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# Authorizing Copyright Infringement and the Control Requirement: A Look at P2P File-Sharing and Distribution of New Technology in the U.K., Australia, Canada, and Singapore

Jeffrey C.J. Lee<sup>†</sup>

## Abstract

The doctrine of authorizing copyright infringement has been used to deal with the marketing of new technology that might be employed by a user to infringe copyright, from the distribution of blank cassette tapes and double-cassette tape recorders to photocopiers. It is being tested yet again with the distribution of peer-to-peer file-sharing software that enables the online exchange of MP3 music and other copyrighted files. This article looks at the different positions adopted in several Commonwealth jurisdictions, and examines the policy considerations behind these positions. It looks at, in particular, the recent Australian case of *Universal Music Australia Pty Ltd. v. Sharman License Holdings Ltd.* While many copyright infringement issues involve a balancing of the copyright owner's interests against the alleged infringing user's interests, the authorization concept is compounded by the further competing interests of promoting technology, as well as the interests of legitimate users who deploy the technology in lawful ways. The court's challenge is to find an acceptable equilibrium among these interests.

## Introduction

As the reality and impact of peer-to-peer file-sharing has become more apparent over the last two years, the music industry continues to grapple with the blessing and the evil of this technology. This technology allows music and other files to be easily transmitted with a click of the button through the Internet. It opens up a new audience who hitherto may not have had access to online materials, and thus it represents new business potential. Yet, the ease with which copyrighted material may be copied and transmitted illegally means that a new audience may not always translate into immediate corresponding economic returns.

In July 2005, the U.S. Supreme Court case of *MGM Studios v. Grokster Ltd.* ("*Grokster*")<sup>1</sup> strove to achieve a fair balance between the interests of the music industry and the need to encourage innovation, as well as the public interest of having access to information. The Australian Federal Court case of *Universal Music Australia Pty Ltd. v. Sharman License Holdings Ltd.* ("*Sharman*")<sup>2</sup> followed soon after, dealing with almost identical technology and similar issues as those in *Grokster*.

## The Issue

The key issue raised by P2P file-sharing cases is the liability of the software provider who makes freely available to users software that is used to enable the transfer of files, usually copyrighted music files.

In the U.K., Australia, Canada, and Singapore, "authorization" of copyright infringement is the doctrine applied to secondary infringement; for instance, the supply of a device or technology that may be used to make illegal copies directly. The distributor does not personally make the copies; the person to whom the device or technology is supplied does. The users, in copying and exchanging copyrighted material, are clearly primary infringers. Would the distributor be indirectly liable for such copyright infringement by such users?

This article begins with a look at the technology involved in P2P file-sharing. *Grokster* and *Sharman* are then examined in brief. The concept of authorization (which applies in Australia, the U.K., and Singapore) by a person of copyright infringement by another person is reviewed. The various jurisdictions have crafted different scopes of this doctrine. In particular, *Sharman's* approach

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to authorization and its effect on P2P transactions are examined. Other possible bases of liability, such as incitement of infringement and joint tortfeasors, are also considered. Based on the varying interpretations of authorization in the respective jurisdictions, it is submitted that the *Grokster* and *Sharman* scenarios do not always result in liability for the distributor in these different jurisdictions.

## The P2P Technology

The P2P system comprises a network through which file exchanges occur. Key components of the system include a file index, where files are identified by names created by users who contribute the files for sharing. A search facility allows the user to enter a search term or terms for the song title (in the case of music files). On request, the person who has contributed and stored the song in his or her own server passes the music file to the requesting party. There are different versions of the file-sharing system.

### 1. Centralized System

Here, the software distributor may provide the search engine and servers and maintain on its server an index of the available file names of online users. File exchange depends on the software provider maintaining its server, as all exchanges go through the server. This was the system used by the now defunct Napster Inc. in *A&M Records v. Napster*.<sup>3</sup>

### 2. Decentralized System

At the other end of the spectrum is the completely decentralized system. Searching, file transferring, and locating other users are performed without the help of the software provider, its server, or the establishment of any intermediaries.

### 3. Intermediate System

This was the model used in both *Sharman* and *Grokster* (also known as the supernode or distributed system). Here, selected users' computers on the network are designated as supernodes or indexing servers — the purpose being to keep an index of available files. Actual files, in common with the other systems, are kept in the respective users' computers.

Some centralized functions are the supply of the software and a central server for keeping user registrations and logging users into the system. Decentralized features are the file indexing and the independence of the users (once they have located each other) in exchanging files without going through the central server. The supernode receives a user's request and searches its own index of available files kept on other users' computers. The supernode may communicate with other supernodes to check for available files. The receiving supernode then communicates these results to

the requesting user who may download the file accordingly. In the decentralized and the intermediate systems, users of the software products continue sharing files with little or no interruption. This is so even if the central server is shut down.

## The Decision from U.S. Supreme Court

**G**rokster Ltd. and StreamCast Networks Inc. provided free software products for use in a supernode P2P network model.<sup>4</sup>

Users who copied and exchanged copyrighted music files were clearly liable for primary copyright infringement. As the users were numerous, the music industry sued the suppliers of the copying enabling technology for contributory infringement to the primary copyright violation and for vicarious liability.

Under U.S. common law, there is contributory infringement when a material contribution is made to an infringing activity and the alleged secondary infringer knows of such infringing activity at the time of material contribution.<sup>5</sup>

For products capable of substantial non-infringing uses, the *Sony* doctrine ("*Sony*")<sup>6</sup> applies to bar secondary liability based on "presuming or imputing intent to cause infringement solely from the design or distribution of a product capable of substantial lawful uses, which the distributor knows is in fact used for infringement".<sup>7</sup>

Without effective control by the distributor over the manner of use of the P2P software, the District Court<sup>8</sup> and Ninth Circuit<sup>9</sup> found there was no liability in contributory infringement arising from primary copyright infringement by users exchanging copyrighted music files. The P2P software was regarded as capable of substantial non-infringing uses (for instance, the sharing of public domain materials and licensed music files). The *Sony* defence thus absolved the defendant.

Based on *Sony*, there was no requisite intent to cause infringement at the time of distribution of the software. At the point of actual primary infringement by users, the distributors no longer had control over the use of the software and could not be said to contribute to infringement by providing the "site and facilities"<sup>10</sup> for direct infringement.

On appeal, the U.S. Supreme Court propounded an inducement theory of infringement that attaches liability as follows: a person who "distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or affirmative steps taken to foster infringement, is liable for the resulting acts of infringement of third parties".<sup>11</sup>

All relevant circumstances are considered in evaluating whether an unlawful object exists, including whether the alleged infringer<sup>12</sup> (a) showed itself to be aiming to satisfy a known source of demand for copy-

right infringement; (b) attempted to develop filtering tools or other mechanisms to diminish the infringing activity using the software or technology in question; and (c) makes money by selling advertising space, by directing ads to the screens of computers using their software.

The Supreme Court accepted the *Sony* doctrine as good law — but was of the view that the doctrine did not protect a party who had engaged in the inducing of copyright infringement.<sup>13</sup>

On the facts, the distributor was found to have engaged in the following conduct:

- (a) blatant advertising of its services to attract unlawful exchanges, particularly of former Napster users;
- (b) promotion of its services for use in unlawful music file exchanges; and
- (c) omission in implementation of any filtering devices, and the proportionality of its Web site advertising revenue to the number of users.

Accordingly, the Supreme Court unanimously disagreed with the Ninth Circuit's decision to uphold summary judgment for the defendants. The case was remanded back to the District Court for disposition. District Court Judge Stephen V. Wilson applied the inducement doctrine and found that StreamCast<sup>14</sup> was liable due to overwhelming evidence of unlawful intent, and of its objective to promote infringement.<sup>15</sup>

## P2P File-Sharing in Australia

Sharman Networks Ltd. (“Sharman”) distributed its Kazaa software through its Kazaa Internet P2P file-sharing system on a worldwide basis. The software was distributed for free. The system was based on the supernode model.

The works (“blue files”) were exchanged between peers for free, and stored in the respective users’ computer in a My Shared Folder. A supernode constantly generated an index of all current blue files available in users’ My Shared Folders (within which that supernode was connected). A user submitted a request for a certain file through the supernode. The terms of the search request matching any part of the metadata of indexed files would yield those files as search results. The requesting user picked the relevant file and downloaded such file directly from the My Shared Folder of the other user. Sharman derived its main source of revenue from paid advertising on its Web site.

The Kazaa network also provided users with other works (“gold files”) made available by licence with copyright owners (through a tie-up with Alnet Inc. (“Alnet”).

The music industry commenced legal action against Sharman, Alnet, and related companies. Also sued were the CEOs and key technology personnel, all of whom

were alleged to exercise control over the Kazaa network operations and its file-sharing policies.

Were Sharman, Alnet, and the other respondents liable under the *Copyright Act* (Australia)<sup>16</sup> for authorization of infringement by users who exchanged copyrighted files without the copyright owner’s consent?

Notably, the Australian *Copyright Act*, section 112E, states that a person who provides facilities for making, or facilitating the making of, a communication is not treated as having authorized any copyright infringement in an audio-visual item simply because another person uses the facilities to infringe copyright.<sup>17</sup>

The Australian Federal Court held that section 112E does not protect a person where, for reasons other than mere provision of facilities, he or she may have authorized the infringement in question. The Court referred to section 101(1A)’s non-exhaustive factors:<sup>18</sup> (a) the extent (if any) of the person’s power to prevent the doing of the act concerned; (b) the nature of any relationship existing between the person and the person who did the act concerned; or (c) whether the person took any reasonable steps to prevent or avoid the doing of the act, including compliance with any relevant industry codes of practice.

Sharman was found liable for authorizing users’ primary copyright infringement, as the Court found “something more” than mere provision of facilities. In summary, the relevant circumstances included:

- (a) positive conduct by Sharman, including promotion of its Web site as a file-sharing facility and attempts to popularize unlawful file-sharing by promoting the “Join the Revolution” movement;
- (b) knowledge of the liable respondents of the predominant infringing use and the fact that they did nothing about it;
- (c) financial interest of the respondents in increasing file-sharing; and
- (d) absence of any attempt to install any filtering devices. Following a detailed examination of the difficulties of installing filtering devices, Wilcox J. concluded that it was nevertheless possible to impose some form of filtering that would substantially reduce infringement.

