

# Liability for Authorizing Infringement of Copyright

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## I. INTRODUCTION

Modern technological developments, specifically the ever-increasing popular availability of photocopiers, tape-recorders and video-recording equipment, have presented challenges to the effectiveness of the legal protection conferred upon copyright owners by the existing legislation.<sup>1</sup> There is a widespread belief that new technologies always demand new and different laws, a belief encouraged by the burgeoning law reform industry. Indeed, the belief is often justified. Nevertheless, in the copyright context, it ought to be appreciated more fully that concepts embodied in the present legislation are inherently more adaptable, at least in their relation to the new reproductive methods, than recent judicial interpretation has allowed.

The present Copyright Act<sup>2</sup> clearly defines the exclusive rights which are vested in the owner of a copyright. In section 31 they are defined as exclusive rights to reproduce the work in material form, publish the work, perform the work in public, broadcast the

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1. Copyright Act 1968 (Cth).

2. *Ibid.*

work, cause the work to be transmitted to subscribers to a diffusion service and make an adaptation of the work. Section 13(2) provides that the exclusive right to do an act in relation to a work, an adaptation of a work or any other subject matter includes the exclusive right to authorize a person to do that act in relation to that work, adaptation or other subject matter. Copyright is infringed whenever any one of those exclusive rights to do the acts enumerated in section 31 is exercised or 'authorized' to be exercised by any person other than the owner or his exclusive licensee. Section 36(1) states that the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, not being the owner of the copyright, does in Australia, or authorizes the doing in Australia of, any act comprised in the copyright. It is of the essence of copyright as a statutorily-asserted property right that it confers upon the creator of a work a monopoly in relation to the commercial exploitation by reproduction of that work. Such a monopoly is only as real or as potent as the sanctions which enforce and protect it. In relation to the infringement of copyright by modern reprographic and audio-visual devices, the Anglo-Australian courts have interpreted the legislation as only creating sanctions against, if you like, the 'wrong' defendant, that is, defendants who are not worth suing for financial reasons even if they can be proven in fact to have infringed the plaintiff's copyright by making tape-recordings of records from the radio, video-taping films from the television or photocopying books. Thus, while theoretically sanctions do exist against the private individual who infringes a plaintiff's copyright by reprographic or audio-visual means which he owns or hires, the reality is that such home-copying by individuals cannot be policed with any effectiveness, the sanction is practically unenforceable and the owners of copyright lose their granted monopolies. The defendant 'worth suing' in such situations would be one of either the manufacturer, vendor, supplier or owner of the method of copying and/or the copying apparatus or the supplier or vendor of the copied material.

It will be the argument of this article that the concept of 'authorization' in section 36, properly elaborated, provides scope for the imposition of effective sanctions against defendants 'worth suing'. The Act does provide in section 36 that persons in such positions may be sued for 'authorizing' the infringement by the individuals who actually do the infringing copying. The confusion which enshrouds the concept in the case-law is yet another example of the increasing abdication by modern judges of their established role as judicial legislators, of a failure to adapt existing

legislative concepts effectively to contemporary problems.

It should be noted that this article only addresses itself to the questions surrounding the nature and scope of liability for the tort of authorization under the Australian and English legislation. The U.S. legislation differs significantly from this legislation in that it creates no separate liability for infringement by authorization. Instead, someone "who, with knowledge of the infringing activity" (though not necessarily with knowledge that the activity amounts to an infringement of copyright) "induces, causes or materially contributes to the infringing conduct of another may be held liable as a 'contributory' infringer" (or related defendant).<sup>3</sup> In a recent decision, the U.S. Supreme Court has held that home-videotaping of television films does not amount to contributory infringement of copyright<sup>4</sup> for the same policy reasons which undoubtedly prevailed (though rarely enunciated) in similar cases in Australia and England.<sup>5</sup>

The leading Australian case on the meaning of authorization in the context of section 36 Copyright Act 1968 (Cth) is *University of N.S.W. v. Moorhouse*.<sup>6</sup> The plaintiff in this test-case alleged that U.N.S.W. had authorized a private individual, who was not an employee of the University, to infringe the plaintiff's copyright. The defence of fair dealing was not raised. The only issue was whether U.N.S.W., by providing for use in its library the photocopier on which the infringing copies were made, had 'authorized' the infringement. Although the High Court did conclude that the University, since it made no efforts to prevent such infringements, had by its indifference as to the purposes for which its photocopiers were used, implicitly sanctioned, approved, countenanced and so authorized the infringement, the High Court nevertheless refused to make the University the subject of any general declaration on the copyright owner's behalf to prevent such infringements in the future. This meant that in order for the copyright owner to protect his right, separate actions supported by actual proof of infringements consequent upon the

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3. 17 U.S.C. Sec. 106; *Universal City Studios Inc. v. Sony Corp. of America*, 659 F. 2d 963 (9th Cir.), 1981.

