

# FEDERAL COURT OF AUSTRALIA

## Fairfax Media Publications Pty Ltd v Reed International Books Australia Pty Ltd [2010] FCA 984

Citation: Fairfax Media Publications Pty Ltd v Reed International Books Australia Pty Ltd [2010] FCA 984

Parties: **FAIRFAX MEDIA PUBLICATIONS PTY LTD (ACN 003 357 720) v REED INTERNATIONAL BOOKS AUSTRALIA PTY LTD (ACN 001 002 357) T/A LEXIS-NEXIS**

File number: NSD 1306 of 2007

Judge: **BENNETT J**

Date of judgment: 7 September 2010

Catchwords: **COPYRIGHT** – respondent reproduces headlines and creates abstracts of articles in the applicant’s newspaper – whether reproduction of headlines constitutes copyright infringement – whether copyright subsists in individual newspaper headlines, in an article with its headline, in the compilation of all the articles and headlines in a newspaper edition and in the compilation of the edition as a whole – literary work – copyright protection for titles – use of headline as citation to article – policy considerations – originality – authorship – whether presumption of originality for anonymous works available – whether work of joint authorship - whether the headlines constitute a substantial part of each compilation – whether the work of writing headlines is part of the work of compilation – whether fair dealing for the purpose of or associated with reporting news

**ESTOPPEL** - whether applicant estopped from asserting copyright infringement by respondent – applicant has known for many years that headlines of the applicant’s newspaper are reproduced in the abstracting service – applicant had subscribed to and resupplied the abstracting service – whether respondent relied on an assumption that the applicant will not assert copyright infringement by reproduction by headlines – whether applicant created or encouraged the assumption – detriment – whether unconscionable to depart from assumption

- Legislation: *Copyright Act 1968* (Cth) ss 10(1), 31, 32, 42, 127, 129(2)
- Cases cited: *American Geophysical Union v Texaco* 60 F3d 913 (2d Cir, 1994); (1994) 29 IPR 381 cited  
*Austotel Pty Ltd v Franklins Selfserve Pty Ltd* (1989) 16 NSWLR 582 applied  
*Budget Eyewear Australia Pty Ltd v Specsavers Pty Ltd* [2010] FCA 507 cited  
*Commonwealth v John Fairfax & Sons Ltd* (1980) 147 CLR 39 cited  
*Cortis Exhaust Systems Pty Ltd v Kitten Software Pty Ltd* (2001) ATPR 41-837 cited  
*De Garis v Neville Jeffress Pider* (1990) 37 FCR 99 considered/distinguished  
*Desktop Marketing Systems Pty Ltd v Telstra Corporation Ltd* (2002) 119 FCR 491 cited  
*Dick v Yates* (1881) 18 Ch D 76 considered  
*Exxon Corporation v Exxon Insurance Consultants International Ltd* [1982] Ch 119 considered  
*Francis Day & Hunter Ltd v Twentieth Century Fox Corp Ltd* (1940) AC 112 applied  
*Hollinrake v Truswell* [1894] 3 Ch 420 cited  
*IceTV Pty Ltd v Nine Network Australia Pty Ltd* (2009) 239 CLR 458 applied  
*Kalamazoo (Aust) Pty Ltd v Compact Business Systems Pty Ltd* (1985) 5 IPR 213 discussed  
*Lamb v Evans* [1893] 1 Ch 218 considered  
*Milwell v Olympic Amusements Pty Ltd* (1999) 85 FCR 436 discussed  
*Olympic Amusements Pty v Milwell Pty Ltd* (1998) 81 FCR 403 considered  
*Sands & McDougall Proprietary Ltd v Robinson* (1917) 23 CLR 49 considered  
*Shetland Times Ltd v Wills* [1997] FSR 604; (1996) 27 IPR 71 discussed  
*State of Victoria v Pacific Technologies (Australia) Pty Ltd (No 2)* (2009) 177 FCR 61 cited  
*State Rail Authority of NSW v Health Outdoor Pty Ltd* (1986) 7 NSWLR 170 considered  
*Sullivan v FNH Investments Pty Ltd* (2003) 57 IPR 63 cited  
*TCN Channel Nine v Network Ten* (2001) 108 FCR 235 applied  
*Victoria Park Racing & Recreation Grounds Co Ltd v Taylor* (1937) 58 CLR 479 considered  
*Waltons Stores (Interstate) Ltd v Maher* (1988) 164 CLR 387 applied

Garnett K, Davies G, Harbottle G, Copinger and Skone  
*James on Copyright* (15<sup>th</sup> ed, Sweet & Maxwell, 2005)  
Laddie H, Prescott P, Vitoria M, *The Modern Law of*

*Copyright and Designs* (3<sup>rd</sup> ed, Butterworths, 2000)

Dates of hearing: 2 to 5 September 2008, 23 July 2009

Place: Sydney

Division: GENERAL DIVISION

Category: Catchwords

Number of paragraphs: 162

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IN THE FEDERAL COURT OF AUSTRALIA  
NEW SOUTH WALES DISTRICT REGISTRY  
GENERAL DIVISION

NSD 1306 of 2007

**BETWEEN:**                   **FAIRFAX MEDIA PUBLICATIONS PTY LTD**  
                                  **(ACN 003 357 720)**  
                                  **Applicant**

**AND:**                         **REED INTERNATIONAL BOOKS AUSTRALIA PTY LTD**  
                                  **(ACN 001 002 357) T/A LEXIS-NEXIS**  
                                  **Respondent**

**JUDGE:**                     **BENNETT J**

**DATE OF ORDER:**   **7 SEPTEMBER 2010**

**WHERE MADE:**       **SYDNEY**

**THE COURT ORDERS THAT:**

1.     The application be dismissed.
2.     Costs be reserved.
3.     The parties file and serve any submissions on costs within 7 days.

Note: Settlement and entry of orders is dealt with in Order 36 of the Federal Court Rules.

The text of entered orders can be located using Federal Law Search on the Court's website.

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## INTRODUCTION

1           The applicant (**Fairfax**) is the publisher of the national newspaper *The Australian Financial Review* (**AFR**). The AFR is published on each day of the week other than Sunday, in paper form to the general public in each State and Territory and electronically in digital form to subscribers in Australia and elsewhere.

2           The respondent (**Reed**) provides a service known as “ABIX” which involves the provision to subscribers of abstracts of articles published in various newspapers and magazines, including articles in the AFR (**the ABIX service**). Each abstract includes the headline of the article which is the subject of the abstract, typically without alteration, the by-line of the journalist who wrote the article and a short summary of the article written by an employee of Reed. Typically, abstracts of around 40-60% of articles in each edition of the AFR (**the Abstracts**) are provided as part of the ABIX service, early on the same day as the relevant edition. It is important to appreciate that the appearance of the Abstract is not the same as the appearance of the original article as published in the AFR. Further, while the

Abstract does include the headline and by-line of the corresponding article, the ABIX service does not reproduce the advertisements, the photographs or the quotes from the articles which appear in the AFR. The arrangement of the Abstracts within the ABIX service as presented to subscribers is not the same as the arrangement of those articles in the AFR. Nor do the headlines appear in the same order as they appear in the AFR. However, Fairfax argues that the Reed database reproduces the arrangement of the articles and headlines in the AFR.

3 Fairfax alleges that, by reason of the provision of such Abstracts as part of the ABIX service, Reed has infringed its copyright in a number of different works comprised in each edition of the AFR. Fairfax contends that each of the following (**the contended works**) are original literary works in which copyright subsists pursuant to the *Copyright Act 1968 (Cth)* (**the Act**) and that Reed takes the whole or a substantial part of each of these works in preparation of the Abstracts:

1. Each individual headline in an AFR edition
2. Each article, including its headline and by-line, written by journalists employed by Fairfax and published in an AFR edition (**Article/Headline Combination**)
3. The compilation consisting of all of the articles, including their headlines and by-lines, in an AFR edition (**Article Compilation**)
4. Each entire edition of the AFR (**Edition Work**)

Fairfax had also pleaded that copyright subsists in a compilation consisting of all of the headlines in an AFR edition but that is no longer pressed and I will not deal with this claimed compilation further. Fairfax seeks against Reed declarations of infringement of its copyright in the contended works and injunctions to restrain future infringement, but does not seek any pecuniary relief pursuant to ss 115 or 116 of the Act.

4 Reed denies any infringement of copyright. It says that none of the contended works, other than the Edition Work, is capable of being a work within the meaning of the Act or is a work in which copyright has been proven to subsist.

5 Further, Reed contends that even if copyright subsists in each of the contended works, the Abstracts do not reproduce a substantial part of any contended work, other than the individual headline. Reed also raises two defences: the defence of fair dealing for the

purpose of reporting news under s 42 of the Act and the defence of estoppel. Reed had also pleaded the defences of laches and acquiescence but no longer relies on them.

6 The primary issues in dispute are:

1. whether copyright subsists in any of the contended works pursuant to the Act:
  - Is each of the contended works a “work”?
  - Is each of the contended works an original work?
2. whether, in the preparation of the Abstracts, Reed takes the whole or a substantial part of any of those works in which copyright subsists; and
3. whether Reed has made out either of its defences.

7 Following the conclusion of the hearing, the parties asked and I accepted that the decision should be reserved until after the publication of the judgment of the High Court in *IceTV Pty Ltd v Nine Network Australia Pty Ltd* (2009) 239 CLR 458 and the opportunity to make further submissions.

## THE SUBSISTENCE OF COPYRIGHT

8 The main issue relating to the subsistence of copyright is whether each of the contended works are “original literary works” within the meaning of s 32 of the Act which relevantly provides:

(2) *Subject to this Act, where an original literary, dramatic, musical or artistic work has been published:*

- (a) *copyright subsists in the work; or*
- (b) *if copyright in the work subsisted immediately before its first publication—copyright continues to subsist in the work;*

*if, but only if:*

- (c) *the first publication of the work took place in Australia;*
- (d) *the author of the work was a qualified person at the time when the work was first published; or*

...

...  
(4) *In this section, qualified person means an Australian citizen or a person resident in Australia.*

...

It is not in dispute that if the contended works are original literary works, the other circumstances required in s 32 for copyright to subsist are satisfied. The parties agree that the “work” must be precisely identified (*IceTV* at [15] per French CJ, Crennan and Kiefel JJ; at [105] per Gummow, Hayne and Heydon JJ).

9           In assessing the centrality of an author and authorship to the overall scheme of the Act, it is worth remembering that the theoretical underpinning of copyright legislation includes striking a balance of competing interests and competing policy considerations (*IceTV* at [24] per French CJ, Crennan and Kiefel JJ). Relevantly, it is concerned with rewarding authors of original literary works with commercial benefits having regard to the fact that literary works in turn benefit the reading public (at [24]). The “social contract” is that an author can obtain a monopoly, limited in term, in return for making a work available to the reading public (at [25]).

10           As the Abstracts publish a portion of the headlines of each AFR edition, unchanged, the subsistence of copyright in the headlines was a primary issue. Apart from contending that there is no copyright in headlines, Reed submits that Fairfax has failed to establish originality for the purposes of the Act by failing to prove:

- Original skill and labour for the headlines to be works at all;
- Originality by proof of authorship of the headline or of the joint authorship of the Article/Headline Combination; and
- Originality of what is alleged to be the substantial part taken from the work.

11           Fairfax filed evidence dealing with seven sample editions of the AFR and the corresponding Abstracts prepared by Reed published in the week of 25 to 30 June 2007 and on the additional day of 1 November 2007 (**the sample editions**). During the hearing, Fairfax asked for its case to be considered by reference only to the 27 June 2007 edition (**the June edition**) and the 1 November 2007 edition (**the November edition**). Legal representatives of Fairfax were present during the preparation of the November edition and this edition is the subject of specific and detailed evidence as to the process of its preparation, including preparation of the headlines of the articles contained in it.

12

Fairfax asserts copyright in the individual headlines in the AFR. Fairfax has also selected a subset of the headlines and articles from the June edition and the November edition by reference to which the case can be considered, to the extent it depends on an analysis of individual headlines and articles. Fairfax does not say that these selected headlines are representative but relies on each of them as a literary work in which copyright subsists. The following ten headlines and articles are selected (**ten selected headlines**):

<i>Edition/page/headline</i>	
<i>27 June 2007</i>	
<i>p 1</i>	<i>Investors warned on super changes</i>
<i>p 3</i>	<i>Returns after tax will be simply super</i>
<i>p 3</i>	<i>Employer lobby faces an uphill battle to fund ads</i>
<i>p 9</i>	<i>Blackout probe sheds little light</i>
<i>p 7 (special report)</i>	<i>Laser a ray of hope for eye problems</i>
<i>1 November 2007</i>	
<i>p 1</i>	<i>Fund managers reject Telstra chief's \$11m pay deal</i>
<i>p 1</i>	<i>Health gaffes put coalition on back foot</i>
<i>p 12</i>	<i>Gunning for the vote in Bennelong</i>
<i>p 13</i>	<i>Uncertainty forces PM to rethink Victorian strategy</i>
<i>p 27</i>	<i>October a brilliant stage in dollar's tour de force</i>

13

Fairfax submits that each of the ten selected headlines is:

1. "original" in the sense that it is not copied, although in many cases, it also involves considerable elements of novelty and creativity;
2. "literary" as it conveys information and instruction and, in many cases, also pleasure in the form of literary enjoyment; and
3. a "work" as it is a discrete item of subject-matter packaged and presented as such.

