rural Press parties on two issues, deciding that there was only one breach rather than three and then ‘exercising afresh’ the discretion to fix penalties, the Full Court imposed the same penalties as Justice Mansfield.

FOLLOW UP

Justice Mansfield found that Rural Press’ compliance program was genuinely directed to ensuring a culture of compliance and refused to order the Rural Press parties to implement a trade practices compliance program that complied with the Australian standard. The Full Court upheld that decision, emphasising its reluctance to delegate to a third person the task of specifying obligations the subject of injunctive orders.

The ACCC has sought special leave to appeal the Full Court’s decision on exclusionary provisions and misuse of market power to the High Court.

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name amounts to bad faith, the UDRP provides that a complainant must show that there is a pattern of conduct showing intent to prevent the complainant from reflecting its trademark in a corresponding domain name.

PRECEDENT UNDER THE UDRP AND THE AUDRP

Decisions under the audRP are not designed to be expressly binding for future panels; nevertheless, if practices in relation to the UDRP are at all indicative of practices that may come to emerge under the audRP, decisions may come to have a strong persuasive effect on panels.

Under the URDP, decisions are officially published on the Internet and this has led to a practice by panels of citing back to previous decisions. Most decisions have used the previous cases with only the weight of persuasive authority, while a

few appear to view themselves as being bound by precedent. For instance, in *Zwack Unicum Ltd. v. Duna* (zwackunicum.com) D2000-0037 the panelist cited the earlier decision in *World Wrestling Federation Entertainment Inc. v. Bosman* (worldwrestlingfederation.com) D99-0001 to establish the evidentiary burden as requiring proof of both registration and use in bad faith. The better view, and this is reflected in most UDRP decisions, is that previous decisions are merely persuasive.

As decisions become handed down by audRP panels, and assuming that those decisions are subject to formal and public disclosure, the role (if any) of previous decisions as precedent will become clear.

LITIGATION

Clause 2.2 of the audRP makes clear that the policy only applies to disputes which

meet the requirements set out in Schedule 4 Clause 4(a) (described above). Domain name disputes which do not fit within the scope of this provision may still be addressed by laws relating to passing off, misleading and deceptive conduct, and trade mark infringement. Likewise, other disputes which are very specific to domain names, such as those relating to meta tags and deep-hyperlinking, will also continue to be resolved by the courts.

As a final note, the decisions under the audRP are not subject to appeal as a function of the policy. Nevertheless, it remains to be seen whether a party could effectively appeal a decision by way of the operation of administrative law.

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ACCC V Rural Press

Janey Draper reviews the recent Full Federal Court decision in 'Rural Press' regarding misuse of market power

The Full Federal Court recently overturned the decision of Justice Mansfield in *ACCC v Rural Press & Ors* [2001] FCA 1065, a case that extended the boundaries of the misuse of market power provisions in the *Trade Practices Act 1974* and made some interesting comments and observations on exclusionary provisions.

THE RURAL PRESS STORY

The Rural Press case concerned the actions of the Rural Press and Bridge Printing (the **Rural Press parties**), owners of *The Murray Valley Standard* (the *Standard*), in pressuring Waikerie Printing, owner of *The River News*, to stay out of Bridge Printing's territory. Waikerie Printing had begun to source advertising and news in Mannum, an area normally serviced by the *Standard*. Following telephone calls, discussions, correspondence and threats by Rural Press to start publishing a new rival newspaper in the Riverland in direct competition with *The River News*, Waikerie Printing agreed to revert to its prime circulation area, which stopped 40km north of the town.

Originally, Justice Mansfield found that the Rural Press parties had misused their market power in the market for regional

newspapers in Murray Bridge and that the Rural Press parties and a competitor, Waikerie Printing, had entered into an arrangement that substantially lessened competition, in breach of section 45 of the *Trade Practices Act 1974* (TPA) and involved an exclusionary provision.

Justice Mansfield's finding on market power was curious, because the relevant conduct was consistent with competitive conduct and the action of the Rural Press parties seemed not to be connected with their power in the relevant market. Not surprisingly, the Rural Press parties appealed to the Full Federal Court. The ACCC cross-appealed on the issue of penalties.

The Full Court overturned Justice Mansfield's decision on exclusionary provisions and misuse of market power, but upheld his decision on substantial lessening of competition and, to a lesser extent, on penalties.

