

HIGH COURT OF AUSTRALIA

GAUDRON, McHUGH, GUMMOW, KIRBY AND HAYNE JJ

PHONOGRAPHIC PERFORMANCE COMPANY
OF AUSTRALIA LIMITED & ORS

APPELLANTS

AND

FEDERATION OF AUSTRALIAN COMMERCIAL
TELEVISION STATIONS

RESPONDENT

*Phonographic Performance Company of Australia Limited v Federation of
Australian Commercial Television Stations (S95-1997) [1998] HCA 39
20 May 1998*

ORDER

1. *Appeal allowed.*
2. *Set aside the orders of the Full Court of the Federal Court of Australia and in lieu thereof order that the questions referred to that Court by Sheppard J be answered as follows:*

Q 1 In the circumstances described in paragraphs 7-16 inclusive:

- (a) did the doing of the act described in paragraph 14 constitute the doing, with respect to a sound recording, of the act set out in section 85(1)(c) of the Act? or*
- (b) in the alternative, did it constitute the broadcast of a published sound recording for the purposes of section 152(2) of the Act?*

A 1 (a) Yes.

(b) Unnecessary to answer.

2.

Q 2 In the circumstances described in paragraphs 17-26 inclusive:

- (a) did the doing of the act described in paragraph 24 constitute the doing, with respect to a sound recording, of the act set out in section 85(1)(c) of the Act? or*
- (b) in the alternative, did it constitute the broadcast of a published sound recording for the purposes of section 152(2) of the Act?*

A 2 (a) Yes.

(b) Unnecessary to answer.

3. The respondent pay the appellants' costs in this Court and in the Federal Court.

On appeal from the Federal Court of Australia

Representation:

D K Catterns QC with R Cobden for the appellants (instructed by Gilbert & Tobin)

P G Hely QC with M R J Ellicott for the respondent (instructed by Boyd House & Partners)

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 & Ors v
Federation of Australian Commercial Television Stations

Copyright – Sound recording embodied in sound-track of cinematograph film –
Whether broadcast of film constitutes broadcast of sound recording.

Copyright Act 1968 (Cth), ss 23(1), 85, 110(3), 113.

International Convention for the Protection of Performers, Producers of
Phonograms and Broadcasting Organisations (the Rome Convention).

1 GAUDRON, GUMMOW AND HAYNE JJ. The appellants are record companies which own copyright under the *Copyright Act* 1968 (Cth) ("the Act") in various sound recordings and the respondent represents parties who are commercial television licensees under the provisions of the *Broadcasting Services Act* 1992 (Cth). The Full Court of the Federal Court (Wilcox and Sundberg JJ; Lockhart J dissenting) held¹ that the broadcast by a commercial television station of a cinematograph film, the sound-track of which embodied a sound recording, did not constitute a broadcast of the sound recording for the purposes of the Act and thus did not infringe copyright in such a sound recording.

2 Before turning to the particular issue which arises on the appeal, it is appropriate first to outline the relevant provisions of the legislation.

3 Part III (ss 31-83) of the Act provides for copyright in original literary, dramatic, musical and artistic works. Part IV (ss 84-113) provides for copyright in subject-matter other than works, namely sound recordings, cinematograph films, television broadcasts and sound broadcasts, and published editions of works. The periods specified in Pt III and Pt IV for the duration of copyright differ. With respect to published works, the period is the life of the author and 50 years after the expiration of the calendar year in which the author dies (s 33(2)). On the other hand, the copyright in a sound recording and in a cinematograph film continues to subsist until the expiration of 50 years after the expiration of the calendar year in which the recording or the film was first published (ss 93, 94). Copyright subsisting in a television broadcast or sound broadcast continues to subsist until the expiration of 50 years after the expiration of the calendar year in which the broadcast was made (s 95).

4 The copyright in a work includes the exclusive right to reproduce the work in a material form (s 31(1)(a)(i), (b)(i)). In the case of a literary, dramatic or musical work, copyright also includes the exclusive right to broadcast the work and to make an adaptation of it (s 31(1)(a)(iv), (vi)). Copyright in an artistic work includes the right to include it in a television broadcast (s 31(1)(b)(iii)). A literary, dramatic or musical work is reproduced in a material form if a sound recording or cinematograph film is made of the work, and any record embodying such a recording and any copy of such a film is deemed to be a reproduction of the work (s 21(1)). Moreover, acts done in relation to a substantial part of a work are treated as done in relation to the whole of it (s 14).

1 *EMI Music Australia Pty Ltd v Federation of Australian Commercial Television Stations* (1997) 144 ALR 207.

2.

5 It follows that a sound recording or cinematograph film, each of which is subject of protection under Pt IV, may reproduce one or more works in which copyright subsists under Pt III of the Act.

6 Where copyright has subsisted in a cinematograph film, copyright which still subsists in a literary, dramatic, musical or artistic work reproduced in the film is not infringed by causing the film to be seen or heard in public after the copyright in the film has expired (s 110(2)). With that exception, the Act provides for the independent and concurrent subsistence of copyrights under Pt III of the Act with those under Pt IV of the Act. This is confirmed by s 113(1), the last section in Pt IV. The sub-section states:

"Subject to subsection 110(2), where copyright subsists in any subject-matter by virtue of this Part, nothing in this Part shall be taken to affect the operation of Part III in relation to any literary, dramatic, musical or artistic work from which that subject-matter is wholly or partly derived, and any copyright subsisting by virtue of this Part is in addition to, and independent of, any copyright subsisting by virtue of Part III."

7 The issue on this appeal does not directly turn upon the independent and concurrent subsistence of copyrights in works with that in sound recordings, broadcasts and cinematograph films, although it is important for the issue that does arise. That issue concerns the relationship between copyright in sound recordings and in cinematograph films, in particular where the film is broadcast.

8 At all material times copyright in relation to a sound recording has comprised or included the exclusive right to make a copy of it, to cause it to be heard in public, and to broadcast it (s 85). Copyright in a cinematograph film includes (s 86(c)) the exclusive right "to broadcast the film". Copyright in a sound recording and that in a cinematograph film is infringed by a person who, not being the owner of the relevant copyright and without the licence of that owner, in Australia broadcasts the recording or the film or authorises the doing of those acts in Australia (s 101(1) and (3)).