#### **Fairfax's evidence on headline writing**

14

Fairfax relies on the evidence of Mr Paul Bailey, who has held the position of Managing Director of the AFR since 2006 and the position of Deputy Editor of the AFR from 2004 to 2006. In his first affidavit, Mr Bailey gives evidence of what is involved in the task of writing headlines generally and of the significance accorded to headlines by journalists, editors and the industry generally. Mr Bailey refers to some examples of headlines in his first

affidavit but they are not the ten selected headlines and are not headlines from the sample editions. Mr Bailey also provides a report which sets out in detail the process of creation of the November edition by reference to a detailed chronological description of the steps involved and various photographs and other documents including drafts of the edition (**the Bailey Report**). The evidence of Mr Bailey is that the process of preparing the November edition as described in the Bailey Report is generally representative of the process which has been followed in the preparation of each edition of the AFR since 2004.

15 Mr Chris Short, a Deputy Editor of the AFR employed by Fairfax, has been employed in senior editorial roles since 1999. He gives evidence of, *inter alia*, the roles of the staff involved in planning and putting together an edition of the AFR, the processes and practices involved and the preparation and significance of the headlines in those processes. Again, his evidence does not deal specifically with the sample editions.

16 Fairfax relies upon the general evidence of Mr Short and Mr Bailey as to the preparation of headlines, the evidence in the Bailey Report which links the general to the specific and the evidence in the Bailey Report relating specifically to the following headlines on page 1 of the November edition:

- ‘Fund Managers reject Telstra chief’s \$11m pay deal’ (**Telstra Headline**)
- ‘Health gaffes put coalition on back foot’ (**Health Headline**)

17 I accept that Mr Bailey’s expertise is sufficient to enable him to give the opinions in his affidavit to which I refer. In Mr Bailey’s opinion, the following skills are needed to write good headlines:

- good news sense and an understanding of the issues related to all aspects of current affairs, including the current debate, commentary and opinion in these areas;
- a good sense of the style of the publication for which they are being written; and
- awareness of the legal implications of headlines.

18 Mr Bailey was of the view that writing headlines also involved creativity, thought, application, effort and experience. I accept that Mr Bailey himself applied these skills but it is not evidence of a general practice. Mr Bailey’s evidence is that he used these skills on a

daily basis as he wrote headlines, participated in the writing of headlines, and approved, selected and agreed or disagreed with headlines written by other staff of the AFR. He also applied his experience as a journalist and editor and his knowledge of the principles of headline writing.

19 Mr Bailey's evidence is that, generally, a good headline will tell the story of the article to which it relates, stand out and provide a different slant on a story, which makes it more engaging and attractive. As an example of Mr Bailey's opinion of a good headline with creative flair, he refers to '*Winn at all costs for Telstra's Mr Fix It*' (AFR, 31 Oct 2007) and contrasts this with a theoretical, less creative alternative of '*Telstra boss outlines road ahead*'. Neither of these headlines were samples for the purposes of these proceedings. Mr Bailey's evidence is interesting as background and as to his own opinion and practice but does not extend to evidence specifically in support of the originality of the ten selected headlines.

20 Mr Bailey also discusses the Walkley Awards, which are awarded annually to recognise excellence in Australian journalism. As one of the members of the Walkley Advisory Board, Mr Bailey is involved in choosing the winner in each relevant category. One of the awards is the "Three Headings" award, for the sub-editor who has submitted the three best headlines. The entry form for the award states that the judges will be looking for originality, flair and headline relevance to the story it heads. As a judge of the award, Mr Bailey's opinion is that the "Three Headings" award recognises:

- the special skill of headline writing and its critical part of the makeup of a newspaper;
- that headlines are an important factor in arresting the readers' attention and are an integral part of conveying a story; and
- that headline writing is a unique and distinct skill requiring originality, flair and relevance to a story.

It is apparent that not all of the ten selected headlines fulfil these cumulative requirements.

21 Mr Short's evidence of the role of headlines has been largely objected to on the bases of form and relevance and because the opinion expressed is outside Mr Short's area of

expertise. However, some of the matters to which he refers are apparent from the ten selected headlines, together with a common understanding of headlines in newspapers. I accept that:

- Some headlines summarise the article.
- Some headlines relate the most important aspect of the article.
- Headlines are a means of attracting the reader's attention.
- Some headlines are intended to entertain or provoke.
- Some headlines are not a plain statement of fact.
- Headlines are an important element on the page.
- Some headlines, being in the opinion of Mr Short the "best headlines", are those that provide an accurate summary but have another subtle element of surprise, erudition, humour or charm.
- There is no set template for writing a headline.
- A headline should be accurate.
- Feature headline writing may require skill and experience.

22           The evidence of the creation of the AFR, which will be discussed further below, demonstrates that it is primarily the role of the sub-editor to write a good headline, although the headline can be improved and changed later in the editing process. Mr Short's evidence is that a sub-editor needs to:

- be up-to-date with the news to ensure that the latest angle is captured in the headline;
- be aware of other headlines in neighbouring pages or on related stories;
- ensure that the tone of the headline suits the particular publication and its readers, and also the particular section of the publication, e.g., writing a headline for the news pages can be quite different from writing one for the feature pages or opinion pages; and
- complement the headline with any picture accompanying the article.

23           Mr Short's evidence is that on a difficult story and where time permits, it sometimes can take half an hour to find the right headline that is '*original and appealing*'. Sub-editors

often discuss headlines with colleagues. The check sub-editor also analyses the suitability of the headline and, at the proofing stage, the chief sub-editor pays particular attention to the tone and quality of the headlines. In preparation for the second edition, a senior sub-editor is allocated the task of assessing the headlines, looking for clashes in the headlines and any possible improvements. Mr Short says that updates on pages for the second edition are regularly made to improve headlines despite the expense of requiring new plates at the printers.

24 Mr Short also explains the process for developing headlines for feature articles. Some feature articles are commissioned when the feature editor has a “headline” idea and in such cases, the headline gives the reporter the governing idea. In other cases, reporters have their own ideas for feature articles and the headline is written after the story is written. There is no evidence that any of the selected headlines come into either of these categories.

25 In Mr Short’s opinion, what may be considered a good style of headline changes over time. Occasionally, the heads of production of the AFR compile lists of the best recent headlines and publish them internally to encourage staff to strive for the best headlines and to help clarify the kind of headlines for which staff should aim. Mr Short also refers to books and online guides and blogs which have been written on the subject of headline writing.

### *Evidence relating to the Telstra Headline and the Health Headline*

26 The Bailey Report contains some specific evidence as to how the Telstra Headline and the Health Headline were prepared. Notes made by Mr Bailey during the 6 pm conference for the November edition record various ideas that were discussed for the page 1 headlines. In relation to the Telstra Headline, Mr Bailey explained that as at 6:00 pm, there remained a possibility that a page 1 story about Telstra’s executive pay deal would “firm up” to allow the AFR to report that the Future Fund had decided, or was about to decide, to vote against the executive package at a meeting due to be held shortly. There was in evidence a mock front page containing a headline reading ‘*Future Fund opposes Sol’s \$11m salary*’. The evidence was that those at the 6 pm meeting jointly discussed ideas, sometimes a word, sometimes a complete sentence, sometimes a suggestion on someone else’s idea, until the final headline was decided. The Bailey Report sets out some discussion surrounding the Telstra article and some of the ideas for the Telstra Headline that were discussed and rejected and the basis for their rejection:

- *'Future Fund set to baulk'* was rejected as “going too far”.
- There was discussion about to what extent the story can be backed up. Words discussed were *'set to'* and *'poised to'*. It was agreed that the person actually writing the article should change the words *'poised to'* in the text of the story to “water them down” to *'seriously considering'* in light of the basis for the story as at 6 pm.
- *'Telstra's CEO'* and *'Sol'* were discussed as candidates for inclusion and it was agreed that *'Sol'* was sufficient.
- *'Pay'* and *'bonuses'* were discussed as candidates for inclusion.
- *'11 million dollar package'* was rejected as it was unclear whether that was taken to include or exclude superannuation. *'Pay deal'* and *'11 million dollars'* were suggested and *'\$11m pay deal'* was agreed.
- There was debate about whether the headline should read *'baulk at'* or *'reject'*. *'Reject'* was agreed to be perhaps too strong. However, there was further discussion about how it was unprecedented that fund managers would oppose the pay policy and it was accepted that at least 1 fund manager had already done so. The headline after discussion was settled at *'Fund managers reject Telstra's \$11m dollar pay package'* and the final version read *'Fund managers reject Telstra chief's \$11m dollar pay package'*.

27 Mr Bailey's notes from the 6 pm meeting also show a number of different ideas for the Health Headline but ultimately, *'Health gaffes put coalition on back foot'* was chosen.

#### **Are headlines literary works in which copyright can subsist?**

28 Reed points out that Fairfax has not adduced any evidence of the skill and labour in producing the headlines in the June edition, which Reed accepts as representative. The only evidence that Fairfax has adduced about the selected headlines in the November edition is the evidence in the Bailey Report about the Telstra Headline and the Health Headline, both page 1 headlines. In relation to the Telstra Headline, Reed submits that the evidence explains that most of the effort was directed to ensuring that the **story** was accurate and that the headline followed this, mainly by using words from the article. Reed says that the examples of the Telstra Headline and the Health Headline do not suffice to establish any skill or labour involved in the production of the selected headlines in the sample editions.

29           Fairfax contends that to establish originality, it is not necessary for there to be specific evidence of the amount of time and effort put into the creation of specific works. It is not necessary, it says, that hours or minutes are put into the creation of that which is self-evidently literary. In the case of headlines which are created on the day and are therefore plainly not slavishly copied, the Court can, Fairfax says, directly appreciate the originality in the crafting of the words of the headlines.

30           In *Kalamazoo (Aust) Pty Ltd v Compact Business Systems Pty Ltd* (1985) 5 IPR 213, Thomas J usefully summarised some relevant authorities. As his Honour noted at 232, there has been general but not universal judicial acceptance that a literary work is one that gives “information, instruction or pleasure in the form of literary enjoyment” (referring to the definition of “literary work” in *Hollinrake v Truswell* [1894] 3 Ch 420 at 427-428 per Davey LJ) and that it is not a question of literary merit. There is also acceptance generally that there must be a degree of originality: some labour, skill, judgment or ingenuity involved in the expression of the idea. An assessment of that originality involves knowledge of the author and an understanding or appreciation of what went into the claimed work. That may be apparent on the face of the work, such as a newly authored novel. It may require an understanding of the skill and labour involved, such as in the case of a compilation. It may, more usually, require some appreciation of both to varying degrees. As Thomas J observes at 234, the question is not the novelty or the worth of the thought which a person injects into their work, but whether the expression is original. As Dixon J said in *Victoria Park Racing & Recreation Grounds Co Ltd v Taylor* (1937) 58 CLR 479 at 511, ‘...[t]he work need show no literary or other skill or judgment. But it must originate with the author and be more than a copy of other material’. As Isaacs J pointed out in *Sands & McDougall Proprietary Ltd v Robinson* (1917) 23 CLR 49 at 55, “author” and “original work” have always been correlative (as confirmed in *IceTV* at [34]). However, his Honour also said at 53 that as “author” connotes some amount of originality, the express use of the word “original” in the Act must carry some additional meaning, which his Honour described as ‘*inventive originality*’ and said that a suggestion that it was sufficient for a person to be an author ‘*would be revolutionary*’. For copyright to subsist in a work, one or more authors must have expended sufficient effort of a literary nature directed at the form of expression of the work (*IceTV* at [42] and [99]). The form of expression of the work must be the result of particular mental effort or exertion by the author/s and cannot be essentially dictated by the nature of the information.

31 That is not to say that a copyright work must necessarily be “inventive” but it must involve more than mere authorship. This is consistent with the opinion expressed by Isaacs J in *Sands*. This may be another way of saying that it must be not only original in the sense of authorship, but also a work. As French CJ, Crennan and Kiefel JJ said in *IceTV* at [16]–[ 28] in explaining the idea/expression dichotomy:

- Copyright is given in respect of the particular form of expression in which an author conveys ideas or information to the world (at [26]).
- Copyright does not protect facts or information. To do so would impede the reading public’s access to and use of facts and information. It protects the particular form of expression of the information: the words, figures and symbols in which the pieces of information are expressed and the selection and arrangement of that information (at [28]).
- Copyright is not given to reward work distinct from the production of a particular form of expression (at [28]).

32 The precise question of whether copyright subsists in newspaper headlines has not been decided by any Court in Australia. The Scottish case of *Shetland Times Ltd v Wills* [1997] FSR 604; (1996) 27 IPR 71 concerned an application for an interlocutory injunction. Despite a concession that a headline could be a literary work and an observation that the headlines in question were ‘*designedly put together*’ for the purpose of imparting information, Lord Hamilton expressed the reservation that, ‘*while literary merit is not a necessary element of a literary work, there may be a question whether headlines, which are essentially brief indicators of the subject matter of the items to which they relate, are protected by copyright*’ (27 IPR 71 at 74-75). His Lordship did not reach a final conclusion on the question.

