

Meskenas v ACP Publishing Pty Ltd [2006] FMCA 1136

FEDERAL MAGISTRATES COURT OF AUSTRALIA

RAPHAEL FM

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- 1 In February and March 2005 the Princess Mary, wife of the Crown Prince of Denmark, visited Australia. Her visit was considered to be so newsworthy that the Woman's Day, a magazine published by the respondent and having a circulation in excess of two million, decided to attach a special souvenir bonus addition to its 21 March 2005 edition. The bonus section contained several stories about the visits which the Princess had made to various charities and hospitals and the dinners and balls which she had graced. In the course of her visit, on 4 March 2005, the Princess attended the Victor Chang Cardiac Research Institute situated at St. Vincent's hospital in Sydney. The Institute is separately housed from the hospital. In its reception area there is a portrait of the late Dr Victor Chang, which was painted by the applicant, Mr Vladas Meskenas, shortly before Dr Chang was murdered. A photograph of the Princess standing in front of the painting was taken by a freelance photographer associated with Snapper Media. The photograph originally showed the Princess and former Premier Neville Wran in front of the portrait.
- 2 The respondent purchased the right to publish the photograph from Snapper Media. It cropped the former Premier, and inserted the remaining part of the photograph showing the Princess and the portrait in the bottom left hand section of a page of photographs in the souvenir bonus edition opposite an article entitled "The Caring Princess". There was a caption to the photograph which stated

"She also visited the Victor Chang Cardiac Research Institute where she posed with the portrait of Dr Chang (below) by Jiawei Shen, who's painting the Princess for the National Portrait Gallery in Canberra."

The portrait was not painted by Mr Jiawei Shen, it was painted by the applicant. The way in which this particular attribution came into the magazine was explained by Ms Beryl Giles, the Chief Subeditor of Woman's Day at the time. Ms Giles told the court that in the original copy of one of the articles about the Princess reference had been made to her sitting for her portrait by Mr Shen, but that the exigencies of space prevented this information being included within the article. This is a fairly common occurrence and as she says in her affidavit

“When editorial copy is deleted it is often possible to work facts which are excised from the draft copy into the space allowed for captions.”.

This is what happened in the souvenir edition but no one had checked whether the portrait which was the subject matter of the photograph had in fact been painted by Mr Shen. As Ms Giles says

“In working the reference to the Jiawei Shen portrait into the caption the mistaken assumption was made that the Victor Chang portrait was painted by the artist. It was not my intention to have that message conveyed but I take responsibility for the error.”.

3 A short time after the publication of the 21 March edition, it was seen by the applicant and his son. Mr Meskenas was approximately 89 years of age at the time. He hails from Baku in the Ukraine, and whilst his English is good it is heavily accented. He relies heavily on his son Eugene. Mr Vladas Meskenas claims that when he saw the photograph in the magazine and the attribution to Mr Shen he was distressed. He was concerned that a portrait that had particular emotional importance to him was wrongly attributed and that the attribution had been given to another portrait painter who he considers to be a rival. Vladas asked Eugene to contact Woman’s Day and obtain a correction and an apology. Vladas did this by telephoning Ms Rachel Morris, the Features Editor. He had a number of telephone conversations with her when eventually on 3 May 2005 a meeting took place in the foyer of the ACP building in Park Street. The meeting was attended by Eugene and Vladas, Ms Morris and Ms Giles. Ms Giles apologised personally to Vladas for the wrong attribution. Eugene handed over a photographic negative of the portrait. There was a dispute between the parties as to what was agreed as the outcome of this meeting. The Meskenases say they thought that the photograph of the portrait was going to be published together with a correction. Ms Giles and Ms Morris thought that a full article on Mr Vladas Meskenas which would include the photograph was going to be published. Eugene Meskenas had taken along to the meeting, in addition to the negative, a copy of an earlier article in Woman’s Day about his father painting the portrait of Elle Macpherson and a small brochure of other paintings of famous persons executed by his father.

4 No apology or article was published following that meeting, and whatever agreement may have been made or understandings reached between the parties on 3 May 2005, Ms Morris accepted that within a few further weeks Mr Eugene Meskenas had made it clear to her on behalf of his father that an apology was required, and that she agreed to provide one.