The Court also found that five other respondents wielded real control over the Kazaa operations and its file-sharing policies, and thus were deemed to have also authorized the infringement.

## Authorization

Different interpretations of “authorization” have arisen in the U.K., Australia, Canada, and Singapore.<sup>19</sup> Australian courts have chosen an expansive approach, with *Sharman* widening it further. However, U.K., Canadian, and Singapore courts have adopted a

narrow approach. These different positions will be examined, followed by a look at how these principles translate into the P2P context.

## The Different Positions

### 1. U.K.

It has been held that an ordinary person would assume that authorization can only come from somebody having or purporting to have authority.<sup>20</sup>

Authorization has also been understood to mean “sanction, approve and countenance”.<sup>21</sup> This has not been unequivocally accepted by all U.K. judges.<sup>22</sup> Notably, the phrase is said to be read conjunctively.<sup>23</sup>

The limits to this concept are highlighted by Whitford J. in *CBS Inc. v. Ames Records and Tapes Ltd.* (“*Ames Records*”) when he stated that “... an act is not authorized by somebody who merely enables or possibly assists or even encourages another to do that act, but [does] not purport to have any authority which he can grant to justify the doing of the act”.<sup>24</sup>

Whitford J. accepted that authorization may be implied, and that indifference may in appropriate circumstances amount to authorization.

*CBS Songs Ltd. v. Amstrad Consumer Electronics plc.* (“*Amstrad*”)<sup>25</sup> held there is no authorization where there is no control at the time of the primary infringement over how the consumer is going to use or misuse the materials supplied.

In *Amstrad*, the material supplied was the twin-deck tape-recording machine, while in *CBS*, the defendant operated a library service, lending to customers original discs and tapes, and also sold blank cassette tapes at a discount. In both cases, the courts refused to find authorization as there was no real control post distribution. *Amstrad* held that the supplier of the recording machine merely conferred on the purchaser the power to copy but did not grant or purport to grant the right to copy.<sup>26</sup> *Amstrad* expressly rejected the wider Australian approach.<sup>27</sup>

The U.K. judgments suggest a preference for a narrower approach as seen in the following aspects:

#### (a) Control

For the supply of equipment or technology used by others to commit copyright infringement, real and effective control seems necessary for “authorization” to be even considered. Only with control will the courts move on to consider any real or purported authority.

This is borne out by express rejection of the principle enunciated in the Australian case of *RCA Corp. v. John Fairfax & Sons Ltd.*<sup>28</sup> that:

... a person may be said to authorize another to commit an infringement if the one has some form of control over the other at the time of infringement or, if he has no such

control, is responsible for placing in the other's hands materials which by their nature are almost inevitably to be used for the purpose of an infringement.<sup>29</sup>

This principle was expressly rejected by Lord Templeman in the U.K. case of *Amstrad* as being “stated much too widely”.<sup>30</sup>

So sellers of blank tapes<sup>31</sup> and providers of a record lending service<sup>32</sup> (who also sold blank cassette tapes) were found not liable for authorization due to insufficient control over use of the tapes sold and records loaned. In contrast, effective control is not a prerequisite to finding authorization under Australian law.<sup>33</sup>

#### (b) Indifference/Inaction

Generally, “authorize” is accepted without further comment by the U.K. courts as “sanction, approve and countenance”. However, Whitford J. in *Ames Records*<sup>34</sup> threw some doubt on “countenance” as it ostensibly embraced the idea of “condone”. In particular, Whitford J. observed that “countenance” has the widest meaning and held that “[i]f Parliament had intended to give copyright owners the sole right to give countenance to infringing acts, then no doubt they would have said so in plain terms”.<sup>35</sup>

Therefore, although the U.K. judgments do not rule out indifference or inaction as constituting “authorization”, *Ames Records* suggests that it may be difficult for any act of mere indifference to be regarded as authorization. In this case, the defendant, who operated a record and disc lending service, also sold blank cassette tapes on the same premises and at a discount. The defendant was prepared to concede that he knew that home taping of the records loaned might take place. During a certain period, he omitted to place a warning against copyright infringement. All these were insufficient to constitute a quality of indifference amounting to authorization.

Such indifference would thus be only “the indifference of somebody who did not consider it his business to interfere, who had no desire to see another person's copyright infringed, but whose view was that copyright and infringement were matters in this case not for him, but for the owners of the copyright”. This was not legally reprehensible. In contrast, under Australian law, it is easier for inaction and omission to constitute authorization.<sup>36</sup>

#### (c) Inevitable Infringing Use

So long as there is no control at the time of infringement, there appears to be no authorization, even if the materials supplied “by their nature are almost inevitably used for the purpose of an infringement”.<sup>37</sup> This comment was made by Templeman J. in *Amstrad* in respect of *Ames Records*, which dealt with the lending of original records and selling of blank cassette tapes by the defendant.

Whitford J. in *Ames Records* had observed that:

... you can home tape from bought records, borrowed records, borrowed from friends or public libraries, from the playing of records over the radio, and indeed, at no expense, from records which can be obtained for trial periods on introductory offers from many record clubs who advertise in the papers, who are prepared to let you have up to three or four records for a limited period of trial free of any charge whatsoever.<sup>38</sup>

Commenting on Whitford J.'s observation, Templeman J. stated:

These borrowed records together with all recording machines and blank tapes could be said to be "materials which by their nature are almost inevitably used for the purpose of an infringement". But lenders and sellers do not authorize infringing use.<sup>39</sup>

The question is whether the supply of merely an element that, together with other components obtained elsewhere, will be almost certainly used to infringe copyright renders a person liable in authorization. For a person to supply *all* of the elements (for instance, the original record, cassette tape, and the equipment to copy the songs onto the tape) that would inevitably be used to breach copyright is unacceptable. This was indicated by Whitford J. in *Ames Records*.<sup>40</sup>

Templeman J.'s remarks, however, seem to admit of a defence that as long as a person does not supply all of the components required to enable copyright breach, the person does not authorize infringing use. This is particularly if the certain components are freely available from other sources; for instance, many libraries are willing to lend records and retailers are willing to deliver records for a trial period. This would be so even if it was almost inevitable that the element or component supplied would be used with components obtained elsewhere by the consumer to directly make illegal copies. If so, this runs counter to both Australian<sup>41</sup> and U.S.<sup>42</sup> courts that have indicated liability is most likely to attach for products that are "good for nothing else" but infringement, even without post-distribution control.

#### (d) Specific Authorization of an Actual Breach of Copyright

The U.K. doctrine requires proof of "some specific authorization of an actual breach of copyright".<sup>43</sup> Alleging only authorization at large is insufficient. This requirement seems somehow connected to the causation factor, i.e., that the authorization in question actually did cause the primary copyright breach. Authorization of an actual breach of copyright is, in the words of Foster J., "by some act directly related to that breach, and involves some element of causation . . .".<sup>44</sup> Interestingly, the U.S. *Sony* defence echoes this — it bars secondary liability based on "presuming or imputing intent to cause infringement solely from the design or distribution of a product capable of substantial lawful uses, which the distributor knows is in fact used for infringement".<sup>45</sup> The *Sony* doctrine makes it difficult to pin liability on a distributor because at the time of distributing the product, the distributor does not know whether the spe-

cific product will be used for a particular copyright breach. What he does have is only a general idea that such types of product may or will be used to infringe copyright. This is insufficient to establish liability for material contribution in the U.S.

From the Australian perspective, judicial comment suggests a departure from such a narrow idea of causation.<sup>46</sup>

#### (e) Knowledge

Some form of knowledge or intent is implicit in the U.K. concept of authorization. The knowledge is either actual or constructive.

This is similar to the U.S. position, where knowledge is a necessary component of the doctrines of contributory infringement and inducement of infringement. The Australian courts depart from this and accept there may be authorization without knowledge.<sup>47</sup>

## 2. Australia

The seminal case of *Moorhouse v. University of New South Wales*<sup>48</sup> ("Moorhouse") held that authorization of an infringing act means the approval, countenance, sanctioning, or permitting of such act.<sup>49</sup> Specifically, Gibbs J. in the case noted that "authorize" and "permit" were synonymous.<sup>50</sup>

*Moorhouse* involved the provision of photocopying facilities by the University of New South Wales close to its library. The Australian High Court held that there was authorization by the University of wrongful reproduction by library users of copyrighted books. The University exercised real and effective control of the machines placed on its premises but failed to post adequate warnings about, and supervise, copyright infringement.

Significantly, Jacobs J. characterized the issue as whether an unqualified invitation was made to a potential infringer to use the photocopier as he saw fit.<sup>51</sup>

To that extent, this would be an invitation to do such acts comprised within the copyright of authors whose books are on the library shelves. Such an invitation would constitute authorization.

The 2000 amendments to the Australian *Copyright Act* are not seen as overriding *Moorhouse* except to the extent of the safe harbour provision in section 112E.<sup>52</sup> Section 101(1A) provided guidelines on what might constitute authorization; namely, the alleged authorizing party's power to prevent the infringement, the relationship between the alleged authorizing party and the direct infringer, and whether reasonable steps were taken to prevent or avoid doing of the act.<sup>53</sup>

Section 101(1A) was regarded by Wilcox J. in *Sharman* as merely codifying the law on authorization pre-2000.<sup>54</sup> In the light of *Moorhouse* and *Sharman*, the

Australian approach is more expansive than U.K. law in the following aspects.

### (a) Power to Prevent and Permitting Direct Infringement

Section 101(1A) of the Australian *Copyright Act* introduces the alleged authorizing party's power to prevent direct infringement as a highly relevant factor in determining authorization. This new section, together with the *Sharman* decision, ushers in a more liberal order than even the *Moorhouse* position (which itself was already wider than the U.K. position).

#### *Permitting*

Permitting as a form of authorization is wider than that which can only arise from somebody having or purporting to have authority. The latter is the narrower English concept earlier discussed.<sup>55</sup>

#### *The Unqualified Invitation*

The unqualified invitation to a customer to use a tool that may be used to perpetuate direct copyright infringement may constitute authorization. This gives an exceedingly broad take on authorization. In *Moorhouse*, Jacobs J. emphasized this aspect more than the fact that there was continuing control by the University over the photocopier. To this extent, Jacobs J.'s approach has been described as "what is not specifically excluded is to be taken to be permitted".<sup>56</sup> While *Sharman* affirmed that *Moorhouse* was unchanged by section 101(1A), Wilcox J. in *Sharman* did not expressly approve Jacobs J.'s "invitation" theory.

