

HIGH COURT OF AUSTRALIA

GLEESON CJ,
McHUGH, GUMMOW, KIRBY, HAYNE AND HEYDON JJ

EDDY STEVENS

APPELLANT

AND

KABUSHIKI KAISHA SONY COMPUTER
ENTERTAINMENT & ORS

RESPONDENTS

Stevens v Kabushiki Kaisha Sony Computer Entertainment [2005] HCA 58
6 October 2005
S319/2004

ORDER

1. *Appeal allowed with costs.*
2. *Set aside the orders of the Full Court of the Federal Court of Australia made on 30 July 2003 and, in their place, order that the appeal to that Court be dismissed with costs.*

On appeal from the Federal Court of Australia

Representation:

J V Nicholas SC with C Dimitriadis for the appellant (instructed by Gadens Lawyers)

D K Catterns QC and R Cobden for the respondents (instructed by Blake Dawson Waldron)

J Basten QC with G C McGowan SC and L G de Ferrari appearing as amici curiae on behalf of the Australian Digital Alliance Limited and the Australian Libraries Copyright Committee (instructed by Sarah Waladan)

Notice: This copy of the Court's Reasons for Judgment is subject to formal revision prior to publication in the Commonwealth Law Reports.

CATCHWORDS

Stevens v Kabushiki Kaisha Sony Computer Entertainment

Intellectual property – Copyright – Circumvention devices – Circumvention of a technological protection measure – Definition of "technological protection measure" in s 10(1) of the *Copyright Act 1968* (Cth) ("the Act") – Respondents produced and sold computer games on CD-ROMs for use with PlayStation consoles – Access codes on the CD-ROMs could not be reproduced by conventional CD recording or copying devices – Games could only be played if access codes were read by the boot ROM device within a PlayStation console – Appellant sold and installed "mod chips" into PlayStation consoles which allowed unauthorised copies of games to be played – Whether appellant had knowingly sold or distributed a circumvention device which was capable of circumventing, or facilitating the circumvention of, a technological protection measure – Whether access codes and boot ROM were technological protection measures – Whether access codes and boot ROM prevented or inhibited the infringement of copyright by preventing access to unauthorised copies of games.

Intellectual property – Copyright – Circumvention devices – Literary works – Computer programs – Reproduction in a material form – Definition of "material form" in s 10(1) of the Act – Parts of program code reproduced in the random access memory ("RAM") of a PlayStation console as game is being played – Whether access codes and boot ROM prevented or inhibited the infringement of copyright in a literary work by preventing a substantial part of a computer program from being reproduced in RAM – Whether RAM a "material form" for the purposes of the Act.

Intellectual property – Copyright – Circumvention devices – Subject-matter – Cinematograph films – Part of the aggregate of visual images contained in program code copied in the RAM of a PlayStation console as game is being played – Whether access codes and boot ROM prevented or inhibited the infringement of copyright in a cinematograph film by preventing a copy of the film being made in RAM – Whether a substantial part of a cinematograph film is embodied in RAM as game is being played.

Statutes – Statutory construction – Approach where provision is ambiguous – Approach where provision is the product of legislative debate over evolving technology and compromise – Use of extrinsic materials – Relevance of legislative history – Relevance of policy considerations – Preference for interpretation which upholds fundamental rights.

Words and phrases – "circumvention device", "technological protection measure", "prevent or inhibit", "material form", "cinematograph film", "substantial part".

2.

Copyright Act 1968 (Cth), ss 10(1), 116A.

Copyright Amendment (Digital Agenda) Act 2000 (Cth).

- 1 GLEESON CJ, GUMMOW, HAYNE AND HEYDON JJ. With effect from 4 March 2001, the *Copyright Amendment (Digital Agenda) Act* 2000 (Cth) ("the Amendment Act") made significant amendments to the *Copyright Act* 1968 (Cth) ("the Act"). This appeal concerns a dispute as to the construction of the "circumvention device" provisions introduced by the Amendment Act.

The scope of copyright law

- 2 Over a long period amendments to copyright law have comprised legislative solutions to problems created by competing economic and social pressures associated with the development of new technologies. The issues in the present appeal indicate that this is very much the case today.

- 3 The well-established categories of original works of authorship have been supplemented by various types of "subject-matter other than works" (including, significantly for this case, cinematograph films), certain "moral rights" have been conferred on individuals, and computer programs have been protected as literary works. This last step has been taken notwithstanding any incongruity in treating computer programs as literary works given "their objective of making hardware function rather than of conveying anything immediately perceivable to humans"¹.

- 4 Copyright in both works and other subject-matter remains defined in the Act primarily in terms of the doing (or the authorising of the doing) of any of various acts listed as those comprised in the relevant copyright². Other infringement provisions include those dealing with importation for sale and hire (ss 37, 102) and sale and other dealings (ss 38, 103). It follows from this specificity that not all activities involving the use of copyright material require a licence to escape infringement³. (Patent law has operated more broadly, with the traditional terms of the grant of monopoly being to "make, use, exercise and vend" the invention; however, no patent rights were claimed in this litigation.) Merely to read a copy of a book is not to infringe the literary work of which the book is a material reproduction. Further, the making available of means of

1 Cornish, *Intellectual Property: Omnipresent, Distracting, Irrelevant?*, (2004) at 45.

2 ss 31, 36, 85-88, 101.

3 Cornish, *Intellectual Property: Omnipresent, Distracting, Irrelevant?*, (2004) at 44.

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reproduction which may or may not amount to infringement has been held not necessarily to amount to authorisation of infringement⁴.

5 This litigation turns upon the construction of provisions in the Amendment Act which expand neither the existing categories of copyright works and other subject-matter protected by the Act nor the categories of infringement. Rather, the legislation in question deals with "anti-spoiler devices" which would allow the side-stepping of technical barriers to copying.

Anti-spoiler devices

6 There is considerable controversy in Australia and elsewhere concerning the proper scope of such legislation⁵. However, the task of the Court on this appeal is to construe the particular compromises reflected in the terms of the Amendment Act.

7 The development of technical barriers to copying and the escalation of a struggle between those who design such barriers and those who devise means of surmounting them is not new. Professor Cornish writes⁶:

"Back in the 1970s and 1980s, the answer to analogue copying on photocopiers, cassette decks, and video recorders was pronounced to lie in the machines themselves: but the eternally springing hopes were often enough dashed. Every locked door seemed to produce a hacker with a jemmy. With the Internet, technical control remains the core objective, because it seems the *only* hope for preserving the copyright industries in something resembling their present form." (original emphasis)

8 A legislative response to problems identified in the pre-Internet age had been made in the United Kingdom in s 296 of the *Copyright, Designs and*

4 *Australian Tape Manufacturers Association Ltd v The Commonwealth* (1993) 176 CLR 480 at 497-498; *Sony Corp of America v Universal City Studios, Inc* 464 US 417 (1984); *CBS Songs Ltd v Amstrad Consumer Electronics Plc* [1988] AC 1013.

5 Kell, Maurushat and Tacit, "Technical Protection Measures: *Tilting at Copyright's Windmill*", (2002-2003) 34 *Ottawa Law Review* 7.

6 Cornish, *Intellectual Property: Omnipresent, Distracting, Irrelevant?*, (2004) at 54.

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Patents Act 1988 (UK) ("the 1988 UK Act")⁷. Section 296(2) used the broadly stated expression "any device or means specifically designed or adapted to circumvent the form of copy-protection employed". Section 296(4) defined the phrase "copy-protection" as including "any device or means intended to prevent or restrict copying of a work or to impair the quality of copies made". The distinction between preventing or restricting copying of a work and the impairment of the quality of copies made remains important in considering the construction of the current Australian legislation.

The Amendment Act

9 Section 3 of the Amendment Act sets out what are stated to be the objects of that statute. These objects are expressed largely by reference to the Internet and online access to copyright material. According to the Revised Explanatory Memorandum to the Senate on the Bill for the Amendment Act ("the Explanatory Memorandum")⁸, "the keystone" to the reforms provided by the Bill was the introduction⁹ of a "new technology-neutral right to communicate literary, dramatic and musical works to the public". This would "provide copyright owners with greater protection for their material in the new digital environment". However, the substantive provisions of the Amendment Act with which this appeal is concerned deal with a different matter, technical control of "access".

10 The Amendment Act inserted Div 2A (ss 116A-116D) in Pt V of the Act. Part V is headed "Remedies and offences". Division 2A is headed "Actions in relation to circumvention devices and electronic rights management information". The Amendment Act also introduced additions to the offence provisions contained in Div 5 (ss 132-133A) so as to create new offences for contravention of the new Div 2A. The Amendment Act further introduced new definitions into s 10 of the Act. The Act has been further amended on five occasions, the last set of changes being those made with effect from 1 January 2005 by the *US Free Trade Agreement Implementation Act* 2004 (Cth) ("the 2004 Act"). This litigation is concerned with the statute in what is to be taken as its form at the date of commencement of the Amendment Act, 4 March 2001.

7 Sections 296-296ZF were substituted in the United Kingdom legislation for s 296 by the Copyright and Related Rights Regulations SI 2003/2498, reg 24(1).

8 par 50.

9 By what in the Act became sub-par (iv) of s 31(1)(a) and sub-par (iii) of s 31(1)(b), these expressed the new right as one "to communicate the work to the public".

11 In the Explanatory Memorandum¹⁰ it was said that the provisions of Div 2A were intended to provide "appropriate measures for the enforcement of copyright in the digital environment" and to provide "effective civil remedies against the abuse of technological copyright protection measures". In particular, Div 2A provided copyright owners "with new civil remedies against persons who make, commercially deal in, import, advertise, market or make available online devices, or provide services, used to circumvent technological copyright protection measures".

12 The Explanatory Memorandum¹¹ also stated that the changes made were intended to ensure that Australia provided adequate legal protection and effective legal remedies to comply with "the technological measures obligations" in two treaties negotiated in 1996 in the World Intellectual Property Organization ("WIPO"). One of these was the WIPO Copyright Treaty, which became effective on 6 March 2002.

13 Article 11 of the WIPO Copyright Treaty stated:

"Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law."

It will be apparent that the provision is expressed in broad terms, leaving considerable scope to individual States in deciding on the manner of implementation¹².

14 The Explanatory Memorandum further said of the new Div 2A¹³:

10 par 181.

11 par 183.

12 Article 18 of the second WIPO treaty, the WIPO Performances and Phonograms Treaty, provided similarly to Art 11 of the WIPO Copyright Treaty but in relation to performers and producers of sound recordings.

13 par 182. Article 12 of the WIPO Copyright Treaty dealt with "electronic rights management information", that is to say such things as the electronic identification of author, owner, terms and conditions of use, and code numbering, and obliged
(Footnote continues on next page)

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"These provisions will operate to provide copyright owners and their licensees with an effective means of enforcing their rights in the online environment whilst simultaneously allowing for the operation of some exceptions to the exclusive rights of copyright owners. In this way, the provisions are intended to strike a fair balance between the rights of copyright owners and the rights of copyright users."

- 15 The contrast between legislation such as Div 2A and the protection of copyright in works and other subject-matter was drawn by the Committee on Commerce of the House of Representatives of the United States Congress when considering legislation proposed to amend the copyright law and to implement in the United States Art 11 of the WIPO Copyright Treaty. The United States legislation that resulted, the *Digital Millennium Copyright Act* 1998, amended Title 17 of the United States Code, introducing inter alia 17 USC §1201, to which more detailed reference will be made below. With respect to the previous copyright provisions, that Committee said in Pt 2 of its report¹⁴:

"In general, all of these provisions are technology neutral. They do not regulate commerce in information technology, ie, products and devices for transmitting, storing, and using information. Instead, they prohibit certain actions and create exceptions to permit certain conduct deemed to be in the greater public interest, all in a way that balances the interests of copyright owners and users of copyrighted works."

- 16 The Committee went on to refer to the use of the term "paracopyright" to identify anti-circumvention provisions, liability under which could result from conduct independent of any act of infringement or of any intent to promote infringement¹⁵.

- 17 Before turning to consider the submissions respecting the construction of the definition of "technological protection measure" in the Act, it should be observed that the broad terms of Art 11 of the WIPO Copyright Treaty have supported legislation of various countries which is in differing forms. For

Contracting States to provide adequate and effective legal remedies against misuse. Article 12 is reflected in ss 116B and 116C in Div 2A. No question arises in this litigation concerning those provisions.

14 HR Rept No 105-551 Pt 2 at 24 (1998).

15 HR Rept No 105-551 Pt 2 at 24 (1998).

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example, in the United States, 17 USC §1201, which is headed "Circumvention of copyright protection systems", deals with the matter in different terms from those of Div 2A in the Australian legislation. Section 1201(a)(1)(A) states that "[n]o person shall circumvent a technological measure that effectively controls access to a work protected under this title". Then, §1201(a)(3) provides:

"As used in this subsection—

(A) to 'circumvent a technological measure' means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner; and

(B) a technological measure 'effectively controls access to a work' if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work."

18 The Australian legislative materials identified in the written submissions to the Court indicate that proposals were made by the International Intellectual Property Alliance to the House of Representatives Standing Committee on Legal and Constitutional Affairs in favour of the adoption of legislation in terms such as those of the United States, with emphasis upon protection for all devices controlling access to a work. However, as will be apparent, the legislation as enacted takes a different form, with an emphasis upon measures designed to prevent or inhibit infringement.

The facts

19 The present respondents (collectively described as "Sony") produced and sold computer games on CD-ROMs for use with PlayStation consoles. Sony as owner or exclusive licensee controls the copyright in the computer programs (as literary works under the Act) and in the cinematograph films (as subject-matter other than works) embodied in the CD-ROMs for the games.

20 On two occasions after the commencement of the Amendment Act, the appellant, Mr Stevens, sold unauthorised copies of PlayStation games. The games were titled "Croc 2", "Medi Evil", "Motor Races World Tour" and "Porsche 2000". Mr Stevens was not sued for any acts on his part that might have constituted infringements of Sony copyright in any computer program or cinematograph film. Nor were the makers of the unauthorised copies, whether Mr Stevens or others.

21 However, the PlayStation software contained access restrictions described as follows by Sackville J in his judgment at first instance¹⁶:

"The PlayStation software incorporates an access code, or a number of encrypted sectors of data that cannot be reproduced by conventional CD recording or copying devices (usually referred to as 'burning' mechanisms). The access code is stored on an encrypted portion of the CD-ROM and essentially consists of a string of characters. This string must be read by the boot ROM located within the PlayStation console if the particular game is to be played. The boot ROM recognises whether there is an access code and specifically what kind of access code it is. The access code is inaccessible to standard CD-ROM 'burners' or standard CD replication manufacturing parts."

Sony contended that, in this state of affairs, a "technological protection measure" could be said to exist in the boot ROM, or the access code in the PlayStation software, or the two in their combined operation.

22 In addition to supplying the unauthorised copies, Mr Stevens on three occasions sold and installed "mod chips" into PlayStation consoles. The unauthorised copies could not be played upon an "unchipped" or unmodified PlayStation console because they did not have the requisite access code. However, these copies could be played upon the "chipped" PlayStation consoles which Mr Stevens had modified.

23 By proceedings instituted in the Federal Court, Sony alleged that contrary to s 116A (inserted in the Act by the Amendment Act) Mr Stevens without permission had knowingly sold or distributed a "circumvention device" which was capable of circumventing or facilitating the circumvention of a "technological protection measure" which protected Sony's copyright in literary works (computer programs) and cinematograph films.

The litigation

24 By its application in the Federal Court, Sony sought against Mr Stevens a declaration, damages, an injunction and civil relief under the civil remedies provision in s 116D. Sackville J held that the claims by Sony under Div 2A

16 *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2002) 200 ALR 55 at 65.

failed¹⁷. In the Full Court, Sony succeeded on the first of three issues, but not on the second or third¹⁸. However, Sony's success was sufficient to entitle it to substantial relief against Mr Stevens. The Full Court made a declaration as follows:

"On 8 April 2001, 28 September 2001 and 16 November 2001 [Mr Stevens] sold circumvention devices, as defined in [the Act, s 10(1)], for use in association with 'PlayStation' computer consoles and the CD-ROMs for 'PlayStation' computer games, in contravention of s 116A of [the] Act."

25 The Full Court enjoined Mr Stevens from selling circumvention devices for use in association with those computer consoles and CD-ROMs in contravention of s 116A of the Act. It remitted the matter to the primary judge for determination of the claims for damages pursuant to s 116D of the Act.

26 Against those orders, Mr Stevens appeals by special leave to this Court. By Notice of Contention, Sony seeks to reagitate the issues on which it did not succeed in the Full Court. At first instance, Sackville J had permitted the Australian Competition and Consumer Commission ("the ACCC") to appear as amicus curiae and to press for a construction of the relevant provisions of the Act at odds with that favoured by Sony¹⁹. An application to this Court by the ACCC was withdrawn. However, the Court granted leave to appear as amici curiae to the Australian Digital Alliance Ltd and the Australian Libraries Copyright Committee.

Section 116A

27 Section 116A(1), so far as immediately material, states that the section applies if "a work or other subject-matter is protected by a technological protection measure" and a person without the permission of the owner or exclusive licensee thereof makes, sells or offers for sale or hire or otherwise promotes or advertises "a circumvention device" which is capable of circumventing, or facilitating the circumvention of, that "technological protection measure". Making and importing are also proscribed by s 116A(1), but the mere

17 (2002) 200 ALR 55.

18 *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2003) 132 FCR 31.

19 *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2001) 116 FCR 490.

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use of a circumvention device is not proscribed. Supplying, making and importing are excused if "for use" for a "permitted purpose".

28 The terms "circumvention device" and "technological protection measure" are defined in s 10(1)²⁰. Save as to what follows, it was not disputed that Mr Stevens had sold "circumvention devices". The definition is as follows:

"**circumvention device** means a device (including a computer program) having only a limited commercially significant purpose or use, or no such purpose or use, other than the circumvention, or facilitating the circumvention, of an [sic] technological protection measure."

29 What was in issue was the existence of the "technological protection measure" identified in the concluding words of the definition of "circumvention device". It is upon the following definition of "technological protection measure" that the appeal by Mr Stevens turns. The definition states:

"**technological protection measure** means a device or product, or a component incorporated into a process, that is designed, in the ordinary course of its operation, to prevent or inhibit the infringement of copyright in a work or other subject-matter by either or both of the following means:

- (a) by ensuring that access to the work or other subject matter is available solely by use of an access code or process (including decryption, unscrambling or other transformation of the work or other subject-matter) with the authority of the owner or exclusive licensee of the copyright;
- (b) through a copy control mechanism."

