

7 January 2020

Department of Foreign Affairs and Trade
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BARTON ACT 0221

By email: a-eufta@dfat.gov.au

Dear Sir/Madam

**THE EU PROPOSALS FOR EU-AUSTRALIA FTA – CHAPTER [xx] ON
INTELLECTUAL PROPERTY - SECTION C ENFORCEMENT OF INTELLECTUAL
PROPERTY RIGHTS**

I write on behalf of the Intellectual Property Committee (the **Committee**) of the Business Law Section (**BLS**) of the Law Council of Australia which appreciates the opportunity to comment on extracts from the European Union (**EU**) proposals for the EU-Australia Free Trade Agreement Chapter on Intellectual Property (the **FTA**) which has been provided by the Department of Foreign Affairs and Trade.

In the time available, the Committee has confined its comments to aspects of the proposals that are not, or may not be, presently reflected under Australian Intellectual Property (**IP**) Law. There are two main aspects raised for consideration in this respect. They are summarised in Section 1 below, together with some observations about a third issue. Some further detail is provided in the following sections.

1. Summary

Issue 1 – Extension of intermediary liability

Articles X.52 and X.54 of the FTA requires Parties to extend the availability of interlocutory and final injunctive relief for IP infringement to include third party intermediaries. Article X.54 provides, for example:

Each Party shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer as well as against an intermediary whose services are used by a third party to infringe an intellectual property right an injunction aimed at prohibiting the continuation of the infringement.

As an initial matter the Committee recommends that it be clarified whether Articles X.52 and X.54 are purporting to mandate the power to grant injunctions against intermediaries on a no-fault basis.

If it is intended that the Parties will make injunctions generally available against third party intermediaries on a no-fault basis, it is doubtful whether Australian law would meet this requirement. The Committee also understands there may be a lack of uniformity among European national laws on whether injunctions are available against a third-party intermediary on a no-fault basis. Accordingly, it may be that neither Europe nor Australia would have IP laws that presently comply and significant legislative changes would be required by both parties. In particular, while recent reforms in Australian law have extended the scope of third-party relief to carriage service providers in a copyright context, it is arguable that further legislative reform would be required to ensure Australian law enables an IP owner to obtain injunctive relief against third party intermediaries.

On the other hand, if the intention of Articles X.52 and X.54 is to leave to national laws the requirements which must be established in order to grant an injunction (such as fault of various kinds on the part of the intermediary), then this would require no change to Australian law. Accordingly, there is in our view, considerable importance in clarifying this aspect.

Some further detail about this issue is provided in the sections below.

Issue 2 – Scope of Alternative Measures – Article X.55

Draft Article X.55 is not presently expressed to be mandatory. It provides that as an alternative remedy, each Party may provide that where a person may be otherwise subject to measures provided for in draft Article X.53 (Remedies) or X.54 (injunctions), the person may seek an order for pecuniary compensation to be paid to the injured party instead of applying the measures provided in those two articles, 'if that person acted unintentionally and without negligence, if execution of the measures in question would cause him disproportionate harm and if pecuniary compensation to the injured party appears reasonably satisfactory'. It is not clear whether Article X.55 is intended to apply to measures against third party intermediaries. The Committee suggests this should be made clear.

Issue 3 – Publication of Judgments

The Committee also wishes to draw attention to Article X.58, which provides for orders for the publication of judicial decisions. The Committee considers that this is already within the existing general power of Australian courts when ordering injunctive relief of various kinds. However, it is noted that there is no specific provision in Australian IP statutes providing for orders of these kinds. This may be contrasted with the *Competition and Consumer Act 2010* (Cth), where express provision is made for the grant of mandatory injunctions.¹

2. European context

An established concept in European law, the term 'internet intermediaries' commonly refers to a wide, diverse and rapidly evolving range of service providers that facilitate interactions on the internet. As the Council of Europe has described these intermediaries:

Some connect users to the internet, enable processing of data and host web-based services, including for user-generated comments. Others gather information, assist searches, facilitate the sale of goods and services, or enable other commercial

¹ See, for example, ss 44ZZD and 44ZZE of the *Competition and Consumer Act 2010* (Cth).

