



COPYRIGHT LAW REVIEW COMMITTEE

Report on Conversion Damages

July 1990

Attorney-General's Department

Copyright Law Review Committee

Report on Conversion Damages
July 1990

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PREFACE

The Copyright Law Review Committee was established in 1983 to consider and report to the Attorney-General on specific copyright matters referred to it from time to time.

The Committee presently consists of:

Mr Justice I.F. Sheppard AO	President of the Copyright Tribunal;
Mr Peter Banki	Solicitor, Phillips Fox;
Ms Lyndsey Cattermole	Managing Director, Aspect Computing Pty Ltd;
Mr Brett Cottle	Managing Director, Australian Mechanical Copyright Owners Society;
Mr Chris Creswell	Attorney-General's Department;
Mr Derek Fielding	University of Queensland Librarian;
Mr Michael Frankel	Solicitor, Michael Frankel and Co. Solicitors;
Professor Dennis Pearce	Commonwealth Ombudsman;
Mr Bob Rodgers	Investment Consultant; and
Dr Ron Sacks-Davis	Head of the Department of Computer Science, Royal Melbourne Institute of Technology.

Neither Ms Cattermole nor Dr Sacks-Davis was a member of the Committee at the time when the Committee engaged in the major part of its consideration of the Conversion Damages Reference.

Mr David Walsh, Solicitor, Mallesons Stephen Jaques, a member of the Committee since its formation, resigned in May 1988 to head his firm's office in Hong Kong. Mr Ian Govey, of the Attorney-General's Department, also left the Committee in May 1988 to become Counselor (Legal) at the Australian Embassy in Washington.

The Committee has been asked to consider seven references and has now completed and forwarded to the Attorney-General its report on six of these. As well as this report on the conversion damages remedy in the Copyright Act 1968 ('the Act'), the Committee has completed references on performers' protection, the meaning of publication in the Act, church use of copyright materials, moral rights and the importation provision of the Act. The outstanding reference on which the Committee is presently working is the copyright protection of computer software.

Enquiries concerning the Committee's work should be directed to:

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Copyright Law Review Committee
Attorney-General's Department
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CANBERRA ACT 2600

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[Note: The law is stated as at April 1989.]

COPYRIGHT LAW REVIEW COMMITTEE

Report on Conversion Damages

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COPYRIGHT LAW REVIEW COMMITTEE

To: The Hon. Michael Duffy
Attorney-General of Australia.

(1) TERMS OF REFERENCE

To consider the remedy of conversion damages provided for by ss. 116(1) of the Copyright Act 1968 ('the Act').

The Committee has taken this reference to include the remedy by way of an action for detention also provided for in SS.116(1).

(2) RECOMMENDATIONS

1. The Committee recommends that the remedies of conversion damages and an action for detention be no longer available to the owners of copyright as of right; rather the two remedies, although retained in the Act, should be discretionary.

2. The Committee recommends that SS.116(1) of the Act be replaced by a provision which:

(a) empowers a court in the exercise of its discretion to order the delivery up to the owner of the copyright of all infringing copies of works or subject matter and any device used or intended to be used for making infringing copies of works or subject matter and to recover damages as by way of an action for conversion in respect of infringing copies disposed of by infringers or not accounted for by them;

(b) requires a court, in assessing the amount of any damages payable in an action for conversion, to take into account -

(i) where the goods deemed to be converted are infringing copies, the extent to which the goods consist of material which infringes copyright;

(ii) where the goods deemed to be converted are infringing copies, the expenses incurred by the defendant in relation to production of the goods; and

(iii) the sufficiency of the remedies for damages for infringement provided in s.115 of the Act.

3. The Committee recommends that SS.116(2) of the Act should remain in its present form, except that the words "at the time of the conversion or detention" should be replaced by the words "at the time of any deemed conversion or detention".

4. The Committee recommends that the definition of 'plate' in s.10 of the Act be omitted.

5. The Committee recommends that references to the term 'plate' elsewhere in the Act be omitted and replaced by the word 'device'.

6. A draft of amendments which the Committee suggests will give effect to its recommendations is attached:
Appendix 'G'.

(3) COURSE OF THE INQUIRY

7. On 17 September 1987 the Committee sent by mail to interested organisations and law firms: ~~Appendix 'A'~~ its Discussion Paper on Conversion Damages, seeking views and comments by 30 November 1987. Four written submissions were received: Appendix 'B'. In addition the Committee held discussions with some legal practitioners experienced in copyright infringement matters: Appendix 'C'.

(4) THE CURRENT AUSTRALIAN LAW

8. Sub-section 116(1) of the Act provides:

"Subject to this Act, the owner of the copyright in a work or other subject-matter is entitled in respect of any infringing copy, or of any plate used or intended to be used for making infringing copies, to the rights and remedies, by way of an action for conversion or detention, to which he would be entitled if he were the owner of the copy or plate and had been the owner of the copy or plate since the time when it was made.'

9. The effect of SS.116(1) is to deem the owner of the copyright infringed when copies are made without his or her licence, to be the owner of the infringing copies, and of any plate used or intended to be used for making infringing copies.

10. The infringing copies or plate may be said to be 'converted' when there is an intentional exercise of control by the defendant over them inconsistent with the rights of the deemed owner. Where the exercise of control seriously interferes with the deemed owner's rights, he or she may claim damages for conversion. The

quantum of the damages *is* the full value of the goods at the time of conversion. In effect, the action forces an involuntary purchase on the deemed converter (ie. copyright infringer) of the infringing copies or plates.

11. In relation to copyright materials conversion occurs where an infringing copy or plate is:

- (i) wrongfully taken out of the possession of the copyright owner;
- (ii) wrongfully detained in defiance of the copyright owner's rights, (eg, refusal to return the copy on demand);
- (iii) wrongfully delivered or disposed of by sale or other distribution;
- (iv) destroyed; or
- (v) wrongfully dealt with in any other way whereby the owner is deprived of the use and possession of the copy .

12. If the infringer has possession of the infringing copies or plates then the copyright owner may bring an action for wrongful detention (detinue) for which the remedy would be either return of the goods or damages. If the infringement relates to only part of the article, and the part is substantial and not readily severable, then the whole article must be delivered up. Usually a copyright owner will claim damages for conversion of copies converted by the infringer and delivery up of copies still in the infringer's possession. Depending on the circumstances, the final relief a court may grant includes injunctions, damages, accounts of profits and delivery up.

13. The term 'infringing copy' is defined in s.10 of the Act to mean:-

'infringing copy' means -

- (a) in relation to a work - a reproduction of the work, or of an adaptation of the work, not being a copy of a cinematography film of the work or adaptation;
- (b) in relation to a sound recording - a copy of the sound recording not being a sound-track associated with visual images forming part of a cinematography film;
- (c) in relation to a cinematography film - a copy of the film;
- (d) in relation to a television broadcast or a sound broadcast - a copy of a cinematography film of the broadcast or a record embodying a sound recording of the broadcast; and
- (e) in relation to a published edition of a work - a reproduction of the edition,

being an article the making of which constituted an infringement of the copyright in the work, recording, film, broadcast or edition or, in the case of an article imported without the licence of the owner of the copyright, would have constituted an infringement of that copyright if the article had been made in Australia by the importer.'

14. The term 'plate' is also defined to include 'a stereotype, stone, block, mould, matrix, transfer, negative or other similar appliance' .