Statutory construction

30 The critical task for the outcome of this appeal is one of statutory interpretation, particularly of the defined expression "technological protection measure" as it appears in the setting of Div 2A. No particular theory or "rule" of statutory interpretation, including that of "purposive" construction, can obviate the need for close attention to the text and structure of Div 2A.

20 The definitions shown in these reasons are in their form as amended with effect from 4 March 2001 by the *Copyright Amendment (Parallel Importation) Act 2003* (Cth), s 2, Sched 3, Items 1, 3.

31 Lord Renton QC²¹ writes of the position in the United Kingdom²²:

"I do not know to what extent judicial interpretation influences drafting but drafting greatly influences judicial interpretation of statutes. From earliest times judges have found it difficult to interpret them, and most of the time of appellate judges is now taken up in doing so. Parliament has never required the judges to do so in any particular way. The Interpretation Act [1978 (UK)] merely provides some definitions and minor assumptions. So the judges have made their own well-known rules of interpretation."

Of these rules of interpretation Lord Renton continues²³:

"The first was the Mischief Rule in 1584: to find out the intention of Parliament it was necessary to discover the mischief for which the common law did not provide and what was the remedy Parliament chose to cure it. That rule still applies where relevant. Later came the Golden Rule, which said that, if the whole statute leads to inconsistency, absurdity or inconvenience, the court should give it another meaning that makes more sense. This caused problems and led to the Literal Rule: if the words of the statute which apply to the case being tried are clear, they must be followed, however unjust the result. Then came 'the Diplock principle', that the court must give effect to what the words would mean to those whose conduct the statute regulates."

He then indicates that in England in the past 50 years the judges have gradually adopted the "purposive rule"; under this the judges try to discover what Parliament intended. In Australia, s 15AA of the *Acts Interpretation Act* 1901 (Cth) states:

"In the interpretation of a provision of an Act, a construction that would promote the purpose or object underlying the Act (whether that purpose or

21 Former Chairman of the Committee on the Preparation of Legislation and President of the Statute Law Society.

22 "The Evolution of Modern Statute Law and Its Future", in Freeman (ed), *Legislation and the Courts*, (1997) 7 at 13.

23 "The Evolution of Modern Statute Law and Its Future", in Freeman (ed), *Legislation and the Courts*, (1997) 7 at 14.

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object is expressly stated in the Act or not) shall be preferred to a construction that would not promote that purpose or object."

Section 15AB provides for the use of a wide range of extrinsic materials in pursuing the construction indicated in s 15AA.

32 In the case of the Amendment Act, there is a statement of objects in s 3. However, as indicated earlier in these reasons, that statement of objects, which fixes upon the "online" environment of the Internet, does not encompass the broader operation of Div 2A, as demonstrated by the facts in this litigation. Nor do the extrinsic materials give any clear indication of how it came to be that the Bill for the Amendment Act took the final form that it did. Indeed, the very range of the extrinsic materials, with shifting and contradictory positions taken by a range of interest holders in the legislative outcome, suggests that the legislative purpose was to express an inarticulate (or at least not publicly disclosed) compromise.

33 There is force in the statement by one commentator²⁴:

"The definition of 'technological protection measure' is a compromise, which was neither as restrictive as some copyright users had hoped, nor as broad as copyright owners sought – and parts of the legislative history are opaque."

34 The result is that in the present case to fix upon one "purpose" and then bend the terms of the definition to that end risks "picking a winner" where the legislature has stayed its hand from doing so. In the selection of a sole or dominant "purpose", there is a risk of unintended consequences, particularly where, as here, the substratum of the legislation is constantly changing technologies.

"Technological protection measure"

35 These considerations indicate the approach to construction evident in the reasoning of Sackville J, with its close attention to text and structure. Of the expression "technological protection measure", his Honour said²⁵:

24 Weatherall, "On Technology Locks and the Proper Scope of Digital Copyright Laws – *Sony* in the High Court", (2004) 26 *Sydney Law Review* 613 at 637.

25 (2002) 200 ALR 55 at 80.

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"The definition has a number of elements, as follows:

- a device or product, or a component incorporated into a process
- that is designed
- in the ordinary course of its operation
- to prevent or inhibit the infringement of copyright in a work [or other subject-matter]
- by either or both of two particular means.

The two particular means of preventing or inhibiting the infringement of copyright are these:

- ensuring that access to the work is available solely by use of an access code or process with the authority of the owner or licensee; or
- a copy control mechanism."

36 Sackville J did not accept the construction advanced by Sony which was to be accepted in the Full Court and which is urged again on this appeal. His Honour rejected the proposition that²⁶:

"the definition is concerned with devices or products that do not, by their operations, prevent or curtail specific acts infringing or facilitating the infringement of copyright in a work [or other subject-matter], but merely have a general deterrent or discouraging effect on those who might be contemplating infringing copyright in a class of works, for example by making unlawful copies of a CD-ROM".

Rather, Sackville J said²⁷:

"It can be seen that the focus of the definition, as the expression 'technological protection measure' itself implies, is on a technological device or product that is designed to bring about a specified result (preventing or inhibiting the infringement of copyright in a work) by

26 (2002) 200 ALR 55 at 81.

27 (2002) 200 ALR 55 at 80.

particular means. Each of the specified means involves a technological process or mechanism. The means identified in par (a) is an access code or process that must be used to gain access to the work. The means identified in par (b) is a 'copy control mechanism'."

37 That latter expression is not defined in the legislation. However, the distinction between devices or means designed to prevent any copying at all and those designed to impair the quality of copies that are made has a provenance in s 296 of the 1988 UK Act, to which reference has been made at par [8] of these reasons. Consistently with this and with reference to the Australian legislative history, Sackville J concluded that the phrase "copy control mechanism" encompassed a mechanism restricting the extent (and, one might add, the effectiveness) of copying of a work that otherwise could be undertaken by someone with "access" to the copyright material²⁸.

38 Sackville J concluded that²⁹:

"a 'technological protection measure', as defined, must be a device or product which utilises technological means to deny a person access to a copyright work [or other subject-matter], or which limits a person's capacity to make copies of a work [or other subject-matter] to which access has been gained, and thereby 'physically' prevents or inhibits the person from undertaking acts which, if carried out, would or might infringe copyright in the work [or other subject-matter]".

That construction should be accepted.

39 It is important to understand that the reference to the undertaking of acts which, if carried out, would or might infringe, is consistent with the fundamental notion that copyright comprises the exclusive right to do any one or more of "acts" primarily identified in ss 31 and 85-88 of the Act. The definition of "technological protection measure" proceeds on the footing that, but for the operation of the device or product or component incorporated into a process, there would be no technological or mechanical barrier to "access" the copyright material or to make copies of the work after "access" has been gained. The term "access" as used in the definition is not further explained in the legislation. It may be taken to identify placement of the addressee in a position where, but for

28 (2002) 200 ALR 55 at 80.

29 (2002) 200 ALR 55 at 81.

the "technological protection measure", the addressee would be in a position to infringe.

40 This construction of the definition is assisted by a consideration of the "permitted purpose" qualifications to the prohibitions imposed by s 116A(1). First, s 116A(3) provides that, in certain circumstances, the section does not apply in relation to the supply of a circumvention device "to a person for use for a permitted purpose". The term "supply" means selling the circumvention device, letting it for hire, distributing it or making it available online (s 116A(8)). Secondly, s 116A(4) states that the section in certain circumstances does not apply in relation to the making or importing of a circumvention device "for use only for a permitted purpose".

41 The expression "permitted purpose" in sub-ss (3) and (4) has the content given it by sub-s (7). This states that for the purposes of s 116A, a circumvention device is taken to be used for a permitted purpose only if two criteria are met. The first criterion is that the device be "used for the purpose of doing *an act comprised in the copyright in a work or other subject-matter*" (emphasis added). The second criterion is that the doing of that act otherwise comprised in the copyright is rendered not an infringement by reason of the operation of one or more of the exculpatory provisions then set out³⁰. (The listed provisions do not include the general fair-dealing exculpations in ss 40, 41 and 42 of the Act.)

42 The first criterion in s 116A(7) for reliance upon the permitted purpose provisions which are an answer to what would otherwise be a claim under s 116A thus in terms links the use of a circumvention device to the doing of one or more of the acts enumerated in s 31 of the Act (where these are done in relation to a work) and in ss 85-88 (where these are done in relation to subject-matter other than a work).

43 If the construction of the definition for which Sony contends were accepted despite the linkage specified in s 116A(7) between the use of a circumvention device and the central provisions of ss 31 and 85-88 of the Act, the permitted purpose provisions would risk stultification. The facts of the present case are in point. The use of Mr Stevens' mod chip in order to circumvent the protections provided by (a) the access code on a CD-ROM in which a PlayStation game is stored and (b) the boot ROM device contained within the PlayStation console cannot be said to be for the "purpose" of reproducing a computer game within the sense of s 31 of the Act. Any such

30 The sections are ss 47D, 47E, 47F, 48A, 49, 50, 51A and 183 and Pt VB.

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reproduction will already have been made through the ordinary process of "burning" the CD-ROM. The mod chip is utilised for a different purpose, namely to access the reproduced computer program and thereafter visually to apprehend the result of the exercise of the functions of the program.

44 There are three other considerations which support Sackville J's construction of the definition.

45 The first is that, in choosing between a relatively broad and a relatively narrow construction of legislation, it is desirable to take into account its penal character. The present litigation does not arise from the institution of criminal proceedings under the offence provisions now contained particularly in s 132 of the Act. However, a person who makes or sells a circumvention device (s 132(5B)) is liable to imprisonment for not more than five years (s 132(6A)). An appreciation of the heavy hand that may be brought down by the criminal law suggests the need for caution in accepting any loose, albeit "practical", construction of Div 2A itself.

46 The second consideration is that the true construction of the definition of "technological protection measure" must be one which catches devices which prevent infringement. The Sony device does not prevent infringement. Nor do many of the devices falling within the definition advanced by Sony. The Sony device and devices like it prevent access only after any infringement has taken place.

47 The third consideration is that in construing a definition which focuses on a device designed to prevent or inhibit the infringement of copyright, it is important to avoid an overbroad construction which would extend the copyright monopoly rather than match it. A defect in the construction rejected by Sackville J is that its effect is to extend the copyright monopoly by including within the definition not only technological protection measures which stop the infringement of copyright, but also devices which prevent the carrying out of conduct which does not infringe copyright and is not otherwise unlawful. One example of that conduct is playing in Australia a program lawfully acquired in the United States. It was common ground in the courts below and in argument in this Court that this act would not of itself have been an infringement³¹.

31 (2002) 200 ALR 55 at 75, 79-80.

The Full Court's reasoning

48 However, on appeal, the Full Court accepted the construction advanced by Sony. In doing so, the Full Court did not refer to the significance, for construction of the definition of "technological protection measure", of the permitted purpose provisions. The reasoning of the judges in the Full Court varied. Lindgren J, with whom Finkelstein J agreed on this issue³², found nothing in the statutory text to persuade him strongly to one construction or the other³³. His Honour was persuaded by a detailed review of the extrinsic materials that a "broader approach" was intended by the Parliament so that the definition of "technological protection measure" embraced an "inhibition" which was indirect and operated before an attempted operation of the circumvention device³⁴.

49 However, if one thing appears from a consideration of the Australian and international materials it is that in Australia there was a reluctance to give to copyright owners a form of broad "access control". Indeed, this reluctance is manifest in the inclusion in the definition of "technological protection measure" of the concept of prevention or inhibition of infringement.

50 This outcome dissatisfied copyright owners. Yet other "stakeholders" with their own interests did not achieve all they may have desired. To those, such as the ACCC, concerned with the operation of restrictive trade practices law, it was significant that the access code for Sony products differed in various markets, so that a PlayStation game purchased in the United States could not be played on an unmodified PlayStation console purchased in Australia³⁵. Users of copyright material such as those represented in the amici curiae in this Court were dissatisfied by the exclusion from the permitted purpose provisions of the general provisions protecting fair dealing. Other users were dissatisfied by the failure to include in the permitted purpose provisions the specific protection given by s 47C for back-up copies of computer programs. All of these considerations suggest no particular support for the "broad" approach to the definition of "technological protection measure".

32 (2003) 132 FCR 31 at 80.

33 (2003) 132 FCR 31 at 54.

34 (2003) 132 FCR 31 at 69-70.

35 (2002) 200 ALR 55 at 65.

51 French J, the other member of the Full Court, emphasised that s 116A operates with respect to the range of acts which may constitute infringement, a range going beyond reproduction. His Honour said of that range of acts³⁶:

"It extends to knowingly selling or offering for sale articles, the making of which constituted an infringement of copyright (s 38). ... If a device such as an access code on a CD-ROM in conjunction with a Boot ROM in the PlayStation console renders the infringing copies of computer games useless, then it would prevent infringement by rendering the sale of the copy 'impracticable or impossible by anticipatory action'."

52 However, the provision in s 38 which, subject to the fair dealing and related provisions, renders it an infringement of copyright in a work to sell an article "if the person knew, or ought reasonably to have known, that the making of the article constituted an infringement" may be accommodated within the operation of s 116A without going so far as did French J in construing the definition of "technological protection measure". Taking the example discussed by French J, s 38 itself indicates that what might be called the act of secondary infringement by sale must necessarily follow in a temporal and practical sense from the primary infringement of making the article. The "technological protection measure", consistently with the construction accepted by Sackville J, prevents the act of primary infringement in an immediate sense. It also thereby "inhibits" the act of secondary infringement. One meaning of "inhibit" is to hinder, to check or to place an obstacle or impediment to a path of conduct³⁷.

53 French J went on to conclude³⁸ that the construction proffered by Sony flowed from a consideration of the ordinary and grammatical meaning of the language of s 116A and the definition of "technological protection measure". To accept the contrary construction would be "to cage the ordinary meaning of the words which have been adopted"³⁹.

36 (2003) 132 FCR 31 at 40. The quotation in the passage is a quotation from the definition of "prevent" in the *Shorter Oxford English Dictionary*: see (2003) 132 FCR 31 at 39.

37 *The Oxford English Dictionary*, 2nd ed (1989), vol 7, gives as one meaning "To restrain, check, hinder, prevent, stop." *Webster's Third New International Dictionary*, (1986) gives "to operate against the full development or activity of" and "to retard".

38 (2003) 132 FCR 31 at 41.

39 (2003) 132 FCR 31 at 41.

54 Copyright legislation, both in Australia and elsewhere, gives rise to difficult questions of construction. Given the complexity of the characteristics of this form of intangible property, that, perhaps, is inevitable. It may be going too far to say of the definition of "technological protection measure" and of s 116A, as Benjamin Kaplan wrote of the American law even as it stood in 1967⁴⁰, that the provisions have a "maddeningly casual prolixity and imprecision". However, in this Court no party advanced the proposition that its task on this appeal was satisfied merely by a consideration of the ordinary meaning of the words in the definition of "technological protection measure".

55 Rather, Sony contended that, unless the term "inhibit" had the meaning given by the Full Court, it was otiose, adding nothing to "prevent". One meaning of "inhibit" indeed is "prevent". However, it may be taken that "inhibit" is used in the definition of "technological protection measure" in one of its weaker senses, while still necessarily attached to an act of infringement. One such sense has been given above with respect to acts of secondary infringement by dealing in an article created by an act of primary infringement. Further, the operation of a copy control mechanism to impair the quality or limit the quantity of a reproduction may be said to hinder the act of infringement. In that regard, there is a legislative antecedent in s 296 of the 1988 UK Act. This, it will be recalled, spoke of devices or means intended "to impair" the quality of copies made. In the present case, the Sony device does not interfere with the making of a perfect copy of Sony's copyright in its computer program or cinematograph film.

Conclusion on construction of definition of "technological protection measure"

56 The conclusion reached by Sackville J was correct and should not have been disturbed by the Full Court.

57 There remain for consideration the two grounds advanced by Sony in its Notice of Contention. To these we now turn.

Sony's Notice of Contention

58 By its Notice of Contention, Sony contends that the decision of the Full Court should be affirmed on grounds in addition to those upon which it succeeded there. Sony has submitted that its device (comprising either or both the boot ROM in the PlayStation console and the access code on PlayStation

40 *An Unhurried View of Copyright*, (1967) at 40.

CD-ROMs) was a "technological protection measure" on three essentially distinct bases. The first which has been dealt with in these reasons was the construction argument concerning "inhibit" and "practical effect".

59 The second ground was that the device fell within the terms of the definition of "technological protection measure" because it prevented PlayStation users from reproducing in the RAM of an unmodified PlayStation console a substantial part of the particular program embodied in an unauthorised copy of a PlayStation CD-ROM by playing the CD-ROM in that console. This may be called "the reproduction in RAM contention".

60 The remaining contention was that the device answered the description of the definition because it prevented PlayStation users from making in the RAM of an unmodified PlayStation console a copy of a substantial part of a cinematograph film embodied in an unauthorised copy of a PlayStation CD-ROM by playing the CD-ROM in that console. This may be called "the cinematograph film contention".

61 Sackville J had rejected all these submissions. In the Full Court, French J and Lindgren J accepted Sony's argument on the first point but rejected the other grounds. Finkelstein J accepted Sony's arguments on all three grounds. Hence the Notice of Contention respecting the reproduction in RAM contention and the cinematograph film contention. To these we now turn.

The reproduction in RAM contention

62 As Lindgren J noted in the Full Court⁴¹, Sony's contention here must be that the protection device prevents or inhibits reproduction of the literary work constituted by the computer program (being the set of statements or instructions embodied in the CD-ROM for a PlayStation game) in a material form in RAM, within the meaning of par (a)(i) of s 31(1) of the Act⁴². Section 21 provides that, for the purposes of the Act, reproduction is to be taken to have occurred in various circumstances. One of those is set out in s 21(1A). This states:

"For the purposes of this Act, a work is taken to have been reproduced if it is converted into or from a digital or other electronic machine-readable

41 (2003) 132 FCR 31 at 75.

42 This identifies copyright in relation to a literary work as the exclusive right, among other things, "to reproduce the work in a material form".

form, and any article embodying the work in such a form is taken to be a reproduction of the work."