EXCLUSIONARY PROVISIONS

An exclusionary provision is an arrangement between competitors which prevents, restricts or limits supply to, or acquisition from, particular persons or classes of persons. Justice Mansfield found that those Mannum residents who no longer received *The River News* as a result

of the arrangement between the Rural Press parties were a 'class of persons'. On appeal, the Rural Press parties argued that the relevant class of persons should not be defined only by reference to the fact of their exclusion, but that they should share some positive characteristic. Alternatively, they argued that even if a particular class of persons was defined on the basis of exclusion only, the arrangement should still be specifically targeted at that class at the time it was made.

In finding that the arrangement did not involve an exclusionary provision, the Full Court held that the 'class of persons' must be the intended and specific object of the conduct and, unless this is so, they will not constitute a particular class for the purposes of the TPA. In this respect, the Full Court followed both Justice Finn at first instance in *South Sydney District Rugby League Club Ltd v News Ltd* (2000) 177 ALR 611 and Justice Heery on appeal (in dissent) in *South Sydney District Rugby League Football Club Ltd v News Limited* (2001) FCA 862. That case is now on appeal to the High Court.

Furthermore, the Full Court held that there was no reason to find that either party had any purpose of injuring or disadvantaging those who no longer received *The River News*, because it was the effect of the geographic zoning

to support sufficient local television news and information in regional markets and so proposes regulation to address this market failure.

"TRADING CREDITS"

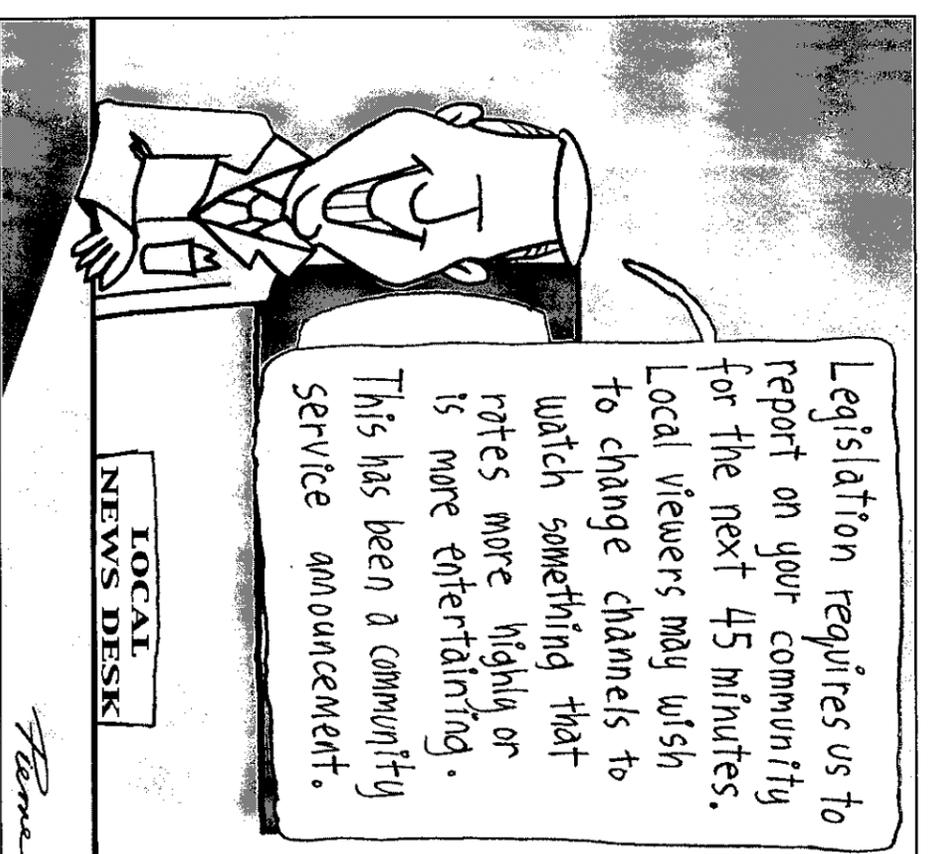
In evidence to the House of Representatives Regional Radio Inquiry last year the Deputy Chair of the ABA, Ms Lyn Maddock, suggested that the Committee consider a "trading credits" system as a way of sharing the responsibility between commercial radio broadcasters to provide for localism because, as she said, "if you had a system whereby you mandated that every station is responsible for there, being on air in the area, X minutes or X hours per day of community news, but could contract with another station to deliver on their behalf, then the station that is most efficient at producing and organising it will do so".