9 The third appellant, BMG Australia Ltd, owns the copyright in the sound recording of a performance of a recording group known as "Boom Crash Opera", which is entitled *Dancing in the Storm*. The sound recording was made in Australia in 1989 and first published in this country in 1989. The exclusive rights of the third appellant include that to broadcast the recording (s 85(c)).

10 Copyright under Pt IV of the Act subsists in a cinematograph film entitled *The Big Steal*. That copyright is vested in an entity other than the third appellant. The sound recording of the third appellant was, on the making of the film, and in accordance with arrangements between the third appellant and the film-maker,

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embodied in its sound-track. The term "cinematograph film" is defined in s 10(1) of the Act as meaning:

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

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

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

"[S]ound-track", in relation to visual images forming part of a cinematograph film, means:

- "(a) the part of any article or thing, being an article or thing in which those visual images are embodied, in which sounds are embodied; or
- (b) a disc, tape or other device in which sounds are embodied and which is made available by the maker of the film for use in conjunction with the article or thing in which those visual images are embodied".

11 The sounds embodied in a sound-track might well, if specific provision to the contrary had not been made, have answered the definition of "sound recording" and thus provided the maker of the film with an additional and concurrent copyright in respect of a sound recording. The term "sound recording" is defined as meaning "the aggregate of the sounds embodied in a record" and a "record" means "a disc, tape, paper or other device in which sounds are embodied".

12 However, it is accepted on both sides of the litigation that s 23(1) of the Act operates to deny any separate protection as a sound recording for the sounds embodied in a sound-track which forms part of a cinematograph film. Section 23(1) states:

"For the purposes of this Act, sounds embodied in a sound-track associated with visual images forming part of cinematograph film shall be deemed not to be a sound recording."

The question before this Court is whether the Full Court was correct in deciding that, upon its proper construction, s 23(1) also operates to deny to the broadcasting of a film such as *The Big Steal* the character of a broadcast of the sound recording of the second appellant.

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- 13 On 21 October 1995, the film was broadcast by Amalgamated Television Services Pty Ltd ("ATS"), the licensee of the commercial television service known by the call-sign "ATN7". The broadcast of the film may have involved, with respect to various works in which copyright subsisted under Pt III of the Act, conduct requiring the consent of the respective copyright owners. In this litigation, no issue arises as to the existence of that consent, including any necessary consent of the owner of the copyright in the music which had been reproduced in the sound recording entitled *Dancing in the Storm*. Nor does any question arise as to the need of ATS to obtain the licence of the owner of the copyright in the film to broadcast it, so as to provide an answer to what otherwise would be infringement under s 101(1) of the exclusive right conferred with respect to the film by s 86(c).
- 14 What gives rise to the dispute is the contention by the third appellant and the other parties in the same interest that, when the film *The Big Steal* was broadcast by ATS, that activity, in addition to an act with respect to the film as specified in s 86(c), was also an exercise of the exclusive right conferred by s 85(c) upon the third appellant to broadcast the sound recording, and s 23(1) does not require any contrary conclusion.
- 15 We have referred earlier in these reasons to s 113(1), dealing with the independent subsistence of copyrights under Pts III and IV of the Act. The appellants refer to s 113(2) as supplying a foundation for their case as to the construction of Pt IV. Section 113(2) states that the subsistence of copyright under any provision of Pt IV, such as that subsisting under s 86 in the film, "does not affect the operation of any other provision of this Part under which copyright can subsist", namely the operation of s 85 with respect to the third appellant's sound recording copyright.
- 16 The effect of s 109 of the Act is that copyright in published sound recordings which otherwise would be infringed under s 101 by the making of a broadcast of that sound recording will not be infringed if there is in force a determination by the Copyright Tribunal ("the Tribunal") under s 152 of the Act of amounts payable for the broadcasting of the sound recordings in question, or if an undertaking to abide by such a determination has been given. These provisions operate to dispense with the need for an actual licence from the copyright owner. The statute "grants a liberty to do that which otherwise could be prevented by the copyright owner"², the latter losing the right to sue for infringement but gaining the right to receive amounts payable pursuant to an order of the Tribunal under s 152.

2 *RCA Ltd v Federal Commissioner of Taxation* (1977) 137 CLR 583 at 592 per Aickin J.

5.

17 On 19 February 1996, the appellants applied to the Tribunal under s 152(2) for such an order in respect of the broadcasting of sound recordings by the Australian commercial television broadcasters, represented by the respondent. The President of the Tribunal (Sheppard J), pursuant to s 161, referred certain questions of law for determination by the Federal Court and these were dealt with by a Full Court of that Court. The questions referred were:

1. In the circumstances described in paragraphs 7-16 inclusive [of the stated case]:
 - (a) did the doing of the act described in paragraph 14 [broadcasting *The Big Steal*] constitute the doing, with respect to a sound recording, of the act set out in section 85(1)(c)³ of the Act? or
 - (b) in the alternative, did it constitute the broadcast of a published sound recording for the purposes of section 152(2) of the Act?
2. In the circumstances described in paragraphs 17-26 inclusive [of the stated case]:
 - (a) did the doing of the act described in paragraph 24 [broadcasting *Peter's Friends*] constitute the doing, with respect to a sound recording, of the act set out in section 85(1)(c) of the Act? or
 - (b) in the alternative, did it constitute the broadcast of a published sound recording for the purposes of section 152(2) of the Act?

18 It is accepted that the commercial television broadcasters, who are members of the respondent, include in their broadcasts various published sound recordings in which copyright subsists under Pt IV, and that s 109 applies to these activities. The litigation is concerned with the narrower subject of broadcasts by the medium of cinematograph films in the sound-track of which there has been embodied such sound recordings.

