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Welcome to the latest edition of Piper Alderman's e-Bulletin, which aims to provide accessible and informative summaries of recent significant legal developments.

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Client Legal Privilege and the Dominant Purpose Test: Lessons from Black Saturday

The recent Supreme Court of Victoria decision of Perry v Powercor Australia Limited provides warnings on the evidence required to maintain a claim for privilege where the dominant purpose of the communication or document is in question. Partner, Anne Freeman reviews the decision.

Reasonable commercial endeavours?

Partner, George Raitt and Law Graduate, Ivor Kovacic discuss the decision in Cypjayne Pty Ltd v Babcock & Brown International Pty Ltd, that considered the interpretation of the phrase "reasonable commercial endeavours" in commercial agreements.

Immunity of Expert Witnesses from negligence abolished in the United Kingdom

Senior Associate, Ben Hartley and Law Graduate, Ashlee Briffa discuss the impact of a recent decision handed down by the Supreme Court of the United Kingdom which abolished the immunity enjoyed by expert witnesses from claims in negligence.

Beware the Conduct of Your Agents – *Avis & Anor v Mark Bain Constructions Pty Ltd*

Law Graduate, Jordan Smith, examines a recent Supreme Court of Queensland case which highlights a developer's liability for false and misleading representations made by real estate agents engaged to market its properties.

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The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Act 2011 (Cth) will soon change Australia's laws and obligations relating to credit cards. In this article Lawyer, Llon Riley and Law Clerk, Ryan Ainscough discuss how these new laws will apply to banks and other credit card issuing institutions.

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The two Plaintiffs in these proceedings brought representative proceedings on behalf of a class of property owners in the area around Coleraine against Powercor claiming damages for breaches of statutory duties and general duties of care in relation to loss and damage to property as a result of the Black Saturday bush fires. The Plaintiffs allege that a faulty Powercor power line which passed over a farming property started the bush fire and that Powercor was negligent in its maintenance of the power lines.

Powercor discovered and claimed privilege over a number of reports in relation to the cause of the fire at Coleraine. The Plaintiffs sought production of those reports on the basis that Powercor had failed to discharge its onus in establishing that the reports were protected by a legal professional privilege on the basis that they came into existence for the dominant purpose of provision of legal advice and/or in contemplation of legal proceedings.

At the heart of the proceedings were four reports over which privilege had been claimed:

- Report of Robin Hartrick entitled "*Fire Investigation Report, Coleraine Fire 7 February 2009*" (incorporating transcript of a report by Dennis Clarke)
- Report of Donald Bainbridge entitled "*Asset Failure Investigation Tie Wire Coleraine SWER*" dated 10 March 2009, amended 24 June 2009
- Supplementary report of Dennis Clarke entitled "*Additional Calculations on an Effect of Unbalanced Span Length on Tie Behaviour*", and
- Draft report of Ken Woolhouse entitled "*SWER Line Tie*" dated 22 July 2009.

In support of its claim for privilege over the four reports, Powercor relied upon an affidavit of its in-house solicitor, Ms Rands. Ms Rands deposed to the content of her responsibilities as legal counsel for Powercor, including a requirement for her to commission and obtain reports to assist her in formulating her legal advice and for the purpose of providing such reports for the use of lawyers who are engaged to act on behalf of Powercor both in litigation and when providing legal advice to Powercor. Her evidence was that she formed the view on 8 and 9 February 2009 that litigation against Powercor would ensue from the fires. It was her further evidence that she discussed the legal implications of the fire with Powecor's CEO. Her evidence was that the CEO asked her to arrange for an investigation into the fire so that she could give him legal advice on Powercor's overall exposure given the allegations that the source of the ignition of the fires had involved Powercor's assets. Ms Rands' evidence was that on 12 February 2009, she instructed Mr Hartrick to investigate the fire at Coleraine and that as part of his work, Mr Hartrick instructed Dennis Clarke to conduct an examination of the Tie Wires and to prepare a report. Those wires are relevant to the allegations as to how the fire started. It was her further evidence that Mr Bainbridge prepared a report for the purpose of giving Mr Hartrick information in preparation of his investigator's report. Finally, Ms Rands gave evidence that she was advised that in June 2009, Powercor's solicitors had instructed Mr Woolhouse to prepare a report with respect to the Tie Wire. There was no other evidence about that report.

