

**“PRETEND-Y RIGHTS”  
ON THE INSANELY COMPLICATED NEW REGIME FOR PERFORMERS’ RIGHTS  
IN AUSTRALIA, AND HOW AUSTRALIAN PERFORMERS GOT GYPPED.**

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## **1 Introduction**

From 1 January 2005, over eight years after the WIPO Performances and Phonograms Treaty (WPPT) was concluded, and not far shy of 10 years after performers obtained economic and moral rights in the UK, Australia was finally dragged kicking and screaming to the performers’ rights party. Although the issue had long been on the government’s copyright agenda, the final impetus for the adoption of performers’ moral and economic rights was not a local policy decision but a provision of the Free Trade Agreement between Australia and the United States of America (‘AUSFTA’).<sup>2</sup> It is perhaps significant that the aim of promoting performers’ interests appears in neither the Explanatory Memorandum<sup>3</sup> nor the Second Reading Speech<sup>4</sup> of the legislation which implemented that treaty.<sup>5</sup>

This process was never going to be simple.<sup>6</sup> A government intent on adding new rights for a new set of creators to the already bloated and complicated Australian *Copyright Act*,<sup>7</sup> while simultaneously ‘minimis[ing] disruption to current industry interests as far as possible’<sup>8</sup> was always going to have its work cut out, and simplicity may have been too

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<sup>2</sup> Australia-United States Free Trade Agreement (Washington, 18 May 2004) [2004] ATS 1, entered into force 1 January 2005, Art. 17.1.5. Implementation was achieved on 1 January 2005, with the coming into force of the *US Free Trade Agreement Implementation Act* (‘USFTA Act’)

<sup>3</sup> Explanatory Memorandum to the US Free Trade Agreement Implementation Bill 2004 (Cth).

<sup>4</sup> Commonwealth, *Parliamentary Debates*, House of Representatives, 23 June 2004, 31214 (Mark Vaile, Minister for Trade, Second Reading Speech).

<sup>5</sup> *US Free Trade Agreement Implementation Act* 2004 (Cth) (‘USFTA Act’). Although this is due in part to time pressures in drafting.

<sup>6</sup> *Pace* David Nimmer, ‘Ignoring the Public, Part 1: On the Absurd Complexity of the Digital Audio Transmission Right’ (2000) 7 *UCLA Ent L. Rev.* 189, 189.

<sup>7</sup> Cf Staniforth Ricketson, ‘Simplifying Copyright Law: Proposals from Down Under’ [1999] 21 *EIPR* 537, 537 (describing the Copyright Act as one which ‘over the past 30 years, has progressed from being a serious young chap with a slim and elegant waist to a bulgy and overweight middle-aged figure’). Complaints about the performers’ provisions in particular are not new: in 1995, there was a ‘consensus of opinion that Part XIA of the 1968 Copyright Act was extremely complicated and needed to be reorganised’: Brad Sherman and Lionel Bently, *Performers’ Rights: Options for Reform* (Report to the Interdepartmental Committee, 1 October 1995) at 6 (noting ‘numerous situations of ... confusion and uncertainty about the nature and potential of performers’ rights legislation’: *ibid* at 33.)

<sup>8</sup> Commonwealth of Australia, Explanatory Memorandum to the Copyright Amendment (Film Directors’ Rights) Bill 2005. The same attitude was evident in government statements of intent in relation to the performers’ rights provisions.

much to ask. However, as I seek to show in this chapter, the Australian government made a series of choices when implementing the WPPT which have resulted in an insanely complicated regime, full of traps for the unwary or ill-advised, which ironically creates largely illusory rights for performers. Such a result was *not* inevitable. In fact, Australian performers – and all the other poor sods out there condemned to read and deal with the *Copyright Act* – were gyped.<sup>9</sup>

Why did this happen? In this area in particular, even though the legislation was passed in the political maelstrom that surrounded the conclusion and approval of the AUSFTA and in the context of a pending election campaign, we still had a right to expect a well-crafted, well thought-through regime.<sup>10</sup> This issue had long been on the Australian policy agenda. Many reports on performers' rights had been written,<sup>11</sup> in particular, a very scholarly and comprehensive study in 1995 by two leading IP academics, Brad Sherman and Lionel Bently.<sup>12</sup> Multiple international models for performers' rights were available for inspiration. And yet, Australia ended up with a tortured and ineffectual set of provisions, quite unlike any overseas model.

In my view, the driving philosophy of the government is to blame. In striving at every turn for the absolutely minimal implementation of the WPPT, the government abandoned any attempt to ensure legislation which sought to promote the interests of performers. It created rights hedged about with so many limitations, exceptions, and qualifications that they became 'pretend-y rights' – not real. Such an approach lead inevitably to laws that are complex and incoherent. My hope, in outlining how this has happened, in all its gory detail, is that we can avoid such drafting approaches in the future. My desire would be to see the Australian government cease trying to enact every fine detail to cover every eventuality. I would like to see less nit-picky rules, and a more principled approach: one which trusts in the ability of courts and parties to deal with more general standards. And I would like to see law which was less hypocritical, which genuinely furthered the interests of those it claims to protect. Wouldn't that be beautiful?

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<sup>9</sup> The Macquarie Dictionary, 3<sup>rd</sup> edition 2001 defines 'gyp' as meaning 'to swindle; cheat; defraud or rob by some sharp practice'. Despite the word's racist past (derived from 'Gypsy'), it captures well my meaning – performers were swindled – they were *apparently* given silver-plated rights, which on closer examination turned out to be tin.

<sup>10</sup> The approval of AUSFTA by Parliament, although not required (the Executive has the power to conclude treaties) was politically necessary and highly controversial. The Labor Opposition held up the Act in the Senate at the last minute, demanding changes regarding patents. The Act was drafted and passed with extreme rapidity: it was introduced in June 2004, following conclusion of the AUSFTA in February 2004, and passed in August 2004. Simultaneously, from February 2004 – June 2004, two Parliamentary committees were inquiring into the AUSFTA provisions.

<sup>11</sup> See further below Part 2.

<sup>12</sup> Sherman and Bently, above n7.

## 2 Contextualising performers rights: their importance and history in Australia and overseas

### 2.1 *A new urgency to the issue*

It cannot be doubted that the contribution of performers is an important part of the value of many cultural products. Television programs, films and sound recordings, all require the skill and efforts of performers, and in many cases it is their contribution which provides much of the products' attraction.<sup>13</sup> We buy a particular recording because we happen to prefer Billie Holiday to Ella Fitzgerald. It is therefore not hard to perceive injustice in a system where composers, lyricists and record producers have continuing rights to control and receive payment for commercial uses of such products,<sup>14</sup> but performers do not.

Back when the performer could not be separated from their performance – when the only way to enjoy a performance was to be there – performers neither had, nor were perceived to require rights in their performances. That time has long since past. Apple iPods<sup>15</sup> are just the most recent in a succession of ways consumers have enjoyed ready access to the performances of their favourite stars. Such developments have led to urgent claims by performers for more extensive legal protection.<sup>16</sup> A system where performers must rely solely on collective bargaining power and goodwill to secure rights is unsatisfactory.<sup>17</sup> As Cornish put it way back in 1981:

‘In the end ... the reality ought to be faced: in principle, performances are an independent activity deserving and needing copyright; the precise scope of the right is then for discussion.’<sup>18</sup>

Despite the justice of their claims, the road to legal recognition of these claims has been a long one around the world and in Australia, where:

‘The history of the protection given to performers in Australia demonstrates a reluctance on behalf of successive governments to recognize the creative contribution made by performers to Australian culture.’<sup>19</sup>

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<sup>13</sup> Staniforth Ricketson, *The Law of Intellectual Property* (1984), 434

<sup>14</sup> All these parties are copyright owners, and hence have continuing rights subject to contract.

<sup>15</sup> Apple iPods are portable MP3 players which can store thousands of sound recordings.

<sup>16</sup> There is also continuing opposition to performers' rights on the basis that copyright in sound recordings and films belongs to investors. It is beyond the scope of this paper to explore arguments for and against performers' rights: my concern is the detail of their implementation, and areas where, despite multilateral conventions like the WPPT, there is still space for national policy. For background, see Richard Arnold, *Performers' Rights* (1997); Owen Morgan, *International Protection of Performers' Rights* (2002).

<sup>17</sup> For example, performers with specific proprietary rights would be less dependent on their degree of bargaining power, and on the goodwill of producers; would be able to bring actions directly against infringers, and rights could survive the bankruptcy of producers: Sherman and Bently, above n7 at 30.

<sup>18</sup> William Cornish, *Intellectual Property* (1981), 449.