19 The questions referred by Sheppard J dealt with the broadcasting of the film *The Big Steal* in the circumstances we have described and also with the broadcasting in Australia on 31 March 1996 of the film *Peter's Friends* embodied in the sound-track of which was a sound recording made and first published in the

3 Following additions to s 85 by s 5 of the *Copyright (World Trade Organisation Amendments) Act* 1994 (Cth), s 85(c) became s 85(1)(c) with effect from 1 January 1996, that is to say between the broadcast of *The Big Steal* on 21 October 1995 and *Peter's Friends* on 31 March 1996. Nothing was said to turn on this.

United Kingdom but protected in Australia under international arrangements made pursuant to Pt VIII of the Act. The parties accept that the answer to the question concerning the broadcast of *The Big Steal* determines the answer to that concerning *Peter's Friends*.

20 Wilcox and Sundberg JJ accepted that s 23(1) means that the maker of a film does not have any separate copyright in the sound-track of the film as a sound recording⁴ but held that the sub-section has a further effect, namely, that sounds constituting sound recordings, which are sounds incorporated in a sound-track, are "deemed not to be a sound recording" and consequently that reproduction of the sound recording during the broadcasting of the cinematograph film would not be an action falling within s 85 of the Act⁵. Lockhart J also accepted that s 23(1) is "designed to prevent two copyrights subsisting in the same subject matter, namely, copyright subsisting in the same aggregate of sounds both as part of a cinematograph film (itself a combination of images and sounds) and as a sound recording"⁶ but concluded that the owner of the copyright in the sound recording retained copyright in the recording notwithstanding that it had been embodied in the sound-track of the film.

21 As we have said, on the hearing of the appeal to this Court, it was accepted, and rightly so, that s 23(1) prevents the maker of a film from acquiring a separate copyright, as a sound recording, in the sound-track of the film. Debate centred upon whether the provision has any further effect.

22 The respondent's contention was that because s 23(1) deems the sounds embodied in a sound-track not to be a sound recording, broadcasting the film does not broadcast the sound recording embodied in the sound-track. But the fact that the sound-track is not a sound recording (or as the Act has it "sounds embodied in a sound-track ... shall be deemed not to be a sound recording") does not mean that the broadcast of a film embodying a sound recording does not broadcast that sound recording as well as the film. The broadcast of a sound recording may occur in many contexts⁷. The simplest, and most obvious, is the radio or television station that plays the recording in the course of its transmission to the public. But if, in the course of a live production of a dramatic work which is broadcast by radio or television, a sound recording is broadcast, there is a broadcast of that sound

4 (1997) 144 ALR 207 at 226.

5 (1997) 144 ALR 207 at 227.

6 (1997) 144 ALR 207 at 220.

7 To "broadcast" is defined in s 10(1) of the Act as meaning to "transmit by wireless telegraphy to the public".

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recording for the purposes of s 85. No less is there a broadcast of a sound recording when a cinematograph film, the sound-track of which embodies that sound recording, is broadcast to the public. The fact that the sound-track is deemed by the Act not to be a sound recording is not to the point. The question is whether the aggregate of sounds embodied in the sound recording has been broadcast. What the Act deems not to be a sound recording is the aggregate of sounds that is recorded in a particular form: a sound-track. Usually, the aggregate of sounds recorded in the sound-track will be larger than or, in some other way, different from the aggregate of sounds that constitutes the sound recording. Broadcasting the film broadcasts the sound-track (which is not a sound recording) but it also broadcasts the aggregate of sounds which constitutes the sound recording.

23 The point may be illustrated in this way. The sound-track for a film may consist of three sound recordings played one after the other with no added material. The aggregate of the sounds of any one of those three sound recordings may be embodied in any of several different kinds of record - compact disc, long-playing record, cassette tape, reel to reel tape, digital audio tape, to give only the more commonly used forms of record. When the film is broadcast, the aggregate of the sounds in its sound-track, and thus the aggregate of the sounds in each of the three sound recordings, is also broadcast. The means by which the aggregate of the sounds is recorded is the sound-track of the film. (It matters not whether that sound-track takes the form of the track on the celluloid beside the frames of the film or a digital recording in magnetic tape or some other form.)

24 The contention that a broadcast of the film does not constitute a broadcast of each of the three sound recordings embodied in the sound-track requires s 23(1) to be read either:

- as meaning that once the aggregate of sounds which constitutes a sound recording is embodied in a sound-track, that aggregate of sounds no longer has any separate existence for copyright purposes as a sound recording, or
- as requiring the identification, for the purposes of s 85, of the medium by which the aggregate of sounds in the sound recording which it is said has been broadcast was recorded.

25 The first construction was expressly disclaimed by the respondent. It is a construction that is not warranted by the words of the Act and is a construction that would lead to obviously absurd results for it would mean that upon the use of a sound recording in the sound-track of a cinematograph film, copyright in a sound recording would cease. That construction may therefore be put aside.

26 The second construction is one which should also be rejected. When s 85 speaks of the right to broadcast a sound recording it focuses upon the sounds, not

upon the record which embodies them. Section 23(1), on the other hand, deals with sounds in a particular form of record - sounds embodied in a sound-track. To say that sounds embodied in that particular form of record are not (or "shall be deemed not to be") a sound recording, addresses a question different from that posed by s 85.

27 There are other compelling reasons to reject the respondent's contentions. The appellants submitted that if s 23(1) were given a wider effect than preventing two copyrights subsisting in the same subject-matter, owners of copyright in sound recording embodied in the sound-track of films could have their rights defeated if not impaired. No doubt, as the respondent submitted, the owner of copyright in a sound recording which a film-maker wishes to embody in the sound-track of the film could agree that the owner of the copyright in the film would make some payment to the owner of the copyright in the sound recording in respect of any broadcast of the film. Whether that payment would be a lump sum or royalty would be for negotiation between the parties. But if the owner of the copyright in the sound recording has no right to control copying or broadcasting of that part of the sound-track which embodies the sound recording, there is significant scope for exploitation of the sound recording, by persons other than the maker of the film, which could not be controlled directly by the owner of the copyright in the recording. And it is no answer to say that the owner of copyright in the sound recording may seek to persuade or compel the owner of copyright in the film to take action against the person exploiting the sound recording. The otherwise exclusive rights conferred by s 85 would be significantly reduced. Although counsel for the appellants proffered other, more colourful, examples based upon the use of the film or sound recording in places which do not enforce copyright effectively, we do not think that it is necessary to have recourse to such examples. It is enough to say that the interposition of the owner of the copyright in the film between the owner of copyright in a sound recording and those who may, through medium of the film, seek to use the sound recording is such a significant reduction in the otherwise general rights conferred by s 85 as to warrant close consideration of whether the Act requires such a result.