63 The PlayStation console is equipped with random access memory ("RAM") which it utilises in order to accelerate its own operation. This it does by copying into its RAM a portion of the computer program stored in the CD-ROM being played. Sackville J noted at least two key features of this process. First, "[t]he RAM's capacity is limited to 2 megabytes", and "[s]ince the game code may consist of up to 580 megabytes ... only a small section of the game code is downloaded and copied"⁴³. Secondly, the "storage [of the copy] in RAM is temporary, in the sense that the data is only stored there until the PlayStation console is shut down"⁴⁴.

64 If any conversion of the program from a CD-ROM to RAM answers s 21(1A), there remains, as Lindgren J noted⁴⁵, the question whether the reproduction in RAM is "in a material form" within the meaning of par (a)(i) of s 31(1) of the Act.

65 Sackville J held that a substantial part of the computer program embodied in a PlayStation CD-ROM was temporarily stored in the RAM of a PlayStation console while the game is played: the storage is temporary because the contents of the RAM will be lost if power to the console is disconnected and are displaced as new instructions are downloaded to the RAM⁴⁶. That conclusion was not challenged in this appeal. But his Honour held that temporary storage of a substantial part of the computer program did not entail reproduction of it in a "material form"⁴⁷.

43 (2002) 200 ALR 55 at 66.

44 (2002) 200 ALR 55 at 66.

45 (2003) 132 FCR 31 at 75.

46 (2002) 200 ALR 55 at 83.

47 Sackville J rejected an argument that the data stored in the RAM were reproduced at a particular point known as the gateway to the graphics processing unit: (2002) 200 ALR 55 at 87-88. Sony did not press that argument in the Full Court of the Federal Court: (2003) 132 FCR 31 at 87. Nor was it pressed in this Court.

66 A definition of "material form" was introduced by the *Copyright Amendment Act 1984* (Cth) ("the 1984 Amendment Act")⁴⁸. The definition states:

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

The definition was introduced to qualify what had been the general understanding that in copyright law a material form was one which could be perceived by the senses⁴⁹.

67 Whilst the 1984 Amendment Act indicates that RAM may constitute a "material form" for the purposes of the Act, in certain circumstances, this is not determinative of this ground in the Notice of Contention. This is because if the "material form" upon which Sony relies is a form of invisible storage, then this storage must be one from which the work or a substantial part of it "can be reproduced". In effect, as Mr Stevens contends, the legislature amplified the rights of copyright owners with respect to reproduction in invisible forms of storage but did so subject to essential limitations.

68 Sony submitted that the words of the definition of "material form" after "includes" were not crucial to its success, because as a matter of ordinary language the data stored in the RAM could be said to reproduce the computer program stored in a PlayStation game in a material form. The answer is that given by Sackville J⁵⁰: the data were not in a material or corporeal form, but in a non-material, incorporeal form, comprising essentially electronic impulses.

48 The definition has since been amended by the 2004 Act. In its amended form, it states:

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

49 See the judgment of Brennan J in *Computer Edge Pty Ltd v Apple Computer Inc* (1986) 161 CLR 171 at 202-203.

50 (2002) 200 ALR 55 at 89-90.

69 Sony also relied on par 28 of the Explanatory Memorandum to the Bill for the 1984 Amendment Act introducing the definition of "material form":

"The definition of 'material form' is new and makes it clear that material form includes such methods of fixation as storage or reproduction on magnetic tape, read only or random access computer memory, magnetic or laser disks, bubble memories and other forms of storage which will doubtless be developed."

As Lindgren J pointed out, that assumes that in some circumstances the electronic impulses stored in RAM are in material form; it does not state a test for distinguishing between the circumstances in which they are and those in which they are not, and it does not say that they are in material form in all circumstances⁵¹.

70 The closing words of the definition of "material form", namely "can be reproduced", were interpreted by Finkelstein J in his dissenting judgment in the Full Court⁵² as meaning "may be able to be reproduced". This takes the inquiry concerning materiality of form from the realm of present capability into that of abstract or conjectural possibility. Lindgren J said it was⁵³:

"an unrealistic and strained construction to treat the words 'can be reproduced' at the end of the definition of 'material form' so widely as to encompass 'could be reproduced if an additional device, not supplied with the console and not yet available, were to be manufactured and attached to it' or 'could be produced if the RAM under consideration formed part of a future modified console'".

71 Earlier, in *Australian Video Retailers Association v Warner Home Video Pty Ltd* ("AVRA")⁵⁴, Emmett J had appeared to interpret "can be reproduced" as "ordinarily is able to be reproduced". His Honour said⁵⁵ that "ordinarily it will

51 (2003) 132 FCR 31 at 75.

52 (2003) 132 FCR 31 at 86.

53 (2003) 132 FCR 31 at 77.

54 (2001) 114 FCR 324 at 345.

55 (2001) 114 FCR 324 at 345.

not be possible to reproduce the contents of RAM in a DVD player". He continued⁵⁶:

"If a DVD player has been modified, such that it is possible to study or use the RAM for the purpose of reproducing its contents, there could be a reproduction of the computer program in a material form within the meaning of s 31(1)(a)(i) of the Act. However, in the ordinary course, temporary storage of a substantial part of the computer program in the RAM of a DVD player will not involve a reproduction of the computer program *in a material form*.

Where a DVD disc is being played by means of a personal computer, it will be possible, where an appropriate additional program is installed in the personal computer, to reproduce the contents of RAM. However, where a computer does not have such a program installed, the use of the computer for the purpose of playing a DVD disc will not involve the reproduction of the computer programs in question *in a material form* within the meaning of s 31(1)(a)(i) of the Act." (original emphasis)

72 The references by Emmett J to what "ordinarily" will not be possible and to what happens "in the ordinary course" explain what is intended in the statutory phrase "can be reproduced". It is not sufficient to consider what might or would result from additional steps such as the use of additional hardware.

73 With that in mind, it is apparent from the account of the evidence given by Sackville J that Sony's device cannot answer the requirement of the definition of "material form".

74 Sackville J accepted the evidence of Mr Nabarro, Vice-President, Technical Services, of Sony Computer Entertainment Europe Limited, as is apparent from the following passage in his Honour's judgment⁵⁷:

"Once a portion of the game code has been copied into the RAM, it is stored there. The storage in RAM is temporary, in the sense that the data is only stored there until the PlayStation console is shut down. Moreover, as Mr Nabarro explained, the data stored in the RAM will be 'flushed' as new instructions are transferred from the PlayStation game's

56 (2001) 114 FCR 324 at 345-346.

57 (2002) 200 ALR 55 at 66.

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Gummow J
Hayne J
Heydon J

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code. Mr Nabarro was also asked whether the portion of the game code stored in the RAM could be extracted and reproduced. *His answer was that this could not be done without developing hardware which would enable the process to be reversed.*" (emphasis added)

75 What is said in the last quoted sentence is sufficient answer to Sony's case. It is unnecessary to determine whether the temporary storage which is "flushed" is sufficient to answer the definition of "material form". However, it should be noted that in the formulation of Art 11 of the WIPO Copyright Treaty, to which reference has been made, a proposal was made but not accepted to give explicitly to copyright owners the exclusive right to authorise "direct and indirect reproduction of their works, *whether permanent or temporary*, in any manner or form"⁵⁸.

76 Sackville J observed⁵⁹:

"On the face of things, it might seem surprising that the reproduction in electronic or digital form of a computer program is not necessarily an infringement of copyright in the computer program. The scheme of the legislation, however, seems to be that reproducing a work in electronic or digital form infringes copyright, pursuant to ss 31(1)(a)(i) and 36(1) of [the Act], only if the form in which the work is reproduced is itself capable of further reproduction."

His Honour added that this approach is consistent with s 21(1A) of the Act and added⁶⁰:

"It is plausible that the legislation is structured in this way as a means of balancing the interests of copyright owners and users. If a work such as a computer program is reproduced in electronic or digital form, but is not amenable to further reproduction, it might well be thought too restrictive to regard the first reproduction in electronic or digital form as necessarily an infringement of copyright."

58 Samuelson, "The US Digital Agenda at WIPO", (1997) 37 *Virginia Journal of International Law* 369 at 382-392 (emphasis added).

59 (2002) 200 ALR 55 at 89.

60 (2002) 200 ALR 55 at 90.

77 Finkelstein J referred to certain United States authorities holding that the downloading of computer software into the RAM is the making of a "copy" for the purposes of the *Copyright Act* 1976, as amended, 17 USC §101. That provision defines "copies" as:

"material objects ... in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device".

The word "fixed" was defined as follows:

"A work is 'fixed' in a tangible medium of expression when its embodiment in a copy ... is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration."

78 Finkelstein J acknowledged that the legislative scheme in the United States is different and the authorities have attracted a great deal of criticism⁶¹. In particular, the utility of the authorities is diluted by the words "with the aid of a machine or device" in the definition of "copies". Lindgren J made the point that the words permit use of a machine or device not already present in the PlayStation console and software of which the RAM is part⁶².

79 The first ground of the Notice of Contention, the reproduction in RAM contention, should be rejected.

The cinematograph film contention

80 The term "cinematograph film" is defined in s 10(1) of the Act as follows:

"***cinematograph film*** means the aggregate of the visual images embodied in an article or thing so as to be capable by the use of that article or thing:

- (a) of being shown as a moving picture; or
- (b) of being embodied in another article or thing by the use of which it can be so shown;

61 (2003) 132 FCR 31 at 83-85.

62 (2003) 132 FCR 31 at 78.

and includes the aggregate of the sounds embodied in a sound-track associated with such visual images."

81 The set of statements or instructions to be used directly or indirectly in a computer to bring about a certain result answers the definition of "computer program" which, in turn, is brought within the definition of "literary work" within Pt III of the Act. Cinematograph films are differently treated. Cinematograph films are one of those subject-matters other than works in which copyright is conferred by Pt IV of the Act. Section 86(a) provides that, for the purposes of the Act, copyright in relation to a cinematograph film includes the exclusive right "to make a copy of the film".

82 Section 21(6) states:

"For the purposes of this Act, a sound recording or cinematograph film is taken to have been copied if it is converted into or from a digital or other electronic machine-readable form, and any article embodying the recording or film in such a form is taken to be a copy of the recording or film."

Further, s 24 deals with this concept of embodiment in an article as follows:

"For the purposes of this Act, sounds or visual images shall be taken to have been embodied in an article or thing if the article or thing has been so treated in relation to those sounds or visual images that those sounds or visual images are capable, with or without the aid of some other device, of being reproduced from the article or thing."

83 Finally, it follows from s 14(1) that it is sufficient for infringement that there has been the copying of "a substantial part" of a cinematograph film.

84 *Galaxy Electronics Pty Ltd v Sega Enterprises Ltd*⁶³ concerned two video games constituting a series of images such that the events represented on the screen varied according to the actions of the player of the game. The Federal Court held that the aggregate of the visual images generated by the playing of each of the games constituted a "cinematograph film". It did not matter that the images were embodied in the computer program or integrated circuits in a different form from that in which they might appear on the screen. Nor did it matter that the images seen by players were created by computer calculations

63 (1997) 75 FCR 8.

only immediately before their appearance on the screen. The present litigation also concerns games with this general character.

85 In his evidence at the trial in this case, Mr Nabarro referred to the importance of the interactive elements in the codes for computer games and to the "level" at which particular choices are made to play a game. Earlier, in *Galaxy*⁶⁴, the Full Court adopted what had been said at trial by Burchett J⁶⁵:

"[E]xcept for the opening and closing sequences, the events represented on the screen will show differences from screening to screening, except where the player's responses are all correct.

... the apparatus is designed to screen the simple story only when the correct responses to a series of cues are fed into it by the player; and when incorrect responses are given, a number of variations will result."

86 Neither side sought in this Court to challenge *Galaxy*, although the amici curiae rightly pointed to difficulties to which that case gives rise. However, what now follows in these reasons proceeds on the footing that the aggregate of the images and sounds stored on a PlayStation CD-ROM answers the statutory description of "cinematograph film".

87 By its Notice of Contention, Sony would have this Court decide that the RAM of a PlayStation console is an article or thing in which at least a substantial part of a cinematograph film is embodied. It is then submitted that the Sony device was a "technological protection measure". It prevented the making of a copy of a film embodied in the RAM.

88 This argument was raised at trial by an amendment of pleadings pursuant to leave granted on the first day. The preparation of the affidavit evidence thus had preceded the pleading.

89 Sackville J's conclusion on this branch of the case was expressed as follows⁶⁶:

64 (1997) 75 FCR 8 at 12.

65 *Sega Enterprises Ltd v Galaxy Electronics Pty Ltd* (1996) 69 FCR 268 at 270.

66 (2002) 200 ALR 55 at 93.

"In the absence of clearer and more detailed evidence as to the nature and quality of the images embodied in the instructions stored in the RAM, assessed in relation to the totality of 'the aggregate of visual images' constituting the cinematograph film, I cannot conclude (to adopt the language of Emmett J [in *AVRA*]) that 'the ephemeral embodiment' of a small proportion of images in the RAM constitutes the act of making a copy of the cinematograph film for the purposes of s 86(a) of [the Act]."

90 In the result, his Honour decided that, on the evidence before him, the argument founded on s 86(a) of the Act had to be rejected.

91 The question whether the evidence presented at trial was sufficient to establish the copying of what amounted to a "substantial part" of a cinematograph film which had been copied into the RAM was essentially a matter for Sackville J at trial. Mr Stevens correctly stresses in this Court that there was no attempt in the Full Court to assess the "substantiality" of any part of any particular cinematograph film by reference to the whole of it. The determination of questions of what amounts to the taking of a substantial part of a work or other subject-matter is notoriously difficult. This is nonetheless so in the present case where, on the evidence of Mr Nabarro, the purpose of the temporary storage of a small part of the instructions on the RAM of the PlayStation console is purely to enable the display of visual images and sounds by the console in real time.

92 In his dissenting judgment in the Full Court, Finkelstein J said⁶⁷:

"[T]he question whether a substantial part of the copyright had been reproduced did not require detailed evidence. In particular, it did not require oral evidence from a witness to describe the relevant technology and, perhaps, express an opinion on the issue of substantiality. In many instances, of which this case is a good example, the judge can make an assessment whether a substantial part of the copyright has been taken by making a simple visual comparison between the copyright work and the allegedly infringing work. Second, I do not accept that the judge was confined in his consideration of the issue to what he observed during the demonstration. He had available to him the disks and a PlayStation console and, if necessary, he could have personally played the games in order to assess the nature and the quality of the images stored in the RAM when compared to the totality of the visual images comprising the film."

67 (2003) 132 FCR 31 at 90.

93 However, this case did not involve the viewing of a motion picture in the ordinary understanding of that term. The visual images which, consistently with *Galaxy*, are to be taken to constitute a cinematograph film do not have a set course or sequence of motion. The whole copyright subject-matter cannot be determined merely by a visual appraisal as with a motion picture. The Sony cinematograph films did not comprise visual images and sounds conventionally arranged in a linear sequence. Rather, they were interactive in nature, so that the ability to appreciate directly their content was dependent upon particular activity varying between one player and another.

94 In this setting, difficult questions for the assessment of substantiality are presented. It is not sufficient here to attempt to assimilate an artificial and contrived demonstration of the playing of the games to the viewing of a segment of a motion picture.

95 Sony correctly emphasises that the case law concerned with Pt III "works" such as books, where the subject-matter may be appreciated directly, shows that the courts readily enter upon the question of substantiality and that the emphasis has been upon quality, not merely quantity. However, the judgment of Starke J in *Blackie & Sons Ltd v Lothian Book Publishing Co Proprietary Ltd*⁶⁸ is an early illustration in this Court of the general proposition that substantiality is a question of degree which depends upon the circumstances of each particular case.

96 Where the issue of substantiality arises with respect to a computer program, the importance of evidence is apparent from *Data Access Corporation v Powerflex Services Pty Ltd*⁶⁹. In the present case, whether what remained in the RAM, as "accessible by the console", had "an appreciable, playable, coherent, viewable and enjoyable part" of what must be taken to be a cinematograph film was, Sony submits, sufficiently established by the demonstration of two games during the hearing of the Full Court appeal and the reaction thereto of Finkelstein J.

97 It is unnecessary in this appeal to consider what may be the scope in dealing with computer games for evidence bearing upon the alleged "quality" of that which has been taken. Reference has been made above to the interactive nature of the computer games, and to the limited (and technical) purpose of the temporary storage on the RAM of the PlayStation console. Whatever the scope

68 (1921) 29 CLR 396 at 403.

69 (1999) 202 CLR 1 at 30-34 [77]-[92].

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Gummow J
Hayne J
Heydon J

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here for consideration of "quality", there was an unsatisfactory carriage by Sony of its evidential burden. There remains then the question of quantity.

98 What here is critical is Sackville J's acceptance that the evidence suggested that only a very small proportion of the images and sounds comprising the cinematograph film were "embodied" in the PlayStation console's RAM at any given time⁷⁰. In the circumstances as they arose at trial, Sony failed to lay the necessary evidentiary basis for a finding in its favour on substantiality.

99 That being so, it is unnecessary to consider other submissions put in this Court in answer to Sony's case.

100 The second ground in the Notice of Contention also fails.

Disposition of the appeal

101 The appeal should be allowed with costs. The orders of the Full Court of the Federal Court should be set aside. In place of those orders, the appeal to the Full Court should be dismissed with costs.

70 (2002) 200 ALR 55 at 93.

102 McHUGH J. The issue in this case is whether the protective device that is installed in Sony "PlayStation" consoles is a "technological protection measure" within the meaning of s 116A(1) of the *Copyright Act* 1968 Cth ("the Act"). If it is, then the "mod chips" that the appellant supplied and installed in the PlayStation consoles are "circumvention device[s]" as defined by s 10(1) of the Act. If he installed "circumvention devices", he contravened s 116A of the Act and is liable to Sony for damages or an account of profits and other remedies conferred on a copyright owner by s 116D of the Act.

Statement of the case

103 Three Sony companies ("Sony") sued Mr Eddy Stevens in the Federal Court of Australia, alleging that he had contravened s 116A of the Act by supplying and installing circumvention devices that were intended to facilitate the use of pirated copies of Sony's PlayStation computer games. In the proceedings, Sony asked the Federal Court for damages, for an injunction and for relief under the civil remedies provisions in s 116D as well as a declaration of contravention.