<sup>19</sup> Sherman and Bently, above n7, at 14 [3.2]; see also Attorney-General's Department and Department of Communications, Information Economy and the Arts, Discussion Paper, *Performers' Intellectual*

## 2.2 *The first stage: anti-bootlegging laws*

The first stage in the road to performers' rights saw the enactment of laws against the obvious wrong of 'bootlegging' – that is, the practice of making and/or distributing, for commercial purposes, unauthorised sound or film recordings of live performances, either at the actual concert or 'off air' (for example, recorded from live broadcasts).<sup>20</sup> The UK outlawed this activity in 1925;<sup>21</sup> a multilateral treaty followed in the form of the Rome Convention in 1961.<sup>22</sup>

Australia lagged behind. In 1959, the Spicer Committee considered and rejected protection for performers.<sup>23</sup> Even after the conclusion of the Rome Convention, a bill proposed in 1974 lapsed. In fact, performers in Australia did not receive their first actual protection until 1989,<sup>24</sup> with the insertion of Part XIA of the Copyright Act 1968. Part XIA provides the minimum rights necessary under the Rome Convention: it gives performers a right to control unauthorised recording and transmission of their live performances,<sup>25</sup> and to prevent further (knowing) distributions and uses of unauthorised recordings.<sup>26</sup> It applies to both audio, and audio-visual transmissions and recordings. These rights are limited however in two key ways: they terminate once a recording is made with the consent of the performer, and, unlike copyright rights, they are personal, non-assignable rights.

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*Property Rights: Scope of Extended Rights for Performers under the Copyright Act 1968* (December 1997) (hereinafter '1997 Joint Discussion Paper'), Attachment A, [A.1].

<sup>20</sup> Copyright Law Review Committee, *Report on Performers' Protection* (1988) (hereinafter 'CLRC Performers' Report'), at 18

<sup>21</sup> *Dramatic and Musical Performers' Protection Act 1925* (UK); Laddie, Prescott, Vitoria, Speck and Lane, *The Modern Law of Copyright and Designs* (3<sup>rd</sup> ed 2000) [12.1].

<sup>22</sup> *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations*, Rome October 26, 1961. The Rome Convention does not require proprietary rights: parties must provide performers with the *possibility of preventing* certain acts (Art 7), accommodating the UK which uses criminal provisions banning unauthorised recording: Arnold, above n16 [1.50] – [1.56]. Even this was slow in gaining acceptance: CLRC Performers' Report, above n20 at 4.

<sup>23</sup> *Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations are Desirable in the Copyright Law of the Commonwealth* (Spicer Committee Report), 1959, at 88 [472] – [477]. The main reasons given were the transitory nature of performances, and doubts as to the scope of the Commonwealth's constitutional power: *ibid*. Subsequent reports have advised that a lack of constitutional power is unlikely to be any issue: CLRC Performers' Report, *ibid* at 5.

<sup>24</sup> *Copyright Amendment Act 1989* (Cth), introducing Part XIA into the *Copyright Act 1968* (Cth). The Act followed the CLRC Performers' Report, *ibid*, which was unanimous in recommending rights to prevent unauthorised fixation, but split on whether performers should receive a copyright-like right. Prior to this, passing off provided some limited protection: see *Musidor BV v Tansing (t/as Apple Music House)* (1994) 52 FCR 363.

<sup>25</sup> *Copyright Act 1968* (Cth) s 248G(1).

<sup>26</sup> *Copyright Act 1968* (Cth) s 248G(2).

### 2.3 *The second stage: copyright-like rights*

The *second* stage of performers' journey is the recognition of copyright-like rights to control certain uses of *authorised* recordings of performances. Such rights have been an even longer time coming, at an international and a national level. While several European countries have long recognised full copyright-like economic rights for performers, the first serious, perhaps trend-setting moves came with the push towards harmonisation in the European Union.<sup>27</sup> Two Directives – the Rental Rights Directive of 1992,<sup>28</sup> and the Cable and Satellite Directive of 1993,<sup>29</sup> explicitly recognised exclusive economic rights of performers in recordings of their performances – precipitating a change in UK law in 1996.<sup>30</sup> The removal of UK opposition to proprietary rights was significant at an international level too: in that same year, copyright-like rights were finally enshrined in an international treaty in 1996, with the WPPT.<sup>31</sup> The WPPT requires that performers be given moral rights,<sup>32</sup> plus a list of economic rights: fixation, communication of an unfixed performance (Art 6), reproduction (Art 7), the making available of copies to the public (Art 8), commercial rental (Art 9), making available online (Art 10), and equitable remuneration for broadcasting (Art 15).

Here, too, Australia has lagged behind, though perhaps less egregiously. A majority of the CLRC explicitly rejected a proprietary approach in 1987.<sup>33</sup> Nevertheless, various government advisory bodies continued to urge a copyright-like right for performers,<sup>34</sup> and in April 1995, the government indicated some in principle support for further protection.<sup>35</sup> Following the conclusion of the WPPT, the Government issued a Discussion Paper in 1997, indicating a positive intention to give performers exclusive

<sup>27</sup> Performers' rights were considered in the context of the Berne Convention at two revision conferences (1928 and 1948), but rejected on both occasions: Sherman and Bently, above n7, at 17 [3.3.1].

<sup>28</sup> *Council Directive 92/100, November 19, 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property* [1992] OJ L 346/61. The Directive obliges Member States to provide performers with exclusive rights to fixation (Article 6(1)), reproduction (Article 7), broadcasting and communication to the public (Article 8(1)), and distribution rights (Article 9(1)), as well as rental and lending rights (Article 1(1), 2(1), 2(4)). The reproduction, distribution, rental and lending rights are proprietary rights. The Directive also provides for certain rights to remuneration: for public performances or broadcasting of performances, and for rentals.

<sup>29</sup> *Council Directive 93/83, September 27, 1993 on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable transmission* [1993] O.J. L248/15.

<sup>30</sup> ss 182A, 183B and 182C to the *Copyright, Designs and Patents Act 1988* (UK), inserted by *Copyright and Related Rights Regulations 1996* (SI 1996/2967) (UK)

<sup>31</sup> The UK no longer opposed a proprietary approach by 1996, due to the EU Directives.

<sup>32</sup> WPPT Article 5. Moral rights for performers have been introduced into Australian law, in the form of the unfortunately named rights of 'integrity of performership' (s 195ALA) rights to attribution of performership (s 195ABA), and rights not to have performership falsely attributed (s 195AHA). These provisions are pending ratification of the WPPT by Australia.

<sup>33</sup> CLRC Performers' Report, above n20.

<sup>34</sup> For example, Prices Surveillance Authority, Report no. 35: *Inquiry into the Prices of Sound Recordings* (1990); Copyright Convergence Group, *Highways to Change: Copyright in the New Communications Environment* (1994), [7.10].

<sup>35</sup> Sherman and Bently, above n7 at 4.

rights to their performances.<sup>36</sup> After this, all was silence – at least in public – until the USFTA Act in 2004.<sup>37</sup>

Performers might have hoped that, despite the glacial pace of reform, the results too would be glacial – in the sense of carving out a whole new landscape of rights recognising their creative contribution and furthering their economic interests. If that *was* the hope, they must have been radically disappointed with what they received. As the next part of this paper shows, the approach of the Australian government has been to give performers the absolute bare minimum required by the WPPT. And as will be illustrated in the next two parts of this paper, this has led to many unnecessary complexities and inconsistencies.

### **3 The choices we made: key features of the new, insanely complicated Australian system<sup>38</sup>**

Like all international treaties, the WPPT leaves considerable room for domestic policy on some issues. The Australian government had five key areas of choice:

1. Which performers benefit;
2. Which recordings are subject to performers' rights;
3. Ownership structure and form of performers' rights;
4. How transitional issues would be dealt with; and
5. Whether rights (and which rights) would be waivable and/or assignable.

In each of these five respects, Australia adopted a niggardly approach – performers' rights as drafted by an unwilling Scrooge. And in each of these five areas, the result is to disadvantage performers in Australia as compared to their counterparts overseas, and to add an unnecessary level of complexity to an already bloated Act.

#### **3.1 Coverage – which performers and which performances?**

The first choice the Government had to make was which performers would benefit from the new rights. In choosing to extend performers' economic rights only to fixations of performances in the form of sound recordings, Australia stuck strictly to the WPPT, which does not require signatories to grant rights in relation to performances fixed in audio-visual form.<sup>39</sup>

<sup>36</sup> 1997 Joint Discussion Paper, above n19.

<sup>37</sup> The author understands that in the meantime there were private consultations with industry representatives.

<sup>38</sup> **Note:** in describing Australian law after the USFTA Act, I will refer to the '*New Copyright Act*'. References to the law as it existed *prior* to the USFTA Act I will use '*Old Copyright Act*'. The *Old Copyright Act* in other words is the law as it stood immediately prior to the coming into force of the USFTA Act on 1 January 2005.

<sup>39</sup> Due to the failure of the EU and US to agree on provisions relating to transfer of rights (and choice of law), the expansion of rights in the WPPT only applies to performances as they are fixed in sound recordings (phonograms). So far the international community has been unable to agree on a treaty

The Australian government did not have to adopt this approach. It could have chosen to grant the same rights to performers in relation to each kind of fixation, on the basis that drawing distinctions would be artificial and unnecessary.<sup>40</sup> There are certainly international precedents for such an approach: in Europe, and in the UK, performers have rights in both types of fixation, although there are some differences in the way the rights apply.<sup>41</sup> In fact, there is evidence that there are quite a few countries which do not draw this distinction.<sup>42</sup> The decision to draw a distinction is particularly interesting given that Sherman and Bently, examining the issue in 1995 noted not only that there were ‘no obvious grounds for establishing separate regulatory regimes’ for audio and audio-visual material,<sup>43</sup> but also that the issue had not provoked much dispute. They received few arguments to the effect that performances in the audio-visual industry should be treated differently from those in the audio sector, and, on the contrary, received submissions from a number of persons that *no* distinction should be drawn.<sup>44</sup> It appears that, compared to their colleagues overseas, performers here were gypped. Was there good reason?