15. An action by a plaintiff under SS.116(1) requires the plaintiff to establish infringement of copyright. However, damages under SS.116(1) are distinct from and additional to damages recoverable in an action for infringement under s.115 of the Act. Section 115 provides:

(1) Subject to this Act, the owner of a copyright may bring an action for an infringement of the copyright.

(2) Subject to this Act, the relief that a court may grant in an action for an infringement of copyright includes an injunction (subject to such terms, if any, as the court thinks fit) and either damages or an account of profits.

(3) Where, in an action for infringement of copyright, it is established that an infringement was committed but it is also established that, at the time of the infringement, the defendant was not aware, and had no reasonable grounds for suspecting, that the act constituting the infringement was an infringement of the copyright, the plaintiff is not entitled under this section to any damages against the defendant in respect of the infringement, but is entitled to an account of profits in respect of the infringement whether any other relief is granted under this section or not.

(4) Where in an action under this section -

(a) an infringement of copyright is established;
and

(b) the court is satisfied that it is proper to do so, having regard to -

- (i) the flagrancy of the infringement;
- (ii) any benefit shown to have accrued to the defendant by reason of the infringement;
and
- (iii) all other relevant matters,

the court may, in assessing damages for the infringement, award such additional damages as it considers appropriate in the circumstances. `

The ambit of SS.115(4) is discussed in the research paper: Appendix 'F'.

16. A court may not, in awarding conversion damages, compensate a plaintiff twice in relation to the same loss (see, for example Lewis Trusts v Bambers Stores Limited [1983] FSR 453). Accordingly if a plaintiff has been awarded an account of profits enjoyed by a defendant as a result of his or her infringement, the defendant will not be ordered to pay an amount of conversion damages which includes profit received by the defendant when he or she sold the goods.

17. Sub-section 116(2) provides defences to an action under SS.116(1), as follows:

`A plaintiff is not entitled by virtue of this section to any damages or to any other pecuniary remedy, other than costs, if it is established that, at the time of the conversion or detention -

- (a) the defendant was not aware, and had no reasonable grounds for suspecting, that copyright subsisted in the work or other subject-matter to which the action relates;

- (b) where the articles converted or detained were infringing copies - the defendant believed, and had reasonable grounds for believing, that they were not infringing copies; or
- (c) where an article converted or detained was a plate used or intended to be used for making articles - the defendant believed, and had reasonable grounds for believing, that the articles so made or intended to be made were not or would not be, as the case may be, infringing copies. `

18. There are provisions in the Act, other than SS.116(1), which could result in a defendant giving up infringing copies or items used to make them. A court may order a person charged with an offence to deliver up an infringing copy or a plate or recording equipment used or intended to be used for making infringing copies, whether or not the defendant is convicted of the offence: s.132(4) (Appendix 'D'). In addition copies of works subject to a notice to the Comptroller-General of Customs under s.135 of the Act may be 'seized as forfeited to the Commonwealth': s.132(5) (Appendix 'D').

(5) COMPARISON WITH OTHER AUSTRALIAN INTELLECTUAL PROPERTY STATUTES, WITH SELECTED FOREIGN COPYRIGHT LAWS AND WITH INTERNATIONAL CONVENTION REQUIREMENTS

19. The Act is the only Australian intellectual property statute providing remedies for conversion or detention of goods comprising articles made in infringement of intellectual property or of equipment used to make those articles. However courts of equity have an inherent jurisdiction to order a defendant to deliver up articles made in infringement of a plaintiff's intellectual

property rights. This power is an adjunct to the power to grant injunctive relief. The delivered up articles are not regarded as the plaintiff's property. They must be destroyed.

20. Section 21 of the Canadian Copyright Act 1922 provides:

'All infringing copies of any work in which Copyright subsists, or at any substantial part thereof and all plates used or intended to be used for the production of such infringing copies shall be deemed to be the property of the owner of the copyright, who accordingly may take proceeding, for the recovery of the possession thereof or in respect of the **conversion** thereof.'

The Act amending the Canadian Copyright Act passed in June 1988 does not amend this section, although there has been some criticism of its operation.

21. Section 25 of the New Zealand Copyright Act 1962 is similar to s.116 of the Australian Copyright Act. However, the New Zealand Copyright Amendment Act 1985 which came into force on 1 October 1985 provides in effect that, subject to the discretion of the court, conversion damages are not available where infringements are three dimensional: SS. 25(2A).

22. The Copyright, Designs and Patents Act 1988 ('the new UK Act') does not provide rights and remedies by way of an action for conversion along the lines of SS.116(1) of the Australian Act. Sub-section 18(1) of the Copyright Act 1956 (uK) is, in effect, repealed. This is consistent with the United Kingdom Government's White Paper 'Intellectual Property and Innovation' of April 1986 (Chapter 12, para.12.2), and with the earlier recommendation of the Whitford Committee (Cmnd 6732, HMSO 1977 Ch.14; para.3).

23. However the owner of copyright has certain rights to seek an order for forfeiture and delivery up (s.99, the new UK Act) and to seizure and detention (s.100, the new UK Act). These provisions are set out in full in Appendix 'E'.

24. The Copyright Act of the United States of America does not provide for conversion damages or detention remedies.

25. The Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 24 July 1971) ('the Berne Convention') and the Universal Copyright Convention do not require member States to grant copyright owners rights in the nature of conversion damages or remedies for detention. However Art.16 of the Berne Convention provides:

(1) Infringing copies of a work shall be liable to seizure in any country of the Union where the work enjoys legal protection.

(2) The provisions of the preceding paragraph shall also apply to reproductions coming from a country where the work is not protected, or has ceased to be protected.

(3) The seizure shall take place in accordance with the legislation of each country. '

Sub-section 132(4) of the Act, referred to above, would appear to fulfil this requirement.

(6) SOME HISTORICAL BACKGROUND

26. There has been provision by statute of a legal fiction that a copyright owner is also the owner of infringing copies, enabling actions for detention and conversion to be maintained, for almost 250 years.

27. The United Kingdom Copyright Act of 1842 (5 and 6 Vic C.45) was the first statute to deem copyright owners to own infringing copies (s.23).

28. However the 1814 UK Act (54 Geo III c.156, s.4) rendered infringers 'liable to a Special Action on the case'. An 'action on the case' was one of the two writs then available under the common law to redress conduct which the law perceived as wrongful, the other writ being trespass. Trover, or conversion, was an action on the case, though it seems that this remedy was not the basis of S.4. Actions on the case were typically available in circumstances where the plaintiff's injury was consequential upon the defendant's act or omission. Such an action, unlike the action for trespass, did not lie without proof of damage.

29. Under the 1814 Act the copyright owner was entitled also to damages, with double 'costs of suit, and the infringer was required to forfeit infringing copies to the copyright owner 'upon Order of the Court of Record in which any Action or Suit in Law or Equity shall be commenced . . . '. The *owner* was also required to destroy the copies and was entitled to receive half of three pence per page payable by the defendant in relation to the infringing copy, for which the owner could sue by 'Action of Debt, Bill, Plaint or Information . ..'. The other 1 ¹/₂ pence went to the Crown.

30. It is noted that, unlike the current Australian law, the new UK Act does not provide a plaintiff with the remedy of delivery up as of right. The Act requires the owner of copyright to obtain an order for forfeiture and delivery up (ss.99(1)).

