



Insight

Media & Communications

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At What Price? Productivity Commission Reviews Value of Books as Final Parallel Import Report Issued

The Productivity Commission has released its final report on the parallel importation of books, which makes new recommendations that are substantially different from those in the draft report released earlier in the year.

The Commission's key recommendation is that Australia's parallel import restrictions be repealed. The Commission's findings – and indeed all the fundamental questions considered throughout its research period – have divided the publishing and bookselling industry by interest group.

Currently, the Copyright Act provides protection for the owners of copyright in books by means of 'parallel import restrictions' (PIRs), which essentially preclude the importation of a text from overseas where the book is published in Australia.

Australian writers, publishers and booksellers argue that this limitation provides much-needed support for the local industry, and thereby encourages creative production. Indeed one of the recognised merits of the PIRs is the increased cultural benefits that flow from the portrayal of Australian events and discussion of Australian themes.

It is countered, by those in opposition to the PIRs, that the market restriction and consequent lessening of competition places 'upward pressure' on book prices in Australia.

In recognition of the potential for the PIRs to encourage production of Australian content, the Commission's March draft report recommended that the period of protection granted by the PIRs was lessened (to 12 months from the date of first publication, rather than the full term of the copyright), but that the PIRs were substantially retained.

The Commission's final report alters this recommendation, after submissions suggested that the proposed 12 month protection period would operate inconsistently with respect to different genres of text. Therefore the Commission's final recommendation is that the PIRs are repealed three years after repeal is announced (allowing time for industry adjustment), and that there is a review of funding for Australian authorship and publishing.

In making its findings the Commission was substantially influenced by the extent to which it perceives the PIRs increase average Australian book prices. It nonetheless admitted the 'inherent limitations of price comparisons' with the UK and US, the two nations primarily analysed. In the view of the Commission, the cost of increased prices – which is, ultimately and necessarily, borne by consumers – is not sufficiently overcome by the benefits of the PIRs, given the amount of economic 'leakage' that in practice benefits non-Australian authors and publishers.

While the Commission's report is likely to be welcomed by major booksellers, it is also likely to receive criticism from writers, publishers and independent booksellers, who see the PIRs as the means allowing the Australian publishing industry to be internationally competitive. The Government has indicated that it will assess the Commission's recommendations in due course.

Kookaburra Laughs as Men at Work Find Themselves Down Under

A copyright battle that has ended up in the Federal Court began with a question on the ABC TV quiz show 'Spicks and Specks'. The question alerted viewers, along with the asserted owner of the copyright in the popular children's song 'Kookaburra Sits in the Old Gum Tree' ('Kookaburra'), to similarities between the song and the Men at Work anthem 'Down Under'.

Larrikin Music Publishing (Larrikin) subsequently brought proceedings against 'Down Under' songwriters Colin Hay and Ron Strykert, as well as EMI Songs Australia and EMI Music Publishing Australia (the owner and licensee of the copyright in the 1980s anthem – together EMI), for copyright infringement and unpaid royalties. It is arguing that the 'Down Under' flute riff reproduces the refrain of the earlier song, which was entered into a Girl Guides Association competition in 1934.

EMI filed a counterclaim of misleading and deceptive conduct. It also claimed that there was no recognisable copyright in 'Kookaburra', and as alternatives that any copyright was not infringed and that the fair dealing (parody or satire) defence was available.

There is yet to be a Federal Court hearing for determination of the central issue, namely the infringement question. However His Honour Justice Jacobsen saw fit to deal separately with the preliminary question of whether copyright in 'Kookaburra' does vest in Larrikin, thereby founding (or alternatively precluding) its ability to bring the infringement action. The decision on this point was handed down on 30 July 2009.

EMI claimed that the alleged chain of title to copyright in 'Kookaburra' had broken down for reason of at least one of two causes, occurring -

1. when Marion Sinclair, the undisputed composer of 'Kookaburra', entered the song into the Girl Guides song competition, one of the rules of which was that 'All matter entered [was] to become the property of the Guide Association'; and/or
2. both when Ms Sinclair donated records of her music to the Libraries Board of South Australia (which, according to the respondents, was not sufficient to transfer the copyright), and when the Public Trustee, which was granted probate of Ms Sinclair's estate, ineffectively purported to assign copyright in 'Kookaburra' to Larrikin in 1990.

