

Deakin University Submission to:

**The Director
Copyright Law Review Committee Secretariat
Attorney-General's Department
Robert Garran Offices
National Circuit
Barton ACT 2600**

Tenth Reference: "COPYRIGHT AND CONTRACT" June 2001 – ISSUES PAPER

EXECUTIVE SUMMARY

1. The exceptions to the copyright owner's exclusive rights in the *Copyright Act 1968* ("Act") are essential to Deakin University's role as an educational institution.
2. Deakin University is a party to a number of contracts governing the supply of electronic materials that override these copyright exceptions in the Act.
3. Contracts for the supply of hard copy materials do not contain such overriding provisions.
4. The existence of section 47H of the Act, which expressly prohibits certain computer program provisions being overridden by contract, has led to the University sector-wide interpretation that the copyright exceptions can be overridden by contract.
5. The application of the Act as a whole is also excluded by contract by the application of a foreign jurisdiction to the use of the electronic materials.
6. Existing legal remedies have not prevented the copyright exceptions from being overridden by contract.
7. Deakin University submits that only **legislative action** can restore the balance originally intended by the existence of the copyright exceptions in the Act.
8. Deakin University recommends that a provision, or set of provisions, equivalent to section 47H of the Act, be enacted so that:
 - (a) none of the copyright exceptions can be overridden by contract; and
 - (b) no contract can override the application of the Act by the application of a foreign jurisdiction.
9. Deakin also recommends that the Act be examined so that its terminology accommodates the development of electronic library materials and therefore a library's collection is NOT limited to its physical space.

INDICATION OF PRIORITY

First priority is assigned to **Deakin University's response to Issue 9**. All other responses are of **equal importance**, as they contain the reasoning for its response to Issue 9.

**PROFESSOR GEOFF WILSON
VICE CHANCELLOR
DEAKIN UNIVERSITY**

DEAKIN UNIVERSITY'S SUBMISSION

Background

As a university, Deakin University ("Deakin") is both an owner and user of copyright materials. Deakin's use of copyright materials is mostly for educational, research and study purposes. It is an "educational institution" within the meaning of the *Copyright Act 1968* ("Act") and has issued Remuneration Notices in order to utilise the educational statutory licences in Parts VA and VB of the Act. Deakin also relies on the exemptions in Division 5 of Part III of the Act (Copying of works in libraries or archives) in its library's day-to-day operations.

Deakin's Response to Issues Paper

Issue 1

The committee seeks your views as to the extent that electronic trade in copyright material is subject to agreements that try to exclude or modify limitations to the exclusive rights of copyright owners provided in the Act. Can you provide the Committee with examples of any such agreements?

Deakin's Response

Deakin's "electronic trade in copyright material" is in electronic journals ("ejournals") and electronic books ("ebooks"). Deakin submits that most of the agreements governing the supply of ebooks and ejournals DO TRY to exclude or modify the limitations to the exclusive rights of copyright owners provided in the Act, especially the exceptions provided to educational institutions and their libraries.

Annexure 1 sets out, in matrix form, what can and cannot be done in relation to nine (9) of such agreements. You will note that the "interlibrary lending" exception in section 50 of the Act and Deakin's statutory licence as an "educational institution" for the purposes of Part VB of the Act, have both been excluded or limited under many of these agreements.

Annexure 2 contains copies of the "Allowable Use" clauses from some of these agreements. You will note that the terminology is very restrictive and it is Deakin's opinion that they exclude the operation of some or all of the copyright exceptions of the Act.

Another problem encountered with agreements for ejournals and ebooks is illustrated by a clause from an agreement with a U.S. based information provider. The relevant clause reads:

"...shall be in compliance with U.S. Copyright laws. Customer acknowledges that it and its Patrons have no right to make copies of any ebook, or any portions thereof except to the extent permitted by *such copyright laws.*" (emphasis added)

Therefore the agreement has not only overridden the copyright exceptions of the Act, but has made a foreign jurisdiction's law applicable to the agreement. Deakin is not conversant with U.S. copyright laws.