31. Under the first modern copyright legislation, the Statute of Anne (1709), which was limited to printed books, infringing copies were stated simply to be liable to seizure by and forfeiture to the copyright owner, who was required forthwith to 'damask and make waste paper of them' (1709 8 Anne c.19 s.1). In addition an 'offender' (infringer) under the 1709 Act forfeited one penny for every sheet of paper found in his or her custody, half of which amount went to the Crown, the other half of which went to the plaintiff '... to be recovered in any of her Majesty's courts of record at Westminster, by action of debt, bill, plaint or information . . .'.

32. The requirements in the 1709 and 1814 Acts that infringing copies be destroyed indicate that deemed ownership of the copies by the plaintiff was not the legal basis of the requirement to forfeit.

(7) SUMMARY OF SUBMISSIONS RECEIVED AND DISCUSSIONS HELD

33. On behalf of its clients, see Appendix 'B', Blake Dawson Waldron submitted that s.116 ought to be retained in its present form. The main basis for its argument was that s.116 addresses the unjust enrichment enjoyed by a defendant as a result of his or her infringement. It was submitted that damages under s.115 are compensatory, whilst those under s.116 are restitutionary. Reliance was also placed on the need to provide adequate deterrence to would be infringers.

34. The Australian Book Publishers Association, however, supported abolition of conversion damages and retention of delivery up, either (preferably) as of right or at the discretion of the court in circumstances where damages for infringement were not an adequate remedy (ie, either option (ii) or (iii) in the Committee's Discussion Paper, para.31). The organisation saw this as retaining the major benefit of SS.116(1) without the uncertainties it perceived existed as a result of the SS.116(2) defences. This submission *in effect* recommends reforms along the lines of the new UK Act.

35. All legal practitioners with whom the Committee had discussions indicated that delivery up as of right under SS.116(1) was very important to plaintiffs, both as a deterrent (through letters of demand, or by example) and as a way of removing infringing copies from the market. By contrast it was considered by some that the conversion damages remedy ought to be removed because it causes injustice to defendants, provides a windfall to plaintiffs, and because many defendants are in any case unable to pay damages.

36. Written and oral comments by Mr Kirsner endorsed the view that the damages awarded under SS.116(1) in W.H. Brine and Co v Whitton (1981) 37 ALR 190 were 'unreasonably excessive'. Mr Kirsner acted for the defendants, who had imported soccer balls bearing marks which were the subject of copyright.

37. In discussion practitioners indicated that the defendants apparently most greatly disadvantaged by the SS.116(1) remedy were those who manufactured (typically three dimensional) articles of which the copyright element was an insubstantial part. An example of such an article might be a book of which only few pages infringe copyright; a personal computer containing a memory chip

holding an operating system program; or an item of clothing upon which is printed an artistic work subject to copyright. However the point was also made that the copyright element of an article, comprising or containing an infringing copy, may be the valuable element of the article.

38. It was also said that the section could be amended so as to address the issue of severability of the copyright element from the article. It was suggested that, in lieu of delivery up, a court might be empowered to order that the part of the article which was an infringing copy be removed, if this could be done without destroying the article.

(8) REASONS FOR RECOMMENDATIONS

39. Problems arise because of:-

- (a) The rule that the plaintiff is entitled to the value of the entire article of which an infringing copy, which is not itself the whole article, is part; and
- (b) The fact that the remedy is as of right, notwithstanding that there are cases where it will be found that a copyright owner will be properly compensated by an award of compensatory damages or an account of profits and, in appropriate cases, an injunction.

It is the harshness with which the section operates that is the cause of concern about it. On the other hand, it must be acknowledged, as the submissions made to the Committee emphasise, that there will be many cases where the infringer will be a man of straw and no damages will be recoverable. But the remedy of delivery up to the

plaintiff for his or her own benefit and not for destruction provides, in cases of this kind, something of a remedy and tends to operate as a deterrent. In cases where infringers are not impecunious, an award of damages under s.115 or an account or profits may not yield more than a nominal sum enabling infringers to infringe copyright in the knowledge that, in the absence of s.116, their resources would be unlikely to suffer any significant depletion. Compare the recent decision of Wilcox J in Autodesk Australia Pty Ltd v Cheung Unreported Judgment No.121 of 4 April 1990.

40. The Committee considers that the major disadvantage for Australia of an approach along the lines of that taken in the new UK Act is that defendants can readily and unfairly avoid losing the value of infringing copies in their possession by disposing of them following receipt of a letter of demand or other notice from a copyright owner. The remedy of delivery up will be of no use and the damages which may be recovered are unlikely to be very much. The research paper, Appendix F, discloses that one could not be sanguine that courts in such circumstances would find the conduct of infringers to be flagrant for the purposes of SS.115(4) of the Act. In some cases aggravated damages may be awarded, but, even if they are, it would seem that they are unlikely to involve sums of money as large as those which may be awarded under s.116.

41. In the Committee's view, there needs to remain in the Act provisions enabling the Court in proper cases to order delivery up, not for destruction, but to applicants for relief for their own benefit and the remedy of conversion damages. The fact that these provisions may operate unjustly or be inappropriate for some cases can be accommodated by conferring upon the Court a wide discretion to determine whether a particular case is an

appropriate one in which to order delivery up and/or to award conversion damages. The Court, if this approach is adopted, will have a free hand to do justice in each particular case.

42. The Committee is conscious of a submission made to it by copyright interests that this change will weaken the position of copyright owners and that the discretion which is conferred may not always be exercised consistently by the many judges who sit in copyright matters. But there can be no getting away from the fact that the present law does operate harshly and oppressively in some cases as the W.H. Brine (the soccer balls) case shows. The matter is in need of redress and the options seem to be either to abolish the remedies altogether or to make them discretionary. The Committee prefers the second of these alternatives. It is mindful of the fact that copyright is today an international affair and that it is desirable that there be uniformity and consistency of laws so far as possible. The adoption of the Committee's recommendation will place the Australian law somewhat out of step with the new UK Act and with the laws of other countries as well. Nevertheless, the Committee is of opinion that its proposal is, on balance, to be preferred to other solutions.

43. One consequential matter raised in the submissions made to the Committee concerns the use of the word "plate" in s.116 and s.132 of the Act. The work is defined in s.10 thereof. It was said that a plate was only one device which might be used for copying works or subject matter. In a rapidly developing technological age copying devices are many and varied and are likely to become increasingly sophisticated. The Committee agrees that the Act should cast a wider net than it presently does in relation to devices used for making infringing

copies. It is of opinion that this objective will be achieved by the use of more general words in SS.116 and 132. The definition of "plate" in s.10 should be omitted.

44. In all these circumstances the Committee recommends that the Act be amended in accordance with the proposals made in Section 2 and Appendix G of this Report.