The effect of the events at point (ii), EMI argued, was that even if Ms Sinclair retained copyright in 'Kookaburra' after entering the song in the Girl Guides competition, the copyright had fallen into a state of 'terra nullius' so that it was essentially the property of no one (being neither the property of Larrikin, nor of the Public Trustee or Libraries Board).

The judge's preliminary decision rejected these arguments, holding that, as between the parties to the proceedings, Larrikin had effectively held the copyright to 'Kookaburra' since 1990.

Considering the Copyright Act 1911 (UK), which was the operative copyright legislation in Australia at the time of the Girl Guides competition, His Honour found that in 1934 there had been no valid assignment of copyright under the Act. Essentially, Ms Sinclair had not evinced an intention to assign the copyright in her work, even although she 'gifted' the proceeds from sales of 'Kookaburra' to the Girl Guides.

In addition, rule (D) of the Girl Guides competition, which provided that 'All matter entered [was] to become the property of the Guide Association', did not speak of an intention to transfer copyright in the song, but rather physical property in the work (that is, the manuscripts on which 'Kookaburra' was printed).

With respect to EMI's second argument, His Honour placed weight on two deeds executed in 2000 and 2008 respectively. The first of these, concluded between Larrikin, the Public Trustee and the Libraries Board, recognised the confusion as to the proper owner of copyright between 1987 and 1990, but confirmed that it had been the intention of all parties for it to be assigned to Larrikin. The later deed affirmed this.

The iconic nature of both songs has meant that this case has already attracted popular attention, with some claiming that children's songs should remain freely in the public domain, while others assert that royalties for 'Kookaburra' have been misdirected to Men at Work. Justice Jacobsen's findings mean that Larrikin has overcome the first hurdle in its infringement action against EMI, the substantive question of which will now be heard in due course.

Face Off Over User Names

Although the anticipated online 'land rush' did not, apparently, eventuate, the time of 2.01pm AEST on 13 June 2009 was eagerly awaited by some savvy web users. It was at this time that social networking website Facebook made it possible, for the first time, for existing users to reserve personalised Facebook URLs (eg. <http://www.facebook.com/username>).

So-called 'vanity' URLs, which are already used by other sites such as MySpace and Twitter, provide personal pages and profiles with an easily recognisable identifier that shortcuts the need to search websites internally. They make it easier to find profiles using a universal search engine such as google – although Facebook highlights that privacy settings can be adjusted so that profile information does not appear in external search results.

In addition to improving access to personal use profiles, these URLs can expand brand marketing space. On 13 June the administrators of existing Facebook pages (which, in contrast to Facebook profiles, are typically associated with businesses or 'causes') became able to register customised URLs where their page had a minimum of 1,000 'fans' at that date.

This raised concern about the increased likelihood of 'cybersquatting' - the practice of trading on someone else's online identity. This is also a concern in light of the new top level domain options that are likely to become available early next year, and which will allow registration of names as domain extensions (with names theoretically capable of registration by persons other than the true rights owner).

Facebook has taken steps to prevent cybersquatting, as well as the related potential for trade mark infringement. Before making user names available, it allowed trade mark owners to

submit a priority [prevention notice](#) reserving their trade mark and thereby preventing squatting. It has also restricted user name registration, for the time being, to persons with a pre-existing profile or page, thereby decreasing the possibility of opportunism. User names are not transferable (to prevent strategic registration of valuable names), and generic or purely descriptive names, such as 'flowers', cannot be user names.

In addition, Facebook reserves the right to remove and reclaim any user name at any time for any reason, and will act on complaints of infringement (although trade mark owners bear the onus of monitoring user name registration). The Facebook website provides a [notice](#) that may be lodged by a trade mark owner, which requires identification of the trade mark and the allegedly infringing user name.

However one of the most active ways of preventing infringement is, of course, to register the user name that best captures your brand or slogan. Coca Cola already has <http://www.facebook.com/coca-cola> and McDonalds has <http://www.facebook.com/McDonalds>, while Pepsi has <http://www.facebook.com/refresheverything>. Only one user name may be registered per page or profile – and once secured the name cannot be changed, so it is important to choose a name that represents a valuable asset to your business.

In form, user names must be at least five characters long and contain alphanumeric characters and full stops only. Registering a name that is as close as possible to your brand name could be a valuable marketing tool and should reduce the risk of trade mark infringement or cybersquatting by other Facebook users.

