

Ly v The Queen [2014] FCAFC 175

FEDERAL COURT OF AUSTRALIA

KENNY, BENNETT AND WIGNEY JJ

THE COURT:

- 1 On 5 August 2014, the applicant, Mr Phong Ly, entered pleas of guilty, in the County Court of Victoria, to two Commonwealth offences. The first offence was an offence under s 132AJ(1) of the *Copyright Act 1968* (Cth) (**Copyright Act**) of possessing articles, namely digital versatile discs (DVDs), which were infringing copies of subject matter in which copyright subsisted at the time of possession, with the intention of selling the articles. The second offence was under s 148(1) of the *Trade Marks Act 1995* (Cth) (**Trade Marks Act**) of exposing goods for sale, namely quantities of DVDs of cinematograph films and optical discs of computer games, on which goods there were registered trade marks which were applied without the permission of the registered owners of the trade marks. A plea hearing took place before his Honour Judge Maidment on 5 August 2014 and on 13 August 2014 his Honour imposed a total effective sentence of 12 months imprisonment, with the applicant to be released pursuant to a recognizance release order after 8 months.
- 2 The applicant then filed an application for leave to appeal against the sentence in the Court of Appeal of the Supreme Court of Victoria. Regrettably, it appears that little attention was given by the parties to whether the Court of Appeal had jurisdiction to entertain the appeal. Ultimately, after some prevarication on the part of the parties, the Court of Appeal application was adjourned, the Crown (in the right of the Commonwealth Director of Public Prosecutions) formed the view that this Court had jurisdiction to hear an appeal in respect of the sentences imposed on the applicant and the applicant filed in this Court an application for extension of time and leave to appeal and an application for an extension of time to file a notice of appeal.
- 3 Having regard to the above circumstances and for the reasons that follow, there should be an extension of time to file the application for leave to appeal (this not being opposed by the Crown); leave to appeal should be granted; the draft notice of appeal received (though not treated as filed) by the Court should stand as the notice of appeal; but the appeal should be dismissed.

SUMMARY OF RELEVANT FACTS

4 At the plea hearing, the Crown provided the learned sentencing judge with a document headed “Prosecution Opening” (**Prosecution Opening**) which summarised the evidence contained in the Crown’s brief of evidence. There was no objection to the tender of this document. Indeed, counsel for the applicant indicated that “the general thrust of the opening is agreed with”. Counsel for the applicant did, however, refer to two areas of disagreement in relation to the facts. Save for these two matters, which will be considered in context later in these reasons, the facts upon which the applicant was to be sentenced were not in dispute.

5 The following is a summary of the relevant facts derived from the Prosecution Opening.

6 The applicant is the sole director and shareholder of Quoc Phong DVD World Pty Ltd (**DVD World**), a business operating at Shop 5-6, 792-806 Heatherton Road, Springvale South (**the DVD World Shop**).

7 In September 2013, the Australian Federal Police (**AFP**) received an allegation that DVD World was selling Asian DVDs that infringed the copyright and trade mark of Television Broadcasts Ltd (**TVB**), a group of companies based in Hong Kong that produce Asian film products. Subsequent investigations by the AFP indicated that DVD World was also selling English language DVDs that infringed the copyright and trade marks of several American movie companies.

8 On 7 November 2013, the AFP executed search warrants at three locations: the DVD World Shop, a shop at 100 Lightwood Road, Noble Park occupied by the applicant (**the Noble Park Shop**) and the applicant’s home. At the DVD World Shop, the executing officers from the AFP observed thousands of predominantly Asian DVDs displayed on tables and shelves for sale. The officers located two catalogues. These catalogues were arranged in a way that appeared to be designed to avoid detection by anti-piracy investigators and law enforcement agencies. Each catalogue consisted of a number of soft DVD sleeves held together by a cable tie. An Asian DVD was inserted in the front sleeve, and inside many of the remaining sleeves were numbered copies of printed, western-titled, paper DVD covers. The numbers corresponded to packs of English language movie DVDs located on the shelves. The front sleeve of each pack contained an Asian DVD and a handwritten number, and the remaining sleeves contained unmarked DVDs that were copies of the English language movies listed in the catalogues. Also located in the shop were 216 counterfeit Nintendo Wii game discs that

were concealed in a similar way. These discs were typically in packs of six to eight discs and were disguised by a single Asian titled DVD at the front of the pack.

9 The AFP seized the 216 counterfeit Nintendo Wii game discs and approximately 55,000 DVDs. The Prosecution Opening stated that the 55,000 DVDs were counterfeit. As will be seen, however, this is one of the areas in respect of which counsel for the applicant expressed some disagreement.

10 The AFP also seized two computer towers, seven DVD burner towers, five printers and an external hard drive. Also located under a desk towards the rear of the DVD World Shop was a book containing handwritten dates and dollar amounts. The Crown alleged that this was a record of takings from the shop. This allegation was another point of disagreement, though ultimately nothing turned on this issue. The sentencing judge did not find that this book related to the business conducted out of the shop.

11 At the Noble Park Shop, the AFP seized approximately 4,000 DVDs. The Prosecution Opening stated that these DVDs were counterfeit, though again the applicant's counsel took issue with whether all these DVDs were counterfeit.

12 The police also seized more than 2,300 DVDs which were said to be counterfeit and a number of DVD burners from the applicant's home.

13 The DVDs seized from all three premises were examined and catalogued by the AFP with assistance from industry experts. They counted more than 61,000 discs, the vast majority of which were movie DVDs, but some of which were computer games and music recordings. The result of the examination was that a small number of discs found at the Noble Park Shop were found to be genuine, but the overwhelming majority of discs seized from the three addresses bore the indicia of counterfeits. The indicia of counterfeit DVDs included the use of recordable discs (DVD-Rs and CD-Rs), poor quality packaging and printing on the insert in the plastic case and on the disc itself. The Crown tendered a spreadsheet that summarised the results of the examination of the 61,000 discs. There was no objection to this spreadsheet. Indeed, counsel for the applicant agreed that the discs seized from the three premises showed the indicia of counterfeit discs.

14 After the discs had been catalogued, an industry representative associated with TVB selected a number of sample discs at random. From those samples, 15 titles that infringed copyright

were selected for the purpose of prosecution. Each of those DVDs had been seized from the items on display for sale at DVD World.

- 15 The Director of Operations for the Australian Screen Association (ASA) also examined a selection of the seized English language DVDs and concluded that they were all copies of cinematograph films that infringed copyright held by member companies.
- 16 The discs selected and examined in respect of copyright infringement by the TVB and ASA representatives became the subject matter of Charge 1. The discs the subject of this charge involved 30 movie titles and a total of 1,040 discs (there being multiple copies of most of the titles). These 1,040 discs were listed in a schedule to Charge 1.
- 17 In respect of trade mark infringement, five DVDs that displayed TVB's registered trade mark were selected by the TVB representative for the purposes of prosecution and a sample of DVDs that displayed the registered trademarks of ASA member companies were selected by the ASA representative. A representative of Nintendo Australia Pty Ltd also examined the 216 Wii discs that had been seized from DVD World and concluded, based on visual indicia, that they too were counterfeit copies bearing at least one Nintendo registered trade mark. The discs selected by the TVB, ASA and Nintendo representatives involving trade mark infringements became the subject matter of Charge 2. The discs the subject of this charge involved 10 DVD movie titles and 5 computer game titles and a total of 175 discs (there again being multiple copies of most of the titles). These 175 discs were listed in a schedule to Charge 2.
- 18 An AFP forensic expert also examined the computer equipment seized from the DVD World Shop. The examination revealed that the computer towers contained multiple applications for burning, copying and editing DVDs and other discs and that the hard disc drives contained 2,018 files of movies and 1,032 picture files of DVD covers corresponding with the movies.
- 19 The applicant was interviewed by AFP officers on 7 November 2013 and admitted that he copied some DVD movies using the copying machines at the DVD World Shop. He said that he had paid a man named Dat in Springvale \$25,000 per year since opening his shop in 2009 for DVDs that he copied. He also said that he obtained DVDs from other sources and downloaded films using Torrent. When asked whether he knew that it was illegal to copy and sell DVDs without a licence, he said at one point that he was allowed to do it "because the guy he obtained them from had a licence, this meant he was allowed to do it". He ultimately admitted that he knew that what he was doing was wrong and said he told his partner that it

was not the right way to continue and that he wanted to close the DVD World Shop and start a new shop selling other things. The applicant said that he sold between 20 and 50 DVDs a day but that he did not keep a record. He stated that it was hard to say how much the business earned, sometimes \$2,000, sometimes \$3,000 a week of which about 50% was profit.

20 The applicant was arrested on 7 November 2013 and granted bail pending the determination of the charges.

21 At the plea hearing the applicant admitted prior convictions for three offences: first, an offence of making a threat to kill and causing injury intentionally for which the applicant was sentenced on 13 December 2007 and placed on a community-based order for a period of six months; second, charges involving a number of breaches of the Copyright Act and Trade Marks Act and related dealing in property suspected of being the proceeds of crime for which the applicant was sentenced on 23 September 2009 to a term of imprisonment of three months, but was released forthwith upon entering into a recognizance to be of good behaviour for 12 months; and third, charges of possessing infringing copies of copyright works with the intention of selling and possessing a device intended to be used for making infringing copies of copyright works in respect of which he was convicted and sentenced on 30 August 2011 to pay an aggregate fine of \$8,000.