Organisations to which Discussion Paper sent

(1) Law Firms

Allen Allen and Hemsley	Sydney
Clayton Utz	Melbourne
Clayton Utz	Sydney
Corrs Pavey Whiting and Byrne	Melbourne
Cocks and Maddox	Sydney
Dawson Waldron	Sydney
Freehill Hollingdale and Page	Melbourne
Freehill Hollingdale and Page	Sydney
Malleson Stephen Jaques	Melbourne
Malleson Stephen Jaques	Sydney
Minter Ellison	Sydney
Phillips Fox	Melbourne
Phillips Fox	Sydney

(2) Industry Associations

Australian Copyright Council	Sydney
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Australian Chamber of Manufacturers	Melbourne
Australian Record Industry Association	Sydney
Confederation of Australian Industry	Melbourne
Film and Video Coalition	Sydney
Institute of Patent Attorneys of Australia	Melbourne
Metal Traders Industry Association	Sydney
Video Industry Distributors Association	Sydney
(3) <u>T-Shirt Manufacturers</u>	
Acme T-shirt Company	Surry Hills, NSW
Addshirt Australia	Montrose, VIC
Bass Printing Services	Lidcombe, NSW
Beaut Promotional Clothing	North Fitzroy, VIC
Captain Tee-Shirts	Clifton Hill, VIC
C-Bon Screen Printers	Leichhardt, NSW
Imprint	Fairfield, VIC
Mr Tee Shirts	Hawthorn, VIC

Team Tops

Penrith, NSW

Tennyson Textiles

Dandenong, VIC

Top Heavy

Newtown, NSW

T-Shirt Media

Frankston, VIC

Submissions following distribution of
Discussion Paper

Allen Allen and Hemsley, Solicitors.

Australian Book Publishers Association.

Dawson Waldron, Solicitors (now Blake Dawson Waldron) on
behalf of:

Film and Video Coalition;
Motion Picture Distributors Association Limited;
Television Producers Distributors Association Limited;
Video Industry Distributors Association Limited; and
The Australasian Film and Video Security Office.

Mr Alan Kirsner, partner, Phillips Fox, Solicitors.

Legal practitioners with whom discussions were held

Ms Mary Still	Clayton Utz, Solicitors, Sydney.
Mr Richard Cobden	Allen Allen and Hemsley, Solicitors and Notaries, Sydney.
Mr Alan Kirsner	Phillip Fox, Solicitors, Melbourne.
Mr Ian Betts	Blake Dawson Waldron, Solicitors, Sydney.
Ms Sonol Moore	Blake Dawson Waldron, Solicitors, Sydney.

Relevant sections of the Copyright Act 1968

Sub-section 132(4) provides:

The court before which a person is charged with an offence by reason of a contravention of s.132 may, whether the person is convicted of the offence or not, order that any article in the possession of the person that appears to the court to be an infringing copy, or to be a plate or recording equipment used or intended to be used for making infringing copies, be destroyed or delivered up to the owner of the copyright concerned or otherwise dealt with in such manner as the court thinks fit.

Section 135(5) provides:

Where a notice has been given under this section in respect of a work and has not been withdrawn, the importation of copies of the work to which this section applies into Australia for the purpose of -

- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the copies;
- (b) distributing the copies -
 - (i) for the purpose of trade; or
 - (ii) for any other purpose to an extent that will affect prejudicially the owner of the copyright in the work; or
- (c) by way of trade exhibiting the copies in public, is prohibited and any such copies, if imported into Australia for any such purpose, may be seized as forfeited to the Commonwealth.

Relevant sections of Copyright,
Designs and Patents Act 1988 (UK)

Section 99: Order for delivery up

(1) Where a person -

(a) has an infringing copy of a work in his possession, custody or control in the course of a business, or

(b) has in his possession, custody or control an article specifically designed or adapted for making copies of a particular copyright work, knowing or having reason to believe that it has been or is to be used to make infringing copies,

the owner of the copyright in the work may apply to the court for an order that the infringing copy or article be delivered up to him or to such other person as the court may direct.

(2) An application shall not be made after the end of the period specified in section 113 (period after which remedy of delivery up not available); and no order shall be made, unless the court also makes, or it appears to the court that there are grounds for making, an order under section 114 (order as to disposal of infringing copy or other article).

(3) A person to whom an infringing copy or other article is delivered up in pursuance of an order under this section shall, if an order under section 114 is not made, retain it pending the making of an order, or the decision not to make an order, under that section.

(4) Nothing in this section affects any other power of the court.

Section 100: Right to seize infringing copies and other articles

- (1) An infringing copy of a work which is found exposed or otherwise immediately available for sale or hire, and in respect of which the copyright owner would be entitled to apply for an order under section 99, may be seized and detained by him or a person authorised by him.

The right to seize and detain is exercisable subject to the following conditions and is subject to any decision of the court under section 114.

- (2) Before anything is seized under this section notice of the time and place of the proposed seizure must be given to a local police station.
- (3) A person may for the purpose of exercising the right conferred by this section enter premises to which the public have access but may not seize anything in the possession, custody or control of a person at a permanent or regular place of business of his, and may not use any force.
- (4) At the time when anything is seized under this section there shall be left at the place where it was seized a notice in the prescribed form containing the prescribed particulars as to the person by whom or on whose authority the seizure is made and the grounds on which it is made.
- (5) In this section -

"premises" includes land, buildings, moveable structures, vehicles, vessels, aircraft and hovercraft; and

"prescribed" means prescribed by order of the Secretary of State.

- (6) An order of the Secretary of State under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Additional Damages Under The Copyright Act

The United Kingdom Copyright Committee (the Gregory Committee) in its 1952 Report (United Kingdom Board of Trade, Report of the Copyright Committee, Cmd. 8662, 1952, para. 291) recognised that the remedy of conversion damages "may be regarded as to some extent of a penal character". This was also recognised by Fox J. in W.H. Brine CO. v. Whitton (1981) 37 A.L.R. 190 at p. 200. A second remedy which may also be regarded as having a penal element is that provided for in s. 115(4) of the Copyright Act 1968 (C'th) which enables a court to award "additional damages" in certain circumstances. In Australia, at least, these would appear to include exemplary or punitive damages as well as aggravated damages. It may be suggested that if conversion damages were abolished or their availability restricted s. 115(4) would receive a renewed significance and could be used to perform a similar deterrent function.

Section 115(4) was introduced into the Copyright Act as a result of the recommendation of the Report of the Copyright Law Review Committee, 1959, para. 309 (the Spicer Committee) and was based on s. 17(3) of the United Kingdom Copyright Act 1956. This section had no equivalent in the 1911 Copyright Act (U.K.) and was introduced on the recommendation of the Gregory Committee (para. 294) in order to fill a gap it perceived in the other remedies available for infringement of copyright: injunction, delivery up, damages for conversion of infringing copies and damages for infringement of copyright.

The Committee considered that:

"It seems to us that there are or may be cases in which an injunction will not benefit the Plaintiff, where the infringement has not involved the making of copies and where damages would be an inadequate remedy. For instance, if a public performance were given of a televised sporting event for which no licence had been granted, the injunction would be ineffective unless the intention to give the performance had been ascertained beforehand, and it is hard to see what damages could be awarded other perhaps than the cost of the licence which the infringer failed to obtain, and this would be of little value if the licence had been refused for good reason. "

Thus the Gregory Committee recommended that the Court should be given "discretionary power to impose something equivalent to exemplary damages in cases where the existing remedies give inadequate relief". The Spicer Committee (para. 309) was also of the view that s. 17(3) enables a court to grant exemplary damages where it thinks such remedy to be appropriate. Section 17(3) provides:

"Where in an action under this section an infringement of copyright is proved or admitted, and the court, having regard (in addition to all other material considerations) to -

- (a) the flagrancy of the infringement, and
- (b) any benefit shown to have accrued to the defendant by reason of the infringement,

is satisfied that effective relief would not otherwise be available to the plaintiff, the court, in assessing damages for the infringement, shall have power to award such additional damages by virtue of this subsection as the court may consider appropriate in circumstances."