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PRS Drops Fees

UK royalty collection agency, **Performing Rights Society for Music (PRS for Music)** is reducing the amount that it charges a company to stream a song from 0.22pence to 0.085pence effective July 1 and lasting for three years. However, it will increase the share it takes of any revenue earned from the service from 8% to 10.5%.

Companies wishing to play or stream music over the internet are legally obliged to pay royalties to songwriters and performers. PRS for Music administers this system.

The PRS for Music board began consultations regarding the changes over seven months ago, instigated in part by the radio streaming service Pandora ending its UK stream at the start of 2008 and YouTube announcing in March 2009 that it was removing all premium music videos to UK users after failing to reach a new licensing agreement with the PRS.

The PRS for Music hopes that the new streaming rates 'will stimulate growth in the digital music market' and benefit licensees and members.

Fibre To The Premises Infrastructure For All Greenfield Estates

The Government has announced that it will require the installation of fibre-to-the-premises (FTTP) infrastructure to the home and workplace in greenfield estates across Australia that receive planning approval from 1 July 2010.

The commitment to FTTP in new greenfield estates was announced as part of the National Broadband Network (NBN). The government will invest up to \$43 billion over eight years into a new company to build and operate the NBN delivering super-fast broadband to Australian homes and workplaces.

FTTP networks (also sometimes referred to as fibre-to-the-home) are those which connect customers' premises to a point of interconnection in the wider telecommunications network using optical fibre. FTTP delivers broadband services with speeds up to 100 megabits per second, 100 times faster than those currently used by many households and businesses.

A number of local governments around Australia are already using their planning powers to encourage the rollout of FTTP in new greenfield estates.

Success Not So Sweet For Mars

Sweet Rewards Pty Ltd was the importer and distributor of a product called 'Malt Balls'. Mars Australia Pty Ltd alleged (i) passing off, (ii) misleading and deceptive conduct, and (iii) trade mark infringement with respect to the packaging of its 'Maltesers' product.

Each of these claims were dismissed by the Judge. His Honour held that the principal element of the 'get-up' in which Mars had acquired a reputation was the brand name (and visual features of the word) 'Maltesers'. In combination with other distinguishing features, the absence of the word 'Maltesers' (or similar) on the Malt Balls packaging meant that there was no capacity for confusion. Accordingly, claims (i) and (ii) failed.

With respect to the trade mark claim, the Judge held that the words 'Malt Balls' were not used as a trade mark, but rather were merely descriptive.

The difference of impression created by the marks was partly due to the notoriety of the 'Maltesers' name, and in this respect the Judge thought that Mars was a 'victim of its own success'.

No Sweet Success for Guylian

The Chocolaterie Guylian N.V. (**Guylian**) is an international chocolate manufacturer that produces a 'sea life' range of chocolates shaped in various ocean-inspired forms. One of these is the form of a seahorse.

Having obtained international registration of a seahorse shape mark in class 30 (for chocolates and pralines), Guylian sought to extend registration to Australia via the Madrid Protocol. On 31 May 2007, the Registrar of Trade Marks refused Guylian's application. Guylian appealed this decision to the Federal Court.

Justice Sundberg upheld the Registrar's decision, and held as follows.

1. Although section 33 of the Trade Marks Act 1995 (Cth) (**the Act**) mandates a presumption of registrability, the onus of proof is shifted under section 41, which requires the applicant to be 'satisfied' of a mark's ability to distinguish.
2. The seahorse shape is to some extent 'inherently adapted to distinguish' the relevant goods, as required by section 41(3) of the Act. However it is not sufficiently so as to conclusively discharge the burden under that section, as the mark is a 'relatively ordinary representation of a seahorse' and therefore other traders should not be restrained from using it.

3. The shape is not capable of distinguishing Guylian's goods from the goods of others, as required by section 41(5) of the Act. Despite consumer evidence brought by Guylian, His Honour found that:

- a high level of association between a shape and a brand does not mean that the shape has become an indication of trade origin; and
- the seahorse shape had always been used in conjunction with the 'Guylian' trade mark, providing evidence that the seahorse shape itself was not used as a trade mark.

The case is a reminder of the difficulties of obtaining trade mark registration for shape marks, and the need for the mark to be a very distinctive version of a shape that is otherwise relatively common.

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