Deakin also submits that with the advent of electronic materials in libraries, access to research literature by persons NOT enrolled in institutions of higher education is diminishing. You will note from Annexure 1 that only a few of the agreements for ejournals or ebooks allow on-site access for such persons, that is, the general public. Deakin submits that in the near future, a news reporter, or some other member of the general public, may hear of a significant research breakthrough published in a scientific journal and cannot read the journal article because the licence agreement signed by the local University or some other educational institution restricts access to this ejournal to staff and students of that institution. This seems to be contrary to the public interest in ensuring reasonable accessibility to important information and research findings. It is also different from the situation for hard copy journals or books, discussed further under Issue 2 below.

Issue 2

The Committee seeks your views as to whether the situation is any different in relation to trade in copyright material that occurs offline. Can you provide the Committee with examples of any such agreements?

Deakin's Response

Deakin submits, based on its library staff's extensive and long-term experience, that "off-line" or "hard copy" copyright materials have NOT been subject to any extra contractual limitations on their use. That is, the limitations to the exclusive rights of these copyrights owners are simply as provided for in the Act. Furthermore, due to the nature of "hard copy" products, they are not supplied "under licence" as are the "on line" ebooks and ejournals. Instead, there is an outright purchase of the hard copy books, or a subscription to a hard copy journal series. The hard copies of each journal are supplied and retained in the premises of the library to be accessed by all persons, INCLUDING the general public.

Therefore, in the scenario given above of the news reporter hearing of a research breakthrough, he or she could access and read the pertinent journal article, even though he or she may not be able to borrow the journal (like staff or students could). The news reporter could also make a copy from the hard copy journal, under the exception provided in section 42 of the Act, regarding the reporting of news to the public.

Examples of agreements for the provision of hard copy books and journals are usually standard contracts for sale of goods found on the invoice supplied on their delivery. These agreements do NOT vary or override the copyright exceptions of the Act.

Issue 3

The Committee seeks your views as to the nature of any such difference.

Deakin's Response

Deakin submits that the differences between the contracts governing the supply of hard copy copyright materials and electronic copyright materials has been illustrated under its submissions to Issues 1 and 2 above. Essentially, access to electronic

copyright materials is supplied under a “licence”, whereby the terms of that licence, as illustrated in Annexures 1 & 2, attempt to override the copyright exceptions of the Act, in part, or totally. No such restrictions apply to the supply of hard copy copyright materials.

Furthermore, in the case of electronic copyright materials, once the licence period has ended, Deakin cannot usually retain any copies of these materials. This same restriction does not apply to hard copy copyright materials: once you have purchased a book or a series of journals, they may be retained in the library forever.

Deakin submits that the electronic or digital environment has given information providers more control over accessibility and use of copyright materials than they had in the hard copy environment. Since they have the power to restrict copying in the digital environment, they have done so, in order to protect their investment as far as is possible by law.

Deakin also submits that the electronic or digital age developed extremely quickly and many University libraries were anxious to gain access to such electronic materials, regardless of what they had to agree to under the licence agreement with the information provider. The same set of facts did not apply to the hard copy environment.

Issue 4

The Committee seeks your views as to whether the express prohibition on contracting out in s.47H suggests that provisions elsewhere in the Act can be overridden by contract. Should it be possible to achieve this result by contract? In this regards, should all exceptions be treated alike?

