

Playstation Protection – Not on the “Digital Agenda”

John Corker examines the failure of the Copyright Act “Digital Agenda” provisions to protect PlayStation from an anti-counterfeiting device.

By the *Copyright Amendment (Digital Agenda) Act 2000*, the Federal Government introduced section 116A into the *Copyright Act 1968* (the Act), intended to prevent counterfeiting activities by protecting copyright owners who use “technological protection measures” from the supply by others of means to bypass or “circumvent” such protective measures.

At the time, these provisions were criticised in that:

- they introduced a concept of “intention” with respect to the technological protection measure – the purpose of the alleged technological protection measure to be protective in a particular fashion has to be proved; and

- they seemed to relate only to devices which prevent access to a work by a “code or process” or which prevent the act of copying.

Hence, it has been observed, the amendments would not even have addressed the type of anti-piracy protection represented by the device the subject of the decisions of the High Court in *Autodesk v Dyacon* (1992) 173 CLR 1; 22 IPR 163; (1993) 25 IPR 33, which one might have expected to be prominent in the minds of those drafting the legislation.

These chickens have come home to roost in a decision of Sackville J of the Federal Court handed down in *Kabushi Kaisha Sony Computer Entertainment Inc. v Stevens* [2002] FCA 906 (26 July 2002).

The Court found that the protection measures identified by Sony in their PlayStation 2 (PS2) console that were circumvented by a “mod chip” installed by the defendant were designed, in the ordinary course of their operation, to deter or discourage persons from infringing Sony’s copyright in the PS2 games.

However, despite this finding, the Court found that these measures were not “technological protection measures” as this phrase is defined in the Act.

Accordingly, Sony’s claim under s.116A of the Act failed.

It is a disturbing footnote to this decision that this outcome was instigated by the Australian Competition and Consumer Commission (the ACCC) who were granted leave to appear as *amicus curiae* ultimately for the benefit of the defendant counterfeiter.

THE FACTS

The protection measure argued by Sony to be a “technological protection measure” for the purposes of the Act was a “Boot ROM” located on the circuit board of the PS2 console which embodied a particular program designed to read and verify the access codes stored on the boot track of the PS2 CD ROMs. If the access codes were not present in the boot track of the CD ROM, or were incorrect, then the CD ROM would not work. The PS2 CD ROMS were designed so that the access codes would not be copied onto blank CDs, so that an illegal copy would be useless.

Sony also used the access codes to “regionalise” CD ROMs. The boot track access codes could be made different for different geographical regions, so that even genuine Sony CD-ROMs sold in the United States, say, would not work in PS2 consoles marketed in Australia or other parts of the world. This was the issue which brought the ACCC into the proceedings – notwithstanding the defendant in the proceedings was actually selling counterfeits. The ACCC took the position that regional coding is detrimental to consumer welfare as it limits consumer choice and in some cases, access to competitively priced goods, which might be imported from overseas markets. Mr Stevens was unrepresented and the ACCC was given leave to appear as *amicus curiae* by the court.

Mr Stevens sold and installed “mod chips” for PS2 consoles and also sold counterfeit copies of PS2 games. The “mod chip” had the effect of modifying

the PlayStation console such that any CD-ROM inserted into the drive of the PS2 could be played regardless of whether it was genuine or whether it was counterfeit. It did this by instructing the console that both the validity and territorial codes were acceptable for operation of the console.

WHAT IS A “TECHNOLOGICAL PROTECTION MEASURE”?

technological protection measure is defined in s.10(1) of the Act as:

a device or product, or a component incorporated into a process, that is designed, in the ordinary course of its operation, to prevent or inhibit the infringement of copyright in a work or other subject-matter by either or both of the following means:

(a) *by ensuring that access to the work or other subject matter is available solely by use of an access code or process (including decryption, unscrambling or other transformation of the work or other subject-matter) with the authority of the owner or licensee of the copyright;*

(b) *through a copy control mechanism.*

The Court found that, whilst Sony’s system of Boot ROM and access codes was designed for the purpose of deterring or discouraging persons infringing Sony’s copyright in the PS2 games, it did not operate in either of the specific ways identified in this definition. Sony’s protection measures did not directly prevent copying at all. They did prevent access to the work, but not by means of an access code or process supplied by Sony, of the nature described in the wording of the definition. The wording of the definition is so poor that it is too narrow to apply to one of the most common forms of protection methods for computer programs.

RAM ISSUE

In another line of argument, Sony argued that its protection devices did in fact prevent a user from infringing copyright by preventing the user reproducing a substantial part of a work in material form, namely, a substantial part of an unauthorised CD-ROM reproduced into the console's Random Access Memory (RAM). So the question became whether what is stored in RAM was in a material form, defined as follows:

material form, in relation to a work or an adaptation of a work, includes any form (whether visible or not) of storage from which the work or adaptation, or a substantial part of the work or adaptation can be reproduced.

This definition was introduced by the Copyright Amendment Act 1984. Again, this poor drafting has been criticised - and indeed the decision in *Pacific Gaming Pty Limited v Aristocrat Leisure Industries Pty Limited* [2001] FCA 1636 confirmed this criticism - because a computer program cannot always be "reproduced" from forms of storage such as integrated circuits, CDs or floppy disks, in the sense determined in *Apple Computer Inc v Computer Edge Pty Limited* (1986) 161 CLR 171; 6 IPR 1, at best only a machine code version being capable of being derived. The Explanatory Memorandum at that time said:

The definition of material form includes such storage methods as storage or reproduction on magnetic tape, read only or random access computer memory, magnetic or laser disks, bubble memories and other forms of storage which will doubtless be discovered.