5 But no apology was provided, notwithstanding that Eugene Meskenas made approximately 90 telephone calls in total to the magazine. Ms Morris accepts that Eugene did keep on telephoning

her and asking why an apology had not been published, she states that she thought it had been but that it had slipped through the cracks. She told the court that she was happy to provide the apology, they just had to find the right time to do it. She blamed the delay on a miscommunication within the office about how the apology was to run, and said

“Sometimes things slip through the net.”.

She agreed that in hindsight the apology should have been published earlier; it was in fact published in the 26 June 2006 edition shortly before the case commenced. The applicant was further upset by the fact that the photograph that was published of the portrait had reversed the negative so that the doctor is looking towards the left, whereas in the actual portrait he is looking towards the right.

6 The applicant commenced proceedings in the court by way of an application dated 1 March 2006. He filed a points of claim pleading copyright infringement and passing off. He sought damages including “additional, aggravated and punitive damages, and additional damages under the *Copyright Act 1968*” (“**Copyright Act**”). On 30 May 2006, an amended points of claim was filed which included passing off, breach of s.52 of the *Trade Practices Act 1975* (“**TPA**”) and infringement of copyright. At the hearing the claim was further refined. The claim under the *TPA* was abandoned as was the passing off claim. The applicant relied on ss.36(1) and 195AO and sought damages under ss.115 and 195AZA of the *Copyright Act*. These sections, together with all of Part 9 of the *Copyright Act* and ss.31, 35, 42 and 65, will have to be considered. But before this is done it is necessary for the court to make some findings in relation to disputed facts.

7 The first area of dispute relates to the arrangements which were made at the ACP building meeting on 3 May 2005. Eugene’s evidence is that in his early telephone conversations with Ms Morris she indicated that the magazine did not publish apologies although that was what he wanted. Ms Morris’ evidence is that no apology was asked for though there was some suggestion that an article upon Vladas might be prepared which showed the photograph and pointed out the original mistake. Both parties agree that the meeting was short, and that part of it was taken up with the personal apology from Ms Giles. Eugene and Vladas both say that Ms Morris agreed to the apology and photo. Eugene did admit that Ms Morris had suggested the story to him. He indicated that he had refused that and asked for a correction. Eugene said that he did not take the extract from the old Woman’s Day article and the brochure in for the

purposes of assisting ACP to produce the story, but rather to show ACP that his father was an important and well-known portrait painter. Ms Morris deposes to the fact that Eugene said

“My father is going to be involved in future projects that you may be interested in”, and that she took that to mean that Vladas would have other portrait commissions that might be of interest to Woman’s Day for a story.

8 Having seen the witnesses and heard them under cross-examination, I am of the view that none of them were attempting to make their evidence fit within the story that they were promoting. It is my view that the Meskenases went to the meeting thinking that ACP had all but agreed to publish a correction, and just needed the additional material, particularly the negative. Ms Morris had determined that the mistake should be corrected by publication but had not finalised how that publication would be effected. Ms Giles was determined to make her own independent and personal apology to Mr Meskenas, possibly in the hope that this would satisfy him. I infer from the rather confused testimony that the meeting concluded on a misunderstanding. Vladas had accepted Ms Giles’ personal apology but thought he was getting a retraction and an apology printed, Ms Giles thought that nothing further was going to be requested, Ms Morris thought the apology would be wrapped up in an article about Vladas, and Eugene thought that a retraction with a photograph would be printed. As I do not think that this confusion detracts from the credit of any of the witnesses, and as the respondent has accepted that within a very few weeks it understood a retraction and photograph along the line that appeared on 26 June 2006 was what was wanted, I do not think that anything turns on whether an agreement was reached. If I had accepted ACP’s version it might have suggested that for a short period of time Vladas was satisfied. But this would only have been a temporary satisfaction as no article was printed.

9 The second area of dispute is more important because it goes to the ownership of the copyright. Vladas claims copyright in the portrait. He says in his affidavit of 27 April 2006

“In 1991 I painted two portraits of Dr Victor Chang. It was my intention to enter one of the them in that year’s Archibald prize. Dr Chang was murdered in July 1991. After that I donated the portrait to the Garvan Institute at St. Vincent’s hospital.”.