#### *Control vs Power to Prevent*

Gibbs J. in *Moorhouse* approved the principle that "[a] person cannot be said to authorize an infringement of copyright unless he has some power to prevent it".<sup>57</sup>

Preventive power is conceptually broader than real and effective control. A person may have no effective control post-distribution over how technology provided or materials supplied are going to be used. Yet in a wider sense, he or she may still have the power to prevent direct copyright infringement. Consider the scenario where the continuing distribution of technology is known by the distributor to have been used by earlier users to infringe copyright, and suspected or known by the distributor to be likely to be used by subsequent users for infringement. Arguably, the distributor has the power to prevent future copyright infringement and did not do so by ceasing the supply of the technology.

In this context, Gibbs J.'s statement is exceedingly wide, for it implies that such preventive power is necessary to constitute authorization. Section 101(1A) of the *Copyright Act* affirms this principle, although it merely states preventive power as one of the many factors to be considered.<sup>58</sup>

In *Sharman*, significantly, the court emphasized the ability of the respondents to prevent, or at least significantly reduce, the extent of copyright infringement.<sup>59</sup>

#### *No Ongoing Control Needed*

*Moorhouse* may be explained on the ground that there was continuing control of the photocopiers, as Jacobs J. and, particularly, Gibbs J.<sup>60</sup> referred to continuing control as a significant feature for authorization liability. However, *Sharman* seems to have gone some way towards emasculating even this concept.<sup>61</sup>

On the *Sharman* facts, the distributor of the P2P software already had no effective control over how the software was going to be used after the point of distribution, whether for infringing or non-infringing purposes. Yet, authorization liability was found, implying that ongoing control is no longer necessary in the Australian context.<sup>62</sup> Wilcox J. in *Sharman* stated "[i]f *Sharman* had not provided to users the facilities necessary for file-sharing, there would be no Kazaa file-sharing at all".

This hints at a different principle based on causation and power to prevent. The mere fact of distribution set into motion events leading up to the user employing the software to illegally exchange music files. Without this initial distribution, the copyright infringement might never have occurred. Further, the words "(if any)" qualifies section 101(1A)(a), suggesting there may possibly be authorization without preventive power and, hence, no control.<sup>63</sup>

### (b) Indifference/Inaction

Countenance, or permitting direct infringement, implies lack of positive action or active participation or contribution towards such infringement.

Inactivity or indifference, exhibited by acts of commission or omission, may reach a degree from which an authorization or permission may be inferred. This has been again approved in *Sharman*.<sup>64</sup> Sections 101(1A)(a) and (c) of the Australian *Copyright Act*, in referring to a person's power to prevent infringement as a relevant factor, show a greater willingness to find authorization for failure to do something.

Significantly, *Sharman* imposed a duty on the software distributor to incorporate filtering devices in future products, as well as attempting to persuade existing users of software already downloaded to voluntarily upgrade to a new version of the software with such filtering features. This was despite evidence showing that one type of filtering would involve problems of filtering out files that could be legally exchanged. It was enough that such filtering would substantially reduce illegal file-sharing. In the *Sharman* context, this duty is an ongoing obligation imposed in a fact scenario where no real control existed after distribution.<sup>65</sup>

### (c) Inevitable Infringing Use

The Australian approach makes it difficult to escape authorization liability for distribution of a product that will be inevitably used for infringing purposes.<sup>66</sup>

### (d) Specificity of Authorization

A commonly held view is that general exhortations to infringe are not sufficient, unless specific acts of infringement can be established.<sup>67</sup> However, the degree of specificity is relative. It appears that Australian courts are less strict on the extent of specificity of the infringing acts alleged to have been authorized. In *Moorhouse*, Gibbs J. stated that:

Although in some of the authorities it is said that the person who authorizes an infringement must have knowledge or reason to suspect that the particular act of infringement is likely to be done, it is clearly sufficient if there is knowledge or reason to suspect that any one of a number of particular acts is likely to be done, as for example, where the proprietor of a shop installs a gramophone and supplies a number of records any one of which may be played on it: *Winstone v. Wurlitzer Automatic Phonograph Co. of Australia Pty Ltd.*, *supra*.<sup>68</sup>

The *Sharman* facts and decision also seem to require authorization to be of a low degree of specificity. In that case, Wilcox J. found that the software distributor knew of the predominant infringing use of the software by users.<sup>69</sup> Yet, as the software could be used legally to exchange non-infringing materials, the distributor could not be said to know with any degree of particularity whether, at the point of distribution, the software was going to be wrongfully or rightfully used, and if wrongfully used, in respect of a particular MP3 file. Extending the duty to implement anti-infringement features to future versions of the software further dilutes any specificity of the authorization.

### (e) Knowledge

Traditionally, the mental element in authorization requires either actual or constructive knowledge. Authorization by a person could not be inferred from mere inactivity if he or she neither knew nor had reason to suspect the act might be carried out. This, at least, was the position adopted by Gibbs J. in *Moorhouse*.<sup>70</sup>

In the same case, Jacobs J., in keeping with his liberal interpretation, held that, where the making available of a technology constitutes an unqualified invitation to carry out infringing acts, then knowledge need not be proven.<sup>71</sup> (However, for a qualified invitation that did not extend to doing of acts comprised in copyright, knowledge is relevant if it is known that the qualification to the invitation was being ignored.)<sup>72</sup> While not directly affirming Jacobs J.'s "invitation" theory,<sup>73</sup> Wilcox J. in *Sharman* has affirmed that "there may be authorization without knowledge".<sup>74</sup>

*Sharman* involved a case of actual knowledge, i.e., the distributor of the P2P software was found to actually know of user infringement in illegally exchanging music

files. Arguably, the apparent dispensation by Jacobs J. with the knowledge requirement may be with regard to dispensing with the proof of knowledge as opposed to the knowledge requirement itself. In other words, constructive knowledge would at least be presumed in certain cases.

However, Jacobs J.'s and Wilcox J.'s failure to clearly say this implies there may be instances where the courts will not trouble themselves with the knowledge requirement, constructive or otherwise.

## 3. Canada

In *CCH Canadian Limited v. Law Society of Upper Canada* ("CCH v. LSUC"),<sup>75</sup> the Supreme Court of Canada has expressly rejected *Moorhouse* as being inconsistent with the Canadian concept of authorization.

McLachlin C.J. opined:

In my view, the *Moorhouse* approach to authorization shifts the balance in copyright too far in favour of the owner's rights and unnecessarily interferes with the proper use of copyrighted works for the good of society as a whole.<sup>76</sup>

The facts in *CCH v. LSUC* are strikingly similar to *Moorhouse*. The Law Society of Upper Canada maintained within its legal library free-standing photocopiers that were used by patrons to photocopy its law materials. The publishers of the legal materials claimed the Law Society authorized allegedly unlawful copying.

In this case, McLachlin C.J. accepted that "authorize" means "sanction, approve and countenance".<sup>77</sup> Of "countenance", the Chief Justice accepted that it must be understood in its strongest dictionary meaning, "namely, give approval to, sanction, permit, favour, encourage".<sup>78</sup> This is inferred from acts that are "less than direct and positive, including a sufficient degree of indifference".<sup>79</sup>

However, she found, as one of the grounds of her decision, that the Law Society lacked sufficient control over the users who photocopied its materials. McLachlin C.J. highlighted the absence of any master-servant or employer-employee relationship that would result in the Law Society having control over end users.

This decision is important, because while the Australian courts are inclined towards the liberal side, the Canadian Supreme Court has swung decidedly to the other side in giving a new meaning to control.

It should be noted that the self-service photocopiers were within the library itself, and to that extent were capable of some monitoring by the Law Society. The society could and did set the conditions of use; the times of and charges for use were set by the society. Ordinarily, this would be seen as control over the photocopiers, as in the *Moorhouse* holding. Control should be distinguished from supervision. The society's inability or



failure to monitor each and every user and what he or she photocopies is rightly a supervisory issue.

In other words, there can be control together with imperfect or inadequate supervision. Existence of control should not of itself mean liability, provided there is adequate supervision.

McLachlin C.J. seems, however, to have equated control with supervision when concluding that the Law Society was regarded as not having control “over which works were being copied, the users’ purposes for copying nor over the photocopiers themselves”.<sup>80</sup>

Taken to its logical conclusion, this reasoning means that as it is not possible to track each and every work being copied, or each and every user’s purpose in copying, there is thus no control exercised by the Law Society. This is an extreme position, because it is in rare cases where there is control and perfect supervision over each and every usage of the technology in question.

*CCH v. LSUC* has far-reaching implications when considered in its context. The Law Society:

- (a) placed or caused to be placed free-standing photocopiers within its library premises;<sup>81</sup>
- (b) had continuing control over the photocopiers in that it could implement stricter supervision, determine and change the conditions and times of use, and reduce the number of copiers (or even discontinue any such facility);<sup>82</sup>
- (c) should arguably have known or suspected that a number of users were photocopying in breach of the copyright laws;<sup>83</sup> and
- (d) did not supervise at all.<sup>84</sup>

The subsequent case of *SOCAN v. CAIP* (Supreme Court of Canada)<sup>85</sup> concerned the Internet service provider’s (“ISP”) liability for users’ exchange of music files online. Binnie J. held that section 2.4(1)(b) of the Canadian *Copyright Act*<sup>86</sup> applied to protect the ISP, which acted as a mere conduit of subject-matter and did not communicate such subject-matter in breach of copyright.<sup>87</sup>

On the additional issue of whether the ISP authorized such exchange of files, Binnie J. affirmed *CCH v. LSUC* and commented:

The operation of the Internet is obviously a good deal more complicated than the operation of a photocopier, but it is true here, as it was in the *CCH* case, that when massive amounts of non-copyrighted materials are accessible to the end user, it is not possible to impute to the Internet Service Provider, based solely on the provision of Internet facilities, an authority to download copyrighted material as opposed to non-copyrighted material.<sup>88</sup>

But what seemed critical to the issue was whether there was actual knowledge of the ISP of any specific infringement. This could be through a notice of infringing content; failure by the ISP to respond to such notice by removing such content “may in some circumstances”<sup>89</sup> lead to a finding of authorization. On the facts of the

case, there was no proof of such actual notice. Binnie J. observed:

The knowledge that someone might be using neutral technology to violate copyright ... is not necessarily sufficient to constitute authorization, which requires a demonstration that the defendant did “[g]ive approval to, sanction, permit, favour, encourage” ... the infringing conduct.<sup>90</sup>

On the *Grokster* and *Sharman* facts, the Canadian position is likely to yield a no-authorization finding, no matter how questionable the conduct (whether positive conduct or indifference). This is because in the decentralized or supernode networks there would be no control over the software, the music files being copied, nor the purpose for which the copying was done. Even for the centralized network, the Canadian position may arguably be applied to find there was no control, and, hence, no authorization.

