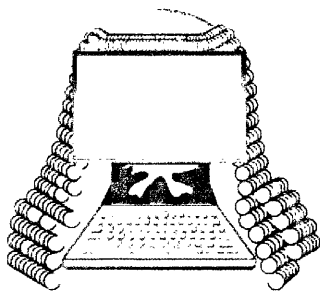


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Originality revisited: IceTV and Nine Network in the High Court

Andrew Stewart and Ryan Grant

Andrew Stewart (Partner, Baker & McKenzie) is the practice group leader of Baker & McKenzie's Media and Content Group. Andrew was the solicitor on record for the Australian Digital Alliance in this case. Ryan Grant is an associate in Baker & McKenzie's Media and Content Group. Ryan also acted for the Australian Digital Alliance in this case.

Introduction

In what is one of the most significant copyright cases this decade, on 22 April 2009, the six judges of the High Court of Australia in two separate judgments allowed an appeal by IceTV Pty Limited (*IceTV*) against the orders of the Full Federal Court¹. While IceTV has successfully defended Nine Network Australia Pty Limited's (*Nine*) allegations of infringement, the decision heralds a significant change in the level of protection afforded to compilations, particularly where the content is largely factual. In coming to its conclusion, the High Court has also cast real doubt over the authority of *Desktop Marketing Systems Pty Limited v Telstra*

Corporation Limited² (Desktop Marketing).

Factual Background

IceTV prepares an electronic television programme guide (*EPG*) known as the "IceGuide" which includes the times and titles of free-to-air television programmes. The time and title information used to make IceGuide was obtained, in part, from aggregated guides (such as those published in newspapers), by using those aggregated guides to check the accuracy of the IceGuide. Nine supplies a weekly schedule (that states what programmes Nine intends to screen at particular times) (*Weekly Schedule*), which is incorporated into the aggregated guides.

Nine brought proceedings against IceTV for copyright infringement claiming that it had copyright in its Weekly Schedule and that the reproduction of the time and title information from the aggregated guides amounted to a reproduction of a substantial part of the Weekly Schedules.

IceTV accepted that copyright subsisted in each Weekly Schedule as an original literary work. However, it argued that it employed a predictive method to create its EPGs based on its own analysis of television programming, the accuracy of which was checked by reference to Nine's published guides and that it therefore did not copy substantial parts of the Weekly Guides.

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From the editors...

Welcome to this edition of the Computers and Law Journal.

The IceTV litigation has finally been determined by the High Court. In our first article, Andrew Steward and Ryan Grant review the IceTV litigation including the much-anticipated recent High Court decision which examines the subsistence of copyright in compilations and whether taking slivers of those compilations infringes copyright.

The New South Wales parliament has recently granted new powers to the New South Wales police to seize and examine computers and data, including by removing computers from premises named in a search warrant and by operating equipment at the premises named in the search warrant to access data. At the same time, New South Wales police have been granted new powers to obtain covert search warrants. Christopher Palmer provides an overview and analysis of those significant new powers.

In the final article, Colin Bosnic considers why so few IT project disputes are decided in final hearings.

After that article was written, the Supreme Court of Victoria announced the introduction of a Technology, Engineering and Construction List ("TEC List"), which commenced on 19 June 2009. Paragraph 16 of Practice Note 2 of 2009 states that "a TEC case should be approached like any technical, engineering or construction project, with time and cost budgeting". It will be interesting to see whether any significant differences emerge in the operation of the Victorian TEC List, when compared to the Technology & Construction List in the Supreme Court of New South Wales.

Contributions are welcomed

We are always very excited to receive contributions for the Computers and Law Journal. If you would like to contribute an article, case note, book review, or any other material relevant to computers and the law, please contact us at editors@nswscl.org.au. Please refer to the notice on page 11 for more information and some ideas for topics that could form the basis of an article.

Essay competitions

Please see page 18 of this issue for details of a competition being conducted by the NSW Society for Computers and the Law, for which there is a prize of \$1000. That competition closes on 10 December 2009. The Australian Copyright Council is also offering a prize in a separate competition, the details of which are available at www.copyright.org.au/essayprize.

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Federal Court – First Instance

Justice Bennett at first instance³ found that IceTV had not infringed Nine's copyright in the course of making and updating the IceGuide.

Justice Bennett accepted the submission that IceTV used a predictive method to produce a first draft of each weekly IceGuide. The process commenced with an IceTV employee watching television for a three-week period in 2003 while taking notes of the relevant programme information. On that basis, IceTV created templates showing the time and title (and other) information for each programme. These templates were then used to "predict" the programming of those channels for the future on the assumption that *"the structure of television broadcasting is such that the daily content of the commercial*

*broadcasters for a particular day in this week is likely to be substantially replicated on the same day next week or on the same day in two weeks time"*⁴.

