

REPORTS OF CASES

DETERMINED IN THE

HIGH COURT OF AUSTRALIA

1928-1929

[HIGH COURT OF AUSTRALIA.]

THE GRAMOPHONE COMPANY LIMITED . APPELLANT ;
DEFENDANT,

AND

LEO FEIST INCORPORATED RESPONDENT.
PLAINTIFF,

ON APPEAL FROM THE SUPREME COURT OF
VICTORIA.

Copyright—Musical work—Gramophone record—Owner of copyright—Under Imperial Act—Records made—Consent of owner—Manufacture and consent outside Australia—Contrivance reproducing two works—Notice of intention to make contrivance in Australia—Apportionment of royalties—No agreement—Non-compliance with statutory conditions—Infringement—Copyright Act 1912 (No. 20 of 1912), sec. 8—Copyright Regulations 1913 (Statutory Rules 1913, No. 338), regs. 43-46—Imperial Copyright Act 1911 (1 & 2 Geo. V. c. 46), secs. 1, 19*.*

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MELBOURNE.
May 15-18.
SYDNEY,
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Held, by Knox C.J., Isaacs, Gavan Duffy, Powers and Starke JJ., that the Imperial Copyright Act 1911 is in force in Australia as an Imperial Act, and, therefore, that, for the purpose of applying the provisions of sec. 19 (2) (a) of that Act in Australia, it is sufficient that the contrivances therein mentioned shall have been made in England with the consent of the owner of copyright in England.

Knox C.J.,
Isaacs, Higgins,
Gavan Duffy,
Powers and
Starke JJ.

* The Imperial Copyright Act 1911, by sec. 19, provides "(2) It shall not be deemed to be an infringement of copyright in any musical work for any person to make within the parts of

His Majesty's dominions to which this Act extends records, perforated rolls, or other contrivances by means of which the work may be mechanically performed, if such person proves (a)

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A maker of gramophone records gave notice to the owner of the copyright in a musical work, stating that it was intended to make a disc record reproducing that work and another musical work the copyright of which was vested in a different owner. The notice purported to be given in accordance with sec. 19 (2) (b) of the *Imperial Copyright Act 1911* and the *Commonwealth Copyright Regulations 1913*, and it was stated therein that the total amount of royalty payable on each disc sold in Australia was 2½d., that sum being equivalent to 5 per cent of the retail selling price as prescribed by sec. 19 (3) of the said Act. No apportionment of the royalties between the owners of the two copyrights was ever made either by agreement or by arbitration, and no intimation was given by the owners of the copyrights of a place where adhesive labels for payment of the royalties might be obtained. The maker of the discs, relying on reg. 46, sold a number of them and kept an account of those sold, and tendered to each of the owners of the copyrights a sum equal to 2½ per cent on the selling price of each disc. The tender having been refused, the owner of the first-mentioned copyright brought an action claiming damages and an injunction on the basis of infringement of copyright.

Held, by *Knox C.J., Isaacs, Higgins, Gavan Duffy and Starke JJ.* (*Powers J.* dissenting), that, inasmuch as no payment of royalties in compliance with the provisions of sec. 19 (2) of the *Imperial Copyright Act 1911* had been made, the maker and seller of the records was liable for infringement of copyright.

Judgment of the Supreme Court of Victoria (*Irvine C.J.*): *Leo Feist Incorporated v. Gramophone Co. Ltd.*, (1928) V.L.R. 270; 49 A.L.T. 196, affirmed.

that such contrivances have previously been made by, or with the consent or acquiescence of, the owner of the copyright in the work; and (b) that he has given the prescribed notice of his intention to make the contrivances, and has paid in the prescribed manner to, or for the benefit of, the owner of the copyright in the work royalties in respect of all such contrivances sold by him, calculated at the rate hereinafter mentioned" &c. "(3) The rate at which such royalties as aforesaid are to be calculated shall (a) in the case of contrivances sold within two years after the commencement of this Act by the person making the same, be two and one-half per cent; and (b) in the case of contrivances sold as aforesaid after the expiration of that period, five per cent on the ordinary retail selling price of the contrivance" &c. "(4) If any such contrivance is made reproducing two or more different works in which copyright subsists and the owners of the copyright therein are different persons, the sums payable by way of

royalties under this section shall be apportioned amongst the several owners of the copyright in such proportions as, failing agreement, may be determined by arbitration."

The *Copyright Regulations 1913* (Commonwealth Statutory Rules 1913, No. 338) contain the following regulations:—"44. (1) Unless otherwise agreed, royalties shall be payable by means of adhesive labels purchased from the owner of the copyright and affixed in the manner provided by this Part of these Regulations. (2) After the person making the contrivances has given the prescribed notice of his intention to make or sell the contrivances, the owner of the copyright shall by writing, sent by registered post, intimate to him some reasonably convenient place within the Commonwealth of Australia from which adhesive labels can be obtained, and on demand in writing and tender of the price shall supply from such place adhesive labels of the required denominations at a price equal to the amount of royalty

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Leo Feist Incorporated, a corporation subsisting under the laws of the State of New York, brought an action against the Gramophone Co. Ltd., in the Supreme Court of Victoria, claiming an injunction to restrain the defendant from making or selling gramophone records of the musical work "I wouldn't be one bit surprised," and from causing or authorizing it to be performed in public by means of gramophone records. The plaintiff also claimed an inquiry as to damages. In the statement of claim it was alleged that the plaintiff was owner of the copyright for the Commonwealth of Australia in the musical work in question, and that the defendant had without the consent of the plaintiff made and sold gramophone records of the work and asserted its right to continue doing so. In the defence the defendant alleged that the work was published in the United States and was not first published within any part of the British Empire to which the *Imperial Copyright Act* 1911 extends and that no copyright subsisted therein for the Commonwealth in the plaintiff; and, further, that gramophone records of the work had been made with the consent of the plaintiff prior to the acts of the defendant complained of, and that the defendant had given the prescribed notice of its intention to make gramophone records of the work, and had tendered to the plaintiff royalties calculated at the rate mentioned in sec. 19 (3) of the *Imperial Copyright Act* 1911, and that the plaintiff had failed to give the defendant notice of some reasonably convenient place from which adhesive labels for the payment of royalties could be obtained and that the defendant had kept an account of all records sold by it. It was further alleged that the contrivance in question was one which

represented thereby." "46 (1) In cases where royalties are payable by means of adhesive labels, if at any time labels of the required denominations are not available either because (a) after the expiration of five days from the date of the prescribed notice of the intention of the person making the contrivances to make or sell such contrivances the owner of the copyright has not duly sent to the person making the contrivances an intimation of some reasonably convenient place within the Commonwealth of Australia from which such

labels can be obtained, or (b) the owner of the copyright refuses or neglects to supply such labels within three days after demand duly made, contrivances may be delivered to purchasers without having labels affixed thereto or to the carton or box enclosing the same; and the amount of royalties shall be a debt due by the person making the contrivances to the owner of the copyright, and the person making the contrivances shall keep an account of all such contrivances sold by him."

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reproduced two different musical works, the copyright in which subsisted in different persons; and that the defendant had always been ready and willing to pay the plaintiff its due proportion of the royalties, but the plaintiff had neglected to have such due proportion determined by agreement or arbitration, and had waived the apportionment mentioned in sec. 19 (4) of the said Act, or, alternatively, had impliedly agreed to an equal apportionment of the royalties between itself and the owner of the copyright in the other musical work.

The parties agreed to state a special case, which was substantially as follows, for the opinion of the Supreme Court:—

1. The plaintiff is a corporation duly incorporated under the laws of the State of New York one of the United States of America and is by virtue of such incorporation entitled to sue and be sued in the said State of New York.

2. The plaintiff in 1926 purchased and acquired from the author and composer of the musical work “I wouldn’t be one bit surprised,” the whole copyright in the said musical work without limitation as to either place or term of copyright.

3. The said musical work was first published on 19th August 1925 and was then simultaneously published in the United Kingdom the Dominion of Canada and the United States of America by the plaintiff.

4. The plaintiff on 22nd March 1927 obtained registration of copyright of the said musical work under the *Copyright Act* 1912 of the Commonwealth of Australia in the manner prescribed by the said Act.

5. Without the consent of and without having paid any royalty to the plaintiff the defendant in the month of April 1927 made in New South Wales disc gramophone records by means of which the said musical work may be mechanically performed and without affixing adhesive royalty labels thereto has sold the same in New South Wales Victoria and other States of the Commonwealth and has asserted that it has a right and is continuing and unless restrained from so doing will continue to do these things.

6. Gramophone records by means of which the said musical work can be mechanically performed had been made in the United

States of America with the consent of the plaintiff. Such gramophone records had also been made in England with the consent of the plaintiff's agents who at all material times had the full authority of the plaintiff to give the said consent and who had the sole right to give authority to make gramophone records or other contrivances by means of which the said musical work might be mechanically performed or delivered in England. In both the United States of America and England such gramophone records had been made as aforesaid previously to the making by the defendant in New South Wales of gramophone records of the said musical work and previously to 22nd March 1927.

7. The gramophone records of the said musical work made and sold by the defendant as aforesaid were contrivances which reproduced two different musical works the other of such musical works being "Got no time" copyright in which subsisted in J. Albert & Son of Sydney.

8. Prior to the making by the defendant as aforesaid of gramophone records of the said musical work "Got no time" both the plaintiff and the defendant knew that copyright in such musical work subsisted in the said J. Albert & Son. No agreement has been made between the said J. Albert & Son and the plaintiff and the defendant or any of them or arbitration had to determine the apportionment of the sum or sums payable by way of royalty to the owners of the copyright in the aforesaid musical works respectively and save as appears by the notices and letters in the next paragraph hereof referred to neither the plaintiff nor the said J. Albert & Son nor the defendant has taken the step to obtain such determination.

9. Annexed hereto are true copies of notices and letters which passed between (a) the defendant and Allan & Co. Pty. Ltd. of Melbourne as agents for the plaintiff; (b) the defendant and the said J. Albert & Son; and (c) the plaintiff and the said J. Albert & Son. (The nature of these letters sufficiently appears in the judgments hereunder.) On 14th April 1927 the defendant tendered to the plaintiff's agents a cheque which was returned to the defendant without being presented for payment. The cheque included a sum equal to $2\frac{1}{2}$ per cent on the ordinary retail selling price of all the said gramophone records reproducing the said two musical works

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which had been sold by defendant. The plaintiff did not and does not object to the tender of the said sum being otherwise than in cash.