4. *Sony Corp of America et al. v. Universal City Studios Inc. et al.*, 52 *United States Law Week* 4090. See the discussion of this decision in (1984) 58 *Austl.L.J.* 179.

5. See the judgments of Foster J. in *A & M Records Inc. and 23 Others v. Audio-Magnetics Inc.* [1979] F.S.R. 1 and of Kearney J. in *R.C.A. v. Fairfax* [1981] 1 N.S.W.L.R. 251.

6. *University of N.S.W. v. Moorhouse and Angus & Robertson (Publishers) Pty Ltd* (1975) 133 C.L.R. 1.

defendant's authorization would have to be brought in relation to each infringement. This result, unsatisfying for both copyright owners and educational institutions, necessitated legislative amendments in 1980 setting up a statutory licensing scheme in relation to photocopying at educational institutions,<sup>7</sup> and has led to the suggestions that, in the audio-visual recording context, a system of royalty payments which is funded by a tax on the sale of audio-visual recording equipment or tapes ought be established.<sup>8</sup>

Two recent Australian decisions, *R.C.A. Corporation and Others v. John Fairfax & Sons*<sup>9</sup> and *Haines and Another v. Copyright Agency Limited and Others*<sup>10</sup> provided opportunities for the courts to discuss fully the issue of the scope of liability for authorization in the context of section 36 but unfortunately those opportunities were not taken. The confusion therefore remains. The concept of authorization was introduced into the Copyright Act 1911 (U.K.) and the Copyright Act 1912 (Cth) to enlarge the scope of vicarious liability for infringement of copyright. The old Copyright Acts had only proscribed "causing" infringement. In the new Acts, the words "cause to" were excised and "authorize" substituted.<sup>11</sup>

Additionally, a new and specific form of secondary infringement was introduced: "permitting" a place of public entertainment to be used for the performance of a work, which performance infringed copyright.<sup>12</sup> This section was specifically directed against the owners of theatres as the defendants 'worth suing' in cases concerning the protection of performing rights. Defendants under section 39 can raise defences of reasonable innocence of, and absence of profit-making from, the primary infringement. Such defences are not specifically available under section 36.

The reason for the introduction of these two new forms of secondary infringement was that the words "cause to" had been

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7. See the discussion of these amending provisions by S. Ricketson, "Intellectual Property" (1981) *Ann. Surv. Austl. L.*, 154-156.

8. Report of the Whitford Committee on the Law of Copyright and Designs, March 1977, HMSO, London, paras. 292-332, especially 319, 322; A. Sharpe, "Australian Copyright Law Relating to Audio and Video Reproduction", Vol. 118 *Revue Internationale du Droit D'Auteur* Oct 1983, 170; (1984) 58 *Austl. L.J.* 179, 181.

9. [1981] 1 N.S.W.L.R. 251.

10. (1982) 40 A.L.R. 264; 42 A.L.R. 549.

11. Note 1 *supra*, s.36.

12. *Id.*, s.39.

restrictively interpreted as imposing tortious liability only in the situation where the primary infringer was the servant of the defendant.<sup>13</sup> The immediate legislative purpose thus served was to extend the scope of liability beyond the employment context. Subsequent decisions have construed both sections as creating a vicarious liability which extends ill-defined even outside the agency context.<sup>14</sup> The relationship between "authorization" and "permission" as two forms of infringement has always been problematic. The proper view seems to be that section 36 is the general infringement section, that section 39 creates an exceptional and specific form of vicarious liability and that for "authorization" to occur, there must be the granting of permission or of an invitation to do an infringing act by someone in a relevant causal relationship with the primary infringer.

However, although the courts have consistently pronounced that the word 'authorize' is to be understood in its ordinary dictionary meaning of 'sanction, approve or countenance', the scope of the liability created by its inclusion in section 36 has remained a matter of uncertainty: if a separate and independent tort of authorization is created, what are its elements? The courts have basically dodged this issue by saying that what constitutes authorization is a question of fact in every case, that is, whether the conduct complained of has sanctioned, approved or countenanced the primary infringement.<sup>15</sup> But it is the writer's view that if the words 'or authorize' are not mere surplusage and in fact do create a separate tort, it is a question of law as to what the elements of that tort are. It is, therefore, only proper for the courts to enunciate those elements with clarity for the benefit of those affected by the Act.

Certainly, it was argued in 1911 when the words 'or authorize' were substituted in the Act that the words were mere surplusage, adding nothing to the definition of infringement<sup>16</sup> because, under

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13. *Karno v. Pathe Freres* (1908) 99 L.T. 114.