28 Both the appellants and the respondent sought to gain support for their argument from reference to other provisions of the Act and from reference to the history of the legislation. The respondent submitted that if the only purpose of s 23(1) was to prevent the creation of two copyrights in the one subject-matter, s 110(3) of the Act was unnecessary. That sub-section provides:

"Where the sounds that are embodied in a sound-track associated with the visual images forming part of a cinematograph film are also embodied in a record, other than such a sound-track or a record derived directly or indirectly from such a sound-track, the copyright in the cinematograph film is not infringed by any use made of that record."

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It was submitted that the sub-section resolves a conflict between the grant of otherwise exclusive rights in respect of the sounds in the film which are also embodied in a pre-existing record and that it resolves the conflict by providing that there is no infringement of the film copyright in using a record which is not derived, directly or indirectly, from the film sound-track.

29 Section 110(3) identifies acts that do not infringe copyright in a film - using a record of the sounds in a sound-track that is a record that is not, and is not derived from, the sound-track of the film. It may be doubted that even without s 110(3), using a record of the kind referred to could have been said to infringe copyright in the film but whether or not that is so, s 110(3) puts the matter beyond doubt: using such a record does not infringe copyright in the film.

30 The avoidance of doubt is reason enough to explain the presence of s 110(3) in the Act and answers the suggestion that the appellants' construction of s 23(1) renders s 110(3) unnecessary. Moreover, it is necessary to recall that s 110(3) is concerned with what is infringement of copyright in the film, not what is infringement of copyright in the sound recording. To say that use of a record that embodies the sound-track of a film (but is not the sound-track and is not derived from the sound-track) does not infringe copyright in the film, says nothing about whether use of the film infringes copyright in a sound recording. And it is with the latter subject that the respondent alleges s 23(1) deals. In our view s 110(3) provides no help in construing s 23(1).

31 The history of the legislation about copyright in films and sound recordings is set out in detail in the reasons for judgment of Lockhart J⁸. We do not think it necessary to rehearse all of that history. It is a history which reveals first the debate about, and later the acceptance of, the proposition that sound recordings and films should each be regarded as distinct types of work in which a distinct copyright may subsist. But it is also a history which shows that the rights which were created in relation to sound recordings and in relation to films were rights which were additional to, and not in substitution for, whatever other rights may have existed, for example, in the musical work the subject of a sound recording or the dramatic work that was embodied in a film.

32 This was clearly the case under the *Copyright Act* 1956 (UK)⁹. In 1958, the Attorney-General for the Commonwealth appointed a committee (the Spicer Committee) to examine the copyright law of Australia and to advise which of the amendments made in the United Kingdom (in particular by the 1956

8 (1997) 144 ALR 207 at 210-219.

9 s 12.

United Kingdom Act) should be incorporated into Australian copyright law and what other alterations or additions should be made to that law. The Spicer Committee recommended¹⁰ the adoption of some of the amendments made in the United Kingdom. Thus, it recommended that copyright should subsist in certain sound recordings (those of which the maker was a qualified person and those first published in Australia)¹¹ and that certain acts, including broadcasting the recording, should be restricted¹². The committee also recommended that a particular copyright should be created in cinematograph film¹³. It went on to say that if its recommendations were carried into effect "copyright in a film [would] subsist as such independently of any copyright subsisting in its component features"¹⁴.

- 33 Debate in this country about the rights that should be given in relation to sound recordings continued after the report of the Spicer Committee. In 1966 the then Attorney-General for the Commonwealth (Mr Snedden) made a ministerial statement suggesting that the recommendations of the Spicer Committee about sound recordings would not be adopted¹⁵. In particular, it was proposed not to give the owner of copyright in a sound recording the right to control public performance of the recording. In 1967 a new Copyright Bill was proposed. This bill provided for copyright in sound recordings and gave the owner of the copyright exclusive right to control use of the record for public performance. The bill also created, for the first time in Australia, separate protection for cinematograph films and vested copyright in the maker of the film. As Lockhart J said¹⁶:

"At a time when parliament, after lengthy consideration, had decided to grant broadcasting and public performance rights to copyright owners of sound recordings, it would be surprising if those rights were to be curtailed in respect of sound recordings within films without any discussion."

10 Report of the Copyright Law Review Committee, 1959.

11 par 256.

12 par 260.

13 par 268.

14 par 272.

15 Commonwealth, House of Representatives, *Parliamentary Debates* (Hansard), 20 April 1966 at 972.

16 (1997) 144 ALR 207 at 218.

Reference should also be made to the Rome Convention¹⁷ which entered into force for Australia on 30 September 1992. In his second reading speech concerning the Copyright Bill 1967 the Attorney-General (Mr N H Bowen) said that the bill would "give effect in part"¹⁸ to the Rome Convention. He went on:

"It [the Convention] requires certain rights to be given to record manufacturers, to broadcasters, and to performers of musical and dramatic works. The present Bill will give effect to that Convention insofar as it relates to records and broadcasts ..."¹⁹

In *D & R Henderson v Collector of Customs for NSW*, Mason J said²⁰:

"If the language of a statute is ambiguous it is permissible to refer to the provisions of an international convention to which the statute is intended to give effect in order to assist in resolving an ambiguity, even if the statute is enacted before ratification of the convention"²¹.

The Convention does not provide (at least not explicitly) for the producer of a phonogram²² to receive any remuneration when a film into which a phonogram has been incorporated is publicly performed or broadcast. But accepting that the bill was intended to give effect to those parts of the Convention which related to records and to broadcasts, it by no means follows that there is no broadcast of a sound recording when a film incorporating the sound recording in its sound-track is broadcast. The obligations undertaken in the treaty are minimum obligations. Even treating parliament as intending that what was to become the 1968 Act should give effect to what would have been Australia's obligations if it had then been party

17 International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations.

18 Commonwealth, House of Representatives, Copyright Bill 1967, Second Reading Speech, *Parliamentary Debates* (Hansard), 18 May 1967 at 2328.