10. The plaintiff did not intimate to the defendant by writing sent by registered post within five days of the defendant's giving notice of its intention to make gramophone records of the said musical work in the statement of claim referred to or at all some reasonably convenient place within the Commonwealth of Australia from which adhesive labels for the payment of royalties could be obtained and has refused to supply such labels within three days after demand made therefor and the defendant has kept an account of all gramophone records of the said work sold by it. No gramophone records of such musical work were sold before the expiration of five days from the defendant's notice of its intention to make the same.

11. At all material times the said Allan & Co. Pty. Ltd. had full authority to act on behalf of the plaintiff and for the purpose of this case all acts done and letters written by the said Allan & Co. Pty. Ltd. are to be deemed to have been done and written by the plaintiff.

12. The pleadings filed in this action shall be deemed to be part of this case.

13. The questions of law for the opinion of the Court are whether (a) the making, (b) the sale, by the defendant of gramophone records of the said musical work in the statement of claim referred to was in infringement of the plaintiff's rights and if so whether the plaintiff by reason of the matters or any of them contained in pars. 4 to 8 of the defence herein ought not to obtain consequent relief.

14. If the Court shall decide that the defendant has made or sold gramophone records of the said musical work in the statement of claim referred to in infringement of the plaintiff's rights and that the plaintiff ought to have such relief the judgment of the Court shall be for the plaintiff for damages in the sum of £5 with costs of action including the costs of pleadings and interrogatories and of this case and (unless the Court be of opinion that the plaintiff ought not to have this relief) for an injunction restraining the defendant its directors officers and servants and agents from making or

selling gramophone records of the said musical work. If the Court shall decide that the making and sale of such gramophone records by the defendant was not in infringement of the plaintiff's rights or that the plaintiff by reason of the matters aforesaid or any of them ought not to obtain any relief the judgment of the Court shall be for the defendant with costs as aforesaid.

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The notice given by the defendant to the plaintiff under reg. 43 of the *Copyright Regulations* 1913, as to its intention to make the records contained the following statement: "The total amount of royalty payable on each disc is A. $2\frac{1}{2}$, N.Z. $2\frac{3}{4}$, and the amount of royalty payable in respect of the musical work to which this notice relates is such proportion thereof as failing agreement between or amongst the several copyright owners may be determined by arbitration." Five per cent on the selling price of the records in Australia amounted to the sum of $2\frac{1}{2}$ d.

The special case was heard by *Irvine C.J.*, and on 21st February judgment was entered in the action for the plaintiff for £5 damages and an injunction restraining the defendant, its directors, &c., from making or selling gramophones records of the musical work "I wouldn't be one bit surprised" except on compliance with the conditions stated in sec. 19 (2) (b) of the *British Copyright Act* 1911 set out in the Schedule to the *Commonwealth Copyright Act* 1912: *Leo Feist Incorporated v. Gramophone Co. Ltd.* (1).

The defendant now, by leave, appealed from that judgment to the High Court.

Owen Dixon K.C. and *Spicer*, for the appellant. The object of sec. 19 of the *Imperial Copyright Act* 1911 is to permit acts which would, but for that section, amount to infringement of copyright. Gramophone records of this musical work having been made previously in England with the consent of the owner of the copyright, the question is whether the defendant has sufficiently complied with sec. 19 (2) (b) and sec. 19 (4). Notice having been given in the prescribed manner, no sum has been ascertained as payable to the individual owners (*Copyright Regulations* 1913, Parts II. and III.). A difficulty will commonly arise where two copyrights are involved

(1) (1928) V.L.R. 270; 49 A.L.T. 196.

H. C. OF A. (*Osbourne v. J. M. Dent & Sons* (1)). A perforated record has been held not to be a copy of the work in question (*Boosey v. Whight* (2)). The requirements as to the contents of the notice were fulfilled as far as it was possible to fulfil them; and, having given the prescribed notice, the seller would become an infringer if he sold without paying the royalty due. But no sum ever became due for royalty, and until default no infringement can arise (*Copinger on Copyright*, 6th ed., pp. 235, 384; *Albert v. Gramophone Co.* (3)). No debt ever arose, because no apportionment ever took place. Under reg. 44 the owner of the copyright was required to intimate where labels of the required denominations could be obtained. This was not done because of the absence of any apportionment. The maker was therefore entitled under reg. 46 to sell the contrivances and keep an account; and, having done so and having continued ready to pay, it has not failed to pay and therefore has not been guilty of infringement. Reg. 44 is a valid regulation (*Monckton v. Pathé Frères Pathephone Ltd.* (4)). Royalty is calculated on the whole contrivance; and if there are two works on one disc, the owners of the copyrights cannot defeat the operation of sec. 19 by failing to agree or to arbitrate.

Sir *Edward Mitchell* K.C. and *Eager*, for the respondent. The Imperial Act is not to be regarded as in force in Australia, for the provisions of sec. 25 (1) have not been complied with. The modifications which have been introduced are not matters of procedure and remedies, nor such as are necessary to adapt the Act to local circumstances. They are not authorized by sec. 27, and Australia is, therefore, not a part of the dominions to which the Imperial Act extends. Only such parts of the scheduled Act are in force as are incorporated in the Australian Act. Being Australian legislation, sec. 19 (2) applies only to cases of consent given in Australia. For the purposes of that sub-section the owner of the copyright means owner *qua* Australia, and the consent of the owner of copyright in England to the making of the contrivances in England will not avail in Australia (*Albert v. S. Hoffnung & Co.* (5)). Secs. 9 and 10 of the Australian Act are examples of what

(1) (1925) Ch. 369.

(2) (1900) 1 Ch. 122.

(3) (1927) 28 S.R. (N.S.W.) 70.

(4) (1914) 1 K.B. 395.

(5) (1921) 22 S.R. (N.S.W.) 75.

is meant by necessary adaptations under sec. 25 (1). Sec. 11 of the Australian Act is quite inconsistent with the Imperial Act. Sec. 26 (3) of the latter Act is not a justification for enacting sec. 11, which empowers the Governor-General to direct extensions of the Act inconsistent with the limitations of sec. 1 of the Imperial Act. Sec. 12 of the Australian Act empowers the Governor-General to vary orders in council made under the Imperial Act, and that is inconsistent with sec. 32 of the latter Act. Secs. 15, 16 and 17 are further departures from the Imperial Act. The intention is that in any dominion to which the Imperial Act is made to extend, it shall be the sole enactment, save for such modifications as are permitted by sec. 25 (1). The principles applicable to repugnancy appear in *Union Steamship Co. of New Zealand v. Commonwealth* (1). At common law the copyright would preclude the making of records. The case of *Boosey v. Whight* (2) turned upon particular legislation. The defendant has not complied with the requirements of sec. 19 (2) (b). It is for the defendant to prove the matters which would relieve it from liability as an infringer. Unless the owners of the respective copyrights agree or arbitrate as to the apportionment of the royalties, the contrivance cannot be made at all without infringement. The latter part of reg. 46 is *ultra vires* in that it provides neither for payment nor for security. [*Cameron v. Deputy Federal Commissioner of Taxation* (3) was also referred to.]

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Owen Dixon K.C., in reply. Regs. 44 and 46 have provided for a method of payment of the royalties. They assume that the sum has been ascertained and that arbitration may be compelled. Arbitration could be compelled under the *Arbitration Act* 1902 (N.S.W.), sec. 27. The debt due pursuant to reg. 46 is only payable upon ascertainment (*Copinger on Copyright*, 6th ed., pp. 90, 236). If the regulations are applicable only to a single work, then there are no regulations governing this matter, and either no payment at all is necessary under sec. 19 (2) or the obligation to pay is to await demand.

Cur. adv. vult.

(1) (1925) 36 C.L.R. 130, at pp. 147,
164.

(2) (1900) 1 Ch. 122.

(3) (1924) 34 C.L.R. 8.

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The following written judgments were delivered :—

KNOX C.J. This is an appeal by special leave from a judgment of the Chief Justice of Victoria in an action brought by the respondent against the appellant, in which a special case was stated by the parties for the opinion of the Supreme Court.

The respondent sued to restrain the sale by the appellant of certain gramophone records alleged to be infringements of the respondent's copyright in a musical work. From the correspondence attached to the special case it appears that the notice given by the appellant, in alleged compliance with sub-clause (d) of reg. 43 (1) of Statutory Rules 1913, No. 338, was in the words following : " The total amount of royalty payable on each disc is A. $2\frac{1}{2}$, N.Z. $2\frac{3}{4}$, and the amount of royalty payable in respect of a musical work to which this notice relates is such proportion thereof as falling agreement between or amongst the several copyright owners may be determined by arbitration." This notice contained a statement that another copyright work was to be reproduced on the same disc with the musical work the copyright in which belonged to the respondent. Similar statements were contained in the corresponding notice given to the owner of the copyright in the other copyright work. Neither copyright owner gave to the appellant any intimation in conformity with reg. 44 (2).

The learned Chief Justice held that gramophone records of the song in question had previously been made with the consent of the owner of the copyright within the meaning of sec. 19 (2) (a) of the British *Copyright Act* contained in the Schedule to the Commonwealth *Copyright Act* 1912, but that the notice given by the appellant did not comply with the requirements of reg. 43 (1) of the Statutory Rule above referred to, in that the amount of royalty payable in respect of the musical work in which the respondent had copyright was not stated therein, and that the appellant had therefore failed to comply with the first condition imposed by sec. 19 (2) (b). He held, further, that the condition requiring payment of the royalty imposed by sec. 19 (2) (b) had not been performed and in fact could not be performed because no manner of making payment in a case such as this had been prescribed. Incidentally he decided that

reg. 46 did not apply to the facts of this case, and that even if that regulation did apply it was *ultra vires*.

In this Court the respondent contended that the decision on the first point mentioned was incorrect, and the appellant challenged the correctness of the decisions on the other three points. The questions for decision are :—(1) Is the condition imposed by sec. 19 (2) (a) satisfied by proof of the consent or acquiescence of the respondent to the making of records in Great Britain? (2) If question 1 be answered in the affirmative, did the notice of intention to make records which was given by appellant to respondent comply with the requirements of reg. 43 of Statutory Rules 1913, No. 338? (3) If questions 1 and 2 be answered in the affirmative, has the appellant performed the condition to “pay in the prescribed manner to or for the benefit of the owner of the copyright in the work royalties in respect of all the records sold by it”?