14. *Falcon v. Famous Players Film Co.* [1926] 2 K.B. 474, 490-1 *per* Bankes L.J.; *Ash v. Hutchinson & Co. (Publishers)* [1936] 1 Ch. 489, 506-7 *per* Greene L.J.; *Winstone v. Wurlitzer Automatic Phonographic Co. of Australia Pty Ltd* [1946] V.L.R. 338, 343 ff. *per* Herring C.J.; *University of N.S.W. v. Moorhouse and Angus & Robertson (Publishers) Pty Ltd* (1975) 133 C.L.R. 1, 23 *per* Jacobs J.

15. *E.g. Winstone v. Wurlitzer*, note 14 *supra*, 345 *per* Herring C.J.

16. E.J. MacGillivray, *Copyright Act, 1911* (1912), 22. This view received judicial support from Scrutton L.J. in *Performing Right Society Ltd v. Caryl Theatrical Syndicate Ltd* [1924] 1 K.B. 1, 12 and in *Falcon v. Famous Players Film Co.* [1926] 2 K.B. 474, 495-6.

the general law of torts, anyone who procures another (the primary infringer) to commit a tort<sup>17</sup> or is engaged in a common design with another<sup>18</sup> is liable as a joint-tortfeasor with that other in any case. Since that time, it has been accepted that the words are not mere surplusage.

The case which settled this matter was *Ash v. Hutchinson & Co. (Publishers) Ltd.*,<sup>19</sup> a decision of the English Court of Appeal which approved two earlier decisions of *Falcon v. Famous Players Film Co.*<sup>20</sup> and *Evans v. Hulton*.<sup>21</sup> The plaintiffs in that case had earlier brought a successful action for infringement of their literary copyright against the plagiarist Dickie who had authorized the defendant publishers to publish the infringing book. The plaintiffs then sought to bring actions against the publishers, Hutchinsons, and the printers, Bentons. It was held that Dickie and the publishers were joint-tortfeasors in authorizing the reproduction of the infringing copies and so, the rule in *Brinsmead v. Harrison*,<sup>22</sup> now abrogated, prevented the plaintiffs from suing the publishers once they had successfully proceeded against Dickie: the election to sue one joint-tortfeasor acted as a bar against suing any other joint-tortfeasor.<sup>23</sup> However, the plaintiffs could succeed against the printers for their independently tortious conduct in reproducing the infringing copies.

All three judges asserted that the right of authorization is a distinct and separate right conferred exclusively upon the owner of the copyright and that its appropriation amounted to a separate tort. On the facts, Dickie had authorized the printers to reproduce the copies and the publishers, in arranging for the printers to reproduce the copies, had acted as agents of Dickie. Dickie had committed the tort of authorization, the publishers were joint-tortfeasors who had acted in concert with Dickie to achieve his tortious design. The printers, on the other hand, had committed the separate tort of infringement of copyright by reproduction. They had appropriated another exclusive right of the copyright

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17. *Innes v. Short* (1898) 15 R.P.C. 449.

18. *The Koursk* [1924] 1 P. 140. See H. Laddie, P. Prescott and M. Vitoria, *The Modern Law of Copyright* (1980) para 12.7, 402.

19. [1936] 1 Ch. 489.

20. [1926] 2 K.B. 474.

21. [1924] W.N. 130.

22. (1872) 7 L.R.C.P. 547.

23. This rule has now been abrogated by statute: Law Reform (Miscellaneous Provisions) Act 1946 (N.S.W.).

owner, namely, the exclusive right to reproduce copies of his work.

The decision is important because it established that the invasion of a copyright owner's right to authorize is a distinct and separate tort from the invasion of his other exclusive rights. It follows that the separate tort of authorizing infringement ought to be able to be enjoined *quia timet*<sup>24</sup> and committed vicariously or otherwise indirectly.

So much is clear. The rest is uncertainty and so the questions to which this article addresses itself are these:

1. Since the tort of authorization was intended to create liability for conduct which does not amount to joint-tortfeasance at general law in primary infringement, how is conduct amounting to authorization but not to joint-tortfeasance as well to be identified and distinguished?
2. What, as a matter of law, are the elements of the tort of authorization?
3. To what kind of conduct ought liability for authorization attach?

## II. HOW DOES AUTHORIZATION DIFFER FROM JOINT-TORTFEASANCE?

Liability will be imposed upon several defendants as joint-tortfeasors in three instances: vicarious liability, agency and situations of 'concerted action'. It is settled that conduct amounting to authorization includes situations of vicarious liability and agency. The question is whether, and if so in what sense, it extends to situations which do not amount to 'concerted action'. The crucial element in 'concerted action' is that those participating in the commission of the tort must have acted in furtherance of a common design. There must be "concerted action to a common end", not merely a "coincidence of separate acts which by their conjoined effect cause damage".<sup>25</sup> There must be a conspiracy with all parties acting together to further the doing of a particular wrong.