22 The applicant did not give evidence and did not call evidence from any witness at the plea hearing. The only evidence tendered by the applicant was a report of a psychologist.

THE OFFENCE AND PENALTY PROVISIONS

23 The relevant offence and penalty provisions which are the subject of this appeal are contained in ss 132AJ(1) and (2) of the Copyright Act and s 148(1) of the Trade Marks Act.

24 Subsections 132AJ(1) and (2) of the Copyright Act provide as follows:

132AJ Possessing infringing copy for commerce

Indictable offence

- (1) A person commits an offence if:
 - (a) the person possesses an article, with the intention of doing any of the following with the article:
 - (i) selling it;

- (ii) letting it for hire;
 - (iii) by way of trade offering or exposing it for sale or hire;
 - (iv) offering or exposing it for sale or hire to obtain a commercial advantage or profit;
 - (v) distributing it for trade;
 - (vi) distributing it to obtain a commercial advantage or profit;
 - (vii) distributing it to an extent that will affect prejudicially the owner of the copyright in the work or other subject-matter of which the article is an infringing copy;
 - (viii) by way of trade exhibiting it in public;
 - (ix) exhibiting it in public to obtain a commercial advantage or profit; and
- (b) the article is an infringing copy of a work or other subject-matter; and
 - (c) copyright subsists in the work or other subject-matter at the time of the possession.
- (2) An offence against subsection (1) is punishable on conviction by a fine of not more than 550 penalty units or imprisonment for not more than 5 years, or both.

Note 1: A corporation may be fined up to 5 times the amount of the maximum fine (see subsection 4B(3) of the *Crimes Act 1914*).

Note 2: If the infringing copy was made by converting the work or other subject-matter from a hard copy or analog form into a digital or other electronic machine-readable form, there is an aggravated offence with a higher maximum penalty under section 132AK.

25 Subsection 148(1) of the Trade Marks Act provides:

148 Goods with false trade marks

Indictable offence

- (1) A person commits an offence if:
- (a) the person:
 - (i) sells goods; or
 - (ii) exposes goods for sale; or
 - (iii) possesses goods for the purpose of trade or manufacture; or
 - (iv) imports goods into Australia for the purpose of trade or manufacture; and

- (b) any of the following applies:
 - (i) there is a registered trade mark on the goods;
 - (ii) there is a mark or sign on the goods that is substantially identical to a registered trade mark;
 - (iii) a registered trade mark on the goods has been altered, defaced, added to, wholly or partly removed, erased or obliterated; and
- (c) the registered trade mark, or mark or sign, was applied, altered, defaced, added to, wholly or partly removed, erased or obliterated, as the case requires, without:
 - (i) the permission of the registered owner, or an authorised user, of the trade mark; or
 - (ii) the application being required or authorised by this Act, a direction of the Registrar or an order of a court.

Penalty Imprisonment for 5 years or 550 penalty units, or both.

26 The effect of s 132AJ(2) of the Copyright Act, when read with s 4AA(1) of the *Crimes Act 1914* (Cth) (**Crimes Act**), is that the maximum penalty for possession with the intention of selling infringing copies of an article in which copyright subsists is a fine of not more than 550 penalty units (\$93,500) or imprisonment for not more than 5 years, or both. The maximum penalty for the exposure of goods for sale without permission of the registered owner of trademarks, contrary to s 148(1) of the Trade Marks Act, is also a fine of not more than 550 penalty units (\$93,500) or imprisonment for not more than 5 years, or both.

THE CHARGES – “ROLLED UP” AND “REPRESENTATIVE”

27 The two charges against the applicant were particularised as follows in the Particulars and Statement of Offence provided to the sentencing judge:

Charge 1 The Director of Public Prosecutions who prosecutes in this behalf for Her Majesty the Queen, charges that **PHONG QUOC LY** at Springvale South in Victoria on the 7th day of November 2013 possessed quantities of various digital versatile discs (**DVDs**) of cinematograph films (listed in Schedule 1) with the intention of selling those DVDs and the DVDs were infringing copies of subject matter other than works and copyright subsisted in that subject matter at the time of the possession.

Statement of Offence – Possession with the intention of selling infringing copies of subject matter in which copyright subsisted contrary to subsection 132AJ(1) of the *Copyright Act 1968* (Cth).

Charge 2 And the said Director of Public Prosecutions further charges that **PHONG QUOC LY** at Springvale South in Victoria on the 7th day of November 2013 exposed for sale quantities of various digital versatile discs of cinematograph films and optical discs of computer games (**discs**) (listed in Schedule 2) and there were registered trade marks on the discs and the registered trade marks were applied without the permission of the registered owners of the trade marks.

Statement of Offence – Exposure of goods for sale without the permission of the registered owner of the trade marks applied to the goods contrary to subsection 148(1) of the *Trade Marks Act 1995* (Cth).

28 Schedule 1 and schedule 2 to the Particulars and Statement of Offence listed the 1,040 and 175 discs the subject of Charges 1 and 2 respectively.

29 It was made clear in both the Prosecution Opening and in the Crown’s oral opening and submissions that the charges were both “rolled up” and “representative.” They were rolled up because, whilst a separate charge under both s 132AJ(1) of the Copyright Act and s 148(1) of the Trade Marks Act could have been laid in respect of each single infringing disc, Charge 1 was rolled up to so as to relate to 1,040 discs and Charge 2 was rolled up so as to relate to 175 discs. The applicant did not object to the rolled up nature of the charges: see *R v Jones* [2004] VSCA 68 at [13].

30 The charges were said to be representative because the facts upon which the applicant was to be sentenced included other instances of offending conduct of the same type in respect of which the applicant was not charged. In this respect, the two charges were said to be representative of the other uncharged acts. At the plea hearing, counsel for the applicant agreed that there was other conduct that could have been the subject of charges and took no issue with the two charges being considered to be representative charges to the extent that this precluded any finding that the two charges were isolated offences.

THE SENTENCE AND REMARKS ON SENTENCE

31 In respect of Charge 1 (s 132AJ(1) of the Copyright Act), the sentencing judge sentenced the applicant to 12 months imprisonment. In respect of Charge 2, the applicant was sentenced to imprisonment for eight months. The terms of imprisonment were to be served concurrently and to commence on the day of sentence. There was no pre-sentence detention. His Honour made a recognizance release order under s 19AC of the Crimes Act, the effect of which was that the applicant was to be released from imprisonment on his own recognizance of \$1,500 to be of good behaviour after serving eight months of imprisonment.

- 32 In sentencing the applicant, his Honour noted that s 16A(1) of the Crimes Act required him to impose a sentence that was of a severity appropriate in all the circumstances of the offence and that he had regard to the matters listed in s 16A(2) of the Crimes Act to the extent that they were relevant: Remarks at [14]. A fair reading of his Honour’s remarks on sentence reveals that his Honour considered that the following matters were particularly relevant to arriving at the sentence imposed.
- 33 First, his Honour had regard to the importance of general deterrence in sentencing for such offences: *Hamm v Middleton* (1999) 44 IPR 656 (*Hamm v Middleton*) at [18]; Remarks at [15]. His Honour also had regard to the importance of specific deterrence, particularly in light of the prior offences under the Copyright Act and Trade Marks Act: Remarks at [19], [25].
- 34 Second, the offences were to be seen in the context of a wider commercial enterprise that was substantial. The offences were part of a course of conduct in running that enterprise: Remarks at [16].
- 35 Third, the sentencing judge found that there was no evidence from which he could find on the balance of probabilities that the applicant was genuinely remorseful: Remarks at [17]. In this respect, his Honour had particular regard to the applicant’s prior offences under the Copyright Act and Trade Marks Act. His Honour found, having regard to the prior convictions, that the applicant committed the offences with his “eyes open”, that he failed to heed the warning that should have arisen from his previous court appearances and that his conduct was “deliberate, flagrant, calculated offending motivated by the prospect of substantial profits”: Remarks at [18]. His Honour noted that there was no evidence before him of any financial pressure and that he was driven to the conclusion that the applicant was “driven by greed, not need”: Remarks at [18]. In relation to this finding, the sentencing judge referred to statements in the psychologist’s report that the applicant’s prior offences were borne out of the need to make ends meet to support his children and pay his rent, but found that there was no evidence “of any financial distress or pressure that would justify” the offences for which he was being sentenced.
- 36 Fourth, the applicant pleaded guilty and indicated his plea of guilty at an early stage. His Honour found that the applicant was entitled to substantial credit for his early plea: Remarks at [19].

37 Fifth, the sentencing judge had regard to the character, age, means and physical and mental
condition of the applicant. In this respect, his Honour noted that he was greatly assisted by the
psychologist report: Remarks at [19]-[22]. His Honour took into account the applicant's
prospects of rehabilitation: Remarks at [24].