*transactions. Importantly, they may carry out several functions in parallel, including those that are not merely intermediary.*²

The service and function of internet intermediaries is critical in the online world. As the World Intellectual Property Organization (**WIPO**) states:

*Internet intermediaries are key drivers in the development of the Internet as well as in distributing creative content. They host, locate and search for content and facilitate its distribution. Their increasing influence in recent years, as well as their evolving role has led to a debate regarding their liability in relation to online copyright infringement.*³

A growing number of European courts are granting injunctive relief which requires ISPs and other third-party service providers to disable access to websites and other internet resources by technical means. Although such blocking injunctions have been granted principally in cases involving copyright infringement, similar remedies have been recognised for other civil wrongs, including trade mark infringement. It has not been possible in the time allowed to determine whether these measures have been extended to design or patent infringement.

In European law, the concept of an intermediary also extends further than is currently the case in Australian law. In the context of the internet, it could generally be understood to refer to what are known as 'information society services'. The preamble to the *E-Commerce Directive*⁴ clarifies the definition of '**information society services**' as including the following concepts:

- it extends to services which are not remunerated by those who receive them, such as those offering on-line information, commercial communications or search functions ([18]);
- it extends to services involving the transmission of information via a communication network, providing access to a communication network or in hosting information provided by a recipient of the service ([18])⁵;
- video-on-demand or the provision of commercial communications by electronic mail are included; and
- television broadcasting and radio broadcasting are not information society services.

Common law courts have long had jurisdiction in certain circumstances to order innocent parties to *assist* those whose rights have been infringed by a wrongdoer, but not necessarily to order final relief against a party who is not knowingly concerned in the infringement. As a conceptual matter, the common law generally requires that a third party should (at least) have the right to appear and be heard on any application which affects them, as a matter of procedural fairness.

² <<https://rm.coe.int/leaflet-internet-intermediaries-en/168089e572>>

³ <https://www.wipo.int/copyright/en/internet_intermediaries/>

⁴ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on ... commerce, in the Internal Market.

⁵ See, *Metropolitan International Schools Ltd v Designtecnica Corpn* [2010] 3 All ER 548, where at [83] the Court considered that recital 18 of the Preamble includes search engines such as Google that receive income indirectly from advertisers.

In terms of assistance, the jurisdiction first explicitly exercised in *Norwich Pharmacal Co v Customs and Excise Coms* [1974] AC 133 is commonly exercised for the purpose of assisting claimants to bring or maintain proceedings against wrongdoers, generally by ordering innocent intermediaries to provide information, commonly implemented in the form of provision for third-party discovery in Australian Court rules. *Norwich* cites a line of authority including *Upmann v Elkan* (1871) 7 Ch App 130, where the court allowed an injunction to be issued to restrain an (innocent) mere carrier in possession of counterfeit goods.

To date, in Australia, there has been no express extension of that jurisprudence to online infringement of intellectual property rights by third-party intermediaries. In contrast:

- In *L’Oreal SA v eBay International AG* [2009] EWHC 1094 Arnold J concluded that, despite lack of an express implementation, the High Court of England and Wales had power under [s37\(1\)](#) of the *Senior Courts Act 1981* (UK) to grant an injunction against an intermediary whose services had been used by third parties to infringe an IP right.
- Then, in *Cartier International AG v British Sky Broadcasting Ltd* [2016] EWCA Civ 658 (**Cartier**) extended this principle to the application of ‘website blocking orders’ to prevent copyright infringement. In doing so, the Court avoided the limitation of section 97A of the *Copyright, Designs and Patents Act 1988* (UK), which is limited to copyright infringement.⁶ The Court’s jurisdiction to grant website-blocking injunctions in cases involving infringement of intellectual property rights notwithstanding the absence of any legislative implementation by the United Kingdom of the third sentence of Article 11 of the Enforcement Directive was then affirmed by the Supreme Court of the United Kingdom in *Cartier International AG & Ors v British Telecommunications Plc & Anor* [2018] UKSC 28.
- In *Nintendo Co Ltd v Sky UK Ltd & Ors* [2019] EWHC 2376, an injunction was also obtained in relation to websites which advertised, distributed, offered for sale and/or sold devices that allow technological protection measures contrary to the statutory protection given by sections 296ZD and 296 of the *Copyright, Designs and Patents Act 1988* (UK) against the circumvention of copyright protection measures.
- While not strictly related to intellectual property, but to intermediary liability generally, in *Google Inc. v Equustek Solutions Inc* [2017] 1 SCR 824 (**Equustek**), the Supreme Court of Canada considered whether an interlocutory injunction that would require Google to globally de-index the websites of a company in breach of several court orders was available. In considering the question, the Supreme Court of Canada addressed the availability of injunctive relief against someone who is not a party to the underlying litigation. There, the Court found and held (at [23]):