While certain conduct may attract liability for both joint-tortfeasance and authorization there are situations where only one of these liabilities is attracted. In general terms, the situations

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24. *Haines v. Copyright Agency Ltd* (1982) 42 A.L.R. 549, 560.

*Bemister v. Oakley*. Unreported judgment of Holland J., N.S.W. Equity Division No. 2161 of 1981.

25. *The Koursk*, note 18 *supra*, 156, 160.

which attract liability solely for authorization seem to involve less active assistance and encouragement by the defendant in relation to the doing of the infringing act than joint-tortfeasance involves; indeed, conduct may be held to amount to authorization even though the defendant has at all times been indifferent as to whether the infringing act is done at all and has in fact reaped no benefit, financial or otherwise, as a result of its being done. The reaping of financial gain is strong, if not necessarily compulsory, evidence of a common design. So, in the juke-box cases, where the defendants hired out their machine to the primary infringers under an agreement whereby they took a percentage of its takings, they were held liable for both joint-tortfeasance and authorization<sup>26</sup> but where they merely charged a fixed rental for the hire, they escaped both liabilities on the basis that they were not authorizers because they had no control over whether and when the records infringing the plaintiff's copyright would be played and on the basis that they were not joint-tortfeasors since they reaped no financial gain from infringement.<sup>27</sup> So, the statutory tort of authorization involves the recognition of liability for facilitating infringement disinterestedly. This means that the liability for authorization can attach to conduct which is quite different from that which amounts to joint-tortfeasance, which involves actively procuring the doing of an act of infringement by another for one's direct gain.

But complete definition of the tort involves more. It involves the notion of granting the right to do an act comprised in the owner's copyright. The meaning of 'authorize' in section 36 of the Copyright Act 1968 (Cth) is really a reflection of section 13: authorization is the appropriation of the copyright owner's exclusive right to do any of the acts listed in section 31(1). 'To authorize' involves saying to someone: "I have the power to license you to copy this work". Only the copyright owner or his exclusive licensee has that power. Authorization is a tort of strict liability catching those who purport to have the power to license the primary infringer's act. It is irrelevant to this liability that the defendant's appropriation of the plaintiff's right was not recognised as wrongful by the primary infringer or by the authorizer himself.

Where there is no such appropriation, no liability for authorization ensues. In *Ravenscroft v. Herbert*<sup>28</sup> the defendant,

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26. *Winstone v. Wurlitzer* [1946] V.L.R. 338.

27. *Vigneux v. Canadian Performing Right Society Ltd* [1945] A.C. 108.

28. *Ravenscroft v. Herbert and New English Library Ltd* [1980] R.P.C. 193.



a writer, infringed another writer's copyright in a manuscript which was published by the second defendants. All the defendants were held liable as joint-tortfeasors because there was substantial evidence of a common design, namely a conspiracy to publish the infringing work for mutual financial gain. There was no possible liability for authorization. Neither defendant purported to be in a position to grant the right to publish the plaintiff's work. The publishers' defence that they had reasonable grounds for believing such publication did not amount to an infringement was successful and no damages were awarded. This was a case of joint-tortfeasance but not of authorization.

In *Falcon v. Famous Players*<sup>29</sup> the defendant film producer supplied a film of the play in which the plaintiff had copyright to the owner of a cinema. The cinema owner, in showing the film, infringed the plaintiff's copyright. The arrangement between the defendant and the cinema owner was that the defendant was to receive a proportion of the cinema takings. Looking at the facts, then, it would seem that the defendant was arguably a joint-tortfeasor in the primary infringement. However, the Court of Appeal did not so hold. It held that he was guilty of authorization because he had assumed the copyright owner's right to license such a performance:

to 'authorize' means to grant or to purport to grant to a third party the right to do the act complained of, whether the intention is that the grantee shall do the act on his own account, or only on account of the grantor.<sup>30</sup>

Similarly, in *Evans v. Hulton*, Tomlin J. is reported as saying that:

when a man sold the rights in relation to a manuscript to another with a view to its production and it was in fact produced, both the English language and common sense required him to hold that this man had 'authorized' the printing and publication.<sup>31</sup>

Thus, the granting of the right to act, which is essential to liability for authorization, may be express or inferred from the plaintiff's conduct. Even conduct only amounting to mere indifference may in certain cases be sufficient to amount to authorization as in *U.N.S.W. v. Moorhouse*.<sup>32</sup> In that case the judges analysed the kind of indifferent conduct which amounts to authorization. There was no suggestion that the conduct of the defendant University amounted to joint-tortfeasance: certainly there was no actual agreement or conspiracy to infringe the

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29. *Falcon v. Famous Players Film Co.* [1926] 2 K.B. 474.