It is surprising therefore, that on this occasion, the option of a "trading credits" system for local news has not been suggested by the ABA. The ABA's proposal places the burden of providing local information and news directly on each broadcaster but with no capacity for any trading of responsibility.

If "trading credits" were allowed, and a single licensee provided all the local content, it is hard to see how the public would be any worse off. In fact they may be better off as the content is likely to be of a higher quality, being produced by a dedicated team that has a significant incentive to make it work commercially and the programming of local content in the same time slots will be avoided. It is not in the public interest to have head-to-head programming of local news which is quite likely to occur in a market where all three licensees are required to provide it.

DIVERSITY

One of the arguments against the "trading credits" system might be that it leads to a monopoly in the provision of local news and views that may lead to a narrowing of the diversity of local views and attitudes published in the media in the local area.



What this fails to take account of is that diversity in local news and information in regional areas is provided primarily by the diversity that exists between the news and information provided by television, the local newspaper, and radio, commercial, community and, most importantly, ABC radio, rather than the limited diversity that might be expected to occur between the three commercial television services.

COMPETITION POLICY

What about any competition policy concerns? Is it to be suggested that there is a market in local news and information for television? History indicates otherwise. In most regional centres the television local news service has been reduced to a single service provided by only one broadcaster. Any market that existed has not been able to support competition between the three television services. There is probably a market as between radio, television and newspaper for local news and information. There

is also a market for local advertisers as between television, radio and newspaper but this proposal is not likely to substantially lessen competition in either of these markets.

CONCLUSION

The *Broadcasting Services Act 1992* intends that the ABA regulate in a manner that enables public interest considerations to be addressed in a way that does not impose unnecessary financial and administrative burdens on industry. If the same overall outcome of a fixed amount of local content being broadcast, can be achieved at a lower cost to industry by using a "trading credits" system then the ABA's proposed new licence condition should allow for this.

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Playstation Protection – Not on the “Digital Agenda”

John Corker examines the failure of the Copyright Act “Digital Agenda” provisions to protect PlayStation from an anti-counterfeiting device.

By the Copyright Amendment (Digital Agenda) Act 2000, the Federal Government introduced section 116A into the Copyright Act 1968 (the Act), intended to prevent counterfeiting activities by protecting copyright owners who use “technological protection measures” from the supply by others of means to bypass or “circumvent” such protective measures.

At the time, these provisions were criticised in that:

- they introduced a concept of “intention” with respect to the technological protection measure - the purpose of the alleged technological protection measure to be protective in a particular fashion has to be proved; and
 - they seemed to relate only to devices which prevent access to a work by a “code or process” or which prevent the act of copying.
- Hence, it has been observed, the amendments would not even have addressed the type of anti-piracy protection represented by the device the subject of the decisions of the High Court in *Autodesk v Dyason* (1992) 173 CLR 1; 22 IPR 163; (1993) 25 IPR 33, which one might have expected to be prominent in the minds of those drafting the legislation.

These chickens have come home to roost in a decision of Sackville J of the Federal Court handed down in *Kabushi Kaisha Sony Computer Entertainment Inc. v. Stevens* [2002] FCA 906 (26 July 2002). The Court found that the protection measures identified by Sony in their PlayStation 2 (PS2) console that were circumvented by a “mod chip” installed by the defendant were designed, in the ordinary course of their operation, to deter or discourage persons from infringing Sony’s copyright in the PS2 games.

However, despite this finding, the Court found that these measures were not “technological protection measures” as this phrase is defined in the Act.

Accordingly, Sony’s claim under s.116A of the Act failed.

It is a disturbing footnote to this decision that this outcome was instigated by the Australian Competition and Consumer Commission (the ACCC) who were granted leave to appear as *amicus curiae* ultimately for the benefit of the defendant counterfeiter.