...injunctions are equitable remedies and that the powers of a court with equitable jurisdiction are, subject to any relevant statutory limitation, unlimited, not restricted to any area of substantive law, and enforceable through a court’s contempt power.

⁶ Section 97A: ‘The High Court (in Scotland, the Court of Session) shall have power to grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright.’

- Canada's first 'site blocking' order against an intermediary in the recent decision of *Bell Media Inc. v GoldTV.Biz*⁷ proceeded based on this equitable jurisdiction confirmed in *Equustek* and *Cartier*, rather than any express statutory mandate. The Supreme Court of Canada had little difficulty in concluding that it had the *jurisdiction* necessary to grant the injunction by virtue of sections 4 and 44 of the Canadian *Federal Courts Act* pursuant to its equitable powers to grant injunctions wherever '*just and convenient*'.

However, the Committee notes that the position in Europe does not appear to be uniform among Member States. For example, the German Supreme Court refused to grant an injunction in *BGH, Urt. v 26.11.2015 I ZR 174/14 Stoererhaftung des Access-Providers* on the basis that, among other things, it was reasonable for the rights holder first to make efforts to take action against the foreign website operator, and subsequent case law and legislation has not, the Committee understands, reached the point of providing for a general right to obtain no fault injunctions against intermediaries: see also *BGH, Urt. v 26.7.2018 – I ZR 64/17 – Dead Island*.

In Australia, other than in certain circumstances relating to copyright which are outlined below, it is unclear whether legislation or the common law would permit a third-party injunction against an intermediary on a no-fault basis without express enabling legislation. For the avoidance of doubt, it would seem necessary for Australia to widen the basis under which intermediary liability could be implemented – including by express reference to injunctions against third-party service providers in legislation.

The form such implementing legislation might take, including any ancillary elements such as the cost of compliance, is likely to be controversial – and beyond the scope of this submission.

3. Copyright and third-party intermediaries in Australia

Liability for intermediaries has proven to be a vexed issue in Australian law. Further reform to this area of law is likely to generate considerable public interest and discussion from both rights-holders and online service providers. These issues have been canvassed many times in the copyright context and are complex.

Section 13(2) of the *Copyright Act 1968* (Cth) (**Copyright Act**) states that the exclusive right to do acts comprised in the copyright in a work, adaptation or subject matter '*includes the exclusive right to authorize a person to do that act*' in relation to the work, adaptation or subject matter. A person who authorises another to do an act comprised in copyright without the license of the copyright owner and without legal justification infringes the copyright in the work or subject matter⁸ and is secondarily liable⁹ in '*authorizing infringement*'.

⁷ 2019 FC 1432.

⁸ Australian Copyright Act, section 36(1) and section 101(1).

⁹ *APRA v Jain* (1990) 26 FCR 53, 57.

In Australia, the law relating to ‘*authorizing infringement*’¹⁰ is encapsulated in the decision of the High Court of Australia in *Moorhouse v University of New South Wales*,¹¹ subsequently codified in sections 36(1A) and 101(1A) of the Copyright Act:

(1A) In determining, for the purposes of subsection (1), whether or not a person has authorized the doing in Australia of any act comprised in the copyright in a work or subject matter without the license of the owner of the copyright, the matters that must be taken into account include the following: (a) the extent (if any) of the person’s power to prevent the doing of the act concerned; (b) the nature of any relationship existing between the person and the person who did the act concerned; (c) whether the person took any other reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry codes of practice.

