COMPUTERS & LAW

Newsletter for the Societies for Computers and the Law in New South Wales, Victoria, Western Australia, the Australian Capital Territory and Queensland

ISSN 08117225

Registered by Australia Post – Publication No. NBG 8205

Editor: Graham Greenleaf August 1986 Number 5

Game, set and match at: 3/2; 1/2;1/0

High Court comes up Apples for Wombat

The High Court of Australia has decided computer software in some forms was not copyright, at least before the 1984 amendments to the Commonwealth *Copyright Act 1968*. Graham Greenleaf reviews the state of play.

In *Computer Edge Pty Limited and Another v Apple Computer Inc and Another* (1986) High Court of Australia, 6 May 1986, F.C. 86/017 (unreported), the long-running case was decided in favour of Computer Edge, distributors of the Wombat computer. By a 3/2 majority, the High Court reversed the 2/1 decision of the Full Bench of the Federal Court on the copyright issue, and in doing so affirmed the result (if not the reasoning) of Beaumont J. who first heard the matter.

Implications

The practical significance of the decision is not easy to assess. So far as software protection under Australian law is concerned, the Copyright Amendment Act 1984 provides specific protection for programs. An assessment of whether the High Court decision undermines any of the assumptions on which that protection is based will be included in the next issue.

The practical implications in Australian law may be far more significant for the providers of conventional literary works in computerised form: database operators.

The significance of the decision for general copyright law is further complicated by two factors: the three High Court judges in the majority each delivered separate judgments, which makes the extraction of any *ratio* from the case a hazardous exercise; and some significant aspects of the decision turned on provisions specific to the Australian Copyright Act 1968, affecting its international relevance

Before jumping to any conclusions about this important case, it may first be useful to simply ask: on what basis could the High Court have found Apple's copyright infringed and exactly what did ally open

Eight Avenues to Infringement

Apple had eight avenues theoretically open to it by which it could show that Computer Edge had infringed its copyright in certain computer programs.

Apple had produced the source code of those programs in writing and claimed copyright in that source code. It had also produced ROMs (Read-Only Memory chips) in Apple computers, which embodied object code produced by the use of that source code, and claimed copyright in that object code.

Computer Edge had used the Apple ROMs to produce its own ROMs in the Wombat range of computers. Apple alleged Computer Edge had therefore either reproduced or adapted either the Apple source code or object code in a way which infringed Apple's copyright.

In theory, this gives four potential sources of infringment, each of which may be infringed by two means, reproduction and adaptation, giving a total of eight potential means of infringement:

1&2: the Apple source code, copyright in itself;

3&4: the Apple object code in the ROM, copyright as a reproduction of the source code;

5&6: the Apple object code in the ROM, copyright as an adaptation of the source code;

7&8: the Apple object code in the ROM, copyright in itself.

The first numeral in each pair represents infringement by reproduction, the second reproduction by adaptation.

However, the Copyright Act 1968 blocks off some of these avenues as potential sources of infringement. Section 31 (1), which defines the exclusive rights which comprise the copyright in a literary work, includes the following relevant acts:

(i) to reproduce the work in a material form;

...

(vi) to make an adaptation of the work;

(vii) to do, in relation to a work that is an adaptation of the first-mentioned work, any of the acts specified in relation to the first-mentioned work in sub-paragraphs (i) to (v) inclusive...

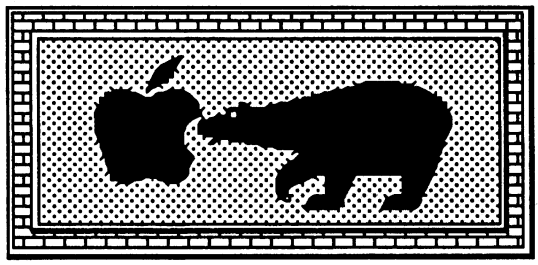
There is no equivalent to (vii) in relation to reproduction: it is not an infringement to make a reproduction or adaptation of a reproduction, therefore removing avenues 3 and 4.

Similarly, (vii) does not make it an infringement to make an adapatation of an adaptation, therefore removing avenue 6. Five possible avenues remain (1, 2, 5, 7 and 8), and were subjected to exhaustive investigation by the High Court in the course of its four separate judgments.

Continued overleaf...

