

# HIGH COURT OF AUSTRALIA

FRENCH CJ,  
GUMMOW, HAYNE, HEYDON, CRENNAN, KIEFEL AND BELL JJ

---

PHONOGRAPHIC PERFORMANCE COMPANY OF  
AUSTRALIA LIMITED & ORS

PLAINTIFFS

AND

COMMONWEALTH OF AUSTRALIA & ORS

DEFENDANTS

*Phonographic Performance Company of Australia Limited v Commonwealth of  
Australia*  
[2012] HCA 8  
28 March 2012  
S23/2010

## ORDER

*Order that the questions stated in the Special Case filed on 3 February 2011 be  
answered as follows:*

*Question 1: Are some or all of the provisions in ss 109 and 152 of the  
Copyright Act 1968 (Cth) beyond the legislative competence  
of Parliament by reason of s 51(xxxi) of the Constitution?*

*Answer: The provisions in s 152 of the Copyright Act 1968 (Cth)  
which were alleged by the plaintiffs to be invalid are not  
invalid and, therefore, s 109 is not invalid.*

*Question 2: If so, should some or all of these provisions be read down or  
severed and, if so, how?*

*Answer: This question does not arise.*

*Question 3: What order should be made in relation to the costs of the  
Special Case?*

*Answer: The plaintiffs should pay the defendants' costs of the Special  
Case.*



## **Representation**

R Cobden SC and J K Kirk with A Rao for the plaintiffs (instructed by Gilbert + Tobin Lawyers)

S J Gageler SC, Solicitor-General of the Commonwealth and S B Lloyd SC with K Richardson for the first defendant (instructed by Australian Government Solicitor)

J C Sheahan SC with C A Moore for the second defendant (instructed by ABC Legal Services)

A J Meagher SC with G R Kennett SC for the third defendant (instructed by Minter Ellison Lawyers)

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



## CATCHWORDS

### **Phonographic Performance Company of Australia Limited v Commonwealth of Australia**

Intellectual property – Copyright – Sound recordings – Source of rights – Transitional provisions – Whether after commencement of *Copyright Act* 1968 (Cth), the *Copyright Act* 1911 (Imp) remained source of subsisting copyright in pre-1969 sound recordings.

Constitutional law (Cth) – Validity of Commonwealth legislation – Acquisition of property on just terms – Whether fixing of a "cap" on compulsory licence fees in relation to copyright interests is unconstitutional – Application of s 51(xxxi) of Constitution.

Words and phrases – "compulsory licence", "copyright", "Imperial legislation", "just terms", "licence fees", "validity".

Constitution, s 51(xxxi).

*Copyright Act* 1911 (Imp), ss 19, 24-26.

*Copyright Act* 1912 (Cth).

*Copyright Act* 1968 (Cth), ss 84-113C, 152, 204-248.



1 FRENCH CJ, GUMMOW, HAYNE AND BELL JJ. There is before the Full Court a Special Case which presents, on a somewhat narrow front, a challenge to the validity of compulsory licensing provisions under the copyright law. The challenge is based upon that limitation upon the powers of the Parliament which is derived from s 51(xxxi) of the Constitution.

### The parties

2 The first plaintiff ("PPCA") carries on business as a copyright collecting society. It acts in the interests of the owners and exclusive licensees or other exclusive controllers of copyrights in sound recordings which presently subsist under Pt IV (ss 84-113C) of the *Copyright Act* 1968 (Cth) ("the 1968 Act"). PPCA does so by licensing the right to broadcast those sound recordings.

3 In particular, it is agreed for the purposes of the Special Case that PPCA acts on behalf of the second to fifth plaintiffs in respect of the sound recording copyrights in published sound recordings which were made of performances by well-known performers and groups<sup>1</sup> before the critical date, namely the commencement on 1 May 1969 of the 1968 Act ("the pre-1969 recordings"). The sixth plaintiff is also the holder of relevant sound recording copyrights.

4 Prior to the 1968 Act, the *Copyright Act* 1911 (Imp) ("the 1911 Act") was in force in Australia, with such modifications as were made by the *Copyright Act* 1912 (Cth) ("the 1912 Act") as amended from time to time. In respect of the pre-1969 recordings, it is agreed for the purposes of the Special Case that the effect of the transitional provisions in Div 1 (ss 204-209) and Div 3 (ss 220-225) of Pt XI of the 1968 Act is that they are to be taken to be sound recordings in which copyright subsists under Pt IV of the 1968 Act. Copyright in the pre-1969 recordings will continue for 70 years from the date they were made. This is the consequence of the 20-year additional term conferred on 1 January 2005 by operation upon the 1968 Act of the *US Free Trade Agreement Implementation Act* 2004 (Cth)<sup>2</sup> ("the Free Trade Act").

5 The Commonwealth is the first defendant. The second defendant ("the ABC") is the public broadcaster referred to in s 5 of the *Australian Broadcasting Corporation Act* 1983 (Cth), being a continuation of the body established

---

1 The individual performers are Dusty Springfield, Slim Dusty and Johnny O'Keefe; the groups are The Beatles and The Easybeats.

2 Sched 9, Pt 6.

French CJ  
Gummow J  
Hayne J  
Bell J

2.

pursuant to the *Broadcasting and Television Act 1942* (Cth). The third defendant ("CRA") represents commercial radio broadcasters in the negotiation of licence agreements for their benefit.

### The compulsory licensing system

6 Section 109 of the 1968 Act provides that copyright in published sound recordings is not infringed by a broadcaster, even in the absence of authorisation by the "owner"<sup>3</sup> of the copyright, if there is either an order by the Copyright Tribunal ("the Tribunal") under s 152 in force, or an undertaking given to pay the owner such amounts as may be determined under that section. However, s 152 imposes a "cap" on the amount that the Tribunal may require the broadcaster to pay for what in substance is a compulsory licence.

7 The "cap" is fixed by criteria which differ between public and non-public broadcasters, represented respectively by the second and third defendants. In respect of a non-public broadcaster, s 152(8) of the 1968 Act, in the text as enacted<sup>4</sup>, obliges the Tribunal not to make an order requiring payment of an amount "exceeding one per centum of the amount determined by the Tribunal to be the gross earnings of the broadcaster during the period equal to the period in relation to which the order applies" that ended on the thirtieth day of June last preceding the date of commencement of the period in which the order applies. In the case of the ABC, s 152(11) fixes a "cap" by reference to "the amount ascertained by multiplying one-half of One cent by the number equal to the number of persons comprised in the estimated population of Australia as last set out in statistics published by the Commonwealth Statistician before the making of the order".

### The attack on validity

8 The presence of compulsory licensing schemes may be a convenience to collecting societies such as PPCA. Accordingly, the plaintiffs do not submit that, with respect to the pre-1969 recordings or otherwise, the compulsory licensing system in respect of the broadcasting of sound recordings established by the 1968 Act is wholly invalid. Their attack on validity is more narrowly based. The

---

3 This includes an exclusive licensee. See *WEA Records Pty Ltd v Stereo FM Pty Ltd* (1983) 48 ALR 91 at 105-107.

4 Although the text has subsequently changed, the "cap" of one per cent remains unchanged.



3.

contention is that by fixing the "cap" upon the amount which the Tribunal may determine for the compulsory licence of the pre-1969 recordings, the 1968 Act did not provide for equitable remuneration. The plaintiffs submit that the 1968 Act effected, on 1 May 1969, an acquisition of the property in the pre-1969 recordings on other than just terms as required by s 51(xxxi) of the Constitution. The result that the plaintiffs seek, in effect, is the retention of the compulsory licence provisions in s 152 but after severance from those provisions of the requirements for the "cap".

9           The defendants resist this outcome on various grounds. The determinative ground is one advanced primarily by the Commonwealth. This fixes upon the relationship between, on the one hand, the 1911 Act and the 1912 Act and, on the other, the 1968 Act. In short, the Commonwealth denies a critical assumption upon which the plaintiffs' argument rests.

10           The assumption by the plaintiffs is that the copyright presently enjoyed in respect of the pre-1969 recordings, and which will expire in accordance with the extended term fixed by the operation of the Free Trade Act upon the 1968 Act, is that which arose under the 1911 Act and was carried forward by the 1968 Act, but with the impermissible imposition upon those copyrights of the "cap" in the compulsory licensing system introduced by the 1968 Act. The Commonwealth denies that assumption. The Commonwealth submission, which should be accepted, is that upon the proper construction of the 1968 Act: (a) copyrights subsisting in Australia on 1 May 1969 under the Imperial system were terminated; (b) thereafter, no copyright subsisted otherwise than by virtue of the 1968 Act; and (c) to that copyright in respect of sound recordings there attached immediately the compulsory licensing system including the "cap" upon the royalties payable thereunder.

11           It should be emphasised that the plaintiffs do not assert that the 1968 Act is invalid by reason of its bringing to an end the operation in Australia of the Imperial system without the provision of just terms. To do so successfully would be to leave them with such rights in respect of the pre-1969 recordings as they had under the 1911 Act and the 1912 Act, and without any copyrights subsisting under the 1968 Act. Rather, the plaintiffs seek to attack the validity of the attachment to their rights under the 1968 Act of one aspect of the compulsory licensing system for sound recordings. For the reasons which follow, that attack must fail.

The 1911 Act and the 1912 Act

12           It is necessary to begin with some consideration of the 1911 Act and the 1912 Act and their relationship to the 1968 Act.

French CJ  
Gummow J  
Hayne J  
Bell J

4.

13 It has been said by a contemporary scholar<sup>5</sup> that "the 1911 Act accommodated a broad range of concerns relating to trade, colonial and international relations, authorship and the public interest without necessarily resolving them into a coherent or a unified whole". But that understates the effect of s 36 and s 24 of the 1911 Act. Section 36 of the 1911 Act repealed 21 statutes, and s 24 provided, with respect to an "existing right", for the conferral of a "substituted right", as specified in the First Schedule, and denied entitlement to any "other right or interest"<sup>6</sup>. This, as will become apparent, provided some precedent for what was later to be adopted in Australia as the scheme of the 1968 Act.