On the first question—as to the condition imposed by sec. 19 (2) (a) I agree with the learned Chief Justice in thinking that proof of the consent given by the respondent to the manufacture of contrivances in England was sufficient to satisfy this condition. I have nothing to add to the reasons given by him in support of that conclusion except that the express words of sec. 8 of the *Federal Copyright Act* 1912, read with sec. 25 (1) of the Imperial Act, seem to me to dispose of the contention, raised for the first time in this Court, that the intention of the Commonwealth Parliament was not to bring the Imperial Act into force in Australia but to enact its provisions as a Federal law. On this point reference may also be made to the proviso to sec. 19 (3) of the Imperial Act, which it is impossible to treat as an independent enactment of the Commonwealth Parliament.

The second question is whether the notice of intention to make the records given by the appellant was sufficient. The defect alleged is that the appellant did not state in the notice the amount which would be payable to the respondent as its share of the total royalty. It is manifestly impossible that he should have done so. Until the notice was given there was nothing to require the owners of the respective copyrights to agree or to arbitrate as to the division of the royalty. Neither of them had been informed of the

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fact that it was intended to make the contrivance or of the price at which it was intended to sell it, and if they had been so informed no reason existed why they should take any action until a proper notice of intention was given, in the absence of which their rights as owners of the copyrights could not be affected. The notice given in fact conveyed all the information necessary to enable the respondent to ascertain, by taking the proper steps to have the royalty apportioned, the amount payable to it out of the total royalty of 2½d. payable on each contrivance sold, and stated correctly how the proportion of that royalty payable to the respondent was to be ascertained. If the effect of reg. 43 (1) (d) was to require the appellant to state in the notice the actual amount payable to the respondent, the regulation was, in my opinion, *ultra vires* to that extent because it imposed, as a condition precedent to the exercise of the rights conferred by the statute, a condition impossible of fulfilment. The power to prescribe a form of notice does not extend to authorize the donee of the power to impose, under the guise of prescribing a form of notice, a condition which would make it impossible to give a valid notice. In the circumstances I think the notice given by the appellant was sufficient.

The remaining question is whether the appellant has paid in the prescribed manner to or for the benefit of the respondent royalties in respect of all the contrivances sold by the appellant. The regulations made under the Act with respect to payment of royalties contain the following provisions:—By regs. 44 and 45, unless otherwise agreed, royalties are made payable by means of adhesive labels purchased from the owner of the copyright and affixed to the contrivance before delivery to the purchaser. The owner of the copyright is required to inform the maker of the contrivance where such labels may be obtained, and to supply him with labels of the required denomination on demand in writing, and tender of a price equal to the amount of royalty represented thereby. Reg. 46 provides that if adhesive labels of the required denominations are not available either because the owner of the copyright has not informed the maker of the contrivance where they can be obtained or because the owner of the copyright refuses or neglects to supply such labels after demand duly made, contrivances may be delivered

to purchasers without having labels affixed and the amount of royalties shall be a debt due by the maker of the contrivance to the owner of the copyright.

I agree with the learned Chief Justice of Victoria in thinking that regs. 44 to 46 were intended to apply only to cases in which there is only one copyright owner and, possibly, to cases where there are two or more copyright owners between whom the royalty payable has been apportioned by agreement or arbitration, and therefore are not applicable to the facts of the present case. In this view no manner of payment to or for the benefit of the owner of the copyright has been prescribed in respect of cases such as the present. If, on the other hand, regs. 44 to 46 apply to the present case and are valid, the appellant has, I think, failed to prove that he has complied with these provisions. It is clear that these contrivances were sold and delivered without having stamps affixed. Mr. *Dixon* for the appellant contended that this was justified by reg. 46; but, in my opinion, that regulation, assuming its validity, has no application in the facts of this case. The real reason why labels were not available was not that the appellant had not been told where they could be obtained nor that the owner of the copyright refused or neglected to supply them after demand duly made: the reason was that no proper demand in writing for labels of the required denomination or tender of the price of such labels was or could be made in the absence of an apportionment of the royalty between the copyright owners. The copyright owner was under no obligation to supply labels except on a demand in writing for labels of a specified denomination and a tender of the price thereof, and no such demand or tender was or could be made.

The true position, in my opinion, is that no manner of payment to the copyright owner has been prescribed in cases such as the present in which works belonging to two or more different owners are reproduced on the same contrivance, and there has been no apportionment by agreement or arbitration between such owners of the royalty payable on the sale of the contrivance. It is not suggested that any manner of payment for the benefit of the owners in such cases has been prescribed. It is, therefore, impossible for the appellant to establish that he has paid any royalty in the

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prescribed manner to or for the benefit of the respondent. But it is, I think, clear that the only royalty of which payment is required as a condition of immunity is royalty actually due and payable at the time when the question of infringement comes up for determination, and the question is whether in a case such as the present any royalty is payable to either of the copyright owners until the total royalty calculated at the rate mentioned in the Act has been apportioned between the copyright owners so that the amount payable to each has been ascertained.

In dealing with this question it is necessary to keep in mind the fact that one of the copyright owners may be unknown or that it may be impossible to find him. That was the position in *Albert v. Gramophone Co.* (1). In that case *Harvey C.J.* in *Eq.* held that the defendant was not entitled to sell records reproducing the work of two different copyright owners until the royalty between such owners had been apportioned and a tender of the amount required for labels representing the plaintiff's share of the royalty had been made, unless it took the alternative course of paying to the plaintiff the maximum amount to which he could be entitled under sec. 19 (3) of the Act. A careful consideration of the Act and Regulations has led me to the same conclusion, and it follows that in my opinion the appellant has failed to prove that he has performed the conditions imposed by the Act and this appeal should be dismissed.

ISAACS J. In my opinion the appellant should fail. The reason for my conclusion is simply stated. It is that in the absence of waiver or estoppel, neither of which exists in the present case, payment is, by par. (b) of sub-sec. 2 of sec. 19 of the *Copyright Act* 1911, a condition of the right of reproducing the copyright musical work of another person by means of a mechanical contrivance, that is, payment in the manner prescribed or, if no manner be prescribed, then, assuming immunity from infringement possible, payment as required by the common law.

At the threshold I would disengage one argument strongly pressed on behalf of the respondent—an argument that, if acceded to, would at once strike at the root of the respondent's position.

It is an indispensable condition to the respondent's success that par. (a) of the sub-section referred to be complied with. It was urged for the respondent that the legislation in force in Australia is only Australian, passed under the ordinary constitutional power of the Commonwealth Parliament; that therefore its force is limited to Commonwealth territorial jurisdiction; and, as a consequence of that, the making of prior contrivances referred to in par. (a) must be within the Commonwealth. The facts in this case would not in that event support the respondent's claim to proceed under par. (b). The contention was fully discussed during the argument, and the Court ruled against it. I may, therefore, very briefly state why I share the opinion so expressed.

The language of sec. 8 of the Australian Act, read naturally, indicates an intention to exercise the special legislative power conferred by sec. 25 of the Imperial Act. Sec. 9 of the Australian Act, while making certain modifications, as permitted by sec. 25 of the Imperial Act, omits any reference to sub-sec. 3 of sec. 19 of the last-mentioned Act, an omission that has great significance from the standpoint of intention. The enacting declaration and secs. 25 to 28 of the scheduled provisions would be in all respects surprising if the Commonwealth Parliament intended those provisions to stand merely as its own independent legislation, founded on the Australian Constitution. There are other portions of the legislation which confirm the conclusion stated, but, as these were mentioned during the discussion, I regard it as unnecessary to mention them in detail now. It is true, as pressed in argument, that the Australian Act includes many provisions that are not mere modifications of the Imperial Act. But those are not inconsistent with the Imperial legislation adopted, and rest for their authority on the general power of legislation conferred by the Commonwealth Constitution. That power and its exercise in the present instance can well stand side by side with the specific power separately granted *pro hac vice* in the *Copyright Act* 1911 and the use that has been made of it. I am therefore in agreement with the learned Chief Justice of Victoria, and also with *Harvey C.J.* in *Eq. (N.S.W.)* in *Albert v. Gramophone Co.* (1), that the relevant parliamentary legislation is

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Imperial legislation, and that par. (a) of sub-sec. 2 of sec. 19 covers all the dominions of the Crown, except those self-governing dominions, as defined by sec. 35 of the Act, which have not declared it to be in force therein. In that view the appellant has satisfied par. (a) referred to, and the matter turns on whether par. (b) has been satisfied.

Apart from compliance with the requirements of par. (b), there can be no doubt the appellant is, and in future would be, liable for infringement in the circumstances postulated by the special case. The respondent is the copyright owner, and *prima facie* the making and selling admitted are (secs. 1 (2) and 2 (2)) an invasion of that copyright. Whether par. (b) has been complied with, or would in the postulated circumstances be complied with, so that the making, and consequently the selling, is not to "be deemed to be an infringement," depends on a variety of considerations, which have been addressed to us with great force and lucidity on both sides.

The appellant is confronted with the distinct words of par. (b), "has paid in the prescribed manner to, or for the benefit of, the owner of the copyright"; and with the equally distinct fact that no such payment has been made or, in the circumstances postulated, would ever be made. The tender of 7s. 10d. for 75 records, that is, at the rate of $1\frac{1}{4}$ d. each, was equivalent to $2\frac{1}{2}$ per cent on the ordinary retail selling price of the contrivance. That tender was neither in accordance with the Act nor any regulation, nor any agreement of the parties. It represented merely the arbitrary division by the appellant of the statutory 5 per cent into two equal parts. The tender was rejected, and cannot as such be supported. A repetition of such a tender would stand in the same position in the future.

Now, although in my opinion the provisions of the Act, so far as they are relevant to this case, are, as I have said, susceptible of simple interpretation, I am led by the far-reaching importance of the questions in hand to a prior statement of the chief propositions submitted during argument.

To escape the primary effect of the words of sub-sec. 2 of sec. 19, it was urged for the appellant that payment is not made a condition precedent of immunity, but that on default being made as required by Act and Regulations, the maker becomes an infringer. I may

say at this point that I agree that the Act does not make payment a condition precedent in all cases, but leaves it to the Regulations to provide whether payment shall be so or not. Nevertheless, the Act does make payment always a condition, though one which, being introduced for the benefit of the individual, he may waive or estop himself from asserting. But it is a condition of an exculpatory nature, one which is requisite to counteract the primary legal effect of the act of reproducing the contrivance, and in the absence of which the reproducer has already become an infringer. I find it necessary to say this, because the trend of the appellant's argument has been rather to reverse the effect of par. (b), by treating the failure to pay as a positive factor in establishing primarily infringement, instead of a negative factor, displacing when present the legal effect of the necessary factors already existing, and taken alone constituting infringement.