Powercor did not arrange for any evidence to be given by the CEO as to his meeting with Ms Rands or his purpose in seeking an investigation. That decision was a fatal one in terms of the outcome of the privilege claim.

The factual context of the reports

At the time of the Black Saturday fires, Powercor had in place a written procedure for reporting and investigating asset failures. Pursuant to that procedure, if a failed item required investigation, an investigator was to be assigned to the task. His Honour, Justice Robson found that the prescribed internal procedure required reporting to many individuals within the Powercor organisation for further action.

Powercor was also obliged to report the incident to Energy Safe Victoria and WorkSafe pursuant to obligations it had under the *Electricity Safety Act, 1998*. Those requirements include to report into the cause of the fire.

Powercor had notified Energy Safe Victoria on Sunday, 8 February 2009 of the fire and stated that the cause of the incident was under investigation. Powercor notified its liability insurers on 9 February 2009. That same day, the Royal Commission into the bushfires was announced by the Premier of Victoria.

Three days later, Mr Hartrick was instructed to investigate the cause of the fire.

Powercor's evidence at the Royal Commission made reference to and relied upon the four reports the subject of the privilege claim.

The arguments of the parties

The Plaintiffs conceded that at the time the reports were sought and prepared, legal proceedings against Powercor were anticipated by it. However, they argued that the reports were prepared for a number of purposes and that Powercor has not demonstrated the dominant purpose for the creation of the reports was for the provision of legal advice or for use in anticipated or contemplated litigation. They submitted that in addition to the purpose described in Ms Rands' affidavit, there were at least three other purposes for obtaining the reports, including for Powercor to comply with its reporting requirements under the *Electricity Safety Act, 1998*, informing Powercor's management if its electrical distributing system had caused the fire so that Powercor could take whatever steps necessary as a part of its normal business operations to deal with that, and to assist Powercor to deal with the issues that would be raised in the Royal Commission.

Powercor accepted that they had a number of statutory obligations to comply with but argued that the reports came into existence in order for it to obtain legal advice to address any number of legal issues arising from the fire. It argued that the dominant purpose was satisfied by recognising from all the facts and circumstances that legal advice would be needed by Powercor for a multiplicity of different legal purposes, including satisfying its statutory obligations.

The purpose

His Honour referred to a number of authorities to the effect that the dominant purpose must be determined by the Court and determined objectively, and that the evidence of the intention of the maker of the report or the person who procured it is not necessarily conclusive. His Honour cited with approval comments made by the High Court in *Esso Australia Resources Limited v Federal Commissioner of Taxation* and by Justice Young in *AWB v Cole* to the effect that it may be necessary to examine evidence concerning the purpose from persons in the hierarchy of decision making in order to identify the purpose or purposes for which reports are prepared.

Here the failure by Powercor to call the CEO to give evidence was significant. Justice Robson found that the failure of the CEO to give evidence in circumstances where it was central to the establishment of the privilege gave rise to an inferences that the evidence would not have assisted Powercor's claim to privilege. His Honour noted that the Plaintiffs sought to draw inferences from the surrounding evidence that Powercor needed the information for a number of purposes, not just to facilitate legal advice from Ms Rands and because the CEO, who requested Ms Rands to procure the reports, had failed to give evidence to rebut those inferences, the Court was entitled to more readily draw those inferences.

Ultimately, His Honour inferred that the reports were intended to be the source of information that Powercor used for its normal business purposes including obtaining legal advice, providing information to the Royal Commission, satisfying its obligations under the *Electricity Safety Act, 1998*, providing information to its insurer, complying with its internal reporting requirements and reviewing its maintenance program.

In those circumstances, and in the absence of evidence from Powercor's CEO, His Honour found that Powercor had not satisfied the onus of establishing that the privileged purpose of the commission of the reports was the dominant purpose and therefore ordered that the reports be produced to the Plaintiffs.

The decision serves as a warning about the evidence necessary to discharge the onus of demonstrating a dominant privileged purpose. Parties trying to resist the production of documents on the grounds of privilege may need to consider preparing multiple affidavits in support of the privilege claim, including from those high up in the hierarchy of decision making within the organisation.

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Reasonable commercial endeavours?