APPELLATE JURISDICTION OF THE FEDERAL COURT OF AUSTRALIA

38 As set out below, the Court has jurisdiction to hear this appeal.

39 The two sentences under appeal were imposed by a Judge of the County Court of Victoria
under s 132AJ(2) of the Copyright Act and under s 148(1) of the Trade Marks Act,
respectively. As explained below, the Court has jurisdiction to hear the appeal in respect of
Charge 1 in exercise of a direct statutory conferral of appellate jurisdiction, whilst its
jurisdiction to hear the appeal in respect of Charge 2 is in exercise of the statutory conferral of
jurisdiction in associated matters.

40 Section 132AJ of the Copyright Act is found in Part V of that Act, headed "Remedies and
offences". Section 131B(2)(a) of the Copyright Act expressly provides that an appeal lies from
a decision of a court of a State or Territory under Part V to this Court. A "decision" in
s 131B(2) includes a sentence: see further *Lai-Ha v McCusker* (2000) 101 FCR 460 at 462 [6]-
[9].

41 The *Federal Court of Australia Act 1976* (Cth) (**Federal Court Act**) also provides for the
Court's appellate jurisdiction in criminal matters. This jurisdiction is no longer to be found in
Division 2 of Part III of the Federal Court Act (which includes s 24 upon which earlier
authorities relied: see, for example, *Le v R* (2007) 74 IPR 1 (**Le v R**) at 4 [9]). This is made
clear by s 23P, which was introduced by the *Federal Court of Australia Amendment (Criminal
Jurisdiction) Act 2009* (Cth) (**2009 Amending Act**). The 2009 Amending Act was part of a
legislative package that was designed to confer indictable criminal jurisdiction on the Court
with respect to serious cartel offences (as to which, see ss 44ZZRF and 44ZZRG of the
Competition and Consumer Act 2010 (Cth)). As will be seen, however, the 2009 Amending
Act also made consequential changes to the existing, though limited, criminal appellate
jurisdiction of the Court. Section 23P provides that Division 2 of Part III "applies to the Court's
appellate jurisdiction in relation to civil matters". The 2009 Amending Act introduced a new
Division 2A, headed "Appellate and related jurisdiction (criminal proceedings)" to govern
criminal appeals. The Explanatory Memorandum for the *Federal Court of Australia
Amendment (Criminal Jurisdiction) Bill 2008*, which became the 2009 Amending Act,

confirms that Division 2 of Part III was intended to apply only to civil appeals, whilst Division 2A was intended to govern criminal appeals. The Explanatory Memorandum for the 2009 Amending Act stated (at paragraph [315]):

The Federal Court Act is amended under items 58 and 59 to limit Division 2 of the Act so that it only applies to appeals in civil proceedings. The Court had some limited powers to hear appeals in criminal proceedings under Division 2. Those powers have been moved to Division 2A which will contain all the provisions dealing with appeals in criminal cases.

42 It is sufficient to note here that item 58 related to the new s 23P. In relation to this provision, the Explanatory Memorandum further stated:

Item 58 Before section 24

619. This amendment adds a new section to Division 2 of Part III to provide that the Division only applies to the Court’s appellate jurisdiction in relation to civil matters.

43 Subdivision A of Division 2A concerns the bringing of criminal appeals. Section 30AA, which begins Subdivision A in Division 2A, sets out the circumstances in which the Court has jurisdiction to hear and determine an appeal “about” an indictable offence. Section 30AA relevantly provides:

Appeals about indictable offences

- (1) The Court has jurisdiction to hear and determine an appeal from a judgment of an eligible primary court to the extent the judgment:
 - (a) convicts the accused of a count in an indictment; or
 - (b) sentences the accused in relation to a count in an indictment; or
 - (c) acquits the accused of a count in an indictment as a result of the court (rather than a jury) finding that the accused had no case to answer; or
 - (d) acquits the accused because of mental illness in relation to a count in an indictment; or
 - (e) in the case of a judgment of the Court constituted by a single Judge—consists of one or more orders, determinations or findings under Division 6 or 9 of Part IB of the *Crimes Act 1914*.

....

Relationship to other Acts

- (5) This section has effect subject to any other Act, whether passed before or after the commencement of this Act (including an Act by virtue of which any judgments referred to in this section are made final and conclusive or not subject to appeal).

44 Section 4 of the Federal Court Act states that:

eligible primary court means:

- (a) the Court constituted by a single Judge in indictable primary proceedings; or
- (b) the Supreme Court of a Territory (other than the Australian Capital Territory or the Northern Territory); or
- (c) in such cases as are provided by any other Act, a court (other than a Full Court of the Supreme Court) of a State, the Australian Capital Territory or the Northern Territory, exercising federal jurisdiction.

45 Section 30AA(1)(b) purports to confer jurisdiction on the Court to hear and determine a sentencing appeal in respect of an indictable offence from a judgment of an eligible primary court. As we have seen, s 131B(2)(a) of the Copyright Act provides for an appeal to this Court from a sentence imposed by the County Court of Victoria for an offence in breach of s 132AJ(1). On its proper construction, this is a case for which provision is made by “any other Act” within the meaning of paragraph (c) of the definition of “eligible primary court”.

46 We reach this conclusion, notwithstanding that the Explanatory Memorandum to the 2009 Amending Act stated (at paragraph [316]) that the term “eligible primary court” “includes a court nominated in another Act (other than a Full Court of a Supreme Court)” and that “[t]here are no such nominations at this time”. The significance of this latter comment is not entirely clear; and it may simply have been stating that no “nominations” had been made within the legislative package of which the 2009 Amending Act was a part. Be that as it may, we would not give the comment any great weight. As the High Court said in *FCT v Consolidated Media Holdings Ltd* (2012) 250 CLR 503 at 519 [39], “[l]egislative history and extrinsic materials cannot displace the meaning of the statutory text”. It was clearly not the legislative intention to deprive the Court of its existing limited criminal appellate jurisdiction, as is evident from the text of the 2009 Amending Act, the Explanatory Memorandum to the 2009 Amending Act, and the Attorney-General’s Second Reading Speech (cited at paragraph [59] below). Rather, the legislative intention was that criminal appellate jurisdiction should henceforth be governed by Division 2A, not Division 2, of Part III of the Federal Court Act. The ordinary meaning of

the text of s 30AA achieves this outcome and the provision should not be construed so as to defeat this legislative purpose.

47 Accordingly, pursuant to s 131B(2)(a) of the Copyright Act and s 30AA(1)(b) of the Federal Court Act, this Court has jurisdiction to hear the appeal from the sentence imposed in respect of Charge 1.

48 The Trade Marks Act does not confer jurisdiction on this Court to hear an appeal against a sentence imposed under s 148 of that Act by the County Court of Victoria, because the County Court is not a prescribed court as set out in s 190 and this proceeding is not a civil action for a trade mark infringement under Part 12, as identified in s 195(1): see Trade Marks Act, ss 190 and 195. Nonetheless, we consider that this Court has jurisdiction to hear the appeal from the sentence imposed in respect of Charge 2, being a sentence imposed under s 148(1) of the Trade Marks Act, as part of the Court's jurisdiction in associated matters, conferred by s 32 of the Federal Court Act.

49 Section 32 of the Federal Court Act now provides as follows:

Jurisdiction in associated matters

Associated matters—civil proceedings

- (1) To the extent that the Constitution permits, jurisdiction is conferred on the Court in respect of matters not otherwise within its jurisdiction that are associated with matters (the *core matters*) in which the jurisdiction of the Court is invoked.
- (2) The jurisdiction conferred by subsection (1) extends to jurisdiction to hear and determine an appeal from a judgment of a court so far as it relates to a matter that is associated with a matter (the *core matter*) in respect of which an appeal from that judgment, or another judgment of that court, is brought.
- (3) Subsections (1) and (2) do not apply in relation to a core matter that is an indictable offence matter.

Associated matters—indictable offences

- (4) To the extent that the Constitution permits, jurisdiction is conferred on the Court in respect of matters (the *related matters*) that:
 - (a) arise under any laws made by the Parliament; and
 - (b) are not otherwise within the Court's jurisdiction; and

(c) relate to one or more indictable offences;
that are associated with an indictable offence matter in which the jurisdiction of the Court is invoked.

(5) The jurisdiction conferred by subsection (4) extends to jurisdiction to hear and determine an appeal from a judgment of a court so far as it relates to a related matter that is associated with an indictable offence matter in respect of which an appeal from that judgment, or another judgment of that court, is brought.

(6) For the purposes of this Act, a matter is an indictable offence matter if a proceeding in relation to the matter would be an indictable primary proceeding.

50 In *Le v R* at 4-5 [7]-[13], which also involved an appeal against sentences imposed under the Copyright Act and the Trade Marks Act, Edmonds J held that the Federal Court not only had jurisdiction under s 131B(2)(a) of the Copyright Act with respect to an appeal against sentence under that Act, but also had associated jurisdiction under ss 32(1) and (2) of the Federal Court Act with respect to an appeal against sentence under the Trade Marks Act because the court's appellate jurisdiction had been invoked in the related Copyright Act appeal. For the reasons that follow, we consider that this remains the correct approach.