Learned counsel for the appellant, proceeding to the Regulations, contended as a foundation argument that until sub-sec. 4 of sec. 19 is carried out by apportionment, it is impossible in a case like the present to comply with reg. 43 (1) (d)—that is to say, to state “the amount of the royalty payable on each contrivance in respect of the musical work.” Therefore, it was said, the notice as prescribed for sub-sec. 2 cannot be given before apportionment, and, consequently, there cannot be default in payment, and, finally, there is no infringement.

If infringement arises first only on non-compliance with a valid regulation, the argument is relevant. If, however, as I think, infringement arises *prima facie* independently and on the mere making and selling of the article, and due compliance with a valid regulation is required as a detail of sub-sec. 2 in order to annul the *prima facie* invasion of property, the argument is irrelevant. In the latter case, so much the worse for the *prima facie* infringer. I cannot think that the failure of the regulation authority to perform its statutory function with technical precision was intended by Parliament to destroy the innocent copyright owner's property. Further, even if the specific detail be unauthorized, it may simply be disregarded. It does not infect the rest of the regulation with invalidity. At the same time, I do not agree that when reg. 43 is

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read as a whole, and with the business understanding that accompanies a knowledge of sec. 19—which must be presumed—the suggested impossibility exists. It is perfectly plain that reg. 43, prescribing the notice required by sub-sec. 2 of sec. 19, is dealing with a state of affairs antecedent to any action that could be taken under sub-sec. 4 of that section. It is also plain that par. (f) of the first clause of reg. 43 contemplates the possibility of a necessary apportionment at a later date. A business interpretation by a willing mind of par. (d) above mentioned must regard the amount of the royalty payable with reference to records containing the stated musical work, as the amount, apart from apportionment, and subject to apportionment, if necessary. I think the regulation, which has long existed, sufficient for the purpose, and I think the form and statement adopted in the actual notice given is accurately framed and meets the requirements of the present case. But those matters, though most desirable to be dealt with, do not go to the heart of this controversy.

The real contest between the parties, which concerns the future far more than the past, for the past is trivial, is whether so long as the copyright owners neither by agreement nor by arbitration between themselves apportion the total sum payable by the appellant—namely, 5 per cent on the ordinary selling price—the appellant has a statutory right, without itself moving in the matter of apportionment, to continue selling the discs reproducing the respondent's copyright song. (See particularly par. 5 of the special case.)

I think it will tend to clarify the issues if I formulate what I understand to be the rival steps in reasoning, apart from the objections already dealt with. For the appellant it is said: (1) sec. 19 by sub-sec. 4 contemplates the right of the reproducer to include on the one mechanical contrivance the musical works of several independent copyright owners; (2) if the regulations as to the notice required under par. (b) of sub-sec. 2 of sec. 19 do not strictly conform to that paragraph, the reproducer need not give that notice, and may make and sell the contrivance with impunity; (3) if, however, the notice is required and is given, then by sub-sec. 4 of sec. 19 the independent copyright owners notified, *and they*

alone, have the right and the duty of apportioning by agreement or arbitration the total sum payable by the reproducer; (4) unless they have done so, they have failed in their duty, and as no ascertained sum is due to any of them the reproducer is in no default respecting payment, and so may sell without being deemed an infringer. It may be added that the underlying consideration of these contentions was that, if the reproducer were to be held liable as for infringement in such circumstances, the copyright owners might in very common circumstances defeat the intention of the statute to permit reproduction by a combined contrivance. For the respondent it was in substance maintained that (1) payment is an indispensable condition of immunity; (2) whatever the difficulty as to apportionment between the copyright owners, it is a consequence of the voluntary choice of the reproducer, who could avoid it by separate reproduction. In turn, the main consideration running through these contentions was that the right of property was superior to the right of invasion, and, as an alternative course was open to the reproducer, he cannot complain of consequences arising from the exercise of rights by others when he has the means of avoiding those consequences.

If the contentions so stated embraced all that is involved in the situation, I should still think the respondent's position the stronger, because the dominant purpose of the Act is, in my opinion, to protect property which, perhaps more than any other form of property, morally appertains specially to the owner. The relaxing provisions of sec. 19, adopted in principle from American legislation of 1909, as to which I am not able to find assistance from any relevant judicial decision, is an inroad into the rights primarily created, but an inroad that is only lawful under the statutory conditions. If it were necessary for the purposes of this case to resolve any ambiguity in the language of the statute, I should feel justified on recognized principles in considering the occasion of its enactment and the evils to be met, and notably, art. 13 of the *Revised Berne Convention of 1908* (sometimes called the *Berlin Convention*). But I do not find any ambiguity in the language of the statute; nor do I see any justification for subordinating the absolute rights of authors of musical works to the

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works themselves, or to payment for them, to the conditional rights of persons desiring to reproduce those works. As I read the statute, the two sets of rights are quite susceptible of adjustment without departing from ordinary lines of honesty and fair dealing. It would, in my opinion, be such a departure if a reproducer could at will include on one record (say) four different works belonging respectively to four different copyright authors in various parts of the dominions to which the Act extends, and, pending discussion and agreement, or possibly arbitration, between all four authors, could without challenge proceed to trade, and, it may be, exhaust the market in at least one important work, and without any security to the author. It would be absurd to suppose four sets of stamps each of 5 per cent affixed, and one set would either leave some of the copyright owners unpaid and unsecured or leave the matter in the present confusion. I have now arrived at the point where I may with better advantage state what I believe to be the intention of the Legislature.

Prima facie, the author of a musical work has the sole right to make a mechanical contrivance by means of which his work may be performed (sec. 1). Another person infringes that copyright if, without consent, he *makes* such a contrivance (sec. 2, sub-sec. 1) or *sells* it after making it (sec. 2, sub-sec. 2). (And see per *Buckley* L.J. (as Lord *Wrenbury* then was) in *Monckton v. Pathé Frères Pathephone Ltd.* (1) and per *Kennedy* L.J. (2).) But the making of the record (and therefore the selling) will not be deemed an infringement if the reproducer proves (a) prior making of such contrivance with the consent or acquiescence of the owner of the copyright, and (b) notice and payment as required, in respect of all contrivances sold by him (sec. 19 (1) and (2)). In effect, the author's copyright is defeasible by the concurrence of the three conditions mentioned ; otherwise it stands intact. Payment is thus a statutory condition which the copyright owner may insist on—unless he has done something which amounts to waiver or estoppel (see per *Kennedy* L.J. in *Monckton's Case* (3)). It is worth observing that provisions for “securing” payment would be of little avail otherwise. The

(1) (1914) 1 K.B., at p. 405.

(2) (1914) 1 K.B., at p. 408.

(3) (1914) 1 K.B., at p. 410.

amount of payment to the copyright owner of any specific work is governed (subject to regulations as to *manner*) by two sub-sections, namely, 3 and 4. Sub-sec. 3 fixes the total sum payable by the reproducer in respect of the contrivance, whether there be one owner or separate owners, by reference to the rate of 5 per cent on the ordinary retail selling price of the contrivance, with a minimum provision. To ascertain the actual total sum payable by the reproducer requires only the price factor and an arithmetical calculation.

Assuming only one owner or one set of joint owners of the copyright, nothing more is needed to enable the reproducer to pay for each contrivance sold by him. The Regulations may prescribe payment prior to, contemporaneous with, or subsequent to, the sale. They may also prescribe, according to the circumstances, payment to the copyright owner or for his benefit (see per *Maule J.*, in *arguendo*, in *Wood v. Adcock* (1)). But sub-sec. 4 contemplates circumstances where two or more different works belong to two or more different copyright owners, and a consequent apportionment is necessary between them of the total sum payable by the reproducer, a sum assumed to be greater than in the case of a single work, because the price factor is higher. How, then, is the apportionment to be made? In the answer to this question I find the simple solvent of the central difficulty around which the parties have fought. How is the reproducer to know his debt to each copyright owner? The sub-section says: "the sums payable by way of royalties under this section shall be apportioned amongst the several owners of the copyright in such proportions as, failing agreement, may be determined by arbitration." The enactment is not expressly limited to arbitration confined to the copyright owners; and there is no reason why it should be. On the contrary, there is every reason why the words, large and impersonal as they are, should be read so as to make the scheme effective and honestly effective. There is no positive legislative direction as to agreement. The sub-section assumes the power existing apart from this Act, of all parties concerned to settle the matter by agreement; and, if that is done, the sub-section is silent. But, "failing agreement," it

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enacts that the "sums payable," that is, the total sum payable by a reproducer in a given case, "shall be apportioned among the several owners of the copyright in such proportions as . . . may be determined by arbitration." (Compare *Imperial Local Government Act* 1888 (51 & 52 Vict. c. 41), sec. 62.) I entirely assent to the suggestion of *Harvey C.J.* in *Eq. in Albert's Case* (1) that the sub-section is "a statutory submission to arbitration between all parties interested, namely, by the maker of the record and the persons respectively entitled to the copyrights in question." The *Arbitration Act* of New South Wales (No. 29 of 1902, sec. 27), in which State the dispute occurred, is applied to sub-sec. 4 of sec. 19 of the *Commonwealth Copyright Act*. I must say I cannot understand why the reproducer, having the conditional right to sell and willing to pay to each copyright owner the price appropriate to him, so as to perform the condition, has not a sufficient interest to invoke the powers of the *Arbitration Act* in order to determine how much he was bound to pay. It is trite law that whatever may be the subject of civil litigation may be referred to arbitration. All civil rights may be referred (per *Gibbs C.J.* in *Baker v. Townsend* (2)). If the several rights and obligations were contained in a contract between the parties, no doubt would exist. It is hopeless to look for a distinction in this respect merely because the parties are brought together by statute in the same justiciable relations. Even a stranger to an action, but interested in the subject matter, may be a voluntary party to an order referring it to arbitration, and be bound by the order. (See *Williams v. Lewis* (3), and particularly *Stockley v. Shopland* (4): reference may also be made to *Carter v. Carter* (5); *Winter v. White* (6); and, generally, see *Russell on Arbitration and Award*, 11th ed., pp. 1 *et seq.*) But in truth no reason has been urged against the view that the reproducer may proceed to arbitration if no agreement is come to; it has rather been tacitly assumed he cannot, but in my opinion he can. It is a principle of law as old as the *Year Books*, the "being in case of an arbitrament, which is by intendment of law to make

(1) (1927) 28 S.R. (N.S.W.), at p. 75.