The first justification for the different treatment is, in essence, a government policy that rights in audio-visual fixations of performances should wait until a multilateral instrument is agreed.<sup>45</sup> It is not at all clear this is a convincing rationale. After all, the WAPT has been held up not by fundamental disagreement on the rights to be granted to performers, but most importantly on how assignments and private international law issues are to be dealt with.<sup>46</sup> Australia could safely act on the assumption that that the rights are unlikely to change much.

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relating to performances captured in audio-visual form; an attempt to agree such a treaty in 2000 failed. The WIPO Audio Visual Performances Treaty (WAPT) remains a draft.

<sup>40</sup> J. Ginsburg and A. Lucas, ‘Study on Transfer of the Rights of Performers to Producers of Audio-visual Fixations – Multilateral Instruments, United States of America; France’, WIPO Doc. AVP/IM/03/4 (31 April 2003), at 3 (noting distinctions drawn between performers’ rights in audio and audio-visual fixations of performances drawn in the Rome Convention, and criticisms of same).

<sup>41</sup> *Copyright, Designs and Patents Act* 1988 (UK) s 180(2). For differences, see for example s 191F.

<sup>42</sup> WIPO *Survey on Implementation of the WCT and the WPPT*, SCCR/9/6, 25 April 2003: of the 25 laws in that survey in English and reviewed separately by me, I found 2 which clearly covered sound recordings only, and one more which may have covered only sound recordings. The rest appeared to cover both sound and audio-visual recordings of performances. The Survey however is quite hard to decipher and further research would be necessary to be confident of this conclusion. The new bill in Canada proposes to take the same approach as Australia, granting rights only in relation to sound recordings: Canada, *Bill C-60: An Act to Amend the Copyright Act*, First Read June 20 2005. In the US, where performers may be considered joint authors of sound recordings, it is not clear whether audiovisual performers’ contributions are to be considered copyrightable: Ginsburg and Lucas, above n40 at 4.

<sup>43</sup> Sherman and Bently, above n7 at 7 [2.2.7]

<sup>44</sup> *Ibid.*

<sup>45</sup> See the Government’s 2001 Arts Policy, *Arts for All*.

<sup>46</sup> WIPO, Diplomatic Conference on the Protection of Audiovisual Performances, Summary Minutes (Plenary) WIPO Doc. IAVP/DC/36, see also Summary Minutes (Main Committee I), WIPO Doc IAVP/DC/37.

A second justification for the distinction could be the different legal, economic and social conditions of the two industries.<sup>47</sup> In particular, it is arguable that films, more than sound recordings, are truly ‘collective works’, and ‘there [is] no basis on which to differentiate the contribution made by performers from other contributors.’<sup>48</sup> As Sherman and Bently noted back in 1995, however, ‘[i]f the logic of the argument in favour of separate treatment for audio-visual works was applied to the existing copyright law, separate treatment would have to be applied to all the various subject matter currently protected by copyright law.’<sup>49</sup>

When we look at the complexity resulting from the attempt to draw distinctions, we have to wonder whether the game is worth the candle. Anomalies abound. My personal favourite relates to the amendments made to the anti-bootlegging Part XIA provisions. Section 248A creates a list of ‘exempt recordings’ – mostly indirect recordings of performances which a performer is not entitled to prevent under Part XIA.<sup>50</sup> Under the *Old Copyright Act*, there was a list of 13 exemptions, based on the Rome Convention, applying to both sound recordings and audio-visual recordings. However, the Government has taken the view that exceptions allowed under the WPPT are narrower than those allowed under Rome.<sup>51</sup> But the WPPT only narrows the available exceptions in relation to sound recordings. So what we *now* have in Australia under the amended s 248A is the same list of 13 exceptions, most (but not all) of which now apply *only* to indirect recordings of performances fixed in audio-visual mediums – ie films. There are then some *additional* ‘fair-dealing’ style exceptions which apply *only* to sound recordings of performances.

Was such complexity worth it, in order to maintain the distinction between audio-visual and audio fixations of performances? What will happen when audio-visual performances are included – will we have another massive, complicated wave of legislation? A bemused and confused observer cannot help but wonder.

### 3.2 Coverage – to which fixations do rights attach?

The second choice Australia made was in relation to the fixations to which performers’ rights attach. Here, too, Australia has taken a narrow approach<sup>52</sup> by limiting performers’ rights to circumstances where the recording is a ‘sound recording of a *live*

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<sup>47</sup> Sherman and Bently, above n7 at 32 [5.7.3]

<sup>48</sup> Ibid 26 [4.14].

<sup>49</sup> Ibid at 32, [5.7.3].

<sup>50</sup> These definitions are not just important for Part XIA. They are also used in relation to the Part VA statutory license for educational copying, meaning that managing the different kinds of exempt recording becomes not just an enforcement matter in anti-bootlegging law, but also an administrative issue for Collecting Societies such as Screenrights.

<sup>51</sup> The WPPT, unlike the Rome Convention, includes the Berne Art 9(2) ‘three step test’ as a limitation on allowable exceptions: WPPT Article 16(2).

<sup>52</sup> I am grateful to my colleague, Jason Bosland, for first pointing out this potential anomaly.

performance,<sup>53</sup> meaning ‘a sound recording, *made at the time of the live performance*, consisting of, or including, the sounds of the performance.’<sup>54</sup> This definition has some interesting implications. One interpretation is that a recording made by ‘mixing’ two or more recordings of live performances would not be a ‘sound recording of a live performance’. So, for example, if a recording is made by recording the ‘solo’ and ‘backing’ performances at different times, then mixing those recordings, we do not have a sound recording of a live performance.<sup>55</sup> If correct, this interpretation would be a narrower interpretation even than other common law countries.<sup>56</sup> It is also arguably inconsistent with the spirit, and perhaps even the terms of the WPPT, which requires Contracting Parties to grant rights to performers to control various uses of ‘their performances fixed in phonograms’, with no limitation that that fixation should be ‘live’.

It is not clear why this narrow approach was taken. It may be that the reasoning was simply to confine the application of the provisions, so as to affect fewer recordings. It may be that this anomaly was unintentional. Regardless, this requirement of ‘live-ness’ appears to leave performers worse off than their foreign colleagues, and adds undesirable complexity to the issue of identifying the owners of a fixation. Since ownership of sound recordings of live performances is determined by a different section of the Act (s 22(3A)) from other sound recordings (s 22(3)), determining ownership could, in some cases, involve investigation of the circumstances of the recording (and, in particular, whether it was ‘remixed’ or not).<sup>57</sup>

### 3.3 *Ownership and structure of the rights*<sup>58</sup>

The third set of choices the Australian government had in implementing performers’ rights was how to structure the rights, and how to assign ownership of those rights. There has, in

<sup>53</sup> *New Copyright Act* s 22(3A) (defining ‘maker’ to include performers in relation to a ‘sound recording of a live performance’).

<sup>54</sup> *New Copyright Act* s 22(7).

<sup>55</sup> Staniforth Ricketson and Christopher Creswell, *The Law of Intellectual Property: Copyright, Designs and Confidential Information* (Looseleaf, Law Book Co) at [S5.45].

<sup>56</sup> In the United Kingdom, performers are given ‘performers’ property rights’ (*Copyright, Designs and Patents Act* 1988 (UK) s 191A) in recordings made directly from a live performance, or from a broadcast of a performance, *or one made directly or indirectly from another recording of the performance*: *ibid* s 180(2). The Canadian bill grants performers rights where the performance is ‘fixed in a sound recording’. There is no reference to any requirement that that ‘fixing’ being live: above n41. In the US, principles of joint authorship apply (see below Part 3.3), which would likely lead to a broader result.

<sup>57</sup> Of course, determining ownership in the absence of contractual transfers was *already* complex under the *Old Copyright Act*. However, the amendments add a second layer of inquiry: not only who owned the record, but how was it made? It may be that in practice all these issues will be dealt with in contract (see below Part 3.5). Nevertheless, the Act is still uncertain even as a default. Further, despite the ability to contract around rights, the difficulties copyright owners have had in proving ownership (which led to the extensive presumptions of the *Copyright Act* Pt V Div 4) suggest that even in a commercial context these issues are not straightforward.