14 Before the enactment of the 1911 Act, in May 1910 an Imperial Copyright Conference was held in London and presided over by the President of the Board of Trade<sup>7</sup>. The self-governing Dominions – Canada, Australia, New Zealand, South Africa and Newfoundland – were represented; in the case of Australia by the former Governor-General Lord Tennyson. The memorandum of the proceedings was presented to the Parliament at Westminster in July 1910<sup>8</sup>. Resolution 2(a) of the Conference recognised "the urgent need of a new and uniform Law of Copyright throughout the Empire", and recommended the passage by the Imperial Parliament of a statute "dealing with all the essentials of Imperial Copyright Law" but which was not to extend to a self-governing Dominion unless declared by its legislature to be in force therein, "either without any modifications or additions, or with such modifications and additions relating exclusively to procedure and remedies as may be enacted by such Legislature". Resolution 2(b) stated: "Any self-governing Dominion which adopts the new Act should be at liberty subsequently to withdraw from the Act, and for that purpose to repeal it so far as it is operative in that Dominion, subject always to treaty obligations and respect for existing rights."

---

5 Deazley, "Reviews", (2011) 74 *Modern Law Review* 499 at 501.

6 See *Falcon v Famous Players Film Co* [1926] 2 KB 474 at 489-490, 494-495, 498.

7 Alexander, *Copyright Law and the Public Interest in the Nineteenth Century*, (2010) at 267.

8 Cd 5272.

5.

15 Section 19(1) of the 1911 Act provided:

"Copyright shall subsist in records, perforated rolls, and other contrivances by means of which sounds may be mechanically reproduced, in like manner as if such contrivances were musical works, but the term of copyright shall be fifty years from the making of the original plate from which the contrivance was directly or indirectly derived, and the person who was the owner of such original plate at the time when such plate was made shall be deemed to be the author of the work".

The sub-section went on to state that if the owner of the original plate was a body corporate, then "the body corporate shall be deemed for the purposes of this Act to reside within the parts of His Majesty's dominions to which this Act extends if it has established a place of business within such parts".

16 Thereafter, in *Gramophone Co Ltd v Stephen Cawardine & Co*<sup>9</sup>, Maugham J held that, upon its true construction, s 19(1) of the 1911 Act went beyond conferral of the right to prevent reproduction of the record in a physical form and the right to sell the record. What he identified as the "special copyright" conferred by s 19(1) also conferred the sole right to use the record for a performance in public. His Lordship saw "considerable objection" to an alternative construction which limited the right to the reproduction of the record itself, and which permitted the purchasers of a record to obtain, merely by reason of that purchase, "the advantage of the work, skill and labour expended by the makers of gramophone records for the purposes of a public performance"<sup>10</sup>.

17 It is upon the decision in *Cawardine* that the plaintiffs rely to support their performance rights under the 1911 Act in respect of the pre-1969 recordings. In the present case the Commonwealth challenged the correctness of that decision, but it is not necessary to embark upon that issue in order to determine this Special Case.

18 Section 25(1) of the 1911 Act applied the statute throughout the British Empire in the following terms:

"This Act, except such of the provisions thereof as are expressly restricted to the United Kingdom, shall extend throughout His Majesty's

---

9 [1934] Ch 450.

10 [1934] Ch 450 at 460-461.

French CJ  
Gummow J  
Hayne J  
Bell J

6.

dominions: Provided that it shall not extend to a self-governing dominion, unless declared by the Legislature of that dominion to be in force therein either without any modifications or additions, or with such modifications and additions relating exclusively to procedure and remedies, or necessary to adapt this Act to the circumstances of the dominion, as may be enacted by such Legislature."

19 Section 8 of the 1912 Act provided that the 1911 Act, a copy of which was set out in the Schedule, was, subject to any modifications provided by the 1912 Act, to be deemed to have been in force in the Commonwealth from 1 July 1912. The 1912 Act was amended (by the *Copyright Act* 1933 (Cth) ("the 1933 Act")) and s 13A was inserted. Section 13A provided for voluntary (not compulsory) arbitration in disputes concerning the public performance of musical and other works, and of sound recordings, and no use appears to have been made of it.

20 Section 26(1) of the 1911 Act conferred a limited power of repeal upon the self-governing Dominions as follows:

"The Legislature of any self-governing dominion may, at any time, repeal all or any of the enactments relating to copyright passed by Parliament (including this Act) so far as they are operative within that dominion: Provided that no such repeal shall prejudicially affect any legal rights existing at the time of the repeal, and that, on this Act or any part thereof being so repealed by the Legislature of a self-governing dominion, that dominion shall cease to be a dominion to which this Act extends."

21 With respect to Australia, it was only with the adoption by the Parliament of the *Statute of Westminster* 1931 (Imp) ("the Statute of Westminster") by the *Statute of Westminster Adoption Act* 1942 (Cth)<sup>11</sup> that, in addition to s 26(1) of the 1911 Act, comprehensive provision was made for the repeal by the Parliament of laws applying by paramount force. Section 2(2) of the Statute of Westminster now had the effect that the provisions of any existing statute of the United Kingdom might be repealed or amended by the Parliament of the Commonwealth insofar as the Imperial statute was part of the law of Australia. That upon its proper construction s 2(2) was such a comprehensive provision, only became fully apparent in litigation in this Court after the enactment of the 1968 Act<sup>12</sup>.

---

11 Section 3 thereof specified its effective date as 3 September 1939.

12 *Kirmani v Captain Cook Cruises Pty Ltd [No 1]* (1985) 159 CLR 351 at 375-377, 403-404, 423-424; [1985] HCA 8.

22 The *Copyright Act* 1956 (UK) ("the 1956 Act") repealed the bulk of the 1911 Act but provided<sup>13</sup> that insofar as the 1911 Act formed part of the law of a country other than the United Kingdom, the 1911 Act shall "so long as it forms part of the law of that country, be construed and have effect as if [the 1911 Act] had not been so repealed".

23 This Court held in *Gramophone Co Ltd v Leo Feist Incorporated*<sup>14</sup> that the 1911 Act was in force in Australia by force of Imperial law rather than by reason of any independent enactment as a law of the Commonwealth supported by s 51(xviii) of the Constitution. After the enactment in the United Kingdom of the 1956 Act, this Court decided in *Copyright Owners Reproduction Society Ltd v EMI (Australia) Pty Ltd*<sup>15</sup> that the 1956 Act did not extend, by reason of s 4 of the Statute of Westminster, to the Commonwealth, with the result that the 1911 Act remained the law in the Commonwealth<sup>16</sup>.

#### The enactment of the 1968 Act

24 It was in that setting that the Parliament enacted the 1968 Act. As indicated above, it is to the 1968 Act, in the form in which it came into force on 1 May 1969, that attention is to be given for the purposes of the Special Case.

25 Section 6 of the 1968 Act repealed the 1912 Act as it had been amended<sup>17</sup>. However, s 5(1) was not expressed to "repeal" the 1911 Act, whether in exercise of power conferred by s 26(1) of the 1911 Act or by s 2(2) of the Statute of Westminster. Rather it stated: "This Act operates to the exclusion of the [1911 Act]." Then, for the purposes of the application of the transitional provisions in s 8 of the *Acts Interpretation Act* 1901 (Cth) ("the Interpretation Act"), s 5(2) of the 1968 Act "deemed" the 1911 Act, an Imperial law, to be a statute passed by the Parliament of the Commonwealth and to be repealed by the 1968 Act. The result of this "deeming" provision, for example, was to attract the operation of s 8 of the Interpretation Act to the continuation of pending legal proceedings.

---

13 Seventh Schedule, Item 41.

14 (1928) 41 CLR 1; [1928] HCA 23.

15 (1958) 100 CLR 597; [1958] HCA 54.

16 (1958) 100 CLR 597 at 603-604.

17 By the 1933 Act, the *Copyright Act* 1935 (Cth) and the *Copyright Act* 1963 (Cth).

French CJ  
Gummow J  
Hayne J  
Bell J

8.

26 Further specific transitional provisions were made in the 1968 Act itself. For example, sub-ss (2)-(7) of s 19 of the 1911 Act had established a licensing system for the use of musical works in sound recordings; s 215(2) of the 1968 Act was expressed to operate notwithstanding the general terms of s 5(1), and gave some continued operation to those provisions of s 19 of the 1911 Act.

27 The presently critical provision in the 1968 Act was s 8. It provided: "Subject to [any prerogative right or privilege of the Crown], copyright does not subsist otherwise than by virtue of this Act or of the *Designs Act* 1906-1968."

28 Part IV (ss 84-113) was headed "COPYRIGHT IN SUBJECT-MATTER OTHER THAN WORKS". Section 89(1) provided: "Subject to this Act, copyright subsists in a sound recording of which the maker was a qualified person at the time when the recording was made." In Pt IV, "qualified person" meant certain individuals and "a body corporate incorporated under a law of the Commonwealth or of a State" (s 84). For the purposes of the 1968 Act, and unless the contrary intention appeared, the copyright in a sound recording comprised the exclusive right to make a record embodying the recording (s 85(a)), to cause the recording to be heard in public (s 85(b)), and to broadcast the recording (s 85(c)). Sounds embodied in a sound-track associated with visual images forming part of a cinematograph film were deemed not to be a sound recording (s 23(1)).

29 In addition, something more should be said about s 89(3). This provided, without prejudice to s 89(1) and s 89(2), that copyright subsisted in a published sound recording, the first publication of which took place in Australia. But by force of s 105, copyright subsisting only by virtue of s 89(3) was not infringed by the causing of the recording to be heard in public (s 85(b)), or by broadcasting it (s 85(c)); the monopoly created by s 89(3) thus was confined to the making of a record embodying the recording (s 85(a)).

#### The transitional provisions

30 Part XI (ss 204-248) was headed "TRANSITIONAL". Section 207 was an important provision. It provided:

"Except in so far as this Part otherwise expressly provides, this Act applies in relation to things existing at the commencement of this Act in like manner as it applies in relation to things coming into existence after the commencement of this Act."

Part XI did otherwise expressly provide in Div 3 (ss 220-225). Section 220(1) stated:

"Sub-section (1) of section 89 of this Act applies in relation to sound recordings made before the commencement of this Act as if the reference in that sub-section to a qualified person included a reference to a British subject and to a person domiciled in any part of the Queen's dominions to which [the 1911 Act] extended."