These "predicted-over" schedules were entered into a database and compared to the programme times and titles contained in the aggregated guides. Where the IceTV database differed from the aggregated guides, it was amended accordingly. IceTV then added its own synopses and other information to form the IceGuide.

In coming to her decision, her Honour held that there had been between two types of skill and labour involved in the making of the Weekly Schedule by Nine:

the skill and labour in selecting and arranging the programmes; and

the skill and labour involved in drafting the synopses and preparing the guides.

Justice Bennett was of the opinion that copyright in a television schedule did not extend to protect

the antecedent skill and labour in making programming selection decisions. Copyright protection was therefore confined to the arrangement, form and content of the schedule. Her Honour considered, however, that IceTV had not taken the form of the Weekly Schedule and that the time and title information copied from the aggregate guides were mere "slivers" of information. Thus, IceTV had not infringed Nine's copyright and could not be held to have taken a substantial part of the Weekly Schedule.

Full Federal Court

On 8 May 2008, the Full Federal Court (Black CJ, Lindgren and Sackville JJ) in *Nine Network Australia Pty Limited v IceTV Pty Limited*⁵ reversed Justice Bennett's decision.

In regards to the scope of copyright protection which may exist in factual compilations, the Full Court held that the preparatory work of programme selection should not be ignored for the purpose of assessing the

originality of the work. Specifically, the Full Court said:

*"the skill and labour in selecting and arranging programming should not be regarded as separate and discrete from the extremely modest skill and labour involved in setting down on paper the programmes already selected and presenting them in the form of the Weekly Schedule. The skill and labour expended by Nine were part of a single process leading to the creation of the copyright work"*⁶.

Additionally, the Full Court reviewed the relevant test for infringement of copyright. It was of the opinion that Bennett J had erred in assessing whether the time and title information was "qualitatively more important" than the synopses when determining infringement. The Full Court found that the correct approach was to pose the question of whether the time and title information which had been copied by IceTV, irrespective of the relativities of particular content, was an essential or material part of the Weekly Schedule.

In contrast to Bennett J's finding, the Full Court held that IceTV's use of time and title information involved the reproduction of more than a slight or immaterial portion of Nine's copyright work. As the time and title information was of particular interest to potential viewers, and as the accuracy of the time and the information was essential to IceTV's business model, the Full Court held that IceTV reproduced a "substantial part" of the Weekly Schedule.

The Full Court's decision was consistent with authority at that time (including *Desktop Marketing*) and, significantly, adopted "misappropriation of skill and labour" as the test for infringement in factual compilations.

High Court

The High Court handed down two judgments, one by French CJ, Crennan and Kiefel JJ, the other by Gummow, Hayne and Heydon JJ. Kirby J did not sit. The High Court granted leave for the Australian Digital Alliance Limited and Telstra Corporation Limited to intervene as *amici curiae*.

Both judgments focussed almost solely on the issue of infringement of a "substantial part" of the Weekly Schedules. The High Court was critical of the Full Court's focus on the misappropriation by IceTV of Nine's skill and labour. The High Court was also critical of the similar focus taken in *Desktop Marketing*.

Gummow, Hayne and Heydon JJ did not agree with the Full Court's finding that "*the literary originality of what has been copied was to be assessed by reference to 'the interest protected by the copyright'.*" They stated the Court must look to the work in suit and then review the amount reproduced, and restated that copyright does not protect against misappropriation of any investment of skill and labour by the author. Specifically, they said:

*"[t]he first is to emphasise the dangers when applying the act of adopting the rhetoric of 'appropriation' of 'skill and labour'. A finding that one party has 'appropriated' skill and labour, of itself, is not determinative of the issue of infringement of a copyright work. The [Copyright] Act does not provide for any general doctrine of 'misappropriation' and does not afford protection to skill and labour alone."*⁷

They went on to say that the Full Court failed to recognise that the term "substantial" assumed that there may be some measure of legitimate appropriation of the author's investment⁸.

It follows that the quality of what is reproduced should be examined

not by reference to "*the interest protected by the copyright*"⁹ but by reference to the copyright work and comparing it as a whole to the defendant's work. Accordingly, they found:

*"[t]he originality of the compilation being the Weekly Schedule lay not in the provision of time and title information, but in the selection and presentation of that information together with additional program information and synopses to produce a composite whole"*¹⁰.

Similar to the reasoning in both the Full Court and at first instance, French CJ, Crennan and Kiefel JJ stated that "*a factor critical to the assessment of the quality of what is copied is the 'originality' of the part that is copied*"¹¹. However, like Bennett J, they were not convinced that the part that IceTV reproduced was sufficiently original, stating: "*[i]n this case, a chronological arrangement of times at which programmes will be broadcast is obvious and prosaic, and plainly lacks the requisite originality*"¹².