33 Reed submits that there is an important public policy reason for excluding titles, including headlines, from copyright protection, being the need to identify a work by its name. The use of titles to articles and books for the purposes of identification, including for bibliographic purposes, is well-known and routine. Reed contends that if copyright protection is afforded to headlines, there will be a significant detrimental impact to all bibliographic and reference systems which proceed on the footing that there is no infringement of copyright to reproduce in full the title of a book, essay, play, song,

newspaper article, and so on. The reproduction of the title, Reed says, is the proper way to refer to the item in question. Reed says that its Abstracts similarly reproduce the AFR headlines and by-lines to provide a proper reference to the AFR articles and to enable them to be located.

34 Reed finds support for its position in the fair dealing defences in the Act (ss 41, 42, 44, 45, 103A and 103B), which require that there be a “sufficient acknowledgement” of the relevant work. Sufficient acknowledgement as defined in the Act generally requires identification of the work by its title or other description. Reed submits that the definition proceeds on the footing that identifying a work by its title will not infringe copyright in the title. The evidence, including from citation guides, is that the proper citation of a newspaper article requires reproduction of the headline. Reed submits that a Court should be very slow to find that a conventional bibliographic reference to an article would constitute possible infringement of the headline. Fairfax denies, however, that the requirement of sufficient acknowledgement supports Reed’s position. It points out that if the use of an article is a fair dealing under the Act, then a reference to the headline will also be a fair dealing such that there would be no infringement even if the headline is itself a copyright work.

35 Fairfax submits that the public policy considerations raised do not support Reed’s position as Reed is not in the position of a researcher or academic who wishes to cite an article by reference to its title, or an author who wishes to refer to an article to critique it. Rather, Fairfax says, Reed copies large numbers of its headlines and by-lines and uses them for directly competitive purposes, seeking to substitute for Fairfax’s content and remove the need for subscribers to review the AFR. Further, Fairfax submits that if widespread practice in bibliographic referencing does not conform to the letter of the law, it is a matter for the Parliament to amend the law if it so chooses.

36 Reed contends that headlines are analogous to a title of a book or other work and relies on the fact that titles, slogans and other short phrases have been consistently refused separate protection under Australian and English copyright law. In *IceTV*, French CJ, Crennan and Kiefel JJ acknowledged that generally speaking, no copyright could be claimed in a programme title alone (*IceTV* at [27] referring to Garnett K, Davies G, Harbottle G, *Copinger and Skone James on Copyright* (15<sup>th</sup> ed, Sweet & Maxwell, 2005) at [3–16] and *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465 at 469 per Lord

Reid). Reed concedes that there has been not been complete uniformity in reasoning in previous cases and texts and submits that the correct view is the *de minimis* principle: that titles and the like are simply too insubstantial and too short to qualify for copyright protection as literary works. Reed relies on the following comments of the Privy Council in *Francis Day & Hunter Ltd v Twentieth Century Fox Corp Ltd* (1940) AC 112 at 123:

*As a rule, a title does not involve literary composition, and is not sufficiently substantial to justify a claim to protection. That statement does not mean that in particular cases a title may not be on so extensive a scale, and of so important a character, as to be a proper subject of protection against being copied. As Jessel MR said in Dick v Yates...there may be copyright in a title "as, for instance, in a whole page of title of something of that kind requiring invention".*

37 Reed acknowledges that courts have recognised the possibility of copyright protection for short forms of literary expression in exceptional cases but relies on the fact that no modern Australian or English cases involving titles, slogans or other short phrases have been brought within this preserve. It points out that a typical newspaper headline is far less substantial, in quantitative terms, than the example of the ‘*whole page of title*’ referred to in *Dick v Yates* (1881) 18 Ch D 76 at 89.

38 In other cases, the basis for denying protection appears to have been a perceived lack of originality (for example, in *Sullivan v FNH Investments Pty Ltd* (2003) 57 IPR 63 at [112]-[114]). Fairfax contends that this basis does not apply to the ten selected headlines because they are clearly “original” in the relevant sense. Fairfax points to Mr Short’s evidence as set out at [21]. Fairfax accepts that copyright protection has been denied to works such as titles and single words but submits that past cases do not dictate the same result for the ten selected headlines in the present case.

39 The authors of Laddie H, Prescott P, Vitoria M et al, *The Modern Law of Copyright and Designs* (3<sup>rd</sup> ed, Butterworths, 2000) commented at [3.62] that most cases in which a work was considered too slight a matter to deserve copyright protection were cases concerning titles of publications and advertising slogans. This is so even where it is apparent that skill and labour had gone into the creation of the word (e.g. ‘*Exxon1*’) or title (e.g. ‘*Where there’s a Will there’s a Way*’). Interestingly, the authors acknowledge that Courts may now be more ready to afford copyright protection to advertising copy to recognise that such material may require creative activity of a high order (at [3.62] at footnote 10 and see *Budget Eyewear Australia Pty Ltd v Specsavers Pty Ltd* [2010] FCA 507). However, they

observe that the Courts may in fact be denying protection on the ground that some advertising slogans and titles are too short to be a literary work at all, regardless of any skill or labour. *Copinger* also refers to the reluctance of English courts to confer copyright protection on titles of newspapers, magazines, books and the like (at [3–16]). Examples of refusal extend to the clever use of words to convey more than a simple description of the subject matter. The authors note that the courts have, however, been careful not to rule out the possibility for such protection in appropriate circumstances, although also noting that no such decision has ever been made.

40 In my view, the headline of each article functions as the title of the article. Indeed, “headline” is defined in the *New Shorter Oxford English Dictionary* (5<sup>th</sup> ed, Oxford University Press, 2002) to mean, relevantly, ‘*The line at the top of a page containing the title etc; a title or subtitle in large type in a newspaper etc*’ and, in the *Macquarie Dictionary* (3<sup>rd</sup> ed, The Macquarie Library, 1998) to mean, relevantly, ‘*a display line over an article etc, as in a newspaper; the line at the top of the page, containing the title, pagination etc*’.

41 It may be a clever title. That is not sufficient (cf “Opportunity Knocks” for a game show; “The Man who Broke the Bank at Monte Carlo” for a song; “Splendid Misery” for a novel). It may be an indication of the content of the article and that is not sufficient (cf “The Lawyer’s Diary” for a diary). (See generally *Copinger* at [3–16] and Laddie et al at [3.62].) It may be a grouping of words that convey, in themselves, the subject matter such that the expression was inseparable from the idea conveyed (“Help-Help-Driver-in-danger-Call-Police-Ph.000” in *State of Victoria v Pacific Technologies (Australia) Pty Ltd (No 2)* (2009) 177 FCR 61). In each case it was determined that the contended work did not justify claims of copyright protection, although the reasoning was not identical. In *Lamb v Evans* [1893] 1 Ch 218, the “headings” in which copyright was held to subsist were more than mere headlines. They included three translations and catch-words. At 232, Kay LJ said:

*There is sufficient literary labour involved in the production of these headings to make them properly the subject of copyright.*

That decision does not necessitate a finding of copyright in newspaper headlines generally.

42 The headlines in the AFR range from the more prosaic: ‘*Investors warned on super changes*’ and ‘*Builders report fall in house sales*’ to ones that employ what might be thought of as a more interesting and clever use of words, such as ‘*Blackout probe sheds little light*’

and ‘Returns after tax will be simply super’. While the use of devices such as puns and double entendres may be clever, evoke admiration and attract attention, the reasons for the denial of copyright protection to “works” that are simply too slight have long been invoked and have formed the basis for much judicial precedent. In some cases the headline represents no more than the fact or idea conveyed.

43           In *Exxon Corporation v Exxon Insurance Consultants International Ltd* [1982] Ch 119, protection for an invented word (“Exxon”) was denied on the basis that, while the word was original and was created after considerable research and labour, it was not a “literary” work because it was not intended to afford information and instruction or pleasure in the form of literary enjoyment (referring to the definition of “literary work” in *Hollinrake*). A headline may come within the well-used criteria for a literary work as set out in *Hollinrake* but those criteria do not afford an exhaustive definition. They may well be necessary but they are not sufficient. Such criteria may well describe a literary work but the mere fact that a word or sequence of words provides information or pleasure is not necessarily sufficient to constitute a literary work for the purposes of the Act.

44           Headlines generally are, like titles, simply too insubstantial and too short to qualify for copyright protection as literary works. The function of the headline is as a title to the article as well as a brief statement of its subject, in a compressed form comparable in length to a book title or the like. It is, generally, too trivial to be a literary work, much as a logo was held to be too trivial to be an artistic work (*Cortis Exhaust Systems Pty Ltd v Kitten Software Pty Ltd* (2001) ATPR 41-837 at [33] per Tamberlin J), even if skill and labour has been expended on creation (*Exxon*).

45           Copyright can only subsist in a “work”. Originality does not require novelty, inventiveness or creativity, whether of thought or expression, or any form of literary merit. Any words written by an author, original in that sense and not copied, could be said to satisfy the “literary” part of a literary work for which copyright is claimed. Those words could well convey information and instruction (such as “go outside, the sun is shining”) or pleasure (such as “you look beautiful”). However, not every piece of printing or writing which conveys information will be subject to copyright (*IceTV* at [45]). To obtain copyright protection under the Act, there must be a literary work. I appreciate that this has been the subject of much judicial consideration but I find it helpful to resort to dictionary definitions

of “work”. The Macquarie Dictionary relevantly defines “work” as ‘*that on which exertion or labour is expended; the product of exertion, labour, or activity: a work of art, literary or musical works*’. There may well be writings of original words or phrases that simply do not reach the level of constituting a “work”, regardless of literary merit. This is not just because they are short, as a deal of skill and effort can go into producing, for example, a line of exquisite poetry. It is because, on its face and in the absence of evidence justifying its description as a literary “work”, the writing does not, qualitatively or quantitatively, justify that description. A headline is, generally, no more than a combination of common English words (*Dicks v Yates* at 88 per Jessel MR). It is ‘*does not involve literary composition, and is not sufficiently substantial to justify a claim to protection*’ (*Francis Day* at 122-123); it does not, in the words of Jacobson J in *Sullivan* at [112], have ‘*the requisite degree of judgment, effort and skill to make it an original literary work in which copyright may subsist*’ for the purposes of the Act.

46           It may be that evidence directed to a particular headline, or a title of so extensive and of such a significant character, could be sufficient to warrant a finding of copyright protection (*Francis Day* at 123; see also *Milwell v Olympic Amusements Pty Ltd* (1999) 85 FCR 436 at [29]) but that is not the case here. Fairfax claims copyright in each and every one of the ten selected headlines. It claims copyright in the headlines as a class of work, based on evidence of a general practice that headlines are determined by staff and settled at meetings of staff to provide a title to a story which also fits into the format of the page of the AFR. That is insufficient to overcome the reasoning for the established practice of denying copyright protection to titles which is the apt characterisation for headlines as a class.

47           The majority of the headlines in the sample editions are short factual statements of the subject of the article. The addition of a pun does not, of itself, in the absence of evidence, convert such statements into literary works. As to the evidence adduced with respect to the Telstra Headline and the Health Headline, I accept Reed’s submission that the evidence is not sufficient to “carry” the rest of the headlines. Further, Mr Bailey’s evidence differentiates the work involved in the headlines of the front page from that for other headlines and demonstrates that the work involved in the Telstra Headline was primarily to ensure that the story was accurate, with the changing headline flowing from a changing appreciation of the facts. It is not the “ideas” of the author that is protected by copyright but their fixed expression (*IceTV* at [160]).

48           The headline and by-line is, as Reed says, meta-information about the work, not part of the work, the work being the article. The need to identify a work by its name is a reason for the exclusion of titles from copyright protection in the public interest. A proper citation of a newspaper article requires not only reference to the name of the newspaper but also reproduction of the headline. This was a matter of common ground between the witnesses. If titles were subject to copyright protection, conventional bibliographic references to an article would infringe. Such considerations may well be a reason for the fact that headlines and “short phrases” are excluded from copyright in the United States (*Alberto Culver v Andrea Dumon* 466 F2d 705 (7<sup>th</sup> Cir 1972); *Salinger v Random House Inc* 811 F2d 90 (2d Cir 1987) at 98; *CMM Cable Rep Inc v Ocean Coast Props Inc* 97 F3d 1504 (1<sup>st</sup> Cir 1996) at 1520 n 21).

49           At *IceTV* at [161], Gummow, Hayne and Heydon JJ criticised the Full Court in *Nine Network Australia Pty Ltd v IceTV* (2008) 168 FCR 14 of tipping the balance too far against the interest of viewers in digital free to air television in the dissemination by means of new technology of programme listings in favour of the interest in the protection of Nine against perceived competition by IceTV. Their Honours noted at [163] a submission that no litigation alleging breach of confidence would have succeeded to protect Nine after the information reached the public domain and that the copyright litigation was an attempt to control the further dissemination of the information. This was discussed in the context of broadcasting information but it does raise a matter of possibly more general application. In my view, to afford published headlines, as a class, copyright protection as literary works would tip the balance too far against the interest of the public in the freedom to refer or be referred to articles by their headlines.