51 We note that in the earlier decision of *Bell v Queensland* (2006) 71 IPR 139 at 139-140 [2], which concerned an appeal against sentence for breaches of s 132 of the Copyright Act, Kiefel J expressed the view, obiter dictum and without the issue being argued, that the Court would not have had jurisdiction to hear an appeal against other penalties imposed under the Trade Marks Act by the Magistrates Court of Queensland. It must also be borne in mind, however, that the only matter before her Honour was an appeal against sentence for those Copyright Act breaches; that her Honour did not elucidate the basis for her opinion; and that her Honour did not refer to s 32 of the Federal Court Act.

52 The amendments made to the Federal Court Act by the 2009 Amending Act, which were made after *Le v R*, introduced ss 32(3)-(6) and the current subheadings. At first glance, these new provisions might be thought to have relevantly altered the analysis that should be made of the Court's associated jurisdiction in cases such as the present appeal.

53 Closer examination shows, however, that ss 32(3)-(5) are inapplicable here. This is because an appeal against a sentence imposed under the Copyright Act, which is the core matter for

s 32 purposes, is not an “indictable offence matter” and these provisions only apply where the core matter is an “indictable offence matter”.

54 An “indictable offence matter” is defined in s 32(6) as such a matter “if a proceeding in relation to the matter would be an indictable primary proceeding”. Section 4 of the Federal Court Act provides that the expression “indictable primary proceedings” has the meaning given by s 23AB(2).

55 Section 23AB concerns the application of Division 1A of Part 111 of the Federal Court Act. Division 1A is headed “Original jurisdiction (indictable offences)”. Section 23AB(2) provides:

This Division applies in relation to the following proceedings (the *indictable primary proceedings*):

- (a) proceedings in the Court that are commenced by, or that include, an event mentioned in subsection (1);
- (b) proceedings in the Court for sentencing the accused if the Court, in proceedings covered by paragraph (a), has accepted a plea of guilty, or a verdict of guilty, for a count in the indictment in relation to the accused;
- (c) proceedings in the Court that are ancillary to proceedings covered by paragraph (a) or (b).

56 Section 23AB(1), to which s 23AB(2) refers, relevantly provides:

This Division applies in relation to a person (the *accused*) if any of the following events happen:

- (a) either the accused, the prosecutor or both appear before the Court in accordance with an order committing the accused for trial on indictment, or sentencing, before the Court for an indictable offence;
- (b) the prosecutor files in the Court an indictment against the accused for an indictable offence (whether or not the accused has been examined and committed for trial on indictment);

...

“Court” is defined in s 4 of the Federal Court Act to mean the Federal Court.

57 To understand these provisions better, it is also necessary to note s 23AB(4), which states:

Offences to which this Division applies

- (4) A reference in this Division to an offence is a reference to any of the following:
 - (a) an offence against either of the following sections of the *Competition and Consumer Act 2010*:

- (i) section 44ZZRF (making a contract etc. containing a cartel provision);
- (ii) section 44ZZRG (giving effect to a cartel provision);
- (b) if jurisdiction is conferred on the Court under subsection 32(4) in respect of a matter—an indictable offence to which the matter relates.

Note: Paragraph (b) covers any Commonwealth indictable offence associated with a particular prosecution of a cartel offence mentioned in paragraph (a).

58 None of ss 32(3)-(5) of the Federal Court Act apply to the appeal so far as it is an appeal against sentence imposed under the Trade Marks Act and s 32(3) does not preclude the application of ss 32(1) and 32(2). This is because the appeal against the sentence imposed under the Copyright Act is not “an indictable offence matter”. This is because a proceeding in relation to that matter would not be an indictable primary proceeding because it does not fall within s 23AB(2), since it was not commenced by, and did not include, an event described in s 23AB(1). No event of the kind mentioned in ss 23AB(1)(a) or (b) occurred **in this Court**.

59 This conclusion is consistent with the note to s 23AB(4) and with the Explanatory Memorandum for the 2009 Amending Act. The Explanatory Memorandum stated that, as already indicated, the purpose of the 2009 Amending Act was to provide a “procedural framework” for the Federal Court to exercise indictable criminal jurisdiction over serious cartel matters. See also the Second Reading Speech of the then Attorney-General, Mr Robert McClelland, in Commonwealth, *Parliamentary Debates*, House of Representatives, 3 December 2008, 12294-5.

60 Save for the subheading “Associated matters – civil proceedings” and the definitional expression “(the core matter)”, which were inserted by the 2009 Amending Act, ss 32(1) and (2) have not been amended since the Federal Court Act was first enacted. In the Second Reading Speech, for the *Federal Court of Australia Bill 1976*, the then Attorney-General, Mr Robert Ellicott, described the purpose of the proposed “associated jurisdiction” provision in the following terms:

Clause 32 of the Bill would confer on the new Court, so far as the Constitution permits, jurisdiction in matters that are associated with matters of federal jurisdiction before the Court. The intention is to confer jurisdiction on the Court in matters which, if they arose in isolation, might not be matters of federal jurisdiction but which, arising in association with a matter of federal jurisdiction, must be disposed of at the same time as that matter in order that the rights of the parties may be finally determined.

See Commonwealth, *Parliamentary Debates*, House of Representatives, 21 October 1976, 3.

61 In *PCS Operations Pty Ltd v Maritime Union of Australia* (1998) 155 ALR 520 at 523 [6], Gaudron J observed:

In *Philip Morris Inc v Adam P Brown Male Fashions Pty Ltd* [(1981) 148 CLR 457 at 476] Barwick CJ expressed the view that “the word ‘associated’ [in s 32] embraces matters which may be disparate from each other, a view which is implicit in other judgments in that case.

(Citation added; original citations omitted)

62 As her Honour subsequently said (at 524-5 [10]-[13]) after citing the majority judgment in *Fencott v Muller* (1983) 152 CLR 570 at 608, the question whether a federal matter is associated with another federal matter for the purposes of s 32(1) of the Federal Court Act is primarily a question of “practical judgment”.

63 The sentences imposed under the Copyright Act and under the Trade Marks Act arise out of the same circumstances and the sentencing judge imposed them concurrently. The parties rightly accepted that it was practically desirable that the appeals in respect of Charge 1 and Charge 2 be heard together. The matter of the appeal against the sentence imposed under the Trade Marks Act is clearly, in our view, associated with the matter of the appeal against the sentence imposed under the Copyright Act in which the jurisdiction of the Court has been invoked; and, accordingly, ss 32(1) and (2) of the Federal Court Act operate to confer jurisdiction on the Court to hear and determine the sentence imposed under the Trade Marks Act.

64 We consider that this construction of ss 32(1) and (2) best promotes the statutory purpose of these provisions.

65 There is only one factor that militates against the application of these provisions in the present case. This is the subheading introduced by the 2009 Amending Act, which refers only to “civil proceedings”; and which might be thought to signify that ss 32(1) and (2) were not intended to apply to a criminal appeal. There is, however, no indication in the text of s 32 or in the extrinsic material to which we were referred (the Explanatory Memorandum for the 2009 Amending Act and the Attorney-General’s Second Reading Speech) that there was any legislative intention to curtail the existing operation of ss 32(1) and (2). As we have previously noted, the purpose of

the 2009 Amending Act was to provide a procedural framework for this Court to hear and determine serious cartel offences. Section 32(3) indicates that the legislature intended to limit the application of ss 32(1) and (2) only as specifically provided in s 32(3) – which as discussed above does not apply to this appeal.

66 It should, moreover, be borne in mind that s 13(2)(d) of the *Acts Interpretation Act 1901* (Cth) provides only that a heading to “a Chapter, Part, Division or Subdivision appearing before the first section of the Act” is part of an Act and would not apply to the subheading appearing before ss 32(1) and (2). At the same time, s 13(1), which provides that “all material from and including the first section of an Act to the end ...” is part of the Act, would cover the subheading to these sections. We therefore recognise that the subheading tends against the conclusion that ss 32(1) and (2) operate with respect to a criminal appeal, but we do not consider that this factor should prevail over the ordinary meaning and previously accepted operation of the text of these provisions, and the consideration to which we have already referred, namely, that the 2009 Amending Act was not intended to curtail the operation of ss 32(1) and (2) other than as stated in s 32(3).

67 Furthermore, the mode in which the amendments to ss 32(1) and (2) were made tends to confirm that there was no legislative intention to limit the operation of these provisions other than as set out in s 32(3). That is, the 2009 Amending Act introduced the new subheading “Associated matters – civil proceedings” only by way of a note to a clause introducing the definition “(the **core matters**)” to s 32(1). Thus, clauses 70 and 71 to Part 2 of Schedule 1 to the 2009 Amending Act read as follows:

70 Subsection 32(1)

After “with matters”, insert “(the *core matters*)”.

Note: The following heading to subsection 32(1) is inserted “*Associated matters—civil proceedings*”.

71 Subsection 32(2)

After “matter” (second occurring), insert “(the *core matter*)”.