Thus, s 220(1) was linked to s 89(1) with respect to sound recordings made before 1 May 1969. This was achieved by treating as a "qualified person" both "a British subject" and "a person domiciled in any part of the Queen's dominions to which [the 1911 Act] extended". Section 89(2) provided that, without prejudice to s 89(1), copyright also subsisted in a sound recording made in Australia; however, s 220(2) stated that s 89(2) did not apply in relation to sound recordings made before 1 May 1969.

31 Accordingly, with respect to the pre-1969 recordings upon which the plaintiffs rely in these proceedings, reliance for the broadcasting right must be based on s 220(1) of the 1968 Act. This adapts the concept found in s 89(1) of "the maker" of a sound recording to "a person domiciled in any part of the Queen's dominions to which [the 1911 Act] extended". Subject to any contrary intention in s 220(1), "person" includes a body corporate<sup>18</sup>. Given the linkage to s 19(1) of the 1911 Act, and the reference therein to bodies corporate which owned the original plate, the reference in s 220(1) to "a person domiciled ..." should be understood as applying to bodies corporate.

32 But what then is meant by the "domicile" of such a corporation? Upon this point the following statement in *Dicey, Morris and Collins on the Conflict of Laws*<sup>19</sup> is apposite:

"The notion of a home or domicile, depending as it does in part on an intention to reside, is in its primary sense applicable only to human beings; but statutes occasionally and infelicitously attribute a domicile to corporations. The attribution is achieved by way of analogy with the domicile of origin which is ascribed to every natural person upon birth,

---

18 Interpretation Act, s 22(1)(a).

19 14th ed (2006), vol 2 at 1336.

*French CJ*  
*Gummow J*  
*Hayne J*  
*Bell J*

10.

and accordingly a corporation is domiciled in the country under whose law it was created." (footnote omitted)

33 From the terms of the Special Case it appears to be accepted that the corporations which were the makers of the pre-1969 recordings were incorporated in England or an Australian State or Territory and thus, within the meaning of s 220(1), were persons domiciled in a part of the Queen's Dominions to which the 1911 Act extended.

34 Section 93 of the 1968 Act conferred a copyright term of 50 years after the expiration of the calendar year in which each sound recording was first published. But s 93 applied only to copyrights subsisting by virtue of Pt IV. Section 220(3) denied the application of s 93 to sound recordings made before 1 May 1969 and thus to the pre-1969 recordings with which this litigation is concerned. However, s 220(3) went on to provide that, with respect to copyrights subsisting in such recordings by virtue of s 89(1) or s 89(3) read with s 220(1), those copyrights would continue to subsist until the expiration of 50 years after the expiration of the calendar year in which the recording was made<sup>20</sup>.

35 In this way, with respect to the pre-1969 recordings, Pt XI made detailed provision from 1 May 1969 for the subsistence under the 1968 Act of copyright in those sound recordings. Part XI did so by building upon the foundation provided by ss 5 and 8. This excluded further operation of the 1911 Act and denied subsistence of copyright otherwise than by virtue of the 1968 Act.

### Outcome and orders

36 The result, as indicated earlier in these reasons, is that the premise upon which rests the plaintiffs' attack on the validity of the "cap", in the compulsory licensing system provided by the 1968 Act, is not made good.

37 Question (1) in the Special Case asks whether some or all of the provisions in s 109 and s 152 of the 1968 Act are invalid. Question (2) asks whether any invalid provision may be read down or severed. Question (3) asks what costs order should be made in respect of the Special Case.

---

20 As stated earlier, as a result of amendment of s 93 by the Free Trade Act, this period is now increased to 70 years.



11.

38 The questions should be answered:

- (1) The provisions in s 152 of the *Copyright Act* 1968 (Cth) which were alleged by the plaintiffs to be invalid are not invalid and, therefore, s 109 is not invalid.
- (2) Does not arise.
- (3) The plaintiffs should pay the defendants' costs of the Special Case.

39 HEYDON J. These proceedings concern s 51(xxxi) of the Constitution and the  
Copyright Act 1968 (Cth) ("the 1968 Act"). Section 109 of the 1968 Act created,  
in effect, a scheme for compulsory licensing of copyright in relation to sound  
recordings. Section 152 of the 1968 Act provided for the payment of fees for the  
licences. The plaintiffs contended that s 109 is not constitutionally valid. One  
limb of the argument was that s 109 entailed the acquisition of property within  
s 51(xxxi). The other limb of the argument was that the statutory caps imposed  
by s 152 on the fees prevented them amounting to just terms.

### Three assumptions

40 It is necessary to begin with three assumptions.

41 The first assumption is that the plaintiffs were correct to claim that the  
second to sixth plaintiffs held certain rights before the 1968 Act came into force  
on 1 May 1969. They held those rights as owners of copyrights, or as exclusive  
licensees of them, or otherwise as exclusive controllers of them. Those  
copyrights included an exclusive right to perform certain sound recordings or a  
substantial part of them in public. They also included a right to broadcast the  
sound recordings or a substantial part of them.

42 The second assumption is that the plaintiffs were correct to claim that  
those rights constituted property for s 51(xxxi) purposes.

43 The third assumption is that the source of the rights was s 19(1) of the  
Copyright Act 1911 (Imp) ("the 1911 Act"), which came into force in Australia  
by reason of s 8 of the Copyright Act 1912 (Cth) ("the 1912 Act").

44 It is convenient to consider the material parts of the 1968 Act as it stood  
on coming into force on 1 May 1969, and to ignore later amendments.

### The defendants' position

45 The defendants' position was that, at most, the second to sixth plaintiffs  
acquired rights *created* by the 1968 Act. The defendants said that the second to  
sixth plaintiffs had no right which *survived* from any period before 1 May 1969.  
The defendants submitted that from 1 May 1969 the 1968 Act terminated the  
earlier rights of the plaintiffs. In their place the 1968 Act created new rights,  
though they were limited by ss 109 and 152. That is, rather than pre 1 May 1969  
rights being acquired on unjust terms by reason of ss 109 and 152, the new rights,  
from the moment of their creation on 1 May 1969, came into being only in a  
shrunk state – shrunk by the possible application of ss 109 and 152 of the  
1968 Act.

46 The defendants submitted that the new rights were created by Pt IV of the  
1968 Act, particularly ss 89 and 93. Section 89 provided:

13.

"(1) Subject to this Act, copyright subsists in a sound recording of which the maker was a qualified person at the time when the recording was made.

(2) Without prejudice to the last preceding sub-section, copyright subsists, subject to this Act, in a sound recording if the recording was made in Australia.

(3) Without prejudice to the last two preceding sub-sections, copyright subsists, subject to this Act, in a published sound recording if the first publication of the recording took place in Australia."

Section 84 defined "qualified person" as meaning an Australian citizen, an Australian protected person, a person (other than a body corporate) resident in Australia, or a body corporate incorporated under a law of the Commonwealth or of a State. Section 93, as originally enacted, provided:

"Copyright subsisting in a sound recording by virtue of this Part [ie Pt IV] continues to subsist until the expiration of fifty years after the expiration of the calendar year in which the recording is first published."

#### The submissions of the plaintiffs

47 The plaintiffs submitted that when one federal statutory regime regulating property replaces another, there are at least three techniques available for validly continuing the effect of the former regime despite s 51(xxxi). One involved "grandfathering of existing vested rights". A second involved enacting "a range of transitional provisions to preserve and/or recreate existing rights and bring them within the new statutory scheme." A third was "to repeal one statute creating property rights and to replace it with another, so long as there is no acquisition of property without provision of just terms." The plaintiffs seemed to submit that in 1968 the legislature attempted to select the second or third technique, or perhaps an amalgam of the two, but failed to ensure that s 152 provided just terms in relation to s 109 acquisitions.

48 The plaintiffs submitted that the rights conferred under the 1911 Act were co-extensive with those conferred by Pt IV of the 1968 Act. In that way the 1968 Act served to "preserve and continue the vested rights" claimed by the second to sixth plaintiffs. As under the 1911 Act, copyright, pursuant to s 113(1) of the 1968 Act, subsisted in a sound recording in addition to, and independently of, any copyright subsisting in a work. Under both the 1911 Act and s 196 of the 1968 Act, copyright in sound recordings was personal property.

49 The plaintiffs then drew attention to s 5 of the 1968 Act. Section 5(1) provided that the 1968 Act "operates to the exclusion of the [1911 Act]." Section 5(2) provided:

"For the purposes of section 8 of the *Acts Interpretation Act* 1901-1966, the [1911 Act] shall be deemed to be an Act passed by the Parliament of the Commonwealth and to be repealed by this Act, and the enactment of Part XI shall not be taken to affect the operation of section 8 of the *Acts Interpretation Act* 1901-1966 as it operates by virtue of this sub-section in relation to matters to which that Part does not apply."

Section 220 is in Pt XI.

50 The plaintiffs submitted that the sound recordings in relation to which the second to sixth plaintiffs claim copyright were "brought within the 1968 Act by s 220". Section 220 provided:

"(1) Sub-section (1) of section 89 of this Act applies in relation to sound recordings made before the commencement of this Act as if the reference in that sub-section to a qualified person included a reference to a British subject and to a person domiciled in any part of the Queen's dominions to which the [1911 Act] extended.

(2) Sub-section (2) of section 89 of this Act does not apply in relation to a sound recording made before the commencement of this Act.

(3) Section 93 of this Act does not apply in relation to a sound recording made before the commencement of this Act but copyright subsisting in such a recording by virtue of sub-section (1) or sub-section (3) of section 89 of this Act continues to subsist until the expiration of fifty years after the expiration of the calendar year in which the recording was made."

The plaintiffs submitted that s 220(1) "picked up the terms of s 19(1) of the 1911 Act, thus bringing the 1911 Act sound recordings within the scheme of the 1968 Act." Strictly speaking, the submission must have been intended to mean that s 220(1) also picked up the terms of s 1(1) of the 1911 Act.

51 The plaintiffs submitted that the effect of these provisions was as follows:

- "(a) copyright subsisting in sound recordings under the 1911 Act as at 1 May 1969 was continued as copyright protected by s 89(1) of the 1968 Act, but with recognition of the broader geographical reach of the pre-existing copyright (ie 'qualified person' was taken to include reference to a British subject and to a person domiciled in any part of the Queen's Dominions to which the 1911 Act extended);
- (b) as a corollary, the provision in s 89(2) relating to copyright subsisting in a sound recording if it was made in Australia did not apply to such pre-existing sound recordings; and

15.