I do not think that Vladas’ affidavit is entirely correct on this point. It was put to him in cross-examination that he was a long-time patient of Dr Chang. Mr Meskenas agreed. At some time prior to the portrait being painted Mr Meskenas needed a triple bypass operation. It was put to Mr Meskenas that the arrangement between him and Dr Chang was that he would paint Dr Chang’s portrait, and Dr Chang would not charge a fee for the operation. Mr Meskenas disputes

this version of events. He says that he told Dr Chang that he wanted to paint him for the Archibald Prize, as Dr Chang was a well-known person a portrait of him would be eligible. Dr Chang agreed to the portrait being painted on condition that it was put into the Archibald. Mr Meskenas in fact painted two portraits; it is the one in question that was entered for the prize. After Dr Chang died there was a dispute which went to the NSW Supreme Court between Mr Meskenas and St. Vincent's hospital. The dispute was reported in the *Sydney Morning Herald* on 26 September 1991. The terms of the report indicate that the portrait was at the time in the possession of St. Vincent's hospital and that Mr Meskenas wanted to take it away from there and do some work on it before entering it into the Archibald. Mrs Chang did not want the portrait entered into the Archibald, and St. Vincent's hospital were acting upon her wishes to decline to hand the portrait back to Mr Meskenas. There is a quote in the article,

“The saga of the painting began in April last year when Mr Meskenas and Dr Chang struck a deal, Mr Meskenas said. Dr Chang told Mr Meskenas who was critically ill with acute angina that he had a choice; two months to live or a triple heart by-pass operation. ‘He said to me, I’ll do your surgery Vladas if you’ll do my painting’ Mr Meskenas told the *Herald* in an interview after Dr Chang was shot dead on 4 July. ‘Victor always said; ‘Make sure you put it in the Archibald’’. He didn’t want publicity for himself, he just wanted me to paint.’”.

In one of the two affidavits tendered to the court yesterday Mr Meskenas said

“In 1991 I finished two portraits of the late Dr Chang. I had planned to make a gift of one to him for the purpose of the hanging in St. Vincent's hospital and the other (larger portrait) was to be entered in the Archibald Prize in December 1991.”.

The proceedings were settled and the settlement was also reported on 4 October 1991. The settlement provided that

“The painting would be entered in the Archibald Prize competition and Mr Meskenas would keep any money it won. It will then be hung at St. Vincent's hospital for up to five years and finally be given to Mrs Chang.”.

10 All these matters were put to Mr Meskenas. He didn't deny them but he said that he could no longer recollect these things as they had occurred some 14 years ago and he was a man of 90 years of age. His loss of memory is quite understandable. Given the nature of the reports which seemed to indicate that the journalists spoke directly to Mr Meskenas, I am prepared to accept that they accurately reflect what occurred. I am of the view there was a barter agreement between Dr Chang and Mr Meskenas whereby Mr Meskenas painted his portrait in return for the life saving operation, and that it was at all times intended by Dr Chang that the portrait would be entered into the Archibald but would thereafter revert to him. This interpretation is reflected in the terms of settlement that I have referred to.

DISCUSSION

- 11 The applicant has two bases for claiming damages or other relief in these proceedings. The first is an infringement of his copyright and the second is an infringement of his moral rights.

Infringement of copyright

- 12 The rights which constitute copyright are defined in s.31 of the *Copyright Act*.

“s.31

- (1) For the purposes of this Act, unless the contrary intention appears, copyright, in relation to a work, is the exclusive right:
- (a) in the case of a literary, dramatic or musical work, to do all or any of the following acts:
 - (i) to reproduce the work in a material form;
 - (ii) to publish the work;
 - (iii) to perform the work in public;
 - (iv) to communicate the work to the public;
 - (vi) to make an adaptation of the work;
 - (vii) to do, in relation to a work that is an adaptation of the first-mentioned work, any of the acts specified in relation to the first-mentioned work in subparagraphs (i) to (iv), inclusive; and
 - (b) in the case of an artistic work, to do all or any of the following acts:
 - (i) to reproduce the work in a material form;
 - (ii) to publish the work;
 - (iii) to communicate the work to the public.”