Deakin’s Response

On the advice of the Australian Vice Chancellor’s Committee (“AV-CC”), Deakin has taken the view that the exceptions in the Act can be overridden by contract. Please note the AV-CC’s advice in one of its recent publications produced since the effective date of the *Copyright Amendment (Digital Agenda) Act 2000*:

“It is **NOT** necessary for the university to seek the permission of copyright owners in order to make works available on-line (or copy digitally) within the limits imposed by the Part VB licence, **UNLESS** the university has already entered into contracts with information providers which impose restrictions on how the university can make material available. For example, if the university has purchased CD-ROMS for use in the library the terms of the contract may include restrictions on copying the CD-ROMS or on making them available for use by students”. (*AV-CC – Information Access for Universities: Commentary and Answers to Frequently Asked Questions about the Part VA and Part VB Educational Statutory Licences, 4 March 2001, p.3*)

The copyright exceptions of the Act, especially those in favour of educational institutions and libraries, ARE currently being overridden by contract, as demonstrated by the sample licence agreements set out in Annexures 1 and 2, with which Deakin and other Universities comply.

Deakin submits that the existence of the express prohibition on contracting out in s.47H of the Act is why the AVCC and other bodies, including Deakin, have taken the

view that provisions elsewhere in the Act can be overridden by contract. As a result of this view, Deakin and other universities and libraries, have accepted such limitations imposed by information providers in their agreements governing electronic materials.

Deakin submits that it should NOT be possible to override ANY of the exceptions provided by the Act. It is only via these exceptions that the BALANCE is achieved between the availability of copyright materials to the public (especially for educational purposes) and the provision of adequate protection to the rights of copyright owners. That these exceptions can be overridden and in fact are overridden by existing contracts, has made the individual terms of the licence contracts for electronic materials MORE IMPORTANT than the provisions of the Act. Deakin submits that the significance of such limitations is only just becoming obvious to educational institutions and libraries. Historically these institutions have been so anxious to get access on-line and electronic materials, they agreed to such restricted access. The enactment of the *Copyright Amendment (Digital Agenda) Act 2000* occurred well after such products were actually available on the market and it therefore has been read as subject to the terms of contracts previously entered into.

Deakin submits that a provision or set of provisions similar to section 47H of the Act should be enacted in respect of ALL of the exceptions provided in the Act, especially considering the contractual developments in this particular area.

Issue 5

The Committee seeks your views about whether:

- (a) *there are legal remedies other than those outlined above to protect against the use of agreements to override copyright exceptions granted under the Act; and*
- (b) *the existing legal remedies provide adequate protection against the use of agreements to override copyright exceptions granted under the Act.*

Deakin's Response (a)

Deakin is not aware of the existence of any other legal remedies to protect against the use of agreements to override the copyright exceptions under the Act.

Deakin's Response (b)

Deakin submits that the existing legal remedies do NOT provide adequate protection against the use of agreements to override the copyright exceptions granted under the Act. Such agreements are currently in place between Deakin and various information providers. These remedies are not referred to in any literature from either the AV-CC or its legal advisor, Baker & McKenzie. Nor is Deakin aware of any successful action in Australia against an information provider using one of these legal remedies.

Deakin has relied on the principle of "Prevention" rather than "Cure" to negotiate contracts with information providers. University staff negotiate to ensure that contracts do not contain provisions overriding the exceptions, or at least minimise their restrictions. However, many agreements entered into in the past, before

university libraries were totally aware of the legal ramifications of the digital environment, contain such restrictive provisions. Neither these agreements, nor their restrictive provisions, have been challenged by Deakin.

Issue 6

The Committee seeks your views as to whether there should be any limitations to the enforceability of mass-market agreements. For example, should mass-market agreements be treated as a special category and subject rules as to validity and enforceability?

Deakin's Response

Deakin submits that though these types of agreement can contain dangerous pitfalls for the first-time user of electronic materials, its previous experience in this area has made its staff who are negotiating the use of such electronic materials more cautious. It is becoming more and more usual practice within Deakin, especially among the library staff, to ask for a copy of the agreement before any access is paid for or arranged, so that the terms of any such agreement can be negotiated if considered too onerous. However, Deakin submits that such mass-market agreements could be presented to less experienced staff as "unchangeable" and the electronic materials could be presented on a "take it or leave it" basis, which may lead to the entering into of an inappropriate agreement for the sake of gaining access to a sought-after ebook or ejournal.