104 The trial judge, Sackville J, rejected Sony's claim. His Honour held that Sony's protection device did not constitute a "technological protection measure" for three reasons:

- (1) the device, which merely discourages users from copying games, but does not affect the ability of users to copy games, was not "designed ... to prevent or inhibit" copyright infringement;
- (2) the device was not designed to prevent the reproduction of the computer game in a "material form", because the storage of the portion of the PlayStation game in the console's RAM during the playing of the game was not a form of storage from which the PlayStation game, or a substantial part of it, can be reproduced without modifying the console; and
- (3) the device was not designed to prevent the copying of the computer game as a "cinematograph film", because the portion of the PlayStation game that was stored in the console's RAM during the playing of the game was not a "substantial part" of the "aggregate of the visual images" that constitute a cinematograph film.

105 The Full Court of the Federal Court allowed Sony's appeal against the first holding of Sackville J. The Full Court found that the Sony companies' method of "ensuring that access to the program is not available except by use of the Boot ROM, or the access code embedded in the PlayStation games, or both in

combination"⁷¹ fell within the definition of "technological protection measure". The Full Court held that the measure was designed to "prevent or inhibit" the copying or selling of infringing copies of authorised CD-ROMs. However, a majority of the Full Court upheld the other two holdings of Sackville J. Because the Full Court found that the Boot ROM and access code were a "technological protection measure", it declared:

"On 8 April 2001, 28 September 2001 and 16 November 2001 [Mr Stevens] sold circumvention devices, as defined in [the Act], for use in association with 'PlayStation' computer consoles and the CD-ROMs for 'PlayStation' computer games, in contravention of s 116A of [the] Act."

106 This Court granted Mr Stevens special leave to appeal against the decision and orders of the Full Court. In addition to supporting the decision of the Full Court of the Federal Court on the first holding, Sony has filed a Notice of Contention challenging the two holdings of Sackville J that were upheld by a majority of the Full Court.

107 In my opinion, Mr Stevens' appeal must be allowed and Sony's Notice of Contention dismissed. That is because Sackville J was correct in holding that the Sony protection device was not a "technological protection measure" for the purposes of the Act. It was not "designed ... to prevent or inhibit" copyright infringement within the meaning of s 10(1) of the Act. It was not designed to prevent the reproduction of the computer game in a "material form". It was not designed to prevent the copying of the computer game as a "cinematograph film".

The material facts

The PlayStation console

108 The Sony PlayStation is an appliance for playing computer games⁷². It consists of a console, two game controllers and software that enables the playing of CD-ROMs. The computer games are stored on CD-ROMs. The data on the CD-ROM is transmitted, interpreted and eventually displayed on a television or computer monitor through the operation of the console. The console is composed of the following parts:

- a read-only memory ("ROM") based internal operating system;

71 *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2003) 132 FCR 31 at 70 [139] per Lindgren J.

72 The PlayStation also plays back the audio CD media.

- a CD drive, in which a CD-ROM is inserted, and from which the "game code" of the game's software is downloaded into the random access memory ("RAM");
- RAM, which delivers data to the central processing unit ("CPU"). Unlike a CD-ROM, which can store up to 650 megabytes of data but has only one continuous track, the PlayStation RAM is limited to two megabytes, but it delivers data through 32 highways at one time. The storage of data in RAM is temporary, as it will be "flushed" when new instructions are transferred from the PlayStation game's code and when the power to the console is shut down. Sackville J accepted the evidence of Mr Nabarro, a witness who gave evidence for Sony, that the portion of the game code that is stored in the RAM could only be reproduced if hardware was developed to reverse the process;
- the CPU, which feeds data from RAM to the custom graphics processing unit ("GPU");
- the GPU, which manipulates the data to create the images that appear on the television screen and then moves the data to the video RAM "so that the GPU is free to work on the next section", according to Mr Nabarro; and
- the video RAM, which transmits the data to a digital terminal video converter, which changes digital electronic signals into analogue signals that may be interpreted and displayed by a television.

109 The components of the console communicate through a main "bus" and a "sub-bus" while the CPU of the console and the game controllers communicate through a serial communication protocol.

Access codes

110 The CD-ROMs that contain a computer game also contain an "access code", which is a string of encrypted sectors of data. Unlike the computer game, the access code cannot be accessed or reproduced by conventional CD-ROM copying devices (ie "CD burners"). After a CD-ROM is inserted in the console, and before the computer game may be played, a Boot ROM chip in the console must read the string of encrypted data. If an infringing copy of a computer game is inserted into the console, the access code is not found on the CD-ROM and so the game's software does not load. Instead, the user is prompted to insert an authorised CD-ROM. If an authorised copy of a computer game is inserted into the console, the CD sub-bus controller prevents a user from then replacing the authorised copy with an infringing copy and using the access code of the authorised copy to verify an infringing copy.

111 While PlayStations are sold in many parts of the world, the format of the consoles and the CD-ROMs on which games are played varies. The format depends on the television system standard that is operative in the market in which the consoles are manufactured for distribution. PlayStation consoles and games that are manufactured for distribution in Japan, South East Asia and North America are formatted in accord with the National Television Systems Committee ("NTSC") standard of colour television systems. But the consoles and games distributed in Europe and Australia are formatted in accord with the Phase Alternating Line ("PAL") standard. The Sony companies may distribute the same computer game to different parts of the world, but the access codes of the game's CD-ROMs vary as between countries and regions. The result is that the PlayStation game software that is stored on a CD-ROM that is purchased in Japan or the United States will not be loaded by a PlayStation console that was purchased in Australia unless the reading of the access code is circumvented.

Circumventing the Boot ROM's reading of the access code

112 A console that was purchased in Australia may nonetheless load software that is contained on a CD-ROM that was either purchased in a country with NTSC formatting or illegally copied from an authorised game if the console's programming is overridden with a "mod chip". The trial judge accepted the evidence of Mr Nabarro as to the functionality of a mod chip. It is a programmed computer chip. It instructs the console that the territorial codes are acceptable and permits the software's loading. It does so even though the CD-ROM that had been inserted in the CD drive does not carry the access code – which the internal operating system of consoles distributed in Australia is programmed to read.

The activities of Mr Stevens

113 Justice Sackville found that Mr Stevens supplied and installed mod chips in PlayStation consoles on three occasions after the *Copyright Amendment (Digital Agenda) Act 2000* (Cth) ("the Digital Agenda Act") came into force. On two occasions, he received \$45 for his services and \$70 on the third occasion. His Honour also made two findings concerning Mr Stevens' state of mind. First, Mr Stevens knew that the mod chips were installed for the purpose of enabling the console to play copies of the PlayStation games that lacked the access code that Australian consoles recognise. Second, he knew that many copies played "would be copies made without the authority or licence of [Sony]."

The Copyright Act 1968

114 If the provisions of s 116A(1) apply to these acts of installation by Mr Stevens, he is liable to pay damages or an account of profits in accordance with s 116D(1). The relevant parts of s 116A declare:

35.

- "(1) Subject to subsections (2), (3) and (4), this section applies if:
- (a) a work or other subject-matter is protected by a technological protection measure; and
 - (b) a person does any of the following acts without the permission of the owner or exclusive licensee of the copyright in the work or other subject-matter:
 - ...
 - (ii) sells, lets for hire, or by way of trade offers or exposes for sale or hire or otherwise promotes, advertises or markets, such a circumvention device;
 - (iii) distributes such a circumvention device for the purpose of trade, or for any other purpose that will affect prejudicially the owner of the copyright;
 - ...
 - (vii) provides, or by way of trade promotes, advertises or markets, a circumvention service capable of circumventing, or facilitating the circumvention of, the technological protection measure; and
 - (c) the person knew, or ought reasonably to have known, that the device or service would be used to circumvent, or facilitate the circumvention of, the technological protection measure.
- ...
- (3) This section does not apply in relation to the supply of a circumvention device or a circumvention service to a person for use for a permitted purpose if:
- (a) the person is a qualified person; and
 - (b) the person gives the supplier before, or at the time of, the supply a declaration signed by the person ...
- ...
- (5) If this section applies, the owner or exclusive licensee of the copyright may bring an action against the person.
- ...

- (7) For the purposes of this section, a circumvention device or a circumvention service is taken to be used for a permitted purpose only if:
- (a) the device or service is used for the purpose of doing an act comprised in the copyright in a work or other subject-matter; and
 - (b) the doing of the act is not an infringement of the copyright in the work or other subject-matter under section 47D, 47E, 47F, 48A, 49, 50, 51A or 183 or Part VB.
- (8) In this section:
- ...
- supply*** means:
- (a) in relation to a circumvention device – sell the device, let it for hire, distribute it or make it available online; and
 - (b) in relation to a circumvention service – provide the service.
- (9) The defendant bears the burden of establishing the matters referred to in subsections (3), (4) and (4A)."

115

Section 10(1) of the Act defines the following terms:

"circumvention device" means a device (including a computer program) having only a limited commercially significant purpose or use, or no such purpose or use, other than the circumvention, or facilitating the circumvention, of an [sic] technological protection measure.

...

technological protection measure means a device or product, or a component incorporated into a process, that is designed, in the ordinary course of its operation, to prevent or inhibit the infringement of copyright in a work or other subject-matter by either or both of the following means:

- (a) by ensuring that access to the work or other subject matter is available solely by use of an access code or process (including decryption, unscrambling or other transformation of the work or other subject-matter) with the authority of the owner or exclusive licensee of the copyright;
- (b) through a copy control mechanism."

116 As a result of these provisions, Mr Stevens is liable for his supply and installation of mod chips if the Boot ROM chip, the access code or a combination of the two falls within the definition of "technological protection measure".

The decision of Sackville J

The construction argument

117 Justice Sackville accepted the undisputed proposition of Sony that a PlayStation game which is stored on a CD-ROM falls within the definition of "computer program", and so, within the definition of "literary work", which are both defined in s 10(1) of the Act. Justice Sackville held, however, that the Boot ROM and/or the access code were not "designed ... to prevent or inhibit the infringement of copyright" in the computer game. His Honour held that they were intended, *inter alia*, only to "deter or otherwise discourage copyright infringement by the unlawful making, importation and distribution of copies of PlayStation games."⁷³ Deterrence or discouragement was insufficient to "inhibit the infringement of copyright" because "[t]he definition ... contemplates that but for the *operation* of the device or product, there would be no technological or perhaps mechanical barrier to a person gaining access to the copyright work, or making copies of the work after access has been gained, thereby putting himself or herself in a position to infringe copyright in the work."⁷⁴ His Honour said that the definition was not⁷⁵:

"concerned with devices or products that do not, by their operations, prevent or curtail specific acts infringing or facilitating the infringement of copyright in a work, but merely have a general deterrent or discouraging effect on those who might be contemplating infringing copyright in a class of works, for example by making unlawful copies of a CD-ROM."

Reproduction in RAM

118 Justice Sackville found that Sony's device was not "designed ... to prevent or inhibit" the reproduction of the computer game in material form by preventing a user from downloading a portion of the game's code into the RAM. This was because the game code cannot be reproduced from its temporary storage in RAM, and thus is not reproduced in a "material form".

73 *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2002) 200 ALR 55 at 79 [107].

74 (2002) 200 ALR 55 at 80-81 [115] (emphasis in original).

75 (2002) 200 ALR 55 at 81 [115].

Copying of a cinematograph film

119 Justice Sackville also rejected Sony's argument that the device was designed to prevent the copying of a "substantial part" of a "cinematograph film" embodied in the computer game, which is an infringement of copyright pursuant to ss 86(a) and 14(1) of the Act. His Honour held that "the evidence to support [this argument] was very sketchy"⁷⁶, and he assumed "that the reasoning in *Galaxy Electronics v Sega Enterprises* applies to the PlayStation games"⁷⁷. The argument was rejected on the ground that the data that is reproduced in the RAM upon the downloading of the game code is not a "substantial part" of the cinematograph film and so s 86(a) of the Act, when read with s 14(1) of the Act, was not infringed.

The decision of the Full Court*The construction argument*

120 The Full Court held that, for the purpose of the definition of "technological protection measure", it is of no relevance that "the inhibition is indirect and operates prior to the hypothetical attempt at access and the hypothetical operation of the circumvention device."⁷⁸ Justice Lindgren, with whose judgment on this point Finkelstein J agreed, held that⁷⁹:

"the extrinsic materials ... show an intention that the opening words coupled with para (a) of the definition of 'technological protection measure' were intended to embrace that inhibition, in the sense of deterrence or discouragement of infringement, which results from a denial of access to, and therefore prevention of use of, a program copied in infringement of copyright."

121 French J agreed with the conclusion of Lindgren and Finkelstein JJ on this point but French J thought that "the proper construction of s 116A and the definition of 'technological protection measure' flows from a consideration of the ordinary and grammatical meaning of its language."⁸⁰

76 (2002) 200 ALR 55 at 91 [152].

77 (2002) 200 ALR 55 at 92 [157].

78 (2003) 132 FCR 31 at 70 [139] per Lindgren J.

79 (2003) 132 FCR 31 at 70 [138].

80 (2003) 132 FCR 31 at 41 [25].

Reproduction in RAM

122 A majority of the Full Court (Finkelstein J dissenting) affirmed the decision of Sackville J that the downloading of the game code into the RAM did not constitute a reproduction of the code in "material form". Justice Lindgren noted that the code could be reproduced from the RAM if hardware was engineered to reverse the process. But his Honour concluded that it was "an unrealistic and strained construction to treat the words 'can be reproduced' at the end of the definition of 'material form'" to cover the present case. He said that they cannot be construed "so widely as to encompass 'could be reproduced if an additional device, not supplied with the console and not yet available, were to be manufactured and attached to it'"⁸¹.

Copying of a cinematograph film

123 The Full Court majority, like Sackville J, noted the insufficiency of evidence to support this ground. Justice Lindgren said that "the evidence addressed only the question whether the images were embodied in a larger article or thing of which the RAM formed only one element."⁸² Accordingly, he could not conclude that the computer game's "images are capable, when the RAM ... is used in the console, of being reproduced from the RAM."⁸³

Construing the legislation

124 In determining issues of statutory construction, the text of the relevant statutory provision must be evaluated not only by reference to its literal meaning but also by reference to the purpose and context of the provision. And context is not limited to the text of the rest of the statute. For purposes of statutory construction, context includes the state of the law when the statute was enacted, its known or supposed defects at that time and the history of the relevant branch of the law, including the legislative history of the statute itself. It also includes in appropriate cases "extrinsic materials" such as reports of statutory bodies or commissions and parliamentary speeches – indeed any material that may throw light on the meaning that the enacting legislature intended to give to the provision. This is the process required by the modern approach of the common law to statutory construction⁸⁴. In many jurisdictions, the common law principles have been incorporated, extended or modified by statute. Section 15AA of the

81 (2003) 132 FCR 31 at 77 [170].

82 (2003) 132 FCR 31 at 80 [186].

83 (2003) 132 FCR 31 at 80 [185].

84 cf *CIC Insurance Ltd v Bankstown Football Club Ltd* (1997) 187 CLR 384 at 408.

Acts Interpretation Act 1901 (Cth) requires a court construing federal legislation to have regard to its purpose. Section 15AB of that Act authorises the use of various forms of extrinsic material to determine the meaning of that legislation. Section 15AB(3), however, has probably modified the common law position. It requires the court, when considering extrinsic material or its weight, to take into account "the desirability of persons being able to rely on the ordinary meaning conveyed by the text of the provision" and "the need to avoid prolonging legal or other proceedings without compensating advantage."

125 But sometimes – opponents of the purposive construction would say most of the time – the purpose of the statute in general, and the purpose of its individual sections in particular, are elusive. Similarly, sometimes context gives little – even no – guidance. In the present case, I think that it is impossible to discern the purpose of the relevant provisions, except by reference to the text. And I think that the historical background, the parliamentary history of the legislation and the extrinsic materials – the context – lead to no conclusion other than that the Federal Parliament resolved an important conflict between copyright owners and copyright users by an autochthonous solution.

126 Much modern legislation regulating an industry reflects a compromise reached between, or forced upon, powerful and competing groups in the industry whose interests are likely to be enhanced or impaired by the legislation. In such cases, what emerges from the legislative process is frequently not a law motivated solely by the public interest. It reflects wholly or partly a compromise that is the product of intensive lobbying, directly or indirectly, of Ministers and parliamentarians by groups in the industry seeking to achieve the maximum protection or advancement of their respective interests. The only purpose of the legislation or its particular provisions is to give effect to the compromise. To attempt to construe the meaning of particular provisions of such legislation not solely by reference to its text but by reference to some supposed purpose of the legislation invites error.

127 There is a good deal of evidence that supports the view that the legislative provisions with which this litigation is concerned are the product of a compromise agreed to, or forced upon, interest groups in the industry affected by the legislation. As the judgments of Sackville J and Lindgren J show, for many years Australian and overseas copyright owners and copyright users had been active in seeking to expand or limit the scope of legislation permitting copyright owners to use a "technological protection measure". A Parliamentary Committee set up to investigate that issue received about 100 submissions⁸⁵. The Parliament did not adopt the Committee's recommendation concerning the form that the legislation might take. And the extrinsic materials to which we were referred did

85 (2003) 132 FCR 31 at 63 [114].

not disclose why the legislation took the precise form that it did. Moreover, the legislation that Parliament enacted did not give either the copyright owners or copyright users exactly what they wanted. As one writer has said⁸⁶:

"The definition of 'technological protection measure' is a compromise, which was neither as restrictive as some copyright users had hoped, nor as broad as copyright owners sought – and parts of the legislative history are opaque."

128 Furthermore, there is nothing in the objects section of the Digital Agenda Act nor in the Explanatory Memoranda that shows a legislative purpose that assists in determining the meaning of the expression "technological protection measure". The legislative provisions that are the subject of this litigation were inserted into the Act by the Digital Agenda Act. Section 3 of that Act sets out its objects. But the objects, as so set out, concentrate on the Internet and online access to copyright material. They do not show what was the object of permitting and protecting the use of technological protection measures.

129 Against this background, the best – and certainly the preferable – guide to the meaning of the relevant provisions is the text of those provisions.