<sup>58</sup> One ownership issue not really considered in the Australian legislation is the unique ownership position in relation to recordings of expressions of folklore: cf New Zealand where this issue was specifically discussed: Ministry of Economic Development, *Performers’ Rights: A Discussion Paper* (July 2001), 20-21 [66] – [69].

the past, been some debate about the appropriate form in which such rights should be granted: whether they should be (a) copyright rights ('performers' copyright' as proposed in Canada,<sup>59</sup> and as found in some European countries), (b) sui generis rights, for example, the 'performers' property rights' granted in the UK,<sup>60</sup> or (c) something else, such as, perhaps, an additional type of Part IV subject matter, as proposed by ARIA in the past.<sup>61</sup> In the end, of course, Shakespeare was right – there is little in a name.<sup>62</sup> The point is whether the rights, however nominate, achieve their aims.<sup>63</sup>

Most countries which have, in recent times, introduced performers rights, or performers' copyright, or performers property rights, have done so by enacting new, distinct rights; created under a separate chapter, or through separate provisions in the copyright legislation,<sup>64</sup> or simply by stating that both authors and performers have rights. And in earlier reports, it does appear that kind of scheme was envisaged for Australia.<sup>65</sup>

It is surprising, then, that Australia has gone out on a limb in how it chose to frame performers' rights. Instead of creating a new set of rights, Australia has made performers co-owners of the existing copyright in the sound recording of a live performance. In other words, Australia took existing copyright rights, belonging to one set of entities (producers) and divided them up among producers and performers. Under Australian copyright law, the owner of copyright in a sound recording is the maker.<sup>66</sup> Under the *Old Copyright Act*, the 'maker' was the person who 'owned the record' on which the recording is made, at the time of recording – in other words, the producer.<sup>67</sup> This reflected the rationale for protection of this kind of Part IV subject matter, which protects a collective form of work, and grants protection to the organiser of the enterprise, as a reward for, and facilitator of investment.<sup>68</sup> This position continues to apply to sound recordings other than recordings of live performances.<sup>69</sup>

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<sup>59</sup> Canadian Copyright Bill C-60, above n41.

<sup>60</sup> *Copyright, Designs and Patents Act* 1988 (UK) ss

<sup>61</sup> Sherman and Bently, above n7, 29 [5.2].

<sup>62</sup> *Romeo and Juliet* (II, ii, 1-2).

<sup>63</sup> Sherman and Bently, above n7 at 29 [5.2].

<sup>64</sup> The exception is the US, which will be discussed further in a moment. See WIPO *Survey on Implementation of the WCT and the WPPT*, SCCR/9/6, 25 April 2003. Of the 27 Member States whose laws were surveyed and reported on in English, 24 had implemented the WPPT and of those, *all* barring the United States had done so by creating new, independent performers' rights. All of these are in *addition* to the European Union countries, most which also have specific performers' rights. These countries are not all civil law countries. The United Kingdom, which (in 1996) included certain 'performers' property rights' (above n30). See also the Canadian Bill, which proposes to group performers' rights together in s 15 of the Canadian Copyright Act.

<sup>65</sup> See Sherman and Bently, *ibid*. The Sherman and Bently report does not specifically outline any possible structure, but the structure of rights adopted by Australia is, quite notably, *not* explored in this highly scholarly, very detailed report of nearly 150 pages. See also 1997 Joint Discussion Paper, above n19.

<sup>66</sup> *New Copyright Act* 1968 (Cth) s 97

<sup>67</sup> In fact, 'maker' was defined under s 22(3) of the *Old Copyright Act* as being the person who owned the record embodying the recording, at the time the recording was made.

<sup>68</sup> Ricketson and Creswell, above n55, [8.5].

<sup>69</sup> *New Copyright Act* 1968 (Cth) s 22(3).

For recordings of *live* performances,<sup>70</sup> however, there are now two kinds of ‘makers’ (and hence ‘owners’):<sup>71</sup>

- The person(s) who owned the record on which the recording was made (ie usually the producer); *and*
- The performer(s) who contributed sounds to the performance fixed in the sound recording.<sup>72</sup>

Performers’ rights are also made subject to the usual provisions on employees and commissioned works. If the performer performs under the terms of a contract of employment, then the employer is the maker and hence owner of copyright.<sup>73</sup> In addition, ownership of commissioned recordings goes to the commissioner.<sup>74</sup>

There is a further complication, arising from the fact that the legislation makes different provision for ownership depending on *when* the recording was made. For recordings made after 1 January 2005, these various ‘makers’ now own copyright in the sound recording as tenants in common in equal shares.<sup>75</sup> For *pre-existing* sound recordings, the people who owned copyright prior to 1 January 2005 (now called the ‘former owners’) own 50%,<sup>76</sup> and the ‘new owners’ own 50% (divided between them).<sup>77</sup>

What problems does the Australian approach lead to? The most obvious one is the overwhelming complexity that results.<sup>78</sup> First, divisions have been created within the category of ‘sound recordings’. Some sound recordings (those made of ‘live performances’) are now subject to divided ownership rules, some are not. Subject always to contract, it will be necessary to know *how* the recording was made in order to categorise it as one to which the new rules apply. Second, complications exist because of the distinction between works depending on *when* they were made. Quite different rules

<sup>70</sup> As to the meaning of ‘live performances’, see above Part 3.2.

<sup>71</sup> Note that for all these provisions, there are equivalent provisions in Part IV Division 5 applying to pre-1 January 2005 recordings of performances: see *New Copyright Act* ss100AD, 100AE

<sup>72</sup> *New Copyright Act* s 22(3A)

<sup>73</sup> *New Copyright Act* s 22(3B)

<sup>74</sup> The provision may even be broader. It grants copyright in the recording to a ‘commissioner’ where the commissioner ‘makes for valuable consideration an agreement with another person for the making of a sound recording by the other person’: s 97(3). It appears that *all* copyright rights in the commissioned recording are transferred, and not just those belonging to the commissioned person are transferred. This means that ‘if a recording of a performance is made for a fee (for example, a record company engages a production studio to produce a master recording), the performer will have no rights.’ Australian Copyright Council, *Information Sheet G85, Free Trade Agreement Amendments*, September 2004, available <<http://www.copyright.org.au/pdf/acc/InfoSheets/G085.pdf>> Section 97(3) is not new, but with the addition of new owners, who may not be party to a commissioning agreement, it has new bite.

<sup>75</sup> *New Copyright Act* s 97(2A).

<sup>76</sup> In whatever proportions they held the rights prior to 1 January 2005. If there were two owners, one owning 40% and one owning 60%, they will now own, in theory, 20% and 30% respectively.

<sup>77</sup> *New Copyright Act* s 100AE. No explanation is offered in the Explanatory Memorandum for this difference.

<sup>78</sup> In a conversation with one Singaporean official involved in drafting Singapore’s response to its FTA with the United States, the official commented that they had taken ‘one look’ at the Australian performers’ rights provisions and gone, ‘no thanks’. This is despite the fact that the current Singaporean legislation is very largely based on the 1968 Australian Act – even down to the distinctions between Part III and Part IV works.

relating to the rights granted apply to recordings made prior to 1 January 2005. Third, the provisions are particularly complicated when it comes to their international application. As is the case in many countries around the world,<sup>79</sup> Australia does not extend full national treatment in relation to these rights; the protection of foreign residents depends on whether the country is a signatory to Rome, and/or the WPPT, and/or TRIPS.<sup>80</sup> Fourth, ‘owner’ of a sound recording has become a highly specialised term of art. A legal adviser must consider ‘owner for what purposes’ – ‘owner for the purposes of which sections of the Act’? One can only imagine how the non-legally trained will react to such advice. It is a fairly basic point that the more different meanings you construct of the word ‘owner’ of copyright, the more pitfalls you create for the unwary or the inadequately advised.

So why did Australia voluntarily choose such complexities? Why not simply create a new set of exclusive rights, called performers’ rights? Doing so would have some rather obvious advantages. It would avoid the necessity of distinguishing between different kinds of sound recordings. It would also have the advantage of *looking* like other countries’ laws – an important factor in an area of copyright law where works are frequently traded across borders, and where in addition international protection is frequently based on reciprocity.<sup>81</sup> Arguably, creating a new form of rights would recognise that the interests of performers are different – they are not quite like authors, as their creativity takes quite a different form, but nor are they like the investors and producers who, under Australian law, are ordinarily protected when it comes to the Part IV subject matters of films and sound recordings.<sup>82</sup> Finally, it would make it much easier in the future to extend such protection to fixations in audiovisual form. It would be much easier to extend ‘performers’ rights’ to a new medium, than to re-write all the sections of the *Copyright Act* in relation to films to reflect a new ownership structure in those films, as has been done for sound recordings.<sup>83</sup>

One suggested reason is that this approach is in harmony with US law. One frequently touted benefit of the AUSFTA was that it would lead to more such ‘harmonisation.’ I have elsewhere questioned whether the AUSFTA achieves any real ‘harmonisation’ with US law.<sup>84</sup> In this particular area too, the harmonisation is more apparent than real.

It is true that in the US performers may be owners or part owners of copyright in sound recordings of their performances. In the US, this occurs because copyright in sound

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<sup>79</sup> Reciprocity has always been allowed in relation to performers’ rights by the Rome Convention: see Laddie, Prescott, Vitoria, Speck and Lane, above n21, [12.7], at 537.

<sup>80</sup> See *Copyright (International Protection) Regulations 1969 (Cth)* (as amended twice in 2004).

<sup>81</sup> See above n 79.

<sup>82</sup> In part of course this difference is recognised in the legislation through the creation of moral rights: *New Copyright Act* Part IX.