However, Deakin submits that all agreements be treated the same, in that the Act be amended to provide that NO term in ANY agreement can override the copyright exceptions in the Act.

Issue 7

The Committee seeks your views on whether jurisdictional issues are likely to result in copyright exceptions being overridden and, if so, on suggested solutions.

Deakin's Response

As discussed under Issue 1 above, Deakin has entered into agreements for access to electronic materials whereby the governing law is not Australian law, especially if the information provider is a U.S. based entity.

Therefore neither the Act, nor its copyright exceptions apply to the use of these ebooks or ejournals. Deakin library staff are now aware of the "Governing Law" issue and usually request that the agreement be changed to bring it within the Australian jurisdiction. However, if the information provider insists upon a U.S. jurisdiction, the library may have to concede to obtain access to the electronic materials and then the copyright exceptions in the Act would simply not apply.

Deakin suggests that the Act be amended to provide that, regardless of the terms of any agreement entered into between parties, if the use of copyright materials occurs by an Australian educational institution or its library, then the Act (and therefore its copyright exceptions) applies, regardless of where the information provider is located

or where it made the copyright material available on line, or transmitted it electronically.

Issue 8

The Committee seeks your views as to whether any, and if so what, lessons can be learned from the overseas experience?

Deakin's Response

Deakin makes no submission in relation to this issue.

Issue 9

The Committee seeks your recommendations as to any specific action, legislative or otherwise, in relation to the issues raised in your submission.

Deakin's Response

Deakin submits that:

- (a) only **legislative action** can restore the balance originally intended by the existence of the copyright exceptions in the Act. That is, based on the reasons given under Issues 1 to 7 above, Deakin recommends that the Act be amended so that a provision, or set of provisions, equivalent to section 47H of the Act, be enacted, so that:
 - (i) NONE of the copyright exceptions within the Act can be overridden by contract; and
 - (ii) NO contract can override the application of the Act and its copyright exceptions where an Australian educational institution, including its library and its students use these electronic copyright materials; and
- (b) given the advent and proliferation of electronic materials, the terminology of the Act should be examined so that it is clear that a library's collection is not limited to its physical space. Electronic materials for which the University has paid an access fee should be considered part of a library's collection during the period of the relevant contract.

**PROFESSOR GEOFF WILSON
VICE CHANCELLOR
DEAKIN UNIVERSITY**

ANNEXURE 1

MATRIX OF LIBRARY LICENCE AGREEMENTS BETWEEN DEAKIN UNIVERSITY & INFORMATION PROVIDERS

The names of the information providers have been removed for confidentiality purposes.

Name of Product	Type of Product	Renewal Date	Governing Law of Agreement	View / Access?	Print?	Electronic Copy?	Email?	Make Available online?
Company A	Online Sitebuilder	31/12/01	State of Michigan, USA	PP	FD, VB	FD, VB	R FD, VB	PP VB
Company B	Online	31/12/01	NO REF. (Consult Uni Solicitor)	On-site GP Off-site PP	FD, VB	Cache only FD	R FD, VB	
Company C	Online	31/01/02	State of Michigan, USA	PP	FD, ILL, VB	FD, ILL, VB	FD, ILL, VB	PP, VB
Company D		31/12/01	State of Maryland, USA	On-site GP Off-site PP	FD, VB, ILL	FD, VB, ILL, ARK	FD, VB, ILL	VB
Company E	CD Yearly & Quarterly updates	Yearly, on 31/12	NSW	PP	FD, Part VB, ILL	FD, ILL, Part VB, ARK (yearly discs only)	FD, ILL, Part VB	PP Part VB

Company F	CD	PURCHASE	United States	PP	ALL	ALL	ALL	PP
Company G	CD & O	31/01/02	VIC.	PP	NO	Cache only	NO	NO
Company H	O	31/02/02?	VIC.	PP	FD, Part VB	Cache only E-Reserve (*conditions apply)	NO	NO
Company I	O	June 2002	NSW	PP	FD, Part VB	FD, Part VB	R, FD, Part VB	PP, Part VB

Notes on Column Headings

“Type of Product” – either “O” for “online” or “CD” for CD Rom.