- (c) to the extent not specifically dealt with in Part XI, the rights were to be treated as ordinary accrued rights pursuant to the *Acts Interpretation Act*."

The submissions of the plaintiffs analysed

52 The plaintiffs' submissions depend on s 220. Each sub-section in s 220 is linked to s 89(1) and depends directly (s 220(1)) or indirectly (s 220(2) and (3)) on it.

53 Section 89(1) is expressed to be subject to the 1968 Act, and hence to s 8(1). Section 8(1) provided that "copyright does not subsist otherwise than by virtue of [the 1968] Act or of the *Designs Act* 1906-1968." Thus it denied that there was any other possible source of copyright, like s 19(1) of the 1911 Act. Section 8(1) was subject to s 8(2) (relating to prerogative rights and privileges). But s 8(1) was not otherwise subject to the 1968 Act. Hence neither s 5(2) nor any other part of the 1968 Act can be read as contradicting or prevailing over s 8. The consequence is that the 1968 Act stated the law as to copyright exhaustively. It obviated the need to examine the legal position under the 1911 Act.

54 Section 89(1) was also subject to s 6. Section 6 repealed the 1912 Act. Section 89(1) was also subject to s 5(1). As already noted, it provided that the 1968 Act "operates to the exclusion of the" 1911 Act. And s 89(1) was subject to s 5(2), which deemed the 1911 Act to be repealed.

55 Contrary to the plaintiffs' submissions, s 8 of the *Acts Interpretation Act* 1901-1966 did not treat rights in relation to sound recordings under the 1911 Act as being "accrued rights" in relation to matters to which Pt XI applies. Section 5(2) of the 1968 Act specifically provided to the contrary. Among the provisions in Pt XI were ss 207 and 220. Section 220 adopted, but significantly modified, s 89.

56 Section 89 of the 1968 Act, considered independently of ss 207 and 220, did not have the effect of continuing s 19(1) of the 1911 Act. It did not purport to continue rights which existed before 1 May 1969. Read with s 8, the effect of s 89 was to create new copyrights. It is true that s 89 was subject to the 1968 Act. It is therefore true that s 89 was subject to those of the provisions of the 1968 Act which preserved states of affairs that existed under the 1911 Act. To some extent, in matters to which Pt XI did not apply, preservation was achieved by s 8 of the *Acts Interpretation Act* 1901-1966. To some extent it was achieved by s 207 in Pt XI of the 1968 Act. Section 207 provided:

"Except in so far as this Part [ie Pt XI] otherwise expressly provides, this Act applies in relation to things existing at the commencement of this Act in like manner as it applies in relation to things coming into existence after the commencement of this Act."

Hence, save so far as s 220 (another provision in Pt XI) expressly provided otherwise, the 1968 Act was to apply to sound recordings in existence as at 1 May 1969. But s 220 did expressly provide otherwise. It took s 89(1), s 89(2) and s 93, which apply in their own terms only to sound recordings coming into existence after 1 May 1969, and applied them in modified form to sound recordings coming into existence "before the commencement of this Act", ie before 1 May 1969.

57           Thus s 220(1) read with s 207 widened s 89(1) so that copyright subsisted in a sound recording made before 1 May 1969 if, at the time the recording was made, the maker was a British subject or a person domiciled in any part of the Queen's dominions to which the 1911 Act extended.

58           Section 220(2) provided that s 89(2) did not apply in relation to a sound recording made before 1 May 1969. The effect of s 220(2), when read with s 207, was that copyright would not subsist in a sound recording made before that date merely because it had been made in Australia.

59           Section 220(3), when read with s 207, had two effects. One was that s 93 of the 1968 Act, which prescribed the term of a copyright in a sound recording, did not apply to a sound recording made before 1 May 1969. The other was that copyright subsisting in such a sound recording by virtue of s 89(1) or s 89(3) would continue to subsist until 50 years from the end of the calendar year in which the recording was made.

60           To that extent ss 207 and 220 ensured that the 1968 Act operated retrospectively. In other aspects ss 226-242 provided that it only operated prospectively.

61           Thus the position of the sound recordings copyright that the second to sixth plaintiffs relied on is as follows.

- (a) Any copyright which subsisted by reason of the 1911 Act was extinguished. It was extinguished by the repeal of the 1912 Act (by s 6 of the 1968 Act) and the deemed repeal of the 1911 Act (by s 5(2) of the 1968 Act). Instead the 1968 Act created copyright in relation to those sound recordings. It did so by virtue of ss 89 and 207 of the 1968 Act, but only as modified by s 220(1) and (2) of that Act.
- (b) The term of copyright in relation to those sound recordings changed from 50 years from the date of making the original plate from which the recording was derived (s 19(1) of the 1911 Act) to 50 years from the end of the calendar year in which the recording was made (s 220(3) of the 1968 Act).

- (c) The exclusive right of the owner of copyright to "perform ... the work or any substantial part thereof in public" under s 1(2) of the 1911 Act was replaced by dual rights. One was "to cause" the sound recording to be heard in public (s 85(b) of the 1968 Act). The other was "to broadcast" it (s 85(c) of the 1968 Act).
- (d) The right of a copyright owner under the 1911 Act was to sue under s 6(1) for a breach of the copyright conferred by s 19(1). Sections 5, 6 and 8 of the 1968 Act extinguished that right under the 1911 Act. Instead a new right was conferred on the second to sixth plaintiffs. It was a right to sue under s 101(1)<sup>21</sup> for a breach of the copyright conferred by s 89 but only as modified by s 220.
- (e) The 1968 Act enhanced those new rights to sue in various ways. Section 115(3) of the 1968 Act granted a new entitlement to an account of profits from an innocent infringer. Section 115(4) of the 1968 Act granted a new right to claim additional damages in cases of flagrant infringement. Section 134 of the 1968 Act extended the limitation period for infringement actions from three years to six years. On the other hand, the 1968 Act created new defences to copyright infringement (ss 104-107).
- (f) Unlike the 1911 Act (eg s 18), the 1968 Act bound the Crown (s 7), so that the Commonwealth or a State could be held liable for infringing copyright in sound recordings.
- (g) Section 196(4) of the 1968 Act rendered exclusive licences to sound recordings binding on assignees from the copyright owner even if they lacked notice of the licence.
- (h) Sections 117-125 of the 1968 Act conferred on exclusive licensees of copyright express rights of action in relation to copyright infringement.
- (i) The 1968 Act also adjusted in relatively minor ways the balance between the rights and interests of owners of copyright in the second to sixth plaintiffs' sound recordings and the rights and interests of the users of those recordings. An example of this adjustment is the scheme of compulsory licensing introduced by ss 109 and 152.

---

**21** It provided:

"Subject to this Act, a copyright subsisting by virtue of this Part [ie Pt IV] is infringed by a person who, not being the owner of the copyright, and without the licence of the owner of the copyright, does in Australia, or authorizes the doing in Australia of, any act comprised in the copyright."

62 The plaintiffs submitted that these changes "were not trade-offs for imposition of the caps on copyright in sound recordings" and could "not stand in lieu of just terms in relation to those caps." That may be true. But the changes do reveal how different the scheme of the 1968 Act was. That highlights how the 1968 Act created new rights rather than modifying old rights.

63 In short, the 1968 Act did not preserve the second to sixth plaintiffs' rights under the 1911 Act and the 1912 Act. It abolished those rights. It substituted for them distinct and fresh rights – some more advantageous to those plaintiffs, some less. Thus ss 109 and 152 did not cause any property to be acquired. Property may have been extinguished by other provisions, but the plaintiffs' case was not concerned with them.

#### Other issues

64 It is not necessary to consider the plaintiffs' submissions about why they surmount the various other hurdles facing their allegation that ss 109 and 152 are invalid.

#### The questions before this Court

65 The questions before this Court should be answered thus.

1. Are some or all of the provisions in ss 109 and 152 of the *Copyright Act* 1968 (Cth) beyond the legislative competence of Parliament by reason of s 51(xxxi) of the Constitution?

No.

2. If so, should some or all of these provisions be read down or severed and, if so, how?

This question does not arise.

3. What order should be made in relation to the costs of the Special Case?

The plaintiffs should pay the defendants' costs of the Special Case.



66 CRENNAN AND KIEFEL JJ. The questions of law set out in the Special Case, reserved by a single Justice for the consideration of the Full Court, concern the constitutional validity of ss 109 and 152 of the *Copyright Act* 1968 (Cth) ("the 1968 Act"). Those sections provide for and govern a compulsory licence scheme in respect of the broadcasting of sound recordings.

67 The plaintiffs contend that ss 109 and 152 of the 1968 Act, or any parts thereof, are invalid by reason of s 51(xxxi) of the Constitution in that they are laws with respect to the acquisition of property that do not also provide for just terms. The property which is said to have been acquired is a copyright owner's exclusive right (or a substantial part of it) to perform a record in public. For reasons which will become clear, for the purposes of the Special Case this exclusive right was treated as an exclusive right to broadcast a sound recording. It needs to be noted that the Special Case is concerned with copyright in sound recordings made between 1957 and 1966 – that is, recordings which were in existence as at 1 May 1969<sup>22</sup>, and in which copyright had subsisted under s 19(1) of the *Copyright Act* 1911 (Imp) ("the 1911 Act"), in force in Australia by virtue of s 8 of the *Copyright Act* 1912 (Cth) ("the 1912 Act")<sup>23</sup>. Some details of the rights under copyright law of each of the relevant plaintiffs in respect of the sound recordings in question are set out in the Special Case.

68 The 1911 Act was adopted by the 1912 Act<sup>24</sup>, not as Commonwealth legislation, but as an Imperial Act<sup>25</sup>, and thereafter applied in Australia with such

---

22 The date of the commencement of the operation of the 1968 Act.

23 Section 8 of the 1912 Act provided: "The [1911 Act], a copy of which is set out in the Schedule to this Act, shall, subject to any modifications provided by this Act, be in force in the Commonwealth, and shall be deemed to have been in force therein as from the first day of July, One thousand nine hundred and twelve."

Note that s 25(1) of the 1911 Act provided: "This Act, except such of the provisions thereof as are expressly restricted to the United Kingdom, shall extend throughout His Majesty's dominions: Provided that it shall not extend to a self-governing dominion, unless declared by the Legislature of that dominion to be in force therein either without any modifications or additions, or with such modifications and additions relating exclusively to procedure and remedies, or necessary to adapt this Act to the circumstances of the dominion, as may be enacted by such Legislature."