(2) (1817) 7 Taunt. 423, at p. 426.

(6) (1819) 1 B. & B. 350, at pp. 361-362.

(3) (1857) 7 E. & B. 929.

(4) (1872) 26 L.T. (N.S.) 586.

(5) (1684) 1 Vern. 259.

peace, and to put a perfect end to matters in controversy." As the judgment of *Park J.* in *Winter v. White* (1) shows, it is this principle that is important, and it may be applied in various ways. I apply it to the construction of the sub-section. By this means the full provision is made (*Tabernacle Permanent Building Society v. Knight* (2)) whereby, before selling a single record, the reproducer may ascertain the precise amount he is bound to pay to each copyright owner. If to suit his own business advantage he prefers to adopt a course involving delay, that is his concern, and he must follow it out; if he prefers to adopt a single line of procedure, it is open to him. But he cannot, as I conceive, adopt the arbitrary and unreasonable and, as I think, dishonest course of deliberately creating a complication and leave others not responsible for it to disentangle the matter, while he enjoys their property without consideration. I do not suggest dishonesty in this case, but the contention, if correct, would authorize conduct that would be dishonest.

Although I think it is not strictly necessary to go further, because, in my opinion, what I have just said is fatal to the respondent, I regard it as desirable in the circumstances to express my views as to criticisms directed in argument to some of the regulations. I add nothing to my observations regarding No. 43. No. 44 requires the copyright owner to do two things, one of which can be done at once, whereas the other may not be possible at once. The first is a duty resting on the copyright owner, namely, to intimate *where* in Australia "adhesive labels" can be obtained from him. So far, specific denominations are not in question. The second duty arises only on a further step by the reproducer. And it is at this step that the appellant's difficulty—a self-created difficulty—arises. The reproducer must, in writing, demand "required denominations" and pay for them "a price equal to the amount of royalty represented thereby." If the reproducer is by the course he has adopted, unable to state "the required denominations," he can proceed no further lawfully, always supposing the copyright owner has indicated the place where "labels" can be obtained. If, however, the copyright owner has failed for five days, as in

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(1) (1819) 1 B. & B., at pp. 367-368.

(2) (1892) A.C. 298.

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this case, to give the necessary intimation, or if, having given the intimation, the demanded labels are not supplied within three days, the reproducer may proceed further. But to what extent? In either case (reg. 46) the “contrivances may be delivered to purchasers without having labels affixed”—that is, there need not be payment in advance, or contemporaneous, whichever it may be thought to be. But, says reg. 46, “the amount of royalties shall be a *debt due*” by the reproducer to the copyright owner, and the reproducer “shall keep an account of all such contrivances sold by him.” In my opinion, the last-mentioned provisions, “debt due” and “keep an account,” are competent regulations. The provision as to “debt due” is really what the Act itself requires when once the Regulations give permission to deliver the records unlabelled, that is, when payment to the copyright owner in advance is not required. Except where a label is affixed, payment, even contemporaneous, to the copyright owner where a record is sold would be unreasonable, and, indeed, impossible. The expression “debt due” imports an immediate debt, a definite sum of money immediately susceptible of precise statement. The “account” required is not an account of indebtedness in money terms: it is an account of the “contrivances sold,” that is, the number and the prices at which they are sold. It is, therefore, clear that “the account” does nothing to reduce to precision the amount owing, except so far as it supplies some necessary factors to which the agreed or award “proportion” can be applied. The term “debt due,” as stated, primarily connotes a sum ascertained or ascertainable arithmetically. It also primarily and justly attracts the common law rule that the debtor must without request seek his creditor, if within the jurisdiction, and pay him (per *Parke B.* in *Walton v. Mascall* (1); per *Erle C.J.* in *Fessard v. Mugnier* (2); and per Lord *Blanesburgh* for the Judicial Committee in *Bansilal Abirchand v. Ghulam Mahbub Khan* (3)). The provision as to accounts does not alter the primary effect of “debt due.” It is enacted for securing the copyright owner, by enabling him so far as to test to some extent the accuracy of the payment. But it would afford him little if any security unless he

(1) (1844) 13 M. & W. 452, at p. 458.

(2) (1865) 18 C.B. (N.S.) 286, at p. 305.

(3) (1926) L.R. 53 Ind. App. 58, at p. 63.

were first made aware that sales had been made. These are peculiarly within the knowledge of the reproducer who sells; and on the principle of *Vyse v. Wakefield* (1) and *Makin v. Watkinson* (2), notice, and immediate notice, comes more properly from the reproducer. There is, therefore, nothing which alters the primary effect of "debt due." The common law in that case, in the absence of statutory provision, regulates the rights and obligations of parties according to their relative positions and the circumstances. (See *Dominion of Canada v. City of Lévis* (3) and *Williams v. North's Navigation Collieries* (1889) *Ltd.* (4).) It is plain also, that even if a demand were necessary, it would be impossible until the amount to be demanded were known.

This brings us back to the pivotal question as to the reproducer's duty to secure agreement or proceed to arbitration, before invading the property of others. The extent, then, to which in my opinion the reproducer may lawfully go, where a copyright owner fails to intimate a place to purchase labels—I say *a* copyright owner, because one or more of four might give the necessary intimation—is that he may sell the contrivance, so far as concerns the owner who has failed, but on condition that he performs the obligation of payment which the Act primarily and by the medium of regulations or the common law, according to circumstances, places upon him. Failing the performance of that condition, he is deemed to have infringed the copyright of that owner.

In my opinion, therefore, this appeal should be dismissed.

I would add that I have not to consider whether the failure to intimate the place has a perpetual effect of enabling the reproducer to sell without affixing a label, or whether further provision by regulation is necessary in this respect.

HIGGINS J. I confess that I cannot see a way out of the *impasse* caused by the phrasing of the British *Copyright Act* 1911, read with the deficient Regulations. For, as the Chief Justice of Victoria said in his judgment (5), "the condition as to payment has not been complied with." It is of no avail to show that the appellant—the

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(1) (1840) 6 M. & W. 442.

(2) (1870) L.R. 6 Ex. 25.

(3) (1919) A.C. 505, at p. 513.

(4) (1906) A.C. 136, at p. 139.

(5) (1928) V.L.R., at p. 281; 49
A.L.T., at p. 201.

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infringer—has been ready and willing throughout to comply with all the provisions of the Act in order to escape liability for his infringement. He has in fact infringed the copyright of the plaintiff; and unless he proves, not only that such contrivances have been previously made with the consent of the owner of the copyright and that he has given the prescribed notice of his intention to make the contrivances, but also that he “*has paid* in the prescribed manner to, or for the benefit of, the owner . . . royalties in respect of all such contrivances sold by him” up to the date of the proceedings, the infringement must still be deemed to be an infringement, with the usual consequences.

I need not repeat in detail the facts stated in the special case with the correspondence incorporated, but I must state what seems to me to be the vital position. On 23rd February 1927 the defendant gave notice to the plaintiff, the owner of the musical work, “I would not be one bit surprised,” of an intention to make and sell discs reproducing that work, and that another copyright work was to be reproduced on the same disc; and on the same date the defendant gave a corresponding notice to Messrs. J. Albert & Son, the owner of the other copyright work, “Got no time.” Neither owner complied with regs. 44-46 by sending to the defendant an intimation of a place from which adhesive labels could be obtained; and, as a consequence, under reg. 46 (if valid) the defendant became entitled to deliver his discs to purchasers without labels, but the amount of the royalties became a “debt due” by the defendant, and the defendant had to keep an account of all such contrivances sold by him. On 14th April the defendant sent to each of the owners 7s. 10d., being half the royalty payable at 2½d. on the 75 discs which he had sold; but each owner rejected the amount tendered, claiming for his work a larger proportion than half of the royalty. Under sec. 19 (4) the sums payable as royalties have to be apportioned between the two owners “in such proportions as, failing agreement, may be determined by arbitration.” In my opinion, the apportionment is not, under the Act, any concern of the infringer; but certainly he was not entitled to assume that each was entitled to one-half. The Regulations might have provided that in such a case the infringer might discharge himself by payment into some joint

account, or otherwise; but they did not. The result is that at the time of those proceedings—(sec. 19 (2) is a procedure section not a provision for a licence)—the royalties have not been in fact paid to or for the benefit of the plaintiff, the owner of copyright in this song, either as prescribed by the Regulations or otherwise. Even if the word “owner” in sec. 19 (2) (b) is to be read as “owners”—the two owners—the royalties due to them have not been paid to them. Even if, in reg. 46, we accept the provision that the amount of the royalties “shall be a debt due” to the owner (or owners), it is sufficient to say that that debt has not been paid before the proceedings; and the infringement must be deemed to be an infringement unless the conditions of exemption in sec. 19 (2) have been strictly fulfilled.

In my opinion, therefore, the order of *Irvine C.J.* of Victoria is right as to the £5 damages, and as to the injunction. But I do not think that the excepting words added are necessary or appropriate. They may lead to a misunderstanding.

As I take this view of the Act and regulations, it is unnecessary to consider the suggestion that the regulations are invalid. Even if they are valid, the defendant has not complied with the Act. But I may say that I am not impressed by the suggestion, as stated in the 6th edition of *Copinger's* book on *Copyright* (pp. 235 *et seqq.*). I think it is based on a mistaken view of the law as to powers, and I see no reason for doubting the conclusion of the Court of Appeal in *Monckton v. Pathé Frères Pathephone Ltd.* (1) that these regulations (numbered in Australia as regs. 44-46) come within the power contained in sec. 19 (6) of the British Act, as regulations for “securing the payment of royalties,” if not within the power to regulate the mode of payment.

It is better that I should not say anything as to the new points of argument raised by counsel for plaintiff. As I have come to a conclusion in favour of the plaintiff on the interpretation of the Act and regulations as they stand, it is not necessary—it would be inadvisable—to express an opinion on the question whether, regard being had to the provisions of the Australian Act, and on the true interpretation of the British Act, sec. 25, &c., Australia is a

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(1) (1914) 1 K.B., at pp. 406, 414.