<sup>83</sup> Particularly if the current Copyright Amendment (Film Directors) Bill 2005 (Cth) is passed, which will re-write those provisions to include directors as owners of copyright for certain limited purposes.

<sup>84</sup> See Kimberlee Weatherall, ‘Locked in: Australia gets a Bad Intellectual Property Deal’, (2004) *Policy*; see also Kimberlee Weatherall, *Supplementary Submission to the Senate Select Committee on the Free Trade Agreement between Australia and the United States*, May 2004, available at <[http://www.ipria.org/research/Supplementay\\_Submission2.pdf](http://www.ipria.org/research/Supplementay_Submission2.pdf)>

recordings in the US is owned by the ‘author’,<sup>85</sup> the identity of whom is not specified by the Act.<sup>86</sup> Ordinary authorship principles apply: an individual is a joint author if they make ‘significant creative contributions with an intent to merge those contributions into a unitary whole.’<sup>87</sup> US caselaw,<sup>88</sup> US legislative history,<sup>89</sup> and the official position of the US Copyright Office, all state that performers may in some cases be joint authors of sound recordings.<sup>90</sup>

However, there are crucial differences between the US position and the (new) Australian position. First, there is considerable uncertainty in the US as to whether sound recordings can ever be ‘works made for hire’, which would make the ‘hirer’ (employer or commissioner) the owner of copyright in the sound recording.<sup>91</sup> Under US law, a work can only be a ‘work made for hire’ if made by an employee or if it falls within one of the specified categories of commissioned works – which does not, specifically, include sound recordings. After a push by Recording Companies in 1999, Congress changed the legislation to made specially commissioned sound recordings expressly eligible as works made for hire, but after a significant backlash reversed the position in 2000,<sup>92</sup> leaving the question open.<sup>93</sup> Second, to be a joint author, a performer under US law must make a *significant* contribution. This would surely disqualify many performers who qualify as owners under Australian law.<sup>94</sup> In particular, the principles under US law will generally extend only to featured performers, where in Australia, *all* performers benefit.<sup>95</sup> Instead of harmony, these differences are probably just enough to make matters confusing for people trading and contracting between the two jurisdictions.

The *other* possible reason for making performers joint owners of copyright in sound recordings is that it is more conceptually coherent to do so. After all, according to international models, it is the sound recordings – the fixations of performances – in which performers have rights. On this basis, it could be argued that Part IV is the ‘natural home’ for performers’ rights. We could go even further, and argue that the system adopted by the Australia is an *advance* on other systems, including the UK system, which ‘exile’ performers’ rights to a separate part of the Act, and treat them as ‘different’ to copyright.

<sup>85</sup> 17 U.S.C. §201(a).

<sup>86</sup> A position criticised back in 1966 in Benjamin Kaplan’s seminal work: *An Unhurried View of Copyright* (1966) at 109.

<sup>87</sup> 17 U.S.C. §101 (definition of ‘joint work’)

<sup>88</sup> *Capital Records v Mercury Records Corporation* 221 F.2d 657 (1955) per Learned Hand J.

<sup>89</sup> H. R. Rep. No. 92-487, at 5 (1971); S. Rep. No. 92-72, at 5 (1971).

<sup>90</sup> See generally Mary LaFrance, ‘Authorship and Termination Rights in Sound Recordings’ (2002) 75 *S. Cal. L. Rev.* 375.

<sup>91</sup> ‘Works made for hire’ are owned by the employer: 17 U.S.C. §201(b).

<sup>92</sup> Travis R. A. Kuda, ‘Authorship of sound recordings: Why sound recordings should have joint authorship’ (2004) 33 *Sw. U. L. Rev.* 379; Mary LaFrance, above n90.

<sup>93</sup> See David Nimmer & Peter S. Menell, ‘Sound Recordings, Works for Hire, and the Termination-of-Transfers Time Bomb,’ (2001) 49 *J. Copyright Soc’y* 387; David Nimmer, Peter S. Menell & Diane McGimsey, ‘Preexisting Confusion in Copyright’s Work-for-Hire Doctrine,’ (2003) 50 *J. Copyright Soc’y* 399 (2003)

<sup>94</sup> Co-ownership under the *New Copyright Act* extends to all performers who ‘contributed to the sounds of the performance’: *New Copyright Act* s 22(7).

<sup>95</sup> The question of whether to include ‘non-featured performers’ was considered by Bently and Sherman in 1995. They received ‘conflicting feedback’: Bently and Sherman, above n7, 25 [4.10]. It is questionable of course whether the US position complies with the WPPT, which does not draw this distinction.

By making performers' rights explicitly rights of ownership in copyright, it could be argued, performers' rights receive equality of treatment.<sup>96</sup> This conceptual argument has some force as a matter of pure logic. However, it also has some problems. Does this mean that the producers of sound recordings' investment is less worthy or less worth protecting where a live performance is recorded? On what basis? Are performers' rights *really* anything like the rights of producers? It is arguable that performers are more like authors than the producers and investors ordinarily protected under Part IV. In any event, we must weigh the benefits (of conceptual coherence) against the costs (of complexity above) – a balance which in my view does not favour the Australian approach.

When asked why Australia adopted its 'split ownership' system, one government official noted that the government was concerned that adding another layer of rights to those already subsisting in a sound recording would *add* to the complexity of dealing with sound recordings – requiring 'an additional new copyright with its inevitable baggage of unique exceptions'. While there is some sense to this argument, there are also counterarguments. First, it is not clear that setting up new performers' rights would have led to a whole new set of exceptions: it might have been possible to rely on existing exceptions in the Act, which already apply to many different copyright rights. Other countries did not acquire such new 'baggage' when they introduced performers' rights.

Second, a new set of performers' rights could have simplified things by being grouped together in one Part of the Act – eg in Part XIA. As things now are, we have key definitions in Part II, split between the definitions section (s 10) and s 22 which relates to 'making'. Then we have provisions on ownership in Part IV – in two different subdivisions depending on when the recording was made. As noted above, the meaning of 'owner' in relation to sound recordings changes depending on when the recording was made, whether it was made 'live', and what rights you are talking about (as well as what happened in the contracts) (and these definitional issues are not dealt with in s 10 or even Part I of the Act, which deals with definitions, but in provisions spread through Part I and Part IV Division 5 Subdivisions A and B). Then we have Part XIA which is entitled 'Performers' Protection' but which only deals with anti-bootlegging law, not performers' share in copyright which is in Part IV. The statutory licenses (eg Part VA) refer the reader to definitions of 'performance' in Part XIA. And all this without even *thinking* about moral rights. One cannot help but wonder how anyone from overseas, even if legally trained, is to make sense of it all. A section that had more provisions, but grouped it all into one Part of the Act, would surely work better.

It is worth noting very recently the Australian government introduced a new Act into Parliament to grant film directors certain limited rights to remuneration from use of their films.<sup>97</sup> In the accompanying Explanatory Memorandum, where the option of a co-ownership model is considered, one of the costs of the model noted is that it would

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<sup>96</sup> See R Arnold, above n16 at [1.97] – [1.98] (arguing that the 'first task' for reform 'is to bring performers into the copyright fold proper, rather than to continue to pretend that performers' rights are in some way different to other copyrights. This should be done by bringing performers' rights under what is now Part I of the Act, rather than in a separate Part, and by using the term copyright.')

<sup>97</sup> Copyright Amendment (Film Directors) Bill 2005, introduced into Parliament as a bill 17 March 2005.

‘require substantial reworking of the provisions of the Act relating to films with substantial drafting and implementation costs’.<sup>98</sup> There is some irony in this recognition, as the costs involved in the changes considered is considerably less, in terms of drafting changes and complexity imposed on the Act, than the changes implemented to create the performers’ rights in 2004.

### 3.4 *Transitional issues*

The fourth set of choices Australia had to make was how to deal with transitional issues. The WPPT requires that Contracting Parties apply the obligations of Article 18 of the Berne Convention which means that new rights apply to existing subject matter.<sup>99</sup> This obligation is subject to the right of countries to determine the ‘conditions’ of that application – ‘conditions’ being understood to refer to transitional arrangements, adopted by a Contracting Party to avoid prejudice to existing rightsholders.<sup>100</sup> The Australian government were concerned, in their drafting, to avoid an acquisition of property on other than just terms, contrary to s 51(xxxi) of the *Constitution*.<sup>101</sup> In order to deal with this situation, the Act introduced a whole ‘scheme for pre-commencement sound recordings of live performances’.<sup>102</sup>

First, there are provisions dealing with situations where the proverbial third viola player<sup>103</sup> cannot be located. The Act creates a license for an owner of copyright, to do an act comprised in the copyright where the other owners cannot be found. The owner must make ‘reasonable inquiries’ to identify and/or locate the other owner,<sup>104</sup> and must hold a share of any money received on trust for four years against the possibility that the other owner will be located (if they are not, then all the money goes to the first owner).<sup>105</sup>

Second, the position of ‘former owners’ (ie, the people who owned copyright in the sound recording immediately prior to 1 January 2005<sup>106</sup>) is strengthened. The effect of these rather complicated provisions is that:

- The ‘former owner’ may do any act comprised in the copyright ‘as if each new owner of the copyright [ie, each performer now granted rights<sup>107</sup>] had granted a license or permission’;<sup>108</sup>

<sup>98</sup> Commonwealth of Australia, Explanatory Memorandum to the Copyright Amendment (Film Directors’ Rights) Bill 2005 at [52] – [53]

<sup>99</sup> WPPT Article 22

<sup>100</sup> Ricketson and Creswell, above n55 at [S14.151].