When assessing the quality of the time and title information reproduced by IceTV, the entire High Court rejected the approach of taking into account the labour and skill in the "antecedent steps" or preparatory work in determining what programmes are screened at what times. The labour and skill regarded as relevant by the High Court was the labour and skill by Nine's employees in setting the programme information down into the database. It was found that this involved very little skill and labour. French CJ, Crennan and Kiefel JJ stated:

*"[t]hat the creation of the work required skill and labour may indicate that the particular form of expression adopted was highly original"*¹³ but,

"the skill and labour devoted by Nine's employees to programming decisions was not directed to the originality

of the particular form of expression of the time and title or information"¹⁴ because

"the level of skill or labour required to express the time and title information was minimal."¹⁵

And, Gummow, Hayne and Heydon JJ stated:

"[t]he primary judge approached the issue of substantiality correctly when she stressed that the detailed and lengthy preparatory work ... was directed to the conduct of a business of the Nine Network in broadcasting programs which would attract viewers."¹⁶

Accordingly, IceTV did not reproduce a qualitatively substantial part of the Weekly Schedule. The entire High Court accepted the submission by IceTV that the originality of the Weekly Schedule lay not in the provision of time and title information, but in the selection and presentation of that information, together with additional programme information and synopses, to produce a composite whole.

As a separate issue, during the hearing before the High Court, Nine submitted that the work "in suit" was the computer database that held the television guide information, of which each Weekly Schedule was a subset. All judges stated that the database pleaded by Nine had limited correlation to the several different copyright works that were the Weekly Schedules. Interestingly, further to this point, French CJ, Crennan and Kiefel JJ stated:

"[i]f there were no reproduction of a substantial part from any of the individual works, the conclusion must be that there was no infringement of copyright in any of the works. The fact that there was "systematic copying" of time and title information over a period of time, from many of

the individual works, does not alter that conclusion."¹⁷

Gummow, Hayne and Heydon JJ stated that, "to proceed without identifying the work in suit, and without informing the enquiry by identifying the author and the relevant time of making or first publication, may cause the formulation of the issues presented to the court to go awry."¹⁸ The Court was prepared to put these difficulties aside and proceed on the basis of the IceTV concession (at first instance) that copyright subsisted in the Weekly Schedule. Accordingly, they did not examine the issue of originality with respect to subsistence.

Significance

In the context of the traditional tension between "idea vs expression" in copyright law, and in the face of decisions which have conferred copyright protection on compilations in a manner which has restricted the subsequent use of information in the compilations, the pendulum has swung towards a more narrow (or "thin") layer of protection for factual compilations.

Also, when assessing alleged infringement of compilations of facts, the relevant skill and labour is that exercised by the author/s in reducing the particular work to material form.

While the High Court's decision gives clear direction on the issue of infringement of copyright in relation to compilations, subsistence of copyright was never at issue in the proceedings because IceTV accepted that Nine had copyright in its Weekly Schedules. Thus, the effect of the comments made by the judges in relation to subsistence of copyright is less clear, although they undoubtedly represent persuasive obiter.

The decision has serious implications beyond the world of television programme guides. Clearly the use of factual components of a compilation by a third party will be extremely difficult, if not impossible, to

prevent in the absence of the taking of the collocation of those factual elements. Even where the collocation is copied, in the absence of wholesale theft (i.e. copying of an entire compilation), it may be difficult to protect compilations. From the user's point of view, it is arguable that the decision gives greater scope for innovation by permitting the incorporation of factual elements from a third party's compilation into a new work. This ability arguably "frees up" users to develop innovative products, particularly in the online world, by combining factual elements with other works. The obvious example is map-based information services.

Apart from the pragmatic implications, the decision also holds salient lessons for copyright practitioners whether advising clients or commencing or defending proceedings. While there is no doubt that the decision embodies a particular policy outcome, the High Court drives the analysis back to the fundamentals:

- what is the work;
- who is/are the authors of that work; and
- has a substantial part of the work which is protected by copyright been taken.

As the High Court was at pains to reinforce, a failure to undertake that analysis with vigour is perilous. Finally, and for practitioners, unhelpfully, the High Court also mandates the abandonment of the "crutches" or helpful phrases that we often use to interpret the relatively base framework of the *Copyright Act 1968* (Cth). Accordingly, for the High Court, it's all about the words of the Copyright Act.

Obiter: Desktop Marketing & Subsistence

Interestingly, the three judges in the Full Federal Court were the same three judges who decided *Desktop Marketing* which had been the most recent authoritative

case in Australia on copyright protection for compilations.