THE FACTS

The protection measure argued by Sony to be a “technological protection measure” for the purposes of the Act was a “Boot ROM” located on the circuit board of the PS2 console which embodied a particular program designed to read and verify the access codes stored on the boot track of the PS2 CD ROMs. If the access codes were not present in the boot track of the CD ROM, or were incorrect, then the CD ROM would not work. The PS2 CD ROMS were designed so that the access codes would not be copied onto blank CDs; so that an illegal copy would be useless.

Sony also used the access codes to “regionalise” CD ROMs. The boot track access codes could be made different for different geographical regions, so that even genuine Sony CD-ROMs sold in the United States, say, would not work in PS2 consoles marketed in Australia or other parts of the world. This was the issue which brought the ACCC into the proceedings - notwithstanding the defendant in the proceedings was actually selling counterfeits. The ACCC took the position that regional coding is detrimental to consumer welfare as it limits consumer choice and in some cases, access to competitively priced goods, which might be imported from overseas markets. Mr Stevens was unrepresented and the ACCC was given leave to appear as *amicus curiae* by the court.

Mr Stevens sold and installed “mod chips” for PS2 consoles and also sold counterfeit copies of PS2 games. The “mod chip” had the effect of modifying

before 1 July 2002, disputants need still rely on the dispute resolution mechanisms created under the old policy as an alternative to litigation.

RESOLUTION OF DISPUTES UNDER THE MELBOURNE IT POLICY

The dispute resolution mechanism under the old policy set by Melbourne IT is grossly inadequate and has been seldom (if ever) employed. The procedure is set out under Clause 5 of the old policy.

The first step under the policy requires that the originator of the dispute send notice of the dispute in writing to the administrator of the domain name. The second step requires that the originator, the administrator and any third parties must attempt to settle the dispute by negotiation and conciliation. If this fails, the parties must refer the dispute to a commercial disputes centre for arbitration and all parties must agree to be bound by the ruling of the arbiter. The costs of the dispute are borne by the originator. The dispute resolution procedure is not mandatory in that the consent of the parties to a dispute is required before that dispute can be referred to arbitration.

The terms in the old policy relating to dispute resolution are so general and uncertain that they are probably unenforceable.

OPERATION OF THE AUDRP

Under the auDRP, complaints about domain names registered after 1 August 2002 must be submitted to an auDA-approved dispute resolution service provider which then appoints a panel (single member or three members) from its listed panelists to determine the dispute. Each provider follows the auDRP Rules set out in Schedule B of the auDRP as well as its own supplemental rules. Approved dispute resolution service providers presently include: Leading Edge Alternative Dispute Resolvers; The Chartered Institute of Arbitrators - Australian Branch; The Institute of Arbitrators and Mediators Australia; and the World Intellectual Property Organisation.

Schedule A Clause 4(a) of the auDRP states that the policy is applicable for disputes where a complainant (who bears the onus of proof) asserts that:

- a domain name is identical or confusingly similar to a name, trademark or service mark in which they have rights;
- the holder of the domain name has no rights or legitimate interests in respect of the domain name; and
- the domain name has been registered or subsequently used in bad faith.

Schedule A Clause 4(b) of the policy then holds that the following circumstances (particular but without limitation) will evidence registration or use of a domain name in bad faith:

- circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to another person for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
- you have registered the domain name in order to prevent the owner of a name, trademark or service mark from reflecting that name or mark in a corresponding domain name; or
- you have registered the domain name primarily for the purpose of disrupting the business or activities of another person; or
- by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to a website or other online location, by creating a likelihood of confusion with the complainant’s name or mark as to the source, sponsorship, affiliation, or endorsement of that website or location or of a product or service on that website or location.

Finally, Schedule A Clause 4(c) of the policy outlines the following indicia that you hold a legitimate interest in a domain name:

- before any notice to you of the subject matter of the dispute, your bona fide use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with an offering of goods or services (not being the offering of domain names that you have acquired for the purpose of selling, renting or otherwise transferring); or

- you (as an individual, business, or other organisation) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- you are making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the name, trademark or service mark at issue.

Despite these comprehensive criteria, panels will inevitably face problems when they come to face similar problems that have been experienced by UDRP panels in determining legitimate interests or bad faith. This will be of particular interest in the context of protest sites with a political angle or sites that are based on foreign language translations of words and phrases.

COMPARISON WITH THE UDRP

The substantive provisions in the auDRP closely reflect provisions in the UDRP (which applies to gTLDs such as .com and .net) but also differ in that they take account of policy rules that only apply to .au domain names and they address practical constraints that have become apparent since arbitrations under the UDRP began in 1999.