The first issue – the construction of "technological protection measure"

130 The resolution of the first issue turns on the meaning of "inhibit" and, in particular, the way in which its meaning differs from the meaning of "prevent". It is not controversial that a device is "designed ... to *prevent* ... the infringement of copyright in a work" when the device utilises one of the two means identified by the s 10(1) definition in order to cause a user of the work to be unable to do an act of infringement. An example⁸⁷ is the activation code on Microsoft's Windows XP program, which "ensur[es] that access to the work ... is available solely by use of an access code"⁸⁸, and thereby causes (and is designed to cause) a user who does not have the access code to be unable to copy the program onto his or her hard drive.

131 However, as the facts of the present case demonstrate, the unavailability to the user of an access code or the inability to copy the work does not always

86 Weatherall, "On Technology Locks and the Proper Scope of Digital Copyright Laws – *Sony* in the High Court", (2004) 26 *Sydney Law Review* 613 at 637.

87 Eggins, "A Victory for Copyright Owners: *Kabushiki Kaisha Sony Computer Entertainment v Stevens*", (2004) 23 *University of Queensland Law Journal* 234 at 239-240.

88 Section 10(1) of the Act.

prevent the doing of an act that infringes copyright. Sony's device ensures that the PlayStation console cannot load the game software unless the software is accompanied by an access code that is read by the Boot ROM. In this way, the device makes it impossible for a user to access, that is, to apprehend the contents of, the work⁸⁹, by making it impossible to load the reproduced software onto the PlayStation console. But the device does not render the user unable to "reproduce the work in a material form", sell or import the reproduction.

132 To the extent that protective devices like the PlayStation Boot ROM and access code are not designed to make it impossible for users to do acts that infringe rights comprised in the copyright, none of the devices are "designed ... to prevent ... the infringement of copyright". Instead, the extent to which these protective devices are protected by s 116A of the Act depends on the scope of the definition of "inhibit".

"[D]esigned, in the ordinary course of its operation, to ... inhibit the infringement of copyright"

133 Mr Stevens contends that Sackville J correctly defined the term "inhibit" in the definition of "technological protection measure". That interpretation classifies a device as "designed ... to prevent or inhibit" copyright infringement if "but for the *operation* of the device or product, there would be no technological or perhaps mechanical barrier to a person ... putting himself or herself in a position to infringe copyright in the work."⁹⁰ In contrast, Sony contends that "inhibit" ought to be given the meaning ascribed to it by the Full Court of the Federal Court. On that meaning, a device is "designed ... to ... inhibit the infringement of copyright" if the device is designed to "deter" or "discourage" the infringement of copyright. On the Full Court's reading, a technological protection measure is a device that, in the ordinary course of its operation, is designed to make copyright infringement futile. That is, a device "inhibits" the infringement of copyright if the prospect of restricted access to the work or a controlled capacity to copy the work dissolves every reason to do an act that infringes copyright in the work. If the Boot ROM fails to locate an access code, the copy of the work (ie the game software) is unable to be loaded onto the console, and so the game is "unplayable". Sony points out that an "unplayable" copy of a PlayStation game has no market value. Consequently, the operation of the Boot ROM and access code causes PlayStation users to have no reason to do any act of copyright infringement – eg copying, selling or importing an infringing copy of a game – that a user might otherwise have reason to do.

89 See Ginsburg, "Essay: From Having Copies to Experiencing Works: The Development of an Access Right in US Copyright Law", (2003) 50 *Journal of the Copyright Society of the USA* 113 at 120.

90 (2002) 200 ALR 55 at 80-81 [115] (emphasis in original).

134 The difference between the interpretations of "inhibit" in the judgments of Sackville J and the Full Court of the Federal Court inheres in the disparate descriptive tasks that each interpretation requires the term "designed" to perform. Sackville J used the term "designed" to describe the action that the device was intended to execute in the course of its operation. To identify this action, it was necessary to ask: "*what* is the device meant to do?" His Honour answered this question in terms of the device's construction of a "technological or perhaps mechanical barrier" that operated "physically" to prevent or inhibit acts of dealing with the work⁹¹.

135 The Full Court of the Federal Court saw the content of the term "designed" differently. It thought that it refers to the effect that the device's action is intended to cause. This effect is discerned from the question: "*why* is the device meant to do that?" On this view, as Lindgren J noted, this "purpose" may be "indirect[ly]" achieved by the device's operation and, consequently, fall within the s10(1) definition⁹².

136 However, the Full Court's interpretation of "inhibit" and description of the device's "design" gives rise to three problems. First, the interpretation is not consistent with the language of the s 10(1) definition of "technological protection measure". That the device must be "designed, in the ordinary course of its operation, to ... inhibit" indicates that the definition is concerned with the actions that the device is intended to execute in the course of its operation. The chain of causation, by which the device utilises one of the two processes specified in pars (a) and (b) of the definition to "inhibit" acts of copyright infringement, must be fixed by the completion of the device's operation. The effects that the device's action, in enacting one of the two processes, is intended to have on a user subsequent to the completion of the course of its operation are external to this chain of causation, and thus not attributable to the device.

137 Second, the grammatical structure of the phrase "designed ... to prevent or inhibit" – where the term "designed" operates in the same way in respect of both "prevent" and "inhibit" – indicates that the term "designed" must perform the same descriptive task when attached to "inhibit" as it does when attached to "prevent". A device is "designed ... to prevent" copyright infringement when it is the operation of the device (which must incorporate one of the two processes specified in the definition) that makes it impossible to do an act of copyright infringement. In this context, the term "designed" is used to describe the device's function, and not the purpose that the execution of the function was intended to

91 (2002) 200 ALR 55 at 80-81 [115].

92 (2003) 132 FCR 31 at 70 [139].

fulfil. Thus, for grammatical consistency, the phrase "designed ... to ... inhibit" must also refer to the device's intended operation. It cannot extend to the intended effect of the device's operation (ie the user's understanding and contemplation of the device's operation that causes there to be no reason to do an act of copyright infringement).

138 Third, Sony's interpretation is not consistent with the language of the s 10(1) definition of "circumvention device". A "circumvention device" is defined by reference to the device's "purpose or use". If the legislature intended the s 10(1) definition of "technological protection measure" to extend to a device whose ultimate purpose, even if not its immediate effect, is to "inhibit" copyright infringement, then the plainer language of the "circumvention device" definition would have been used, so as to include devices having a "purpose or use to prevent or inhibit" copyright infringement.

139 In my opinion, for the purpose of s 10(1), a device is a device that is "designed ... to ... inhibit" copyright if the device functions, "in the ordinary course of its operation", so as to make the doing of an act of copyright infringement – not impossible – but more difficult than it would be if the device did not operate.

140 This interpretation does not render the term "inhibit" redundant because it applies to at least two categories of devices that do not have an absolute preventative effect on copyright infringement. Thus, there are protective devices that regulate a user's access, not to the work itself, but to the appliance through which works are accessed. For example, "device binding" is a measure through which the decryption key of a work is linked to the "unique identifier" of the computer of a person who is licensed to download and copy a work⁹³. The work may only be downloaded and saved (and thus, copied) onto a computer with this identifier. The fact that access to the work is available solely by use of a decryption key that is linked to the computer's identifier does not make it impossible for another user of the same computer – who has not been licensed to reproduce the material – to download and save the work. Nonetheless, in disabling the access of all other computers to the work, "device binding" mechanisms function to make it more difficult for users – who are not licensed to download the work – to have access to an appliance that will enable the copying and infringement of copyright in the work. In this way, "device binding" inhibits, but does not prevent, copyright infringement.

141 Other devices are designed to make it impossible to do an act of copyright infringement by a particular method or methods, but are ineffective to prevent the

93 Kerr, Maurushat and Tacit, "Technical Protection Measures: *Tilting* at Copyright's Windmill", (2002-2003) 34 *Ottawa Law Review* 7 at 16.

doing of the same infringing act by other, more complex, methods. Online access controls are an example. They are measures that decrypt a work that is delivered to the computer through the Internet – "streamed" – when it is delivered to the computer. The work is then immediately re-encrypted, so as to enable only a small portion of the work to be decrypted at any given time. The result is that the work cannot be digitally copied onto the computer to which it is being delivered⁹⁴. However, the re-encryption of the work, after it has been delivered and played, does not restrain the user from reproducing the work on other recording devices while the work is being played. In making it impossible to do an act of copyright infringement (ie reproduction) using one method, but not making it impossible to do the same act of copyright infringement using a more tedious method, online access controls make it more difficult to reproduce the work.

142 Acts of copyright infringement include not only acts that are comprised in the copyright but also acts of dealing with infringing copies of copyrighted works (eg by selling or importing). As French J observed⁹⁵, it may be that the function of a protective device will rarely make it impossible, or even more difficult, to engage in the latter category of acts. But this is not an illogical result that ought to compel an alternate reading of the statutory definition. The Parliament did not contemplate that technological protection measures would "prevent or inhibit" acts of dealing with infringing copies. This is evident from the limited scope of s 116A(7) of the Act. Section 116A(7) defines "a permitted purpose", for which a circumvention device may be used in accordance with s 116A(3), as "the purpose of doing an act comprised in the copyright in a work". The "permitted purposes" for using a circumvention device do not extend to acts of dealing – however fairly – with copies of works. Thus, a circumvention device may be needed to circumvent a technological protection measure in order to sell, trade or import the protected work for one of the purposes listed in Pt III, Div 3 of the Act. On this hypothesis, the fair dealer who installs the device does not infringe copyright by selling, trading or importing the work, but nonetheless would contravene s 116A of the Act by making a circumvention device for a purpose that is not permitted. This would be an anomaly. It confirms the view that the s 10(1) definition of "technological protection measure" ought to be read according to its ordinary meaning and not artificially stretched to include within its scope acts of copyright infringement that are not comprised in the copyright.

143 On the interpretation of the s 10(1) definition of "technological protection measure" that I favour, Sony's device of the Boot ROM chip and the access code

94 Kerr, Maurushat and Tacit, "Technical Protection Measures: *Tilting at Copyright's Windmill*", (2002-2003) 34 *Ottawa Law Review* 7 at 16.

95 (2003) 132 FCR 31 at 40 [20].

or either of them does not constitute a "technological protection measure" by virtue of the device's deterrent effect on the copying of computer games. That is because the console's inability to load the software from an infringing copy does not make it impossible or more physically difficult to make an infringing copy.

The second issue – reproduction in RAM

144 If the process of downloading the game code into the RAM of the PlayStation console involves a reproduction of the game code "in a material form", the downloading is an act of copyright infringement against which the protective device is designed to protect. Section 10(1) defines "material form" to include "any form (whether visible or not) of storage from which the work or adaptation, or a substantial part of the work or adaptation, can be reproduced."

145 In cross-examination, Mr Nabarro conceded that the game code could not be reproduced "without developing particular hardware to extract [the code] back from RAM." Mr Stevens contends that the inability of the console to reproduce the game code that was stored in RAM without additional hardware means that the game code was not reproduced in a "material form". He relied on Emmett J's decision in *Australian Video Retailers Association v Warner Home Video Pty Ltd* where he ruled⁹⁶, in relation to the RAM of a DVD player, that:

"If a DVD player has been modified, such that it is possible to study or use the RAM for the purpose of reproducing its contents, there could be a reproduction of the computer program in a material form within the meaning of s 31(1)(a)(i) of the Act. However, in the ordinary course, temporary storage of a substantial part of the computer program in the RAM of a DVD player will not involve a reproduction of the computer program *in a material form*."

146 In response, Sony contended that the dissenting judgment of Finkelstein J in the Full Court correctly applied the law. His Honour ruled that the storage of the game code in RAM was a form of storage from which that part of the computer game "can be reproduced" because, "with appropriate equipment", the code "may be able to be reproduced"⁹⁷. On this view, it is not necessary that "the ability to reproduce the work from storage must exist at the time the work is placed into storage"⁹⁸.

96 (2001) 114 FCR 324 at 345-346 [103] (emphasis in original).

97 (2003) 132 FCR 31 at 86 [209].

98 (2003) 132 FCR 31 at 86 [209].

147 Justice Finkelstein interpreted the word "can" to express a possibility. *The Oxford English Dictionary* defines "can", when used to express a possibility or a capacity, as "[t]o be permitted or enabled by the conditions of the case". This definition shows that, while an action is possible even if the action has not yet been performed, an action is not possible unless, and until, the conditions on which the action depends have occurred. It is not enough to point to the possibility of establishing those conditions.

148 As it is impossible to reproduce the storage of the game code from the RAM of the PlayStation console *unless* the console is modified with additional, reverse-engineered hardware, it is not possible for the code to be reproduced *until* that modification occurs. Thus, the definition of "material form" is not satisfied until the conditions that enable the reproduction of the work from storage in RAM prevail.

149 When Mr Stevens supplied and installed the mod chips in Sony's PlayStation consoles, the PlayStations had not been modified with the requisite hardware. Thus, when Mr Stevens is alleged to have contravened s 116A of the Act, the device that the mod chips circumvented was not "designed ... to prevent" the act of reproduction of the work in "material form". Consequently, it was not a "technological protection measure" to which s 116A applied.

The third issue – copying of a cinematograph film

150 Sony's third submission was that the downloading of the game code into the console's RAM constituted an act of copyright infringement, an infringement against which the protective device was designed to protect. That was because the downloading involved a copying of a "substantial part" of the game's "cinematograph film" and was thus an infringement within the meaning of ss 86(a) and 14(1) of the Act.

151 Section 10(1) defines "cinematograph film" as:

"the aggregate of the visual images embodied in an article or thing so as to be capable by the use of that article or thing:

- (a) of being shown as a moving picture; or
- (b) of being embodied in another article or thing by the use of which it can be so shown;

and includes the aggregate of the sounds embodied in a sound-track associated with such visual images."

152 Section 10(1) also defines "copy" as meaning "in relation to a cinematograph film":

"any article or thing in which the visual images or sounds comprising the film are embodied."

153 Section 24 clarifies the meaning of "embodied" by declaring that:

"sounds or visual images shall be taken to have been embodied in an article or thing if the article or thing has been so treated in relation to those sounds or visual images that those sounds or visual images are capable, with or without the aid of some other device, of being reproduced from the article or thing."

154 Even assuming that a computer game's code constitutes "visual images", the evidence did not establish that the game code that is downloaded into the PlayStation console's RAM satisfies the definition of a "cinematograph film".

155 It is true that Mr Nabarro's evidence established that the game code is "embodied", within the meaning of s 24, in the "article[s] or thing[s]" of the RAM, CPU, GPU, video RAM and digital terminal video converter. That is because the code is downloaded or transmitted to each of these entities in a way that makes the code capable, "with ... the aid of" all the other articles and things, of reproducing the code on the television screen. But his evidence does not establish that the "aggregate of the visual images", ie the aggregate of computer code, that is embodied in any of the console's "article[s] or thing[s]" at any point of time is, within the meaning of s 10(1), capable of:

- (a) "being shown as a moving picture" or
- (b) "being embodied in another article or thing by the use of which it can be so shown".

(a) *"being shown as a moving picture"*

156 The code that is embodied in the RAM is a section of the game code that is needed to play a chosen section of any game. But not all game code that is loaded into the RAM is ultimately reproduced on the television screen. Mr Nabarro explained that "RAM basically acts like a reserve holding area and then as specific parts of that game code are required they're called off by the central processor, the CPU and fed into the graphics processing unit."

157 The RAM stores an unsorted collection of game code. That code is not capable "of being shown as a *moving* picture" because it is not capable of arranging itself into an order in which the picture would move. It is only when the code is "called off by the central processor, the CPU and fed into the graphics processing unit" that the order of its reproduction is determined.

158 Section 10(1), unlike s 24, does not permit an "article or thing" to harness "the aid of some other device" to assist the thing in the achievement of its

purpose. Comparing the wording of ss 10(1) and 24 is instructive. It shows that the visual images that are embodied in an "article or thing" must be "capable, *with or without the aid of some other device*, of being reproduced". But it also shows that they must be "capable by the use of that article or thing ... of being shown as a moving picture" without the aid of any other device. Thus, it is irrelevant to par (a) of the s 10(1) definition of "cinematograph film" that, with the aid of the CPU, the game code that is embodied in the RAM could be selected for reproduction as a moving picture.

(b) *"being embodied in another article or thing by the use of which it can be so shown"*

159 Nor is the game code that is embodied in the RAM capable "of being embodied in another article or thing by the use of which [the game code] can be shown". That is because there is insufficient evidence to establish that the code that is selected by the CPU for transmission to the GPU (and onwards to the video RAM and digital terminal video converter) constitutes an "aggregate of the visual images".

160 Mr Nabarro's evidence merely shows that "specific parts of that game code" are transmitted to, and embodied in, the GPU. It does not show that the GPU stores the "specific parts" so as to embody an "aggregate" of "specific parts" of computer code. Instead, the GPU "moves" the code on "into the video RAM so that the GPU is free to work on the next section because of course this is a continuously changing environment." Thus, even though the GPU may reproduce a series of game code in the video RAM, and even though the net result of all reproductions is to show a moving picture, the GPU does not embody, at any given time, an "aggregate of the visual images".

161 Accordingly, at no point in the process through which the game code is downloaded into the RAM and eventually transmitted to the television is a "cinematograph film" copied into any of the PlayStation console's articles or things.

Order

162 The appeal must be allowed.

163 KIRBY J. This appeal raises important questions of copyright law as that law operates in Australia in relation to digital technology. The appeal comes from a judgment of the Full Court of the Federal Court of Australia⁹⁹. That judgment, although unanimous as to the outcome, reflects reasons of the participating judges¹⁰⁰ that differ in important respects – both as to the approach that should be taken to the contested statutory language¹⁰¹ and as to the merits of two additional contentions urged by the Sony company interests ("Sony") in support of their case¹⁰².

164 Despite these divergences there was unanimity in the Full Court about the meaning to be given, in s 116A of the *Copyright Act* 1968 (Cth) ("the Copyright Act")¹⁰³, to the expression "technological protection measure" ("TPM"). Specifically, the Full Court agreed that the measures taken by Sony in the present case fell within the phrase TPM as so defined¹⁰⁴.

165 This conclusion was sufficient, with other uncontested determinations made at trial¹⁰⁵, to result in the reversal by the Full Court of the judgment entered by the primary judge (Sackville J). He had decided that the claim by Sony under s 116A of the Copyright Act against Mr Eddy Stevens (the appellant) had failed¹⁰⁶. Instead, the Full Court concluded that, on the basis of its view as to the meaning of TPM (as well as the by then uncontested basis of breaches of the

99 *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2003) 132 FCR 31.