While the Supreme Court in *CCH v. LSUC* wanted to strike an equilibrium between the copyright owners’ and users’ rights, it could have avoided the artificiality of its finding of lack of control and achieved the same no-authorization holding by finding that (a) the posting of a copyright warning notice was sufficient preventive action; or (b) there was no actual knowledge of specific infringement (as highlighted in *SOCAN v. CAIP*). Alternatively, it could have confined its no-authorization finding to the ground that no evidence was tendered to show that the photocopiers were used in an infringing manner.<sup>91</sup>

This resistance to ever-expanding copyright owners’ rights is echoed in *BMG Canada Inc. v. John Doe* (Federal Court).<sup>92</sup> Here, the issue was whether ISPs could be forced to disclose identities of their subscribers who were swapping music files over the Internet.

In considering authorization, Justice von Finckenstein noted that the mere fact of placing a copy on a shared directory in a computer where that copy could be accessed via a P2P service does not amount to distribution.<sup>93</sup> To constitute distribution, there had to be a positive act by the owner of the shared directory, such as the sending of the copies, or advertising that they are available for copying.<sup>94</sup>

These comments have subsequently been overruled in the Federal Court of Appeal as “it is premature to reach any conclusion as to the applicability of the *CCH* case”.<sup>95</sup> This was because not all the evidence had been presented in this application for the disclosure order. To this extent, the comments (or “hard conclusions”)<sup>96</sup> are no longer applicable. The Federal Court of Appeal reserved for future consideration the question of whether users’ acts of copying the songs onto a shared directory constituted authorization on the basis of invitation, and permission to other persons with Internet access to have the musical works communicated to and be copied by them.<sup>97</sup> To what extent subsequent cases will expand or restrict the concept of authorization remains to be seen.

## 4. Singapore

The Singapore position on authorization is much less clear. The landmark case *Ong Seow Pheng & Others v. Lotus Development Corp*<sup>98</sup> (“*Ong Seow Pheng* (Court of Appeal)”) involved the supply by the defendant of infringing copies of a software manual and a single infringing copy of the software itself. The recipient was known to the defendant to be in the business of selling illegal software.

Despite proximity and directness of the supply by the supplier and the copyright infringement by the receiving party, the Singapore Court of Appeal held there was no authorization. This may be contrasted with the supply of equipment that is capable of being used for legal and illegal reproductions — a less direct contribution to copyright infringement by the user.

Yet the court, while taking note of the difference in the two scenarios, was overwhelmingly influenced by continuing control (or lack thereof) as the determinative factor.

Relying on *CBS* and *Amstrad* (both English cases), and *Moorhouse* (Australia), the court distinguished the English cases from the Australian case on the issue of control. While ostensibly approving these cases, the court failed to specifically comment and indicate its views on the different scopes of “authorization” in these jurisdictions.

In particular, *Ong Seow Pheng* (Court of Appeal) approved U.K.’s *Amstrad*. L.P. Thean J.A. in the Court of Appeal expressly stated:

We accept that Ong supplied Lur with a copy of the programme together with the manuals. In doing so, he might well have suggested to Lur that copies of the programmes could be made. However, that is was [sic] a far cry from saying that the appellants thereby authorized Lur to make copies of the programme. He might have facilitated, and even incited, Lur’s infringements, but as was held in *CBS Songs [v] Amstrad*, that is not the same thing as authorization. As the learned judge held, and we agree with her, once the appellants had sold and delivered the infringing copies of the manuals or programmes to Lur, these copies were out of their hands and they had no control over what Lur would do with reference to them. Clearly, the *Moorhouse* case has no application here.<sup>99</sup>

The scope of authorization in Singapore thus remains unclear. In disapplying *Moorhouse* on the ground of control, it seems that this factor will be decisive in most cases. Arguably, Singapore’s position is narrower than the English position.

*Ames Records* and *Amstrad* deal with the supply of original materials (i.e., records) or equipment (i.e., hi-speed recorders). Similarly, for the supply of blank cassette tapes in *A & M Records Inc. v. Audio Magnetics Inc. (U.K.) Ltd.* (“*A&M Records*”).<sup>100</sup> These materials could have been used for good or evil. Without ongoing control post-distribution, there is little direct, causative effect on the ultimate copyright infringement by the user. This observation springs from Foster J.’s comment in *A&M*

*Records* that authorization of a breach must be “by some act directly related to that breach, and involves some element of causation. . . .”<sup>101</sup>

But this is surely very different from the supply of infringing copies themselves “on a wholesale basis to persons whom [the supplier] knew were in the business of retailing pirated computer packages to the public”.<sup>102</sup> One defendant had in fact specifically told the recipient “to make as many copies of the programme as he needed in order to make complete packages for sale to the public”.<sup>103</sup> The inevitability<sup>104</sup> of the use by the recipient of these infringing copies itself further distinguishes the Singapore case from the English cases, and led Judith Prakash J. to hold that there was authorization. This was overruled by the Court of Appeal.

The Singapore Court of Appeal’s application of the “control” criterion (as discerned from English cases with very different facts) to the facts of *Ong Seow Pheng* (Court of Appeal) may be seen as overemphasizing the importance of control, almost to the exclusion of other factors. That other factors should not always be totally disregarded is seen in the phrase “sanction, approve and countenance”,<sup>105</sup> which was cited by the Singapore court with approval. For cases other than provision of equipment or technology used for infringing purposes, the degree of indifference and proximity between the provision and illegal reproduction may be so immediate and have such an impact that lack of continuing control should no longer be determinative.<sup>106</sup>

## Two Scenarios

**I**n the P2P file-sharing context, two scenarios are contrasted: where there is ongoing control by the distributor, i.e., continuing control post-distribution; and where there is control only at the point of distribution. The comments apply equally to any new technology launched from time to time that is capable of both proper and wrongful uses by the end user.

There is thus an interplay of positive wrongful conduct, quality of preventive action, and lack of action. The various jurisdictions place different emphasis on each factor in each of the scenarios.

### 1. Ongoing Control

The existence of ongoing control, even after the time of distribution, appears to necessarily imply preventive power. The question arises: what kind of preventive action might be needed to escape liability, if any?

Such preventive action should be contrasted with positive wrongful conduct. The latter might include provocative advertisements that show an intent to influence in some way a user to apply the technology for infringing purposes, providing assistance to users who

have trouble using the technology, and providing both technology and infringing materials together to users.

It may not be difficult to find authorization where there is ongoing control plus such positive wrongful conduct. However, the final conclusion depends on many other factors that may negate or diminish the effect of such positive conduct.

These factors are broadly classified as preventive action such as warnings, installing of anti-infringement devices, and general supervision.

For instance, posting warnings against deploying the technology for infringing purposes would go some way towards reducing the possibility of a finding of authorization. The wording and conspicuousness of the warning play an important role. In *Moorhouse* (involving photocopiers), a warning was placed in a library guide issued to students. This was found to be inaccurate in stating that photocopying could be done for research or private study, as it did not qualify that this was subject to fair dealing. Another warning was placed on the photocopying machines but was not relevant to users.

Australian courts take a robust practical approach and look at the actual effect of the warning on users.<sup>107</sup> For the warning to indicate that a copy of the applicable copyright act was available for reading is not enough, as it is likely to be obscure to the layperson.<sup>108</sup>

*Sharman* took a dim view of the warning posted by the P2P distributor, as the warning did not clearly state that music files were likely to be subject to copyright and that sharing such files online would violate copyright.<sup>109</sup> Again, the court measured the efficacy of the warning by looking at its actual effect and noted that the advertising and other blatant conduct negated the warning.<sup>110</sup>

Another preventive measure is the installation of filtering devices, which may be given great importance, depending on the jurisdiction. Obviously, the sufficiency and extent of such measures to counteract any blatant wrongful conduct have significant impact on new technology design.

Supervision (or lack thereof) is a preventive step that flows from retention of control by the distributor over the way users apply the technology. In *Moorhouse*, it was noted that the trial judge found that the photocopying machines “were unsupervised in any practical and useful sense, with the knowledge of the University librarian”.<sup>111</sup> In other words, the supervision was not of an effective kind.<sup>112</sup>

For P2P file-sharing and other new technology in the Australian context, where there is ongoing control over the manner of use of the technology, great emphasis will be placed on preventive action and omission to supervise or monitor infringement. *Moorhouse* would require effective supervision, not just any half-hearted attempt.<sup>113</sup> The standard set by courts for the effective-

ness of filtering devices would either increase or reduce the burden on the innovator and distributor.

It is most improbable that courts will ever require measures to totally prevent primary infringement. However, copyright seeks a balance between encouraging the creativity and innovation of copyright owners and fair use of copyrighted materials and, arguably, the innovation of copying-enabling technology and the right of use. This equation is compounded by the right of users to lawful usage of the technology and the attendant freedom of access to information. In other words, what is half-hearted or effective remains a vexed issue. As discussed below, *Sharman* appears to require that filtering measures be able to “substantially reduce”<sup>114</sup> primary infringement. But there was no ongoing control in *Sharman* — this suggests that, in ongoing control cases, at least the same or higher level of preventive measures should be implemented in Australia. (The problems relating to the phrase itself are further dealt with below.)<sup>115</sup>

This is due to the generous width given to the “authorization” concept. Arguably, authorization is more easily found in Australia, though there is no blatant misconduct. Not doing anything or failing to do enough towards preventing primary infringement may be sufficient to found liability. This was so in *Moorhouse*, where liability was based on a series of ineffectual preventive measures (inadequate warnings and ineffective supervision of the photocopiers by the university library).