19 Commonwealth, House of Representatives, Copyright Bill 1967, Second Reading Speech, *Parliamentary Debates* (Hansard), 18 May 1967 at 2328.

20 (1974) 48 ALJR 132 at 135; affd (1975) 49 ALJR 335.

21 cf *Acts Interpretation Act* 1901 (Cth), s 15AB(2)(d).

22 A "phonogram" is defined by Art 3(b) as "any exclusively aural fixation of sounds of a performance or of other sounds". A "producer of phonograms" is defined by Art 3(c) as "the person who, or the legal entity which, first fixes the sounds of a performance or other sounds".

to the Rome Convention (insofar as it dealt with broadcasts and records) the Act would do so whichever construction of s 23(1) were to be adopted. No guidance can therefore be obtained from this source.

- 34 In the end, the task must be to construe the Act. For the reasons we have given we consider there was a broadcast of each of the sound recordings in question when the film into the sound-track of which it was incorporated was broadcast. It follows that we would allow the appeal, set aside the orders made by the Full Court of the Federal Court and would order that question 1(a) and question 2(a) be answered Yes. It is unnecessary to answer questions 1(b) and 2(b). The appellants should have their costs in this Court and in the Federal Court.

35 McHUGH AND KIRBY JJ. This appeal from the Full Court of the Federal Court of Australia²³ concerns the question whether, for copyright purposes, the sound recording embodied in the sound-track of a cinematograph film is part of the film so that a broadcast of the sound-track does not constitute a broadcast of the sound recording as such.

36 The answer to the question depends upon the meaning of provisions of the *Copyright Act* 1968 (Cth) ("the Act"), particularly of s 23, understood in their context, against their background including the history of their introduction and having regard to the apparent policy of the Act and the way in which it was intended to operate.

37 The facts, the legislative provisions and the essential arguments of the parties are set out in the reasons of Gaudron, Gummow and Hayne JJ. We will avoid unnecessary repetition. As ours is a minority opinion, we will state it briefly at the risk of appearing categorical. We accept, as the majority have stated, that the task of the Court is to construe the Act. Legislative history, arguments of policy and even suggested inferences from provisions which point in opposing directions must, in the end, give way to the obligation of the Court to derive the meaning of the Act and its application to the uncontested facts from those crucial provisions by which the Parliament has addressed the problem to be solved.

The problem

38 The essential character of that problem derives from the phenomenon of synchronicity. Relevantly, in the history of cinema, it may be traced at least to the advent of "talkies". Once sound-tracks were added to moving films (initially by a track literally on the side of continuous film of still images but later by other, and now electronic, means²⁴) it became possible to amalgamate with the visual images a sound recording to which copyright entitlements and obligations could attach. When eventually a new right to copyright in a cinematograph film was provided by law²⁵, independently of copyright subsisting in its component features, the

23 *EMI Music v Federation of Australian Commercial Television Stations* (1997) 144 ALR 207.

24 See definitions of "sound recording" and "record" in s 10(1) of the Act.

25 The protection accorded to cinematograph films in the *Copyright Act* 1968 (Cth) broadly reflected that in the *Copyright Act* 1956 (UK). See Commonwealth, *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) (the "Spicer Committee Report") at par 268. The history is reviewed in the reasons of Lockhart J. See (1997) 144 ALR 207 at 212-216.

peculiar characteristic of "cinematograph film" as an aggregate of visual and aural phenomena was recognised in the statutory definition adopted²⁶:

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

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

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

"Sound-track" was defined to mean²⁷:

"[I]n relation to visual images forming part of a cinematograph film ... :

- (a) the parts of any article or thing, being an article or thing in which those visual images are embodied, in which sounds are embodied; or
- (b) a disc, tape or other device in which sounds are embodied and which is made available by the maker of the film for use in conjunction with the article or thing in which those visual images are embodied".

39 The Act conferred exclusive rights in relation both to sound recording²⁸ and cinematograph films²⁹ on the respective makers thereof³⁰. The Act envisaged that different forms of copyright might co-exist³¹. Thus a cinematograph film might involve the integration of various elements - idea, original story line, screen play and music - which the maker of the cinematograph film had integrated into the film which thereupon became an aggregate product, recognised by the Act as separate from the combination of the various parts of which it was composed. It was the

26 s 10(1).

27 s 10(1).

28 s 85.

29 s 86.

30 s 97(2) (sound recording); s 98(2) (cinematograph film).

31 s 113.

purpose and effect of the Act³² to confer separate copyright protection on this integrated product.

40 Because the owner of the cinematograph film would otherwise be in breach of the reproduction rights of others, it is obliged to secure the consent of the respective copyright owners before it may lawfully integrate the various elements comprising original works into a cinematograph film. Where one of those elements is a sound recording within the meaning of the Act, its lawful incorporation in the cinematograph film would require the consent of the owner of any copyright in the sound recording³³.

41 In the case of some cinematograph films, it may be inferred, an entirely original musical score will be procured or a new recording made of a work, specifically for the film. In such cases, problems different from those presented in this case arise. Here, the problem is presented by the fact that the cinematograph film includes a pre-existing sound recording as part of its sound-track. In such a case, there is an apparent clash between those provisions of the Act³⁴ which provide "exclusive rights" to do various things in relation respectively to the sound recording and the cinematograph film: specifically the rights to broadcast the recording³⁵ and to broadcast the film³⁶. With the advent of radio and television, and the consequent possibility of transmitting to the public³⁷ the "sound-track" of a cinematograph film, an apparent conflict of exclusive rights was presented. In such a case, did the broadcast amount to a broadcast of the sound recording which happened to be reproduced in the film? Or was it a broadcast of the cinematograph film, including its sound-track, the exclusive right to do which belonged to the owner of the copyright in the film? The apparent conflict derived from the fact that the exclusive rights to broadcast what was essentially the identical subject matter was granted by the Act to different owners³⁸.