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dominion "to which this Act" (the British Act) "extends." I desire in particular to keep my mind open as to the meaning of the word "necessary" in sec. 25 (1) and as to the effect of the words "Orders in Council" in sec. 1 (1) of the British Act.

I am of opinion that the appeal should be dismissed.

GAVAN DUFFY AND STARKE JJ. In our opinion the decision of the learned Chief Justice of the Supreme Court of Victoria should be affirmed. But we shall state as shortly as possible our reasons for that conclusion, because the case is of no little importance and we are not wholly in accord with his reasons.

The British *Copyright Act* 1911 extends throughout His Majesty's dominions, other than the self-governing dominions. But the legislature of each dominion is authorized to declare the Act in force in that dominion—"either without any modifications or additions, or with such modifications and additions relating exclusively to procedure and remedies, or necessary to adapt" the "Act to the circumstances of the dominion, as may be enacted by such legislature" (see sec. 25). The Australian *Copyright Act* 1912, sec. 8, enacts that the British *Copyright Act* shall, "*subject to any modifications provided by this Act,*" be in force in the Commonwealth.

Sir *Edward Mitchell* has argued that the British Act has not been extended to Australia in the manner required by sec. 25: modifications and additions have been made, he contends, which do not relate exclusively to procedure and remedies—particularly sec. 11 and Part III. of the Australian Act. He concludes, therefore, that the Australian Act, and the British Act scheduled to the Australian Act, operate only under the power with respect to copyright conferred by sec. 51 (XVIII.) of the Constitution and within the territorial limits of Australia. We do not agree with this argument. As to sec. 11 of the Australian Act, that seems to be only a modification of the procedure contained in sec. 26 (3) of the British Act, and in any case a necessary adaptation of the Act to the circumstances of Australia. And Part III. only purports to deal with remedies, and we find nothing in it that deals with anything else. Its provisions also may well be said to be necessary to adapt the Act to the circumstances of Australia. Constitutionally

we should say that the operation of the British Act in Australia depends upon the joint operation of the Imperial and Australian legislation. It is not limited in operation to the actual territory or jurisdiction of the Parliament of the Commonwealth: it extends throughout His Majesty's dominions, and the self-governing dominions that have declared it to be in force. That is of no little importance in the interpretation of sec. 19 (2): "It shall not be deemed to be an infringement of copyright in any musical work for any person to make within the parts of His Majesty's dominions to which this Act extends records . . . or other contrivances by means of which the work may be mechanically performed, if such person proves (a) that such contrivances have previously been made by, or with the consent or acquiescence of, the owner of the copyright of the work." We concur in that part of the opinion of *Irvine C.J.* in which he says that the contention cannot be supported that there is a distinct Australian copyright, and that sec. 19 (2) only applies to such copyright when the prior making of contrivances, by means of which the work may be mechanically performed, has been in Australia with the consent of the owner of the Australian rights. In our opinion, the making of the contrivances, with the consent of the owner of the copyright, in any part of the area to which the Act applies, releases the work throughout the area of the operation of the Act (see *Copinger on Copyright*, 6th ed., p. 231). The section proceeds: "and (b) that he has given the prescribed notice of his intention to make the contrivances, and has paid in the prescribed manner to, or for the benefit of, the owner of the copyright in the work royalties in respect of all such contrivances sold by him, calculated at the rate hereinafter mentioned." The *Copyright Regulations* 1913 (No. 338 of 1913) prescribe the form and contents of the notice (clause 43).

In our opinion—and here we dissent, with respect, from *Irvine C.J.*—the notice given in this case did comply with the Act and Regulations. The notice was given to the owner of the copyright in each musical work reproduced on the gramophone record or contrivance, and that, in our opinion, was right and necessary under the section. The difference of view depends, we think, upon the meaning attached to the words in clause 43 of the Regulations

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which prescribe that the notice shall contain (*inter alia*) the amount of the royalty payable on each contrivance in respect of the musical work. *Irvine* C.J. holds, as we understand his judgment, that the royalty must be split into its component parts in the notice, and the apportioned amounts arrived at under sec. 19 (4) for two or more different works, ascertained and stated. But if sec. 19 (3) be examined, it will be found that royalty is payable upon the retail selling price of the contrivance and not upon the different musical works reproduced on the contrivance, however the royalty may be divided between the owners of the different musical works reproduced. It is the amount of royalty on the contrivance that is to be stated in respect of the musical work, whether one or more different works are reproduced upon it.

Finally, is it proved that the Gramophone Co.—the maker of the gramophone record—has paid in the prescribed manner to, or for the benefit of, the owner of the copyright in the work royalties in respect of all such contrivances sold by it? In point of fact, no payment has been made to or for the benefit of the owner of the copyright in the musical works reproduced upon the gramophone record. Several arguments were presented to us on this branch of the case. One was to this effect: the obligation of the Act is to pay; that obligation arises, however, only when the amount of the royalties has been lawfully ascertained and falls due. And there is no failure to pay unless the amount has been ascertained by agreement or arbitration pursuant to sec. 19 (4) of the Act in the case of any contrivance being made which reproduces two or more different works in which copyright subsists. The former proposition may be conceded, but the latter appears to us to be in direct conflict with the provisions of the Act itself. The royalty is upon the contrivance; it is fixed and ascertained by the Act (sec. 19 (3)), and is payable upon all contrivances sold by the person making them. In our opinion there is nothing in the Act which conditions the payment of royalties upon the apportionment thereof between the owners of different musical works. Another argument was based upon clauses 44 and 46 of the *Copyright Regulations*. Notice of intention, it was said, to make or sell the contrivance had been duly given to the owners of the copyright in the musical works

reproduced upon it, and they had not intimated any place within the Commonwealth from which adhesive labels could be obtained. Consequently, it was concluded that the contrivance might be delivered to purchasers without having labels affixed, and, by clause 46, "the amount of the royalties shall be a debt due by the person making the contrivances to the owner of the copyright and the person making the contrivances shall keep an account of all such contrivances sold by him." This clause of the Regulations derives its force from the power contained in sec. 19 (6) of the Act to make regulations prescribing the mode, time and frequency of the payment of royalties, including regulations requiring payment in advance or otherwise securing the payment of the royalties. In *Monckton v. Pathé Frères Pathephone Ltd.* (1) the Court of Appeal upheld the validity of clause 44 of the Regulations but it was not called upon in that case to consider either the construction or the validity of clause 46. It has been argued, following a suggestion in a well-known work, that clause 46 operates to postpone payment of royalties until demand for payment has been made (see *Copinger on Copyright*, 6th ed., pp. 90 and 236). But the true effect of the clause is rather to dispense with the provision in clause 44 that royalties shall be payable by means of adhesive labels, and to prescribe that the obligation to pay royalties under the Act shall rest in debt. An account of the contrivances sold is to be kept so that the amount of the royalties payable can be checked and the amount of the debt easily proved. All that can be said is that the Regulations prescribe in the given case that royalties shall be a debt and therefore payable as a debt. There is nothing postponing payment and, if the amount of the royalty be a present debt of certain amount, then the immediate obligation of the debtor is to pay that debt. The debtor, though knowing the amount of the debt and the persons entitled to it, cannot ascertain in what proportions that amount should be divided between those persons unless they agree or go to arbitration upon the matter. The *Copyright Act* is explicit that any person making contrivances by means of which a musical work the subject of copyright may be mechanically performed infringes that copyright unless he proves,

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amongst other things, that he has paid in the prescribed manner royalties in respect of all such contrivances sold by him. If a manner has been prescribed, then he must prove payment in that manner; if no manner has been prescribed, he must prove payment in some way before he can claim the protection afforded by the Act of Parliament. In our opinion a more perfect definition of the mode and time of payment should be prescribed by those administering the *Copyright Acts*, so as to render effective the protection contemplated by such Acts. We have not been convinced of the invalidity of clause 46 even if its meaning be that suggested by *Copinger*, but we do not consider it necessary further to pursue the question.

POWERS J. I regret that I cannot concur with the conclusions at which my learned brothers have arrived in this case; and it is with great diffidence that I feel it my duty to state the reasons fully why I think the appeal should be allowed.

An action was brought by the respondent, the owner of a copyright of a musical work, against the appellant Company for an injunction to restrain the Company from making and disposing of gramophone records of the work in question, &c., and for damages. A special case was submitted to the Supreme Court of Victoria, and the questions of law submitted for the opinion of the Court were whether (a) the making, (b) the sale, by the defendant, of gramophone records of the musical work in the statement of claim referred to was an infringement of the plaintiff's right; and, if so, whether the plaintiff, by reason of the matters or any of them contained in pars. 4 to 8 of the defence therein, ought to obtain consequent relief. The case was heard and decided by the learned Chief Justice of the Supreme Court of Victoria, and he gave judgment for the plaintiff for £5 damages, with costs, and an injunction in the terms set out in his judgment. The defendant applied to this Court for special leave to appeal from the judgment, and pursuant to the leave granted appealed to this Court.

The total amount of the royalty due under the Act for records sold was 15s. 8d. The musical works reproduced were (1) "I wouldn't be one bit surprised" and (2) "Got no time." The real

object of the suit, however, appears to me to be to obtain a decision of this Court as to the power of the owners of copyrighted works to prevent the works being reproduced by persons who comply, so far as the owners permit them, with the *Copyright Act* and Regulations made thereunder.

On the appeal the respondent first contended that the British *Copyright Act* was not in force in the Commonwealth because the dominion Parliament had acted contrary to sec. 25 of that Act by declaring it to be in force with modifications and conditions not relating exclusively to procedure and remedies, or necessary to adapt the Act to the circumstances of the dominion. The respondent also contended, as an alternative, that the Australian Parliament had not legally declared the British *Copyright Act* as a British Act in force in Australia, but had enacted it as an Australian Act only.

As to the first contention—the dominion (the Commonwealth) declared the Act to be in force strictly in accordance with the British Act (sec. 8); it then dealt with the modifications necessary to adapt the Act to the circumstances of the dominion (sec. 9), and it did, under its own power to deal with “copyrights,” legislate as to matters which were not dealt with by the British *Copyright Act* and to which that Act did not extend: I agree with the Chief Justice of the Supreme Court of Victoria that the British *Copyright Act* is in force in the Commonwealth. As to the second contention—for the reasons just mentioned it is clear that the Commonwealth adopted the British *Copyright Act* as a British Act, and adapted it to the circumstances of the dominion, and did not pass it as an Australian Act only.