50           This does not exclude the possibility of establishing a basis for copyright protection of an individual headline but Fairfax has failed to prove that the ten selected headlines amount to literary works in which copyright can subsist.

**Is the Article/Headline Combination a literary work?**

51           Fairfax asserts copyright separately in the ten selected articles including their headlines. The majority of articles in each AFR edition are written by journalists employed by Fairfax but some articles are derived from other sources.

52 It is not in dispute that each article is an original literary work but Reed denies that the article together with its headline and by-line forms a discrete work because it is not the work of a single author or the work of joint authorship under the Act. I will consider this below in my consideration of authorship issues.

### **The evidence of the creation of the AFR**

53 In order to determine whether the Article Compilation is a literary work, it is necessary to understand Fairfax's case on the processes involved in the preparation of an edition of the AFR. This evidence is also relevant to the question of authorship of the contended works, to be dealt with later in these reasons.

### ***Planning an edition***

54 The number of pages in any edition of the AFR is a function of the amount of display advertising sold and the needs of editorial coverage. There are certain targeted ratios between advertising and editorial content that determine the size of each edition. The November edition, for example, was fixed at 68 pages, to be accompanied by a 12-page special report.

55 The management and final laying out of the paper is done through a function of the Cybergraphics process known as "Cyberpage". Cyberpage enables both reporters and sub-editors to work on various sections and articles and to monitor the state of completeness and the overall content and "look" of the edition with maximum efficiency. It also allows layout staff to work closely with, and at the same time as, the sub-editors. One view in Cyberpage renders the pages at their present stages of completion in miniature form and shows which areas have been allocated stories and advertising. The Bailey Report attaches screenshots of Cyberpage in use in the preparation of the November edition.

56 The edition of the AFR while it is under construction is referred to as the "Book". The advertising department first blocks out areas in the Book where advertising has been booked and paid for. The layout staff then break up the pages into other page elements, showing places for stories, places for diagrams and charts and places for photographs. Most pages will carry at least one photograph or illustrative graphic.

57 Each edition follows a format based upon daily sections and weekly sections. The Bailey Report shows how pages of the November edition were allocated to different sections of the newspaper and to full page advertising. The Section Editor determines which articles go on which page in a section. Layout out the page is a process of negotiation with sub-editors who will advise on what is possible and how it fits within the AFR's design template. For example, for the November edition, a flat plan was given to the Section Editor of the Financial Services section who then met with the Layout Sub-editor to develop the subdivisions of the flat plan for each page and to advise how she wanted the pages to be laid out. Once articles are assigned to a page, they are ready to be sub-edited.

### *Putting an edition together*

58 The AFR has two editions: the first is the main edition and the second is to accommodate late-breaking stories and updates of articles, to correct errors found after the first edition and to change and improve headlines.

59 There are 3 daily conferences held as part of the process of putting an edition together, at 10:30 am, 3:30 pm and 6:00 pm. At the 10:30 conference, section editors provide lists of the proposed articles for that day's content and a proposed page 1 is developed. The aim of the 3:30 conference is to confirm the structure and content of page 1 and to consider any developments since the 10:30 conference. At the final conference at 6 pm, the page 1 headlines are written and the layout, contents and other features of page 1 are confirmed.

### *Preparation of copy and sub-editing*

60 Many articles are the result of discussions and idea sessions held at the weekly, daily and section conferences. Once the reporter and section head have agreed on the outline for an article, the reporter will research, conduct interviews and write the article. The article is then submitted to the Section Editor who will usually rewrite the piece to a greater or lesser extent. The Section Editor's changes are based upon the editor's greater experience or knowledge of the subject and may involve changing the article's structure, adding in information and deleting material. Changes are discussed by editor and reporter and agreed upon. The article is then sent to the sub-editors to be run into the designated page and space. If the article is too long or short, it may be moved, cut by the section editor or have material restored or added.

61           The sub-editor's function is to improve a copy where it is needed. Sub-editors should not need to rewrite articles in a major way but they check for and make the necessary changes for accuracy, context, jargon, legal requirements, house style and the style of the article. They also cut the copy to fit the allocated space and more major changes are discussed with the reporter or the section head. Taking into account other elements on the two facing pages where the article will appear, sub-editors write picture captions, select breakout quotes and write key points. It is also the sub-editors' role to write the headline.

62           The Bailey Report attaches screenshots of Cyberpage which show this process occurring for the November edition. The Report explains how the Section Editor places selected articles into the "to subs" basket within Cyberpage to pass them on to the domain of the sub-editors and the layout staff. Screenshots of the Cyberpage system show that stories in the November Edition were worked on by sub-editors during the course of the day. Once the layout sub-editors put the stories on their page, the stories are placed into the "subs" basket. At this stage, the need for captions, headlines, sub-headlines etc, and any lack of "fit" to the designated space are identified. Sub-editors edit stories to fit the allocated space, sometimes in consultation with the section editor or the journalist concerned. The Bailey Report shows that there were stories at the "subs" stage for which headlines were still to be written.

63           After sub-editing, the article is further "check sub-edited" by highly experienced sub-editors. Check sub-editors will often change and improve headlines, including if the headline is not appropriate or it becomes apparent at that stage that it will clash with others on the page, its pair, or in the whole section. When all the elements are complete, sub-editors and more senior editors proof-read the hard copy pages and further assess the relationship between elements on the pages. The Bailey Report records that full-size photocopies of every page of the November edition were laid out and sub-editors looked over the edition as a whole to spot repeated words in headlines, lack of balance in appearance and to read over all the pages, spotting last minute edits that were needed. Each page was signed off by a sub-editor. Changes were made to the November edition at this stage, including a late change to a headline, the removal of a word used in two headlines on the same page and small edits.

64           Reed accepts that the editions for 25 to 30 June 2007, which include the June edition, are representative AFR editions. It does not accept, however, that the November edition is representative on the basis that any evidence about the precise process of production,

including the production of headlines was likely to have been sensitised by the presence of legal representatives. It submits that a view of the processes at Fairfax's premises would likewise not remedy this sensitisation.

65 Fairfax points out that there is no evidence that the presence of the legal representatives impacted the integrity of the November edition. It points to the evidence of Mr Bailey, which I accept, that the process of preparation of the November edition was generally representative of the process followed for other editions of the AFR.

### **Is the Article Compilation a literary work?**

66 The claimed Article Compilation is a compilation of all of the articles (including their headlines) in each edition of the AFR but excludes other material such as photographs, market tables and advertisements. Fairfax characterises the Article Compilation as the textual material which is the particular focus of the skill and labour of the editorial staff in putting together an edition of the AFR. It submits the evidence establishes that the process of preparing the compilation of the articles (including their headlines) represents a discrete aspect of the preparation of the edition by particular editorial staff of Fairfax. This takes place after the layout of other material such as advertisements, charts and photographs has largely been set.

67 Fairfax points to the evidence that after areas for advertising are blocked out, the layout staff breaks up the pages into other page elements, with places for stories, diagrams, charts and photographs. The process of the compilation of the articles and their headlines then takes place essentially within the spaces allocated following the work done by the layout and advertising staff. This reflects a finite area within the layout of the edition where articles and headlines are to be put. In effect, the editorial staff work around the spaces reserved for the advertisements and other material for each page, to finalise the content and arrange the layout of the various articles and their headlines in the AFR as a whole.

68 Reed says that the Article Compilation is a "hypothetical work" which does not exist but is, rather, a subset of the Edition work. Reed accepts that there can be multiple works in one document but submits that there is nothing to indicate that the Article Compilation has a separate existence – it is not created as a separate work and is not put forward to the public as a separate work. No author is identified. Fairfax submits, however, that persons might view

an edition of the AFR as a compilation of the articles and their headlines, as opposed to a compilation including the other material such as the advertisements, photographs etc. It would be incongruous, Fairfax says, to require that works must exist separately as discrete items somewhere within Fairfax's records, as Fairfax could have merely printed out the collection of the articles and headlines only and retained these in its records, never to be published.

69 I do not consider that the Article Compilation is a "hypothetical work". It represents the journalistic and editorial literary content of an AFR edition, as distinct from other material, and exists as such in the edition as published. The evidence establishes that the process of preparing the compilation of the articles (including their headlines) represents a discrete aspect of the preparation of the edition by particular editorial staff of Fairfax, which takes place after the layout of other material such as advertisements, charts and photographs has largely been set. The evidence describes the skill and labour expended in the page by page selection and arrangements of the articles into the template determined by the position of, for example, photographs and advertisements. Copyright may exist in a sub-set of a published work (e.g. the "time and title" information in *IceTV*; the compilation of advertisements in a trade directory in *Lamb v Evans* [1893] 1 Ch 218). The evidence is sufficient to establish the Article Compilation as a "literary work" in which copyright can subsist.

#### **Is the Edition Work a literary work?**

70 The Edition Work consists of the whole edition of the AFR, including the articles, their headlines and other material such as photographs, market tables and advertisements. The evidence also establishes and it is not disputed, that the Edition Work is a "work" in what copyright can exist.

#### **Originality and authorship**

71 A requirement for originality is that the work originates from the author as opposed to being copied. It is therefore important to identify the author of the work in which copyright is said to exist. A corporation cannot found its title on authorship. For a corporation to own copyright, it must enlist "human agencies" and there should be evidence of employment and that the work was compiled or written in the course of such employment (*IceTV* at [96] citing

Dixon J in *Victoria Park Racing* at 510). By assignment or by other operation of law, a party may become the owner of the copyright but the original works emanate from authors (*IceTV* at [96]). As was emphasised by Gummow, Hayne and Heydon JJ in *IceTV* at [96], an employer may own the copyright but that is because it employs the persons who authored the claimed work; the essential source of original works remains the activities of the authors.

72           Fairfax points to the various activities of its employees in the production of the AFR, including the reporters who wrote the articles. Fairfax submits that by reason of s 129(2) of the Act, the work constituted by each of the contended works is presumed to be original because it is an anonymous work. In any event, Fairfax says that the evidence also establishes the originality of each of the contended works.

73           Mr Short says, and it is not in dispute, that each edition of the AFR is prepared by journalists employed by Fairfax, including editorial staff. The employed journalists are residents of Australia and work at Fairfax's premises in Sydney on a daily basis. The work of the journalists in the preparation of editions of the AFR and articles and headlines is within the scope and terms of the employment of each of them. The articles in an AFR edition can, relevantly, be divided into articles written by journalists employed by Fairfax, articles attributed to external reporting services and a small number of articles sourced from external sources and third parties.

74           Reed's main contention is that Fairfax, having chosen to rely on the sample editions, had an onus to make out its case with respect to those particular samples. Reed submits that the proper way would have been for the relevant authors of the headlines in the June edition to make affidavits, soon after the edition was published, detailing the work they in fact did. Reed contends that Fairfax's generalised evidence as to how the AFR is usually prepared is insufficient. To allow the issues in the present case to be properly considered, Fairfax should have, Reed says, adduced evidence of:

- The authors of each of the articles of the June edition;
- Whether a sub-editor amended each relevant article and, to the extent that this occurred, facts relevant to whether the sub-editor could be viewed as a joint author of the article;

- The authorship and process of creation of each headline, including how long it took and what work was involved, as evidence that a headline “may” take time and effort does not support any individual headline;
- Facts relevant to considering whether the headline creation process formed such an integral part of the creation of the article that the Article/Headline Combination could be considered a work of joint authorship; and
- The process of the creation of the newspaper compilations relied upon (the Edition Work and Article Compilation), so that consideration could be given of precisely what skill and effort (if any) had been appropriated by Reed.

*Presumption of originality – s 129*

75 Fairfax alleges that the publication of each contended work in the sample editions was anonymous. While the author of each article is generally known and regularly appears under a by-line, Fairfax does not claim that the Abstracts infringe the copyright in the articles as works in themselves (without the headlines). In the case of the Article/Headline Combination, Fairfax contends that it is a work of joint authorship where one of the authors is known and the other author or authors are anonymous.

76 In order to overcome the necessity of identifying the authors of the contended works, Fairfax relies on the presumption in s 129(2) of the Act in respect of each of the contended works as one basis for establishing their originality. Section 129(2) relevantly provides as follows:

*Where:*

- (a) *a literary, dramatic, musical or artistic work has been published;*
- (b) *the publication was anonymous or is alleged by the plaintiff to have been pseudonymous; and*
- (c) *it is not established that the work has ever been published under the true name of the author, or under a name by which he or she was commonly known, or that the identity of the author is generally known or can be ascertained by reasonable inquiry;*

*paragraphs (1)(a) and (b) apply, in an action brought by virtue of this Part in relation to the work, in like manner as those paragraphs apply where it is established that the author is dead.*

77

The effect of s 129(2) is that, where the requirements of s 129(2)(a), (b), (c) are established, the work in question is presumed to be original unless the contrary is established. Fairfax submits that all of the contended works have been anonymously published within the meaning of the Act and that it has not been established that *'the identity of the author is generally known or can be ascertained by reasonable inquiry'*. Fairfax then submits that:

1. "Reasonable inquiry" should be construed to mean reasonable inquiry external to the author or his or her employer and it has not been established that a third party can ascertain the identity of all of the joint authors of the contended works; and
2. Even if the identities of the editorial staff who were on duty at the relevant time were ascertainable through reasonable inquiry by the third party into Fairfax's employment records, it was not established this would disclose the identities of the particular individuals who were the authors of any of the works in question.