68 All amendments to ss 32(1) and (2) were, moreover, made in Part 2 of the Schedule to the 2009 Amending Act, being that Part entitled “Consequential and other amendments”. Part 1 to that Schedule was, in contrast, called “Main Amendments”. The legislature cannot have intended to effect a significant limitation on the operation of ss 32(1) and (2) by an amendment listed in

that Part of the Schedule of amendments dealing with merely “consequential” amendments to the Federal Court Act.

69 For these reasons, we do not consider that the insertion of a new subheading was intended to have any effect on the operation of ss 32(1) and (2), other than as set out in s 32(3). The subheading expressed no more than an understanding that these provisions would most commonly operate with respect to civil proceedings, bearing in mind that the Federal Court was and remains a Court mostly concerned with civil matters, and that the purpose of the 2009 Act was to introduce a framework for the Court to hear a specific kind of criminal offence.

70 We would, for these reasons, conclude that the Court has jurisdiction to hear and determine this appeal in so far as it relates to the sentence imposed not only under the Copyright Act but also imposed under the Trade Marks Act.

71 As a result of the amendments to the Federal Court Act effected by the 2009 Amending Act, the appeal gave rise to the further issue as to whether or not leave to appeal was required pursuant to s 30AB(1) of the Federal Court Act. Section 30AB(1) provides that:

An appeal under section 30AA cannot be brought from a judgment referred to in subsection 30AA(1) or (2) unless:

- (a) the Court or a Judge gives leave to appeal; or
- (b) the appeal involves a question of law alone.

72 We have already stated that in our view this was an appeal under s 30AA(1)(b) in so far as it concerned an appeal against sentence imposed under s 132AJ(1) of the Copyright Act. The appeal did not involve a question of law alone. We therefore conclude that it is necessary for this Court to grant leave, which as indicated already, we would do.

GROUND OF APPEAL

73 The applicant’s eight grounds of appeal are as follows:

- (1) The learned sentencing judge erred in finding that the applicant possessed more than 61,000 counterfeit discs, and in taking that finding into account in considering the circumstantial context in which the offences were to be assessed.
- (2) The learned sentencing judge erred in finding that the Noble Park Shop was being set up to sell counterfeit DVDs.
- (3) The learned sentencing judge breached the principle in *The Queen v De Simoni* (1981) 147 CLR 383 by taking into account the fact that:

- (a) Devices for the burning, copying and editing of CDs, DVDs and Blue-Ray discs, were found at DVD World and at the applicant's home;
 - (b) The applicant had copied and downloaded films onto DVD; and/or
 - (c) The applicant had sold such DVDs.
- (4) The learned sentencing judge denied the applicant procedural fairness in finding that the applicant's offending was motivated by "greed, not need".
- (5) The learned sentencing judge erred in finding that the applicant's offending was motivated by "greed, not need".
- (6) The learned sentencing judge erred in failing to take into account the applicant's co-operation in consenting to the destruction order.
- (7) The learned sentencing judge erred in finding that there was no evidence of remorse.
- (8) The individual sentences and the period before which the applicant is to be released on his own recognizance are manifestly excessive.

CONSIDERATION

Ground one

74 In support of ground one, the applicant submitted that the sentencing judge erred in sentencing the applicant on the basis that all of the non-indictment DVDs with indicia of being counterfeit were indeed counterfeit and in taking that finding into account in placing the offending in its "full circumstantial context". In this respect, the applicant seizes on parts of the remarks on sentence where the sentencing judge recites the facts in accordance with the Prosecution Opening, including that the AFP seized 55,000 counterfeit DVDs and 216 counterfeit Nintendo Wii game discs from the DVD World Shop (Remarks at [4]), as well as 4,000 counterfeit DVDs and 2,300 counterfeit DVDs from the Noble Park Shop and the applicant's home respectively (Remarks at [6]). The applicant drew attention to the fact that, at the plea hearing his counsel disputed the fact that all the seized DVDs were counterfeit and the prosecution did not adduce evidence to the contrary.

75 When his Honour's sentencing remarks are read as a whole, however, it is clear that his Honour did not, as contended by the applicant, sentence the applicant on the basis that all 61,000 discs were counterfeit, or take that finding into account in determining the full circumstantial context. His Honour's finding concerning the circumstantial context was that the two offences were committed in the course of the conduct of a substantial commercial enterprise: Remarks at [16].

That enterprise unquestionably involved counterfeit DVDs. This finding concerning the wider context was not based on a finding that all 61,000 DVDs were counterfeit, despite the passages from the remarks relied on by the applicant where his Honour recites the facts as set out in the Prosecution Opening. The finding concerning the nature of the enterprise was open and supported by the evidence even if, as contended by the applicant, the evidence established only that the seized DVDs (beyond those the subject of the charges) bore the indicia of being counterfeit, not that they were in fact counterfeit.

76 It is apparent from the transcript of the plea hearing that the applicant's counsel did not dispute that all, or at least a substantial number, of the seized DVDs not the subject of the charges bore the indicia of being counterfeit. To the extent that the applicant flagged any disagreement in relation to the facts concerning the number of DVDs that were in fact counterfeit, counsel for the applicant accepted that any disagreement probably did not matter so long as the use to which that fact was put was limited to establishing the wider circumstantial context and demonstrating that the two charges were not isolated offences. This is demonstrated by the following exchanges during the plea hearing:

[at T5]

MR DICKINSON [Counsel for the applicant]: So there were a large number of DVDs taken. Probably some controversy about how many, but it doesn't really matter because of – and samples were taken. And samples were taken which I won't trouble Your Honour with what follows from that, but really we concede that in respect of each of the counts there are other matters that could have been charged. They're representative, they're not charged but they do point to the Crown's contention that we don't argue with, that they're not isolated offences. It's not a one-off, we're not saying – we've only done it once, so whatever follows from that, we're not saying that and we won't say it.

[at T16]

Mr DICKINSON ...

Now we don't know how many DVDs in fact were seized, but we will accept that 55,000-odd were taken from the three premises. We don't accept that there were 55 counterfeit DVDs on the Crown evidence. We accept that there were 55,000 DVDs that showed indicia of that. The subsequent investigation, the detailed investigation throws up the Charges 1 and 2, but we concede, as I said sometime earlier, Your Honour, that there may well be others, perhaps many others that were counterfeit in either copyright or trademark, so ...

HIS HONOUR: I mean, really it's clear I can't possibly sentence on the basis that there is a number certain in relation to any of the balance of the DVDs that were seized and had indicia of being counterfeit, can I?

MR DICKINSON: That's the only point I'm making your Honour.

HIS HONOUR: Yes, I'm restricted to what's in the indictment, and the proposition that these were not isolated examples of the conduct alleged.

Mr DICKINSON: Yes. I take it no further, Your Honour. That's the very point I was seeking to make.

77 There is accordingly no substance in the applicant's contention that the sentencing judge based his finding in relation to the wider circumstantial context on a finding that a specific number of the DVDs outside those the subject of the charges were in fact counterfeit.

78 At the plea hearing, counsel for the applicant submitted that the uncharged conduct, in particular the possession of the DVDs not the subject of the charges, should be approached in accordance with the principles concerning representative charges as set out in the judgment of Batt JA in *R v SBL* [1999] 1 VR 706 (*SBL*). In *SBL*, Batt JA said (at [69]) that the "better view" was that "the fact that a count is *agreed* to be a representative, specimen or sample count is an aggravating circumstance". His Honour continued (at [70]):

Not only does the fact that a count is agreed to be representative preclude its being said in mitigation that the offence was isolated, it affirmatively enables the offence to be seen in its full circumstantial context. The offender is not, by a loading of the sentence, to be punished for the represented offences, but the sentence for the representative offence may reflect the fact that it, the offence counted, occurred in the wider context. Consistently with the view which I have expressed about agreed representative counts, regard may in the present case be had to the adverse effect upon the victims of the whole of the conduct, which effect might not have been produced, or produced to the same extent, by the offences counted alone.

79 Phillips CJ and Ormiston JA in *SBL* did not expressly decide the issue concerning the representative nature of the charges, but their Honours dealt with the matter on the basis that the parties had agreed that, in the case of agreed representative counts, the sentencing judge is entitled to have regard to the whole of the circumstances. See *SBL* at [20], [65].

80 There appears to be some level of disagreement between the Court of Appeal of the Supreme Court of Victoria and the Court of Criminal Appeal of the Supreme Court of New South Wales in relation to the degree of particularisation that is required before regard can be had to the representative nature of the charges and whether, even where the uncharged conduct is particularised and agreed, it can be taken into account not only to reject any claim to mitigation,

but also as an aggravating circumstance: see *R v JCW* (2000) 112 A Crim R 466; *Fisher v R* [2008] NSWCCA 129 at [19]; *R v CJK* (2009) 22 VR 104 at [59]-[60] (Warren CJ) (*CJK*); *Giles v Director of Public Prosecutions (NSW)* (2009) 198 A Crim R 395 (*Giles*). The position in Victoria is clear. In *CJK*, Warren CJ expressed the view (at [58]) that the sentencing judge was entitled to look at the whole of the conduct and continued:

If those circumstances render the offence more serious and lead to a higher sentence than would otherwise have been imposed in the absence of the representative nature, then it is not unreasonable or erroneous to observe it as an aggravating feature, even if only 'colloquially'.