On 29 June 2011, the New South Wales Court of Appeal handed down its decision in Cypjayne Pty Ltd v Babcock & Brown International Pty Ltd. In this case, the Court considered the interpretation of the phrase "reasonable commercial endeavours". The Court decided that an obligation to use "reasonable commercial endeavours" to enter into further agreements necessary for the transaction to proceed, allowed the defendant to decide on commercial grounds not to proceed with the transaction. Partner, George Raitt and Law Graduate, Ivor Kovacic discuss the decision.

The proceedings related to the proposed purchase of a retirement village business and the land upon which the business operated. The buyer had entered into an agreement with the seller for the purchase of 67 low-care Allocated Places (under the *Aged Care Act, 1997* (Cth)). It was a condition precedent that the buyer also enter into agreement on mutually acceptable terms to acquire the retirement village and associated business operations. The agreement provided that the buyer and seller "must each use its reasonable commercial endeavours to ensure the Conditions are satisfied as quickly as possible including by providing all reasonable assistance to the other party". The buyer subsequently re-assessed the transaction against its investment criteria and decided not to proceed. The seller commenced legal action seeking specific performance and damages.

The Court of Appeal considered that the critical question was whether "reasonable commercial endeavours" obliges a party to proceed with a transaction even if to do so is not in its commercial interests. The answer to this question was "no". The obligation is to take "reasonable commercial endeavours" to enter into an agreement to effect the acquisition, however, this is not an absolute obligation.

In considering the standard imposed by the phrase "reasonable commercial endeavours", the Court of Appeal noted that the standards of "reasonable endeavours" and "best endeavours" are similar in Australia (although by implication they are not the same), and that they require action that is measured by what is reasonable in the circumstances having regard to the nature, capacity, qualifications and responsibilities of the party in light of the contract. The key point here is that such an obligation applies according to the facts and circumstances which emerge and whether certain action is considered to fall within the standard can only be determined by a court after the event.

Interestingly, the Court of Appeal stated that the inclusion of the word "commercial" in the phrase "reasonable commercial endeavours" showed that "the parties contemplated the possibility of some commercial steps being needed to be taken … as distinct from merely making reasonable endeavours". That is, the Court of Appeal interpreted the word "commercial" as imposing higher obligations on the parties than might necessarily be implied in the absence of that word. This observation is surprising since parties usually consider that the inclusion of the word "commercial" qualifies the extent to which conduct may be considered to be reasonable by allowing reference to commercial considerations.

Given the uncertainty present in interpreting "endeavours" clauses, there are a few strategies that a party can employ to reduce associated risks. These risks may differ according to whether the obligation is in connection with a condition precedent or is an ongoing obligation under a continuing contract. Prior to finalising contract negotiations, a party can undertake some due diligence to determine, in advance, what it is prepared to do to bring about the desired outcome. If a party is only prepared to do certain things, then it may be best to avoid a general clause and instead adopt a more specific clause that lists the actions that party is required to undertake. Alternatively, parties may want to set out express limitations on the scope of the "endeavours" clause to ensure that it does not impose open-ended obligations to take further steps and incur additional costs beyond those specifically contemplated by the contract. An acknowledgement that the "endeavours" clause does not require a party to act against its own interests can also be used to qualify the obligation.

Regardless of whether a general or specific endeavours clause is chosen, a party should develop and implement procedures or processes to demonstrate that adequate actions have been taken to satisfy their obligations under the "endeavours" clause. Although the aim of "endeavours" clauses is not to guarantee an outcome, if that outcome is not achieved, a party can better protect itself against an allegation of breach by being able to demonstrate that it took adequate steps to comply with its obligations. In the case at hand, the Court of Appeal was satisfied that the buyer had investigated potential tax and structuring options and had otherwise given proper consideration to the commercial viability of the transaction before deciding not to proceed.

The nature of the condition precedent is also critical to the outcome in each case. A distinction can be drawn between a condition precedent which requires a party to enter into a separate agreement, and those which require third party consent or approval to be obtained. In the case at hand, if the condition precedent had instead provided for, for example, the buyer to procure the approval of the Commonwealth to transfer the Allocated Places, the clause would have raised questions as to the extent to which the buyer must take certain steps, accept potentially onerous conditions and/or incur a cost burden in order to abide by the obligation to use "reasonable commercial endeavours". For conditions precedent requiring third party approval or consent to be obtained, it is important that the condition clearly stipulates that the party who is to be bound by that consent or approval is only bound if it is given on terms or conditions acceptable to the party.