One could hardly conceive of an Australian Parliament, in a purely Australian Act, requiring notice to be published in the *London Gazette* instead of the *Commonwealth Gazette* (sub-sec. 2 of sec. 32), or making careful provisions for protecting copyrights owned by universities in existence in 1775 (five years after Captain Cook landed here) (sec. 33), or declaring that the compensation referred to in sec. 34 was to be paid out of the “British” Consolidated Revenue (sec. 34).

The *Copyright Act* gives to the registered owner of a copyright, a monopoly. Generally speaking, no one can publish a copyrighted work without the consent of the owner of the copyright;

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but the Act also provides that if the owner does allow the publication of gramophone records by means of which the work can be mechanically performed, other persons can do so by complying with the conditions set out in sec. 19. It was admitted that the appellant Company was liable to penalties for infringing the copyrights in question unless excused by the provisions of sec. 19 of the British *Copyright Act* and the Regulations made thereunder. To obtain the benefits of the provisions of sec. 19 it was necessary for the appellant Company to prove (1) that such contrivances have previously been made by or with the consent of the owner of the copyright in the work; (2) that the appellant Company has given the prescribed notice of its intention to make the contrivances; (3) that the appellant Company has paid *in the prescribed manner* to, or for the benefit of, the owner of the copyright in the work, royalties in respect of all such contrivances sold by it, calculated at the rate mentioned in the Act, namely 5 per cent on the sales of each contrivance.

Respondent's counsel dealt with condition 3 as if the words used in the section were "has paid to" &c.; instead of "has paid in the prescribed manner to" &c. That must mean in the way described by regulation, either in advance or after sales or by weekly, monthly, quarterly or other payments, or after some condition prescribed has been observed. The general power to prescribe by regulation is given by sub-sec. 6 of sec. 19. For instance, if the regulation prescribed that the payments were to be made payable monthly, calculated on the sales actually made each month, the payment would be delayed for one month and it would not be an infringement of the owner's right to make and sell them during that month. In the same way, if the Regulations prescribed that the payment was delayed until some condition was complied with by the owner, it would not be an infringement of the owner's rights for the producer to make and sell records pending compliance with the condition. The above is what reg. 46 does.

As to the first condition, it is quite clear on the admitted facts that such contrivances had previously been made in England with the consent of the owner of the copyright in the work. The respondent did not dispute the fact, but claimed that it was not enough to excuse the appellant Company on the ground that the British *Copyright Act* was not in force in the Commonwealth and

the copyright of the appellant Company was registered in Australia. That objection therefore fails.

Conditions Nos. 2 and 3 will be dealt with later on.

In this case the copyright of the musical work in question owned by the respondent was one of two musical works contained on one gramophone disc (called in the Act and Regulations “the contrivance”), and the copyrights of the two works were owned by different owners. The Act itself makes special provisions about contrivances containing two works, and especially as to the method to be adopted to fix the proportion of royalty *payable on each contrivance* to each owner where the works are owned (as in this case) by different owners (sec. 19 (4) of the Act). This sub-sec. 4 must, in my opinion, be read with sub-sec. 2 (b) of the same section. It was not passed by Parliament to enable the owners referred to to defeat the clear intention expressed in the first part of sec. 19.

In support of the contention that the appellant Company had not observed the conditions set out in the Act (sec. 19) and the Regulations made thereunder the respondent claimed (1) that the appellant Company had not given the prescribed notice because it did not give to the owners information in conformity with reg. 43 (1) and had not complied with reg. 44 (2); (2) that the appellant Company had not paid in the *prescribed manner* to, or for the benefit of, the owner of the copyright in work (published) royalties in respect of all such contrivances sold by it at the rate thereafter mentioned, namely, in clause (b) of sub-sec. 3 of sec. 19.

As to the first objection, I cannot agree with the contention that the prescribed notice under reg. 43 (1) had not been given by the intending producer. All the Act requires the producer to do, so far as the notice is concerned, is to give “the prescribed notice of his intention to make” the contrivance. The notice prescribed in reg. 43 (1) is as follows:—“The notice required by sub-section 2 of section nineteen of the British Copyright Act shall contain the following particulars: (a) The name and address of the person intending to make the contrivances; (b) the name of the musical work which it is intended to reproduce and of the author (if known), and (if necessary) a description sufficient to identify the musical work; (c) the class of contrivance on which it is intended to

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reproduce the musical work, (e.g.) whether discs, cylinders or music rolls; (d) the ordinary retail selling prices of the contrivances, and the amount of the royalty payable on each contrivance in respect of the musical work; (e) the earliest date at which any of the contrivances will be delivered to the purchaser; (f) whether any other work is to be reproduced on the same contrivance with the musical work specified in accordance with paragraph (b)."

In this case it appears clear to me that the producer gave all the information required by the regulations in question in the notices he gave to each of the owners. That will be seen by the notice to the plaintiff in this case, which is as follows:—"The *Copyright Act* 1912 (Commonwealth of Australia) and the *Copyright Act* 1913 (New Zealand).—The Gramophone Company Limited of Railway Parade Erskineville Sydney N.S.W. in compliance with the Regulations issued under the above Acts hereby give you notice of their intention to make and sell discs reproducing the following musical works:—Title—I wouldn't be one bit surprised; author—Donaldson; description of work (if necessary); ordinary retail selling price of disc—Aust. 4s., N.Z. 4s. 6d. The total amount of royalty payable on each disc is A. 2½ N.Z. 2¾ and the amount of royalty payable in respect of the musical work to which this notice relates is such proportion thereof as failing agreement between or amongst the several copyright owners may be determined by arbitration. The earliest date at which delivery of discs will be made to purchasers is 5th March 1927. (An)other copyright work is to be reproduced on the same disc with the musical work specified above. The title of such other copyright work is—Got no time. Whiting. Dated this 23rd day of February 1927.—To 'the Owner of the Copyright,' c/o Messrs. Allan & Co. Pty. Ltd., 276 Collins Street, Melbourne." The actual amount of the royalty to be paid to each of the two owners cannot possibly be given in the preliminary notice because the Act and Regulations provide that that can only be decided by agreement of the parties or by arbitration—not by the producer before notice. Neither can the producer intimate more than the total amount of royalty *on each disc*, namely, 5 per cent on the price at which it is intended to sell the discs; and in this case that was given, namely, 4s. in Australia and 4s. 6d. in

New Zealand—so that the total amount of royalty to be paid on each disc sold in Australia would be $2\frac{1}{2}$ d., equal to 5 per cent on the selling price in Australia, and $2\frac{3}{4}$ d. per disc, equal to 5 per cent on the selling price in New Zealand. That is all the Act and Regulations require, and all, so far as I can see, the intending producer could do at that time before he had the right to sell any disc. In addition to that, he pointed out that the proportions of that 5 per cent to which each of the owners would be entitled were to be decided by agreement of the parties or by arbitration. For the reasons mentioned I am satisfied that the intending producer gave to the owners the notice required by reg. 43.

It was also said that the producer had not complied with reg. 44 (2), which reads: "After the person making the contrivances has given the prescribed notice of his intention to make or sell the contrivances, the owner of the copyright shall by writing, sent by registered post, intimate to him some reasonably convenient place within the Commonwealth of Australia from which adhesive labels can be obtained, and on demand in writing and tender of the price shall supply from such place adhesive labels of the required denominations at a price equal to the amount of royalty represented thereby." The first duty under the regulation is for the owner to give the intimation in writing referred to in reg. 44 (2), and it is only after that has been given that the producer can, or is required to, tender the exact price fixed by the owners. Though it is not necessary to wait to tender the exact amount to each, as I point out later on, the full 5 per cent royalty was tendered to the owners in equal proportions, allowing them to agree or settle by arbitration, the proportions they were respectively entitled to. Under the subsequent regulation, 46 (1) (a), the failure to send the intimation referred to in reg. 44 authorizes the producer to sell the contrivance and keep an account of same. That must mean pending the fixation of prices by agreement or by arbitration. The producer has not, therefore, failed to comply with reg. 44.

The second objection, namely, that the appellant Company had not paid *in the prescribed manner*, &c., the royalties payable in respect of each contrivance *sold* by the appellant Company, had to be met by showing that payment either had in fact been made

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in the prescribed manner or had been delayed by the Act and subsequent Regulations providing for an alternative prescribed method if the producer is prevented by the owner of the copyright (by refusing to observe the Regulations) from paying the royalties in the manner first mentioned in the Regulations.

The appellant Company's replies to the serious objections referred to were: (1) that payment as prescribed in the first instance, namely, by adhesive labels and adhesive labels only, unless the owners agree, was only prevented by the owners refusing to comply with reg. 44 by refusing—after notice of intention to reproduce the works in question—(a) to intimate in writing to the respondent some convenient place within the Commonwealth from which adhesive labels could be obtained, (b) by refusing to join in fixing any price for the labels if supplied, and (c) by refusing to supply labels after the royalty of 5 per cent had been tendered to the two owners in equal sums to be apportioned by them by agreement or by arbitration; (2) that the appellant Company was excused from payment by adhesive labels by the alternative regulations made in cases where the owners of the copyright refused to comply with the preliminary regulations to be observed by them; (3) that an account has been kept by the appellant Company in accordance with the prescribed alternative regulations; (4) that payment was, however, in fact tendered by the appellant Company of the full amount of the royalty payable on the contrivance to the owners of the copyrights to and for the benefits of such owners.