There are a number of key differences between the policies. Firstly, the UDRP requires that domain names be both registered and used in bad faith, whereas the auDRP requires that the domain name must have been registered or subsequently used in bad faith. Secondly, the UDRP requires that the respondent show that the domain name has been used in connection with a bona fide offering of goods and services, whereas the auDRP provides that it is the use of the domain name which must be bona fide rather than the offering of goods and services. Thirdly, bad faith is generally easier to prove under the auDRP. For example, whilst the auDRP provides that registration primarily for the purposes of transferring the domain name to a third party for profit amounts to bad faith, the UDRP requires an intention to transfer the domain name to the complainant or one of its competitors for a profit. Further, whereas the auDRP provides that the registration of a domain name in order to prevent the complainant from registering the domain

Dispute Resolution For Australian Domain Names

Andrew Byrne and Andrew Wiseman examine the new Australian domain name dispute resolution policy.

On 1 July 2002, the Australian domain name administrator, auDA, introduced new policy rules for domain name registration. More recently, on 1 August 2002, auDA introduced a new dispute resolution policy (the **auDRP**) to apply to all domain names registered under and governed by the new policy rules. The auDRP is modelled on the widely used Uniform Dispute Resolution Policy (**UDRP**) for generic top level domains and will have significant implications for Australian businesses with an Internet presence.

The purpose of the auDRP is to provide a cheaper and more expedient alternative to litigation for the resolution of disputes between the registrant of a .au domain name and a party with competing rights in the domain name.

ADMINISTRATION OF .AU DOMAIN NAMES

Domain names broadly fall into two categories: generic top-level domains (**gTLD**), which include, for example, the suffix .com for commercial domains or .edu for educational domains; and country code top-level domains (**ccTLD**), with a suffix that corresponds to the country which governs the use of that domain space. Examples of suffixes for ccTLDs include .au for Australia or .uk for the United Kingdom. The expression second level domain (**SLD**) refers to the portion of a domain name that identifies the specific and unique administrative owner associated with the internet address. For instance, www.aar.com.au is a second level domain comprised of the ccTLD .au.

administered by Mr Robert Elz of the University of Melbourne and domain names were registered through an organisation named Melbourne IT which set a policy for the registration and use of the domain names.

auDA now licenses the registration process to multiple registrars each of which must adopt auDA policies and bind domain name buyers to those policies.

COMMON DISPUTES RELATING TO DOMAIN NAMES

Domain name disputes commonly involve two parties with competing and legitimate interests in a domain name or, on the other hand, "cybersquatters" and legitimate interest holders.

Cybersquatting is the practice of registering, trafficking in, or using a domain name with bad-faith intent to profit from the goodwill of a trade mark belonging to someone else. Cybersquatters will normally register domain names incorporating common English words or words where it is possible to pre-empt that such domain names may be of commercial value to individuals or organisations in the future. For instance, an individual may become aware that Widget Company Pty Ltd does not have a gTLD domain name and may thus proceed to register www.widget.com with a view to selling it on to the company in the future for a profit.

Under the old .au domain name registration policy, applicants could only register a .au domain name where they held the same name as a company, business, partnership, trading, association or statutory body name. Company and business names were the most common vehicles. The applicants could only register the exact name or an acronym or abbreviation and could generally only register one domain name per business name or company name. Abbreviations were restricted in Clause

3.6 of the old policy such that:

- the domain name could only be derived from the characters contained in the commercial entity name;
- characters could be removed from the commercial entity name to create the domain name, but the sequence of the characters could not be altered; and
- new characters (not appearing in the commercial entity name) could not be introduced to the domain name.

While this did not prevent cybersquatting, it did require registration of a company or business name incorporating the appropriate word or acronym. There was limited opportunity for multiple .au domain name registrations from one company or business name registration.

Although the new auDA policy is still young, disputes are likely to arise in the future due to the liberalised standards for registration. Under the new policy, an applicant is able to register a domain name based on their Australian registered trade mark (or on a trade mark application) and may also register a domain name which is "closely and substantially connected" to the applicant. This new scope broadens the possibility for an individual with bad intent to establish a prima facie legitimate interest in a domain name and attain registration over it.