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Immunity of expert witnesses from negligence abolished in the United Kingdom

Senior Associate, Ben Hartley and Law Graduate, Ashlee Briffa discuss the impact of a recent decision handed down by the Supreme Court of the United Kingdom which abolished the immunity enjoyed by expert witnesses from claims in negligence.

Background

In *Jones v Kaney* the appellant sued a clinical psychologist, previously retained on his behalf as an expert witness, for negligence. The expert was retained in a personal injury proceedings relating to a road traffic accident in which the appellant suffered significant physical and psychiatric injuries including post traumatic stress disorder, depression and chronic pain syndrome.

Relevantly, in the personal injury proceedings the judge ordered that the experts for both parties hold discussions and prepare a joint witness statement. The joint witness statement was damaging to the appellant's claim and departed significantly from the respondent's earlier assessments of his psychiatric condition. The respondent later admitted that the joint statement was drafted by the opposing expert and did not reflect what she had agreed during the expert discussions but notwithstanding this, the respondent signed the joint statement without amendment or comment. The appellant was denied permission to amend his expert evidence.

In the negligence proceedings against the expert, the appellant argued that he was forced to settle his claim for significantly less that would have been achieved if the respondent had not negligently signed the joint statement. The expert did not dispute that the facts disclosed a good cause of action in negligence, rather the issue in dispute was whether she was shielded by immunity afforded to expert witnesses. The case was struck out at first instance, but was granted a 'leapfrog' certificate, on the basis that it involved a point of law of general public importance, enabling the matter to by-pass the Court of Appeal and go straight to the Supreme Court.

The decision

While the narrow issue on appeal was whether the act of preparing a joint witness statement was one in respect of which an expert witness enjoys immunity from suit, the submissions before the Court raised the broader issue of whether public policy justified conferring on an expert witness any immunity from liability in negligence in relation to the performance of his or her duties in that capacity. From the outset, Lord Phillips noted with surprise that the immunity had not been challenged in the past and that it had "simply been accepted" that a client was prevented from suing an expert in negligence. Despite the established history of the immunity, the starting point for the Court was that the onus rested "fairly and squarely" on the expert to justify the immunity she sought to shelter behind.

Ultimately, the Court rejected the respondent's two primary justifications for maintaining the immunity. The first was the 'chilling effect' of claims in negligence would have on expert witnesses, making them reluctant to give frank evidence or to provide expert evidence at all. It was held that there was "no justification" for an assumption that experts would be discouraged from providing their services if they could be sued and there was no empirical evidence either way to suggest that expert witnesses would not give frank evidence.

The second justification was that the immunity was necessary to ensure that expert witnesses complied with their paramount duty to the Court. The Court found that the abolition of the advocates' immunity in the United Kingdom had not led to any diminution in advocates performing their duty to the Court and that it would be "mere conjecture" to assume it would be any different for expert witnesses.

The decision was not unanimous though, with two out of the seven justices hearing the case dissenting. Both Lord Hope and Lady Hale were concerned with the ramifications of the decision. Lord Hope felt that by removing the immunity from suit in negligence, the approach of the majority contained seeds for challenging the whole concept of witness immunity. Lady Hale suggested that changing the law in this manner was "irresponsible" and best left to Parliament.

The position in Australia

The immunity of expert witnesses in Australia has been confirmed as recently as 2007 in the decision of *Commonwealth v Griffiths*. A key point of difference between Australia and the United Kingdom is the abolition of the corresponding immunity for advocates. The advocates' immunity was abolished in the United Kingdom by the House of Lords decision of *Hall v Simons*, but continues to apply in Australia, having most recently been raised before the High Court in 2005 in *D'Orta-Ekenaike v Victorian Legal Aid*. This is an important difference because both the advocate and the expert witness have a paramount duty to the Court in common. To the extent that the advocates' immunity continues to apply in Australia, then it is possible that expert witnesses will also remain immune from suit in negligence in so far as the immunity in both cases is underpinned by a common, but critical, public policy rationale.