Following the Agreed Statement to Article 8 of the *WIPO Copyright Treaty 1996*, in copyright, the ‘mere conduit’ exceptions in sections 39B and 112E of the Copyright Act explicitly provide that:

A person [...] who provides facilities for making, or facilitating the making of, a communication is not taken to have authorised any infringement of copyright [...] merely because another person uses the facilities so provided to do something the right to do which is included in the copyright.

That provision is of limited application. In *Roadshow Films Pty Ltd v iiNet Ltd*¹² (*iiNet*), after considering the previous authorities, Cowdroy J concluded that section 112E had only minimal application because it would not protect an intermediary from secondary liability if there is a finding of authorizing infringement. In particular, the High Court in *iiNet* observed that these provisions offer protection ‘*where none is required*’¹³ and ‘*seem to have been enacted from an abundance of caution*’.¹⁴

3.1 Reforms to intermediary liability post-iiNet

The High Court of Australia’s decision that *iiNet*, an ISP, was not liable for copyright infringement by users of its service has led successive Australian governments to respond with various proposals for reform. To date, no substantive change to accessorial liability for online copyright infringement has been implemented.

Notwithstanding this absence of greater reform, section 115A of the Copyright Act was successfully introduced in 2015 and enables a copyright owner to apply to the Federal Court of Australia for an injunction requiring a **carriage service provider (CSP)** to take reasonable steps to block access to an online location located outside Australia that infringes, or facilitates an infringement, of copyright and has the primary purpose of infringing copyright or facilitating the infringement of copyright (whether or not in Australia).

Following the further amendments to the regime made in the *Copyright Amendment (Online Infringement) Act 2018* (Cth), the Copyright Act now provides that the Court may grant an injunction in the terms and conditions it considers appropriate. The new section 115A(2B)

¹⁰ Hopefully, whatever future amendments that are mandated by international obligations will maintain consistent spelling within Australian legislation. While a matter of form over function, previous amendments to Australian copyright law to meet treaty obligations, such as the USFTA, have introduced alternative American spellings of ‘authorize’ and British English ‘authorise’ to the legislation. Compare, for example, this spelling with section 135AOA(2): ‘*The acts with the unauthorised decoder are as follows: (a) making the unauthorised decoder.*’

¹¹ *Moorhouse v University of NSW* (1975) 133 CLR 1.

¹² (2012) 248 CLR 42.

¹³ *Ibid*, 55–6, [26] per French CJ, Crennan and Kiefel JJ.

¹⁴ *Ibid* 81 [113] per Gummow and Hayne JJ.

makes it clear that, without limiting the terms and conditions that may apply to an injunction, the Court may make injunctions in terms that require **carriage serve providers** and **online search engine providers** (but not other third parties) to take reasonable steps to block, or not provide search results that include certain domain names, URLs and IP addresses that provide access to the online location.

The actual application of section 115A of the Copyright Act has been augmented by the decision of *Roadshow Films Pty Ltd v Telstra Corporation Ltd* [2016] FCA 1503, which established the following key ancillary orders:

- redirection to a landing page should be mandatory;
- an abridged variation mechanism would be followed for new URLs, IP addresses or domain names – albeit with Court supervision;
- the ISPs would bear the cost of infrastructure implementation
- content owners would pay \$50 per domain name for each ISP;
- the blocks would be for three years and subject to extension; and
- a number on ancillary orders, largely relating to technical implementation, including capacity to temporarily suspend the injunction where necessary.

This agreed framework for section 115A orders has subsequently been adopted by consent, with no material changes, by all parties in every application to the Court made under section 115A since the *Telstra* case. It is now common practice for the ISPs to file submitting notices, if they appear in the proceedings at all.

3.2 *The FTA may require section 115A to extend its application to online locations within Australia*

In the absence of a general extension of injunctive powers, it may be necessary to specifically amend the Copyright Act to allow injunctions against online locations that operate in Australia.