81 The position is not so clear in New South Wales. In *Giles*, a case involving sexual offences which were said to be representative, Basten JA accepted that it was appropriate to take a course of conduct (including other uncharged offences) into account, to the extent it has been admitted, in order to place the individual offences in a higher range of objective seriousness than would otherwise be the case. His Honour said (at [67]):

The fact, which is not in dispute, that the applicant committed numerous additional offences, similar to those charged, is relevant to his state of mind in committing the offences charged, his motive, his sense (or absence of sense) of wrongdoing at the time, his willingness to control inappropriate urges for sexual gratification, the effects on the complainant of his conduct and by way of explanation of the fact that the conduct went undetected for a significant period.

82 RS Hulme J disagreed with Basten JA on this point and expressed the view that uncharged conduct cannot inspire a higher sentence. Johnson J declined to join with Basten JA's analysis because the issue was not fully argued.

83 It is unnecessary to resolve this apparent difference of opinion in this matter. That is not only because there could be no doubt that the representative nature of the charges was agreed and sufficiently particularised, but also because the sentencing judge did not treat the uncharged conduct as an aggravating circumstance that warranted the imposition of a harsher sentence. His Honour said (Remarks at [11]):

In essence the representative nature of the charges is to be taken into account in the sense that the other materials may be looked at to give a more complete picture and a full circumstantial context in which the offences themselves are to be assessed. I am bound only to sentence you for the offences to which you have pleaded guilty but I may take into account that they occurred in a wider context and that they are not to be seen as isolated.

84 It was open to the sentencing judge to have regard to the evidence of the uncharged conduct, including the possession of a large number of counterfeit DVDs (or DVDs bearing the indicia of being counterfeit) which were not the subject of the charges, in this way. His Honour did

not err in any way in his treatment of the representative nature of the charges and the evidence concerning the DVDs not the subject of the charges.

Ground two

85 Under this ground, the applicant submitted that it was not open to his Honour to be satisfied beyond reasonable doubt that the Noble Park Shop was being set up to sell counterfeit DVDs in circumstances where:

- (1) The prosecution did not make such an assertion;
- (2) The DVDs at the new shop were located in a back room, whilst the front room was partially stocked with toiletries, household and electrical goods;
- (3) Neither of the charges related to DVDs seized from the new shop;
- (4) Defence counsel did not accept that all of the non-indictment DVDs were counterfeit; and
- (5) Although many of the 4,000 DVDs seized from the new shop had “indicia” of being counterfeits, they were not the subject of any detailed investigation providing them to be so.

86 We reject this submission. In *R v Storey* [1998] 1 VR 359 at 371, the Court of Appeal of the Supreme Court of Victoria held that the sentencing judge “may not take facts into account in a way that is adverse to the interests of the accused unless those facts have been established beyond reasonable doubt but if there are circumstances which the judge proposes to take into account in favour of the accused, it is enough if those circumstances are proved on the balance of probabilities”. In the circumstances to which we are about to refer, we consider that it was in fact open to his Honour to be satisfied beyond reasonable doubt that the Noble Park Shop was being set up to sell counterfeit DVDs.

87 The applicant did not dispute or challenge the facts relating to the execution of the search warrants at the Noble Park Shop. Those facts revealed that the shop was in the process of being set up and that it consisted of a front room partially stocked with toiletries, household and electrical goods and a back room partially stocked with DVDs. Photographs taken by the police during the execution of the warrant, which were before the sentencing judge, clearly show that the back room was being set up for the purposes of selling the DVDs. The DVDs found in the back room were seized and examined and found, at the very least, to bear the indicia of being

counterfeit. The indicia were the same as the indicia of the DVDs seized from the DVD World Shop and the DVDs the subject of the two charges.

88 In these circumstances, it was open to his Honour to find that the Noble Park Shop was “clearly being set up to sell substantial numbers of DVDs as well as other items and had something in the order of 4,000 counterfeit DVDs within the shop already”: Remarks at [19]. This finding was not precluded by any of the matters relied on by the applicant. For the reasons already given, the fact that the evidence may have established no more than that the 4,000 DVDs seized from these premises bore the indicia of being counterfeit, as opposed to being in fact counterfeit, is, in all the circumstances, immaterial.

Ground three

89 Under ground three, the applicant submitted that, in accordance with *The Queen v De Simoni* (1981) 147 CLR 383 (*De Simoni*), the applicant’s sentence could not be aggravated by the fact that:

- (1) Devices for the burning, copying and editing of CDs, DVDs and Blu-Ray discs were present at DVD World and at the applicant’s home;
- (2) the applicant had (by his own admission) copied and downloaded films onto DVDs; and/or
- (3) the applicant had (by his own admission) sold such DVDs and earned a profit from so doing.

90 The applicant contended that his Honour’s sentencing remarks and the severity of the sentence showed that he did in fact aggravate the applicant’s sentence on account of these matters and in so doing his Honour erred.

91 We reject the applicant’s contention that his Honour breached the principle in *De Simoni* in this regard.

92 In *De Simoni* the offender had pleaded guilty to a robbery in the course of which he struck his victim a heavy blow on the back of the head inflicting a wound at the rear of the skull. He was charged with robbery with actual violence, but not with the aggravated offence of robbery involving wounding, which would have increased the maximum penalty from 14 years to life imprisonment. The High Court held that “if the actual violence used resulted in wounding, the trial judge should not take the wounding into account unless it has been charged in the

indictment, for the wounding is purely a circumstance of aggravation and not an element of robbery simpliciter” at 394 (Gibbs CJ, Mason and Murphy JJ agreeing). Gibbs CJ said (at 389):

However, the general principle that the sentence imposed on an offender should take account of all the circumstances of the offence is subject to a more fundamental and important principle, that no one should be punished for an offence of which he has not been convicted. Section 582 reflects this principle. The combined effect of the two principles, so far as it is relevant for present purposes, is that a judge, in imposing sentence, is entitled to consider all the conduct of the accused, including that which would aggravate the offence, but cannot take into account circumstances of aggravation which would have warranted a conviction for a more serious offence.

93 The sentencing judge did not punish the applicant for any offence in respect of which he was not charged. In particular, the sentencing judge did not punish the applicant for offences under ss 132AL or 132AD of the Copyright Act, or s 148(1)(a)(i) of the Trade Marks Act. Nor did his Honour have regard to conduct that may have constituted these offences as circumstances of aggravation. The passages from the sentencing remarks relied on by the applicant simply recite facts that were contained in the Prosecution Opening that were not the subject of objection. These facts were relevant for reasons unrelated to the fact that they may also have amounted to other uncharged offences. For example, the fact that the applicant possessed copying equipment and the fact that he admitted having sold DVDs were facts relevant to put the offending conduct in its proper context, namely that it was part of a commercial enterprise. That is so particularly given the element of intention to sell in the s 132AJ(1) offence. That is not to say that the sentencing judge treated these facts as aggravating circumstances. Nowhere in the remarks on sentence does the sentencing judge say that he considered that the possession of the burning or copying devices or the applicant’s admissions about copying or selling DVDs were aggravating circumstances that warranted a harsher sentence. For the reasons already given in the context of ground 1, it is clear that his Honour was well aware that he was constrained to sentence the applicant only in respect of the offences to which he had pleaded guilty and regard was to be had to other represented offending conduct only to the extent that it precluded other potentially mitigating circumstances (such as a claim that the offences were isolated) and revealed the wider circumstantial context.

94 Nothing said in *De Simoni* precludes uncharged conduct being taken into account in that way. In *Einfeld v R* (2010) 266 ALR 598 (*Einfeld*) at [143]-[146], Basten JA considered the principle in *De Simoni* in the context of an argument similar to that advanced by the applicant here. His Honour observed (at [145]) that there was nothing in the judgments in *De Simoni* which

suggested that the High Court was seeking to vary the approach to sentencing for representative charges. His Honour said (at [146]):

To read the principle established by *De Simoni* beyond its immediate context would give rise to consequences which were not addressed and which would involve an extrapolation of the principle beyond that which is necessary to give effect to its purpose. For example, a course of unlawful conduct may well give rise to a number of possible charges. If the prosecution proceeds on one count only, it does not follow that the surrounding conduct cannot be taken into account in sentencing. The surrounding conduct cannot give rise to a more serious offence, but it can demonstrate the degree of seriousness with which the charged offence should be viewed.

95 Whilst Basten JA was in dissent in *Einfeld*, the point of dissent did not relate to the *De Simoni* ground. Nothing said by Hulme and Latham JJ suggested that their Honours disagreed with Basten JA's analysis of the *De Simoni* ground.