Section 115(4) of the Australian Act is in similar terms but with one significant difference. There is no equivalent to the precondition that the Court be satisfied that effective relief would not otherwise be available to the plaintiff.

Section 115(4) provides:

"Where, in an action under this section -
(a) an infringement of copyright is established; and
(b) the court is satisfied that it is proper to do so, having regard to -
 (i) the flagrancy of the infringement;
 (ii) any benefit shown to have accrued to the defendant by reason of the infringement; and
 (iii) all other relevant matters,
the court may, in assessing damages for the infringement, award such additional damages as it considers appropriate in the circumstances."

In the recent decision of Lamb v. Cotogno (1987) 164 C.L.R. 1 at p. 8 the High Court explained the distinction between aggravated and exemplary damages at common law as follows:

"Aggravated damages, in contrast to exemplary damages, are compensatory in nature, being awarded for injury to the plaintiff's feelings caused by insult, humiliation and the like. Exemplary damages, on the other hand, go beyond compensation and are awarded 'as a punishment to the guilty, to deter from any such proceeding for the future, and as a proof of the detestation of the jury to the action itself': Wilkes v. Wood (1763) Lofft 1, at p. 19 [98 E.R. 489, at pp. 498-499] per Pratt L.C.J."

This distinction was not so clearly drawn by the courts until 1964 when it was made in the House of Lords decision of Rookes v. Barnard [1964] A.C. 1129. There Lord Devlin, with whom the rest of the House agreed, considered exemplary damages to be anomalous, confusing the civil and criminal functions of the law. The majority of cases which purported to award exemplary damages were explained as involving aggravated damages and his Lordship held (at pp. 1226-1227) that although, in deference to precedent, exemplary damages could not be abolished, their award should be confined to two categories of cases: oppressive, arbitrary or unconstitutional action by the servants of the government and where the defendant's conduct has been calculated by him to make a profit for himself which may well 'exceed the compensation payable to the plaintiff.

This was in addition to cases where exemplary damages were expressly authorised by statute. Lord Devlin (at p. 1230) considered that the change would make little difference to the substance of the law as aggravated damages would be able to do much of the work formerly done by exemplary damages.

In Broome v. Cassell & Co. Limited [1972] A.C. 1027 the House of Lords affirmed this decision although it emphasised that Lord Devlin's categories should not be interpreted too narrowly *or* literally. The first category does not apply only to servants of the central government but also to police and local government officials and the second category does not entail any kind of mathematical calculation on the part of the defendant.

Meanwhile, in Australia the High Court, relying on a line of previous High Court authority recognizing exemplary damages, refused to follow Rookes v. Barnard in Uren v. John Fairfax & Sons Pty Limited (1966) 117 C.L.R. 118. It rejected the limitation of Lord Devlin's two categories and, adopting the phrase used in Whitfeld v. De Lauret & Co. Limited (1920) 29 C.L.R. 71 at p. 77 held that exemplary damages may be awarded "in cases of conscious wrongdoing in contumelious disregard of another's rights". The Privy Council in Australian Consolidated Press Limited v. Uren (1967) 117 C.L.R. 221 accepted this as the law in Australia and the High Court reaffirmed its position more recently in XL Petroleum (N.S.W.) Pty Limited v. Caltex Oil (Australia) Pty Limited (1985) 155 C.L.R. 448 and Lamb v. Cotogno (supra) in the latter case stressing that exemplary damages extend to a wide range of torts (at p. 8). In New Zealand the Court of Appeal in Taylor v. Beere [1982] 1 N.Z.L.R. 97 followed the Australian lead and also rejected the limitations imposed by Rookes v. Barnard and Broome v. Cassell & Co. Limited.

This divergence in Australian and English common law has been mirrored in judicial interpretations of s. 115(4) of the Australian Copyright Act and s. 17(3) of the United Kingdom Copyright Act. It is quite clear from the Reports of the Gregory Committee (para. 294) and the Spicer Committee (para. 309) that the sections were intended to provide a remedy equivalent to exemplary damages for certain infringements of copyright, although it might be suggested that at the time these Reports were written the term "exemplary damages" had not been defined with the clarity required by subsequent cases. This was certainly the case in the pre-1964 case of Williams v. Settle [1960] 1 W.L.R. 1072 where the defendant photographer, who had been commissioned to take photographs at the plaintiff's wedding, subsequently sold a photograph of the wedding group to the newspapers, in breach of the plaintiff's copyright after the plaintiff's father-in-law had been murdered. All three members of the Court of Appeal agreed that s. 17(3) expressly gave the power to award "substantial and heavy damages of a punitive nature" (per Sellers L.J. at p. 1082; per Willmer L.J. at p. 1086; per Harman L.J. at p. 1087) and refused to overturn the trial judge's award of 1,000 pounds. Nonetheless, although this award was regarded as an "award of exemplary as opposed to compensatory damages" (per Willmer L.J. at p. 1086) it does seem to have included a significant element of what are now identified as aggravated damages for the wounded feelings of the plaintiff, Sellers L.J. noting (at p. 1083) that the defendant's "conduct did aggravate all that anguish which no doubt would be present without the publication of photographs". Thus the case can be seen as supporting the proposition that s. 17(3) (and its equivalents) enable a court to award both aggravated and exemplary damages for a flagrant infringement of copyright.

However, in the reworking of the law on exemplary damages in Rookes v. Barnard (supra) doubts were cast upon the reasoning in Williams v. Settle, Lord Devlin (supra at pp. 1225 and 1229) suggesting that if considered apart from the Copyright Act it could be justified as a case of aggravated damage, and

expressly leaving open the question of whether that Act authorises the award of exemplary damages. Lord Hailsham of St. Marylebone L.C. expressed similar views in Broome v. Cassell & Co. Ltd (supra at pp. 1080-1081) noting that s. 17(3) does not use the phrase "exemplary damages" and that if such damages are authorised by the section Williams v. Settle should be regarded as a case falling within Lord Devlin's second category. Otherwise he regarded it as an "extreme example" of aggravated damages. Lord Kilbrandon went further and obiter stated that s. 17(3) did not authorise an award of exemplary damages (supra at p. 1134).

In the light of these obiter comments Ungoed-Thomas J. engaged in a detailed, 'although also obiter examination of the section in Beloff v. Pressdram Limited [1973] 1 All E.R. 241 (his Lordship already having held that the plaintiff had no title to the copyright material in question). His Lordship (at p. 265) considered that the section was directed to providing "effective relief" for the plaintiff so that it refers to purely compensatory damages and does not include exemplary or punitive damages. (This was conceded by the plaintiff.) Although the requirement under s. 17(3)(b) for the court to consider any benefit shown to have accrued to the defendant by reason of the 'infringement is similar to Lord Devlin's second category of cases involving a calculated profit to the defendant which may exceed compensation payable, Ungoed-Thomas J. considered the purpose of the former as compensation and the latter as punishment, with para. (b) being satisfied by the mere fact of benefit apart from calculated conduct to benefit. His Lordship (at pp. 265-266) held that no" award of additional exemplary or aggravated damages for infringement of copyright could be made outside s. 17(3). Copyright is now exclusively a creature of statute and s. 17(3) provides a code for damages which are additional which excludes. exemplary damages altogether and substantially if not-completely covers what could be awarded by aggravated damages, making them subject to the precondition that the court has to be satisfied that effective relief would not

otherwise be available to the plaintiff. This precondition Ungoed-Thomas J. regarded as referring to an alternative remedy available in another action or for another cause of action such as a libel or breach of confidence.