<sup>101</sup> Explanatory Memorandum to the USFTA Act, above n3, [261]. Query whether this issue was exacerbated by the decision to split existing rights in sound recordings, as discussed above Part 3.3.

<sup>102</sup> Ibid. See also s 116AAA, which provides for compensation to be paid by a performer to the owner of copyright, where the granting of rights to performers would result in the acquisition of property.

<sup>103</sup> When the UK was considering legislation to protect performers, one of the proverbial concerns was what to do about the unlocatable performer, who became known as the ‘third spear carrier’. Viola players tend to hold the same kind of status as spear carriers, being the frequent butt of orchestral jokes.

<sup>104</sup> Notably, the owner is not required to *keep* making inquiries for the four year period –they need only try once: *New Copyright Act* s 113C(4)

<sup>105</sup> *New Copyright Act* s 113C.

<sup>106</sup> *New Copyright Act* s 100AB.

- Performers may sue for infringement but may only obtain injunctions and additional damages, not compensatory damages;<sup>109</sup>
- ‘new owners’ (ie performers) are excluded from the meaning of ‘owner’ under the various rights to remuneration and statutory licenses.<sup>110</sup>

In summary, the only real right that performers obtain in relation to pre-1 January 2005 sound recordings is a right to bring an action against an infringer for an injunction (and possibly additional damages).<sup>111</sup> They cannot seek money from a ‘former owner’, and they cannot seek a share of future money received by a former owner.<sup>112</sup> The former owners may continue to act as if they are the sole owners of copyright in the sound recording. These provisions respond to a constitutional concern. However, one must query whether it was necessary to reduce the rights of performers to almost nothing in order to avoid a constitutional challenge. Certainly steps this drastic do not appear to have been taken in other jurisdictions, even those with constitutional rights to quiet enjoyment of property.<sup>113</sup> And if it was so necessary to almost completely remove the rights of the performers out of constitutional concerns, this raises the further issue of whether the costs of these complicated provisions discussed above outweigh the benefits.

### 3.5 *Assignability and waivability*

The final choice open to the Australian government under the WPPT was a choice as to which of the rights would be waivable and/or assignable.<sup>114</sup> This matter is not determined by the WPPT itself.<sup>115</sup> It will be no surprise to the reader who has followed thus far to

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<sup>107</sup> Ibid.

<sup>108</sup> *New Copyright Act* s 100AF(1).

<sup>109</sup> *New Copyright Act* s 100AG; Ricketson and Creswell, above n55 at [S14.151]

<sup>110</sup> *New Copyright Act* s 100AH. The relevant rights of remuneration arise under s 107 (ephemeral copying for broadcasting); s 108 (playing in public); s 109 (broadcasting); s 183 (government use); Pt VA (educational copying of broadcasts); Pt VB (educational copying of works) and Pt VC (retransmission of broadcasts); Ricketson and Creswell, *ibid*.

<sup>111</sup> The new owners *are* entitled to use the recording themselves, and license others to use the recording. However they, or their licensees, would also need a license from the former owners, which makes this a fairly weak right, subject to a veto from the former owners: Ricketson and Creswell, *ibid*.

<sup>112</sup> Unless, of course, some contrary agreement is made by the various new owners post 1 January 2005: *New Copyright Act* s 100AF(3).

<sup>113</sup> For example, in Canada, such extensive provisions were not introduced; the Copyright Board was given the ability to determine compensation in the case of prejudice: Canadian Bill, above n41.

<sup>114</sup> It is important to bear in mind the distinction between ‘waivability’ and ‘assignability’. The maximum protection for performers would come from a right which was unwaivable, and assignable only to a collecting society. Sherman and Bently noted (above n7 at 59 [8.6.3]) that the advantages to the performer of an unwaivable right are that ‘whatever pressure may be placed on them they cannot deprive themselves of their rights’. Practice indicates that in the UK, where moral rights of performers are waivable, they are being waived: *ibid*.

<sup>115</sup> Arguably with the exception of the equitable right of remuneration for broadcasting, under Article 15. The drafting of that section suggests that the remuneration *must* be *shared* in some proportion between the performer and the producer of the phonogram. On the other hand, the Australian government appears to have taken the view that the ‘performers’ right to a share of equitable remuneration for broadcasting, transmission to the public and playing in public of sound recordings is in effect optional’: 1997 Joint Discussion Paper, above n19. This interpretation has been ‘strongly opposed’ by the Australian

learn that Australia chose arguably the least favourable approach from the perspective of performers: all of these rights are freely and prospectively<sup>116</sup> assignable by contract.<sup>117</sup> This means, in practice, that such rights are likely to be routinely assigned at least in relation to any recordings of economic significance.<sup>118</sup>

As noted above, advocates for an expansion of performers' rights have often argued that such rights should not be fully assignable.<sup>119</sup> For example, the Australian Copyright Council has in the past proposed that performers' rights to remuneration under statutory licenses should be assignable only to the authorised collecting society.<sup>120</sup> This would ensure that performers received a share of income collected by Screenrights for educational copying of broadcasts.<sup>121</sup> Performers would also be entitled to a share of other equitable remuneration granted under the Act, such as the remuneration already granted to copyright owners for use of recordings in broadcasts.<sup>122</sup>

The reasoning behind this position is that because there is a systematic difference in the market power possessed by producers and performers, standard industry contracts will require that rights which are waivable are waived, and rights which can be assigned must be, possibly without (or without adequate) compensation. As Guibault and Hugenholtz have argued:

‘In order to exploit the fruit of their intellectual labour, authors and performing artists must usually turn to specialised undertakings: publishers, broadcasting organisations, film producers, phonogram producers, etc. Partly as a consequence of the high level of concentration in the media sector, authors and performing artists find themselves in a structurally weaker bargaining position. This easily leads in practice to the use of unilateral standard form exploitation contracts, in which too little consideration is given to their interests.’<sup>123</sup>

In particular, while debates about the need for special protection for individual creators (both authors *and* performers) are as old as the system itself, they arise with perhaps more

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Copyright Council: Australian Copyright Council, *Response to discussion paper: Performers' Intellectual Property Rights* (29 April 1998) (hereinafter 'ACC Response') at p8.

<sup>116</sup> *New Copyright Act* s 197

<sup>117</sup> *New Copyright Act* s 196

<sup>118</sup> The actual assignments will always, of course, depend on the market power of the particular performer; 'star performers' will always have more bargaining power.

<sup>119</sup> Sherman and Bently, above n7 at 59 [8.6.3]

<sup>120</sup> Australian Copyright Council, *Comment: Improved Performers' Rights* (17 September 1995). (hereinafter 'ACC Comment'); see also ACC Response, above n115.

<sup>121</sup> ACC Comment, *ibid.*

<sup>122</sup> *Copyright Act 1968* (Cth) s 109

<sup>123</sup> L. Guibault and P. B. Hugenholtz, 'Copyright Contract Law: Towards a Statutory Regulation?', Study conducted on commission for the Netherlands Department of Scientific Research and Documentation Centre (WODC), Minister of Justice, The Netherlands, available at <<http://www.ivir.nl/staff/hugenholtz.html>> (last visited 9 May 2005). See also P. Bernt Hugenholtz, 'The Great Copyright Robbery: Rights Allocated in a Digital Environment', Paper given at *A Free Information Ecology in a Digital Environment*, Conference 31 March – 2 April 2000, NYU School of Law. Paper available at <<http://www.ivir.nl/staff/hugenholtz.html>> (last visited 9 May 2005).

urgency in the current environment where there is more and more concentration of the creative industries.<sup>124</sup> There is no doubt that the very idea of having copyright rights which cannot be waived, or cannot be assigned, is not something with which Australian copyright law has been familiar. And yet, it is worth giving these ideas at least a ‘fair hearing’.<sup>125</sup>

Such a position was, of course, strongly rejected by other interest groups: ARIA at that time stated that ‘radical, repugnant and totally uncommercial concepts of unwaivability must be totally rejected’,<sup>126</sup> and that any such notion would be:

‘foreign to other copyrights in the Act; no copyright owner has been afforded this unwarranted privilege and any scheme with such a right will not be supported by the industry’,<sup>127</sup>

As I have already noted, the Explanatory Memorandum which accompanied the USFTA Act was nothing if not opaque. However, a more recent Explanatory Memorandum explicitly considered the concept of non-transferability of copyright rights in the analogous context of directors’ rights and hence gives us some insight into the thinking about performers’ rights, and what we see is the ARIA position, writ large:

‘...granting directors non-transferable rights to remuneration under the statutory licensing scheme ... would introduce ... extensive change to Australian copyright law. The concept of non-transferable economic rights is contrary to the fundamental principles of copyright in Australia, which regards copyright as a form of property to be transferred and dealt with as a market commodity. Granting directors non-transferable economic rights will reduce the flexibility of the current remuneration system and prevent individual directors from negotiating for larger upfront payments and other benefits. It fetters the ability of directors and producers to reach mutual agreement regarding remuneration and control.