78

According to the Bailey Report and the evidence of Mr Short, a number of sub-editors, section editors and journalists were engaged in the task of editing the articles, writing the headlines and arranging the articles into the spaces made available after advertisements and photographs were placed. Fairfax says that because of the number of people involved, the identity of the authors has not been shown to be ascertainable on reasonable inquiry by a third party. It is apparent that if reasonable enquiry were made retrospectively, it would be unlikely to reveal the authors of any given Article/Headline Combination. Fairfax did not make any attempt to ascertain the identity of the authors from its own employment and attendance records, or make inquiries of the particular employees engaged in the creation of the sample editions or the selected headlines and articles.

79

I am not satisfied that the presumption of anonymous authorship is available. Fairfax has pleaded that the works in suit were written by its employees and were created only around twelve months prior to the hearing. Fairfax has chosen not to identify the authors. The onus does not shift to Reed to identify those authors, failing which Fairfax will be entitled to the benefit of a presumption that its works are original. There are no additional words in s 129(2) that provide that the test becomes whether the identity of the author can be ascertained by reasonable inquiry *'external to the author or their employer'*.

80

Section 129(2) of the Act applies where the '*publication was anonymous or is alleged by the plaintiff to have been pseudonymous*'. Fairfax submits that the onus of establishing that the identity of the author is not generally known or cannot be ascertained by reasonable inquiry falls on the person challenging that anonymity and not on the person alleging it. I do not accept that submission as a matter of construction or as a matter of common sense. Authorship is crucial for establishing copyright because it is essential to prove that the work originated from an author who expended independent intellectual effort to create the expression in the work (*IceTV* at [48]). Section 129(2) assists the person claiming copyright where the identity of the author cannot be ascertained because it would otherwise be impossible to prove that the work originated from an unidentified author. The section cannot be intended to be address the situation where the source of the work and the authors are evident to or available to be ascertained by the employer but the employer claiming copyright decides not to identify the precise authors.

81

The evidence is that the authors of most of the AFR articles were in Fairfax's employ and their activities in creating the November edition were observed by Mr Bailey. The sample editions of the AFR are of recent origin. Fairfax has chosen not to lead evidence as to why it could not ascertain the relevant employee authors at the relevant times. The inference available from the evidence is that the authors could have been ascertained by reasonable inquiry by Fairfax. In those circumstances the onus is not on Reed to prove the contrary.

82

The presumption in s 129 is not available to establish originality of the contended works.

### *Headlines*

83

In *IceTV*, subsistence of copyright in the relevant compilation was admitted but Gummow, Hayne and Heydon JJ highlighted the problems posed because the author or authors of the works in contention were not identified:

*The exclusive rights comprised in the copyright in an original work subsist by reason of the relevant fixation of the original work of the author in a material form. To proceed without identifying the work in suit and without informing the inquiry by identifying the author and the relevant time of making or first publication, may cause the formulation of the issues presented to the court to go awry. (at [105])*

...

*To speak of the "appropriation" of "Nine's skill and labour", rather than attending to the relevant "original" work of the author or authors, was to take a fundamental departure from the text and structure of the Act. In particular, while s 35(6) might have produced the consequence that Nine was the relevant copyright owner after identification of the relevant "author" or "authors", notions of the "skill and labour" of Nine were irrelevant to the existence of its title to the copyright and to the assessment of "substantial part". (at [132])*

*IceTV* at [151] suggests that there can be no finding of joint authorship within the meaning of s 10(1) of the Act where one of the authors is unknown. Chief Justice French, Crennan and Kiefel JJ similarly acknowledged the centrality of authorship (at [22]).

84 As to Fairfax's submission as set out in [29] above, the evidence adduced by Fairfax does not identify the authors of the ten selected headlines, or of the headlines in the sample editions. The presumption of originality by reason of s 129 is not available. It is Fairfax's own submission that headlines, which are generally written by sub-editors, often derive in one way or another from the content of the body of the article, which is written by the journalists. Therefore, the authorship of the ten selected headlines cannot be assumed in the absence of specific evidence. A headline that does no more than repeat a phrase from the article is not an original literary work.

### ***Joint authorship***

85 A "work" for the purposes of the Act is the work of a single author, except where it is a work of joint authorship. The parties agree that the author or joint authors must be identified (*IceTV* at [99], [105], [151]). The "author" of a literary work and the concept of "authorship" are central to the statutory protection given by the Act (*IceTV* at [22]). The essential source of original works remains the activities of the authors (*IceTV* at [96]). However, as French CJ observed in *Ice TV* (at [23]), technological developments of today throw up new challenges in relation to 'the paradigm of the individual author'.

86 Joint authorship is defined in s 10(1) of the Act:

*work of joint authorship means a work that has been produced by the collaboration of two more or authors and in which the contribution of each author is not separate from the contribution of the other author or the contributions of the other authors.*

87 The general evidence of Mr Bailey and Mr Short is that more than one person may be involved in writing a headline. However, there is no evidence as to whether each of the ten

selected headlines was the work of a single author or the work of a number of authors, besides the evidence in relation to the Telstra Headline.

88           Fairfax has not adduced evidence to establish authorship to prove its entitlement to copyright in some of the ten selected headlines as original literary works, even if they were capable of being literary works. The evidence does provide support for the Telstra Headline being a work of joint authorship by unidentified authors. However, I have found that none of the ten selected headlines are capable of being literary works.

89           In addition to the Telstra Headline, Fairfax claims joint authorship in the Article/Headline Combination, the Article Compilation and the Edition Work. Fairfax has chosen not to prove its case for joint authorship by evidence going to any or all of the selected article and headline combinations or going to the persons working on the selected June and November editions containing the compilations. It has sought to rely on the presumption in s 129, which I have found to be unavailable, and on the general evidence about the process for creating an AFR edition, without identifying the particular authors of the contended works. I am not persuaded that, where evidence establishes a work of joint authorship, the authors are identified as Fairfax employees holding specified job descriptions and the skill and labour involved in those job descriptions are identified, it is fatal to a claim of copyright that each person making contributions to the contended works is not identified. However, for reasons which follow, it is not necessary to decide that question.

#### *Article/Headline Combination*

90           Fairfax submits that each article as published with its headline is, despite the by-line of the author of the article, a work of joint authorship. Section 127 provides, relevantly, that where a name purporting to be that of the author of a literary work appeared on copies of the work as published, the person whose name so appeared shall be presumed to be the author of the work. This is contrary to the proposition that the sub-editor is a joint author contrary to the by-line. Fairfax's answer is that even if this presumption in s 127 is available to be used against it, the contrary was established by the evidence of Mr Short and Mr Bailey that there were other joint authors of the Article/Headline Combination.

91           Fairfax submits that although the journalist identified in the by-line of an article plainly has an important role in researching, originating and the first writing of the story, the

evidence shows that the ultimate literary product results from the collaboration of journalists and sub-editors in a way that cannot be disentangled. It points to evidence that the articles and the headlines as they exist in their final, published form are the results of the joint efforts of both the authors identified in the by-line and the editorial staff who write the headlines and edit the text of the article in the sub-editing process, sometimes making substantial alterations to the stories. It points, for example, to the evidence of Mr Bailey that:

- The person laying out the page fits the article onto the page and gives instructions to the sub-editor about whether there should be a quote, a picture and etc.
- Sub-editors read the article for accuracy and for sense, fit it onto the page, write the headlines and write the quotes. If the story is too long for the allocated space, the sub-editor would edit the story to keep the essence of the story but *'lose the words which won't fit'*.

92            Fairfax contends that the articles and their headlines satisfy the requirement for joint authorship in that they are produced by the collaboration of two or more authors and the contribution of each author is not separate from the contribution of the other author or authors. It submits that there is no identifiable part of any Article/Headline Combination which is attributable solely to the efforts of any one of the persons involved. Although each headline is generally worked on and finalised by one or more of the editorial staff, it often derives in one way or another from the content of the body of the article which is supplied by the author(s) named in the by-line, who may also provide the original suggestion as to the headline. Equally, Fairfax says, the content of the body of the article may be influenced by the headline in as much as the sub-editor who writes the headline may also be involved in making significant edits to the body of the article. Fairfax points to the evidence of the creation of the Telstra Headline as an example of the interaction between story and headline.

93            Fairfax's proposition is to the effect that:

- (a) a journalist writes the article;
- (b) a sub-editor edits the article;
- (c) that makes the journalist and sub-editor joint authors;
- (d) the sub-editor writes the headline, which is often derived from the article;

(e) therefore, the Article/Headline Combination is a discrete work, with the editor and journalist as joint authors.

94 It has long been stated that a work of joint authorship is one produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other or others. The contributions must not have been distinct (*Copinger* at [5-163]); each contributor must contribute a significant part of the skill and labour protected by the copyright (Laddie et al at [4.71]). Straightforward editing of articles for the purpose of inclusion on a page, which may or may not involve substantial changes to the article, is not sufficient to attract joint authorship for copyright purposes.

95 The evidence suggests that article writing is a process distinct from headline writing. Even if the sub-editors and the journalists collaborate on producing an edition of the AFR, the evidence is that the writing of headlines is a separate task performed by sub-editors and the person who writes the article is generally not the person who writes the headline. An article with its headline is not a work of joint authorship because the contribution of each author is separate from the contributions of the other author. If the headlines were works, they would be works by the sub-editors who are not the authors of the associated articles.

96 The fact that sub-editors edit articles as well as write headlines does not establish that the contribution of journalist and sub-editor are inseparable or overcome the conclusion that the writing of the headline is a separate exercise from the writing of the article. The presence of the by-line, citing the author of the article and not the sub-editor, argues against the submission that the articles are works of joint authorship.

97 The assertion of joint authorship in the Article/Headline Combination is inconsistent with Fairfax's case on the existence of copyright in the headlines alone and Fairfax has not established that articles and their headlines are together a discrete single work. The evidence does not establish that the articles and their headlines were written by the same person or that they were works of joint authorship. Fairfax has not adduced evidence of the process of creation of the ten selected articles and headlines to demonstrate that there was the requisite inability to separate the individual contributions, such as evidence of the extent of rewriting of articles and evidence that the same person wrote a headline and rewrote the associated article. The general evidence of Mr Bailey set out in [94] above suggests that sub-editors edit

in the traditional sense, in a manner insufficient to make them joint authors. The evidence demonstrates that a headline could be written by a number of people in the editorial and sub-editorial hierarchy such that the same sub-editor may not, in all cases, rewrite a story and write the headline.

98           Fairfax has chosen not to prove its case for joint authorship by evidence going to any or all of the selected Article/Headline combinations but submits that the Court can draw inferences from the general evidence as to the authorship of the ten selected articles and their headlines. Fairfax acknowledges that it is not known if the same person who wrote the headline was necessarily the joint author of the article and concedes that the probability is that it was not the same person. The evidence from Mr Bailey and Mr Short emphasises the separate and distinct skill of headline writing. This is in contrast to the task of editing the article for style and length. It follows that even if the work of the sub-editor were to constitute him or a her a joint author of the article, it does not constitute the writer of the article a joint author of the headline, which was the separate work of the sub-editor.

99           Fairfax relies on *Olympic Amusements Pty v Milwell Pty Ltd* (1998) 81 FCR 403, considered on appeal in *Milwell*. It submits that, properly analysed, Wilcox J held that even though the contribution of skill and labour could be dissected and separately identified, joint authorship was still established. On appeal, the Full Court at [20]–[22] considered an argument that the work should be dissected and the component parts separately analysed to determine the contributions of skill and labour. It rejected that proposition, stating that the work should be looked at as a whole and that the originality of each work should be assessed by considering it in its entirety (at [24]). As to joint authorship, the Full Court reaffirmed at [32] that “work of joint authorship” means ‘*a work that has been produced by the collaboration of two or more authors and in which the contribution of each author is not separate from the contribution of the other author or the contributions of the other authors*’. Fairfax points out that the contributions in *Milwell* could be separated and that Wilcox J so found. However, at [36], the Full Court said that his Honour had found that ‘*the prize scales were the products of the efforts both of the mathematicians and the employees of Olympic*’ and that the evidence was that the prize scales were derived ‘*from the joint efforts*’. It was on this basis that a finding of joint authorship was upheld. *Milwell* does not support Fairfax’s submission that it is authority for the proposition that there can be joint authorship when the contributions of the joint authors are separate and distinct and not the result of collaboration.

100 The lack of evidence is fatal to Fairfax's claims of copyright in the Article/Headline Combination or in the headline alone. A "work of joint authorship" as recognised under the Act requires that the literary work in question has been produced by the collaboration of two or more authors and in which the contribution of each author is not separate from the contribution of the other author or authors (s 10(1) of the Act; *IceTV* at [23]). Where a literary work is brought into existence by the efforts of more than one individual, it will be a question of fact and degree which one or more of them have expended sufficient effort of a literary nature to be considered an author of the work (*IceTV* at [99]).