The new auDRP will address both new and old types of disputes. It is important to note, however, that the auDRP is implemented by incorporation in registration contracts and will therefore only apply to domain names registered on or after 1 July 2002. Nevertheless, registration of domain names under the auDA policy must be renewed every two years and so all domain names will automatically become subject to the new dispute resolution policy within that timeframe. Furthermore, registrants can voluntarily elect to be bound by the auDRP before their domain name licence is renewed. For domain names registered

RAM ISSUE

In another line of argument, Sony argued that its protection devices did in fact prevent a user from infringing copyright by preventing the user reproducing a substantial part of a work in material form, namely, a substantial part of an unauthorised CD-ROM reproduced into the console's Random Access Memory (**RAM**). So the question became whether what is stored in RAM was in a material form, defined as follows:

material form, in relation to a work or an adaptation of a work, includes any form (whether visible or not) of storage from which the work or adaptation, or a substantial part of the work or adaptation can be reproduced.

This definition was introduced by the Copyright Amendment Act 1984. Again, this poor drafting has been criticised - and indeed the decision in *Pacific Gaming Pty Limited v Aristocrat Leisure Industries Pty Limited* [2001] FCA 1636 confirmed this criticism - because a computer program cannot always be "reproduced" from forms of storage such as integrated circuits, CDs or floppy disks; in the sense determined in *Apple Computer Inc v Computer Edge Pty Limited* (1986) 161 CLR 171; 6 IPR 1, at best only a machine code version being capable of being derived. The Explanatory Memorandum at that time said:

The definition of material form includes such storage methods as storage or reproduction on magnetic tape, read only or random access computer memory, magnetic or laser disks, bubble memories and other forms of storage which will doubtless be discovered.

However despite this reference in the Explanatory Memorandum to storage in RAM, the finding in this case essentially follows from and expands on the finding in *AVRA v Warner* [2001] FCA 1719. The key fact that will determine whether storage of a work or a substantial part of a work in RAM is stored in a "material form" will be whether it can, in the ordinary course, be reproduced from RAM. In *AVRA v Warner*, the court said "in the ordinary course, temporary storage of a substantial part of the computer program in the RAM of a DVD player will not involve the reproduction



of the computer program in a material form." Likewise in this case the PS2 itself provided no mechanism by which a copy from the console's RAM could be made.

UK POSITION

This outcome is in contradistinction to a similar case run in the UK where Sony successfully obtained an order that such "mod chips" were circumvention devices.

In *Kabushi Kaisha Sony Computer Entertainment Inc. & Others v Edmunds (t/a Channel Technology)* [2002] EWHC 45(CH), Sony claimed that an importer of a "mod chip" known as "the messiah" had contravened section 296 of the *Copyright Designs and Patents Act 1988* (the **CDPA**) that deals with copyright infringement by means of any device or means specifically designed or adapted to circumvent copy-protection. Based on the facts of the UK case it seems that this chip had the same effect that the "mod chips" in Australia have, that is to enable CD-ROMs that are counterfeit and/or from other regional zones to play on the PS2 console sold in the UK.

Section 296(4) of the CDPA reads as follows:

References in this section to copy-protection include any device or means intended to prevent or restrict copying of a work or to impair the quality of copies made.

It is also noted that in the CDPA "reproducing the work in any material form" includes storing the work in any medium by electronic means, and hence does not suffer from the same defect as the Australian Act.

As a result of these definitions, it was not disputed that the "BootROM" system and the embedded codes put into genuine CD-ROMs and DVDs by Sony constituted the type of copy-protection envisaged by s. 296 of the CDPA, the copying intended to be prevented being the loading of the game into the computer.

CONCLUSION

The reason for the difference between the UK and the Australian outcomes seems to lie with the wording of the relevant provisions.

Both sets of laws have been derived from the provisions of the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty, but Australia's more

prescriptive terms have meant that Australia's laws are less protective of copyright circumvention devices than those of the UK.

The policy issues underlying how the law should operate in this instance are complicated by the fact that the protection device in this case has a number of different purposes and effects. The pros and cons of each should be separately

debated. Three of these are:

- the prevention of playing of CD-ROMS with other regional coding;
- the prevention of playing of pirated copies and
- the prevention of playing of back-up copies.