...

...The ability of film producers to market and distribute their films and to recoup the costs of production is heavily dependent upon their ability to control primary economic rights and to license and reproduce films without gaining permission from other parties. Removing, even partially, these primary economic rights from the control of producers could result in major financial costs to the Australian film industry.’<sup>128</sup>

<sup>124</sup> See generally Maureen A. O’Rourke, ‘A Brief History of Author-Publisher Relations and the Outlook for the 21<sup>st</sup> Century’ (2003) 50 *J. Copyright Soc’y USA* 425, 450-453 (noting that in 2003, five firms dominate the recording industry, and six studios dominate the motion picture business).

<sup>125</sup> William Cornish, ‘The Author as Risk-Sharer’ (2002) 26 *Colum. J. L. & Arts* 1 (arguing that ‘potential for transplantation [of such provisions] even into common law systems deserves a fair hearing’).

<sup>126</sup> Sherman and Bently, above n7 at 59 [8.6.3]

<sup>127</sup> Quoted Sherman and Bently, above n7 at 60 [8.6.3]

<sup>128</sup> Explanatory Memorandum to the Copyright Amendment (Film Directors’ Rights) Bill 2005, above n8 at [54] – [56].

But are things really so clear? In my view, it is an over-simplification to suggest that at present, copyright in Australia is ‘a form of property to be transferred and dealt with as a market commodity’. Copyright is far more subtle and complex than that: the boundaries and nature of the rights granted are for the government to define. Even in Australia, you only need look at the size and complexity of the *Copyright Act* to know that it is a highly regulatory, and regulated system. Statutory licenses represent a fairly significant incursion into the ‘freedom’ of industries to buy and sell copyright as if it were property. Furthermore, copyright law in many countries – particularly in the EU but also in other countries such as Canada and the US has for some time been moving away from a purely ‘property’ model and towards one that engages more directly in industry regulation.<sup>129</sup>

The key point here is that while some interests in copyright subject matter should be treated ‘like property’ and made transferable, not all copyright rights have to be of the same form. A range of options on transferability exist,<sup>130</sup> from fully assignable, exclusive rights, through to various combinations of exclusive assignable rights, with certain non-assignable and unwaivable rights to equitable remuneration.<sup>131</sup>

How are we to determine which set of rights is appropriate, and in particular, which ones can feasibly be made non-assignable or non-waivable? There are very good reasons to ensure that rights to *control* uses of copyright material do not proliferate, in order to ensure that copyright material can be properly dealt with in markets. Past consultations on performers’ rights have revealed concern on the part in particular of producers and broadcasters that ‘extended performers rights would undermine the control that they have over products such as films and records.’<sup>132</sup> There was a further, related fear of that the cost of obtaining the necessary rights clearance from performers, especially large groups, would render the process onerous and costly, and make projects unworkable.<sup>133</sup> Economists have terms for these concerns: they are called hold-up (refusal to license)<sup>134</sup> and transaction costs.<sup>135</sup> These considerations *are* real, and would dictate that rights of

<sup>129</sup> On the situation in the US, see Joseph Liu, ‘Regulatory Copyright’ (2004) 83 *N.C.L.Rev.* 87. As to the Canadian system consider the many regulatory systems used – for example, the private copying levy (Canadian Copyright Act, Part VIII) or the system for dealing with orphan works. The EU has long had a far more regulatory system, as evidenced by the various private copying levies used, as well as the fairly extensive systems for protecting individual authors and performers: see generally Cornish, above n125.

<sup>130</sup> Sherman and Bently, above n7 at 57 [8.6].

<sup>131</sup> Such provisions are not uncommon: see Art 19 of the French Law of 1985; EU *Rental Rights Directive*, above n28, Art 2(5) (providing that the rental right is presumptively transferred in the case where ‘a contract concerning film production is concluded, individually or collectively, by performers with a film producer’).

<sup>132</sup> Sherman and Bently, above n7 at 22 [4.3].

<sup>133</sup> See Joint Discussion Paper, above n19 at 65 [8.3].

<sup>134</sup> See, eg, Explanatory Memorandum, above n8 at [58] (talking about allegations that ‘UK directors have been taking collective action to use the primary economic rights granted to them as joint copyright owners to achieve unreasonable pay-offs’).

<sup>135</sup> The problem of proliferating rightsholders has been examined under the name of the ‘tragedy of the anti-commons’ by Heller: Michael A. Heller, ‘The Tragedy of the Anticommons: Property in the Transition from Marx to Markets,’ (1998) 111 *Harv. L. Rev.* 621. The concept has been widely used in the IP literature: eg Michael Heller and Rebecca Eisenberg, ‘Can Patents Deter Innovation? The Anticommons in Biomedical Research’ (1998) 280 *Science* 698. In relation to the particular area of

reproduction and publication should be exclusive rights and should be conferred on, or readily transferable to the party most able to facilitate exploitation, which will usually be the producer.

However, not all copyright rights have to be in the form of rights of control. Rights of remuneration (for example, those under statutory licenses) are increasingly important in the regulation of cultural activities,<sup>136</sup> and quite a few rights in relation to sound recordings are rights of remuneration rather than exclusive rights. The considerations about assignability or waivability are different here, because the same problems of hold up and transaction costs will not prevent exploitation. It is therefore less important that they be assignable to the producer. The real issue with the assignability of remuneration rights, therefore, is not interference with exploitation, but rather, whether it is appropriate for the government to be dictating to performers how they should receive their remuneration – upfront or as an ongoing income stream.

The interesting point to make here, however, is that insofar as performers vote with their feet, they consistently vote for royalties. Economists might predict that authors and performers should *prefer* a lump sum, upfront payment, rather than ongoing remuneration, since upfront payment means that they do not share the risk of failure.<sup>137</sup> But the facts belie this claim: it is an almost universal feature of the standard industry contracts that they confer on performers rights to ‘residuals’.<sup>138</sup> In practice, in both the UK prior to the introduction of non-transferable remuneration rights, and in Australia up to the present day, the fact is that remuneration for use of performances in broadcasts in particular *has* been shared with performers. Currently in Australia, principal performing artists featured on sound recordings are entitled to a 47.5% share of the remuneration arising from broadcasting of those sound recordings.<sup>139</sup> And as some economists have shown, there are some very good reasons for such contracts, which provide ongoing incentives for continuing cooperation to both the creator (performer) and the exploiter (record company/movie studio) through shared risk.<sup>140</sup>

Thus far in this paper, my criticisms revolve around two themes: complexity, and the disadvantaging of performers. Making rights transferable does not make them more complex. But it *does* mean that Australian performers *were* gypped by comparison to their overseas colleagues.

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sound recordings, see eg Lydia Pallas Loren, ‘Untangling the Web of Music Copyrights’ (2003) 53 *Case W. Res. L. Rev.* 673.

<sup>136</sup> Sherman and Bently, above n7 at 51.

<sup>137</sup> See eg Richard Watt, *Copyright and Economic Theory: Friends or Foes?* (2000), at 88-89; Maureen A. O’Rourke, ‘A Brief History of Author-Publisher Relations and the Outlook for the 21<sup>st</sup> Century’ (2003) 50 *J. Copyright Soc’y USA* 425, 438-439.

<sup>138</sup> See Richard E. Caves, *Creative Industries* (2000); Watt, *ibid*; Cornish, above n125; Ginsburg and Lucas, above n40 (in relation to audio-visual performances).

<sup>139</sup> Attorney-General’s Department, *Discussion Paper: Review of One Per Cent Cap on License Fees Paid to Copyright Owners for Playing Sound Recordings on the Radio* (February 2005), [52].

<sup>140</sup> Ruth Towse, ‘Copyright and Economic Incentives: An Application to Performers’ Rights in the Music Industry’ (1999) 52 *Kyklos* 369

In the United Kingdom, performers have non-assignable rights to remuneration for rentals and for broadcasting of recordings of their performances.<sup>141</sup> In Germany, in addition to the non-assignable rights to remuneration for rentals<sup>142</sup> and broadcasting,<sup>143</sup> required by European Law, there are also a provision which prevents the grant of exploitation rights for unknown types of use: thus ensuring that authors cannot be required to sign away all future exploitation rights, no matter how unforeseen.<sup>144</sup> Further, in 2002<sup>145</sup> both authors and performers in Germany obtained further protection through the *Act Strengthening the Contractual Position of Authors and Performers* came into effect in July 2002. The Act introduced Article 32, which allows an individual performer may bring court proceedings where remuneration agreed in their contract is not ‘equitable’. It also introduce a new Article 32A, which deals with ‘surprise successes’ – where the remuneration agreed is later seen to be ‘conspicuously disproportionate to the returns and advantages from use of the work,’ and which allows a court to require a change in the agreement such as will secure for the author some further equitable participation.