30. *Id.*, 499 *per* Atkin L.J.

31. Note 20 *supra*, 131.

32. Note 6 *supra*.

plaintiff's copyright, nor could the University have been said to have been engaged in any 'common design' in the usual sense of reaping any gain itself from the infringement, except perhaps the advantage to all its scholars in their being able to gain cheaper access to copyright literature.

Gibbs J. stressed that where a defendant was himself in control of the access to the machine on which the infringing copying took place and in control also of access to the copied material itself, mere inactivity by that defendant will amount to authorizing conduct so long as a reasonable man in his position of control would reasonably expect that infringement would occur if he failed to take steps to prevent such use of his machines and copyright material. The conduct of U.N.S.W. satisfied these criteria.<sup>33</sup>

Jacobs J. (with whom McTiernan J. agreed), on the other hand, defined authorizing conduct in terms of express or implied permission or invitation to do an infringing act. Having reason to suspect inevitable infringement was not essential so long as the authorizer purported to grant the right to copy by supplying the means of infringement without restriction upon their use. So, the University, in supplying copyright material and machines without supervision, issued an 'unqualified invitation' to library users to infringe the plaintiff's copyright:

... the unqualified supply of the books and the machines amounted to an invitation to users of the library to make such use of the machines by photocopying of the books or substantial portions thereof as they saw fit.<sup>34</sup>

### III. THE ELEMENTS OF THE SEPARATE TORT

According to *U.N.S.W. v. Moorhouse*,<sup>35</sup> there are three main elements of the separate tort of authorization:

1. there must be an appropriation by the defendant of the copyright owner's exclusive right to license the doing of an act comprised in his copyright;
2. this appropriation must be found in or accompanied by acts or omissions, actual or threatened,<sup>36</sup> on the part of the defendant which facilitated or threatened to facilitate a specific act of infringement;

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33. *Id.*, 12-14.

34. *Id.*, 22.

35. *Id.*, 1.

36. *Id.*, 14, para. 1, see discussion of argument in *Haines v. Copyright Agency Ltd* (1982), note 24, *supra*, 560.

3. the tort is a tort of strict liability: it is irrelevant to liability that the actual infringer knew that the authorizer had no right to grant any licence or that the authorizer himself was under the illusion that he did have such a right.

The first element has been discussed and the third is uncontroversial. The second element is essential for tortious liability because there would be no damage, actual or threatened, where the authorizer purports to grant a licence in circumstances in which such a grant would go quite unheeded. There must necessarily be some causal relationship between the grant of the licence and the doing of the infringing act and that causal relationship involves the authorizer making his grant in circumstances such that his acts might actually amount to the facilitation of infringement.<sup>37</sup> The tort demands that the authorizer be in a position to control whether or not the infringement can actually occur. The best modern textbook on copyright defines the elements of the tort in this way:

A person may be said to authorize another to commit an infringement if the one has some form of control over the other at the time of infringement, or, if he has no such control, he is responsible for placing in the other's hands, materials which by their nature are almost inevitably to be used for the purposes of infringement.<sup>38</sup>

The first arm of the definition simply restates the accepted judicial view as to the necessary causal relationship between authorizer and infringer. In a case like *U.N.S.W. v. Moorhouse*,<sup>39</sup> the authorizer had control over the premises upon which the infringing act occurred, over the machine on which it was done and over the supply of the copied materials. In other cases, the authorizer only had control over the premises upon which the infringement occurred and over whether or not the infringing performance could physically take place. For instance, in *APRA v. Canterbury Bankstown Leagues Club Ltd*,<sup>40</sup> the Club was held to have authorized a band's infringing performance of the plaintiff's songs when its manager told the bandleader he could "run the show as he liked" on its premises. In *Winstone v. Wurlitzer*,<sup>41</sup> the authorizer had hired his juke-box, stacked with the plaintiff's records, to the infringer who used it to infringe the

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37. *R.C.A. v Fairfax*, note 9 *supra*, 259 *per* Kearney J.; *Moorhouse v. U.N.S.W.* (1974) 23 F.L.R. 112, 125 *per* Hutley J.A.

38. H. Laddie, P. Prescott and M. Vitoria, note 18 *supra*, para. 12.9, 403.

39. Note 6 *supra*.

40. *Australasian Performing Right Association Ltd v. Canterbury-Bankstown League Club Ltd* [1964-5] N.S.W.R. 138.

41. Note 26 *supra*.

plaintiff's copyright on his own premises. The authorizer's control was less direct in a physical sense but it was enough that he could have prevented infringement by imposing stricter terms of hire and that he had supplied the infringed material to the infringer indifferently and without appropriate restriction.