In Rank Film Distributors Limited v. Video Information Centre [1982] A.C. 380 at pp. 391-392 Ungoed-Thomas J.'s view that s. 17(3) only refers to compensatory damages received the approval of Whitford J. at first instance. His decision was reversed on appeal but on other grounds. The only other judge to consider this point was Templeman L.J. in the Court of Appeal who agreed with Whitford J. (supra at p. 425).

The rejection of the Rookes v. Barnard view of exemplary damages in Australia suggests that these English cases should not be followed in interpreting s. 115(4) of the Copyright Act (C'th). This is reinforced by the absence from s. 115(4) of the precondition in s. 17(3) that "effective relief would not otherwise be available to the plaintiff" upon which Ungoed-Thomas J. based his decision that s. 17(3) was directed to purely compensatory damages. Thus Williams v. Settle should still be regarded as authoritative in Australia and s. 115(4) would seem to provide the equivalent of both aggravated and exemplary damages. This was the approach taken by Legoe J. in Concrete Systems Pty Limited v. Devon Symonds Holdings Limited (1978) S.A.S.R. 79 at pp. 84-85:

"Sub-section (4) of the above section is not directed in its terms purely to compensatory damages and it therefore appears that the English decisions on exemplary damages and on a somewhat differently cast section under the Copyright Act 1956 (U.K.) are not appropriate: see s. 17(3) of the Copyright Act 1956 (U.K.); Rookes v. Barnard [1964] A.C. 1129; ~~Cassel & Co. Ltd v. Broome~~ [1972] A.C. 1027; and Beloff v. Pressdram Ltd. [1973] 1 All E.R. 241. In my opinion, sub-s. (4) gives the court the widest possible discretionary power to compensate the plaintiff for its loss and damage occasioned by the infringement, whether such loss and damage is classified as of an exemplary or aggravated or even punitive nature,"

(It may be noted that Legoe J. seems to regard exemplary damages as in some way different from punitive damages although in general they are considered to be interchangeable terms for the same head of damages.) The question was left open in P.J Holdings Australia Pty Limited v. Hughes (1979) 25 A.L.R. 538 at p. 540 and "raised in Prior v. Lansdowne Press Pty Limited [1977] V.R. 65, the only two other Australian cases on s. 115(4). However, Legoe J.'s view has received the support of the Australian commentators such as Ricketson, The Law of Intellectual Property, Sydney, Law Book Company Limited, 1984, p. 297, 'and Lahore, Intellectual Property in Australia: Copyright Law, Sydney, Butterworths, 1988, para 4.15.230.

Furthermore, the New Zealand Court of Appeal in Wellington Newspapers Limited v. Dealers Guide Limited [1984] 2 N.Z.L.R. 66 has adopted a similar approach in relation to s. 24(3) of the New Zealand Copyright Act 1962, which is in identical terms to the United Kingdom s. 17(3), following its rejection of Rookes v. Barnard in Taylor v. Beere (*supra*) and Donselaar v. Donselaar (*supra*). The Court considered that the reference to "effective relief" did not limit damages to compensatory damages and that s. 24(3) did enable the Court to award the exemplary damages with, according to McMullin J. "the considerations which are relevant to an award of exemplary damages in an action in tort, [being] of equal application" to S. 24(3). The requirement that "effective relief" be not otherwise available was considered by McMullin J. (at pp. 71-72) to refer to an award under s. 24(1) (the equivalent of s. 115(1) and (2)) and by Grieg J. (at pp. 78-79) to refer to both relief under s. 24(1) and conversion damages, enabling an award "in excess of the 'excess'" that may be included in conversion damages. This would seem preferable to the view of Ungood-Thomas J. in Beloff v. Pressdram Limited (*supra* at p. 266) that they include damages for a different cause of action and is in accord with the recommendations of the Gregory Committee (para. 294).

Somers J. (at p. 76) states that s. 24(3) damages may include "elements of compensation for aggravation and of punishment". Grieg J. (at p. 79) however, considered that, although exemplary damages were allowed there could be some difficulty if the plaintiff were incorporated. He referred to the fact that an incorporated plaintiff may not be entitled to an award for its injured feelings although it can recover for injured trade and concluded that:

"It would certainly not be right that an individual copyright owner might recover such aggravated damages while an incorporated owner would be debarred."

It is respectfully submitted that this conclusion does not follow. The reason behind the common law rule is as stated by Lord Reid in Lewis v. Daily Telegraph Limited [1964] A.C. 234 at p. 262: *'A company cannot be injured in its feelings, it can only be injured in its pocket" - because it has no feelings to injure. Thus a Full Federal Court in Australian Broadcasting Corporation v. Comalco Limited (1968) 68 A.L.R. 259 rejected the proposition that a corporation could recover damages for injury to its reputation as such otherwise than for monetary loss caused, for example, by injury to trade reputation or goodwill. If no financial loss is caused there is no loss. This, of course, does not preclude an individual from recovering injury to his or her feelings at common law because this is a distinct loss suffered by natural persons. There would seem to be no legitimate reason for preventing an individual copyright owner from recovering aggravated damages for injured feelings merely because a corporate copyright owner cannot, recover for something it has not lost. Thus, it is submitted Somers. J. 's view, which accords with that of Legoe J. in Concrete Systems Pty Limited v. Devon Symonds Holdings Limited (supra) should be preferred and s. 115(4) of the Australian Copyright Act should be regarded as providing a statutory, equivalent of both aggravated and exemplary damages as they are now understood.

In determining whether additional damages under s. 115(4) are appropriate the court is required to have regard to the flagrancy of the infringement, any benefit shown to have accrued to the defendant by reason of the infringement and all other relevant matters. Williams v. Settle (supra) is a classic case where these requirements were satisfied. The photograph had already been published so that an injunction would be useless and compensation to the plaintiff would amount to only 15 pounds, satisfying the additional English requirement that effective relief was not otherwise available. The benefit accruing to the defendant was meagre but, according to Sellers **L.J.** (at p. 1082):

"... it was a flagrant infringement of the right of the plaintiff, and it was scandalous conduct and in total disregard not only of the legal rights of the plaintiff regarding copyright but of his feelings and his sense of family dignity and pride. It was an intrusion into his life, deeper and graver than an intrusion into a man's property."

Similarly in Nichols Advances Vehicle Systems Inc. v. Rees [1979] R.P.C. 127 at p. 140 additional damages were justified because:

"... the defendants, by stealing a march based on infringement, received benefits and inflicted humiliation and loss which are difficult to compensate and difficult to assess in the normal course."