Section 115(2) permits the grant of injunctions ‘*subject to such terms, if any, as the court thinks fit.*’ At the time of the introduction of the Copyright Amendment (Online Infringement) Bill 2015, the Australian Government argued that it was already possible to take direct action against an online location within Australia under the Act (section 115), but difficult to act against the operator of an online location that is operated outside Australia.¹⁵

Whether the current wording of section 115 of the Copyright Act would enable an applicant to obtain an injunction against a third party in terms that would comply with the obligations of the proposed FTA is arguable and may require clarification by legislative amendment – either to section 115, or more likely, by extending the operation of section 115A to include online locations operated within Australia. If the latter were to be chosen, and depending on the final terms of Article X.54, it might also require an extension of the concept beyond ‘carriage service providers’ and ‘online search providers’ to include the wider concept of ‘internet intermediary’ as understood in European law – potentially bringing many more operators and entities within the scope of the regime.

¹⁵ [21], Revised Explanatory Memorandum, *Copyright Amendment (Online Infringement) Bill 2015*.

Therefore, the Committee considers that implementation of the proposed FTA in Australia is likely to require further amendments to the Copyright Act, or a general express mandate to extend injunctions to third-party intermediaries.

3.3 *The proposed FTA may require section 115A to be extended to apply to other service providers*

At present, an injunction under section 115A may only be obtained against:

- a carriage service provider; or
- an online search engine provider.

‘CSP’ is a far more restricted concept than an intermediary (or ‘third party’) – in this context third-party injunctions have only been applied to internet service providers rather than, for example, extending to providers of social media networks. As defined in the *Telecommunications Act 1997* (Cth), a CSP is a person who uses a network unit to supply carriage services to the public. Under that definition, a CSP most prominently includes internet service providers and generally excludes other online services.

The term ‘online search engine provider’ used in the Copyright Act is not defined and its meaning is uncertain. The Explanatory Memorandum to the *Copyright Amendment (Online Infringement) Act 2018* (Cth) was vague, focusing on why ‘online search engine providers’ were said to undermine the effectiveness of the existing section 115A (our emphasis):

*The effect of the order would be to prevent users located in Australia of the online search engine provider from receiving search results that **provide a pathway to certain online locations that host and distribute** unauthorised films, television programs and music, or provide programs or other tools that facilitate the infringement of copyright.*

...

*Online search engines **enable users to discover the existence of online locations** that may be the subject of an injunction, which may rank highly in search results. Search results often also disclose **alternate pathways to these online locations**, which can undermine the effectiveness of injunctions granted under section 115A. For example, search results often contain, or disclose, online locations with links to domain names and URLs that are not specified in the injunction but will allow the user to access the online location.*

A Regulation Impact Statement prepared by the Department of Communications and the Arts (**Impact Statement**) was provided to the House of Representatives along with the Explanatory Memorandum. In the context of discussing the proposed extension to ‘online search engine providers’, the Impact Statement noted at [54] – [55] (our emphasis):

*The online search engine market in Australia is dominated by Google (92%) and Bing (5%) and it is **expected that copyright owners will seek injunction orders against these providers only**. These providers would have to decide whether to contest applications by rights holders under section 115A, and be in a position to implement any orders made by the Court.*

*In terms of the infrastructure required to disable access to online locations, it is clear **at least in the case of Google that it possesses the technical means** to delist entire websites and has done so in other contexts.*

Furthermore, the Second Reading Speech delivered by the Honourable Mark Dreyfus MP noted (our emphasis):

... this bill will, first, expand the services that can be subject to injunctions to include online search engine providers such as Google, in addition to carriage service providers such as Telstra, to compel the provider to take reasonable steps to not provide search results that direct users to copyright infringing websites. This measure is intended to reinforce the regime by ensuring that searches do not provide easy pathways to already blocked copyright-infringing sites through alternative pathways and web addresses.

Arguably, these materials indicate that the legislative intention was to capture popular 'online search engine providers' such as Google and Bing as opposed to websites with in-built search functions, like social media networks. This remains untested.

It is unclear whether the concept of 'an intermediary' referred to in the draft FTA is intended to include social media networks. In July 2016, the EU passed *Directive 2016/1148 on security of network and information systems* (the **Directive**). The Directive sought to implement measures for a high common level of security of network and information systems across the EU. It defined an 'online search engine' in Article 4 as follows:

...online search engine' means a digital service that allows users to perform searches of, in principle, all websites or websites in a particular language on the basis of a query on any subject in the form of a keyword, phrase or other input, and returns links in which information related to the requested content can be found.