The Apple Case:

The Latest Word, but not the Last Word



Following Apple v Computer Edge, the state of the law before the 1984 amendments can be very briefly summarised as follows.

* A written source program is a literary work (per curiam).

* Object code as it exists in computer storage media is not a literary work, (therefore removing avenues 7 & 8) either because-

(a) writing is required for a literary work, independently of s 22 (1) of the Act which provides that a work is made when "first reduced to writing or to some other material form" (per Gibbs CJ); or

(b) the s 22 (1) requirement of "material form" requires a literary work to be perceivable by the senses (query whether with or without a machine intermediary) (per Brennan J); or

(c) it is not in writing, not perceptible and not intelligible to humans nor intended to be (per Gibbs CJ, Brennan and Deane JJ). (Mason and Wilson JJ not deciding, but dissenting against the reasoning in (a) and (b)).

* Object code as it exists in computer storage media is not an adaptation as a translation of written source code (therefore removing avenue 2) because-

(a) it does not "express or render" the source code, but puts it into action (per Gibbs CJ and Deane J, Brennan J not deciding).

(b) an adaptation must also be a literary work (per Gibbs CJ, Brennan J, Mason and Wilson JJ). [This second reason appears to be in error, confusing s31 (1) (a) (vii) with s31 (1) (a) (vi). Sub-part (vii) only applies where a reproduction of an adaptation is in issue, not where a "direct" adaptation of a literary work is in issue.]

* Object code as it exists in computer storage media is not a "work that is an adaptation", as it is not a work in its own right, and therefore s31 (1) (a) (vii) does not apply, so a program in one computer storage medium cannot infringe copyright as a reproduction of the program in another computer storage medium (i.e. a reproduction of an adaptation; therefore removing avenue 5).

* Object code as it exists in computer storage media is not a reproduction of written source code (therefore removing avenue 1) because-

(a) "a work which is manufactured in accordance with written instructions is not a reproduction of those instructions": *Cuisenaire v Reed* [1963] VR 719; *Brigid Foley Limited v Ellott* [1982] RPC 433;

(b) it embodies the idea, and logical structure, of the source programs, but does not reproduce the expression of the idea and of the logical thought which is to be found in the source programs (per Gibbs CJ, Brennan and Deane JJ; Mason and Wilson JJ not deciding).

The majority therefore decided that none of the avenues for infringement available under the *Copyright Act 1968* (1, 2, 5, 7 and 8) were open to Apple.

Unresolved matters

The following matters were left unresolved under the pre-1984 law:

* Whether source code in computer storage media is protected by copyright in that medium as (a) a literary work in itself, (b) an adaptation of a pre-existing written work, or (c) a reproduction of a pre-existing written work. The majority's reasoning suggests not, so even the ostensible recognition of copyright in source code may be illusory, in that it may only apply to source code in written form.

* Similarly, in relation to conventional literary works held in computer storage media, the majority's reasoning suggests they are not protected.

CALENDAR

ACTSCL: Australian Capital Territory Society for Computers & the Law
NSWSCL: New South Wales Society for Computers & the Law
VSCL: Victorian Society for Computers & the Law
WASCL: Western Australian Society for Computers & the Law

23 July
WASCL:Annual General Meeting

August
VSCL User Panel Discussion

6 August
NSWSCL E.F.T. Regulation

20 August
NSWSCL Legal Databases in West Germany [Speaker: Jürgen Gödan of the Max-Planck-Institut, Hamburg]

3 September
NSWSCL: Remedies in Technological Disputes

24 September
WASCL: Meeting

1 October
NSWSCL Franchise Agreements Bill [Speakers: Bill Koeck; Michael Saunders; Howard Schreiber; Katrina Lee]

29 October WASCL Meeting

26 November WASCL Meeting

COMPUTERS & LAW
Newsletter of the Australian Societies for Computers & The Law

Editor: Graham Greenleaf
Faculty of Law
University of New South Wales
PO Box 1 Kensington NSW 2033
Australia Tel (02) 697 2233

Page Layout: Richard Ure
13 Warrington Avenue Epping NSW
Tel (02) 868 3778

Production: Jill Matthews
70 Piper Street Lilyfield NSW 2040
Tel. (02) 569 5310

Subscriptions: $20 per 4 issues
Advertising: Inserts $125; within the newsletter, rates by negotiation.