Even in the United States, that bastion of the free market, some further protection is provided for individual authors (which, as noted above, may include performers on sound recordings). Under US law there is a ‘termination right’ – which allows the author<sup>146</sup> of a copyright work to terminate an assignment or license of copyright after a statutorily determined term of years (in essence, after 30 years).<sup>147</sup> The right of termination is effectively unassignable, because the Act provides that termination may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.<sup>148</sup> As the legislative history makes clear, the purpose of the right of termination was explicitly to protect authors from unremunerative transfers.<sup>149</sup> The US Copyright Office has categorised the right to terminate grants as a ‘basic principle of copyright law’, which should remain with authors, despite the claims of

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<sup>141</sup> *Copyright, Designs and Patents Act* 1988 (UK), s 191G (rental right) and s 182D (equitable remuneration for playing of records).

<sup>142</sup> *German Copyright Law*, Article 27(1), made applicable to performers by Article 75. The provision applies to both commercial rental (Article 27(1)) and where a work is loaned ‘through an institution accessible to the public (library, collection of video or audio recordings or of other originals or copies).’ (Article 27(2)). The right may only be asserted through a collecting society (Article 27(3)).

<sup>143</sup> *German Copyright Law* Article 76 and Article 77

<sup>144</sup> *German Copyright Law*, Article 31(4) – although it appears that this provision does not apply to performers.

<sup>145</sup> On the history of this more author-protective law in Germany, see Karsten Gutschke, ‘New Copyright Contract Legislation in Germany: Rules on Equitable Remuneration Provide ‘Just Rewards’ to Authors and Performers’ [2003] 25(8) *EIPR* 366.

<sup>146</sup> Note that the right of termination could be *extremely* complicated in relation to sound recordings, as the right can only be exercised by ‘majority of the authors’: §203. In the event of dispute, a court would have to determine the identity of every person who was a joint author of the recording – 35 years after the recording was made: see Mary LaFrance, above n90, 397-98.

<sup>147</sup> 17 U.S.C. §203(a).

<sup>148</sup> 17 U.S.C. §203(a)(5).

<sup>149</sup> H R Rep No 94-1476 at 124 (1976).

investors such as record companies and the like.<sup>150</sup> Other US practices are referred to below.

Why not formalise, and make unassignable, the rights of Australian performers, if that is what performers want? Are there nevertheless other good reasons not to pursue the concept of non-assignable or non-waivable rights in Australia? One concern expressed by the government in an analogous context, and which we can safely assume would have operated in relation to performers, is the concern that granting performers non-assignable rights would either (a) increase costs to users or (b) decrease the revenue of existing owners, ‘neither of which is acceptable.’<sup>151</sup> This is probably the least convincing reason. After all, if the idea is not to make performers better off, either through receiving a cut of existing revenue or obtaining new revenue from consumers, why have performers’ rights at all? And, of course, in practice in many cases performers are currently receiving a cut of the remuneration.

A better argument is that there is no obvious reason for giving special treatment to performers over other structurally disadvantaged creators, such as authors or directors. But perhaps this is an argument, not against extending protection for performers, but against extending protection for performers *alone*. Maybe we need to look more broadly at the extent to which one important set of purported objects of copyright law – creators – actually *benefit* from its provisions. Experts in the area have in recent times called for a re-focussing of copyright law on authors;<sup>152</sup> and an interesting feature of the debates about the AUSFTA in 2004 was that some creators’ and performers’ groups did *not* support all of the intellectual property-strengthening provisions of Chapter 17.<sup>153</sup> It is arguable that steps taken to protect authors would increase the ‘public credibility’ of copyright too – from its current bad image, among some users, as corporate welfare.<sup>154</sup>

A second cogent argument against restrictions on waivability and/or transfer is the AUSFTA. Article 17.4.6 of the AUSFTA requires that ‘[e]ach Party shall provide that for copyright, any person acquiring or holding any economic right in a work, performance, or phonogram ... may freely and separately transfer that right by contract’.

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<sup>150</sup> *Statement of Marybeth Peters, Register of Copyrights, before the Subcommittee on Courts and Intellectual Property, Committee on the Judiciary, US House of Representatives, 106<sup>th</sup> Congress, 2d Session, May 25 2000, available at <<http://www.copyright.gov/docs/regstat52500.html>>.* In 2000, the Copyright Office proposed an amendment to the *Copyright Act* which would have preserve the right of termination to those who contribute *significant* authorship to sound recordings – ie to ‘key contributors’.

<sup>151</sup> This concern was not expressed in the Explanatory Memorandum to the USFTA Act. However, it is expressed (in a slightly different, but analogous context) in Commonwealth of Australia, Explanatory Memorandum to the Copyright Amendment (Film Directors’ Rights) Bill 2005

<sup>152</sup> William Cornish, above n125; Jane Ginsburg, ‘The Concept of Authorship in Comparative Law’ (2003) 52 *DePaul L Rev* 1063. Also engaging in this discussion, albeit without specific recommendations, see O’Rourke, above n137.

<sup>153</sup> Senate Select Committee on the Free Trade Agreement between Australia and the United States of America, *Final Report* (August 2004), at 52-53 [3.29] – [3.32], 67 [3.82].

<sup>154</sup> Jane Ginsburg, ‘Essay – How Copyright Got a Bad Name for Itself’ (2002) 26 *Colum. J. L. & Arts* 61.

It seems that one purpose of such a provision is pre-emptively to prevent the ‘spread’ of European systems of unwaivable rights.<sup>155</sup>

However, before we conclude that Australia has *no* freedom here, we should first examine what the US itself – which is also subject to Article 17.4.6 – does. In fact, the US has in recent times adopted some practices in particular areas of copyright which are quite ‘regulatory’, in the sense of actually interfering in industry practices.<sup>156</sup> Consider, for example, the provisions of the *Audio Home Recording Act* of 1992,<sup>157</sup> and the *Digital Performance Right in Sound Recordings Act* of 1995.<sup>158</sup> The former has a system of levies on blank media and devices; the latter a compulsory licensing regime for digital transmissions of sound recordings. The details are beyond the scope of this chapter,<sup>159</sup> but notably, each includes provisions specifically dealing with the distribution of proceeds from the levy or license, including within groups of interested parties.<sup>160</sup> This US practice indicates that while Article 17.4.6 does prevent some limits on transfer or waivability, it does *not* completely constrain the ability of the Australian government to take steps to protect performers and authors, particularly when it comes to rights of remuneration.

#### 4 Conclusions and lessons to be learned

Australian performers have a right to feel cheated by what happened in 2004. They finally received long-sought economic and moral rights, only to find that they received considerably weaker rights than their counterparts in many overseas jurisdictions. Not only that, but they received rights that are impossible for a layperson to understand. The Australian government failed to draw on a long history in Australia of thinking about, and theorising about performers’ rights; it failed openly and actively to consider the reasons for granting protection to performers or to explore creative options for offering real promotion of their economic interests. It failed to listen, when leading academics which it commissioned sought to remind it that while:

‘Australia must comply with its international legal obligations, it is important that the primary focus of reform is upon the establishment of the best possible scheme, rather than one that merely provides the minimum standards necessary for compliance with international treaties.’<sup>161</sup>

<sup>155</sup> See Kimberlee Weatherall, ‘On IP “Harmonisation” and the Effect of the Bilateral FTAs’, *IPRIA Working Paper* (forthcoming 2005)

<sup>156</sup> Liu, above n129.

<sup>157</sup> Pub. L. No. 102-563 §2, 106 Stat. 4237 (codified as amended at 17 U.S.C. §§1001 – 1010 (2000)).

<sup>158</sup> Pub. L. No. 104-39, 109 Stat. 336, codified as amended throughout 17 U.S.C., in particular §114.

<sup>159</sup> On the details of both, see Liu, above n129.

<sup>160</sup> AHRA, for example, contains provisions which allocate specific proportions of the levies for American Federation of Musicians (or any successor entity) to be distributed to nonfeatured musicians, and another amount to be distributed to nonfeatured vocalists: 17 U.S.C. §114. The DPRSRA is even more complex, including provisions which provides a statutory formula for distribution of licensing fees, between copyright owners of the digital performance right (50%), recording artists (45%) and to escrow accounts for non-featured musicians (2.5%) and non-featured vocalists (2.5%).

<sup>161</sup> Sherman and Bently, above n7 at 7 [2.2.5].

Instead, having been dragged (it would seem) kicking and screaming into the era of performers' proprietary rights, the Australian government carefully drafted provisions which gave the absolute bare minimum rights to performers – perhaps even less. It is only when we consider all the areas where the Australian government had choices, and observe what choices it made, that the full implications of this approach become clear. What we have is a lesson in what happens when law purports to do one thing – to grant performers rights – but in reality does something quite different. Law that so lacks conceptual foundation is bound to be an ugly beast indeed.

Some genuine concerns lay at the foundation of the government's approach. Most clearly, it wished to minimise disruption to the existing industry practices. As I have tried to show, however, it is not at all clear that good policy demanded such a niggardly approach. And the effects on the Australian legislation have been dire. From an already bloated piece of legislation it has become in some respects, I would submit, utterly unreadable to even to qualified lawyers if they are not copyright specialists. If there is one lesson we can take from the whole episode, it is simply this: a new drafting approach is needed.