However despite this reference in the Explanatory Memorandum to storage in RAM, the finding in this case essentially follows from and expands on the finding in *AVRA v Warner* [2001] FCA 1719. The key fact that will determine whether storage of a work or a substantial part of a work in RAM is stored in a "material form" will be whether it can, in the ordinary course, be reproduced from RAM. In *AVRA v Warner*, the court said "in the ordinary course, temporary storage of a substantial part of the computer program in the RAM of a DVD player will not involve the reproduction



of the computer program in a material form." Likewise in this case the PS2 itself provided no mechanism by which a copy from the console's RAM could be made.

UK POSITION

This outcome is in contradistinction to a similar case run in the UK where Sony successfully obtained an order that such "mod chips" were circumvention devices.

In *Kabushi Kaisha Sony Computer Entertainment Inc. & Others v Edmunds (t/a Channel Technology)* [2002] EWHC 45(CH), Sony claimed that an importer of a "mod chip" known as "the messiah" had contravened section 296 of the *Copyright Designs and Patents Act 1988* (the *CDPA*) that deals with copyright infringement by means of any device or means specifically designed or adapted to circumvent copy-protection. Based on the facts of the UK case it seems that this chip had the same effect that the "mod chips" in Australia have, that is to enable CD-ROMs that are counterfeit and/or from other regional zones to play on the PS2 console sold in the UK.

Section 296(4) of the *CDPA* reads as follows:

References in this section to copy-protection include any device or means intended to prevent or restrict copying of a work or to impair the quality of copies made.

It is also noted that in the *CDPA* "reproducing the work in any material form" includes storing the work in any medium by electronic means, and hence does not suffer from the same defect as the Australian Act.

As a result of these definitions, it was not disputed that the "Boot ROM" system and the embedded codes put into genuine CD ROMs and DVDs by Sony constituted the type of copy-protection envisaged by s. 296 of the *CPDA*, the copying intended to be prevented being the loading of the game into the computer.

CONCLUSION

The reason for the difference between the UK and the Australian outcomes seems to lie with the wording of the relevant provisions.

Both sets of laws have been derived from the provisions of the *WIPO Copyright Treaty* and *WIPO Performances and Phonograms Treaty*, but Australia's more

prescriptive terms have meant that Australia's laws are less protective of copyright convention devices than those of the UK.

The policy issues underlying how the law should operate in this instance are complicated by the fact that the protection device in this case has a number of different purposes and effects. The pros and cons of each should be separately

debated. Three of these are:

- the prevention of playing of CD-ROMS with other regional coding,
- the prevention of playing of pirated copies and
- the prevention of playing of back-up copies.

The decision also highlights many flaws in the drafting of the *Copyright Act 1968* with respect to the protection of computer programs which are long overdue for correction.

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Domain Name Update - .au Gets an Overhaul

Chad de Souza and Jesse Gleeson consider recent changes to the administration of .au domain names.

The Australian domain name administrator, auDA, introduced a host of changes to the way that .au domain names are registered and administered. Most of these changes were effective from 1 July 2002 and will have an impact on the way that companies maintain and expand their domain name portfolios.

CHANGES TO DOMAIN NAME REGISTRATION RULES

Effective from 1 July 2002 the eligibility requirements for a .com.au and .net.au registration are that the potential registrant now has or is:

- (a) A registered Australian trade mark or an application for an Australian trade mark (new);
 - (b) An Australian Company Number;
 - (c) A registered Australian Business Name or partnership or sole proprietor;
 - (d) An Australian incorporated association; or
 - (e) A foreign company licensed to trade in Australia.
- A domain name that is derived from one of the requirements above may be registered. However, there is still no hierarchy of rights themselves (ie. between a trade mark, company name

or business name), licences are given on a first in first served basis.

Once the eligibility requirements have been satisfied, a domain name which has a 'close connection' with the registrant may also be registered. This means that businesses can register domain names for products / services / premises / events / profession names even if they have no corresponding trade mark or business name.

A warranty is given by registrants at registration or renewal of the domain name that the criteria are satisfied (for instance that there is a valid basis for registration of a business name).

As with the previous domain name policy, there is no proprietary right in domain names, registrants obtain a renewable two year license to the relevant domain name. However, the licences themselves may be transferred in limited circumstances to another person pursuant to the new *Transfers (change of registrant) Policy* recently released by auDA. This is discussed further below.

As part of this overhaul of policy auDA decided to make available domain names previously considered too generic for registration. An auction of these names was held with the remaining unallocated names (about 1,400) being made available for allocation from 3 October 2002. The highest price paid for a

domain name at auction was \$153 000

for the domain name *flowers.com.au*. There are also current discussions as to the allocation of place names e.g. *www.ballarat.com.au*. This will possibly be administered by organisations in local communities. There will still be a reserved list of names that *cannot* be registered however, and these will include names prohibited from registration by the Commonwealth, some generic terms, as well as some specific place names and common individual names.

CONTINUING ELIGIBILITY FOR DURATION OF LICENSE

Under the new rules it is necessary for the registrant to satisfy a basis for entitlement to the domain name in question (eg. a trade mark, business name, close connection etc). This does not mean that the original basis on which it was registered must remain current - only that some basis must continue to be present. For instance if a domain name was based on a trade mark application, and the trade mark application is then rejected, it would be possible to retain entitlement on the basis that you were selling a product with that name.

If you cannot bring yourself within one of these broad eligibility categories (for instance because you have stopped producing and selling the product) it will