32 By s 86.

33 By reason of s 85, especially par (c).

34 ss 85 and 86.

35 s 85(c).

36 s 86(c).

37 See definition of "broadcast" in s 10.

38 ss 97 and 98.

The meaning of s 23

- 42 It is in this context that it is necessary to read s 23(1) of the Act. It is so important that we will reproduce it, although it appears in the reasons of the majority:

"For the purposes of this Act, sounds embodied in a sound-track associated with visual images forming part of a cinematograph film shall be deemed not to be a sound recording."

On the face of things, this express provision, apparently addressed to the problem posed by this appeal, affords an answer to that problem. It is the means by which the Act reconciles the grant of apparently inconsistent exclusive rights to different owners. The effect of the section is to maintain the exclusive right of the owner of a sound recording in all situations except where that owner has licensed the embodiment of the sound recording in the sound-track of a cinematograph film in exercise of its exclusive rights under s 85³⁹. Where the sound recording is so embodied in a sound-track of a cinematograph film, by licence from the owner of the sound recording, the exclusive right in relation to the collation of sounds constituting the sound-track (which may or may not contain sounds additional to the original sound recording) is treated by the Act as separate and different from the sound recording. It belongs to the owner of the copyright in the cinematograph film. The broadcast of the sound-track of a cinematograph film does not, therefore, involve the broadcast of the sound recording⁴⁰, as such, because "[f]or the purposes of [the] Act" the Parliament has provided⁴¹ that the "sounds embodied in a sound-track" are "deemed not to be a sound recording". In short, they are to be dealt with, and dealt with only, in terms of the rights of the owner of copyright in the cinematograph film.

- 43 This is the comparatively simple operation of the categories established by the Act for which the respondents contend. In the Federal Court their arguments won the support of the majority⁴². The linchpin of their argument there, as in this

39 The exclusive rights extend to making a copy of the sound recording (s 85(a)); causing a recording to be heard in public (s 85(b)) and broadcasting the recording (s 85(c)). Note the use of the definite article in par (c). It is "the" recording which attracts the exclusive right. It is not the reproduction of the recording in a new technical format, separately treated for copyright purposes, such as the sound-track of a cinematograph film. For that, s 86 of the Act separately provides.

40 For the purposes of ss 85(c), 109, 152.

41 s 23(1).

42 Wilcox and Sundberg JJ; Lockhart J dissenting.

Court, was the express terms of s 23(1) and the trouble to which the Parliament had gone to provide, with particularity, for the case of sound-tracks associated with visual images of a cinematograph film in s 23(1). With cross reference to the definition of "cinematograph film" in s 10, that sub-section recognised that such sounds were an ordinary aspect of "cinematograph film", made up as it is of the aggregate of visual images and of the sounds "embodied in a sound-track".

Application of s 23

- 44 The opening words of s 23 make it clear that it is a deeming provision of general application, for the purposes of the Act. Although deeming provisions may be confined by necessary implications derived from other provisions of a statute, no provision of the Act requires that s 23(1) be read down. Its purpose is to control the meaning and application of the other provisions of the Act where these relate to sound-tracks in a cinematograph film. That this is so is clear in the case of s 23 because other deeming provisions of the Act expressly qualify the apparent generality of the provision by the addition of the modifying clause "unless the contrary intention appears"⁴³. The appearance of s 23 in Pt II of the Act ("Interpretation"), where the Parliament is dealing with provisions of general application throughout the Act, is another indication that the provisions of s 23 are intended to operate as an addendum or proviso to every other provision of the Act in which it is necessary to consider whether sounds embodied in a sound-track of a cinematograph film are, or are not, a sound recording⁴⁴. There is no doubt that copyright subsists in the aggregate of sounds being part of the cinematograph film⁴⁵. The maker of a cinematograph film could clearly restrain those who sought to copy the film in the sense of copying its visual images or sounds. Section 23(1) operates to qualify what might otherwise have been the rights of the owner of copyright in a sound recording by making it clear that the sound-track of a cinematograph film is deemed not to be a "sound recording"⁴⁶. It does not, as such, qualify the rights of the owner of the copyright in a cinematograph film which are to be judged *sui generis* and are not dependent on the sound-track also being a "sound recording" within the Act.

43 See eg ss 31, 85, 86, 87 and 88. Contrast ss 11, 13(2), 15, 17, 21, 22(2), 22(4), 24 and 26(2).

44 *Hunter Douglas Australia Pty Ltd v Perma Blinds* (1970) 122 CLR 49 at 51, 61, 65.

45 s 10(1), definition of "cinematograph film".

46 See s 86 of the Act and the definitions in s 10 of "cinematograph film" and "copy".

Other provisions of the Act

45 We do not consider that this construction of s 23 conflicts with other provisions of the Act or leads to a meaning of the section which would be incompatible with the legitimate rights of the owner of copyright in a sound recording as such. As the majority in the Full Court of the Federal Court pointed out⁴⁷, one interpretation of s 23(1) was not advanced by any party. This was that incorporation of a sound recording into a cinematograph film would result in its ceasing to be a "sound recording" to any purposes of the Act. Prior rights in the original sound recording would "dissipate" or be merged in the rights of the owner of copyright in the cinematograph film. Such a construction would unnecessarily extend the ambit of s 23(1). The respondent did not contend for it. The terms of s 110(3) are inconsistent with it. That sub-section reads:

"Where the sounds that are embodied in a sound-track associated with the visual images forming part of the cinematograph film are also embodied in a record, other than such a sound-track or a record derived directly or indirectly from such a sound-track, the copyright in the cinematograph film is not infringed by any use made of that record."