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Domain Name Update - .au Gets an Overhaul

Chad de Souza and Jesse Gleeson consider recent changes to the administration of .au domain names.

The Australian domain name administrator, auDA, introduced a host of changes to the way that .au domain names are registered and administered. Most of these changes were effective from 1 July 2002 and will have an impact on the way that companies maintain and expand their domain name portfolios.

CHANGES TO DOMAIN NAME REGISTRATION RULES

Effective from 1 July 2002 the eligibility requirements for a .com.au and .net.au registration are that the potential registrant now has or is:

- (a) A registered Australian trade mark or an application for an Australian trade mark (new);
- (b) An Australian Company Number;
- (c) A registered Australian Business Name or partnership or sole proprietor;
- (d) An Australian incorporated association; or
- (e) A foreign company licensed to trade in Australia.

A domain name that is derived from one of the requirements above may be registered. However, there is still no hierarchy of rights themselves (ie. between a trade mark, company name

be open for the registrar or auDA to cancel your domain licence.

It will be also be crucial for the entitlement to be satisfied at renewal, as the registrant must warrant that they are eligible for the domain name. If a false warranty is made at this point it will be another ground for cancellation.

PROPOSED DISPUTE RESOLUTION POLICY

Another main feature of the .au reforms is the introduction of a compulsory arbitration policy, effective from 1 August 2002, that is modelled after the ICANN Uniform Dispute Resolution Policy (*UDRP*). However, the new auDRP procedure is meant to address some of the problems with the UDRP by, for instance, expanding the concept of legitimate rights holders beyond trade mark owners. Like the UDRP, the registrants of .au domain names will submit to the auDRP procedure through their contracts with the domain name registrars. Domain names registered prior to 1 August 2002 will only be subject to the auDRP upon the renewal of those licences or if the registrants elect to submit to it. The main features of the procedure will be:

- (a) Arbitration may be sought for more than trade mark rights infringement ("names" are included in addition to trade marks and service marks);
- (b) Remedies are cancellation and transfers;
- (c) Complaints are filed for a fixed \$1500 fee;
- (d) All documentation is electronic;
- (e) Average turnaround of 14 days;
- (f) Domain names will be frozen until resolved;
- (g) Domain Names will not be transferred or cancelled if a court appeal is initiated within 10 days of a decision.

To succeed with a complaint, the complainant must show that:

- (i) the domain name is identical or confusingly similar to the *name* of the legitimate rights holder;
- (ii) the registrant has no legitimate rights to the domain;

(iii) the domain name has been used in *bad faith*, where bad faith includes registering a domain name to:

- (A) sell to another person;
- (B) prevent registration by a legitimate rights holder;
- (C) disrupt the business of a legitimate rights holder;
- (D) direct users to another web site by causing confusion with the name of a legitimate rights holder.

For a more in-depth examination of the auDRP, refer to the article by Andrew Byrne and Andrew Wiseman in this volume of Communications Law Bulletin.

TRANSFER OF DOMAINS

Since the introduction of the new *Transfers (change of registrant) Policy* on 14 October 2002, a registrant may transfer their domain name licence to a proposed new registrant if one of the following circumstances applies:

- (a) if the domain name is used within the operations of the registrant and either the registrant or the operations are acquired by, merged into, devolved to or joined with the operations of the proposed new registrant;
- (b) if the registrant, being a legal entity, is dissolved, liquidated, enters into administration or is wound up and as a consequence the registrant's licence passes to the proposed new registrant by operation of law;
- (c) if the registrant, being a natural person, dies, becomes insane or enters into a deed of family settlement and as a consequence the registrant's licence passes to the proposed new registrant by operation of law;

(d) if the registrant is required to relinquish the licence to the proposed new registrant by order of a competent arbitrator, tribunal, court or legislative body;

(e) if the registrant has entered into an agreement to transfer the licence to the proposed new registrant in settlement of a dispute between the parties, as evidenced by a deed of settlement.

Ground (d) has been introduced to accommodate the auDRP, however ground (a) is most likely to affect commercial businesses in that in a sale of a business, the purchaser will now be able to have the domain names transferred specifically and not have to rely on the more cumbersome approach of deregistering the existing licence and applying for a new licence concurrently. It is also significant that ground (e) also allows parties to transfer a domain by agreement, without requiring a judicial or arbitral order, in the event of a dispute.

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