In the U.K., it is unclear how the courts will treat the act of distributing new technology that is used for infringing purposes but is capable of being used for non-infringing purposes as well. Given the narrower scope of “authorization”, it may be harder to impose authorization liability on a distributor of new technology where such person is merely indifferent. The English court in *CBS* has disagreed that “authorization” should encompass “countenance” or “condone” as this would be too wide a meaning.<sup>116</sup> Notably, *CBS* involved no continuing control after distribution — this may account for the narrower approach. In the U.K., it may indeed also be easier to neutralize the effect of wrongful conduct with a less exacting standard of preventive action than that required under Australian law.

In Singapore, the position remains unclear, not least because the court in *Ong Seow Pheng* (Court of Appeal) approved both the U.K. and Australian cases that advocated very different approaches.

## 2. Control Only at the Point of Sale or Distribution

Distribution of video recorders, tape recorders, and *Grokster*-type P2P file-sharing software has the common feature that, after the point of distribution, the distrib-

utor no longer has control over the product being distributed. Three issues arise here; namely,

- (i) Is control the *sine qua non* of authorization?
- (ii) Does lack of ongoing control mean there is no power to prevent?
- (iii) What can amount to authorization if there is no control?

### (i) Is Control the *Sine Qua Non* of Authorization?

In Australia, the answer is no. In the U.K. and Canada, control seems necessary for finding authorization liability. This is gleaned from U.K. and Canadian cases dealing with the distribution of copying-enabling or reproduction technology.

There seems to be no justification to extend the U.K. position to other situations other than the supply of such technology. For instance, the supply of actual infringing materials themselves may be differentiated from distribution of copying-enabling technology.

Singapore appears to have taken the narrowest position to date and applied the control test as determinative, even though in *Ong Seow Pheng* (Court of Appeal) the impact of supplying infringing materials could be said to be directly linked to the actual sale of these infringing materials (i.e., the software manuals) and further reproduction of the materials for sale (i.e., the software program itself). *A fortiori* for the supply of copying-enabling technology that may be used for both legal and illegal purposes.

### (ii) Does Lack of Ongoing Control Mean There Is No Power To Prevent?

It may appear easy to justify not doing enough to prevent infringement because of having no ongoing control. This certainly seems the case in Singapore and the U.K.

In other words, it is less easy to blame the technologist on account of failure to implement anti-filtering features in his or her technology, much less track the manner of use by the users.

The “control” criterion can be very misleading, because it seems to unduly hinge the weighty issue of “authorization” on a single factor. It is true that control is very important in many cases, but, with the advent of new technology in P2P file-sharing, it is submitted that “control” misdirects the enquiry from the start by ignoring or failing to give due weight to other relevant conduct. Authorization can come from somebody who purports to have authority even though he has no real control — purporting depends to a large extent on the appearance of things to third parties, and this must derive from wrongful conduct or lack of appropriate action as well as the reality of whether there is actual control. In other words, control should only be one of the factors, not necessarily the determinative one.

This is the way the Australian courts have gone by widening the authorization concept so as not to solely depend on actual continuing control, but also to consider the power to prevent, and a host of other conduct-related<sup>117</sup> factors. Thus, from the Australian viewpoint, lack of direct control is not an obstacle to taking steps to prevent infringement.

### (iii) What Can Amount to Authorization if There Is No Control?

While the courts of some jurisdictions grapple with the significance of control, the Australian position gets around this issue in a few ways.

One way simply treats control as no longer that important.<sup>118</sup> The other is to adopt an extremely broad view of control. The rationale is that, even if the distributor did not control the manner of continuing usage by the user, the distributor, in continuing to release more of such products for new users, is by the act of distribution itself contributing to such future infringement. To this extent, the control is more expansive.

The above is useless in fixing liability if the supplier had to have actual knowledge of specific infringement. In view of the lack of real ongoing control, as on the *Sharman* and *Grokster* facts, it is difficult to prove that such a distributor possessed such knowledge.

To overcome this, the Australian courts have stated that it is not necessary to have knowledge of a particular infringing act. It is sufficient for there to be knowledge or reason to suspect that any one of a number of particular infringing acts is likely to be done.

Yet another liberalization was in the form of a wide preventive duty and even allowing authorization to include mere countenance. Accordingly, indifference and omission assume increased significance in the Australian context. This presents perhaps the greatest challenge, for it raises the knotty issue of how much is enough. While for continuing control, it is easier to justify imposing a duty to actively take steps towards preventing infringement, it is much less clear for a case of no ongoing control.

Wilcox J. in *Sharman* expressed his concern that he should not make an order “which the respondents are not able to obey, except at the unacceptable cost of preventing the sharing even of files which do not infringe the applicants’ copyright”.<sup>119</sup> Wilcox J. observed that the keyword filtering and/or gold file flood filtering would “substantially reduce”<sup>120</sup> the frequency of copyright file-sharing. While keyword filtering would imperfectly fail to detect copyrighted materials bearing a file name carrying metadata deliberately altered to circumvent such detection (i.e., false negatives) and wrongly filter out non-copyrighted files (i.e., false positives), Wilcox J. felt that in the *Sharman* context, false positives would not be a frequent occurrence, as the sharing was

predominantly of copyrighted popular music. Weighing the negative consequences to legitimate users against the benefit to copyright owners, the judge felt that the imperfect filter “would go far to protect copyright owners”.<sup>121</sup>

The above suggests that if proposed measures do not “substantially reduce” the infringement or involve an unacceptable sacrifice of wrongly filtering out too many non-copyright files, then it would not be too necessary to implement these measures. What does or does not substantially reduce and how much is too many are difficult questions.

Interestingly, in this whole equation, Wilcox J. did not emphasize or factor in the result of implementing devices that may be very effective but which unduly hinder the design and marketability of the product, or simply involve too high a supervisory/design cost to the technologist.<sup>122</sup>

Another practical difficulty lies in the Court holding that, to avoid inference of authorization, another measure would be to put “maximum pressure”<sup>123</sup> on existing users of the software to upgrade their software (without any filtering technology) to one that contains non-optional filtering features. What would be sufficient to constitute “maximum pressure” is too fraught with great uncertainty.

The Australian Federal Court stipulated in one of its orders (referred to as “order 4”) that an order be made “restraining the six infringing respondents from further infringing the applicants’ copyright in any sound recordings by authorizing the doing in Australia by Kazaa users of any infringing acts, in relation to any sound recording, the copyright of which is held by any of the applicants, without the licence of the relevant copyright owner”.<sup>124</sup>

The court stated that continuation of the system with the filtering devices and other measures described above would not be deemed to contravene order 4.

Order 4 has been challenged in an appeal for its ambiguity.<sup>125</sup> In response to contempt proceedings for failure to comply with order 4, Sharman characterized the order as “ambiguous” and “not an order non-compliance with which is capable of founding a contempt proceeding”.<sup>126</sup>

The continuing saga of *Sharman* illustrates the great difficulty in setting not just proper but workable boundaries of copyright protection that do not encroach on the user’s freedom of access to non-copyrighted materials. Crafting an effectively enforceable order presents another challenge. Compounding this is the question of the extent, if any, to which the needs and interests of the technologist should be taken into account.<sup>127</sup>

## Other Causes of Action

### 1. Joint Tortfeasor

Persons are joint tortfeasors when their respective shares in the commission of the tort are done in furtherance of a common design.<sup>128</sup>

In *Amstrad* (sale of twin-deck tape-recording machines), Templeman J. held that there was no joint tortfeasorship between the distributor of hi-speed tape recorders and the primary infringers. He explained:

... Amstrad sells models which include facilities for receiving and recording broadcasts, disc records and taped records. All these facilities are lawful although the recording device is capable of being used for unlawful purposes. Once a model is sold, Amstrad has no control over or interest in its use. In these circumstances the allegation that Amstrad is a joint infringer is untenable. . . . In the present case there is no common design between Amstrad and anybody else to infringe copyright.<sup>129</sup>

This test considers whether the machine was capable of being used for lawful or unlawful purposes. If the machine was capable of being used for both such purposes, it would be harder to find a common design between distributor and customers, as at least some users might be using it for legal purposes. The test also considers whether the distributor had control over the product post-distribution.

In the P2P file-sharing context, the phrase “capable of being used for unlawful purposes” requires clarification.

A similar phrase “capable of substantial non-infringing use” in the U.S. *Sony* doctrine continues to generate considerable debate as to its meaning. The narrow approach emphasizes the “substantial” element over the “capable” element and attempts to balance current and potential non-infringing uses against infringing uses.<sup>130</sup> The broad interpretation merely asks whether a technology is *merely* capable of non-infringing uses in commerce without comparing the proportion of non-infringing uses to infringing uses.<sup>131</sup>

The U.S. uncertainties, when translated into the U.K. and Singapore context, raise the following concerns. If the technology is, in reality, used for substantially illegal purposes, is it easier to infer a common design? How should degree and extent of legal use versus unlawful use be considered? No clear answers exist.

Another issue deals with lack of control. If there is no control, can there still be joint tortfeasorship?

In *Lotus Development Corporation v. Ong Seow Pheng* (Singapore High Court),<sup>132</sup> Judith Prakash J. held that the defendant supplied infringing copies of a manual plus a single copy of software to a customer known to the first defendant to be used for further illegal

reproduction.<sup>133</sup> The evidence showed that “the first defendant himself specifically told Mr. Lur to make as many copies of the programme as he needed in order to make complete packages for sale to the public”.<sup>134</sup> The judge characterized the pirated master programme diskettes supplied by the first defendant as “only capable of one illegal purpose in the hands of the retail pirates”.<sup>135</sup> Prakash J. held that there was a common design between the first defendant and his customers. This was despite the first defendant having no control over the customers (as characterized by the Court of Appeal) and not being directly in business with such customers.<sup>136</sup> The first defendant, however, had a financial interest in how successful their customers were in pirating and selling the infringing copies directly to end users.<sup>137</sup>

However, the Court of Appeal<sup>138</sup> overruled and took an extremely narrow view of “common design”. Citing with approval Lord Templeman in *Amstrad*, the Court of Appeal basically required that the joint tortfeasors must be liable for the same infringing act so each commits the same tort. Here, the Court of Appeal characterized the first defendant’s primary business as selling pirated computer manuals and his customer’s business as selling pirated computer programs packaged with pirated instruction manuals. Therefore, they were different businesses and had no common design.<sup>139</sup> Although the Court of Appeal noted that the sale of a device used to enable copyright infringement (as in *Amstrad*) is very different from the supply of the infringing materials themselves (as in *Ong Seow Pheng* (Court of Appeal)), the Court ultimately did not hold there was sufficient similarity in the respective business for there to be a common design.