“Expiry Date” – When the licence either needs to be renewed or renegotiated.

“View/Access?” – “GP” for “general public” and “PP” for “password protected”.

“Print?” – “FD” for “Fair Dealing Exceptions” (i.e. research and study, criticism and review); “ILL” for “Inter-Library Loans/Requests”; “Part VB” for what is allowed under the Part VB statutory licence; “ALL” for “unlimited printing capability.

“Electronic Copy” – “Cache Only” for allowing a copy to be made for viewing purposes only; “FD”, ILL, “Part VB”, as above; “ARK” which allows copy to be kept for archival purposes (i.e., in perpetuity).

“Email” – “R” for “restricted to Uni students and staff; “FD”, “ILL” “Part VB” as above; “ALL” for unlimited capability.

“Make available online” – “GP” for “general public”; “PP” for password protected; “PartVB” as above.

ANNEXURE 2

SAMPLE "ALLOWABLE USE" CLAUSES FROM ELECTRONIC PRODUCTS LICENCE AGREEMENTS

The names of the information providers have been removed for confidentiality purposes.

Example 1

x.0 Use Restrictions.

x.1 The Database(s) shall be used by the faculty, staff, students, patrons and employees of Subscriber ("Authorized Users"). The Database(s) shall not be made available for any other use by any loan, rental, service bureau, external time sharing or similar arrangement or otherwise. Information contained in the Database(s) (or portions thereof) may not be duplicated or disseminated in hardcopy or machine readable form without the prior written consent of [information provider] except that each authorized user may print or for use only by such authorized users to support his or her personal research needs. Under no circumstances may printed or electronically stored copies permitted under this Section be offered for resale or redistribution.

4.2 The Database(s) may not be copied in any machine-readable form, whether it is optical disc, magnetic disc, magnetic tape, or any other form currently existing or developed in the future. Subscriber may not modify, merge, or include any portion of the Product with or into any other data or software. Subscriber may not prepare publications from the Database(s) for distribution except as such rights are granted directly to Subscriber by [information provider] or the Third party Data Suppliers.

(extracted from licence agreement dated 10 May 1999 with U.S. based information provider)

Example 2

x.4 **"Permitted Use"** means use of the Products by Authorized Users only for internal or personal research or training therein. Authorized Users may (i) view the Database(s) and data contained therein on terminals, (ii) print data obtained from searches and make limited copies of such printed search results and (iii) download data obtained from searches. The Permitted Use expressly precludes (i) copying, duplication, redistribution, retransmission, publication, transfer or commercial or other exploitation of the Products, in whole or in part, where such acts are contrary to the Permitted Use; (ii) preparation of derivative works or incorporation of the Products, in whole or in part, in any other work or system; (iii) reverse engineering, decompiling or modification of the Products, in whole or in part; and (iv) uploading, downloading, copying or redistributing the Database(s) in their entirety or lengthy sequence.

(extracted from licence agreement dated 15 April 2000 with U.S. based information provider)

Example 3

- x. **Licence to Use the Service and Scope of Use.** Subject to the terms and conditions of this Agreement and upon payment of the Subscription Fee, [*information provider*] grants to Subscribing Institution a non-exclusive, non-transferable, revocable licence to access and use the Service solely for educational, research, scholarly, and personal uses. Only Authorized users of Subscribing Institution shall be entitled to access and use the Service under the licence granted in this Section 2. “Authorized Users” shall consist solely of Subscribing Institution’s employees, staff faculty, students officially affiliated with Subscribing Institution, and other authorized users of Subscribing Institution’s employees, staff, faculty, students officially affiliated with Subscribing Institution, and other authorized users of Subscribing Institution’s facilities (for example, library patrons). Authorized Users shall be entitled to search, retrieve, display, download, and print content contained in the Service solely for educational, research, scholarly, and personal uses, but may make no other uses of such content without the express written permission of [*information provider*] and the copyright owner (or its authorized agent) of such content. Authorized Users shall be entitled to download and print single copies of individual works of content contained in the Service. All rights not expressly granted to Subscribing Institution by this Agreement are expressly reserved by [*information provider*] and its licensors.