In all these cases, the authorizer had control, in some sense, over the infringer at the time of the infringement. A case for authorization is even stronger where the authorizer has also supplied the infringer with the copyright material which he copies as well. So, in *U.N.S.W. v. Moorhouse*,<sup>42</sup> the University library supplied the plaintiff's books to the infringer; in *Winstone v. Wurlitzer*,<sup>43</sup> the owner of the juke-box hired it stacked with records, including the plaintiff's, for the infringer's unsupervised use; and in *Falcon v. Famous Players*,<sup>44</sup> the defendant producer was held liable for authorization where he simply supplied the plaintiff's film to the cinema-owner with no contractual restriction in relation to respecting the plaintiff's copyright. The authorizer had no control over the infringer's premises or the projector upon which the film was shown, but his quite intentional failure to protect the plaintiff's copyright in terms of hiring contract amounted to authorization.

It is the second arm of the definition which is the more controversial. It is this arm of the definition which is not supported by authority, though in the writer's view it ought to be the accepted view. Recently, interesting questions have arisen as to whether the mere supply of copyright material, the mere equipping of an infringer with a copier or the mere supply of information about techniques of infringement can amount to authorization where it is inevitable that the supplying of these things will in fact facilitate the infringement of copyright. The courts have been reluctant to hold that the mere supply, by sale or otherwise, of the means of inevitable infringement by the primary infringer amounts to authorization. The judicial response to the alarming increase in copyright infringement activity by the general public (a direct result of the ready availability of efficient means of copying) has been restrictive and inert. No doubt the judges consider the problem to be one for the Legislature. However, the concept of authorization could have been interpreted as imposing liability upon those supplying the means of infringement, upon those who admittedly were benefitting

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42. Note 6 *supra*.

43. Note 26 *supra*.

44. Note 29 *supra*.

financially from actual and potential acts of infringement by the general public. The courts, however, have chosen to take a non-interventionist approach, finding an insufficient causal connection for liability between supply and infringement in all cases except those where the supplier actually had some form of physical control at the time of the infringement over whether or not the infringing act could occur, and as a matter of policy, refusing to make any general declarations to protect copyrights such as were sought in *U.N.S.W. v. Moorhouse*.<sup>45</sup>

Certainly, the courts have not been prepared to hold that the mere supply of information about techniques of infringement by home-taping amounts to authorization. In *RCA v. John Fairfax*<sup>46</sup> the question arose as to whether the defendant newspaper publisher had infringed the plaintiff's copyright in his records by publishing an article which, referring to the plaintiff's records specifically, described the widespread practice of home-taping, the methods which were used and the advantages of such home-taping. Kearney J. approved the definition of Laddie, Prescott and Vitoria quoted above<sup>47</sup> but considered that publication of the articles did not amount to authorization because no subsequent acts of infringement were alleged.<sup>48</sup>

It was also claimed that the publication of the articles amounted to incitement to commit the tort of infringement. It was held, as a matter of fact, that the articles were merely descriptive, basically a "straightforward journalistic report"<sup>49</sup> and did not amount to incitement.

Similarly, in *A & M Records Inc. & 23 Others v. Audio Magnetics Inc.*<sup>50</sup> the plaintiffs were all members of the British Phonographic Industry Incorporated and represented 70% of the record and pre-recorded tape industry in the U.K. The defendant was the U.K. subsidiary of the U.S. company which was the world's largest producer of blank tapes. The plaintiffs put forward a general claim that the defendants had incited, authorized and counselled members of the public and record trade to infringe the copyrights in sound-recordings which were vested in the plaintiffs by selling blank tapes and advertising the advantages of home-taping. The general claim was for an injunction ordering the manufacturer of blank tapes and

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45. Note 6 *supra*.

46. Note 9 *supra*.

47. *Id.*, 259.

48. *Id.*, 257.

49. *Id.*, 260.

50. [1979] F.S.R. 1.

recording equipment not to authorize infringement by the sale of tapes. Foster J. refused to make such an order. He followed the Australian High Court in *U.N.S.W. v. Moorhouse*<sup>51</sup> in refusing to allow the plaintiffs to allege authorization at large. He said that an injunction would only be granted in relation to some specific act of authorization in respect of which a consequent infringing act had been committed.<sup>52</sup> And although it was common ground in the case that the sale of blank tapes by the defendant would inevitably lead to the wrongful copying of copyright material, the judge refused to infer that the sale of blank tapes *per se* amounted to the tort of authorization.<sup>53</sup> It ought to be noted that the requirement of proof of actual infringement consequent upon authorization for injunctive relief is unnecessarily restrictive, especially in relation to *quia timet* injunctions: if authorization is the purported grant of any exclusive right vested in a copyright owner, the act of making such a grant by a plaintiff who is in a relevant causal relationship with potential primary infringers, or the threat of so doing, ought to be sufficient for injunctive relief. This was argued in *Haines v. Copyright*<sup>54</sup> and was received as an interesting argument by Fox J. in the Federal Court but definitive determination of this point was not necessary for the decision.<sup>55</sup>

Similar reluctance to assist the owners of copyright was shown in *CBS Inc. v. Ames Records and Tapes*.<sup>56</sup> The defendants in this case owned a chain of record shops and they opened a record-lending library in two of those shops. Customers paid a joining-fee and a lending fee in respect of each record. Customers had the option of finally purchasing any record they borrowed. It was a system which operated in the same way as English public lending libraries. The defendants admittedly were aware that borrowers might illegally tape those records at home but they said they did not encourage such taping. Plaintiffs alleged that in so acting, the defendants were authorizing infringement.