101 The evidence does not establish joint authorship of the ten selected Article/Headline Combinations within the meaning of s 10(1) of the Act, as Fairfax's evidence makes it clear that the writing of articles and the writing of headlines are separate and distinct tasks with different authors. Accordingly, the Article/Headline combination is not a discrete work in which copyright can subsist.

#### *Article Compilation and Edition Work*

102 I accept, from the evidence of Mr Short and the Bailey Report, that the process of putting together an edition of the AFR involves a substantial amount of skill, judgment, knowledge, labour and expense by Reed's editorial staff. The steps include forward planning of content, editorial conferences, preparation of copy, sub-editing of copy, check sub-editing and the preparation of headlines.

103 I am satisfied from the evidence that the Article Compilations and the Edition Works in the June edition and the November edition were produced by the collaboration of a number of authors in which the contribution of each author is not separate from the contribution of the other authors. I am satisfied that they are capable of being works of joint authorship as defined in s 10(1) of the Act.

104 The evidence establishes that the Article Compilations and the Edition Works in the June edition and the November edition are original in the sense that these compilations originated from the authors of the work, as opposed to being copied, and also have the character of being produced through the exercise of considerable skill, judgment, knowledge, labour and expense involved in gathering, selecting and arranging the material included in the compilation (*Desktop Marketing Systems Pty Ltd v Telstra Corporation Ltd* (2002) 119 FCR

491 at [160], [409]). Unlike the expression and arrangement of the time and title information in *IceTV*, which was obvious, prosaic and essentially dictated by the nature of the information, the expression and arrangement of the material in the Article Compilation and the Edition Work required particular mental effort or exertion by the joint authors (*IceTV* at [42]-[43]).

105            Assuming that it is not necessary to identify each and every Fairfax employee who were joint authors of the compilations by name rather than by job description, copyright subsists in the Article Compilation and the Edition Work as original literary works and Fairfax owns the copyright in these works.

## INFRINGEMENT

106            Fairfax has not established the subsistence of copyright in the headlines or the Article/Headline Combination but has established copyright in the Article Compilation and the Edition Work. Nonetheless, I will consider the question of infringement in respect of each of the contended works. The issue for infringement is whether the Abstracts, in reproducing headlines and by-lines from the AFR, reproduce the whole or a substantial part of each of the contended works.

### Reed's conduct

107            Reed admits that, in the course of providing the ABIX service, it places a copy of each Abstract in a database located on a server which is accessible online to subscribers to the ABIX service, and sends a copy of selected Abstracts by email to subscribers to the ABIX service. Evidence from Reed establishes that Reed supplies the ABIX service in the following forms:

- Within online searchable databases, including LexisNexisAU, which are accessible to subscribers;
- Customised email newsletters which are delivered daily by Reed to certain ABIX subscribers, containing a select number of citations and abstracts of news stories from newspapers and journals published on that day; and
- Customised ABIX “news feeds” containing a select number of citations and abstracts or news stories from newspapers and journals published on that day, which can be

delivered up to four times daily to a subscriber organisation for re-supply under the subscriber's own branding, either via email or on the organisation's own website.

108 Fairfax relies on Reed's conduct in placing the set of Abstracts for each edition of the AFR on Reed's database as constituting infringement of copyright. Fairfax contends that this conduct involves:

- the reproduction of the relevant work or a substantial part thereof in a material form under s 31(1)(a)(i) of the Act; and
- the communication to the public of the relevant work under s 31(1)(a)(iv) of the Act, because the database is accessible online to subscribers to the ABIX service.

109 Fairfax contends that the sending of copies of the Abstracts to subscribers to the ABIX service in various formats and by various means also constitutes the communication of the relevant works to the public and, for technological reasons, is likely to involve further reproduction in a material form (e.g. in the memories or hard drives of Reed's or the subscribers' computers).

110 Reed's database record for each Abstract incorporates the following information in dedicated fields:

- The fact that the article is from the AFR;
- The date of the edition of the AFR;
- The content of the headline (typically without alteration);
- The content of the by-line (without alteration);
- The section and page of the edition of the AFR in which the article appears; and
- The abstract, which is intended to summarise the content of the article.

Fairfax does not rely upon the contents of the summaries in the Abstracts as contributing to the substantial part of the relevant work which is alleged to be reproduced.

111 In relation to the June edition and the November edition, the following numbers of headlines have been reproduced from each edition:

*27 June 2007 edition*

- Number of headlines of articles in the AFR edition: 168
- Number of headlines reproduced in Abstracts without alteration: 81
- % of headlines in the AFR edition reproduced without alteration: 49%

*1 November 2007 edition*

- Number of headlines of articles in AFR: 177
- Number of headlines reproduced in Abstracts without alteration: 88
- % of headlines in the AFR edition reproduced without alteration: 50%

There were also 2 headlines in the June edition and 6 headlines in the November edition which were slightly varied in the Abstracts.

**Headlines**

- 112            If the ten selected headlines constituted copyright works, Reed has infringed that copyright by taking the whole of each headline.

**Article/Headline Combination**

- 113            The issue is whether the headline and by-line reproduced in the Abstracts amount to a substantial part of each of the ten selected Article/Headline Combinations. Fairfax submits that, to a considerable degree, the headline encapsulates the whole of the story, comes first in the story and is prominent in the literary construction of the story. It also contends that the ten selected headlines, more or less in each case, incorporate extra cleverness or literary inventiveness, referring particularly to the following of the ten selected headlines:

- *'Returns after tax will be simply super'*
- *'Laser a ray of hope for eye problems'*
- *'Gunning for the vote in Bennelong'*
- *'October a brilliant stage in dollar's tour de force'*

114           Fairfax further submits that the general evidence of Mr Short and Mr Bailey and the specific evidence in relation to the Telstra headline establish that the headlines exhibit a high degree of literary originality and are the product of significant creative and industrious efforts by the skilled employees of Fairfax. It says that the evidence is clear that the ten selected headlines are qualitatively very significant and should be found to be a substantial part of each of the ten selected Article/Headline Combinations.

115           Reed contends that the reproduction of the headline without the article does not amount to a substantial part of the work because the copying of the title of a work, where it forms part of a larger work, will rarely, if ever, amount to the taking of a substantial work (*Copinger* at [21-20]).

116           The reproduction of a part which by itself has no originality will not normally be a substantial part of the copyright and therefore will not be protected (*IceTV* at [37] citing *Ladbroke* at 481). If the author would not have copyright in the part standing alone, the part reproduced will not be a substantial part (*IceTV* at [37]).

117           I have determined that the headline is not a copyright work. Apart from the Telstra Headline and the Health Headline, there is no evidence of the originality, including skill and effort, which went into the preparation of the headlines in the sample editions, either alone or as a part of the claimed combination with the article and by-line. If the Article/Headline Combination were a discrete work in which copyright subsisted, Fairfax would not succeed in claiming infringement by taking the headline because the headline has not been shown to be an original, and therefore, substantial part of the work.

#### **The compilations – Article Compilation and Edition Work**

118           Fairfax relies on the Article Compilation and the Edition Work as compilations. In the context of these compilations, the claimed originality lies in the skill, judgment, knowledge, labour or expense involved in gathering, selecting and/or arranging the material included in the compilation. Fairfax must establish that, looking at the compilation as a whole, there has been substantial reproduction in the particular use by Reed of the compilation (*IceTV* at [169]).

119 Reed does not, however, reproduce the arrangement of the Article Compilation or the Edition Work in the way in which its Abstracts are presented to its subscribers. Fairfax submits that Reed's abstracting records, when stored in Reed's database, incorporate significant aspects of the structure and arrangement of the articles and headlines as published in the AFR. Specifically, Fairfax points to the evidence that the database record for each Abstract incorporates information about the date of the edition of the AFR and the section and page of the AFR in which the article appears, as well as the headline, by-line and abstract. One way of viewing the contents of the database record is to view all the information that relates to a particular AFR article. It is also possible to output the data readily in customised ways so as to list the headlines for an AFR edition sequentially according to the sections and pages of the edition in which they appeared. The Review 2 newsletter, which was provided as part of the ABIX service, had displayed the data in this latter way but the newsletter has now been discontinued. However, Fairfax submits that the structure of the data is retained in Reed's database which remains accessible to ABIX subscribers, with the newsletter being no more than a particular output that reflected that data structure. Fairfax says that it is irrelevant that other outputs might not exemplify the structure in the same way. The retention of the structure and arrangement means, Fairfax says, that a substantial part of the Article Compilation is reproduced in material form and communicated to the public by Reed.

120 Fairfax cannot, by relying upon the AFR as a compilation, obtain any greater protection for an element of the compilation apart from the compilation. The ABIX service does not reproduce any part of the selection, co-ordination or arrangement of the Article Compilation or of the Edition Work. The output of the database currently available to subscribers of the ABIX service presents the Abstracts individually and not in the same or similar order or arrangement as the AFR edition in which the articles are published. There is no evidence of any sorting of the database by a subscriber so as to reproduce matters of the AFR arrangement and Fairfax has not pleaded such an act or authorisation of such an act. Further, as Reed points out, the headlines do not serve the same functional role as in the newspaper: they do not draw attention to the particular article on a page in the same visual way or have the same font or size as in the AFR.

121 Fairfax also relies on what it says is Reed's object to provide the Abstracts as a substitute for the AFR and that this is relevant to the taking of a substantial part. There is no

evidence to support that contention, nor is it a necessary inference, nor is it determinative. Further, *IceTV* made clear that the Act does not provide for any general doctrine of “misappropriation” and does not afford protection to skill and labour alone such that a finding of “appropriation” of skill and labour, of itself, is not determinative of the issue of infringement of a copyright work (at [131])

### *Writing v compiling*

122           Additionally, Fairfax points out that the Article Compilation is a collection of articles and their headlines which have their own original “literary” (in the most traditional sense of the word) content. They do not consist of dry facts as in *Desktop* or a degree of factual content as in *IceTV*. The articles and headlines are arranged in a particular form and order in the edition, relative to each other, both from page to page and on particular pages. The evidence describes the division of the edition into subject-matter sections and the process of allocating particular places where articles would be placed.

123           Fairfax contends that the content of various articles and their headlines is interdependent with their arrangement. For example, steps are taken to ensure that the same words are not used in headlines appearing on the same or successive pages. Mr Short gave evidence regarding the type of stories and headlines that typically appear on page 1:

- The splash (lead story) headline will almost always be a “hard” news head, “played straight” without much in the way of obvious cleverness, for example, ‘*Citigroup losses shake markets*’ (6 Nov 2007) or ‘*Telstra defies critics with profit upgrade*’ (2 Nov 2007).
- The main headline will usually be supported by two or three supplementary headlines that expand upon the main one and give the reader hints as to the broad themes of the article. Sometimes a quote will be used instead.
- The next article may well be a “softer read”, being the beginning of a long news feature that “spills” to the feature pages. The headline will include more in the way of decoration, allusion, punning, alliteration and counterpoint, for example, ‘*The next big thing...ore maybe not*’ (25 Oct 2007) or ‘*Plenty of fizz as the big money comes out to play*’ (7 Nov 2007).

- The other article(s) are likely to be straight news stories with headlines pitched to reflect that.

124 Fairfax characterises the headline as a work created in the course of the making of the compilation. It says that its employees not only ascertain, select and arrange the elements of the compilation as required, but also engage in the process of headline writing. Fairfax contends that the headline writing takes place as part of, and cannot be separated from, the whole process of putting together the edition. The various elements of the compilation take shape as the content of the individual elements themselves continue to be edited and developed which shows, Fairfax submits, that it is one process of authorship by a group of joint authors. For this reason, it submits, consideration of the originality of the compilation cannot be divorced from the consideration of the originality of the individual elements.

125 Consequently, Fairfax contends, the process of writing headlines and editing the content of the articles, as distinct from compiling them, cannot be excluded from and is relevant to the assessment of the authorship and originality of the Edition Work and the Article Compilation. On this basis, Fairfax submits, the endeavour, skill and labour involved in writing the headlines are relevant to whether they constitute an original part of the Article Compilation or the Edition Work.

126 Mr Short's evidence reveals that the preparation of an edition of the AFR involves a number of stages which involves the type of skill and labour which attracts copyright in a compilation but some of the activities involved are not those of compilation. Reed points to the following activities outlined in Mr Short's evidence as part of the skill and labour in making the compilation:

1. The AFR Editor:

- Determines the overall composition of the AFR (which sections run when and where);
- Determines the overall style and layout of AFR;
- Has sign-off on the advertising/editorial ratio of each edition; and
- Commissions articles throughout the paper.

2. The Managing Editor:

- Runs the three daily news conferences;
  - Decides in consultation with the AFR Editor what will be on page 1;
  - Consults with other editors in relation to what the section heads will be;
  - Decides on the compositions of page 1, including story placement, picture, graphics and puffs; and
  - Commissions articles.
3. The Deputy Editor(s):
- Participate in the three daily editorial conferences; and
  - Recommend and promote articles for page 1.
4. The Section Editors:
- Participate in the three daily editorial conferences; and
  - Recommend and promote articles for page 1.
5. The Chief Sub-editor(s):
- Are responsible for the daily production of the AFR;
  - Oversee layout and composition of the AFR; and
  - Check completed pages for style and content.
6. The Sub-editors:
- Cut copy to fit allocated space; and
  - Layout pages in consultation with section editors.