## 2. Incitement of Infringement

This tort arises from a direct infringement of copyright and relates to the idea of incitement or procurement of the direct infringement.

A divergence of opinion has emerged as to whether this is a distinct tort from the tort of direct copyright infringement<sup>140</sup> or whether this is joint tortfeasor liability based on the notion that the party inciting shares a common design or acts in concert with the direct infringing party.<sup>141</sup>

Either way, this cause of action falters on the *Sharman* facts due to the following problems:

- (a) If a common design is required, it would be difficult to show a common design between the distributor of the software or similar new technology and the user because they would not be in the same business, and the technology was capable of being used for both lawful or unlawful copying. To this extent, there was no control over the way of use of the technology by the user. In *Amstrad*,<sup>142</sup> it was held that the defendant “does not procure infringement by offering for sale a machine which may be used for lawful or unlawful copying and it does not procure infringement by advertising the attrac-

tions of its machine to any purchaser who may decide to purchase unlawfully. [The defendant] is not concerned to procure and cannot procure unlawful copying. The purchaser will not make unlawful copies because he has been induced or incited or persuaded to do so by [the defendant]. The purchaser will make unlawful copies for his own use because he chooses to do so”.<sup>143</sup> Applying this to the *Sharman* facts, the absence of real control over the use of the P2P file-sharing software means that there is unlikely to be any common design for the purpose of proving incitement of infringement.

- (b) An element in this action requires incitement of specific persons.<sup>144</sup> Put another way, the “inducement, incitement or persuasion to infringe must be by a defendant to an individual infringer and must identifiably procure a particular infringement”.<sup>145</sup> This is difficult to show, especially with loss of control after distribution.

This tort bears superficial resemblance to the U.S. doctrine of inducement of infringement as expounded in *Grokster*. Under the U.S. theory, a person who “distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or affirmative steps taken to foster infringement, is liable for the resulting acts of infringement of third parties”.<sup>146</sup>

Yet the U.S. doctrine is much wider, as there is no express “common design” requirement. Also, the defendant does not need to induce specific acts of infringement for liability to be found.<sup>147</sup> A relevant factor cited is whether the alleged infringer showed itself to be aiming to satisfy a known source of demand for copyright infringement.<sup>148</sup> On the *Grokster* facts, Grokster was found to have deliberately targeted the former users of the Napster P2P file-sharing system that had been shut down. This is only a factor to be considered and is not decisive; in any case, it is very far from the specificity required under the joint tortfeasor cause of action.

## Conclusion: U.K. Approach Too Narrow and Australian Approach Too Wide?

**B**ased on current U.K. and Singapore jurisprudence, a few results follow:

- (a) There is likely to be no authorization liability on the *Grokster* and *Sharman* facts, simply because there is no continuing control by the distributor.
- (b) There is no joint tortfeasor or incitement of infringement liability because there is no common design and/or there is no incitement of specific persons.

While this favours the technologists and legitimate users of the technology and encourages innovation, the scales are arguably unfairly tipped against copyright

owners. This is particularly so when the above obstacles to liability are not premised on lack of objectionable conduct but on lack of control as being a prerequisite (even though it may not directly relate to, or have an impact on, purporting to authorize or incite infringement). To avoid prejudicing the technologist and legitimate user, a higher threshold of conduct may be set, i.e., clearly blatant positive acts that contribute in a real way to infringement.

This is obviously a delicate balancing exercise. In Canada, recent cases show a resurgence of users' rights so as to prevent a shift "too far in favour of the owners'

rights".<sup>149</sup> In contrast, Australia illustrates the dangers of the slippery slope in lowering the threshold conduct.<sup>150</sup> Greater uncertainty and burden are placed on the technologist. It is argued that past inventions (such as the video recorder and tape recorders), while enabling an initial surge in infringements, have eventually enlarged the lawful market for copyrighted works by creating accessibility and awareness.<sup>151</sup> The resulting chill on technology created by the Australian position may prove in the long run to be detrimental to the copyright owner as well.

## Notes:

<sup>1</sup> 125 S. Ct. 2764 (2005) [*Grokster*, USSC].

<sup>2</sup> [2005] FCA 1242 (AustL) [*Sharman*].

<sup>3</sup> 239 F.3d 1004 (9th Cir. 2001).

<sup>4</sup> Eventually, StreamCast switched to a totally decentralized system.

<sup>5</sup> See *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159 (2d Cir. 1971). (Contributory copyright infringement occurs when "one ... with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another ..." at 1162.)

<sup>6</sup> *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).

<sup>7</sup> *Grokster*, USSC, *supra* note 1 at 2778.

<sup>8</sup> *MGM Studios Inc. v. Grokster Ltd.*, 259 F. Supp.2d 1029 (C.D. Cal. 2003).

<sup>9</sup> *MGM Studios Inc., v. Grokster Ltd.*, 380 F.3d 1154 (9th Cir. 2004).

<sup>10</sup> *Fonovisa, Inc. v. Cherry Auction Inc.*, 76 F.3d 259 (9th Cir. 1996) and other cases, cited in *ibid.* at 1163.

<sup>11</sup> *Grokster*, USSC, *supra* note 1 at 2770, 2780.

<sup>12</sup> *Grokster*, USSC, *supra* note 1 at 2781-2782.

<sup>13</sup> *Grokster*, USSC, *supra* note 1. (Souter J. stated that "Sony did not displace other theories of secondary liability" and "Sony's rule limits imputing culpable intent as a matter of law from the characteristics or uses of a distributed product. But nothing in *Sony* requires courts to ignore evidence of intent if there is such evidence, and the case was never meant to foreclose rules of fault-based liability derived from the common law" at 2778-2779.)

<sup>14</sup> After the U.S. Supreme Court decision, *Grokster* settled with the plaintiffs, leaving StreamCast as the remaining defendant.

<sup>15</sup> *MGM Studios Inc., v. Grokster Ltd.*, 454 F. Supp. 2d 966 (C.D. Cal. 2006) at 984, 988 [*Grokster*, C.D. Cal., 2006].

<sup>16</sup> *Copyright Act 1968* (Cth.) as am. by *Copyright Amendment (Digital Agenda) Act 2000* (Cth.) [Australian *Copyright Act*].

<sup>17</sup> *Ibid.* (section 100A provides that "an audio-visual item" includes a sound recording).

<sup>18</sup> *Ibid.* (as inserted by the *Copyright Amendment (Digital Agenda) Act 2000*).

<sup>19</sup> *Copyright, Designs and Patents Act 1988* (U.K.), 1988, c. 48, s. 16(2); Australian *Copyright Act*, *supra* note 16, s. 101(1); *Copyright Act*, R.S.C. 1985, c. c-42, s. 3(1) (Can.) [Canadian *Copyright Act*]; *Copyright Act* (Cap. 63, 2006 Rev. Ed. Sing.), s. 31 (Sing.).

<sup>20</sup> *CBS Inc. v. Ames Records & Tapes Ltd.*, [1982] Ch. 91 at 106 (U.K.) [*Ames Records*].

<sup>21</sup> *Falcon v. Famous Players Film Company*, [1926] 2 K.B. 474 at 491 (U.K.), Bankes LJ [*Falcon*]. (This case was cited with approval in *CBS Songs Ltd. v. Amstrad Consumer Electronics plc.*, [1988] A.C. 1013 at 1053-1054 (U.K.) [*CBS v. Amstrad*] but was received less enthusiastically by Whitford J. in *Ames Records*, *ibid.* at 109.)

<sup>22</sup> See *ibid.* and *infra* note 35.

<sup>23</sup> See *Pensher Security Door Co. Ltd. v. Sunderland City Council* (1999), [2000] R.P.C. 249 at 277 (U.K.C.A.), Aldous LJ. [*Pensher Security Door*].

<sup>24</sup> *Ames Records*, *supra* note 20 at 106.

<sup>25</sup> *CBS v. Amstrad*, *supra* note 21.

<sup>26</sup> *Ibid.* at 1054.

<sup>27</sup> See *Ames Records*, *supra* note 20 (where Whitford J. did not expressly reject the Australian approach and cited *Moorhouse v. University of New South Wales* (1975), 133 C.L.R. 1 (AustL) [*Moorhouse*], without apparent disapproval). See *infra* note 30.

<sup>28</sup> [1982] R.P.C. 91 (N.S.W.S.C.) [*John Fairfax*].

<sup>29</sup> *Ibid.* at 100. (Kearney J. approved this principle as set out in Laddie, Prescott & Vitoria: *The Modern Law of Copyright* (1980) at 403.)

<sup>30</sup> *CBS v. Amstrad*, *supra* note 21 at 1054-1055. See also *Amstrad Consumer Electronics plc. v. British Phonographic Industry Ltd.*, [1986] F.S.R. 159 at 211 (U.K.C.A.) [*Amstrad v. Phonographic Industry*]. See also *WEA International Inc. v. Hanimex Corporation Ltd.* (1987), 10 I.P.R. 349 (F.C.A.). (Gummow J. noted that the Australian position "has not always been accepted in England in recent times" at 362.)

<sup>31</sup> *A & M Records Inc. v. Audio Magnetics Inc. (U.K.) Ltd.*, [1979] F.S.R. 1 [*A & M Records*].

<sup>32</sup> *Ames Records*, *supra* note 20.

<sup>33</sup> See *infra* notes 60, 61, and accompanying text.

<sup>34</sup> *Ames Records*, *supra* note 20 at 109.

<sup>35</sup> *Ibid.* See also *supra* note 21. Similar doubt has been expressed by Lawton L.J. and Slade L.J. in *Amstrad v. Phonographic Industry*, *supra* note 30 at 207, 209. (Lawton L.J. opined that "insofar as the word 'countenance' includes 'condone', it is not, in my opinion, an accurate use of language to say that anyone who condones an unlawful act authorizes it" at 207. He also noted that the U.K. concept of granting or purporting to grant to a third party the right to perform an act complained of came much nearer to the meaning of the word "authorize" than the synonyms approved in *Moorhouse*, at 207.)