96 Before this Court, but not before the sentencing judge, counsel for the applicant sought to draw a distinction between the use that could be made of uncharged conduct that was relevant to the representative nature of the charges, and uncharged conduct in respect of which there is no representative count. It was submitted that in the latter case, the uncharged conduct can only be used to preclude it being said in mitigation that the offence was isolated. It cannot be used as evidence of the broader circumstantial context. Reliance was placed on the decision of the Court of Appeal of the Supreme Court of Victoria in *Director of Public Prosecutions v McMaster* (2008) 19 VR 191 (*McMaster*). The applicant's submission was that the uncharged conduct relating to the possession of the copying equipment (and the admissions of copying and downloading) was conduct in respect of which there was no representative count and therefore it could not be used as evidence of the broader circumstantial context.

97 We reject the applicant's submissions based on *McMaster* for a number of reasons. First, the uncharged conduct in *McMaster* (and the earlier decision of *R v Parfitt* [2006] VSCA 91 (*Parfitt*) which is referred to and relied on in *McMaster*) was significantly different to the uncharged conduct under consideration here. The uncharged conduct in both *McMaster* and *Parfitt* involved acts committed against the victim of a charged offence that was removed in time from the circumstances of the charged offence. One can readily understand why such uncharged conduct would not be considered to be contextually relevant in the same way as uncharged represented conduct. Here, the uncharged conduct is not removed in time from the circumstances of the charged conduct. We therefore doubt that the distinction drawn in *McMaster* and *Parfitt* has any relevance to the circumstances of this case.

98 Second, and more significantly, the distinction only has relevance if, in the case of uncharged conduct that is not reflected in any representative count, the uncharged conduct is treated as an aggravating circumstance: see in particular *Parfitt* at [14], [18]. Here, for the reasons already given, it is clear that his Honour did not treat the uncharged conduct relating to the possession of the equipment as an aggravating circumstance.

99 Third, it is not even clear from the remarks on sentence that the sentencing judge had regard to the facts relating to the possession of the equipment (and the admissions) as evidence of the wider commercial enterprise. As already indicated, the passages from the remarks relied on by the applicant in relation to this ground comprise nothing more than a recitation of the unchallenged facts in the Prosecution Opening. The applicant did not put to the sentencing judge that he could not have regard to these facts in considering the wider context and made no submissions based on the distinction referred to in *McMaster* and *Parfitt*. In these circumstances, it is not surprising that the remarks on sentence do not spell out precisely how his Honour had regard to these facts. But even if his Honour did have regard to these facts in arriving at his findings concerning the wider context, for the reasons we have already given he was not in error in doing so. Nothing said in *McMaster* and *Parfitt* suggests otherwise. The finding concerning the commercial nature of the applicant's enterprise would have been available irrespective of these facts and, as in *Parfitt*, the mere fact that the sentencing judge referred to the wider context does not mean that any impermissible use was made of the facts.

100 The remarks of the sentencing judge indicate that his Honour was properly cognisant of the fact that he was bound only to sentence the applicant for the offences to which he had pleaded guilty. Although the sentencing judge referred to the applicant's possession of copying devices and his admissions to copying, downloading and sale of DVDs, he did not err in doing. To the extent that his Honour had regard to these facts in order to place the charges in their wider context, he was entitled to do so. In doing so he did not treat these uncharged acts as an aggravating circumstance or otherwise punish the applicant in respect of any uncharged acts.

Ground four

101 In his sentencing remarks, the sentencing judge stated that there was no evidence of any financial pressure which might explain the offending and that he was "driven to the conclusion that the applicant was driven by greed, not need": Remarks at [18]. Under appeal ground four, the applicant submitted that his Honour denied the applicant procedural fairness by not informing his counsel at the plea hearing that he did not accept the submission that the offences

were motivated by perceived economic necessity, particularly given the prosecution had made no submission to the contrary.

102 We reject the submission that the applicant was denied procedural fairness in respect of this finding. The sentencing judge was correct to find that there was no evidence that the applicant was driven to commit the offences by financial need. The applicant did not give or call any evidence about his financial circumstances at the time he committed the offences. There was evidence concerning statements made by the applicant to the psychologist in relation to the earlier offences. His Honour was not, however, obliged to accept, or give any weight to this evidence. Nor was his Honour obliged, as a matter of procedural fairness, to put the applicant on notice that he might reject his counsel's submissions, such as they were, relating to the applicant's motivation for committing the offences. None of the authorities relied on by the applicant establish otherwise. Nor do the authorities relied on by the applicant support the broad proposition that procedural fairness requires that prior to finding an aggravating factor, a sentencing judge must raise that matter with counsel.

103 The applicant was on notice that his motivation for committing the offences may have been a relevant consideration in the sentencing process. His counsel was given the opportunity to make, and in fact made, submissions on this point. The applicant also had the opportunity to lead evidence on this issue. He chose not to do so. In the circumstances, fairness did not require the sentencing judge to reveal that he may not accept the applicant's submissions on this issue. Whilst a decision-maker is required to advise of any adverse conclusion which has been arrived at which would not obviously be open on the known material, there is no obligation for the decision-maker to expose mental processes or provisional views: *Commissioner of ACT Revenue v Alphaone Pty Ltd* (1994) 49 FCR 576 at 592.

104 Counsel for the applicant submitted that the authorities clearly establish that, prior to finding an aggravating factor, procedural fairness requires a sentencing judge to raise the matter with counsel. Thus, so it was submitted, the sentencing judge was required to raise with the applicant's counsel at the plea hearing that he might find that the applicant was motivated by "greed, not need". There are two answers to this submission.

105 First, the authorities relied on by the applicant do not support the broad proposition advanced. In *R v Taddrosse* (2005) 65 NSWLR 740 Howie J (Grove and Hall JJ agreeing) observed (at [19]) that, given the specific provisions of the *Crimes (Sentencing Procedure) Act 1999* (NSW) concerning aggravating factors, it might be "prudent" for the sentencing judge to raise with the

parties during addresses whether any of the listed aggravating factors applied to the sentencing and that, “in fairness to the offender and as a matter of good common sense”, the sentencing judge should indicate to an offender’s legal representative that a particular matter may be taken into account as an aggravating factor. His Honour did not, however, suggest that any failure to adopt this practice would necessarily amount to a denial of procedural fairness. In *R v Li* [1998] 1 VR 637, Winneke P (with whom Charles JA and Hedigan AJA agreed) held that there would be a denial of procedural fairness if a sentencing judge aggravated a sentence by reference to facts which were peculiar to the knowledge of the sentencing judge (and not a matter of notoriety) without first giving the accused the opportunity to meet and counter those facts.

106 Plainly the question whether there has been a denial of procedural fairness where a sentencing judge has found an aggravating factor without first raising it with counsel will depend on the facts of any given case. There is no blanket rule. Here the applicant’s motivation for committing the offence and whether it arose from any financial hardship was the subject of submissions and exchange between the applicant’s counsel and the sentencing judge. The applicant had every opportunity to put his case on this issue. It was not necessary for the sentencing judge to put counsel on notice that he may reject his submissions.

107 Second, it is at least doubtful that the “greed, not need” finding was considered by the sentencing judge to amount to an aggravating factor. His Honour’s observation that he was “driven to the conclusion that [the applicant was] driven by greed, not need” is the final sentence in that part of the remarks where his Honour considered the context of a “wider commercial enterprise” in which the applicant was engaged and then considered, in context, the extent to which the applicant had shown contrition. His Honour referred to the matters said to support contrition and financial hardship. His Honour set out the countervailing matters, including the repeated conduct resulting in two previous convictions. His Honour concluded that, taking into account all of the facts, including assertions of “naiveté around copyright and trademark laws in Australia and needing to support yourself”, the offending was:

....deliberate, flagrant, calculated offending motivated by the prospect of financial profits. There is no evidence before me of any financial pressure of a kind which might explain your running the risk of getting caught for the third time for offences which you must have realised when you were committing them were serious offences which carried terms of imprisonment.

108 In context, the reference to “greed, not” was in the nature of a colloquial characterisation summing up his Honour’s rejection of the applicant’s assertions of mitigating circumstances.

It was not a finding that, in a positive sense, was taken into account as an aggravating factor in sentencing.

Ground five

109 In support of ground five, the applicant submitted that, even if he had not been denied procedural fairness, it was not open to his Honour to find beyond reasonable doubt that the applicant's offending was motivated "by greed, not need" in circumstances where:

- (1) Defence counsel had made extensive submissions regarding the financial pressures facing the applicant and their connection to the current and previous offending;
- (2) Mr Ball's report also referred to such pressures; and
- (3) There was no evidence or submission by the prosecution that the applicant enjoyed a lavish lifestyle.

110 There is no merit in this ground. It was plainly enough open to the sentencing judge to find on the uncontested evidence that the offences were motivated by greed, not need, particularly in the absence of any contrary evidence from the applicant. To the extent that the applicant relied on the report of Mr Ball (the psychologist), the understanding of Mr Ball and the hearsay assertions made to him were of very questionable significance.

Ground six

111 In support of this ground, the applicant submitted that his Honour erred by failing to take into account as evidence of remorse that the applicant did not oppose the prosecution's application for a destruction order in respect of the discs and computer equipment seized by police. The applicant relies on an apparent concession by the Crown at the plea hearing that the applicant was entitled to have his cooperation in not opposing the destruction order taken into account in mitigation.