100 French J, Lindgren J and Finkelstein J.

101 (2003) 132 FCR 31 at 54 [85] per Lindgren J, 80 [189] per Finkelstein J agreeing; cf at 41 [25] per French J.

102 (2003) 132 FCR 31 at 78 [173], 80 [187] per Lindgren J, 41 [26] per French J concurring; contra 80 [189] per Finkelstein J.

103 Inserted by the *Copyright Amendment (Digital Agenda) Act* 2000 (Cth) ("the Digital Agenda Act")

104 (2003) 132 FCR 31 at 34 [2], 37 [12], 41 [25] per French J, 69-70 [138]-[139] per Lindgren J, 80 [189] per Finkelstein J.

105 Such as that, if the access code had been a TPM, the chips sold or promoted by the appellant were circumvention devices: see *Kabushiki Kaisha Sony Computer Entertainment v Stevens* (2002) 200 ALR 55 at 94 [165]-[167] per Sackville J.

106 (2002) 200 ALR 55 at 81-82 [117]-[118].

Trade Marks Act 1995 (Cth) ("the Trade Marks Act"), s 120(1)), Sony was entitled to succeed¹⁰⁷.

166 Against the disturbance by the Full Court of the orders of the primary judge, Mr Stevens appealed to this Court. He sought to restore the orders at trial concerning the Copyright Act and to resist the defensive reliance by Sony upon the two additional copyright arguments on which the majority of the Full Court preferred the view accepted by the primary judge.

167 As to the major point of difference between the primary judge and the Full Court – the meaning of TPM as defined in s 10(1) of the Copyright Act – Lindgren J in the Full Court (correctly in my view) described the issue of construction involved as "finely balanced". According to Lindgren J, no textual argument offered strong support for one construction over the other¹⁰⁸. The factual findings and conclusions of the primary judge were not challenged in this Court¹⁰⁹. In this appeal, therefore, this Court has before it three points of statutory construction which, like so many others that reach it, involve disputed arguments yielding contestable outcomes.

168 Conformably with authority¹¹⁰, this Court must identify, and explain, the interpretation that it prefers. It must do so by reference to established sources and tools: by close examination of the statutory text, its language, context and structure; by identification of the purposes suggested by that text¹¹¹; and by the use of the statutory history, including available background materials that cast light on the meaning of the text¹¹². Yet, in construing the Copyright Act there are peculiar difficulties that, in my view, may be traced, ultimately, to the constitutional head of power¹¹³ by which the Federal Parliament enjoys the legislative authority to make laws with respect to "copyrights, patents of

107 The primary judge had rejected a claim of misleading or deceptive conduct contrary to the *Fair Trading Act 1987* (NSW), s 42. See (2002) 200 ALR 55 at 70 [73]. This finding was not challenged by Sony on appeal.

108 (2003) 132 FCR 31 at 54 [85].

109 [2005] HCATrans 030 at 17.

110 Including the *Acts Interpretation Act 1901* (Cth), ss 15A and 15AB.

111 *Re Bolton; Ex parte Beane* (1987) 162 CLR 514 at 517-518.

112 *Palgo Holdings Pty Ltd v Gowans* (2005) 79 ALJR 1121 at 1129 [35]-[40]; 215 ALR 253 at 262-264.

113 Constitution, s 51(xviii).

inventions and designs, and trade marks". That power is granted in a constitutional and legal setting in which competing legal interests must also be upheld by the law, including, generally, free expression and the normal interest of property owners in the undisturbed enjoyment of their property¹¹⁴.

169 "Copyright", it has been rightly declared, "is one of the great balancing acts of the law. Many balls are in play and many interests are in conflict."¹¹⁵ To the traditional problems of resolving such conflicts must be added, in the present age, the difficulties of applying the conventional model of copyright law to subject matters for which that model is not wholly appropriate; adjusting it to the "implications of the online environment"; and adapting it to international pressures that may reflect economic and legal interests that do not fit comfortably into the local constitutional and legal environment. "The dance proceeds", as Professor Ricketson has observed¹¹⁶; but the multiplicity of participants and interests now involved in its rhythms inevitably affect the contemporary judicial task of resolving contested questions of interpretation of the Copyright Act.

170 Where, as both sides effectively conceded in this appeal, alternative views are available as to the meaning of the disputed provisions of the Copyright Act, the resolution of the task of interpretation is bound to lie (even more than in most cases) in considerations additional to those that can be extracted directly from the statutory text. Although I agree in the conclusion stated in the reasons of Gleeson CJ, Gummow, Hayne and Heydon JJ ("the joint reasons") and of McHugh J as to the issues in, and outcome of, this appeal, it is to clarify and elaborate the range of considerations that affect my reasoning that I write separately.

The facts and the legislation

171 *The facts:* The essential facts are stated in brief terms in the joint reasons¹¹⁷. The course of the relevant pleadings¹¹⁸; a description of the way the

114 Constitution, s 51(xxxi). See *Pacific Film Laboratories Pty Ltd v Federal Commissioner of Taxation* (1970) 121 CLR 154; *Australian Tape Manufacturers Association Ltd v The Commonwealth* (1993) 176 CLR 480.

115 Ricketson, "Copyright", in Blackshield, Coper and Williams (eds), *The Oxford Companion to the High Court of Australia*, (2001) 152 at 154.

116 Ricketson, "Copyright", in Blackshield, Coper and Williams (eds), *The Oxford Companion to the High Court of Australia*, (2001) 152 at 154.

117 Joint reasons at [19]-[23]. See also reasons of McHugh J at [108]-[113].

118 (2002) 200 ALR 55 at 60-62 [17]-[24].

circumvention device claim developed¹¹⁹; and the facts concerning the Sony companies, their PlayStation system and Mr Stevens' activities¹²⁰ are set out in the reasons of the primary judge, in terms that can be accessed by those who desire more detail.

172 The appellant accepted that the PlayStation CD ROMs, manufactured and supplied by Sony, incorporated a number of encrypted data (referred to as the "access code") that could not be reproduced by conventional CD recording devices. The access code consisted essentially of a string of characters, stored in a portion of the CD ROM inaccessible to such recording devices. Before the game stored on the CD ROM could be played, this code had to be read by the Boot ROM, located within the Sony PlayStation console. In effect, the Boot ROM first determines whether there is a relevant access code on the CD ROM and, if there is, what the access code provides. If that code is found by the Boot ROM and can be read, the game can be played. If not, the CD ROM cannot be loaded and the game cannot then be played¹²¹.

173 A copy of a PlayStation CD ROM, made without the licence of Sony (as when "burnt" using a conventional CD "burner"), would not ordinarily be capable of being played on an unmodified PlayStation console. The appellant did not challenge the finding of the primary judge that the Boot ROM was intended by Sony to deter, or discourage, the making, importation and distribution of unauthorised ("counterfeit") copies of the Sony PlayStation CD ROMs¹²². Nor did the appellant contest the related finding of the primary judge that he was aware that the modifications made by him to PlayStation consoles were intended to enable such copies to be played.

174 Although Sony argued that it was legally irrelevant, the evidence at trial proved that the PlayStation consoles, as manufactured and supplied by Sony, were designed to allow the operation of PlayStation games only as distributed in particular regions of the world. Thus, the Boot ROM in a PlayStation console distributed and sold in the United States of America is designed to recognise only the access code on PlayStation CD ROMs sold and distributed in that region. Likewise PlayStation CD ROMs sold and distributed in Japan have a different access code, recognised only by the Boot ROM contained in a PlayStation console distributed and sold in that region. A third region, with an access code

119 (2002) 200 ALR 55 at 62-64 [25]-[36].

120 (2002) 200 ALR 55 at 64-67 [37]-[54], 67-68 [58]-[63].

121 (2002) 200 ALR 55 at 65 [46].

122 (2002) 200 ALR 55 at 78-79 [107].

different again, is constituted by other areas of the world which include Australia, New Zealand and Europe.

175 From the foregoing it follows that a PlayStation CD ROM sold and distributed in one global region cannot be played on an unmodified PlayStation console sold and distributed in another region. Thus, the purchaser and owner of a PlayStation CD ROM, lawfully acquired, say, in Japan or the United States and brought to Australia, could not play that CD ROM on an unmodified console lawfully acquired, say, in Australia or Europe¹²³. By their line the Popes of old divided the world into two spheres of influence. Sony, it appears, has divided the world (for the moment) into at least three spheres or markets. By the combined operation of the CD ROM access code and the Boot ROM in the PlayStation consoles, Sony sought to impose restrictions on the ordinary rights of owners, respectively of the CD ROMs and consoles, beyond those relevant to any copyright infringement as such. In effect, and apparently intentionally, those restrictions reduce global market competition. They inhibit rights ordinarily acquired by Australian owners of chattels to use and adapt the same, once acquired, to their advantage and for their use as they see fit.

176 Before this Court, Sony ultimately settled for a contention that it was the combination of the access code in the PlayStation CD ROMs and the technological capacity to recognise and respond to such codes in the Boot ROM chip in the PlayStation console that amounted to a TPM within s 10(1) of the Copyright Act. Earlier attempts to identify the "protective device" in each of these items separately were abandoned so as to embrace the combined view. On the face of things, the combined operation of the foregoing technology constitutes a "measure" within the Copyright Act that answers to a description of a "device or product, or a component incorporated into a process" which was designed (without some other intervening device, product or component) to prevent access to the use of the game digitally encoded in Sony's CD ROM and capable of being played on its PlayStation console. In my opinion, it is necessary to spell out these features of Sony's "device", "product" and "component" (together "the device") in order to appreciate fully the force of Sony's argument that the device fell within the statutory definition of TPM.

177 It was in response to this added digital component that the appellant offered for sale, sold and installed where necessary, both CD ROMs, copied without Sony's authority using conventional CD recording or copying devices (such as a conventional CD "burner"), and "mod chips". The latter are programmed computer chips which, when installed in the PlayStation console, override its internal operating system so as to permit the console to load the computer program contained on the copy CD ROMs, although they do not

123 cf reasons of McHugh J at [111].

contain the relevant access code. A PlayStation console, modified by the addition in it of a "mod chip", is commonly referred to as a "chipped console"¹²⁴.

178 In a world in which owners of copyright in defined works and subject matter involving digital technology have sought to protect their copyright interest by an encoded technological barrier or impediment; where international treaties (to which Australia is a party) have agreed on the adoption of specified national protections for the effectiveness of such measures; where such measures have been thoroughly debated in Australia by experts, parliamentary bodies and eventually the Parliament itself resulting in the Digital Agenda Act, it seems, on the face of things, that a broad view of the legislation (including of the definition of TPM in s 10(1) of the Copyright Act) favours Sony in this appeal. A broad view could sustain the conclusion reached by the Full Court and negative the outcome reached by the primary judge. What more (Sony might ask itself rhetorically) could it have done using a technological "device" to protect its interests in the copyright in its works and to keep unauthorised intruders, such as the appellant and his customers, from the unlicensed use of Sony's PlayStation products? Was not this precisely what international treaties and national law were designed to uphold? Do these practical considerations not support Sony's contention that its device is a TPM?

179 The first statutory issue in this appeal (and the other issues presented by Sony's notice of contention) are not, however, to be decided at the foregoing level of generality. Legal analysis is required. Such analysis must begin with the language, context and apparent purposes of the Copyright Act. The question is not whether Sony, or anyone else, considered that they had implemented a "device" to protect a popular work with valuable copyright features from the activities of "pirates" like the appellant. Self-evidently, that was Sony's aim. The primary question in this appeal is whether, in doing so, Sony is entitled to invoke the Copyright Act, according to its terms, to gain legal remedies against the appellant. That is a legal, not a technological, question. It must be answered using legal tools.

180 *The legislation:* The provisions of the Copyright Act that determine the outcome of this appeal are contained, or described, in the joint reasons¹²⁵. I will not repeat the language of the Act.

124 (2002) 200 ALR 55 at 66-67 [54].

125 As to the (first) TPM issue, see joint reasons at [27]-[29]; as to the (second) RAM issue at [62], [66]; as to the (third) cinematograph film issue at [80]. See also reasons of McHugh J at [114]-[115].

181 Crucial to the point that differentiated the opinion of the primary judge from the Full Court was the definition of "technological protection measure" in s 10(1) of the Copyright Act. That phrase, which is central to, and incorporated in, the definition of "circumvention device" (and is essential to establishing breach of s 116A(1) of the Act), contains the requirement that the TPM must be "a device or product, or a component incorporated into a process, that is designed, in the ordinary course of its operation, to prevent or inhibit the infringement of copyright in a work" by specified means.

182 The stated introductory words (the chapeau) to the statutory definition are the legal preconditions to establishing an unlawful measure. Unless they are proved by the evidence to have been fulfilled, all that remains is an intended "circumvention device" and an intended TPM. They may yet have some *practical* effectiveness to protect the given copyright interests but, unless the conditions are fulfilled, they do not attract the *legal* protections provided by the Copyright Act that Sony invoked against the appellant in this case.

183 That the measures in this case did not attract such legal protections was the conclusion reached by the primary judge. However, it was the one point upon which all judges of the Full Court expressed agreement, in reversing the primary judge's orders and upholding Sony's claim. Sony sought to maintain this conclusion which became the focus of most of the argument in this appeal. The remaining issues, raised by Sony's notice of contention, were deployed defensively, in case the primary judge's conclusion on this point was restored and the Full Court reversed.

The issues

184 Three issues are therefore presented for resolution in the appeal – the first in terms of the appellant's grounds of appeal and the second and third by Sony's notice of contention:

- (1) *The technological protection measure issue:* Whether, in accordance with s 10(1) of the Copyright Act, Sony's protection device constituted a TPM within the meaning of the definition of that expression in s 10(1) of the Copyright Act.
- (2) *The reproduction in material form issue:* Whether the playing of a PlayStation game CD ROM on the Sony PlayStation console involved the reproduction in a material form, within s 10(1) of the Copyright Act, of the whole or a substantial part of a computer program, within the meaning of that Act.
- (3) *The cinematograph film issue:* Whether the playing of such a game on such a PlayStation console involved the making of a copy of the whole, or of a substantial part, of a cinematograph film within the meaning of

s 86(a) of the Copyright Act, having regard to the definition of "copy" in s 10(1) of the Act, as supplemented by s 24.

185 Before the primary judge, Sony failed on all three issues. In the Full Court, Sony succeeded only on the first. Of the judges in the Full Court, Finkelstein J alone would have upheld Sony's arguments on the second and third issues¹²⁶.

186 In this Court, the joint reasons prefer the conclusions of the primary judge on the first issue and reject Sony's argument on the second and third issues, as the majority judges did below¹²⁷. I agree. The result is that the orders of the primary judge should be restored. I agree with the reasoning of the joint reasons as they concern the second and third issues. However, I wish to express in my own words how I resolve the difficult problem of statutory construction presented by the first issue. I do this out of respect for the unanimous conclusion of the experienced judges of the Full Federal Court, conscious that I am differing from them in a matter where the legislation is susceptible to the meaning which they preferred, which meaning, on balance, I find less persuasive than the one adopted by the primary judge.

TPM: meaning in the Copyright Act

187 *Two meanings:* The question for this Court is whether the Full Court erred in the approach it took concerning the meaning of the expression TPM. In short, did the Full Court err in substituting its view of that meaning for the contrary view adopted by the primary judge? The resolution of this question depends on the definition of TPM in s 10(1) of the Copyright Act. In turn, that meaning is influenced by the approach adopted to the task of interpretation.

188 The primary judge focussed his attention on the opening words of the definition. He held that Sony's "device", "product" or "component" was not, as such, in the ordinary course of its operation, designed "to prevent or inhibit the infringement of copyright". This was because, as a matter of application of the words of the Act to the uncontested evidence, the "device", "product" or "component" manifestly did *not* prevent or inhibit a person from undertaking acts which, if carried out, would or might infringe copyright in the work. The infringement had already occurred, at least when the copy of the CD ROM was made. Indeed, such an infringement was inevitable and even inherent in the

¹²⁶ (2003) 132 FCR 31 at 41 [26] per French J, 76 [168], 80 [187] per Lindgren J; cf at 88 [211], 91-92 [224] per Finkelstein J.

¹²⁷ As to the second issue, see joint reasons at [38]-[47]. As to the third issue, see at [62]-[79]. See also reasons of McHugh J at [144]-[149], [150]-[161].

circumvention offered by the appellant for the measures adopted by Sony both on the CD ROM and in the Boot ROM of the PlayStation console.

189 The focus of the statutory definition is on the "device" and its consequences, as such. The focus is not on the impact or operation of the device. Nor is it on social facts or human psychology. This is how the primary judge explained his reasoning¹²⁸:

"The definition, so it seems to me, contemplates that but for the *operation* of the device or product, there would be no technological or perhaps mechanical barrier to a person gaining access to the copyright work, or making copies of the work after access has been gained, thereby putting himself or herself in a position to infringe copyright in the work. The definition is intended to be confined to devices or products that utilise technological processes or mechanisms to prevent or curtail specific actions in relation to a work, which actions would otherwise infringe or facilitate infringement of copyright in that work. ... I do not think the definition is concerned with devices or products that do not, *by their operations*, prevent or curtail specific acts infringing or facilitating the infringement of copyright in a work, but merely have a general deterrent or discouraging effect on those who might be contemplating infringing copyright in a class of works, for example by making unlawful copies of a CD-ROM."

190 In its reasoning the Full Court preferred a broader approach. One judge (French J) considered that such an approach was required by the plain language of the Copyright Act, read in its context¹²⁹. The other judges (Lindgren J, with whom Finkelstein J concurred on this point)¹³⁰ considered that there was ambiguity in the text and that reference to the background material sustained the broader approach urged by Sony. In particular, Lindgren and Finkelstein JJ considered that the legislative history, culminating in the Digital Agenda Act, was determinative on the point¹³¹.

191 *Support for the Full Court's approach:* There is no point pretending that one interpretation is clearly correct and the other clearly wrong. As with so

128 (2002) 200 ALR 55 at 80-81 [115] (second emphasis added).

129 (2003) 132 FCR 31 at 41 [25]. But see also at 40-41 [22].

130 (2003) 132 FCR 31 at 54 [85] per Lindgren J, 80 [189] per Finkelstein J.