Likely impacts on the availability of expert evidence

The judgment in *Jones v Kaney* highlights that experts, even without immunity, are well protected from suits in negligence. The Court cited the difficulty of proving an action in negligence and the availability of professional indemnity insurance as countering the assertion that experts would be left vulnerable. In addition, the Court emphasised that the immunity had never been a full immunity as expert witnesses were (and remain) liable for perjury and sanction by professional bodies for misconduct during proceedings. Nonetheless, it is likely that in the appropriate case the question of immunity from suit will come before an Australian Court in the future and as such, experts should ensure they have adequate professional indemnity insurance coverage and that their retainer provides appropriate protection.

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Beware the conduct of your agents – *Avis & Anor v Mark Bain Constructions Pty Ltd*

Law Graduate, Jordan Smith, examines a recent Supreme Court of Queensland case which highlights a developer's liability for false and misleading representations made by real estate agents engaged to market its properties.

Facts

Gary & Carol Avis and Grant & Lyn Brecht (the Buyers) separately purchased lavish off the plan penthouse apartments in the 2003 development known as "Number One Park" at Sunshine Beach, Queensland. The Buyers dealt with two separate real estate agencies (the Agents), that had been engaged by the developer, Mark Bain Constructions Pty Ltd (the Developer), to market the properties. The Agents represented to the Buyers that the apartments would exhibit panoramic views of the surf that could never be built out by other developments. These representations were exemplified in the words of one agent which were "*you may not see waves breaking on the sand, but you will see waves breaking*".

Subsequently, the construction of a development named "Splash" commenced on the ocean side of Number One Park. The Agents assured the Buyers that Splash would not interrupt the views from the balcony's of both apartments. They represented that they had confirmation from the local council that Splash's height would be restricted. Upon completion, Splash was constructed significantly higher than had been represented. Even though Splash did not breach any council imposed height limitations, it resulted in a considerable interruption of views of the Buyers and loss of value of the apartments.

Proceedings

Whilst the Buyers instigated separate lawsuits, they were heard together with the Developer named as first defendant and the Agents as second defendant in the matter. The Buyers bought proceedings against the Agents claiming that the representations regarding the views were false, misleading and deceptive in contravention of sections 52 and s 53A of the *Trade Practices Act 1974* (Cth) (TPA).

The Buyers also instigated proceedings against the Developer arguing that the Agents were duly authorised to make the representations on behalf of the Developer and with the Developer's knowledge and approval. The Developer denied any responsibility and countered that the Agents' authority was solely limited to marketing the apartments for sale.

Following the second day of the ten day trial, the Agents settled with the Buyers by agreeing to a payment of $200,000 including costs. The Buyers were then left to pursue the matter further against the Developer, which continued to deny any liability.

Issues

At trial, Justice Atkinson considered the following issues:

- Were representations made by the Agents to the Buyers? If so, what were those representations and were they false, misleading or deceptive? If so, were the representations relied upon by the Buyers?
- Is the Developer liable to the Buyer for any such representations made by the Agents?
- Did the Buyers suffer damage as a result of any such representations and if so, what is the quantum of any damage?

Decision

Justice Atkinson found as follows:

- regardless of the fact that there was a clause inserted into both sale contracts stating that the Buyers could not rely on any representations made by the Developer or the Agents, the Agents had misrepresented the views and breached the relevant provisions of the TPA
- if the Agents had not made the representations about the views, the Buyers would not have entered into any contract to purchase the apartments
- section 84(2) of the TPA ensured that the Agents' representations were deemed to have been made by the Developer. This was due to the fact that the Agents were engaged to market the apartments on the Developer's behalf and subsequently made the representations within the course of their authority.

Order

Each of the Buyers were awarded in excess of $200,000.00 damages against the Developer on account of these false representations. These figures were reflective of the loss of value between the contract price paid for the apartments and the actual values which had considerably decreased after the views had been impinged.

Implications

This case highlights the need for developers to be vigilant when engaging real estate agents to market their developments. Where the conduct of the agents is within the agents' actual or apparent authority, that conduct is taken to be the conduct of the principal unless the principal has taken reasonable precautions and exercised due diligence to avoid the conduct in question. The onus is on the principal to demonstrate this.

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A facelift for Australia's credit card laws

The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Act 2011 (Cth) will soon change Australia's laws and obligations relating to credit cards. In this article Lawyer, Llon Riley and Law Clerk, Ryan Ainscough discuss how these new laws will apply to banks and other credit card issuing institutions.