Whilst it seems clear that the work was published by the insertion of the photograph into the magazine the respondent seeks to raise a number of defences which, it says, would have the effect of negating any claim being brought by this applicant. The respondent first refers to s.35 *Copyright Act*, the relevant parts of which are set out.

“s.35

- (2) Subject to this section, the author of a literary, dramatic, musical or artistic work is the owner of any copyright subsisting in the work by virtue of this Part.
- (3) The operation of any of the next three succeeding subsections in relation to copyright in a particular work may be excluded or modified by agreement.
- ...
- (5) Subject to the last preceding subsection, where:

(a) a person makes, for valuable consideration, an agreement with another person for the taking of a photograph for a private or domestic purpose, the painting or drawing of a portrait or the making of an engraving by the other person; and

(b) the work is made in pursuance of the agreement;

the first-mentioned person is the owner of any copyright subsisting in the work by virtue of this Part, but, if at the time the agreement was made that person made known, expressly or by implication, to the author of the work the purpose for which the work was required, the author is entitled to restrain the doing, otherwise than for that purpose, of any act comprised in the copyright in the work.”

The respondents also argue that even if the applicant is the true owner of the copyright in the portrait, what occurred was a fair dealing pursuant to s.42, which is in the following form.

“s.42

(1) A fair dealing with a literary, dramatic, musical or artistic work, or with an adaptation of a literary, dramatic or musical work, does not constitute an infringement of the copyright in the work if:

(a) it is for the purpose of, or is associated with, the reporting of news in a newspaper, magazine or similar periodical and a sufficient acknowledgement of the work is made; or

(b) it is for the purpose of, or is associated with, the reporting of news by means of a communication or in a cinematograph film.”

The submission in respect of s.42 is not effective because even though the purpose of the publication was almost certainly for the reporting of news, no sufficient acknowledgment of the work was made as the work was wrongly ascribed to the authorship of Mr Jiawei Shen. It is also necessary to look in more detail at s.35(5). The meaning of this section in so far as a commissioned portrait is concerned appears to be clear. The copyright in the portrait is owned by the person who paid for it unless there is a modifying or exclusionary agreement (s.35(3)), or if the payor had made known to the payee at the time of the arrangement the purpose for which the work was required. As the learned authors of Lahore’s *Copyright and Designs* state in their commentary at [20,080]:

“Under the present law in s.35(5) of the 1968 Act the author has no copyright in photographs taken for a private or domestic purpose, engravings or paintings made pursuant to an agreement, and if he or she has no express or implied knowledge as to the purpose for which the work is required that person has no right to restrain any use of it at all.”.

I have found as a fact that this portrait was commissioned by Dr Chang and “paid for” by the provision of services by the doctor. According to the evidence of Mr Vladas Meskenas’ interviews with the *Sydney Morning Herald*, both he and Dr Chang wanted the painting to be

entered into the Archibald competition. I think it can be implied that any requirements of the competition, so far as rights in respect of the portrait were concerned, would have been complied with, e.g. the right to use the portrait for publicity in respect of the competition. But otherwise I do not think there was any specific purpose made known expressly or by implication so that the copyright would vest with Dr Chang and his successors. Mr Meskenas sought to argue that he had painted the portrait for the sole purpose of placing it into the Archibald competition. I am sure that does happen. I am sure that not all artists who paint portraits of famous people for the purposes of that competition are paid to do so either in cash or in kind and in those circumstances the copyright in the portrait would remain with the author. But that is not what I believe happened here. The painting is hanging in St. Vincent's hospital by virtue of an agreement between the author, the copyright owner and the hospital as evidenced by the *Sydney Morning Herald* report. That agreement does not extend to the author any additional rights.

- 13 In its written submissions the respondent claimed there was an argument available to it under ss.65 and 68 of the *Copyright Act*. I do not propose to set out these sections because the respondent goes on to say that it would not maintain this ground of defence at trial. But frankly I do not think that the ground exists at all in respect of a photograph of a painting. The defence applies only to sculptures and certain other works of artistic craftsmanship. Again as the learned authors of the Lahore service say at [42,030]

“The only works to which this defence extends are sculptures, including casts or models made for the purposes of sculpture, and works of artistic craftsmanship of the kind referred to in paragraph (c) of the definition of “artistic” work in s.10(1) of the 1968 Act. The defence does not extend to paintings...As a result to take an unauthorised photograph of a painting hanging in a public art gallery would be an infringement of any copyright subsisting in that painting...”