24 Section 8 of the 1912 Act was enacted in accordance with the proviso in s 25(1) of the 1911 Act, set out in note 23 above.

25 *Gramophone Co Ltd v Leo Feist Incorporated* (1928) 41 CLR 1; [1928] HCA 23.

modifications and additions as made from time to time. The *Copyright Act* 1956 (UK) ("the 1956 Act") repealed the 1911 Act<sup>26</sup>, but did not contain any declaration that the Commonwealth of Australia requested or consented to the Act. Thus, by reason of s 4 of the *Statute of Westminster* 1931 (Imp)<sup>27</sup>, the repeal by the 1956 Act of the 1911 Act did not extend to Australia<sup>28</sup>. Section 19 of the 1911 Act remained in force in Australia in respect of sound recordings until 1 May 1969. It can also be noted that, whilst s 26 of the 1911 Act imposed limitations on the power of the self-governing dominions to which it extended to repeal the 1911 Act, that provision subsequently became subject to s 2(2) of the *Statute of Westminster*.

### The alleged acquisition of property

69 The alleged acquisition of property is said to have arisen as follows. Before 1 May 1969, an owner of a copyright in a record protected under the 1911 Act had the exclusive right to perform the record (or a substantial part thereof) in public<sup>29</sup>, a correlative of which was an exclusive right to license or authorise a radio broadcaster to broadcast the record<sup>30</sup>. In the event of a dispute between the owner on the one hand and a broadcaster on the other in respect of the payment of licence fees for broadcasting rights, s 13A of the 1912 Act provided for the determination of such a dispute by a voluntary arbitration process<sup>31</sup>. Neither the 1911 Act nor the 1912 Act provided for a compulsory licence scheme under which a broadcaster could broadcast a sound recording, without the consent of the owner, without infringing the copyright.

70 The 1968 Act succeeded the 1911 Act, as explained more fully later in these reasons, and s 220(1) of the 1968 Act re-enacted the substance of the provisions of the 1911 Act in respect of the qualifications of makers of records governed by the 1911 Act. Copyright, as described in s 85 of the 1968 Act,

---

26 With the exception of three sections which are not presently material.

27 Adopted by the *Statute of Westminster Adoption Act* 1942 (Cth).

28 *Copyright Owners Reproduction Society Ltd v EMI (Australia) Pty Ltd* (1958) 100 CLR 597; [1958] HCA 54.

29 *Gramophone Co v Stephen Cawardine & Co* [1934] Ch 450.

30 That right in respect of the copyright in a sound recording is recognised under the 1968 Act in s 109(2).

31 Section 13A of the 1912 Act was introduced by the *Copyright Act* 1933 (Cth).

subsists in sound recordings provided that s 89 and the transitional provisions of s 220 are satisfied.

71 The plaintiffs did not challenge the provisions of the 1968 Act which have the effect of replacing any copyright under the 1911 Act with a copyright under the 1968 Act. Rather, the plaintiffs characterise the relevant copyright under the 1911 Act as "vested" copyright which was "continued" under the 1968 Act. This "continuation" is crucial to the plaintiffs' submission that ss 109 and 152 reduce or impair the copyright owner's exclusive rights under the 1911 Act to broadcast the recordings in question.

The compulsory licence scheme

72 Relevantly, s 109 of the 1968 Act provides that "the copyright in a published sound recording is not infringed by the making of a broadcast ... of that recording" if, at the time of the broadcast, there is an order of the Copyright Tribunal ("the Tribunal") in force under s 152 and the broadcaster makes payments pursuant to that order in favour of the copyright owner, or if there is an undertaking that the broadcaster will pay such amounts as may be determined under s 152.

73 Accordingly, the section operates to qualify the exclusive right of an owner of copyright to communicate a published sound recording to the public by radio broadcast, by the provision of a compulsory licence to broadcasters. A broadcaster is relieved of the obligation to obtain the owner's consent to broadcasting provided the broadcaster pays a specified amount, determined under s 152, as a quid pro quo for the statutory relief from infringement pursuant to s 101 which is given by s 109. Copying for private and domestic use is covered separately by s 109A.

74 Sub-sections (8) and (11) of s 152, directed respectively to the amounts to be paid by commercial radio broadcasters and the Australian Broadcasting Corporation ("the ABC"), provide for caps upon those amounts to be determined by the Tribunal. The cap imposed by s 152(8) is determined by reference to a percentage of gross earnings of a commercial radio broadcaster in a specific period, being the period of the same duration as the period covered by the Tribunal's order, ending on the most recent 30 June. The cap imposed by s 152(11) is determined by reference to multiplying a percentage by the estimated population of Australia as last set out in the statistics of the Commonwealth Statistician.

75 It is those statutory caps in respect of the statutory relief from infringement which are said to give rise to a failure to provide for just terms in respect of the acquisition of the exclusive right (or a substantial part thereof),

subsisting under the 1911 Act, to perform a relevant record in public by radio broadcast.

### The parties

76 The first plaintiff ("PPCA") is a collecting society, established in 1969, which represents owners and exclusive licensees of sound recordings in relation to the communication, including broadcasting, of such recordings to the public. PPCA represents over 850 such owners and licensees, including the second to fifth plaintiffs. The second to fifth plaintiffs are the owners or exclusive licensees of copyright in numerous sound recordings, including sound recordings made prior to 1 May 1969. They collectively control (as owners or controllers) the majority of sound recordings which have been commercially released in Australia in the last 70 years. The sixth plaintiff is also an owner of copyright in certain sound recordings.

77 The first defendant is the Commonwealth of Australia. The second defendant is the ABC and is, by force of s 5 of the *Australian Broadcasting Corporation Act* 1983 (Cth), a continuation of the body established pursuant to the *Australian Broadcasting Act* 1942 (Cth)<sup>32</sup>. The third defendant, Commercial Radio Australia Limited ("CRA"), is the industry representative for commercial broadcasters and negotiates industry licence agreements for their benefit.

78 While emphases differed, the defendants all contended that ss 109 and 152 are wholly valid within the power conferred by s 51(xviii) of the Constitution, and alternatively submitted that, if s 51(xxxi) applies, s 152 provides just terms for the acquisition of property which has been identified, with the result that the sections are wholly valid under s 51(xxxi).

### Facts

79 Before turning to the relevant legislation in greater detail, it assists to summarise relevant facts set out in the Special Case. Since its inception, PPCA has granted licences authorising the broadcast of sound recordings in which copyright subsists in Australia, pursuant to licence agreements it holds including those with the second to fifth plaintiffs.

80 The history of commercial radio is set out briefly in the Special Case. The account commences with the beginnings of commercial radio in the 1920s with the development of wireless communication technology. It culminates by noting

---

32 Which repealed the *Australian Broadcasting Commission Act* 1932 (Cth) and then provided for the creation of the Australian Broadcasting Commission in s 7.

the developments of digital technology from the 1980s to the present and records the fact that as at June 2010 there were 273 commercial radio licences on issue in Australia.

81 As to national broadcasters, in the 2008-2009 financial year the ABC operated four national radio networks, a local radio network of nine metropolitan and 51 regional stations, one international radio service, and five digital radio services (four full time and one part time) of which the programmes of three are also simultaneously available via the internet. The Special Broadcasting Service, SBS, operates one national radio network, broadcasting in all capital cities and in certain regional and rural areas.

82 Whilst transmission formats varied, sound recordings are and have been broadcast by all the radio stations to which reference has been made. Payments in respect of the broadcasting of sound recordings are covered by extant licensing arrangements between PPCA and CRA. Further, the ABC currently pays to PPCA the amount provided in s 152(11) of the 1968 Act<sup>33</sup>.

### Questions

83 The questions stated are:

- "1. Are some or all of the provisions in ss 109 and 152 of the [1968 Act] beyond the legislative competence of Parliament by reason of s 51(xxxi) of the Constitution?
2. If so, should some or all of these provisions be read down or severed and, if so, how?
3. What order should be made in relation to the costs of the special case?"

84 The issues to which the questions give rise are:

1. Whether the pre-1 May 1969 copyright in the claimed sound recordings is property which is capable of attracting the guarantee in s 51(xxxi) of the Constitution.

---

33 The statutory cap in s 152(11)(b)(i) is expressed as "one-half of One cent" to be multiplied by "the number equal to the number of persons comprised in the estimated population of Australia as last set out in statistics published by the Commonwealth Statistician".

2. Whether the combined operation of ss 109 and 152 of the 1968 Act effects an acquisition of that property.
3. If yes to question 2, whether just terms are provided; and, if just terms are not provided, whether ss 109 and 152 can be severed from the 1968 Act or read down.

The first issue: The pre-1 May 1969 copyright in sound recordings

*The 1911 Act*

85 The 1911 Act involved the repeal<sup>34</sup> of a number of disparate copyright Acts, in whole or in part, stretching back to the *Engraving Copyright Act* 1734 (8 Geo 2 c 13), and including the *Copyright Act* 1842 (UK) (5 & 6 Vict c 45), which conferred a performing right in certain musical works by extending to musical works the performing right in certain dramatic works under the *Dramatic Copyright Act* 1833 (UK) (3 & 4 Will 4 c 15).

86 The 1911 Act extended to His Majesty's dominions<sup>35</sup> and the two connecting factors for the subsistence of copyright were that a published work was first published in such parts of His Majesty's dominions to which the Act extended (s 1(1)(a)), and that an author of an unpublished work was, at the date of the making of the work, a British subject or resident within such parts of His Majesty's dominions to which the Act extended (s 1(1)(b)). The 1911 Act put copyright in both published and unpublished works on a statutory footing.

87 Relevantly for present purposes, s 1 of the 1911 Act dealt with copyright in original musical works which, by s 1(2), included the sole right "to perform ... the work or any substantial part thereof in public". In copyright law, the term "original" as applied to a work had been established as meaning that the work was produced by means of the application of a not insubstantial amount of independent skill and labour. "Performance" was relevantly defined in the 1911 Act<sup>36</sup> to include "any acoustic representation of a work ... including such a representation made by means of any mechanical instrument". A broadcast of a musical work was held uncontroversially by the Supreme Court of Victoria to be a performance in public<sup>37</sup>.