<sup>36</sup> See *infra* notes 64, 65, and accompanying text.

<sup>37</sup> *CBS v. Amstrad*, *supra* note 21 at 1055.

<sup>38</sup> *Ames Records*, *supra* note 20 at 107.

<sup>39</sup> *CBS v. Amstrad*, *supra* note 21 at 1055.

<sup>40</sup> *Ames Records*, *supra* note 20 at 118.

<sup>41</sup> See *supra* note 29 and accompanying text.

<sup>42</sup> *Grokster*, USSC, *supra* note 1. ("[W]here an article is "good for nothing else" but infringement, ... there is no legitimate public interest in its unlicensed availability, and there is no injustice in presuming or imputing an intent to infringe" at 2780.)

<sup>43</sup> *A&M Records*, *supra* note 31 at 9, Foster J. (This appears to be qualified by *MCA Records Inc. v. Charly Records Ltd.*, [2000] E.M.L.R. 743, where Rimer J. held that the tort of authorization is complete when authorization is effected, even though the infringing act to be carried out in pursuance of the authorization is not yet completed.)

<sup>44</sup> *Ibid.* at 9-10, Foster J.

<sup>45</sup> See *supra* notes 6 and 7.

<sup>46</sup> See *infra* note 63 and accompanying text.

<sup>47</sup> See *infra* note 74 and accompanying text.

<sup>48</sup> *Moorhouse*, *supra* note 27. See also *WEA International Inc v. Hanimex Corp Ltd* (1987), 10 I.P.R. 349.

- <sup>49</sup> Several Australian authorities have referred to this phrase in a disjunctive sense; for instance, “sanction, approve, countenance” (*Moorhouse, ibid.* at 20) and “sanction, approve or countenance” (*Nationwide News Pty Ltd. v. Copyright Agency Ltd.* (1995), 55 F.C.R. 271 at 422). *C.f.* the conjunctive meaning given by the U.K. Court of Appeal in *Pensher Security Door, supra* note 23.
- <sup>50</sup> *Moorhouse, ibid.* at 12.
- <sup>51</sup> *Moorhouse, supra* note 27 (“Assume that the owner places copying machines in the library which can be operated on payment of a fee whereby a profit accrues to the owner of the library. Is this not an invitation to any user to make such use of the machines as he sees fit and therefore an invitation which extends to the doing of acts comprised in the copyright of authors whose books are on the library shelves? And is not such an invitation an authorizing of acts done in response to the invitation? I would certainly answer ‘Yes’. The invitation to use is on the face of it an unlimited invitation. Authorization is given to use the copying machine to copy library books” at 21.)
- <sup>52</sup> See Australian *Copyright Act, supra* note 16 and *Sharman, supra* note 2 at para. 396.
- <sup>53</sup> See Australian *Copyright Act, ibid.*
- <sup>54</sup> *Sharman, supra* note 2, Wilcox J. (“I accept that the intention behind the addition of s. 101(1A) to the Act was to elucidate, rather than to vary, the pre-existing law about authorization. I further accept, as did Bennett J. in *Metro*, the continuing applicability of the *Moorhouse* test” at para. 402.) This is consistent with the Revised Explanatory Memorandum (to the *Copyright Amendment (Digital Agenda) Bill 2000* that implemented the changes to the *Copyright Act*) that explained that the object of the amendment “essentially codifies the principles in relation to authorization that currently exist at common law”. See in particular *Moorhouse, supra* note 27 at para. 57, Item 39.
- <sup>55</sup> See *supra* notes 20–27 and accompanying text.
- <sup>56</sup> See George Wei, *The Law of Copyright in Singapore*, 2d ed. (Singapore: SNP, 2000) at para. 8.164.
- <sup>57</sup> *Moorhouse, supra* note 27 at 12.
- <sup>58</sup> See *Sharman, supra* note 2, Wilcox J. (Where the distributor, as in *Sharman*, could implement filtering devices in its future products, to prevent or restrict users’ access to identified music files, this was regarded as a very broad form of control. “[I]n that sense, Sharman could control users’ copyright infringing activities” at para. 414.)
- <sup>59</sup> *Sharman, supra* note 2, Wilcox J. (“However, Sharman was in a position, through keyword filtering or gold file flood filtering, to prevent or restrict users’ access to identified copyright works; in that sense, Sharman could control users’ copyright infringing activities. Sharman did not do so; with the result that the relevant applicant’s copyright in each of the Defined Recordings was infringed”, at para. 414.)
- <sup>60</sup> *Moorhouse, supra* note 27, Gibbs J. (“It seems to me . . . that the person who has under this control the means by which an infringement of copyright may be committed — such as a photocopying machine — and who makes it available to other persons, knowing, or having reason to suspect, that it is likely to be used for the purpose of committing an infringement, and omitting to take reasonable steps to limit its use to legitimate purposes, would authorize any infringement that resulted from its use” at para. 159.)
- <sup>61</sup> See also *supra* note 29 and accompanying text.
- <sup>62</sup> *Sharman, supra* note 2, Wilcox J. (“There may be room for debate as to whether it is desirable to continue to use the word ‘control’ in this context, having regard to the content of the new subs. (1A) of s. 101” at para. 414.)
- <sup>63</sup> As power to prevent subsumes control, absence of such power implies absence of control.
- <sup>64</sup> *Sharman, supra* note 2 at para. 402.
- <sup>65</sup> See Jeffrey C.J. Lee, “The ongoing design duty in *Universal Music Australia Pty Ltd v. Sharman License Holdings Ltd* — Casting the scope of copyright infringement even wider” Int’l J.L.&I.T. [forthcoming]. Advance access published on December 16, 2006, online: Oxford Journal of Legal Studies <<http://ijlit.oxfordjournals.org>>.
- <sup>66</sup> See *John Fairfax, supra* note 28.
- <sup>67</sup> Sam Ricketson & Chris Creswell, *The Law of Intellectual Property: Copyright, Designs & Information* (Sydney: Thomson Lawbook Co., 2004) at para. 9.590.
- <sup>68</sup> *Moorhouse, supra* note 27 at 13.
- <sup>69</sup> *Sharman, supra* note 2 at para. 181.
- <sup>70</sup> *Moorhouse, supra* note 27 at 12-13.
- <sup>71</sup> *Moorhouse, supra* note 27, Jacobs J. (“In the circumstances it was of little importance whether or not the University authorities knew in fact that users of the machines were doing acts comprised in the authors’ copyrights. This knowledge or lack of it would not change the terms of the invitation extended by the supply of books and machines”, at 22. “Where a general permission or invitation may be implied it is clearly unnecessary that the authorizing party have knowledge that a particular act comprised in the copyright will be done” at 21.)
- <sup>72</sup> *Moorhouse, supra* note 27 at 22.
- <sup>73</sup> See Wei, *supra* note 56 and accompanying text.
- <sup>74</sup> *Sharman, supra* note 2 at paras. 369-370.
- <sup>75</sup> 2004 SCC 13, [2004] 1 S.C.R. 339 [*CCH v. LSUC, SCC*], rev’g in part 2002 FCA 187, [2002] 4 F.C. 213 [*CCH v. LSUC, FCA*].
- <sup>76</sup> *CCH v. LSUC, SCC, ibid.* at para. 41.
- <sup>77</sup> *Ibid.* at para. 38.
- <sup>78</sup> *Ibid.* at para. 38.
- <sup>79</sup> *Ibid.* at para. 38.
- <sup>80</sup> *Ibid.* at para. 45. A review of key Canadian cases shows that the alleged authorizer had no real control over the manner of use of the jukebox (*Vigneux v. Canadian Performing Right Society* (1945), 4 C.P.R. 65 (P.C.)), or the electrical device for performing a copyrighted musical composition (*Muzak Corp. v. C.A.P.A.C.* (1953), 19 C.P.R. 1 (S.C.C.)) after parting with possession thereof. Similarly see *de Tervagne v. Beloeil* (1993), 50 C.P.R. (3d) 419 (F.C.T.D.) (where the party renting a hall to a producer who staged a play (in infringement of copyright) was held to have no control over the use of the hall or the staging of the play).
- <sup>81</sup> *CCH v. LSUC, SCC, supra* note 75, McLachlin C.J. (“The Law Society also maintains self-service photocopiers in the Great Library for use by its patrons” at para. 1.)
- <sup>82</sup> This follows from *ibid.*
- <sup>83</sup> *CCH v. LSUC, FCA, supra* note 75, Linden J.A. (This was the finding of the Federal Court of Appeal at para. 111.) But the Supreme Court of Canada sidestepped this by simply holding that it could be equally plausible that the photocopiers could have been used by the patrons in a lawful or unlawful manner. This avoids the question of whether, indeed, the Law Society had sufficient reason to suspect some unlawful copying by some (not all) patrons.
- <sup>84</sup> Save for the warning being posted. See *CCH v. LSUC, SCC, supra* note 75 at para. 39; *CCH v. LSUC, FCA, supra* note 75 (see the finding of Linden J.A. in the Federal Court of Appeal case at para. 110 that was not disputed by the Supreme Court).
- <sup>85</sup> *Society of Composers, Authors & Music Publishers of Canada v. Canadian Association of Internet Providers*, 2004 SCC 45, [2004] 2 S.C.R. 427 [*SOCAN v. CAIP*].
- <sup>86</sup> Canadian *Copyright Act, supra* note 19.
- <sup>87</sup> *Ibid.* (provides that in the case of any literary, dramatic, musical, or artistic work, copyright includes the sole right to communicate such work to the public by telecommunication, s. 3(1)(f)).
- <sup>88</sup> *SOCAN v. CAIP, supra* note 85 at para. 123.
- <sup>89</sup> *Ibid.* at para. 127.
- <sup>90</sup> *Ibid.* at para. 127.
- <sup>91</sup> *CCH v. LSUC, SCC, supra* note 75 at para. 43.
- <sup>92</sup> *BMG Canada Inc. v. John Doe*, 2004 FC 488 (F.C.T.D.) [*BMG, FCTD*], aff’d in part on other grounds, 2005 FCA 193, 252 D.L.R. (4th) 342 [*BMG, FCA*].
- <sup>93</sup> *BMG, FCTD, ibid.* at para. 25.
- <sup>94</sup> *Ibid.* at para. 25.
- <sup>95</sup> *BMG, FCA at supra* note 92 at para. 51.
- <sup>96</sup> *Ibid.* at para. 47.
- <sup>97</sup> *Ibid.* at para. 51.
- <sup>98</sup> [1997] SGCA 23, [1997] 3 Sing. L.R. 137 (C.A.) [*Ong Seow Pheng, CA*], rev’g [1996] SGHC 145, [1997] 1 Sing. L.R. 484 [*Ong Seow Pheng, SGHC*].
- <sup>99</sup> *Ong Seow Pheng, CA, ibid.* at para. 34.
- <sup>100</sup> *A&M Records, supra* note 31.
- <sup>101</sup> *Ibid.* at 9-10.