Whitford J. held that liability for authorization was not established just because it was established that borrowers would probably tape the records they borrowed. He distinguished these facts from *U.N.S.W. v. Moorhouse*<sup>57</sup> in that the defendants did not supply the recording equipment to the infringers and so had

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51. Note 6 *supra*.

52. Note 50 *supra*, 9-10.

53. *Id.*, 7.

54. *Haines v. Copyright*, note 24, *supra*.

55. *Id.*, 561.

56. [1981] 2 All E.R. 812.

57. Note 6 *supra*.

no control at the time of the infringement over whether the act could take place or not. He also considered that authorization was not made out where there was not alleged any actual infringement consequent upon the defendant's acts. In his view, the defendants ought not to be liable: they were doing no more than any public lending library.

This view is arguably consistent with the established principle in relation to patent infringements that the sale of goods which would inevitably, that is, to the defendant's knowledge or reasonable surmise in the relevant circumstances, be used to infringe the patentee's combination patent does not constitute infringement unless the joint-tortfeasance of seller and assembler is established on the facts.<sup>58</sup> In these cases, a distinction is drawn between a sale which in fact facilitates infringement (which involves no liability in the seller) and a sale which procures infringement (which does involve the seller in liability as a joint-tortfeasor with purchaser) or which incites infringement (which involves the seller in liability for incitement to commit a tort or for conspiracy).<sup>59</sup>

Liability as such a joint-tortfeasor involves the seller in a common design for mutual gain as a result of his inciting or inducing the construction of the infringing article, often by giving advice and instruction as to such assemblage. For such liability mere knowledge on the part of the seller that such assemblage will be attempted by his purchaser has not traditionally been sufficient for liability.

The conduct of those who supply the means and/or know-how to infringe a combination patent is analogous to the conduct of the suppliers of the means and/or know-how to infringe copyright by audio-visual means. The sellers of blank tapes, for instance, derive financial profit at the point of sale. So do the suppliers of the unassembled parts of a combination patent. It is a matter of indifference to those sellers whether or not the potential

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58. *Townsend v. Haworth* (1879) 48 L.J. Ch. 770; *Walker v. Alemite Corp.* (1933) 49 C.L.R. 643, 658; *Belegging-En Exploitatiemaatschappij Lavender B.V. v. Witten Industrial Diamonds Ltd* [1979] F.S.R. 59.

59. In relation to conspiracy to infringe copyright, see *Scott v. Metropolitan Police Commissioner* [1975] A.C. 819; *Cornish* (1975) 6 I.I.C. 43, 57. This action has been recognised in U.S. cases. See *Nimmer on Copyright*, Vol. III, 12.04 [A] 12-34, 35; *Astor-Honor, Inc. v. Grosset and Dunlap Inc.*, 441 F. 2d 627 (2d Cir. 1971); *Schuchart & Associates v. Solo Serve Corp.*, 540 F. Supp. 928 (W.D. Tex. 1983). In relation to civil conspiracy to injure another's trade, see *Crofter Hand-Woven Harris Co. v. Veitch* [1942] A.C. 440; *Jarman & Platt Ltd. v. I. Barget Ltd.* [1977] F.S.R. 260; *Island Records Case* [1978] F.S.R. 505.

assemblage or copying which has motivated the purchase actually occurs. It was for this reason that traditionally the courts have not been prepared to characterise such sellers as implicated in a common design to procure the actual commission of the act of primary infringement. It was surely for this reason, to catch such conduct, that the tort of authorization was included in the Copyright Acts.