---

34 Section 36.

35 See note 23 above.

36 Section 35(1).

37 *Chappell & Co Ltd v Associated Radio Co of Australia Ltd* [1925] VLR 350, cited approvingly in *Messenger v British Broadcasting Co* [1927] 2 KB 543 at 549 per (Footnote continues on next page)

88 As explained in the sixth edition of *Copinger*<sup>38</sup>, a change in attitude in favour of protecting authors of musical works from the reproduction of those works by mechanical means, which occurred between the time of the Berne Convention of 1886<sup>39</sup> and the Revised Convention of Berne of 1908<sup>40</sup>, is part of the historical background relevant to s 19 of the 1911 Act. Section 19(1) was the first provision for copyright in "records", which are referred to in the 1968 Act as "sound recordings".

89 Section 19(1) of the 1911 Act provided:

"Copyright shall subsist in records, perforated rolls, and other contrivances by means of which sounds may be mechanically reproduced, *in like manner as if such contrivances were musical works*, but the term of copyright shall be fifty years from the making of the original plate from which the contrivance was directly or indirectly derived, *and the person who was the owner of such original plate at the time when such plate was made shall be deemed to be the author of the work*, and, where such owner is a body corporate, the body corporate shall be deemed for the purposes of this Act to reside within the parts of His Majesty's dominions to which this Act extends if it has established a place of business within such parts." (emphasis added)

90 "Plate" was defined<sup>41</sup> as including a number of items "by which records ... for the acoustic representation of the work are or are intended to be made".

91 It is important to note that, unlike the 1968 Act, and before it the 1956 Act, the 1911 Act did not identify the nature of a separate copyright in respect of

---

McCardie J; *Australasian Performing Right Association Ltd v 3DB Broadcasting Co Pty Ltd* [1929] VLR 107. See also *Mellor v Australian Broadcasting Commission* [1940] AC 491.

38 Skone James, *Copinger on the Law of Copyright*, 6th ed (1927) at 285. See also Laddie et al, *The Modern Law of Copyright and Designs*, 3rd ed (2000), vol 1 at 349 [6.1].

39 Article 3 of the Closing Protocol: "It is understood that the manufacture and sale of instruments serving to reproduce mechanically musical airs in which copyright subsists shall not be considered as constituting musical infringement."

40 See Art 13.

41 Section 35(1).

records. The copyright in records was subsumed under the copyright for musical works. The definition of copyright in s 1(2) of the 1911 Act encompassed both the sole right of multiplying copies of an original musical work and the sole right of performing such a work in public. Thus, although equivalences were expressed generally – that is, the owner of the copyright in a record was treated as the "author" of the record and the record in turn was treated as if it were "a musical work" – such language inevitably suggested that the copyright of an owner of a record must include the same performance right given to an author or composer.

92        Exceptions to infringement for various forms of fair dealing were provided in s 2(1). Further, there was provision for the payment of royalties after death<sup>42</sup> and for the seeking of a compulsory licence from the Privy Council for the performance of a musical work following the death of an author<sup>43</sup>, which provision was, according to the Spicer Committee, rarely used<sup>44</sup>.

93        A specific exception to infringement through a compulsory licence scheme for the payment of prescribed royalties was provided in s 19(2) and (3) of the 1911 Act. That compulsory licence scheme was confined expressly to musical works<sup>45</sup> and essentially obliged an owner of the copyright in a musical work who had permitted a use of that work to licence any further use on the receipt of a notice and the payment of a royalty.

94        The copyright given to authors and makers of records was, as Augustine Birrell said of the copyright granted by the Statute of Anne of 1709<sup>46</sup>, "qualified and time-limited property"<sup>47</sup>. Although the categories of protected works were

---

42    Section 3.

43    Section 4, which re-enacted the substance of s 5 of the *Copyright Act* 1842.

44    Copyright Law Review Committee, *Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations are Desirable in The Copyright Law of the Commonwealth*, (1959) at 15 [44].

45    Section 19(2)(b)(ii) specifically excluded records from the compulsory licence scheme: "for the purposes of this provision, a musical work ... shall not be deemed to include a contrivance by means of which sounds may be mechanically reproduced."

46    An Act for the Encouragement of Learning by vesting the Copies of printed Books in the Authors or Purchasers of such Copies during the Times therein mentioned (8 Anne c 19).

47    Birrell, *Seven Lectures on the Law and History of Copyright in Books*, (1899) at 93.



much enlarged by the time of the 1911 Act, speaking generally the 1911 Act, like the Statute of Anne, took into account and balanced the interests of authors<sup>48</sup>, entrepreneurs<sup>49</sup> and the public. The public's interest lay in the dissemination of copyright works, including dissemination on reasonable terms. Any detailed consideration of the historical context of the Statute of Anne supports this construction of its intent and its provisions<sup>50</sup>. Further, presaging compulsory licence schemes, the prices of books under the Statute of Anne were regulated to ensure that they were "just and reasonable"<sup>51</sup> and the uses by, and rights of, nominated libraries and universities in respect of copyright works were preserved<sup>52</sup>.

95 It was settled in *Donaldson v Beckett*<sup>53</sup> that copyright in published works depended upon statute, not the common law<sup>54</sup>, and that the Statute of Anne limited the exclusive right of an author or owner of the copyright to multiply copies of an original published work so as to balance that right against the public interest in freedom to have access to, and to exploit, such works. It can be noted that the American copyright tradition exemplified in *Wheaton v Peters*<sup>55</sup> follows *Donaldson v Beckett*.

96 As noted by this Court in *IceTV Pty Ltd v Nine Network Australia Pty Ltd*<sup>56</sup>, the "social contract" envisaged by the Statute of Anne, which underpins

---

48 Described in the Statute of Anne as "learned Men" who "compose and write useful Books".

49 In the case of the Statute of Anne, booksellers; in the case of s 19(1) of the 1911 Act, makers of records.

50 Deazley, *On the Origin of the Right to Copy*, (2004), chs 1 and 2 (especially at 42 and 46) and ch 8 (especially at 201); Alexander, *Copyright Law and the Public Interest in the Nineteenth Century*, (2010), ch 2 (especially at 18).

51 Section 4.

52 Sections 5 and 9.

53 (1774) 4 Burr 2408 [98 ER 257]; 2 Bro PC 129 [1 ER 837].

54 See also *Jefferys v Boosey* (1854) 4 HLC 815 [10 ER 681].

55 33 US 591 at 655-656 (1834).

56 (2009) 239 CLR 458 at 471 [25] per French CJ, Crennan and Kiefel JJ; [2009] HCA 14.

copyright legislation, is that an author (or owner) of copyright obtains a statutory monopoly, limited in time, in return for making the subject matter of a copyright available to the public. However, recurrent legislative balancing of the competing interests of copyright owners and the public does not support absolute propositions such as that copyright is an inherently unstable right, or that reductions in the exclusive rights to do acts within a copyright are always permissible adjustments under s 51(xviii) of the Constitution which do not attract the guarantee under s 51(xxxi).

97        Exceptions to infringement, which include fair dealings or fair uses and compulsory licence provisions, constitute qualifications of or limitations upon a copyright owner's exclusive rights to do acts within the copyright, during the term of a copyright. In each case, such provisions reflect a specific public interest in obtaining access to the subject matter of copyright on some reasonable basis, a topic about which more will be said later.

98        In *Gramophone Co v Stephen Cawardine & Co*<sup>57</sup>, Maugham J had occasion to consider s 19(1) of the 1911 Act. He regarded the copyright given by s 19(1) to the owner of the "original plate" as "special" and as "subordinate" to the copyright given by s 1 to the author (or owner) of a musical work<sup>58</sup>. Professor Cornish and his co-authors have recognised<sup>59</sup> that this subordinate right is in the same category of rights which Continental copyright jurisprudence would "scrupulously distinguish as a 'neighbouring right'."

99        Maugham J went on to find<sup>60</sup> that the grant of copyright in s 19(1) was not limited to "a mere right to prevent the reproduction in a physical form of the record and a right to sell the record" but included "the sole right to use that record for a performance in public, provided that the overriding rights of the original owner do not intervene." He said<sup>61</sup> that his construction of the copyright granted by s 19(1) prevented a buyer of a record from obtaining the advantage of "the work, skill and labour expended by the makers of gramophone records for the purposes of a public performance."

---

57 [1934] Ch 450.

58 [1934] Ch 450 at 459-460.

59 Cornish, Llewelyn and Aplin, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 7th ed (2010) at 405 [10-08].

60 *Gramophone Co v Stephen Cawardine & Co* [1934] Ch 450 at 460-461.

61 *Gramophone Co v Stephen Cawardine & Co* [1934] Ch 450 at 461.

100 Prior to the decision in *Cawardine*, collecting societies had sprung up to deal with the performance rights of authors and publishers in both the United Kingdom and Australia<sup>62</sup>. Although there was contemporaneous debate in Australia about the ambit of a record manufacturer's copyright in records<sup>63</sup>, in 1933 the Commonwealth legislature recognised a record manufacturer's performance right by providing a dispute resolution mechanism applicable to performance rights, including such rights of "a manufacturer of records"<sup>64</sup>.

101 *Cawardine* was not the subject of appeal to a higher court but the reasoning in *Cawardine* was criticised before the passage of the 1956 Act<sup>65</sup>. In framing the 1956 Act, the United Kingdom legislature treated *Cawardine* as good law<sup>66</sup>, although the 1956 Act abolished the awkward conflation of the copyright in records and musical works that existed in the 1911 Act<sup>67</sup>.

---

62 *Report of the Royal Commission on Performing Rights*, (1933) ("the Owen Report") at 7-9.

63 See, for example, the Owen Report at 49 (recommendation 1) and 51 (recommendation 14).

64 As noted earlier in these reasons, s 13A of the 1912 Act was introduced in 1933 by s 3 of the *Copyright Act 1933* (Cth) and provided for voluntary arbitration in respect of disputes concerning public performance of works.

65 See for example Skone James, *Copinger on the Law of Copyright*, 7th ed (1936) at 231: "It is ... a little difficult to see how the record, as distinct from the music which it reproduces, can be performed in public and it is the record only and not the music which is the property of the manufacturer." Cf Laddie et al, *The Modern Law of Copyright and Designs*, 3rd ed (2000), vol 1 at 349 [6.1] where *Cawardine* is described as giving "judicial support for [the] self-evident effect" of s 19(1).