- 14 Finally in regard to copyright the respondent argued it is entitled to the benefit of the defence set out in s.115(3) of the Act.

“s.115

- (3) Where, in an action for infringement of copyright, it is established that an infringement was committed but it is also established that, at the time of the infringement, the defendant was not aware, and had no reasonable grounds for suspecting, that the act constituting the infringement was an infringement of the copyright, the plaintiff is not entitled under this section to any damages against the defendant in respect of the infringement, but is entitled to an account of profits in respect of the infringement whether any other relief is granted under this section or not.”

This section would only be relevant if the applicant can satisfy the court that he is the owner of the copyright and that his copyright has been infringed. I have found that the applicant is not the owner of the copyright, but assuming that he is I would have found that the copyright was infringed because the fair dealing exclusion was not available to the respondent for the reasons already given. The next requirement of the subsection is that the respondent was not aware or had no reasonable grounds for suspecting that the act constituting the infringement was an infringement. The respondent argues

“Even if the court were minded to find there was an infringement, the act was an innocent one for the purposes of s.115(3) of the Act.”

This raises an interesting conundrum. The act constituting the infringement was undoubtedly the publication of the photograph of the painting. It was not the wrongful attribution. I cannot see how the respondent, as publisher of many magazines, could be held to be unaware or have no reasonable grounds for suspecting that the publication of a photograph of a painting for which it was not licensed or did not own the copyright was not a breach of copyright. But given this implied knowledge of the workings of the *Copyright Act* the respondent should also be given the benefit of knowledge of the fair dealing provisions of s.42, as set out above. This presumption is set out by Laddie et. al (2004) in *The Modern Law of Copyright and Designs* (4th edition):

“Since there is authority for the view that the defendant is presumed to know all the relevant law (Pyram Ltd v Models (Leicester) Ltd [1930] 1 Ch 639; Bradbury v Meace [1911-160] MCC 176; PS Johnson & Associates Ltd v Bucko Enterprises Ltd [1975] 1 NZLR 311; Smythson v Cramp [1943] Ch 133, CA but left open by Lord Macmillan in House of Lords [1944] AC 329; Zamacois v Raymond Douville and Marchond (1943) 3 Fox Pat C 44 (Can)) no matter how obscure (Pollock v JC Williamson [1923] VLR 225, Cf Redwood Music Ltd v Francis, Day & Hunter Ltd [1978] RPC 429 under s.18 of the 1956 act), the defence would appear only to be available where on the facts it is reasonable for a man to believe that the right does not subsist.” [39.44]

The question now becomes whether at the time of the infringement the respondent was not aware or had no reasonable grounds for suspecting that the act constituting the infringement was an infringement of the copyright. The evidence is that it considered the visit of the Princess newsworthy, so much so it published a special supplement which it presumably thought would add to its circulation. But if the respondent is to be imputed with knowledge of the benefits of s.42 it must also be imputed that it knew those benefits would only apply if the correct attribution was given. In those circumstances it could not be said that it was not aware that the act constituting an infringement was an infringement. It knew that there would be an infringement if it had got the attribution wrong.

In *Milwell v Olympic Amusements* (1999) 161 ALR 302, Lee, von Doussa and Heerey JJ outlined what the defendant must show to prove the s.115(3) defence:

“To obtain the protection of s.115(3) a defendant must establish (i) an active subjective lack of awareness that the act constituting the infringement was an infringement of the copyright, and (ii) that, objectively considered, he or she had no reasonable grounds for suspecting that the act constituted an infringement.” [52]

The test has since been applied in *Sheldon v Metrokane* (2004) 61 IPR 1 and *Cody Opal v Dimasi* (2004) 64 IPR 378. The court in *Milwell* approved the dicta of von Doussa and Heerey JJ in *Golden Editions Pty Ltd v Polygram Pty Ltd* (1996) 135 ALR 638 that the s.115(3) defence will not be available

“...to a defendant who could show no more than a lack of awareness that the copyright was owned by the plaintiff.” [59]

Similarly the court in *Milwell* approved statements made by Johnson J in *Kalamazoo v Compact Bus Systems* (1985) 84 FLR 101:

“The requirement that the defendant should have no reasonable grounds for suspecting that his act was an infringement has been difficult to maintain under this provision and its forerunners: *John Lane The Bodley Head Ltd v Associated Newspapers Ltd* [1936] 1 KB 715; *Pyram Ltd v Models (Leicester) Ltd* [1930] 1 Ch 639. A mistake of law has not been regarded as being sufficient unless that mistake was made after reasonable inquiry and investigation: *Pollock v JC Williamson* [1923] VLR 225.”