Moreover, three recent cases, two English and one Australian, have illustrated a new willingness by the courts to find joint-tortfeasance in circumstances involving the sale of the unassembled parts of a combination patent. In *Rotocrop International v. Intercen*<sup>60</sup> the unassembled parts of a combination patent were sold with instructions for assemblage. The plaintiffs brought no evidence of any actual construction by any particular customer and the defendant sellers alleged that there was not evidenced any personal nexus between the seller and purchaser nor any actual agreement or 'concerted design' evidenced in which the seller had participated with a purchaser in relation to any particular infringement. The trial judge, in that case, nevertheless, held that the sellers were liable as joint-tortfeasors in infringement. He thought it was enough for the court to draw the inference that, as a result of widespread advertising and the detailed instructions provided with the kits, there existed 'a common design' sufficient for liability even if individual customers had not been specifically identified and no actual agreement evidenced. The evidence that there had been sales of the kits with instructions for assemblage of the infringing article was sufficient for liability.<sup>61</sup>

Not only did the judge hold that the sellers were guilty of joint-tortfeasance; he also held that the defendants had committed the separate tort of inducing the infringement of patent (inducing the commission of a tort). He said:

even if joint-tortfeasance within the meaning of *The Kursk* and *Intercen* cases ought not to be inferred, there is infringement by the defendants by way of procuring customers to infringe and I so hold.<sup>62</sup>

Secondly, the English Court of Appeal in *Paterson Zochonis Ltd v. Merfarken Packaging Ltd*<sup>63</sup> has recently addressed itself to this question, at least in passing. The case involved an action against printers who had innocently printed for competitors of the plaintiffs, cartons and leaflets which the competitors then used to

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60. [1982] F.S.R. 241.

61. *Id.*, 259.

62. *Id.*, 260.

63. [1983] F.S.R. 273.



pass off their goods as the plaintiffs'. The plaintiffs sought to claim substantial damages from the defendants on two bases: first, that apart from the strict liability statutory duty owed to the copyright owner to respect his property rights, the printers owed a duty of care in negligence not to infringe his copyright; and secondly, the printers were liable for inducing the commission of the tort of passing off, if not for joint-tortfeasance. The Court of Appeal rejected both claims. It is the second claim which is of relevance here. On the facts of the case, there could be no inference of any common design amounting to joint-tortfeasance in the passing off. Nor, in their view, any inference of inducement to commit the tort on the part of the defendants. However, all three judges refused to accept the plaintiffs' proposition that the authorities stood for the absolute proposition "that knowingly to supply goods for the purpose of enabling a tort to be committed can never involve any liability on the part of the supplier short of inducement or common design."<sup>64</sup>

In a very recently decided N.S.W. case, *Windsurfing International Inc. and Another v. Petit and Another* as yet unreported,<sup>65</sup> the suppliers of the unassembled parts of a combination patent were held to have infringed that patent. The issue in the case was whether the sale of sailboards, in the form of a kit containing instructions for assemblage and the various parts of a sailboard, infringed the plaintiff's combination patent. Waddell J. rejected the defendant's argument that the established principle was that such sale, of itself, did not amount to infringement of the patent under section 69 by way of vending the invention.<sup>66</sup>

#### IV. CONCLUSION

##### *To what kind of conduct ought liability for authorization attach?*

These new and expansive developments in relation to liability for participation in and facilitation of patent infringement and passing-off are in stark contrast to the restrictive view taken of liability for contributory infringement of copyright. It ought to be noted that the English and Australian Patent Acts contain no equivalent tort of authorization. The paradox therefore lies in this: the existence of the *additional* head of liability in the copyright legislation has in fact restricted the scope of liability for

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64. *Id.*, 283 per Oliver L.J.; see also 289 per Fox L.J. and 295-6 per Goff L.J.

65. No. 3079 of 1981, N.S.W. Equity Division.

66. *Id.*, 14 and 16.

facilitating primary infringement by supplying the means or know-how for such infringement.

There is, of course, no doctrinal reason why this expansive view of conduct amounting to joint-tortfeasance or infringement could not equally successfully be argued in relation to copyright infringement. Similarly, there is no doctrinal reason why civil actions in relation to conspiracy to infringe copyright or incitement to infringe copyright (*i.e.* to commit a tort) ought not develop in Australia and England as they have in the U.S.<sup>67</sup> But judicial acceptance of such arguments seems unlikely. Such acceptance would mean that the recent concerted efforts to restrict potential liability for authorization would thereby be utterly undone.

It is, therefore, the conclusion of this article that the conduct to which liability for authorization, as distinct from joint-tortfeasance in primary infringement, OUGHT to attach is properly defined by Laddie, Prescott and Vitoria:

A person may be said to authorize another to commit an infringement if the one has some form of control over the other at the time of infringement, or, if he has no such control, he is responsible for placing in the other's hands, materials which by their nature are almost inevitably to be used for the purposes of infringement.<sup>68</sup>

Certainly, the liability ought to attach to the supply of the means and/or know-how to infringe copyright where the seller remains indifferent (his profit being reaped at the point of sale) as to whether or not the proposed infringement of copyright which has motivated the purchase actually occurs. It is the supplier's indifference as to the actual occurrence of the specific acts of primary infringement which distinguishes him from the joint-tortfeasor.

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67. Note 59 *supra*.

68. Note 18 *supra*.

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