66 The 1956 Act confirmed a record maker's exclusive right to broadcast records, designated as a "performance right" under the 1911 Act, and set up a Performing Rights Tribunal to hear disputes over performing rights licences set up by collecting societies acting on behalf of authors and publishers, or record manufacturers and broadcasters.

67 In the 1956 Act, sound recordings were dealt with in the same way as other new technology constituting new expressions of ideas in Pt II. A copyright in respect of sound recordings separate from the copyright in musical works was identified in s 12(5).

*Submissions on the first issue*

102           The parties agreed, in accordance with the terms of the 1911 Act and  
authority<sup>68</sup>, that the copyright in issue is a creature of statute.

103           The plaintiffs relied on *Cawardine* as supporting an exclusive right to  
broadcast as part of the copyright of manufacturers of records. It was contended  
that the copyright was property in the constitutional sense, as a copyright owner  
had an exclusive right to control copyright and the right was both valuable and  
assignable.

104           Secondly, the Commonwealth contended that *Cawardine* was wrongly  
decided and that therefore the property upon which the plaintiffs relied did not  
exist. *Australian Tape Manufacturers Association Ltd v The Commonwealth*<sup>69</sup>  
was relied on to support the proposition that a legislative reduction in or  
impairment of an exclusive right to do an act within a copyright does not  
necessarily result in the acquisition of property by anyone. Thirdly, on this  
branch of the argument it was contended by the Commonwealth that, in any  
event, the degree of impairment of any exclusive right of an owner of a copyright  
in a pre-1 May 1969 sound recording was a permissible adjustment under  
s 51(xviii) of the Constitution and insufficient to attract s 51(xxxi). The  
Commonwealth accepted that statutory copyright is valuable and can have  
economic benefits for an owner but went on to contend that copyright is  
nevertheless a right which is inherently susceptible to adjustment or change<sup>70</sup>.

105           The second and third defendants broadly supported the Commonwealth's  
submissions. The second defendant submitted that s 51(xviii) of the Constitution  
should be understood as including a power to make laws which create or modify  
a copyright, particularly to adjust competing interests, without the need for just  
terms because copyright was itself an abstraction from liberty which members of  
the public would otherwise enjoy. It was conceded that s 51(xxxi) could apply to  
some laws with respect to copyright including those nullifying existing causes of  
action for infringement. *Nintendo Co Ltd v Centronics Systems Pty Ltd*<sup>71</sup> was

---

68 *Pacific Film Laboratories Pty Ltd v Federal Commissioner of Taxation* (1970) 121  
CLR 154 at 166 per Windeyer J; [1970] HCA 36.

69 (1993) 176 CLR 480; [1993] HCA 10.

70 Relying on *Bienke v Minister for Primary Industries and Energy* (1996) 63 FCR  
567 at 571, 580 and *The Commonwealth v WMC Resources Ltd* (1998) 194 CLR 1  
at 13 [9] per Brennan CJ; [1998] HCA 8.

71 (1994) 181 CLR 134; [1994] HCA 27.

relied upon as supporting the proposition that some exercises of legislative power conferred by s 51(xviii) were necessarily outside the possible application of s 51(xxxi). On this issue, the third defendant joined the Commonwealth in submitting that *Cawardine* was wrongly decided and further contended that any performance right in sound recordings, if it existed, was at all relevant times uncertain.

106 All defendants relied on *Australian Tape Manufacturers*<sup>72</sup> as concluding the issue of whether a record manufacturer's performance right under the 1911 Act was necessarily outside the possible application of s 51(xxxi) of the Constitution.

107 Three points can be made in response to these submissions. First, inasmuch as the 1911 Act granted a copyright to record manufacturers, which was expressly conflated with the copyright of authors and composers of original musical works, *Cawardine* was decided correctly. Although it must be admitted that there is some semantic awkwardness in treating a "broadcast" as a "performance in public" of a record, there is a clear analogy with the composer's right to multiply copies of a musical work, in that public broadcasts of a record multiply performance in public as provided for in the 1911 Act. Further, a record constituted a new method of expression of ideas. It is an orthodox application of copyright principle to encourage makers of new subject matter, suitable for copyright protection, with the grant of a limited statutory monopoly in return for the dissemination of the new method of expression to the public.

108 That the 1956 Act distinguished between copyright in works, including musical works, and copyright in subject matter other than works, which included separate identification of the nature of copyright in sound recordings, does not detract from Maugham J's construction of s 19(1) of the 1911 Act, which contained no such separate identification of the nature of copyrights in musical works and records.

109 Secondly, a subsisting statutory right to exclude others from doing acts within a copyright, such as the right to perform a record in public (that is, broadcast the record), with the concomitant right to license others to do so, is incorporeal property<sup>73</sup> readily capable of being characterised as property for the purposes of the guarantee in s 51(xxxi) in accordance with established

---

72 (1993) 176 CLR 480.

73 *Pacific Film Laboratories Pty Ltd v Federal Commissioner of Taxation* (1970) 121 CLR 154 at 165-166, 170 per Windeyer J.

authority<sup>74</sup>. Pursuant to a licence authorising use of copyright material, a licensee acquires an identifiable benefit or measurable advantage<sup>75</sup> relating to the copyright owner's exclusive right to exploit the copyright by doing any of the acts within the copyright. The plaintiffs relied on *Attorney-General (NT) v Chaffey*<sup>76</sup> in support of their argument that a law reducing subsisting statutory exclusive rights, such as those of copyright owners, could attract the operation of s 51(xxxi).

110 Thirdly, new technology can give rise to both the creation of new copyrights in respect of new subject matter and the creation of new exceptions to infringement, which may be assessed differently in respect of s 51(xxxi). New exceptions to infringement can include, on the one hand, a new fair dealing or free use, covering private, domestic or incidental use of copyright material. On the other hand, compulsory licence schemes frequently provide for payment to copyright owners by users of copyright material for multiple uses, or use which might be said to occur on a commercial scale. That distinction in relation to new exceptions to infringement may be relevant in respect of s 51(xxxi). The economic impact of any new exception to infringement on a subsisting statutory monopoly, and the public interest to be served by the creation of a new exception to infringement, may affect the question of whether any acquisition of property which the new exception effects will attract the guarantee in s 51(xxxi).

---

74 *Minister of State for the Army v Dalziel* (1944) 68 CLR 261 at 290 per Starke J; [1944] HCA 4; *Bank of NSW v The Commonwealth* (1948) 76 CLR 1 at 349 per Dixon J; [1948] HCA 7; *Australian Tape Manufacturers* (1993) 176 CLR 480 at 527 per Dawson and Toohey JJ; *Attorney-General (NT) v Chaffey* (2007) 231 CLR 651 at 664 [23]-[24] per Gleeson CJ, Gummow, Hayne and Crennan JJ; [2007] HCA 34; *Wurridjal v The Commonwealth* (2009) 237 CLR 309 at 361-362 [93], 364 [103] per French CJ, 382-383 [172] per Gummow and Hayne JJ, 421 [294] per Kirby J, 437-438 [356] per Crennan J, 467 [452] per Kiefel J; [2009] HCA 2.

75 *ICM Agriculture Pty Ltd v The Commonwealth* (2009) 240 CLR 140 at 179 [81] per French CJ, Gummow and Crennan JJ, 201-202 [147] per Hayne, Kiefel and Bell JJ; [2009] HCA 51; see also *Mutual Pools & Staff Pty Ltd v The Commonwealth* (1994) 179 CLR 155 at 185 per Deane and Gaudron JJ; [1994] HCA 9.

76 (2007) 231 CLR 651 at 664 [24] per Gleeson CJ, Gummow, Hayne and Crennan JJ; see also *The Commonwealth v WMC Resources Ltd* (1998) 194 CLR 1 at 70-71 [182]-[187] per Gummow J; *Wurridjal v The Commonwealth* (2009) 237 CLR 309 at 361-362 [93] per French CJ.

111 *Australian Tape Manufacturers*<sup>77</sup> concerned a widespread practice of copying sound recordings at home by the use of blank tapes. It was necessary to consider the validity of Pt VC of the 1968 Act, being a scheme under the 1968 Act to deal with the practice which included a provision, s 135ZZM(1), which created a new exception to infringement. This covered a new free use in respect of copying a sound recording onto a blank tape for the private and domestic use of the person copying. The finding that to the extent that s 135ZZM(1) reduced the content of the exclusive rights of the copyright owner, it was not a law with respect to the acquisition of property within s 51(xxxi) of the Constitution<sup>78</sup>, can be considered in terms of the theoretical underpinnings of copyright law referred to above. First, there is a discernible public interest, analogous to the public interest in familiar fair dealing provisions, in permitting incidental use of copyright material in respect of new technology for private or domestic purposes. Secondly, such use is a use which a copyright owner could not realistically control or practically license. The first point readily fits within the recognition that a degree of impairment to a property right may be insufficient to attract the operation of s 51(xxxi)<sup>79</sup>. The second point is relevant to testing whether what is acquired is "proprietary in nature"<sup>80</sup>; it is also relevant because the extent of the disadvantage to a property owner may be a material matter in deciding whether just terms have been<sup>81</sup>, or should have been, provided.

112 *Nintendo*<sup>82</sup> concerned a new copyright created under the *Circuit Layouts Act* 1989 (Cth), the nature of which included an exclusive right to exploit a protected circuit layout commercially in Australia (s 17(c)). A defence to infringement was created under s 20 for a person who innocently acquires and subsequently deals with an unauthorised circuit layout. A conclusion was reached that any acquisition of property in the circumstances of the case from persons adversely affected by statutory provisions creating a new copyright

---

77 (1993) 176 CLR 480.

78 (1993) 176 CLR 480 at 495, 499 per Mason CJ, Brennan, Deane and Gaudron JJ, 528 per Dawson and Toohey JJ.

79 *Smith v ANL Ltd* (2000) 204 CLR 493 at 505 [23] per Gaudron and Gummow JJ; [2000] HCA 58; *Wurridjal v The Commonwealth* (2009) 237 CLR 309 at 439-440 [363]-[365] per Crennan J.

80 *The Commonwealth v WMC Resources Ltd* (1998) 194 CLR 1 at 71 [185] per Gummow J.

81 *Smith v ANL Ltd* (2000) 204 CLR 493 at 500 [8] per Gleeson CJ.