131 (2003) 132 FCR 31 at 69-70 [138]-[139] per Lindgren J, 80 [189] per Finkelstein J.

many similar disputes over statutory interpretation reaching this Court, each approach is arguable¹³².

192 The primary judge drew the inference that the Digital Agenda Act contemplated a TPM that itself would prevent or inhibit the infringement of copyright in a work from happening at all. There were other ways of wording the legislation. The statutory texts adopted in other countries indicated as much¹³³. Yet the Australian legislation adopted a distinct approach. It was one designed to prevent or inhibit infringement of copyright as such, and access to copyrighted works and subject matters as incidental to that purpose¹³⁴.

193 Sony defended the interpretation of TPM favoured by the Full Court by reference to a number of considerations. Thus, Lindgren J disagreed with the primary judge's view, describing it as involving an "unwarranted preconception that the 'access' to which para (a) of the definition of [TPM] refers is limited to access for the purpose of subsequent infringement"¹³⁵. It was sufficient, upon the Full Court's view, that the "access" denied should be retrospective, as where (in default of the technological devices introduced by Sony or the use of a circumvention device contrary to s 116A of the Copyright Act) the attempted use of the CD ROMs in such consoles would fail to access the game, so denying their users the benefit of any earlier infringement of Sony's copyright.

194 In support of this broader interpretation of the Copyright Act, Sony relied on textual indications, as well as the extrinsic materials mentioned by Lindgren J in his reasons in the Full Court¹³⁶.

195 As to the textual indications, Sony placed much emphasis (as did the judges in the Full Court) upon the use, in the definition of TPM, of the verb "inhibit" in addition to the word "prevent" in the context of copyright

132 *News Ltd v South Sydney District Rugby League Football Club Ltd* (2003) 215 CLR 563 at 580 [42].

133 *Digital Millennium Copyright Act of 1998* (17 USC §1201); *Copyright, Designs and Patents Act* 1988 (UK), s 296. See also *Copyright Act* 1994 (NZ), s 226; *Copyright Ordinance* (Cap 528) (HK), s 273; *Copyright Act* 2004 (Singapore), ss 261B-261G.

134 cf reasons of McHugh J, referring to *Acts Interpretation Act* 1901 (Cth), s 15AA and 15AB, at [124].

135 (2003) 132 FCR 31 at 69 [138].

136 (2003) 132 FCR 31 at 69-70 [138]-[139]; see also at 80 [189] per Finkelstein J agreeing.

infringement of the work in question. Even if, upon one view, a technological measure to *prevent* infringement of copyright might be treated as having failed where an unauthorised copy of a CD ROM had been made (without the access code) and inserted in a Sony PlayStation console, *inhibition* (so it was said) included the interaction between the technological device and social facts or human psychology.

196 Thus, the effect of the device, in the "ordinary course of its operation", is that the unauthorised copy of the CD ROM (without the access code) would be rejected. Such rejection would deny the would-be player access on the PlayStation console to the game. The result would thus be frustration, disappointment and the conclusion that the "pirate" CD ROM was useless. The intended infringement of the copyright would thereby be defeated. By defeating it, Sony's device might not have *prevented* the infringement of copyright (if any), such as had occurred in the creation of the unreadable copy of the work or subject matter. However, it would certainly *inhibit* the infringement of copyright. It would do so by denying a reward to the copier, namely access to the copyrighted work or subject matter¹³⁷. As an inhibition, Sony's device, so its argument ran, qualified as a TPM within s 10(1) of the Copyright Act.

197 As to the extrinsic materials, Sony supported the analysis of the emergence of the Digital Agenda Act explained in the reasons of Lindgren J (with whom Finkelstein J agreed). Much emphasis was placed on the rejection in the definition of TPM of the recommendation of the Australian Parliamentary Committee to the effect that the definition should not have two limbs, one of which allowed copyright owners to control access to their work¹³⁸. From this legislative history, Sony drew the conclusion that the definition of TPM in the Act was intended to include protective devices that controlled access alone.

198 Each of these interpretations is open on the statutory language and differing views as to the legislative process leading to the enactment of the Digital Agenda Act. Both sides invoked extrinsic materials and specifically those relevant to the legislative history. The duty of a court is to give effect to the purpose of the Parliament as expressed in the language of its legislation. This

137 (2003) 132 FCR 31 at 39 [17] per French J, 69-70 [138]-[140] per Lindgren J, 80 [189] per Finkelstein J.

138 (2003) 132 FCR 31 at 63-67 [114]-[128] per Lindgren J citing the report of the Australian Parliament, House of Representatives Standing Committee on Legal and Constitutional Affairs, *Advisory Report on the Copyright Amendment (Digital Agenda) Bill 1999* (1999). See also (2002) 200 ALR 55 at 73-74 [84]-[86].

is a constitutional duty expressly imposed¹³⁹ as well as a duty implied in the concept of the rule of law that is inherent in the Australian Constitution¹⁴⁰. No court may frustrate the command of the Parliament, as for example because a judge disagrees with the legislative policy; considers that it is too protective of foreign intellectual property interests; or concludes that it needs reconsideration, or that it unduly extends the legal protections of copyright law in a way that disturbs balances of interests hitherto observed by such law. If, after analysis, the meaning of the legislation is established and is sufficiently clear, and if it is constitutionally valid, a court must uphold its meaning and give effect to its command.

199 *Policy and a broad approach:* In addition to the arguments deployed in the Full Court, there are a number of general considerations that lend support to the conclusion expressed by the Full Court. In my view, these include that:

- (1) The Court is giving meaning to innovative legislation designed to respond to new technological developments as they affect copyright law. To the extent that the Court concludes that the text misfires, so that it does not hit its apparent target, it encourages increasingly complex legislative language as the Parliament, frustrated by court decisions, attempts to make its purposes unmistakably plain by expressing them in more and more detail¹⁴¹;
- (2) The definition of TPM in s 10(1) of the Copyright Act was one of a number of changes to the balances hitherto observed in Australian copyright law, influenced by international treaty obligations and by conclusions apparently accepted by the Executive Government and the Parliament¹⁴². In such circumstances, complaints about disturbance of those balances are less convincing than they might otherwise have been.

139 Covering cl 5. See *Trust Co of Australia Ltd v Commissioner of State Revenue* (2003) 77 ALJR 1019 at 1029 [68]; 197 ALR 297 at 310; *Network Ten Pty Ltd v TCN Channel Nine Pty Ltd* (2004) 218 CLR 273 at 305-306 [87]; *Palgo Holdings* (2005) 79 ALJR 1121 at 1129 [39]; 215 ALR 253 at 263-264.

140 *Australian Communist Party v The Commonwealth* (1951) 83 CLR 1 at 193; *Plaintiff S157/2002 v The Commonwealth* (2003) 211 CLR 476 at 513 [103].

141 *Australian Broadcasting Corporation v Redmore Pty Ltd* (1987) 11 NSWLR 621 at 626.

142 Such as the reversal of the onus of proof for alleged breaches: see Copyright Act, s 116A(9). See also s 132(5J); cf Weatherall, "On Technology Locks and the Proper Scope of Digital Copyright Laws – *Sony* in the High Court", (2004) 26 *Sydney Law Review* 613 at 630 ("Weatherall").

Especially is this so because still further changes to such balances have been made, or foreshadowed, by the Free Trade Agreement between Australia and the United States of America after the events occurred relevant to this appeal¹⁴³;

- (3) The conclusion reached by the Full Court is consonant with contemporary decisions overseas in cases bearing some similarities to the present, although concededly based on legislation reflecting important differences¹⁴⁴; and
- (4) Copyright law aims to promote innovation and creativity by protecting new works, according temporary exclusive rights in respect of them, particularly against deliberate uncompensated invasions for the profit of strangers, who have made no arrangement for compensation to the copyright owner, but instead seek financial gain of their own from facilitating deliberate copying of the original works of others. These considerations remain relevant to the contemporary digital environment. They have recently been upheld by the Supreme Court of the United States¹⁴⁵. Any suggestion that the digital environment is in some way to be rendered a copyright-free zone flies in the face of international agreements as well as Australian national legislation adopted after a painstaking process of consultation with relevant interests, parliamentary

143 See *US Free Trade Agreement Implementation Act 2004* (Cth) which effected amendments to the Copyright Act by s 3 and items 186-190 of Sched 9 to that Act. That Act introduced new ss 43B and 111B into the Copyright Act with effect from 1 January 2005. See s 3 and items 187-188 of Sched 9 of the said Act. These amendments, whilst taking effect from 1 January 2005, apply only in respect of acts done after that date (see s 2, item 20 of the table). They thus foreshadow amendments to Australian copyright law without taking effect in respect of the subject proceedings.

144 *Sony Computer Entertainment v Edmunds* (2002) 55 IPR 429 (EWHC Ch). See also *Kabushiki Kaisha Sony Computer Entertainment Inc v Ball* [2004] EWHC 1738 (Ch) at [10]; *Sony Computer Entertainment Inc v Lik Sang International Ltd* (2003) 58 IPR 176 (HC HK); *Sony Computer Entertainment America, Inc v Gamemasters* 87 F Supp 2d 976 (ND Cal, 1999). Sony accepted that the decisions in the foregoing cases did not bear directly on the present question of statutory construction but suggested that they were illustrative of the approach of courts in common law countries to broadly equivalent provisions. It is the equivalence of the provisions that was contested.

145 *Metro-Goldwyn-Mayer Studios Inc v Grokster, Ltd* 73 USLW 4675 (2005).

investigation and debate¹⁴⁶. The outcome of these agreements and national legal changes may reflect compromises¹⁴⁷. However, they also indicate a deliberate global and national resolve to afford effective copyright protection in the digital context. No court has authority to give effect to a contrary objective of its own, or to frustrate laws that have been enacted by the Parliament to afford such protection.

TPM: the preferable construction

200 *Accepting an ambiguity:* With respect to the contrary opinion of French J, I prefer the view adopted by the other judges in the Federal Court that the definition of TPM in s 10(1) of the Copyright Act is ambiguous. This conclusion requires this Court to choose between the available interpretations. That obligation does not confer an unfettered power. It necessitates an interpretative analysis justifying to the relevant interpretative community the conclusion that is reached. That community commonly includes the parties, interested members of the legal profession, the competing interests (including relevant groups and organisations such as the *amici curiae*) as well as interested members of the public. Because the legislative words do not, alone, yield a convincing resolution to the problem of interpretation, it is necessary to refer to contextual and extrinsic circumstances that bring the decision-maker to the ultimate resolution.

201 *Relevant textual indications:* The task of statutory interpretation is, at least in part, one that involves individual impressions. As many cases demonstrate, different judicial readers, trained in the same tradition, examine the same language yet come to different conclusions. The object of legal analysis is to ensure, so far as possible, that each decision-maker takes into account the same considerations before reaching a conclusion, and that such legal analysis is as candid as exposition of judicial reasons permits, concerning the chief factors that have led to one conclusion rather than another.

202 Take the present case. The main textual considerations that support the conclusion of the primary judge are as follows. The drafter of the Australian provision has, apparently deliberately, chosen a distinctive way of expressing the prohibition in s 116A of the Copyright Act. This is by using references to technological expressions ("technological protection measure" and

146 Such as the World Intellectual Property Organization Copyright Treaty (WCT) and the World Intellectual Property Organization Performances and Phonograms Treaty (WPPT) referred to by Lindgren J: see (2003) 132 FCR 31 at 58 [100]. See also Weatherall at 627.

147 For a description of the proposals of the House of Representatives Committee and the response of the Government, see Weatherall at 629-631.

"circumvention device") that are defined in s 10(1) of the Copyright Act. Moreover, whilst a particular "device" might, in general terms, be regarded as a "circumvention device" – just as the primary judge was willing to accept the appellant's modifications were in the present case – they only have the relevant statutory significance in so far as they circumvent, or facilitate the circumvention of, a TPM. The drafting is thus tight. Apparently, it is deliberately expressed in terms of defined measures.

203 Those measures, in turn, are not described in general terms as measures preventing or inhibiting access to a work or to subject matter entitled to copyright protection under the Act. Instead, two elements are stated as prerequisites to the existence of a TPM, as defined. These are that the TPM must be a "device or product, or a component incorporated into a process" – implying (as the word "technological" in the expression TPM itself suggests) a measure having an ordinary operation of the designated type. Moreover, what is to be prevented or inhibited is not, as such, "access" to a work or subject matter that is entitled to copyright. It is the infringement of copyright in that work that is to be prevented or inhibited; and inferentially, the infringement is to be prevented or inhibited by such technological means.

204 The Parliament having chosen such an elaborate and specific definition for the key provision of the legislative scheme, a court should pause before stretching the highly specific language in order to overcome a supposed practical problem. To do so would not be to construe the text, but to substitute a new and broader text for the one chosen by the Parliament after extensive consultation, investigation and debate. Particularly in the context of the object stated in s 3 of the Digital Agenda Act – very much tied into the "new online technologies" and the perceived advantages of the Internet¹⁴⁸ – the foregoing "technological" interpretation of the definition of TPM causes no surprise. It is one that is grounded in the language of s 10(1) of the Copyright Act. It is strengthened by the postulate of the Digital Agenda Act that technology itself could be invoked to provide protections against breaches of copyright. The difficulty with Sony's interpretation is that it challenges the very assumption upon which the definition of TPM in terms of "devices" would operate to have the designated effect, namely the prevention or inhibition of the infringement of copyright.

205 The inclusion of the word "inhibit", in the context of a focus upon a self-operating device, does not alter this conclusion. A strict interpretation does not deprive the term "inhibit" in s 10(1) of meaningful content. That word still has work to do in a number of contexts that are not covered by the word "prevent". For example, it will apply to a protective device which regulates access to the mechanism that provides access to a work, rather than access to the work itself.

148 Digital Agenda Act, s 3(a) and (e).

Such a device will not prevent infringement in all cases. This is because a device limiting access to a work does not prevent infringing copies being made once access is legitimately achieved. However, by restricting access to the work in the first place, such a device makes infringement more difficult. Significantly, such an inhibition operates prospectively; the infringement against which the device is designed to protect occurs subsequent to the operation of the protection device in its ordinary course. The description of "device binding" in the reasons of McHugh J¹⁴⁹ provides a good example of this category of technological device, which is designed to inhibit, but not prevent, infringement within the meaning of s 10(1).

206 Secondly, a device that prevents infringement by a particular method, but which is ineffective to protect against infringement by another more complex or involved method, is a device that will not be covered by the term "prevent" in s 10(1)¹⁵⁰. This is because infringement will still be possible, through the more complex method, notwithstanding the operation of the device. However, by making infringement more difficult (say by preventing a common or easily available method of infringement), such a device can be seen to inhibit infringement in the technical sense required by the definition. This further demonstrates the utility of the inclusion of the term "inhibit" in s 10(1), consistent with the strict interpretation that I favour.

207 Had it been the purpose of the Parliament, by the enactment of the Digital Agenda Act, to create a right to control access generally, it had the opportunity to say so. It even had overseas precedents upon which it could draw. The Australian Government was pressed to provide protection for all devices that "control access". This is evident in the definition of TPM suggested to the Australian Parliamentary Committee by the International Intellectual Property Alliance¹⁵¹. Such a definition would effectively have mirrored the provision adopted by the Congress of the United States in the *Digital Millennium*

149 See reasons of McHugh J at [140].

150 Online access control mechanisms are an example of such a protective device: see reasons of McHugh J at [141].

151 The definition proposed by the International Intellectual Property Alliance was: "effective technological protection measure' means any technology, device or component that, in the normal course of its operation, controls access to a protected work, sound recording, or other subject matter, or protects any copyright as provided by this Act": see International Intellectual Property Alliance submission to House of Representatives Standing Committee on Legal and Constitutional Affairs, 7 October 1999 at 5.

*Copyright Act of 1998*¹⁵². By the time the Australian definition of TPM was enacted, the United States Act had been in force for two years. Nevertheless, the propounded definition of wider ambit was not accepted. Instead, in Australia, the Parliament chose to focus its definition upon protection from infringement of copyright as such.

208 The preference inherent in the Australian Act has been viewed as one which "favours the use of protected works"¹⁵³, by limiting the operation of TPMs in terms of control over infringement of copyright rather than a potentially broader control over access. When the competing legislation of other jurisdictions, giving effect to the relevant international treaties, is contrasted, it appears clear that the distinctive statutory formula adopted in Australia was a deliberate one. It was less protective of copyright than the legal regimes adopted in the United States, the United Kingdom and elsewhere¹⁵⁴. In the face of such a formula, accepted after a long inquiry and contrary submissions made by affected interest groups, the safer course for this Court, in giving meaning to the definition of TPM in s 10(1) of the Copyright Act, is to stick closely to the more restricted language of the Act. This approach has a textual foundation. It lies in the meaning to be attributed to the words "designed" and "inhibit" appearing in the definition of TPM in the Copyright Act¹⁵⁵.

209 If the definition of TPM were to be read expansively, so as to include devices designed to prevent access to material, with no inherent or necessary link to the prevention or inhibition of infringement of copyright, this would expand the ambit of the definition beyond that naturally indicated by the text of s 10(1) of the Copyright Act. It could interfere with the fair dealing provisions in Div 3 of Pt III of the Copyright Act and thereby alter the balance struck by the law in this country.

210 As the *amici* submitted to this Court, Sony's interpretation of s 116A would enable rights holders effectively to opt out of the fair dealing scheme of the Act. This would have the potential consequence of restricting access to a

152 17 USC §1201.

153 Kerr, Maurushat and Tacit, "Technological Protection Measures: *Tilting* at Copyright's Windmill", (2002-2003) 34 *Ottawa Law Review* 7 at 58. See also Lindsay, "A Comparative Analysis of the Law relating to Technological Protection Measures", (2002) 20 *Copyright Reporter* 118 at 124.

154 *Digital Millennium Copyright Act of 1998* (17 USC §1201); Copyright and Related Rights Regulations 2003 (UK), reg 24 amending s 296 and inserting ss 296ZA, 296ZB, 296ZD and 296ZF.

155 cf reasons of McHugh J at [133]-[138].

broad range of material and of impeding lawful dealings as permitted by Div 3 of Pt III of the Copyright Act. The inevitable result would be the substitution of contractual obligations *inter partes* for the provisions contained in the Copyright Act – the relevant public law. Potentially, this could have serious consequences for the operation of the fair dealing provisions of that Act. This is not an interpretation that should be readily accepted. Especially so where the language of the definition of TPM presents the perfectly acceptable, apparently intentional, and more confined construction expounded by the primary judge¹⁵⁶.