In *Desktop Marketing*, the Full Court held that, in relation to subsistence of copyright in factual compilations, the requirement of originality could be satisfied by nothing more than the expenditure of the requisite level of labour and skill in making the compilation. This has often been referred to as the "sweat of the brow" school of thought. This reasoning follows a long line of Australian and English case law which suggests that there is no requirement for any "intellectual effort" or "creative spark" on the part of the author of the work in order to meet the requirements of originality¹⁹.

This finding is contrary to the position in the US, represented in *Feist Publications Inc v Rural Telephone Service Co Inc*²⁰ (*Feist*) in which the US Supreme Court preferred the view that originality could not be satisfied in regards to a compilation unless the author had expended some form of intellectual effort in the creation of that work. In Canada, the test for subsistence of copyright with respect to factual compilations is the exercise of "skill and judgement"²¹ by the author.

Subsistence

As subsistence was not put in issue in the proceedings, the High Court had no opportunity to actually overrule *Desktop Marketing*. However, in relation to subsistence, there were very strong suggestions in both judgments to indicate that the High Court would have taken a very different approach to the Full Court in *Desktop Marketing* on the question of what is sufficient to satisfy the requirement of originality in respect to factual compilations.

French CJ, Crennan and Kiefel JJ considered originality in the "context of subsistence" and the "context of infringement". They appear to suggest that the sweat of the brow versus creative spark with respect to subsistence is a false dichotomy:

"[a] complex compilation ... will almost certainly require considerable skill and labour, which involves both 'industrious collection' and 'creativity' in the sense of requiring original, productive thought to produce the expression, including selection and arrangement, of the material."²²

Significantly, they found that in the context of subsistence, originality means that the work "originates with the author" (i.e. is not copied) and that the creation of the work required some independent intellectual effort, specifically:

"It may be that too much has been made, in the context of subsistence, of the kind of skill and labour which must be expended by an author for a work to be an 'original' work. The requirement of the [Copyright] Act is only that the work originates with an author or joint authors from some independent intellectual effort."²³ [Emphasis added.]

In addition, they discussed *Feist* without any apparent disapproval.²⁴

Gummow, Hayne and Heydon JJ went on to say the decision in *Desktop Marketing* should be treated with "particular care"²⁵. At the end of their judgment, they refer to the Australia Digital Alliance submission, namely, that the Court should affirm the need for a "creative spark" or the exercise of "skill and judgement" before a work is sufficiently original to attract copyright. Gummow, Hayne and Heydon JJ suggest that the law may always have been to this effect:

"[i]t may be that the reasoning in *Desktop Marketing* with respect to compilations is out of line with the understanding of copyright over many years. These reasons explain the need to treat with some caution the emphasis in *Desktop Marketing* upon 'labour and

expense' per se and upon misappropriation."²⁶

These comments made by the High Court cast some doubt over the future scope of copyright protection for factual compilations. Accordingly, some caution may be necessary in relying on the authority of *Desktop Marketing* in relation to these issues.

¹ *IceTV Pty Limited & Anor v Nine Network Australia Pty Limited* [2009] HCA 14 (**High Court Decision**).

² *Desktop Marketing Systems Pty Limited v Telstra Corporation Limited* [2002] FCAFC 112.

³ *Nine Network Australia Pty Ltd v IceTV Pty Ltd* [2007] FCA 1172.

⁴ *Nine Network Australia Pty Ltd v IceTV Pty Ltd* [2007] FCA 1172 at [142].

⁵ [2008] FCAFC 71.

⁶ *Nine Network Australia Pty Limited v Ice TV Pty Limited* [2008] FCAFC 71 at [42].

⁷ *High Court Decision* at [131].

⁸ *High Court Decision* at [157].

⁹ *High Court Decision* at [62].

¹⁰ *High Court Decision* at [152].

¹¹ *High Court Decision* at [32].

¹² *High Court Decision* at [43].

¹³ *High Court Decision* at [52].

¹⁴ *High Court Decision* at [54].

¹⁵ *High Court Decision* at [54].

¹⁶ *High Court Decision* at [167].

¹⁷ *High Court Decision* at [21].

¹⁸ *High Court Decision* at [105].

¹⁹ Such as *William Hill (Football) Ltd v Ladbroke (Football) Ltd* [1964] 1 WLR 273 and *Computer Edge Pty Ltd v Apple Computer Inc* (1986) 161 CLR 171.

²⁰ 499 US 340 at 346 (1991).

²¹ *CCH Canadian Ltd v Law Society of Upper Canada* [2004] 1 SCR 339.

²² *High Court Decision* at [47].

²³ *High Court Decision* at [48].

²⁴ *High Court Decision* at [46].

²⁵ *High Court Decision* at [134].

²⁶ *High Court Decision* at [188].