127 The work related to the content of the edition itself, such as the writing and editing of articles, the writing of headlines and the taking of photographs, are irrelevant to the compilation. The relevant skill and labour is that of selection and arrangement. The skill and labour for the Article Compilation and the Edition Work involve:

- Commissioning/assigning and selecting articles;
- All aspects of the layout, “fitting into”, “length” and “shape” of the pages and of the edition; and

- Fitting the stories around the advertisements and the various other elements.

128 The work of compilation of the arrangement of the articles and headlines in the AFR does not include the skill and labour of writing the headlines. This is so even if, as Fairfax submits, the headlines are qualitatively important to the reader who casts an eye over the headlines. The critical question is the degree of originality of the particular form of expression of the part reproduced and not the rewarding of skill and labour in general (*IceTV* at [52]). The originality of the Article Compilation and the relevant skill and labour is in the arrangement of the articles and the headlines, not in their content. The taking of the headline by itself, without taking the form or arrangement in which it appears in the AFR, does not constitute a substantial part of the Article Compilation or of the Edition Work. Even if the content of some headlines may be affected by their location in the compilation, that is not sufficient to make a taking a percentage of the headlines of an edition of the AFR a taking of a substantial part of the compilations. In any event, I have found that originality of the ten selected headlines has not established.

129 Reed does not take any part of the selection, co-ordination and arrangement that constitutes the original work of the compiler. It does not take a substantial part of the Edition work or of the Article Compilation.

#### DEFENCE OF FAIR DEALING

130 As I have found that Reed's conduct does not involve the reproduction and communication of a substantial part of any literary work in which copyright is owned by Fairfax, it is not necessary to decide whether Reed is entitled to rely on the defence in s 42 of the Act for fair dealing for the reporting of news. However, I will deal with this defence briefly.

131 Section 42 of the Act relevantly provides that:

- (1) *A fair dealing with a literary, dramatic, musical or artistic work, or with an adaptation of a literary, dramatic or musical work, does not constitute an infringement of the copyright in the work if:*
  - (a) *it is for the purpose of, or is associated with, the reporting of news in a newspaper, magazine or similar periodical and a sufficient acknowledgement of the work is made; or*
  - (b) *it is for the purpose of, or is associated with, the reporting of news by*

*means of a communication or in a cinematograph film.*

132 Reed relies primarily on s 42(1)(b) in that its provision of the ABIX service involves a “communication” within the meaning of the Act, although it also submits that the ABIX service may be viewed as a “similar periodical” to a newspaper or magazine within s 42(1)(a). Fairfax disputes that Reed’s conduct is:

1. ‘fair dealing’; or
2. ‘for the purpose of, or is associated with, the reporting of news’.

### Reporting of news

133 In *De Garis v Neville Jeffress Pider* (1990) 37 FCR 99 at 109, Beaumont J considered that the “reporting of news” in s 42(1) is intended to comprehend the following matters in the definition of “news” from the Macquarie Dictionary:

1. A report of any recent event, situation
2. The report of events published in a newspaper, journal, radio, television, or any other medium
3. Information, events considered as suitable for reporting
4. Information not previously known

134 I consider that Reed’s reproduction of AFR headlines in the provision of the ABIX service is for the purpose of, or is associated with, the reporting of news. The Abstracts provided to subscribers of the ABIX service are, in effect, news summaries. The evidence is that the ABIX service is updated on a daily basis with abstracts of news articles which are published in a wide range of publications. Articles are selected for abstraction according, in part, to their character as news and Reed typically does not abstract certain parts of the AFR, such as the back page, letters to the editor and financial charts, primarily because they are less likely to contain news. The abstracts in the ABIX service identify the source news publication for each news article abstracted.

135 Fairfax points out that Reed provides to its subscribers an online database containing a vast number of abstracts, not only of the current day’s articles but also abstracts of articles published historically, going back some years. Fairfax submits that, so far as the database is

concerned, Reed is not reporting anything but rather giving its subscribers access to a library of information through which they can search, on a commercial basis. Fairfax points to the evidence that, in the past, the ABIX service consisted of the provision of a hard copy index or digest of headlines taken from publications, provided on a monthly basis and without summaries or other content. This demonstrates, Fairfax submits, that there was no purpose of reporting news or any activity associated with the reporting of news. Fairfax says that Reed's purpose remains the same, even if the technology has recently allowed the service to be provided more frequently and in different forms.

136           The authorities are clear that the reporting of news can go beyond a report of events which are current (*Commonwealth v John Fairfax & Sons Ltd* (1980) 147 CLR 39 at 56 per Mason J; *De Garis* at 107; *TCN Channel Nine v Network Ten* (2001) 108 FCR 235 at [66] per Conti J). In any event, the ABIX service provides subscribers, on a daily basis, with abstracts of news articles which are published in daily news publications. The fact that subscribers can access historical abstracts on the ABIX database does not mean that the ABIX service is not for the purpose of reporting news. In my view, Fairfax's description of the ABIX service as "an entire history of material" does not alter the nature, effect and content of the Abstracts. Whether or not subscribers may choose to utilise the Reed database to search for information does not preclude the purpose of the Abstracts, which is the reporting of news by means of a communication, being an online communication. People may also utilise back issues of the AFR or other newspapers to search for information. That may be done using hard copies or an online service. Further, Fairfax's submission that the ABIX service competes commercially with the AFR and that Abstracts in the ABIX service are provided as a "substitute" for the AFR supports the proposition that the Abstracts in the ABIX service are, like the AFR, for the purpose of reporting news.

137           While Reed does not rely on s 42(1)(a), I do not accept Fairfax's submission that the ABIX service is not a "similar periodical" for the purposes of s 42(1)(a). The format is not determinative. The fact that the statute does not limit the reporting of news to reporting in a newspaper recognises that such reporting can be in other forms. The ABIX service reports news daily. Its format is, in part, governed by the means of its delivery. It is, in my view, a periodical similar to a newspaper or magazine. In the context of the citation of the author of the article abstracted and the absence of information in the AFR of the author of the headline, I am satisfied that sufficient acknowledgement was made. Finally, I do not consider that the

way the ABIX service was provided in the past necessarily means that it was not for the reporting of news or determines whether the ABIX service as currently provided involves the reporting of news.

### **Fair dealing**

138 In *TCN Channel Nine* at [66], Conti J formulated principles from the authorities involving the defence of fair dealing, which include:

- Fair dealing involves questions of degree and impression; it is to be judged by the criterion of a fair minded and honest person and is an abstract concept.
- Fairness is to be judged objectively in relation to the relevant purpose, that is, relevantly, the purpose of reporting news; in short, it must be fair and genuine for the relevant purpose.

139 Fairfax submits that Reed's provision of the ABIX service cannot be fair dealing because Reed's objective purpose is a commercially competing one: to substitute for, and save its subscribers from, reading the AFR (and other publications). Fairfax points to the evidence of Ms Lee, a senior editor employed by Reed, who accepted that a key benefit of the ABIX service is that it allows busy subscribers to be alerted instantly to the matters in the newspapers without needing to read through the many news publications. Fairfax contrasts the amount of work and the number of employees involved in the preparation of an AFR edition with the relatively small team of people employed by Reed to copy its headlines and write summaries based on AFR articles. Fairfax says that those summaries are intended to substitute for AFR content.

140 For the purposes of s 42, the question is whether Reed's reproduction and communication of headlines from the AFR as part of the Abstracts constitute fair dealing. It has not been established that the ABIX service is a "substitute" for the reading of Fairfax's newspaper. It may be the case that some subscribers use the ABIX service as a substitute for reading the AFR. However, it is also the case, as Reed says is its intention, that the ABIX service enables users to scan in a comprehensive and efficient manner across a wide range of publications for news items of interest and then to go to the original publication to read those items in full. This is consistent with the evidence of Ms Lee in cross-examination. The Abstracts contain all the necessary information to enable users of the ABIX service to locate

the original source article. Reed also points to the evidence that, while it remained technologically possible to do so in circumstances where the article was publicly available online, it provided a hyperlink from abstracts of AFR articles to Fairfax's own website.

141 Fairfax emphasises that Reed typically reproduces the headline without alteration and says that it is irrelevant that Reed also provides a summary of the article. Fairfax relies on *De Garis*, in which a media monitoring company unsuccessfully argued a defence of fair dealing for the reporting of news in relation to its conduct of providing photocopies of newspaper articles requested by its subscribers in return for a fee. Justice Beaumont rejected the defence, finding it relevant that the defendant took the whole of the relevant work and supplied it to its customers for its own reward in the course of a trading activity, without commenting on the material or attempting any analysis of its content (at 110).

142 Whether a reproduction of the headlines constitutes a fair dealing depends on the context in which the headlines are used. Reed's reproduction of the AFR headlines should not be considered in isolation. The headlines accompany Abstracts, in the preparation of which Reed invests a substantial amount of skill, labour and effort. The headlines form a part of the Abstract as a citation to the original source article, together with other bibliographic details. A proper citation of the source article requires a reproduction of the headline in full. In the present case, the preparation of the Abstracts involves significantly more than just the mere copying of headlines from news publications. The contribution of the abstracted article makes the use of the headline a "transformative use" by '*adding something new, with a further purpose or character*' (*American Geophysical Union v Texaco* 60 F3d 913 (2d Cir, 1994); (1994) 29 IPR 381). The commercial nature of Reed's activities in providing a subscription based service does not preclude a finding that its use of the AFR headlines in the ABIX service is a fair dealing (see, for example, *TCN Channel Nine*).

143 I accept that Reed's use of the AFR headlines in the Abstracts comes within the category of a citation to the source newspaper article. The Abstract contains a citation to the original source article, including the headline, the author's name, the source publication and the page number on which the article appears. The use of titles of articles and books for the purposes of identification is well-known and routine, even more so today for the purposes of internet searches. For example, a Google search frequently elicits what could be described as a headline of the article.

144

As observed by Conti J in *TCN Channel Nine*, the relevant dealing, which here is Reed's reproduction and communication of headlines from the AFR as part of the Abstracts, must be fair and genuine for the purpose of reporting news. I have accepted that the provision of the Abstracts through the ABIX service is for the purpose of, or is associated with, the reporting of news. Fairfax accepts for the present case that Reed is entitled to provide summaries of the contents of the AFR articles as part of the ABIX service. The fact that these summaries may act as a substitute for the reading of the AFR articles is not particularly relevant, as it is not contended that the summaries infringe Fairfax's copyright. The inclusion of the headline in the Abstract operates as a citation to the source article to which the summary relates. In this context, I would have found that, even if the headlines constitute a substantial part of works in which copyright subsists, Reed's conduct in reproducing and communicating the AFR headlines as part of the Abstracts is a fair dealing for the purpose of reporting news such that Reed's conduct would not constitute an infringement of such copyright by reason of s 42(1)(b) of the Act.

#### ESTOPPEL

145

As I have concluded that Reed has not infringed any copyright owned by Fairfax, it is not necessary for me to decide whether Fairfax is estopped from asserting infringement by Reed of its copyright in the contended works. However, I will deal with this issue shortly.

146

Reed relies on equitable estoppel. In *Waltons Stores (Interstate) Ltd v Maher* (1988) 164 CLR 387 at 404, Mason CJ and Wilson J discerned the principle that '*equity will come to the relief of a plaintiff who has acted to his detriment on the basis of a basic assumption in relation to which the other party to the transaction has "played such a part in the adoption of the assumption that it would be unfair or unjust if he were left free to ignore it" ...*'. The New South Wales Court of Appeal in *Austotel Pty Ltd v Franklins Selfserve Pty Ltd* (1989) 16 NSWLR 582 at 610 (see also 585) stated the requirements of equitable estoppel as follows:

*For equitable estoppel to operate there must be the creation or encouragement by the defendant in the plaintiff of an assumption that a contract will come into existence or a promise be performed or an interest granted to the plaintiff by the defendant, and reliance on that by the plaintiff, in circumstances where departure from the assumption by the defendant would be unconscionable.*

147

Reed submits that equitable estoppel extends to its future rights, relying on the recognition by McHugh JA in *State Rail Authority of NSW v Health Outdoor Pty Ltd* (1986) 7

NSWLR 170 at 193 that '[i]t may be just as unconscionable to exercise a right acquired after a promise that any such right would not be exercised if or when acquired...' (see also *Walton Stores* at 399 per Mason CJ and Wilson J). It contends that, on this basis, Fairfax can be estopped from asserting copyright in new editions of the AFR which are yet to come into existence because to do so would involve departing from the assumed state of affairs which Fairfax has brought about.