There is a body of authority which lies against the defendant being afforded the innocent infringement defence where it has made no inquiry as to the owner of the copyright before completing the infringing act. Laddie et. al (ibid) sets out these authorities at [39.44]:

“...no protection is afforded to a person who, knowing or having reason to believe that the right exists, makes a mistake as to the owner of the right and under that mistake obtains authority to do one of the restricted acts from a person who is not in fact that owner (Per Bailhache J in *Byrne v Statist Co* [1914] 1 KB 622. See also *Tate v Thomas* [1921] 1 Ch503). Therefore, for example, the defence will be of little assistance to newspaper or book publishers who are supplied with articles or photographs or record producers who are supplied with master tapes by a person claiming falsely that he is the copyright owner. In a number of cases (*Cramp v Smythson*, above, *Kirk v J & R Fleming* [1928-35] MCC 44; *Campbell, Connelly & Co Ltd v Condes* [1933] CPD 465) the courts have said the defence was not available to a defendant who has made no inquiries as to the source of the material he is copying although it would appear that such inquiries must indicate that the defendant suspected that the right subsists.” [39.44]

The respondent made no enquiries. It acted upon an erroneous assumption. The conclusion reached means that in order to limit the possibility of a rehearing, in the event that I am held to have been wrong in my views upon the ownership of copyright in the portrait, I am required to consider the remainder of s.115 for the purposes of determining what relief should be given.

The applicant's moral rights

15 It is not in dispute that the applicant is the author of the portrait. He is therefore entitled to the three moral rights now found in Part 9 of the *Copyright Act* and derived from the *Copyright Amendment (Moral Rights) Act 2000 (Cth)*. The work is an artistic work in which copyright subsists. The applicant is an individual. The rights he enjoys in respect of the portrait are:

“s.193

- (1) The author of a work has a right of attribution of authorship in respect of the work.
- (2) The author's right is the right to be identified in accordance with this Division as the author of the work if any of the acts (the attributable acts) mentioned in section 194 are done in respect of the work.

s.194

...

- (2) If the work is an artistic work, the attributable acts are the following:
 - (a) to reproduce the work in a material form;
 - (b) to publish the work;
 - (c) to exhibit the work to the public;
 - (d) to communicate the work to the public.

s.195A

An identification of the author of a work must be clear and reasonably prominent.”

The author has the right not to have the authorship falsely attributed.

“s.195AC

- (1) The author of a work has a right not to have authorship of the work falsely attributed.
- (2) The author's right is the right not to have a person (the attributor) do, in respect of the work, any of the acts (the acts of false attribution) mentioned in the following provisions of this Division.

s.195AE

- (1) This section applies if the work is an artistic work.
- (2) It is an act of false attribution in relation to the author of the work:
 - (a) to insert or affix, or to authorise the inserting or affixing of, a person's name in or on the work, or in or on a reproduction of the work, or to use, or to authorise the use of, a person's name in connection with the work, or in connection with a reproduction of the work, in such a way as to imply falsely that the person is an author of the work...”

The author also has the right of integrity of authorship

“s.195AI

- (1) The author of a work has a right of integrity of authorship in respect of the work.
- (2) The author’s right is the right not to have the work subjected to derogatory treatment.”

These moral rights are protected by infringement provisions found at ss.195AO and 195AP [infringement of the right of integrity is not pleaded].

“s.195AO

Subject to this Division, a person infringes an author’s right of attribution of authorship in respect of a work if the person does, or authorises the doing of, an attributable act in respect of the work without the identification of the author in accordance with Division 2 as the author of the work.

s.195AP

Subject to this Division, a person infringes an author’s right not to have authorship of a work falsely attributed if the person does an act of false attribution in respect of the work.”