The *National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Act 2011 (Cth)* (New Credit Laws) recently received royal assent and it is vital for banks and other credit card issuing institutions to understand how the New Credit Laws will impact upon their current lending practices. Failure to do so may result in those institutions breaching their obligations under their credit licences and becoming subject to certain penalties.

While the New Credit Laws deal with both credit cards and home loans, this article only considers the new rules for credit cards.

What will the New Credit Laws govern?

The New Credit Laws are part of the Federal Government's Fairer, Simpler Banking policy and will amend the *National Consumer Credit Protection Act 2009 (Cth)* to introduce four new obligations on credit card providers. In particular, credit card providers will be:

- required to provide key facts sheets to customers before entering into credit card contracts
- restricted in making offers to customers to increase their credit limits
- required to notify customers who use their credit cards in excess of the card's limits and will be restricted in imposing fees, charges and higher interest rates when this occurs, and
- required to apply payments made by customers in a particular manner.

These new laws should apply from 1 July 2012.

Credit card application to include key facts sheets

Under the New Credit Laws, credit providers must not enter into, or offer to enter into, credit card contracts unless the application includes a key facts sheet or the customer has been provided with one. It is anticipated that key facts sheets will need to include information concerning the different credit card products available to the customer and the minimum credit limits, interest rates and fees and charges applicable to those products. All information contained in the facts sheet must be accurate and up-to-date.

Restrictions on credit limit increases

A credit card must not invite a customer to increase its credit card limit unless that customer has given its prior informed consent. Under the New Credit Laws an invitation will be made when the credit card provider gives its customer a written invitation that:

- offers to increase the credit limit of the credit card contract
- invites the customer to apply for an increase of the credit limit on their credit card contract, or
- encourages the consumer to consider applying for an increase of the credit limit on their credit card contract.

A customer will give its express informed consent when the customer agrees to receive credit limit increase invitations and the credit card provider informs the customer that it has the discretion to apply for an increase, the credit card provider has the discretion whether or not to grant the increase and the customer's consent can be withdrawn at any time.

Banks and other credit card issuing institutions will also be required to maintain a record of the consents and withdrawals of consents it obtains.

Requirements relating to credit cards used in excess of their limit

Credit card providers may be required to notify their customers if they use a credit card beyond its limit.

If a credit card is used in excess of its limit the credit card provider cannot impose a fee, charge or higher rate of interest to that customer unless the customer has expressly consented to that additional charge.

Where a fee, charge or rate of interest is imposed by a bank or other lending institution without the customer's express consent that fee, charge or interest is deemed to be prohibited and inconsistent with the National Consumer Credit Code.A record of the consents and withdrawals of them must be kept by the credit card provider.

Application of payments

Banks and other credit card issuing institutions will be required to apply payments received from their customers in the following ways:

- where the customer has requested certain payments to be applied against a particular amount and the credit card, and the provider has agreed to that request, in accordance with the customer's request, or
- in all other circumstances, by applying the payment against the part of the credit card balance to which the highest interest rate applies, then against the part to which the next highest interest rate applies, and so on.

What these changes will mean for you

The New Credit Laws may require significant changes to credit card provider's credit card application processes, terms and conditions, and other recording keeping practices. It is critical to be aware of these changes and understand how they may affect your business.

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Copyright in works generated by computer programs

Recent cases have considered whether copyright can subsist in documents or other works that are generated automatically by a computer program. Partner, Tim Clark and Law Graduate, Ivor Kovacic, consider these recent cases and discuss their implications.

Background

Businesses frequently rely upon computer programs and databases to automatically generate various documents, reports and other publications required in the business. One example is product information sheets for products which require disclosure of certain technical or safety matters. Where a business is required to produce such documents regularly, it may create computerised systems to automate the process of their production. Given that these documents are an important asset of the business, it is unsurprising that a business may want to protect its investment in the computerised systems that produce such documents. Where a competitor copies these documents, a business may wish to assert their intellectual property rights in the documents generated by the computerised system.

Several recent cases have considered the issue of whether copyright subsists in works generated by computer programs or databases. These cases include *Acohs Pty Ltd v Ucorp Pty Ltd* (*Acohs v Ucorp*) and *Telstra Corporation Limited v Phone Directories Company Pty Ltd* (*Telstra v Phone Directories*). In both cases, the plaintiffs argued that the documents generated by their respective computer systems were an original literary work under section 32(1) of the *Copyright Act 1968* (Cth) (the Act).