Flagrancy implies the "existence of scandalous conduct, deceit and such like and includes deliberate and calculated copyright infringements: Ravenscroft v. Herbert and New English Library Limited [1980] **R.P.C. 193** at p. 208, or as Gowans **J.**, in Prior v. Lansdowne Press Pty Limited (supra) at p. 70) expressed it, involves a "calculated disregard of the plaintiff's rights, or cynical pursuit of benefit" **but not** mere mistake or carelessness. Thus if the infringer mistakenly believed he or she owned the copyright: Prior v. Lansdowne Press Pty Limited (supra); or acted in the bona fide **belief** that no copyright subsisted in the plaintiff's work: International Credit control Limited v. Axelsen [1974] **1 N.Z.L.R. 695**; the conduct

should not be regarded as flagrant. Likewise, the Hong Kong Court of Appeal in Tyco Industries Inc. v. Interlogo A.G. (1987) 9 I.P.R. 133, after holding that there had been an infringement, 'accepted that, though deliberate, it was not flagrant because the defendants had acted openly and bona fide on legal advice - advice which was subsequently vindicated by the Privy Council: Interlogo A.G. v. Tyco Industries Inc. [1988] 3 W.L.R. 678, which held that no copyright subsisted in the relevant drawings. This demonstrates one of the limitations of additional damages if infringement is established, especially in areas of legal complexity.

Benefit, according to Ravenscroft v. Herbert (supra at p. 208), implies that the defendant has reaped a pecuniary advantage in excess of the damages he would otherwise have to pay, although Somers J. in Wellington Newspapers Limited v. Dealers Guide Limited (supra at p. 75) noted that the section is not necessarily limited to pecuniary advantages. There the Court was prepared to assume benefit would ensue from the infringement in the form of maintained or increased circulation of the appellant's newspaper because this was the purpose of the publication even though no actual financial benefit was established in evidence. Similar factors are taken into account at common law in the assessment of exemplary damages: Uren v. John Fairfax & Sons Pty Limited (supra at pp. 143 and 146 per Menzies J.).

Finally the court must take into account all other relevant matters. Ungoed-Thomas J. in Beloff v. Pressdram Limited (supra at p. 267) regarded the equivalent phrase in the United Kingdom Act as including the defendant's conduct with regard to the infringement and motive for it, injury to the plaintiff's feeling for suffering insults, indignities and the like and the plaintiff's own corresponding behaviour. These, of course, go to the aggravated damages aspect of the section. Ricketson (op. cit. p. 298) suggests that included in other relevant matters may be the way in which the infringing material is presented so that some compensation

could be given for injury to the plaintiff's moral rights where, for example, the material is mutilated or distorted or presented in conjunction with material which degrades the plaintiff's reputation. As shown in the Committee's Report on Moral Rights (January 1988 pp. 6-10 and 62-73) Australian law at present provides only limited protection for an author's moral rights, in most cases by way of actions other than for infringement of copyright, for example, breach of contract, s. 52 of the Trade Practices Act 1974 (C'th), passing off, defamation and actions under Part IX of the Copyright Act. Section 115(4) damages relate specifically to actions for infringement of copyright and would give no. greater protection of moral rights than that which already exists under Australian law. However, injury to a plaintiff's moral rights accompanying an infringement of the economic rights may be a circumstance aggravating the damage, especially to the plaintiff's feelings, which might be taken into account under s. 115(4). Not surprisingly, in the absence of comprehensive recognition and protection of moral rights as such, there has been no discussion of this question in any of the cases on s. 115(4) or its equivalents.

Additional factors which may be relevant under s. 115(4) are presumably those which are taken into account in a common law action for exemplary damages. As shown in XL Petroleum (N.S.W.) Pty Limited v. Caltex Oil (Australia) Pty Limited (supra at pp. 471-472 per Brennan J.) these may include the fact that the plaintiff and defendant-were competitors in a notoriously competitive industry where the risk of repetition of the conduct is high - although the element of competition may be of less significance in copyright cases, a large proportion of which do involve competitors. The court may also take into account the financial circumstances of the defendant in order to determine what sum will-be a sufficient deterrent 'against a repetition 'of the conduct (at p. 461 per Gibbs C.J. and p. 472 per Brennan J.; Rookes v Barnard supra at p. 1228 per Lord Devlin).

In 1977 the Whitford Committee (op. cit. paras 702 and 743) recommended that conversion damages should be abolished. It also recommended changes to s. 17(3) which, it is interesting to note, was seen as empowering the court to impose exemplary damages (para. 698); No reference was made in this context to Beloff v. Pressdram Limited, although the case does seem to be referred to in another context in para. 704; nor was there any discussion of whether exemplary damages under the United Kingdom Copyright Act were limited to Lord Devlin's categories. The Department of Trade Green Paper (United Kingdom Department of Trade, Reform of the Law relating to Copyright, Designs and Performers' Protection, Cmnd. 8302, 1981, p. 48) also explicitly stated that "penal damages may be awarded under section 17(3)".

The Whitford Committee recommended that this power should be retained and strengthened so as to act as a deterrent if the existing deterrent of conversion damages is removed (para 704). The Committee noted that the requirement of effective relief not being otherwise available had been interpreted (in Beloff v. Pressdram Limited) as referring to relief which might be obtained outside copyright law. It therefore recommended that the power to award additional damages should not be fettered by any requirement that the plaintiff must show some particular benefit which has accrued to the defendant or that the plaintiff must satisfy the court that effective relief could not otherwise be available. This would seem to be the effect of the Australian provision already which apparently does include exemplary damages (as understood in Australia), does not contain the "effective relief" precondition and, if interpreted in accordance with Wellington Newspapers Limited v. Dealers Guide Limited (*supra*) (actually decided on a provision identical to s. 17(3)) does not require the plaintiff to prove. some particular benefit accruing to the defendant - benefit in that case was able to be assumed. These recommendations have been given effect to in s. 93(2) of the United Kingdom Copyright, Designs and Patents Bill

[enacted as s.97(2)] in which the requirement of effective relief has been abolished, 'although the court must still have regard,' in particular, to the flagrancy of the infringement and any benefit accruing to the defendant by reason of the infringement as well as all the circumstances.

The Whitford Committee (para. 704) and the United Kingdom Government (Green Paper, 1981, p. 48 and Department of Trade and Industry White Paper on Intellectual Property and Innovation, Cmnd.9712, 1986, para 12.3) clearly envisaged the provision for additional damages (strengthened, it is submitted, to the level of s. 115(4)) to be capable of taking over the function of conversion damages as an effective deterrent against flagrant infringement and undoubtedly, in the absence of conversion damages, the provision will receive new life. The paucity of authority on s. 115(4) and its equivalents must surely be due to the ready availability of, often very substantial, conversion damages. However, it is submitted that, 'because of the way in which the courts have interpreted these provisions and their approach to exemplary damages in general, s. 115(4) would at most provide only a partial replacement of the deterrent effect of conversion damages. The provision was originally conceived as having a limited application where existing remedies give inadequate relief (Gregory Committee Report para. 294; Spicer Committee Report para; 309) 'although in Australia s. 115(4) has never been restricted to this situation.

Damages have been regarded as only 'recoverable in cases of flagrancy, -not where the defendant bona fide believes there is no infringement in cases where this is a real question: International Credit Control Limited v. Axelsen (supra); Tyco Industries Inc. v. Interlogo A.G. (Court of Appeal, supra) or even where this has been caused through the defendant's own mistake or perhaps carelessness: Prior v. Lansdowne Press Pty Limited (supra); Indeed, even in Ravenscroft v. Herbert (supra at pp. 207-208) where Brightman J. considered the defendant as having "clearly infringed" the plaintiff's

copyright by deliberate copying to a substantial extent, his Lordship did not regard the conduct as flagrant because there was no cover-up, there was an acknowledgement in the defendant's novel of the plaintiff's work and the defendant did not intend to injure the plaintiff and did not appreciate that he was doing so.