(extracted from Institutional Subscriber Agreement dated 19 July 2000 with Australian information provider)

Example 4

Rights

- x. All rights, in particular, rights to the use of the information service as well as parts of the information service (individual journals, articles, excerpts thereof, in particular abstracts, figures, and tables, etc.) [*information provider*].
- xx. Customer shall receive the following rights to the information service and its parts:

Single user licence:

- i) Customer is authorized to conduct research for him-/herself and to copy a selection of the researched data (complete journals, individual articles of excerpts thereof) into its RAM.
- ii) Customer may only for his/her own use permanently store the data mentioned in paragraph i) and make hard copies thereof (downloading and printout). [*information provider*] reserves the right to limit the extent and the number of copies and printouts in an appropriate manner. The transfer of the data in whole or in part – regardless of whether by electronic data carrier, remote data transmission or in the form of hard copies – as well as granting access to the stored data to

third parties, the feeding of the data into the Intranet and commercial information brokerage are not permitted.

- iii) Translations, editing, arrangement, and other changes to the data and the public communication, representation or performance are prohibited.

Multiple user licence:

In case of the acquisition of a multiple user licence Customer may grant the authorized users (employees, faculty, staff and students officially affiliated with the Customer) the above rights.

(extracted from agreement with European-based information provider)

Example 5

- x. Restrictions on Licence Grant
 - (b) the rights granted in paragraph 2(a) are limited and are to be strictly construed.
 - (c) The limited grant of paragraph 2(a) means that customers and Users may not, for example: (i) copy Licensed Product, (i) Download Search Results except for a User's personal use; (iii) allow data from License Product to be made available to unauthorized Users except in print form only as incidental samples used for illustrative or demonstration purposes; (iv) assign, sell pass along Licensed Product or username(s) and password(s); (v) provide services for a fee using License Product; or (vi) conduct repetitive or multiple automatic searches against the database.
 - (d) The Customer's right are limited to itself alone and do not extend to subsidiary or parent corporation, or do not other related or affiliated organizations, unless expressly agreed in writing.
 - (e) No provision of this Agreement conveys any ownership interest in the Products. Title, as well as all applicable copyrights, trademarks, trade secrets, or other intellectual proprietary rights of and to the materials in the Licensed Product are, and remain the property of [*information provider*] or the Database Provider, as applicable.
 - (f) The products are provided with restricted rights. The use, duplication, modification, release, display or disclosure of the Database, software and associated materials by the United States government or its agents subject to the restricted rights applicable to commercial computer software (under FAR 52.227-19 and DFA 252.227-7013 or parallel regulations).

(extracted from agreement entered into in November 1998 with U.S. based information provider)

Example 6

Proprietary Rights in the Databases

Customer acknowledges that the Databases are proprietary to [*information provider*] or, in the case of Databases licensed to [*information provider*] by its publishing partners (“Data Suppliers”), so such Data Suppliers, that the Databases shall remain the exclusive property of [*information provider*] or the Data Suppliers, and that Customer has no rights therein other than as set forth herein. The Databases are copyrighted either by [*information provider*] or its Data Suppliers, and all rights are reserved. Customer shall not duplicate, distribute, sell, commercially exploit, create derivative works from, or otherwise make available the Databases or information contained therein, in any form or medium (electronic, paper, photographic film or otherwise), to any third party.

(extracted from terms and conditions dated 20 January 1998 with U.S. based information provider)