112 There is also no merit in this ground. Whilst the Crown did concede that the applicant was entitled to have this cooperation taken into account, it submitted that it should be given little weight as a mitigating factor given that the DVDs that were to be destroyed were the objects of the offences themselves. In all the circumstances, and given the breadth of the power in, and evident purpose of, s 133 of the Copyright Act to order the destruction of infringing copies and equipment used in making infringing copies, a destruction order was essentially a foregone conclusion, whether it was opposed or not. The submission that the consent or non-opposition to the order should be given little weight was and is compelling. It is also difficult to see how

consent or non-opposition to the destruction order could in all the circumstances be considered to be evidence of remorse on the part of the applicant.

113 In these circumstances, it is not surprising that his Honour did not refer to this matter in his remarks on sentence. That is the case particularly given that his Honour gave the applicant “substantial credit” for his early plea of guilty: Remarks at [19]. It is likely that any credit for cooperation in relation to the destruction order was encompassed in or subsumed by this more significant finding.

114 We do not consider that the fact that his Honour did not specifically refer to this matter suggests any error on the part of the sentencing judge.

Ground seven

115 Under ground seven, the applicant took issue with his Honour’s statement in his sentencing remarks that the applicant’s early guilty plea and his co-operation with police in answering questions in his interview were “consistent with remorse”, but that he did “not see any evidence of” remorse, and noted that the applicant “did not choose to call any evidence of remorse, from him or from anybody else”. The applicant points to a number of matters as being evidence of remorse: the applicant’s early plea; his participation in a recorded interview with the police; his consent to the destruction order; the fact that the DVD World Shop had now closed and that it was intended to convert it into a laundromat.

116 It was open to the sentencing judge to find that these matters did not amount to evidence of genuine remorse. His Honour’s reasoning (Remarks at 17) was as follows:

I am also bound to take into account the extent to which you have shown contrition. Your counsel submitted that there were a number of indicia of remorse including your early plea of guilty and your cooperation with the police in answering questions in the interview and I indicated to him that I thought that those matters were consistent with remorse but I do not see any evidence of it and note that he did not choose to call any evidence of remorse, either from you or from anybody else. I do not see any evidence from which I can find on the balance of probabilities that you are genuinely remorseful. I do not regard the answers you gave in your interview with police as entirely frank. I think the reality of the situation is that you endeavoured to downplay your culpability in the course of your interview and I certainly do not accept that it demonstrates that you are genuinely remorseful. I have to balance what is sought to be relied upon as evidence of remorse against the fact that this is your third offence of its kind within a relatively short period of time.

117 We detect no error in his Honour’s consideration of the significance of remorse as a mitigating factor in the applicant’s case. In *Barbaro v R; Zirilli v R* (2012) 226 A Crim R 354 at [38] the Victorian Court of Appeal (Maxwell P, Harper JA and T Forrest AJA) said:

It follows, in our view, that a person wishing to rely on remorse as a mitigating factor needs to satisfy the court that there is genuine penitence and contrition and a desire to atone. In many instances, the most compelling evidence of this will come from testimony by the offender. A judge is certainly not bound to accept second-hand evidence of what the offender said to a psychiatrist or psychologist or other professional, let alone testimonials from family or friends, or statements from the Bar table.

118 Even if the matters relied on by the applicant could be said to be evidence of remorse, they certainly did not compel a finding of genuine remorse on the part of the applicant. There was also other evidence, including statements in the psychologist report tendered by the applicant, which at the very least cast significant doubt on the suggestion that the applicant was remorseful. This ground of appeal has no merit.

Ground eight

119 The applicant submitted that that the individual sentences and the recognizance release period are manifestly excessive in light of the following:

- (1) The applicant had not been sentenced to a term of immediate imprisonment in respect of his prior convictions. Specific deterrence could have been effected by sentencing the applicant to a short term of imprisonment; the very clang of the prison door would operate to deter him.
- (2) The maximum penalty for each offence is 5 years imprisonment and/or 550 penalty units.
- (3) Although the charges were “representative” of similar conduct, an offender is not to be punished for the “represented offences”, and Charge 1 related to just 1,040 discs, while Charge 2 related to just 175 discs.
- (4) The applicant appears to be the first person in Victoria to be sentenced on these offences to a term of immediate imprisonment.
- (5) Only one of the three New South Wales cases referred to by the respondent on the plea was determined on appeal (and that by a single judge), all three related to more

numerous and/or serious charges than in the present case, and only one resulted in a term of immediate imprisonment.

- (6) The applicant pleaded guilty at a very early stage, and as the prosecution conceded this was a significant factor.
- (7) The applicant co-operated with the authorities by consenting to the destruction order, even though it did not relate directly to the charges on the indictment; and
- (8) His Honour was “moderately optimistic” about the applicant’s prospects for rehabilitation in light of the positive influence of his partner Rosie Tran (Remarks at [24]).

120 To make out this ground, the applicant must demonstrate that the sentence is “wholly outside the range of sentencing options available” to the sentencing judge: *R v Boaza* [1999] VSCA 126 at [42]; *DPP v Karazisis* (2010) 31 VR 634 (**Karazisis**) at [127]. It must be established that it was not reasonably open to the sentencing judge to come to the sentencing conclusion arrived at if proper weight had been given to all the relevant circumstances of the offending and of the offender: *Karazisis* at [127]. It is a stringent ground, which is difficult to make good, given that the “discretion which the law commits to sentencing judges is of vital importance in the administration of our system of criminal justice”: *Lowndes v R* (1999) 195 CLR 665 at 672; *Karazisis* at [128].

121 We are not persuaded that the sentences imposed fall wholly outside the range of sentences reasonably available to the sentencing judge taking into account all the relevant circumstances of the offending and the offender.

122 There could be little doubt that offences of this sort under the Copyright Act and Trade Marks Act are objectively serious offences. That is reflected in the fact that the legislature has seen fit to provide for a penalty of up to five years in prison for the offences. In *Vu v New South Wales Police Service* (2007) 73 IPR 531 at [38]-[40] Rares J referred to the fact that a number of jurisdictions have regarded the conduct of those who manufacture, sell or hire counterfeit works such as DVDs as meriting imprisonment. Such offences are in effect offences of dishonesty and amount to the stealing of the property of others: *R v Carter* (1992) 13 Cr App R (S) 576; *R v Kemp* (1995) 16 Cr App R (S) 941 (**R v Kemp**) at 943; *R v Duckett* [1998] 2 Cr App R (S) 59 at 60. In *R v Kemp*, Russell LJ, Turner and Hooper JJ said:

Offences of counterfeiting are offences which normally attract at least a short sentence of imprisonment. They are difficult, time consuming and expensive to detect. The

owners of copyrights are entitled to be protected against their unlawful exploitation. They are entitled to have their commercial reputation protected against those who would seek unlawfully to damage it.

123 The need for general deterrence is particularly acute in respect of offences, such as these, which are, as pointed out in *R v Kemp*, difficult, time consuming and expensive to detect: *Hamm v Middleton* at [18].

124 A particularly important, if not critical, consideration in the applicant's case was that he had prior convictions for essentially the same offending conduct. This pointed to the need for a sentence reflecting special deterrence and condign punishment. As the sentencing judge found, the fact that the applicant had been convicted of the prior offences, considered along with the evidence of the offending conduct generally, supported the conclusion that the applicant's conduct was deliberate, flagrant, calculated and motivated by the prospect of substantial profits.

125 Having regard to the representative nature of the charges, the sentencing judge was also entitled to have regard to the fact that the offences were not isolated and were to be viewed in the context of a substantial commercial enterprise being conducted by the applicant: *SBL* at [70]. Coupled with the fact that each charge was a rolled up charge involving many infringing DVDs, it is open to consider the applicant's offences as falling within the more serious end of the spectrum of offences of this type.

126 Whilst the applicant pleaded guilty at an early stage and consented to a destruction order, this was in the face of an overwhelming Crown case and was not demonstrative of any genuine remorse. The applicant did not advance any particularly compelling subjective matters in mitigation.

127 In all the circumstances the sentences imposed on the applicant were well within the available range of sentences. None of the matters relied on by the applicant compel a contrary conclusion.

DISPOSITION

128 The applicant has failed to make out any of his grounds of appeal. It has not been shown that the sentencing judge made any specific error of the kind referred to in *House v The King* (1936) 55 CLR 499 or that the sentence imposed was manifestly excessive: cf. *AB v The Queen* (1999) 198 CLR 111 at [130] (Hayne J). There is no basis for the Court to intervene and allow the appeal: s 30AJ(3) of the Federal Court Act; *Kentwell v The Queen* (2014) 313 ALR 451 at [35].

129 For the foregoing reasons, we would grant leave to appeal but dismiss the appeal.

I certify that the preceding one hundred and twenty-nine (129) numbered paragraphs are a true copy of the Reasons for Judgment herein of the Honourable Justices Kenny, Bennett and Wigney.

Associate:

Dated: 17 December 2014