That sub-section resolves a conflict which might otherwise arise between the grant of exclusive rights in respect of sounds reproduced in the sound-track of a cinematograph film which are also embodied in a pre-existing record. If the appellants' arguments were correct, this provision would have been unnecessary. According to the appellants, the only purpose of s 23(1) was to prevent two copyrights existing in a sound recording, viz a copyright in the film and a copyright in the original sound recording. We agree that s 23(1) was designed to prevent two copyrights existing. But like the majority in the Full Court of the Federal Court⁴⁸, we cannot agree that this was the sole purpose of that sub-section. So to construe it is to ignore the generality of its language, its intended operation and its place in the scheme of the Act (Pt II). In accordance with conventional principles governing the interpretation of legislation, that general language must be given its full effect.

46 The appellants also rely upon s 113⁴⁹. That section provides for the co-existence of different copyrights in the same subject matter. The appellants contend that this reinforces their interpretation of s 23(1). In our view, it does not. Section 113 is a general provision allowing the independent subsistence of

47 (1997) 144 ALR 207 at 226.

48 (1997) 144 ALR 207 at 226-227.

49 As does Lockhart J. See (1997) 144 ALR 207 at 221.

different copyrights. It does not affect the operation of s 23(1), being a provision directed at one particular form of copyright - viz the copyright existing in the sound-track to a cinematograph film. The maxim *generalia specialibus non derogant* applies to support this conclusion.

Legislative history

47 The legislative history also tends to confirm that this is what Parliament intended. The Act was written against a background of a longstanding debate as to whether, and if so to what extent, owners of copyright in sound recordings should be afforded protection in relation to the public performance or broadcasting of those sound recordings. That history is recounted, in the Full Court, in the reasons of Lockhart J⁵⁰.

48 In the United Kingdom, the Gregory Committee in 1952 recommended in favour of the recognition of the right⁵¹. It was eventually conferred by the law of that country in 1956⁵². However, the United Kingdom statute did not contain any provision for the grant of a compulsory licence in relation to sound recordings. In Australia, the committee reviewing copyright legislation⁵³ referred to the "strenuous contest as to whether the maker of a record should have the right to restrain the public performance or broadcasting of his record". It recommended that such a right be conferred. At first the Australian government indicated that it would not give effect to this recommendation⁵⁴. However, subsequently, when a redrafted Bill was reintroduced into the Parliament, provision was duly made. It was explained that this was to "give effect in part to the Convention for the Protection of Producers of Phonograms, Broadcasters and Performers, commonly known as the Neighbouring Rights Convention ... signed at Rome in 1961 [which] came into force in 1964". It was said that that Convention "requires certain rights to be given to record manufacturers to broadcast and to performers of musical and dramatic works" and that the Bill "will give effect to that Convention in so far as it relates to records and to broadcasts"⁵⁵.

50 (1997) 144 ALR 207 at 210-212, 217-218.

51 United Kingdom, *Report of the Copyright Committee* ("the Gregory Committee Report") (1952) [Cmd 8662] at pars 181-185; cf pars 96-97, 101.

52 *Copyright Act* 1956 (UK), s 12.

53 Spicer Committee Report at par 232.

54 House of Representatives, *Parliamentary Debates* (Hansard), 20 April 1966 at 974.

55 House of Representatives, *Parliamentary Debates* (Hansard), 18 May 1967 at 2328.

49 In the Rome Convention "phonograms" are defined⁵⁶ to mean "any exclusively aural fixation of sounds of a performance or of other sounds". The Convention goes on to provide⁵⁷ a more limited species of copyright protection in relation to public performance and broadcasting of "phonograms" than was provided by other international conventions in relation to literary, dramatic or artistic works. Thus, for broadcasting or public performance of "phonograms" the right provided is to "equitable remuneration", no more. Given the stated purpose of the Bill which became the Act to give effect to the Convention in Australia, this explains the provisions for compulsory licensing⁵⁸, not then found in the *Copyright Act* 1956 (UK) which was otherwise the model on which Australia's copyright law was based. Neither the language of the Convention, nor the WIPO commentary upon it⁵⁹ suggests an intention to provide for remuneration to the producer of a "phonogram" which a cinematograph film, into which its sounds have been incorporated, is publicly performed or broadcast.

50 Against this background, it is unsurprising that the Act⁶⁰ should expressly provide separate rights to owners of copyright in works and sound recordings respectively in relation to the subsequent public performance or broadcasting of a cinematograph film incorporating the works or sound recordings. Against the history of the controversy as to whether owners of copyright in sound recordings should enjoy public performance or broadcasting rights *at all*, it is unremarkable that that controversy would be resolved by giving the owners of the copyright in sound recordings the rights for which the Rome Convention made provision, but no more. We agree with the majority in the Full Court of the Federal Court that the Convention may be considered to assist in resolving an ambiguity in the legislation enacted to give effect to the Convention in Australian law⁶¹. Indeed, it is settled law that an Australian statute, enacted to give effect to international law, will, to the fullest extent permitted by its language, be construed so as to conform

56 Art 3(b).

57 Art 12.

58 ss 109 and 152.

59 World Intellectual Property Organisation, *Guide to the Rome Convention and the Phonograms Convention* (1981) at 22 (Art 3(b)) and 46-49 (Art 12).

60 By ss 23 and 113(1).

61 *D & R Henderson v Collector of Customs for NSW* (1974) 48 ALJR 132 at 135.

to international law⁶². When we have regard to the Rome Convention, we consider that it supports the construction favoured by the majority in the Full Court of the Federal Court. That urged by the appellants goes far beyond the Convention protection. At the very least, one might have expected that, in such an historical and treaty context, had such a substantial enlargement of the rights of the owner of copyright in a "sound recording" been intended, that purpose would have at least been mentioned by the Attorney-General. The absence of such mention by an Attorney-General so knowledgeable in this area of the law (The Hon Nigel Bowen QC) is best explained by attributing to him (and to the Parliament) the belief – reflected in the terms of the Bill – that s 23(1), by its language, removed the possibility of substantial ambiguity or confusion.