These cases consider two important issues: determination of **authorship** of a computer generated work and determination of whether the work can be considered **original** under the Act.

Authorship

The term "author" is not defined in any sections of the Act. However, as stated by the High Court in *IceTV Pty Ltd v Nine Network Australia Pty Ltd* (*IceTV v Nine*), an "author" is generally understood as being the person who brings a work into existence in its material form. In the context of a book, for example, this is an easy test to apply. When considering documents generated by a computer program, however, the issue becomes more complex.

In *Acohs v Ucorp*, a computer program used information contained in a computer database to automatically create material safety data sheets (MSDS). The computer program had been designed for Acohs by a consultant. In order to generate a report using the system, an Acohs employee would enter specific data into the computer program. This data would be combined with information from the database and the relevant MSDS would be generated. The difficultly encountered by Acohs was that the MSDS was generated entirely by the computer program; there was no author of the work, even though the computer program itself had been designed by a human author. Achos sought to claim that the documents were, in fact, prepared by joint authors being the programmers of the software and the employees who individually generated each MSDS. The Court, however, rejected this argument because section 10 of the Act provides that a work of joint authorship requires collaborative work by an author that is "not separate from the work of the other author". This could not be said to have occurred on the facts, given that the consultant had developed the computer program for the purpose of automatically generating the MSDS and the Acohs employee using that program to generate the MSDS was separate in terms of "communication, time, expertise and content".

In *Telstra v Phone Directories*, one issue that arose was the difficulty in identifying all the individuals who may have been involved in contributing to the generation of the telephone directories. The Court held that the "identification by name of each and every author is not necessary … what is necessary, however, is that it be shown that the work in question originates from an individual author or authors". However, whilst it was noted that organisation of the contributions of individuals would have been required for the production of the telephone directories, the Court held that "this organisation was not collaboration of the kind contemplated by the definition of joint authorship" under the Act and that each contribution was "made quite separately".

This Australian approach can be contrasted with the United Kingdom legislation which makes it clear that an author, in the case of computer generated work, is the "person by whom the arrangements necessary for the creation of the work are undertaken".

Originality

As established by the High Court in *IceTV v Nine*, mere skill and labour used in the process of creating a work is not protected by copyright. Instead, in determining whether copyright subsists in a work, the focus must be on the requisite originality of the work, which requires "some independent intellectual effort". Further, the information provided in the weekly television broadcasting schedules (the subject of the *IceTV v Nine* case) was not a form of expression which required "particular mental effort or exertion". The format of the expression of the time and title information for each programme was "essentially dictated" by the "nature of that information".

In *Telstra v Phone Directories*, the Court emphasised that "the mere collection of data cannot be sensibly regarded as compilation", and that "the editorial correction of errors at the proofing stage of a compilation cannot be regarded as authorship". The Court held that copyright did not subsist in Telstra's yellow and white page telephone directories on the basis that the efforts of its employees, their skill and labour used in inputting data into the computer program and arranging and ordering the data for its published form, was "insufficient for the purposes of originality." The employees' efforts did not involve sufficient "independent intellectual effort" to make the works original.

Implications

The above decisions demonstrate the difficulties in asserting copyright in documents generated by a computer program. These difficulties arise either because it may be difficult to establish that one or more persons is the "author" of the work, or because the work of the author, although involving skill and labour, lacks the requisite "independent intellectual effort" necessary for the works to be original.

This outcome is somewhat unsatisfactory given that it does not recognise the commercial and technological realities of modern business activities and how documents may be made separately by individuals over time and in different ways (including through creation of computerised systems). It appears somewhat arbitrary that whether copyright subsists in a work turns on the degree to which a business may or may not use computerised systems to automate some business processes. In light of the reforms in the UK to recognise the authors of a computer generated work, it would be advisable for Australia to consider similar reforms to the Act.

It is, however, appropriate that copyright laws draw a line as to when sufficient "independent intellectual effort" has been made to justify copyright protection. Copyright laws involve a balance between rewarding intellectual efforts, on the one hand, and the benefits of dissemination of ideas and information for the public good, on the other. Businesses need to have regard to how this line might be drawn in the context of their specific business activities when seeking to protect commercially valuable documents.

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