148 In *Waltons Stores* at 428-429, Brennan J stated that, 'to establish an equitable estoppel, it is necessary for a plaintiff to prove that:

1. *the plaintiff assumed or expected that a particular legal relationship then existed between the plaintiff and the defendant or expected that a particular legal relationship would exist between them and, in the latter case, that the defendant would not be free to withdraw from the expected legal relationship;*
2. *the defendant has induced the plaintiff to adopt that assumption or expectation;*
3. *the plaintiff acts or abstains from acting in reliance on the assumption or expectation;*
4. *the defendant knew or intended him to do so;*
5. *the plaintiff's action or inaction will occasion detriment if the assumption or expectation is not fulfilled; and*
6. *the defendant has failed to act to avoid that detriment whether by fulfilling the assumption or expectation or otherwise.'*

(See also Meagher R, Heydon D, Leeming M, *Meagher Gummow & Lehane's Equity – Doctrines & Remedies* (4<sup>th</sup> ed, Butterworths Lexis Nexis, 2002) at [17-050].)

149 Reed submits that the evidence establishes the following facts which, it says, satisfy the requirements of equitable estoppel such that Fairfax is now estopped from asserting any right to prohibit the reproduction of headlines from the AFR:

- (a) Reed acquired the ABIX business and has continued to develop that business on the understanding that there were no difficulties with continuing to conduct it in the same way, including reproducing the headlines, as it had for many years. In this way, Reed assumed it was free to continue to reproduce headlines, including AFR headlines.

- (b) Fairfax must have known that Reed was proceeding on the understanding and assumption and, in any event, played an important part in the creation of that understanding and assumption. It did so by standing by and failing to take any steps over a period of many years, and by its dealing with the ABIX business over the years (including the period following the purchase of the ABIX business by Reed) on the footing that the ABIX service is a legitimate, non-infringing service. Reed submits that Fairfax's dealing with the ABIX business amounted to positive encouragement of the understanding that the ABIX business was free to continue its operation in the same manner as it had for many years.
- (c) Reed relied upon the understanding and assumption in purchasing and developing the ABIX business.

#### **The assumption**

150 The parties have agreed a number of facts upon which Reed relies to establish Fairfax's knowledge of the relevant assumption and role in creating or encouraging the assumption. Relevantly:

- (a) The ABIX service was first offered in 1981 and has operated continuously since that time. AFR headlines have been reproduced in the ABIX service since its launch in 1981. AFR headlines have been communicated as part of the ABIX service since it was first supplied in electronic form.
- (b) Since at least 1995:
- Fairfax has been aware of the existence of the ABIX service and aware that headlines from the AFR are reproduced in and as part of the ABIX service;
  - Other companies within the Fairfax Group have been aware of the existence of the ABIX service and aware that headlines from the AFR are reproduced in and as part of the ABIX service; and
  - Fairfax has been aware that headlines from the AFR are communicated as part of the ABIX service.
- (c) A company within the Fairfax Group, Fairfax Business Information Solutions Pty Ltd, supplied the ABIX service to its customers via the AUSINET online platform and via

the Dow Jones Interactive online platform during the period 18 June 1997 to approximately 1 September 2002.

- (d) Fairfax was aware that Fairfax Business Information Solutions Pty Ltd was entering into the agreement with Business Intelligence Australia Pty Ltd (a former operator of the ABIX service) dated 19 June 1997 (**AUSINET Agreement**) prior to the execution of that agreement.
- (e) Fairfax was aware of the terms of the AUSINET Agreement prior to the execution of that agreement by Fairfax Business Information Solutions Pty Ltd.
- (f) During the period 19 June 1997 to approximately 1 September 2002, Fairfax was aware that the ABIX service was being supplied by its related company via the AUSINET online platform and the Dow Jones Interactive online platform to customers.
- (g) To the knowledge of Fairfax, headlines from each edition of the AFR were reproduced in, and communicated as part of, the ABIX service as supplied via the AUSINET online platform and via the Dow Jones Interactive online platform during the period 19 June 1997 to approximately 1 September 2002.
- (h) Fairfax first subscribed to the ABIX service on 13 July 2001.
- (i) Fairfax subscribed to the ABIX service from 13 July 2001 to 1 August 2003 and from 1 September 2003 to 1 September 2004.
- (j) Other companies within the Fairfax Group first subscribed to the ABIX service on 9 March 2005.
- (k) Other companies within the Fairfax Group subscribed to the ABIX service during the following periods:
  - 9 March 2005 to 1 March 2006;
  - 7 August 2006 to 1 August 2007; and
  - 20 September 2007 to present.
- (l) From at least 13 July 2001 to 1 September 2004, employees of Fairfax used the ABIX service.
- (m) From at least 9 March 2005 to present, employees of other companies in the Fairfax Group have used the ABIX service.

- (n) Fairfax was aware that the ABIX service was being sold to Reed in or around 2005.
- (o) Fairfax did not make any claim that the unauthorised use of headlines from the AFR infringed copyright until 2007.
- (p) Fairfax did not make any claim against or demand of any person (including the former operators of the ABIX service and Reed) in relation to the reproduction, communication or use of headlines from the AFR until February 2007.
- (q) Fairfax is not aware of any claim or demand being made on its behalf in relation to any of the above matters.
- (r) Since at least 1995, Fairfax has not granted any express licence to any person to reproduce or communicate headlines as a separate copyright work.
- (s) Both before and after the purchase of the ABIX business by the Reed in 2005, the agreements pursuant to which the ABIX service was supplied, including the agreements with Fairfax, contained terms by which it was agreed that the supplier of the ABIX service would retain ownership of copyright in the service, and that the supplier of the ABIX service warranted that it had the right to supply the ABIX service. Some of the agreements (both before and after the purchase) also included a term by which the supplier of the ABIX service warranted that the content of the service did not infringe the copyright of any third party.

### **Reliance**

151 Reed also relies upon the evidence of Mr Piper, its Managing Director, to establish reliance by Reed on the assumption that there were no difficulties in continuing to conduct the ABIX business in the same way as it had been conducted for many years. Reed relies on Mr Piper's evidence to the following effect:

- Mr Piper was responsible for Reed's purchase of the ABIX business in May 2005 and if any issue had arisen before purchase, it was within his authority to decline to proceed.
- Mr Piper understood that the ABIX business was a business which had operated for a significant number of years and had involved the preparation and supply of abstracts of articles in various newspapers and other publications. He understood that such

abstracts were written by employees of the business and accompanied by citation details including the headline or title of the article.

- At the time of purchase, Mr Piper's understanding was that there were no copyright impediments to Reed going forward with the acquisition. That view was formed on the bases that nothing arose from the due diligence suggesting there was any problem with the way the business had been conducted for about 15 years and Reed was looking to continue operating the business in the same way.
- These matters were relevant to the decision to purchase the ABIX business; had there been any issue, Mr Piper would not have gone forward but would have had to defer to his superiors for further consideration.
- These matters are also relevant to the ongoing conduct of the business, including the investment of hundreds of thousands of dollars in developing the ABIX business by loading it onto Reed's global platform.

### **Detriment**

152           Fairfax's claims for infringement of copyright relate to editions of the AFR created after February 2007, the time when Fairfax first made claims or demands in relation to the reproduction of AFR headlines. Fairfax contends that any significant restraint upon its rights to make future assertions of copyright would more than outweigh any detriment suffered by Reed. Reed does not accept that contention. Reed submits that the detriment following its reliance on Fairfax's conduct includes not only the consideration for the purchase of the ABIX business but also the assumption of employee liabilities and of a loss-making business (with the attendant risk of future losses), as well as the investment undertaken to develop the business after purchase.

153           Reed submits that the test for estoppel does not require a weighing up of the positions of each party but contends nonetheless that the impact on Reed is likely to be significant if it is prohibited from reproducing headlines from the AFR. It points to the fact that the ABIX service has utilised AFR headlines for 27 years and submits that eliminating the headline now would be a significant change to the service. Further, it points to the evidence that the headlines have an important function of allowing the user to locate the source article in the source publication. Finally, Reed submits that Abstracts of AFR articles form an important

part of the overall ABIX service because the AFR is Australia's only daily business newspaper.

### Consideration

154 In order for Fairfax to be estopped from bringing the present action, the relevant assumption must be that Fairfax will not, at any time in the future, assert that Reed's reproduction of AFR headlines amount to copyright infringement (**the Assumption**). As a party should not be estopped on an ambiguity (*Foran v Wright* (1989) 169 CLR 385 at 410-411), the relevant assumption needs to be identified with some precision in order to determine whether Reed held, and relied detrimentally on, that assumption and whether Fairfax has played a sufficient part in the adoption of that assumption.

155 First, even accepting that a departure from the Assumption would cause some detriment to Reed, I am not satisfied that the evidence establishes that Reed relied upon the Assumption in purchasing and developing the ABIX business. I accept that in his decision to proceed with the purchase of the ABIX business, Mr Piper considered, as a relevant or even important factor, that the ABIX service had been conducted for many years without any major issues raised or claims brought against the business. A prudent business person may consider that the risk of future actions against a business is lower if there have not been any complaints or actions brought against the business in the past 15 years. That does not mean, however, that the absence of past actions and complaints induced the business person to assume that no actions will, in fact, be brought against the business in the future. If, as alleged, Reed had relied upon the Assumption in proposing to continue and continuing to engage in a serious commercial venture, it is of interest that it sought no express assurances from Fairfax that Fairfax would not seek to pursue any intellectual property rights in AFR headlines in the future.

156 Further, the reliance must be the result of the action or inaction of Fairfax. The evidence, however, is equivocal with regard to Reed's reasons for purchasing and developing the ABIX business. Both Mr Piper and Ms Lee of Reed expressed a strong view that it is and has always been appropriate practice to cite an article by referring to its headline. They were firmly of the view that there is no infringement of copyright by reproducing the headlines in the ABIX service. Even if Reed did hold the Assumption, it is unclear to what extent the

Assumption resulted from the absence of complaint by Fairfax over the last 15 years or, rather, from Reed's belief that Fairfax cannot assert copyright in AFR headlines.

157           Moreover, I do not accept that Fairfax has played such a part in the adoption of the Assumption that it would be unfair or unjust if it were free to ignore it (*Waltons Stores* at 404 per Mason CJ and Wilson J). The evidence is that Fairfax was aware for some time that the ABIX service reproduced headlines of the AFR but had nonetheless dealt commercially with Reed and its predecessors in respect of the ABIX service, including by subscribing to the service and supplying it to its customers via its own online platforms. However, the evidence does not explain the reasons and the circumstances in which those dealings occurred. It must be remembered that the ABIX service provides abstracts of articles from around 70 Australian newspapers and journals. The mere fact that Fairfax dealt with Reed or its predecessors in respect of the ABIX service did not amount to a representation that Reed was entitled, permanently, to reproduce headlines in the AFR as part of the ABIX service. While Fairfax did not make any claim against or demands of any person, including Reed and its predecessors, until February 2007, it has not done anything which would make it unconscionable for Fairfax now to seek to put an end to the existing state of affairs (*Austotel* at 610).

158           While equitable estoppel can extend to future rights, it is for Reed to establish the estoppel of the breadth and width that it has proposed. I do not accept that Fairfax has created or encouraged an assumption that it will not, at any time in the future, assert copyright infringement in the reproduction of headlines in any future editions of the AFR regardless of any changes in the way in which Fairfax or Reed conduct their respective businesses. The same applies to an assumption concerning Fairfax's approach to enforcement of its intellectual property rights. Further, I am not satisfied from the evidence that Reed relied on any such assumption. Accordingly, Fairfax is not estopped from asserting that Reed's reproduction and communication of AFR headlines as part of the ABIX service amount to infringement of its copyright in the contended works.

## CONCLUSION

159           As to the subsistence of copyright in the contended works, I have reached the following conclusions:

- None of the ten selected headlines are capable of being literary works in which copyright can subsist.
- Fairfax has failed to prove that any of the ten selected Article/Headline Combination is a discrete work of joint authorship in which copyright can subsist.
- Copyright subsists in the Article Compilation and the Edition Work in each of the June and November editions as original literary works and this copyright is owned by Fairfax.

160 Reed takes the whole of each headline. As to whether Reed, in reproducing and communicating headlines of the AFR as part of the Abstracts, takes a substantial part of any of the contended works:

- Even if the Article/Headline Combination constitutes a copyright work, Reed does not take a substantial part of such a work.
- Reed does not take a substantial part of either the Article Compilation or the Edition Work.

161 Although it is not necessary to decide whether Reed is entitled to rely on the defences claimed, I nonetheless consider that:

- Reed's conduct in reproducing and communicating the AFR headlines as part of the Abstracts is a fair dealing for the purpose of reporting news such that Reed's conduct would not constitute an infringement of copyright by reason of s 42(1)(b) of the Act;
- Fairfax is not estopped from asserting that Reed's reproduction and communication of AFR headlines in the Abstracts as part of the ABIX service amounts to infringement of its copyright in the contended works.

162 It follows that Fairfax's application should be dismissed. As Fairfax has succeeded on the question of estoppel, I will give the parties an opportunity to make submissions on costs.

I certify that the preceding one hundred and sixty-two (162) numbered paragraphs are a true copy

of the Reasons for Judgment herein  
of the Honourable Justice Bennett.

Associate:

A handwritten signature in black ink, appearing to be 'MZA' with a large flourish underneath.

Dated: 7 September 2010