There is a defence to an action for an infringement of the right of attribution if it was reasonable not to identify the author.

“s.195AR

- (1) A person who does, or authorises the doing of, an attributable act in respect of a work does not, because the author of the work is not identified, infringe the author’s right of attribution of authorship in respect of the work if the person establishes that it was reasonable in all the circumstances not to identify the author.
- (2) The matters to be taken into account in determining for the purposes of subsection (1) whether it was reasonable in particular circumstances not to identify the author of a literary, dramatic, musical or artistic work include the following:
 - (a) the nature of the work;
 - (b) the purpose for which the work is used;
 - (c) the manner in which the work is used;
 - (d) the context in which the work is used;
 - (e) any practice, in the industry in which the work is used, that is relevant to the work or the use of the work;
 - (f) any practice contained in a voluntary code of practice, in the industry in which the work is used, that is relevant to the work or the use of the work;
 - (g) any difficulty or expense that would have been incurred as a result of identifying the author.”

The remedies for infringement of moral rights are dealt with in Division 7, ss.195AY to 195AZA, which I shall deal with in the remedies section of these reasons.

16 The publication of the portrait gives rise to a requirement for an attribution of authorship under s.194(2)(d). It is clear from the photograph that the portrait itself is of significant importance and is not just incidental to the composition of the photograph. I infer from the fact that an attribution was made, albeit the wrong one, that the respondent accepted it was bound by s.194(2)(d).

17 The respondent raises two arguments to resist a finding that it has infringed the applicant's moral rights, in particular the rights not to have the authorship falsely attributed and the right of attribution. As I understand its argument in respect of the alleged infringement of the right of attribution it says that the making of a wrong attribution has the effect that the author of the work is not identified and thus it can seek to utilise the defence found at s.195AR.

18 The right of attribution expressed in s.193 is a positive right and prima facie was breached by the publication. The publication did not identify Vladas Meskenas as the author. In looking at the matters to be taken into account in deciding whether or not it was reasonable not to identify Mr Meskenas in s.195AR(2), I cannot see there is anything in the nature of the work which would prevent him from being properly identified. As I understand the evidence the portrait was signed. There was no evidence provided to me by the respondents to indicate that there was anything difficult arising out of the purpose for which the work was used in identifying him nor in respect of the manner or context in which it was used. The identification of another artist would seem to indicate that the magazine had no trouble about making an identification, albeit a wrong one. There was no evidence about any practice in the industry which was relevant, nor was there any evidence of a voluntary code or difficulty or expense as a result of identifying the author. I would not be inclined to hold that it was reasonable in all the circumstances not to identify the author.

19 The second argument put by the respondent is that there is a requirement for some form of intent in order to have infringed the author's right not to have the work falsely attributed. This raises the issue of the meaning of the word "falsely" in the context of the *Act*.

20 Whether "false" in the moral rights provisions of the *Copyright Act* means "purposely wrong" or simply "incorrect" is ultimately a question of statutory construction given there is no accepted definition of "false". The High Court case of *Murphy v Farmer* (1989) 79 ALR 1

(“Murphy”) is authority for the proposition that where a provision is properly construed as penal or quasi-penal in character, the word “false” is to be construed to mean ‘*purposely or deliberately or intentionally untrue*’. The majority did not, however, specifically decide what the meaning of “false” is – indeed their Honours expressly stated they were not deciding the case on the basis of either attribution of meaning.

21 The High Court considered the question whether the word “false” within the meaning of s.229(1) of the *Customs Act 1901 (Cth)* meant “purposely untrue” or “wrong in fact”. Section 229(1) states that all goods in respect of which a statement or representation is made “which is false or wilfully misleading” are forfeited to the Crown. The respondent, in the process of importing a car, gave an answer to a question on a government form which was wrong, but was unintentionally so. The majority (Deane, Dawson and Gaudron JJ; Toohey and Brennan JJ dissenting) found that as the provision should properly be construed as penal or quasi-penal in character, the word “false” is to be construed in favour of the subject as meaning purposely or deliberately or intentionally untrue. Accordingly the court found for the respondent who they said did not have the requisite *mens rea* when providing the false answer to the question.