The definition of 'online search engine' was further clarified in recital 16 of the Directive as follows (our emphasis):

An online search engine allows the user to perform searches of, in principle, all websites on the basis of a query on any subject. It may alternatively be focused on websites in a particular language. The definition of an online search engine provided in this Directive should not cover search functions that are limited to the content of a specific website, irrespective of whether the search function is provided by an external search engine. Neither should it cover online services that compare the price of particular products or services from different traders, and then redirect the user to the preferred trader to purchase the product.

This more limited definition conflicts with the wider definition of 'information society services' described above.

Furthermore, current Australian copyright legislation only requires reasonable steps be taken to disable access to the on-line location that is the source of the infringement. For smaller search providers, the Explanatory Memorandum argued that if a small provider does 'not have the capability to not provide a search result that refers a user to an online location', then it would be unlikely that the Federal Court would find that there are any 'reasonable steps' that can be taken by the provider – an argument that remains untested, as no applications regarding any online search engine providers have been made.

Therefore, the Committee considers that implementation of the proposed FTA in Australia is likely to require reform to the Copyright Act, or a general express mandate to extend injunctions to third-party intermediaries to meet the wider concept of intermediary or third party as envisaged by the FTA. The scope of the application of Article X.54 to intermediaries should be clarified.

4. Trade Marks Law, Patents, Designs, and other intellectual property rights

While European trade mark law does not expressly recognise contributory trade mark infringement as a theory of liability, it is accepted that third-party internet intermediaries have an explicit obligation under the various EU directives to remove or disable access to any infringing information on becoming aware of it. Unlike the United States, the law in the EU includes trade mark infringement, unfair competition and other torts under the 'notice and takedown' system, offering service providers the same kind of immunity for these activities as they receive under copyright law.

At present, however, neither Australian trade mark law nor common law principles relating to accessorial liability provide a clear basis to hold internet intermediaries liable for trade mark infringements. It is likely that changes to Australian law would be required to implement the proposed FTA.

In the Australian context, the statutory requirement that a trade mark must be used '*as a trade mark*' and the wide section 122A defence available in the *Trade Marks Act 1995* (Cth) (**Trade Marks Act**) that exempts those who deal with goods on which trade marks have been placed with the trade mark owner's consent, gives rise to difficulty in extending the scope and application of the Trade Marks Act to internet intermediaries.

The lack of any provision in the Trade Marks Act dealing with indirect trade mark infringement compounds this barrier to enforcement against intermediaries.

Therefore, the Committee considers that implementation of the FTA in Australia is likely to require reform to the Trade Marks Act, or a general express mandate to extend injunctions to third-party intermediaries.

For reasons that are unclear, there has been limited (if any) real discussion about whether the provisions of the *Patents Act 1990* (Cth) (**Patents Act**) could extend to provide for third-party injunctions – noting the wider definition of 'exploit' in that legislation leaves greater capacity for argument than the restricted requirement of 'use' under the Trade Marks Act.

While even less commonly examined (if at all), the basis for obtaining relief under the *Designs Act 2003* (Cth) (**Designs Act**), the *Plant Breeder's Rights Act 1994* (Cth) (**Plant Breeders Rights Act**), *Circuit Layouts Act 1989* (Cth) (**Circuit Layouts Act**) would similarly prove problematic to meet the requirements of the FTA, unless amended specifically or generally.

Therefore, the Committee considers that implementation of the FTA in Australia is likely to require reform to the Patents Act, Designs Act, Plant Breeders Rights Act and the Circuit Layouts Act, or a general express mandate to extend injunctions to third-party intermediaries.

Thank you for your consideration.

If you would like to discuss this submission or if you have any questions or comments, please contact Matthew Swinn, Chair of the Intellectual Property Committee (matthew.swinn@au.kwm.com or 03 9643 4389).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Greg Rodgers". The signature is written in a cursive, flowing style.

Greg Rodgers
Chair, Business Law Section