82 (1994) 181 CLR 134.

under s 51(xviii) was beyond the reach of the guarantee in s 51(xxxix)<sup>83</sup>. That conclusion has no immediate application to a statutory provision which has the effect of reducing a subsisting statutory exclusive right in respect of a copyright by characterising as no longer an infringement a use of copyright material which constituted an infringement previously and was capable of being licensed at that time.

113 While it subsisted, a record manufacturer's exclusive right under s 19(1) of the 1911 Act to perform a record in public (that is, broadcast the record) was property which was capable of attracting the guarantee in s 51(xxxix) of the Constitution.

114 Whether or not any subsequent legislative reduction of that right whilst it subsisted effected an acquisition of that property would turn on several considerations. Such considerations are likely to include the nature of the public interest to be served by the reduction of the copyright owner's subsisting exclusive rights. They could also include the question of whether, prior to the institution of any exception to infringement, the use of the copyright material in question would have been capable of being the subject of a licence between a copyright owner and any user, as that is an indication that what has been acquired is "proprietary in nature"<sup>84</sup>.

115 Compulsory licence schemes which provide that users of copyright material can be excused from infringement, on the making of payments to copyright owners in respect of such use, recognise that users obtain a benefit under such schemes for which copyright owners should be remunerated. The notion of equitable remuneration referred to often in the context of compulsory licence schemes exemplifies this recognition.

The second issue: Do ss 109 and 152 of the 1968 Act effect an acquisition of property?

116 As already mentioned, the plaintiffs do not attack the validity of the provisions of the 1968 Act which have the effect of replacing the copyright of record manufacturers under the 1911 Act with a differently constituted copyright under the 1968 Act which was made subject to the compulsory licence provisions in s 109 and the caps in s 152. The plaintiffs' limited aim in the proceedings is to

---

83 *Nintendo* (1994) 181 CLR 134 at 160-161 per Mason CJ, Brennan, Deane, Toohey, Gaudron and McHugh JJ.

84 *The Commonwealth v WMC Resources Ltd* (1998) 194 CLR 1 at 71 [185] per Gummow J.



achieve severance of the abovementioned statutory caps in s 152 and associated provisions, leaving the compulsory licence provisions otherwise in place. PPCA's reason for existence is to collect fees from broadcasters under the compulsory scheme on behalf of copyright owners, including the second to fifth plaintiffs.

*Submissions on the second issue*

117 The essence of the plaintiffs' constitutional case is that the compulsory licence scheme in s 109 and, in particular, the caps in s 152 operate so as to effect an acquisition of property, not on just terms, because the copyright subsisting in sound recordings under the 1911 Act (which was unencumbered by such arrangements) was "*continued* as copyright protected by s 89(1) of the 1968 Act" (emphasis added). The relevant transitional provision, s 220(1), was described by the plaintiffs as picking up the terms of s 19(1) of the 1911 Act, thus bringing the 1911 Act sound recordings within the scheme of the 1968 Act. More generally, it was contended that the nature of the copyright in sound recordings under s 85 of the 1968 Act (as originally enacted)<sup>85</sup> was co-extensive with the rights given under s 19(1) of the 1911 Act.

118 The Commonwealth, supported by the other two defendants, submitted that the copyright granted to manufacturers of sound recordings pursuant to ss 89(1) and 220(1) of the 1968 Act was a replacement or substituted copyright. It followed that ss 109 and 152 of the 1968 Act applied to the replacement copyright, created by the 1968 Act, and had no operation or effect in respect of any replaced copyright subsisting under the 1911 Act.

*The 1968 Act*

119 In Pt I (ss 1-9A), entitled "Preliminary", s 6 repeals the 1912 Act and amending Acts of 1933, 1935 and 1963. Section 5(1) provides that the 1968 Act operates to the exclusion of the 1911 Act. Section 5(2) provides that, for the purposes of the transitional provisions in s 8 of the *Acts Interpretation Act* 1901 (Cth) ("the Interpretation Act"), the 1911 Act shall be deemed to be an Act passed by the Commonwealth Parliament and to be repealed by the 1968 Act, and that the transitional provisions in Pt XI of the 1968 Act shall not be taken to affect s 8 of the Interpretation Act, as it operates by virtue of s 5(2) in relation to matters to which the transitional provisions in Pt XI do not apply.

---

85 As originally enacted, s 85 referred to exclusive rights "to make a record embodying the recording" (s 85(a)), "to cause the recording to be heard in public" (s 85(b)) and "to broadcast the recording" (s 85(c)). These can be compared with the exclusive rights currently provided, which are set out at [123] of these reasons.

120 The most critical of the preliminary provisions of the 1968 Act, for present purposes, is s 8. It relevantly provides that, subject to prerogative rights of the Crown in the nature of copyright, "copyright does not subsist otherwise than by virtue of [the 1968] Act."

121 Parts III, IV and XI, to which it is necessary now to turn, must be read in the context of s 8 and the other preliminary provisions to which reference has been made.

122 Part III (ss 31-83) is headed "Copyright in original literary, dramatic, musical and artistic works". The nature of that copyright is set out in s 31 and, in the case of musical works, the copyright includes the exclusive right "to perform the work in public" (s 31(1)(a)(iii)) and "to communicate the work to the public" (s 31(1)(a)(iv)). Under s 10(1), "broadcast" means "a communication to the public".

123 Part IV (ss 84-113C) is headed "Copyright in subject-matter other than works". Section 85 sets out the nature of copyright in sound recordings. This relevantly includes the exclusive rights "to cause the recording to be heard in public" (s 85(1)(b)) and "to communicate the recording to the public" (s 85(1)(c))<sup>86</sup>. It can be seen from the separate copyrights in ss 31 and 85 that the awkward conflation of the copyrights in musical works and records under the 1911 Act does not exist in the 1968 Act.

124 Pursuant to s 89, copyright subsists in a sound recording where one or more of three connecting factors exists: first, the maker was a "qualified person" at the time the recording was made (s 89(1)); secondly, the sound recording was made in Australia (s 89(2)); and thirdly, the first publication of the recording took place in Australia (s 89(3)). The term of copyright subsisting by virtue of s 89 was extended by the *US Free Trade Agreement Implementation Act 2004* (Cth) from 50 to 70 years.

125 Section 84 defines "qualified person" as an individual who is an Australian citizen or resident, or a body corporate incorporated under the law of the Commonwealth or of a State.

126 Part XI (ss 204-248) is headed "Transitional". Section 207 states that, unless Pt XI otherwise expressly provides, the 1968 Act applies in relation to

---

86 The other exclusive rights provided in s 85 are "to make a copy of the sound recording" (s 85(1)(a)) and "to enter into a commercial rental arrangement in respect of the recording" (s 85(1)(d)).

things existing at its commencement in like manner as it applies to things coming into existence after its commencement. Section 220 covers "sound recordings", and the plaintiffs place critical reliance on s 220(1) to support their contention that copyright under the 1911 Act is "continued" under the 1968 Act.

127 Before turning to s 220(1), two matters should be noted. First, s 220(2) provides that s 89(2) (which contains the connecting factor based on a recording being made in Australia) does not apply in relation to a sound recording made before the commencement of the 1968 Act. Secondly, pursuant to s 105, copyright under s 85, subsisting only by virtue of s 89(3) (which contains the connecting factor based on first publication in Australia), is not infringed by broadcasting the recording. Such broadcasting would otherwise be within the exclusive right conferred on the copyright owner under s 85(1)(c).

128 Section 220(1) provides that s 89(1) (which contains the connecting factor based on the maker being a qualified person) applies in relation to sound recordings made before 1 May 1969 as if the reference in s 89(1) to a "qualified person" included a reference to a British subject and to a person domiciled in any part of the Queen's dominions to which the 1911 Act extended. It can be seen that s 220(1), in substance, re-enacts the qualifying provisions under s 1(1)(b) of the 1911 Act, referred to above<sup>87</sup>, for the purposes of s 89(1), which is, importantly, "[s]ubject to" the 1968 Act, including s 8.

129 When ss 8, 31, 85, 89(1), 207 and 220(1) of the 1968 Act are read together, it is clear that the copyright of the relevant plaintiffs under the 1911 Act, which included the exclusive right to perform the record in public, is not continued under the 1968 Act; rather it is replaced. Whilst it is true that, as the plaintiffs submit, certain records in which copyright subsisted under the 1911 Act are brought within the scheme of the 1968 Act, that is achieved by the re-enactment, in substance, of qualifying provisions in the 1911 Act in, and for the purposes of, the 1968 Act. The effect is that the plaintiffs' entitlement to sue for infringements under s 101 of the 1968 Act in respect of sound recordings in which copyright subsists pursuant to s 89(1) is an entitlement to sue in respect of infringements of the copyright in sound recordings contained in s 85, which replaces the copyright in records under s 19(1) of the 1911 Act. Inasmuch as ss 109 and 152 operate to qualify a record manufacturer's exclusive rights by providing an exception to infringement, it is the exclusive rights under s 85 which are affected, not the exclusive rights under the 1911 Act (which have been replaced).

---

87 At [86] of these reasons.

130 Whilst the plaintiffs mount no attack on the validity of provisions of the 1968 Act which effect the replacement of the relevant plaintiffs' copyright under the 1911 Act with a copyright under the 1968 Act, their attack on the validity of ss 109 and 152, which depends on the continuing subsistence of copyright under s 19(1) of the 1911 Act, is untenable. If the plaintiffs were to attack the validity of the provisions of the 1968 Act which effect the replacement of copyright under s 19(1) of the 1911 Act with a differently constituted copyright under s 85 of the 1968 Act, they would risk being left not only with the awkwardly expressed copyright under s 19(1) of the 1911 Act in respect of records, but also with a copyright, the term of which was limited to 50, rather than 70, years.

The third issue: Just terms

131 The conclusions reached in relation to issue 2 render it unnecessary to deal with issue 3.

Conclusions

132 For the reasons set out above, the questions in the Special Case should be answered as follows:

1. Are some or all of the provisions in ss 109 and 152 of the 1968 Act beyond the legislative competence of Parliament by reason of s 51(xxxi) of the Constitution?

Answer: No.

2. If so, should some or all of these provisions be read down or severed and, if so, how?

Answer: Unnecessary to answer.

3. What order should be made in relation to the costs of the Special Case?

Answer: The plaintiffs should pay the defendants' costs of the Special Case.