The appellant proved that before making or disposing of any of the contrivances in question, it gave the prescribed notice of its intention to make the contrivances (first part of clause (b) of sub-sec. 2 of sec. 19 and clause 1 of reg. 43). The royalties are not payable under sec. 19 read by itself until after a sale and the amounts to be paid are calculated by the amount actually received by sales (see sub-sec. 3 of sec. 19). Regulations may, however, be made prescribing payment in advance. The only regulation which could be construed into causing payment in advance is reg. 44, dealing with adhesive labels, but could only be complied with after the price of the labels was fixed by the owners. The royalties referred to in sec. 19 (2) (b) are therefore only to be

paid in the prescribed manner after the making and sale—for condition (b) only requires the producer to pay the royalties in respect of all such contrivances as are sold by him “at the rate hereinafter mentioned” (5 per cent—sub-sec. 3 of sec. 19). Until sales the payment to be made cannot be ascertained as the amount is 5 per cent on sales. The Act, therefore, as well as the regulation authorizes the making and sale before payment—subject to the producer complying, so far as he is concerned, with the prescribed regulations. After the prescribed notice mentioned (sub-sec. 2 (b) of sec. 19) had been given, the next duty was placed on the owner of the copyright by clause 2 of reg. 44. This regulation provided that after the person proposing to make the contrivance has given the prescribed notice (and this Court has held that he has given it) “the owner of the copyright shall” (1) “by writing, sent by registered post, intimate to him some reasonably convenient place within the Commonwealth of Australia from which adhesive labels can be obtained, and” (2) “on demand in writing and tender of the price shall supply from such place adhesive labels of the required denominations at a price” (3) “equal to the amount of royalty represented thereby.” It is admitted that this intimation was not given by the respondent, or any intimation except that it could not agree with the owner of the copyright in the other musical work as to the proportions due to each; and that the prices they required exceeded the total amount of the royalty fixed by the Act. That the intimation was not given by the owner is clear from the following paragraph (10) in the special case submitted for the opinion of the Court:—“The plaintiff did not intimate to the defendant by writing sent by registered post within five days of the defendant’s giving notice of its intention to make gramophone records of the said musical work in the statement of claim referred to or at all some reasonably convenient place within the Commonwealth of Australia from which adhesive labels for the payment of royalties could be obtained and has refused to supply such labels within three days after demand made therefor and the defendant has kept an account of all gramophone records of the said work sold by it. No gramophone records of such musical work were sold before the expiration of five days from the defendant’s notice of

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its intention to make the same." Reg. 45 follows: "Subject to these Regulations no contrivance shall be delivered to a purchaser until such label or labels denoting the amount of royalty have been affixed thereto" &c. Reg. 45 could not possibly be observed by the appellant Company unless and until the respondent complied with its provisions and agreed to fix the price for the labels, or agreed to some other method of payment. The owners in this case did not agree to supply any adhesive labels or agree to any other mode of payment. The proper authority, however, in anticipation of the possibility of some owners attempting to prevent the publication of musical works on contrivances, as the owners did here, made an alternative regulation enabling persons to make and sell contrivances before obtaining labels if the owners refused to comply with reg. 44. By reg. 46 it was provided that in cases where royalties are payable by means of adhesive labels and such labels are not available either because "(a) after the expiration of five days from the date of the prescribed notice of the intention of the person making the contrivances to make or sell such contrivances the owner of the copyright has not duly sent" the intimation referred to in clause 2 of reg. 44, "or (b) the owner of the copyright refuses or neglects to supply such labels within three days after demand duly made, contrivances may be delivered to purchasers without having labels affixed . . . and the amount of the royalties shall be a debt due by the person making contrivances to the owner of the copyright, and the person making the contrivances shall keep an account of all such contrivances sold by him." The words used clearly authorize the producer, if the owner fails to comply with either condition (a) or (b), to make and sell records without obtaining labels when the owners fail or refuse to obey the regulation, and necessarily postpone the payment until the rates are agreed to or fixed by the owners or by arbitration instituted by the owners, or by compulsory arbitration forced by the producer if he has the power to do so. The Act, by sub-sec. 6 of sec. 19, authorizes regulations to be made as to the mode, time and frequency of payment of royalties, and also regulations as to requiring payment in advance or otherwise securing the payment of royalties. The validity of a regulation

similar to reg. 46 under the same Act was upheld in the case of *H. C. OF A. Monckton v. Pathé Frères Pathephone Ltd.* (1). 1928.

The only questions submitted in the special case for the opinion of the Court were whether (a) the making or (b) the sale of the contrivances was an infringement of the plaintiff Company's rights. I hold that reg. 46 is valid, and I therefore hold that, as the making and the sale in the circumstances which have been proved in this case are expressly authorized by the regulation before labels are obtained, the answer to the question should be "Neither the making nor the sale of the gramophone records in question was an infringement of the plaintiff Company's rights."

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In this particular case the owners of the copyright (two different owners) not only made it impossible for the respondent to comply with reg. 44 in the manner first prescribed, namely, by the purchase of adhesive labels, but they also, by disobeying sub-sec. 4 of sec. 19 of the Act, prevented payment to them separately of the exact proportions they may have been respectively entitled to, for they failed to apportion amongst themselves the proportions of the sums payable as royalties "by agreement" or failing agreement "by arbitration."

I hold that on the proper construction of the Act and Regulations, particularly reg. 46, no royalties need be paid, after proper notice has been given and the owners fail or refuse to comply with reg. 44, until the labels are available or until demand after the proportions have been fixed by agreement or by arbitration by the owners of the copyrights, or by some other method agreed to by the owners; otherwise the clear intention of the Act to allow copyright works to be published, and with two works on one contrivance, can be defeated by the owners of the copyrights.

Although the appellant Company was excused, in my opinion, by the Act and the Regulations referred to—combined with the action of the respondent—from paying royalties in the manner first prescribed before selling the contrivances, the Company did not content itself by merely saying it was prepared to pay the royalty due as soon as the owners agreed upon the amounts to be paid to each of them, but, in proof of its desire to pay the royalties.

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it did in fact pay the full 5 per cent royalty due on the sales of the contrivance (containing two musical works) to the owners of the two copyright works in equal proportions, namely, half to each of them, so as to allow them to apportion among themselves, by agreement or, failing agreement, by arbitration, the royalty payable to each on the contrivance. The owners returned the sums mentioned, but in the special case the tender is admitted. In this way the royalties were tendered for the benefit of the owners to the only persons entitled to them—although in ordinary cases it is recognized that an effective tender to a creditor must be unconditional of the amount due to the debtor, and in respect of the particular debt due.

Two actions under the *Copyright Act* decided in Australia were referred to: *Albert v. S. Hoffnung & Co.* (1) and *Albert v. Gramophone Co.* (2). In the first case the defendant imported gramophone records lawfully bought in England, and sold them in Australia without complying with the provisions of sec. 19 of the *Copyright Act*. It was held that the owner's rights had been infringed. In the second case the defendant made and disposed of a contrivance with two musical works on it. The plaintiff owned the copyright of one and the owner of the copyright of the other work was unknown. The defendant at first refused to pay any royalty at all until the two owners agreed upon their proportions of the royalty due. Later on the defendant agreed to pay to the plaintiff one halfpenny on each contrivance—the minimum rate fixed by the Act—and that only, until the two owners agreed or settled the proportions due to each. In that case no attempt was made to pay the 5 per cent to the owners or to one of them on behalf of both owners. The Court held in that case that the manufacturer could not avail himself of the statutory right to manufacture except by paying to the sole known owner the full amount of the royalty payable on the selling price of the record, less the minimum amount payable for the work of the unknown owner. The payment of the 5 per cent to the two owners before prices were fixed, even in unequal proportions, was apparently considered in the above case to be sufficient.

(1) (1921) 22 S.R. (N.S.W.) 75.

(2) (1927) 28 S.R. (N.S.W.) 70.

The duty to send the intimation (reg. 44), which the owner failed to do, is clearly on the owner, and the failure within five days to do so is sufficient to authorize the producer to continue selling the records (reg. 46). It is, however, argued that the producer, so far as it was necessary to fix proportions and prices, had a right and a duty, before he could make or sell the contrivances, to enforce arbitration if the owners failed to agree or to arbitrate. I do not agree with that view. I hold that on a proper construction of the Act and Regulations the duty to agree to the amounts to be paid to each owner or, failing agreement, to settle them by arbitration or in some other way, is a duty imposed by the Act and Regulations on the owners of the copyright, who have all the information necessary for the purpose, and is not a duty cast on the producer in any event. This view, I hold, is supported by the following facts :—(1) All the producer has to do under the Regulations when the intimation is not sent or when the labels are not available, is to keep an account of the sales until the proportions are fixed or labels are available. The actual payment is not due in such a case under the prescribed regulations until the labels are available or prices agreed to or fixed to enable him to pay or tender the proper amounts to each owner. (2) The Act provides for payment to the owners of the copyright or to some one for the benefit of the owners. If a regulation were passed naming some official to whom the 5 per cent. royalty could be paid, the interest (if any) of the producer in question on payment to the official in such a case would surely be ended. (3) The producer is not concerned in the slightest as to the proportions to be received by the respective owners of the 5 per cent royalty : all he has to do is to pay the 5 per cent fixed by the Act. (4) The Regulations only allow the owners in the first instance five days to fix the proportions and to send the intimation required by reg. 44. Generally speaking, it would be possible for owners to fix prices with or without an arbitrator in that time, but the Regulations provide that if both conditions are not complied with in that time the producer can sell records, but he must keep an account of them. That would necessarily include until prices are fixed or until demand by the owners of rates agreed to or fixed, not exceeding in all 5 per cent.

In my opinion the appeal should be allowed.

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KNOX C.J. The appeal will be dismissed with costs.

Appeal dismissed accordingly.

Solicitors for the appellant, *Arthur Robinson & Co.*
Solicitors for the respondent, *Westley & Dale.*

[HIGH COURT OF AUSTRALIA.]

DYER APPELLANT;
DEFENDANT,

AND

LUCKETT RESPONDENT.
COMPLAINANT,

ON APPEAL FROM THE SUPREME COURT OF
NEW SOUTH WALES.

H. C. OF A. *Local Government—Proclamation—Residential district—Prohibition of use of buildings
1928. for purposes of trades—"Trades described in the proclamation"—General
description—Insufficiency—Proclamation ultra vires—Local Government Act
1919 (N.S.W.) (No. 41 of 1919), sec. 309 (1).*

SYDNEY,
Aug. 9, 23.
Knox C.J.,
Isaacs, Higgins,
Gavan Duffy
and Starke JJ.

By sec. 309 (1) of the *Local Government Act 1919* (N.S.W.) "the Governor may . . . (a) declare by proclamation any defined portion of an area to be a residential district; . . . (c) prohibit the erection in such district of any building for use for the purposes of such trades . . . as may be described in the proclamation; and (d) prohibit the use of any building in the district for any such purposes."

Held, that the word "described" in sec. 309 (1) (c) requires that every trade intended to be included in the prohibition is to be expressly named in the proclamation, or otherwise specified; and, therefore, that, where a proclamation prohibited the use of any building in a residential district for the purposes of "any trade," the prohibition was invalid as the trades intended to be included were not "described" within the meaning of sec. 309 (1) (c).

Decision of the Supreme Court of New South Wales (*Campbell J.*): *Lockett v. Dyer*, (1927) 44 N.S.W.W.N. 110, reversed.