- <sup>102</sup> *Ong Seow Pheng*, SGHC, *supra* note 98 at para. 27 (as held by Prakash J. in the High Court hearing from which *Ong Seow Pheng* (Court of Appeal) arose).
- <sup>103</sup> *Ibid.* at para. 27, Prakash J.
- <sup>104</sup> *Ibid.*, Prakash J. (“The defendants were wholesalers in an illegitimate business dealing with retailers in an equally illegitimate business and knowing that those retailers in order to do their illegitimate business would inevitably and necessarily commit further infringements of the plaintiff’s copyright” at para. 28.)
- <sup>105</sup> See *Falcon*, *supra* note 21 at 491.
- <sup>106</sup> See *Performing Right Society Ltd. v. Caryl Theatrical Syndicate Ltd.*, [1924] 1 K.B. 1. *Cf. Monaghan v. Taylor* (1886), 2 T.L.R. 685. See *Falcon*, *supra* note 21 (which is instructive in this regard. The defendant hired out a film to a cinema proprietor. The plaintiff who owned the copyright sued). See also *Ames Records*, *supra* note 20 (In explaining the case, Whitford J. held that “it is quite plain that a person who hires out a film to a cinema proprietor can sensibly be said to be purporting to grant authority for the showing of the film” at 110). This kind of reasoning underscores Prakash J.’s judgement in *Ong Seow Pheng*, SGHC, to the extent that the distribution of illegal copies to a businessman known to be in the business of further reproducing illegal copies therefrom should be also seen as purporting to grant authority and therefore an authorization.
- <sup>107</sup> *Moorhouse*, *supra* note 27, Gibbs J. (“To place a clearly worded and accurate notice on each machine in a position where it could not be overlooked would be one measure which might be expected to have some value in informing users of the library of the limits which the University imposed on the permission which it gave them to use the machines”, at 15.)
- <sup>108</sup> *Moorhouse*, *supra* note 27 at 15-16.
- <sup>109</sup> *Sharman*, *supra* note 2 at paras. 331, 340.
- <sup>110</sup> *Sharman*, *supra* note 2 at paras. 331–340, Wilcox J. (“I have no reason to believe any significant number of Kazaa users, apparently mainly teenagers and young adults, has any knowledge about, or interest in, copyright law or its application to file-sharing. Nor have I any reason to believe that any significant proportion of users would care whether or not they were infringing copyright. The ‘Join the Revolution’ material displayed on the Kazaa website and the ‘Kazaa Revolution’ T-shirt indicates the Sharman respondents perceive they might not. While I agree with the applicants that the existing warnings do not adequately convey to users what constitutes breach of copyright, I am not persuaded it would make much difference if they did” at para. 340.)
- <sup>111</sup> *Moorhouse*, *supra* note 27 at 16.
- <sup>112</sup> *Ibid.* at 16-17.
- <sup>113</sup> See *Grokster*, C.D. Cal., 2006, *supra* note 15. (It is interesting that in this U.S. case, Judge Wilson noted that the effort of StreamCast in blocking certain users from its network when asked to do so by copyright holders was “half-hearted at best”, at 992.)
- <sup>114</sup> See *infra* note 120 and accompanying text.
- <sup>115</sup> See *infra* notes 119–127, and accompanying text.
- <sup>116</sup> See *supra* notes 34, 35, and accompanying text.
- <sup>117</sup> This is echoed in the U.S. *Grokster* inducement doctrine that placed much emphasis on conduct: see text accompanying *supra* note 12.
- <sup>118</sup> See text accompanying *supra* note 62.
- <sup>119</sup> See *Sharman*, *supra* note 2 at para. 520.
- <sup>120</sup> *Ibid.* at para. 411.
- <sup>121</sup> *Ibid.* at para. 294.
- <sup>122</sup> *Ibid.* (One respondent in *Sharman* had argued that finding the respondents liable would “shift, without justification, the burden of enforcement away from the rights holder and onto unrelated third parties ... and remove them from the rights holder any motivation to protect its own property ... and would fail to promote new technologies”, at para. 416. However, Wilcox J. dismissed this by saying that “[w]hether it is ‘unrealistic and unfair’ that a software provider in Sharman’s position should be held to have authorized copyright infringement by users of the software is a matter of opinion. The Court must take guidance from the Act, as elucidated by relevant judicial decisions. It is not for the Court to reject that guidance on the basis that the particular judge considers the result to be unrealistic and unfair. If Parliament thinks that is, indeed, the result of applying the Act, the remedy is in its hands”, at para. 418.)
- <sup>123</sup> *Ibid.* at judgment summary.
- <sup>124</sup> *Ibid.* at para. 521.
- <sup>125</sup> *Universal Music Australia Pty Ltd. v. Sharman Networks Ltd.*, [2006] FCA 29 (Austl.).
- <sup>126</sup> *Ibid.* at para. 11.
- <sup>127</sup> See *supra* note 122.
- <sup>128</sup> *CBS v. Amstrad*, *supra* note 21, Templeman L.J. (“[J]oint infringers are two or more persons who act in concert with one another pursuant to a common design in the infringement” at 1057.)
- <sup>129</sup> *Ibid.* at 1050, 1055.
- <sup>130</sup> See for instance, Justice Ginsburg in *Grokster*, USSC, *supra* note 1 at 2786.
- <sup>131</sup> See for instance, Justice Breyer in *Grokster*, USSC, *supra* note 1 at 2786–2794.
- <sup>132</sup> *Ong Seow Pheng*, SGHC, *supra* note 98 at paras. 37–40.
- <sup>133</sup> *Ibid.* at para. 28.
- <sup>134</sup> *Ibid.* at paras. 27, 39.
- <sup>135</sup> *Ibid.* at para. 38.
- <sup>136</sup> *Ibid.* at para. 40.
- <sup>137</sup> *Ibid.* at para. 39.
- <sup>138</sup> *Ong Seow Pheng*, CA, *supra* note 98.
- <sup>139</sup> *Ibid.* at paras. 43–45.
- <sup>140</sup> See *Amstrad v. Phonographic Industry*, *supra* note 30 at 215, Slade L.J.; *Unilever plc v. Gillette (U.K.) Ltd.*, [1989] R.P.C. 583 at 608, Mustill L.J.
- <sup>141</sup> See *Amstrad v. Phonographic Industry*, *ibid.* at 218, Glidewell L.J.
- <sup>142</sup> *CBS v. Amstrad*, *supra* note 21.
- <sup>143</sup> *Ibid.* at 1058, Templeman L.J.
- <sup>144</sup> *Amstrad v. Phonographic Industry*, *supra* note 30 (where Slade L.J. stated that the incitement must be addressed or directed to particular persons identified or identifiable at the date of the incitement, at 216).
- <sup>145</sup> *CBS v. Amstrad*, *supra* note 21 at 1058, Templeman L.J.
- <sup>146</sup> *Grokster*, USSC, *supra* note 1 at 2770, 2780.
- <sup>147</sup> *Grokster*, C.D. Cal., 2006, *supra* note 15 at 984, 992, Wilson J. (“Importantly, liability may attach even if the defendant does not induce specific acts of infringement” at 984.)
- <sup>148</sup> *Grokster*, USSC, *supra* note 1 at 2781-2782.
- <sup>149</sup> See text accompanying note 76. See also M. Geist, “Low-Tech Case Has High-Tech Impact” (22 March 2004), online: Michael Geist <[http://www.michaelgeist.ca/resc/html\\_bkup/mar222004.html](http://www.michaelgeist.ca/resc/html_bkup/mar222004.html)>.
- <sup>150</sup> See *Nationwide News Pty Ltd. v. Copyright Agency Ltd.* (1996), 65 F.C.R. 399 at 422 (Austl.) and *Zomba Productions Music (Aust) Pty Ltd. v. Roadhouse Productions Pty Ltd. (in liq)* (2001), 53 I.P.R. 520 at 527 (Austl.) that endorsed “a relatively broad view” of authorization. The width of the approach is shown in the latter case that found the director of the infringing company to have authorized the company’s infringement, solely on account of the director being the sole director and company secretary, having represented the company in certain dealings for a music licence, and being described in the credits of the infringing programme as “Executive Producer”.
- <sup>151</sup> Many articles make this point. For an example, see Michael Naphali, “Unauthorized: Some thoughts upon the doctrine of authorization of copyright infringement in the peer-to-peer age” (2005) 16 *Australian Intellectual Property Journal* 5. See also L. Lessig, *Free Culture* (New York: Penguin Press, 2004) at 62–78, online: Free Culture <<http://www.free-culture.cc/freeculture.pdf>>. (Lessig argues that a net benefit arises from not curtailing P2P technology, noting in the U.S. context that, “[i]n our tradition, as the Supreme Court has stated, copyright ‘has never accorded the copyright owner complete control over all possible uses of his work’. Instead, the particular uses that the law regulates have been defined by balancing the good that comes from granting an exclusive right against the burdens such an exclusive right creates. And this balancing has historically been done after a technology has matured, or settled into the mix of technology that facilitate the distribution of content” at 78.) Whether a net economic benefit does accrue to the copyright owner remains debatable, with studies showing varying results: see Saw Cheng Lim & Winston T.H. Koh, “Does P2P have a Future? Perspectives from Singapore” (2005) 13:3 *Int’l J.L.&I.T.* 413.