Policy considerations

- 51 There is no injustice in the interpretation of the Act which follows from this opinion. It is accepted by both parties that s 23(1) leaves subsisting the rights of the owner of the copyright in the original recording, *as a sound recording*. It simply treats the copyright in the sound-track as conceptually different. It avoids duplication and overlap. The potential of injustice to the owner of the copyright in the original sound recording is removed because that sound recording cannot lawfully be incorporated into the cinematograph film without the consent of the owner of the copyright in the sound recording⁶³. It is at the point of negotiation for the giving of such consent that such owner is entitled to impose such conditions in relation to remuneration as it is able to negotiate for all future public performances or broadcasting of the cinematograph film, including its sound-track. Such negotiation would take into account the modern expansion of broadcasting as a global phenomenon. It would also take into account the not uncommon fact that the public performance and broadcasting of cinematograph films, far from disadvantaging the makers and later owners of copyright in sound recordings, actually tend (in many cases at least) to promote the fame and fortune of the original sound recording, the artists involved in it and their other works. Many a sound recording that would otherwise have been undiscovered, buried in the mass of popular offerings, is promoted by its public performance or broadcasting as part of the sound-track of a cinematograph film⁶⁴. It would be completely unrealistic

62 *Minister for Immigration and Ethnic Affairs v Teoh* (1995) 183 CLR 273 at 298; *Applicant A v Minister for Immigration* (1997) 71 ALJR 381 at 395, 418; 142 ALR 331 at 349-350, 381-382.

63 Act, s 85(a).

64 Examples include the music from *Singing in the Rain*, *The Wizard of Oz*, *Star Wars*, *The Man From Snowy River* and *The Piano*, as well as songs embodied in the various Pink Panther and James Bond movies. The same is true of classical music. The (Footnote continues on next page)

to ignore the way in which the popular success of cinematograph films quite frequently leads to the sale of the sound-track which, as a matter of economic reality, owes its popularity solely, or at least substantially, to the promotion of the film of which it is an integral part.

52 If the sound recording is included in the sound-track of a cinematograph film with the licence of the owner of the copyright, it is the owner of the copyright in the film who has the right to restrain the sale or other dealings of recordings made from the sound-track of the film because the infringement involved is that of the sound-track, ie, of an integral part of the cinematograph film. By s 23, such sound-track is deemed not to be a sound recording as such. By the same token, if the sound recording were incorporated in the sound-track without the licence of the owner of the copyright in the sound recording, there would be an infringement of the reproduction right subsisting in the sound recording⁶⁵ by the making of the cinematograph film. Copies of the film or recordings taken from its sound-track, if made in Australia, would then be reproductions of the sound recording and infringements of the copyright subsisting in it⁶⁶. If the film were made outside Australia, without the licence of the owner of the copyright in the sound recording, the film and recordings made from the sound-track of the film would, upon importation into Australia, constitute infringements giving rise to the remedies provided by the Act⁶⁷.

53 Thus, within the scheme of the Act, the only reproduction of the sound recording by which the rights of the copyright owner of the sound recording would be affected arise where the sound recording has been lawfully incorporated into the sound-track of a cinematograph film with the owner's consent. Because such consent would ordinarily be given for consideration, negotiated at a time when allowance for later public performance and broadcasting may be anticipated, it is scarcely surprising that additional and fresh entitlements in the copyright holder of the sound recording should be denied. For what is then publicly performed or broadcast is not the sound recording but the sound-track of the cinematograph film. Both conceptually, and by s 23(1) of the Act, this is a different thing. Economically, it is different. The promotion, distribution and sale of rights in, and in relation to, the cinematograph film is different. It is therefore unsurprising that

music of Gustav Mahler was promoted by the inclusion of the Adagietto from his Fifth Symphony in Visconti's film *Death in Venice*.

65 Pursuant to s 85(a).

66 Pursuant to s 101(1).

67 In s 102.

its incidents for copyright law should be treated differently. Given the terms of s 23(1) of the Act, it would be remarkable if they were not.

- 54 Finally, we cannot rule out the possibility that this provision may, at some time in the future, come to be applied to the broadcast of multimedia products (such as, perhaps, "interactive" movies). The development of copyright law has frequently lagged behind such new technologies⁶⁸. Courts have sometimes been slow to adapt to new circumstances. Sometimes there will be no other way of dealing with the problem than by legislative amendment⁶⁹. But it would be unfortunate if the development of multimedia products were to be hampered by a failure to see them as an integrated whole, rather than simply as component parts.

Application of s 23 to the questions posed by the parties

- 55 In relation to each of the pieces of music in question, two sets of questions were put before the Full Court of the Federal Court. The first was whether the broadcast constituted a breach of the relevant appellant's copyright under s 85(c)⁷⁰ of the Act. The second was whether the respondent's conduct obligated it to pay royalties to the relevant appellant under s 152(2).

- 56 The majority in the Full Court of the Federal Court saw no relevant differences between the principles involved in answering the two questions⁷¹. We agree. It is immaterial that s 85(c) uses the phrase "broadcast the [sound] recording", whilst s 152(2) refers to "broadcasting ... those [sound] recordings". As the majority in the Full Court of the Federal Court pointed out, ss 85, 109 and 152 "travel together". Section 85 outlines the rights enjoyed by the holder of copyright in a sound recording. Section 109 provides for the creation of a statutory licence to use that sound recording. And s 152 sets out the mechanism by which the licence fee will be determined. Hence the s 152 procedure will only be invoked

68 Bowrey, "Copyright, Photography and Computer Works - The Fiction of an Original Expression" (1995) 18 *University of New South Wales Law Journal* 278 at 297

69 *Telstra Corporation Ltd v Australasian Performing Right Association Ltd* (1997) 71 ALJR 1312 at 1345; 146 ALR 649 at 695. Courts cannot always, in the manner of Star Trek's Captain Jean-Luc Picard, say "Make it so!"

70 On 1 January 1996, s 85(c) became s 85(1)(c): *Copyright (World Trade Organisation Amendments) Act 1994* (Cth), s 5. It was not suggested that the alteration was otherwise material to the present proceedings. The paragraph is therefore cited as it formerly appeared.

71 (1997) 144 ALR 207 at 227.

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in circumstances where the s 85(c) right has been infringed. For the reasons we have explained, those circumstances are not present here.

Conclusion and order

57 The majority of the Full Court of the Federal Court correctly answered the questions before them. The appeal should be dismissed with costs.