This accords with the common law requirement for exemplary damages that there be "conscious wrongdoing": Whitfeld v. De Lauret & Co. Limited (1920) 29 C.L.R. 71 at P.77, and with the general principle of deterrence, although it indicates that additional damages will be available only in certain limited circumstances. Similarly at common law, although the High Court has shown itself much more willing than the House of Lords to accept the concept of exemplary damages, their availability is still closely circumscribed:

"They can apply only where the conduct of the defendant merits punishment, which is only considered to be so where his conduct is wanton, as where it discloses fraud, malice, violence, cruelty, insolence or the like, or, as it is sometimes put, where he acts in contumelious disregard of the plaintiff's rights."

(Mayne & McGregor on Damages, 12th ed. (1961), p. 196, cited with approval most recently by the High Court in Lamb v. Cotogno (supra at p. 8).) Indeed, the landmark case of Uren v. John Fairfax & Sons Pty Limited (supra) by bare majority, the High Court held that 'there was no evidence on which a jury could make an award of exemplary damages. Thus at common law a plaintiff may only recover damages over and above pure compensation where a court considers they are warranted by way of punishment' or example - which is markedly different to the present availability of conversion damages. The question must be asked whether there is any special feature of copyright, either theoretically or in practice, which would justify enabling a plaintiff' to recover more than simple compensation or an account of profits in circumstances where they could not be recovered at common law.

A second significant limitation on damages under s. 115(4) is that to the extent that they include aggravated damages for injury to a plaintiff's feelings, as opposed to injury to trade reputation or goodwill, they may not be recovered by a corporate plaintiff: Australian Broadcasting Corporation v. Comalco Limited (supra). Hence Ungood-Thomas J. in Beloff v. Pressdram Limited (supra at p. 272) considered that the plaintiff, the author of the work but not the copyright owner at the time of infringement, could, if copyright had been validly assigned to her, only recover damages suffered by the corporate owner at the time of infringement, which would not include damages for personal suffering and distress. There is nothing intrinsically unfair in preventing a corporation from recovering under this head because aggravated damages are designed to provide compensation for loss actually suffered. However, it again poses the question whether copyright owners should be entitled to some extra head of damages beyond mere compensation and if so on what basis.

Finally, courts have traditionally adopted a very cautious approach to awarding damages under s. 115(4) and its equivalents and to exemplary damages in general. Templeman J. in Nichols Advanced Vehicle Systems Inc. v. Rees [1979] R.P.C. 127 at 140 regarded a "moderate, but not excessive, sum"* for additional damages as appropriate (assessed at 2,000 pounds, although in addition to 32,000 pounds conversion damages: Nichols, Advances Vehicle Systems Inc. v. Rees (No. 3) [1988] R.P.C. 71. In both Williams v. Settle and especially Wellington Newspapers Limited v. Dealers Guide Limited the appellate judges regarded the trial judge's assessment of additional damages as high (higher perhaps than they would have awarded themselves) but not so unreasonable as to warrant an appellate court's interference. Similar sentiments have been expressed at common law: Johnstone v. Stewart [1968] S.A.S.R. 142at p. 146, and XL Petroleum (N.S.W.) Pty Limited v. Caltex Oil (Australia) Pty Limited (supra) where the High

Court issued a plea for moderation in the assessment of exemplary damages and upheld the Court of Appeal's reduction of damages from \$400,000 to \$150,000. Gibbs C.J. (at p. 463) approved Lord Devlin's view in Rookes v. Barnard that exemplary damages might amount to a punishment greater than would be likely to be imposed if the conduct were criminal and that therefore in making awards juries should display restraint.

It would seem that courts are generally cautious in awarding exemplary and additional damages, limiting their availability to cases of flagrant, high-handed conduct where the aims of punishment and deterrence are best served, and placing restraints on the sums which may be awarded. Conversion damages contain these punitive and exemplary elements but are much more indiscriminate in their incidence and frequently more generous in their awards. The abolition of conversion damages would leave copyright law providing the same level of deterrence against flagrant infringements as is provided by the common law against other tortious conduct. It is an open question whether anything more should be provided. It would also limit the pecuniary damages a copyright holder could recover to compensate for loss suffered or an account of profits and preclude him or her from gaining a windfall at the defendant's expense except in cases of flagrant conduct. However, conversion damages are capable of relatively straight-forward assessment and are not subject to the strictures for moderation imposed upon exemplary damages. They are also a much more certain consequence of infringement than additional damages, being available as of right to the copyright owner and thus presumably provide potential infringers with a greater incentive to respect copyright law. In addition, they may provide a valuable remedy where damages for infringement or an account of profits are minimal or difficult to assess. This would seem to suggest that , conversion damages as a discretionary remedy may be an appropriate solution, although it also indicates that they should be viewed as one of a range of remedies available under the Copyright Act whose interrelationship must be taken into account before part of the package is altered.

Recommended form of 5.116 to replace existing section

116(1) Subject to this Act, in addition to the relief which the court may grant under section 115, the court may, in respect of any infringing copy or any device used or intended to be used for making infringing copies of works or subject matter", give to the owner of the copyright in such work or subject matter, any or all of the rights and remedies, by way of an action for conversion or detention, to which he would be entitled if he were the owner of the copy or device and had been the owner of a copy or device since the time when 'it was made.

(2) In exercising its discretion under sub-section (1) and in determining the amount of any damages which it may decide to award as a consequence thereof, the court:-

- (a) shall have regard-to the nature and extent of the relief to which the owner of 'the copyright is entitled under section 115;
- (b) shall not make an order under this section if, in all the circumstances, it is of opinion that the' relief to which the owner of the copyright is entitled under section 115 provides that owner with a sufficient remedy;
- (c) in assessing the amount of damages to be awarded, may have regard to:-
 - (i) the proportion or importance so much of the infringing copy as constitutes the infringement of copyright bears to the entirety of the article in; on or in relation to which, "the infringing copy i's used;

- (ii) the extent to which so much of the article as constitutes the infringing copy may be severed or separated from the article of which it is part;
- (iii) the expenses incurred by the person marketing or dealing with the article in acquiring it or manufacturing it, whether those expenses were incurred prior to the sale or other disposition of the article or thereafter; and
- (iv) any other matter which the court considers it appropriate to take into account.

(3) [Adapted from the present ss. 116(2).] A plaintiff is not entitled by virtue of this section to any damages or to any other pecuniary remedy, other than costs, if it is established that, at the time of any deemed conversion or detention -

- (a) the defendant was not aware, and had no reasonable grounds for suspecting, that copyright subsisted in the work or other subject-matter to which the action relates;
- (b) where the articles converted or detained were infringing copies - the defendant believed, and had reasonable grounds for believing, that they were not infringing copies; or
- (c) where an article converted or detained was a device used or intended to be used for making articles - the defendant believed, and had reasonable grounds for believing, that the articles so made or intended to be made were not or would not be, as the case may be, infringing copies.