211 *Avoiding over-wide operation:* There is an additional reason for preferring the more confined interpretation of the definition of TPM in the Copyright Act. This is because the wider view urged by Sony would have the result of affording Sony, and other rights holders in its position, a de facto control over access to copyrighted works or materials that would permit the achievement of economic ends additional to, but different from, those ordinarily protected by copyright law. If the present case is taken as an illustration, Sony's interpretation would permit the effective enforcement, through a technological measure, of the division of global markets designated by Sony. It would have the effect of imposing, at least potentially, differential price structures in those separate markets. In short, it would give Sony broader powers over pricing of its products in its self-designated markets than the Copyright Act in Australia would ordinarily allow¹⁵⁷.

212 It may be accepted, as the primary judge concluded, that "[t]he fact that a device can be said to be designed to achieve two or more objectives, only one of which is to prevent or inhibit the infringement of copyright, does not ... of itself ... take the device outside the definition of" a TPM¹⁵⁸. It may also be accepted that Sony's device was not designed primarily to achieve a particular non-copyright purpose¹⁵⁹. Nevertheless, where a choice of interpretation has to be

156 See generally Dellit and Kendall, "Technological Protection Measures and Fair Dealing: Maintaining the Balance Between Copyright Protection and the Right to Access Information", (2003) 4 *Digital Technology Law Journal* 1 at 51-53 [204]-[212]; Vinje, "Copyright Imperilled?", (1999) *European Intellectual Property Review* 192 at 198-200; Gasaway, "The New Access Right and its Impact on Libraries and Library Users", (2003) 10 *Journal of Intellectual Property Law* 269 at 298-299.

157 Weatherall at 624-625. This consideration gave rise to arguments of inconsistency with the provisions of the Copyright Act concerning parallel importation. It is unnecessary to consider these.

158 (2002) 200 ALR 55 at 78 [104]; cf Weatherall at 625.

159 (2002) 200 ALR 55 at 78 [104], cf at 79 [108].

made, the existence of the additional non-copyright purpose of enforcing global market price differentiation does constitute a reason to prefer an outcome that is consistent with the balances ordinarily inherent in copyright legislation over a result that is not.

213 *Upholding fundamental rights:* A further reason, not wholly unconnected with the last, is relevant to the choice to be made in selecting between the competing interpretations of the definition of TPM. The interpretation favoured by the primary judge confines that definition and hence the operation of s 116A of the Copyright Act and the civil remedies which that section provides. The Full Court's broader view gives an undifferentiated operation to the provisions of s 116A that clearly impinges on what would otherwise be the legal rights of the owner of a Sony CD ROM and PlayStation console to copy the same for limited purposes and to use and modify the same for legitimate reasons, as in the pursuit of that person's ordinary rights as the owner of chattels.

214 Take, for example, the case earlier mentioned of a purchaser of a Sony CD ROM in Japan or the United States who found, on arrival in Australia, that he or she could not play the game on a Sony PlayStation console purchased in Australia. In the case postulated, there is no obvious copyright reason why the purchaser should not be entitled to copy the CD ROM and modify the console in such a way as to enjoy his or her lawfully acquired property without inhibition. Yet, on Sony's theory of the definition of TPM in s 10(1) of the Copyright Act, it is able to enforce its division of global markets by a device ostensibly limited to the protection of Sony against the infringement of its copyright.

215 Ordinary principles of statutory construction, observed by this Court since its earliest days, have construed legislation, where there is doubt, to protect the fundamental rights of the individual¹⁶⁰. The right of the individual to enjoy lawfully acquired private property (a CD ROM game or a PlayStation console purchased in another region of the world or possibly to make a backup copy of the CD ROM) would ordinarily be a right inherent in Australian law upon the acquisition of such a chattel. This is a further reason why s 116A of the Copyright Act and the definition of TPM in s 10(1) of that Act should be read strictly. Doing so avoids an interpretation that would deprive the property owner of an incident of that person's ordinary legal rights.

160 See Fitzgerald, "The Playstation Mod Chip: A Technological Guarantee of the Digital Consumer's Liberty or Copyright Menace/Circumvention Device?", (2005) 10 *Media and Arts Law Review* 85 at 95 citing such cases as *Potter v Minahan* (1908) 7 CLR 277 at 304; *Plaintiff S157/2002* (2003) 211 CLR 476 at 492 [30]. See also *Al-Kateb v Godwin* (2004) 78 ALJR 1099 at 1105 [19], 1136 [193], 1144 [241]; 208 ALR 124 at 130, 173-174, 184; *Coleman v Power* (2004) 78 ALJR 1166 at 1199 [185], 1212 [250]-[251]; 209 ALR 182 at 227, 245-246.

216 The provisions of the Australian Constitution affording the power to make laws with respect to copyright¹⁶¹ operate in a constitutional and legal setting¹⁶² that normally upholds the rights of the individual to deal with his or her property as that individual thinks fit. In that setting, absent the provision of just terms, the individual is specifically entitled not to have such rights infringed by federal legislation in a way that amounts to an impermissible inhibition upon those rights constituting an acquisition. This is not the case in which to explore the limits that exist in the powers of the Australian Parliament, by legislation purporting to deal with the subject matter of copyright, to encumber the enjoyment of lawfully acquired chattel property in the supposed furtherance of the rights of copyright owners. However, limits there are¹⁶³.

217 In *Wilson v Anderson*¹⁶⁴ I said, in words to which I adhere, that fundamental rights will persist in the face of legislation said to be inconsistent with them "'unless there be a clear and plain intention' to extinguish such rights". These remarks were made in the context of a suggested extinguishment of rights ordinary to the ownership and possession of property. I added¹⁶⁵:

"It is an old, wise and beneficial presumption, long obeyed, that to take away people's rights, Parliament must use clear language. The basic human right to own property and to be immune from arbitrary dispossession of property is one generally respected by Australian lawmakers. This fundamental rule attributes to the legislatures of Australia a respect for the rights of the people which those legislatures have normally observed, being themselves regularly accountable to the electors as envisaged by the Constitution. In some circumstances, at least in respect of federal legislation depriving people of established property rights, the presumption to which I have referred is reinforced by constitutional imperatives."

161 Constitution, s 51(xviii). cf *MGM Studios* 73 USLW 4675 at 4688 (2005) per Breyer J.

162 See eg Constitution, s 51(xxxi).

163 Lessig, *Code and Other Laws of Cyberspace*, (1999) at 131, 133-134; Fitzgerald, "The Playstation Mod Chip: A Technological Guarantee of the Digital Consumer's Liberty or Copyright Menace/Circumvention Device?", (2005) 10 *Media and Arts Law Review* 85 at 96; cf *Grain Pool of Western Australia v The Commonwealth* (2000) 202 CLR 479 at 529-530 [128]-[129], 531 [133] fn 266.

164 (2002) 213 CLR 401 at 457 [139] (footnote omitted).

165 (2002) 213 CLR 401 at 457-458 [140] (footnotes omitted).

218 To the extent that attempts are made to push the provisions of Australian copyright legislation beyond the legitimate purposes traditional to copyright protection at law, the Parliament risks losing its nexus to the constitutional source of power. That source postulates a balance of interests such as have traditionally been observed by copyright statutes, including the Copyright Act.

219 In the present case, it is legitimate to say that, had it been the purpose of the Parliament to push the provisions of the Copyright Act attaching offences and sanctions to circumvention of TPMs in a way that deprived chattel owners of ordinary rights of ownership, such a provision would have been spelt out in unmistakable terms. In the definition of TPM in s 10(1) of the Copyright Act, such unmistakable language does not appear. This fact affords a further reason for preferring the more restricted interpretation that is compatible with the ordinary incidents of ownership of lawfully acquired chattels.

220 The fact that, in the present case, this approach affords protection, incidentally, to the proved activities of a person such as the appellant, is simply the most recent illustration of the way in which copyright law sometimes operates. Sony will itself be aware of this incidental operation of the law. In *Sony Corp of America v Universal City Studios, Inc*¹⁶⁶, the Supreme Court of the United States held that Sony, as the distributor and seller of the Betamax video cassette recorder, was not liable if users of that recorder infringed the copyright of others in television broadcasts. In that case, it was claimed that Sony, as the manufacturer of the recorder, was liable for the infringement that occurred when purchasers taped copyright programmes. It was argued that Sony had supplied the means used to infringe the copyright of others and had constructive knowledge that such infringement would occur.

221 Because a legitimate basis for the taping of television programmes for viewing at more convenient times ("time-shifting") was found by the Supreme Court to be fair and not an infringing use, the claim of infringement against Sony was rejected¹⁶⁷. This interpretation of the United States law reflected the bias inherent in the legal systems of the common law in favour of protecting the rights of copyright owners in a context that also protects other legal interests belonging to other persons. As Breyer J has recently pointed out, in a concurring opinion¹⁶⁸, the rule in the Sony Betamax decision was strongly protective of new technology. It foreshadowed the dramatic evolution of the product's market. It

¹⁶⁶ 464 US 417 (1984).

¹⁶⁷ cf *MGM Studios* 73 USLW 4675 at 4679-4680 (2005) per Souter J.

¹⁶⁸ In which Stevens and O'Connor JJ joined: see *MGM Studios* 73 USLW 4675 at 4685 (2005).

respected the limitations facing judges where matters of complex and novel technology are concerned. And it avoided the introduction of a "chill of technological development"¹⁶⁹ in the name of responding to alleged copyright infringement. Many of these considerations apply in the present case to suggest a preference for a stricter, rather than a broader, meaning of the expression TPM in s 10(1) of the Copyright Act.

222 *The legislative option:* An additional consideration for avoiding reversal of the *Sony* rule in the United States Supreme Court was mentioned by Breyer J in the recent opinion to which I have referred. This was, as the decision in *Sony* in that Court had earlier recognised, that "the legislative option remains available. Courts are less well suited than Congress to the task of 'accommodat[ing] fully the varied permutations of competing interests that are inevitably implicated by such new technology.'"¹⁷⁰

223 In the Australian context, the inevitability of further legislation on the protection of technology with TPMs was made clear by reference to the provisions of, and some legislation already enacted for, the Australia-United States Free Trade Agreement¹⁷¹. Provisions in that Agreement, and likely future legislation, impinge upon the subject matters of this appeal. Almost certainly they will require the attention of the Australian Parliament in the foreseeable future¹⁷².

169 73 USLW 4675 at 4688 (2005).

170 *MGM Studios* 73 USLW 4675 at 4690 (2005), citing *Sony* 464 US 417 at 431 (1984). See *Audio Home Recording Act of 1992* (adding 17 USC Ch 10). Following *Computer Edge Pty Ltd v Apple Computer Inc* (1986) 161 CLR 171 the Copyright Act was quickly amended: McKeough, Stewart and Griffith, *Intellectual Property in Australia*, 3rd ed (2004) at 139 [5.10].

171 Fitzgerald, "The Playstation Mod Chip: A Technological Guarantee of the Digital Consumer's Liberty or Copyright Menace/Circumvention Device?", (2005) 10 *Media and Arts Law Review* 85 at 89 fn 18. As the author notes, Art 17.4.1 of the Australia-US Free Trade Agreement obliges Australia to enact laws giving copyright owners the right to prohibit all copies, in any manner or form, permanent or temporary. This change will be implemented under the *US Free Trade Agreement Implementation Act 2004* (Cth) which came into effect on 1 January 2005. That Act includes amendments to the definition of "material form" in s 10(1) of the Copyright Act and creates an exception to infringement where the reproduction is made as part of a technical process of using a non-infringing copy of the copyright material (see ss 43B and 111B).

172 The undertaking of a further review of the legislation was foreshadowed at the time the Digital Agenda Act was enacted: see Revised Explanatory Memorandum, (Footnote continues on next page)

224 In these circumstances, it is preferable for this Court to say with some strictness what s 10(1) of the Copyright Act means in its definition of TPM, understood according to the words enacted by the Parliament. If it should transpire that this is different from the purpose that the Parliament was seeking to attain (or if it should appear that later events now make a different balance appropriate) it will be open to the Parliament, subject to the Constitution, to enact provisions clarifying its purpose for the future. Moreover, the submissions in the present case, as it progressed through the courts, called to attention a number of considerations that may need to be given weight in any clarification of the definition of TPM in the Copyright Act. Such considerations included the proper protection of fair dealing in works or other subject matters entitled to protection against infringement of copyright; proper protection of the rights of owners of chattels in the use and reasonable enjoyment of such chattels; the preservation of fair copying by purchasers for personal purposes; and the need to protect and uphold technological innovation which an over rigid definition of TPMs might discourage. These considerations are essential attributes of copyright law as it applies in Australia. They are integrated in the protection which that law offers to the copyright owner's interest in its intellectual property.

225 A court, not fully aware of the compromises that have been struck nationally and internationally and of the large debates that have addressed so-called super or "übercopyright"¹⁷³, is well advised, in the end, to confine itself to offering its best solution to the contested task of statutory interpretation. Whether that construction properly reflects the purpose that the Parliament had when it adopted its definition of TPM, or needs modification, is a decision that must be left to others in the Executive Government and the Parliament itself, assisted by the many contesting interests.

226 *Criminal offences:* There is one final, although less important, consideration that can be mentioned that favours a somewhat stricter approach to the meaning of TPM in s 10(1) of the Copyright Act than was adopted by the Full Court. This is the consideration that the statutory wrong, and civil action

Copyright Amendment (Digital Agenda) Bill 2000 (Cth) at 17. A report from this review process was released on 28 April 2004: Phillips Fox, *Digital Agenda Review, Report and Recommendations*, (2004). This is under consideration: see Weatherall at 615.

173 Vinje, "Copyright Imperilled?", (1999) *European Intellectual Property Review* 192; Cornish, *Intellectual Property: Omnipresent, Distracting, Irrelevant?*, (2004), Ch 2; Ginsburg, "Essay: From Having Copies to Experiencing Works: The Development of an Access Right in US Copyright Law", (2003) 50 *Journal of the Copyright Society of the USA* 113.

and remedies provided in s 116A of the Copyright Act, which depend upon the key role played in that section by the expression TPM, are reinforced by the provisions of s 132(5A) of the Copyright Act inserted by the Digital Agenda Act¹⁷⁴. That sub-section, and associated provisions, make it a criminal offence to provide, promote or advertise a circumvention service or to make, sell, let for hire, distribute, import or make available online a circumvention service or to remove or alter electronic rights management information attached to a copy of a work and otherwise to act in relation to a circumvention device or service in a way prohibited by the Act's new provisions. Given the key part played in these criminal offences by the same phrase (TPM), the appellant urged this Court to give a strict meaning to the expression in conformity with the traditional approach to statutory interpretation of provisions imposing criminal sanctions.

227 In recent years, in this Court, there has been a diminished inclination to adopt different rules for the construction of penal legislation, and indeed legislation imposing taxation and other special categories¹⁷⁵. Instead, a uniform approach, aimed to give effect to the purpose of legislation as expressed in its language, has usually replaced the special rules. Such special rules were often relics of literalism in statutory interpretation¹⁷⁶. On the other hand, legislation that radically simplifies the proof of criminal offences against the Copyright Act¹⁷⁷, imposes a limited burden of proof on the defendant¹⁷⁸ and provides for criminal penalties, including imprisonment¹⁷⁹, invites an approach to interpretation that reflects the seriousness of the consequences attaching to a criminal conviction. The fact that the phrase TPM appears in the new criminal offences, as well as in the provision for civil remedies under s 116A, pursuant to which the appellant was sued for copyright infringement, lends some weight to a

174 Digital Agenda Act, Sched 1, item 100.

175 *Beckwith v The Queen* (1976) 135 CLR 569 at 576; *Palgo Holdings* (2005) 79 ALJR 1121 at 1141 [112] fn 147 and cases there cited; 215 ALR 253 at 279. See also *Chief Executive Officer of Customs v El Hajje* (2005) 79 ALJR 1289 at 1304 [74]; 218 ALR 457 at 477; *R v Lavender* (2005) 79 ALJR 1337 at 1354-1355 [93]-[95]; 218 ALR 521 at 544-545.

176 As well, prosecutions under these penal provisions of the Copyright Act have been relatively rare: see McKeough, Stewart and Griffith, *Intellectual Property in Australia*, 3rd ed (2004) at 263 [8.59]; Kendall and McNamara, "Piracy and the Copyright Act: Criminal Deterrent or 'Slap on the Wrist'?", (2002) 13 *Australian Intellectual Property Journal* 121 at 131.

177 See eg Copyright Act, s 132(5GA), (5H).

178 Copyright Act, s 132(5J).

179 Copyright Act, s 132(6A).

stricter meaning of the contested definition of TPM, in preference to the broader meaning adopted by the Full Court.

228 *Conclusion: strict meaning:* For the foregoing reasons, I would resolve the differences about the interpretation of the definition of TPM in s 10(1) of the Copyright Act in favour of the approach adopted at trial by the primary judge. It affords a meaning consonant with the actual language of the Copyright Act. It is consistent with the context of the definition in the provisions introduced by the Digital Agenda Act, being designed to add serious civil and criminal outcomes to circumvention of measures constituted by "devices" which by their own operation prevent or inhibit infringements of copyright. The evidence in the present case showed that the technological devices relied on by Sony were not of that character. On the basis of the evidence accepted by the primary judge, it was open to him to so conclude.

229 Although it may be accepted that a different construction of the Copyright Act was also reasonably available, the Full Court erred in giving effect to its opinion favourable to that alternative, broader, construction of the Act. The considerations that I have mentioned indicate why I believe it was an error for the Full Court to prefer the broader over the narrower view in this instance. The context and legal policy considerations to which I have referred ought to have caused the Full Court, in a question of statutory construction which it acknowledged to be finely balanced, to uphold the primary judge's analysis and to confirm it.

Contention issues, conclusion and orders

230 The second and third issues argued in this appeal should be decided in the manner proposed in the joint reasons¹⁸⁰. The result is that the appellant is entitled to succeed in the appeal and to have restored to him the orders entered by the primary judge at trial.

231 This conclusion leaves outstanding the determination of the remedies to which Sony is entitled against the appellant for the infringement of the Trade Marks Act, found against him at first instance and not challenged in the Full Court or in this Court.

232 I agree in the orders proposed in the joint reasons.

180 See above fn 127.