22 The majority considered the meaning of “false” when viewed in isolation “*is a latently ambiguous one*”, involving both subjective and objective elements (at p. 5). They considered nothing in the *Customs Act* removed this ambiguity in relation to the section under consideration, nor was the ambiguity removed by a consideration of the context of the Act as a whole or the ‘substantive content’ of the provision.

23 However in deciding the issue the Court did not prefer one meaning over the other. The majority states at (p. 7), after canvassing the arguments for each meaning, that those arguments are “*fairly evenly balanced*”, and stated that if it were necessary to decide the matter by reference to the arguments alone then they would adopt the position that the word “false” in s.229(1) should be read as meaning “purposely untrue”. Their Honours go on to say:

“However, we find it unnecessary to dispose of the appeal on that basis. It seems to us that, regardless of what view one take of the comparative weight of the competing arguments and presumptions, the latent ambiguity of the word “false” remains.” (p. 7)

Accordingly, given the section imposed forfeiture for providing “false or wilfully misleading” information, it was seen as a penal or quasi-penal, thereby attracting the rule that

“...those who contend that [a] penalty may be inflicted, must shew that the words of the Act distinctly enact that it shall be incurred under the present circumstances. They

must fail, if the words are merely equally capable of a construction that would, and one that would not, inflict the penalty” (Dickenson v Fletcher (1873) LR 9 CP 1 at 7).

24 The Court at (p.7) considered the purpose of the forfeiture provision and warned against equating the word “false” in a legislative provision with simply “incorrect”. The Court held that before such a meaning could be attributed to s.229(1) “*clear words should be required before there is attributed to the Parliament an intention to take the draconian step of imposing automatic forfeiture as a penalty*” for any wrong statement made on a customs form “*regardless of whether the wrong information was provided as the result of an innocent mistake or excusable ignorance.*”.

25 Although the decision in *Murphy* has been applied in several cases, the provisions considered in those cases are far different from the false identification provisions in the *Copyright Act*, each being clearly ‘quasi-penal’ or penal in its effect.

26 *Murphy* was considered and applied in *Director of Public Prosecutions v Colin Jonathan Hennig* (2005) 192 FLR 223 in relation to the construction of s.36A of the *Misuse of Drugs Act 2003 (NT)*, a section which imposes a sanction with potentially serious consequences for an individual. The SC approved of the statements in *Murphy*, and also those, for example, of Lord Esher MR in *Tuck & Sons v Priester* (1887) QB 629, where his Honour stated at [638]:

“We must be very careful in construing that section, because it imposes a penalty. If there is a reasonable interpretation which will avoid the penalty in any particular case we must adopt that construction. If there are two reasonable constructions we must give the more lenient one. That is the settled rule for the construction of penal sections.”

The case was also considered in *McDonald v Girkaid Pty Ltd* (2004) Aust Torts Reports 81-768, where the court adopted statements made by Deane, Dawson and Gaudron JJ in *Murphy* that

“Those who contend that [a] penalty must be inflicted, must shew that the words of the Act distinctly enact that it shall be incurred under the present circumstances.” [188].

In *McDonald* the issue was the construction of Reg 19(e) of the *Dangerous Goods Regulations 1978 (NSW)*; the issues were not strictly raised as to the meaning of the word “false”.

27 *Murphy* has also been applied by the AAT in *Re Ingleton and Registrar of Marriage Celebrants* [2004] AATA 1044 at [139], a case in which a marriage celebrant had falsely advertised that she was a celebrant before she was registered. Again the case is not directly on point.

28 *Murphy* has, however, been distinguished in *Musgrave & Ors v Martin* (2003) 130 FCR 546. That case considered a false statement, unintentionally made, by the respondent in relation to the *Dairy Structural Adjustment Program Scheme 2000* which was designed to help the dairy industry adjust to deregulation by providing compensatory grants to farmers upon application. The Scheme was formulated under the *Dairy Produce Act 1986 (Cth)*. A farmer incorrectly made a statement about his share-farming status, which affected the number of units he was entitled to in the scheme.

29 One of the questions considered by Weinberg J was “*Can a person who acts honestly when making a statement properly be described as having made a “false statement”?*”. The expression “false statement” is defined in Clause 50 of the schedule to the *Dairy Produce Act*, which provides:

““false statement” means a statement (whether made orally, in a document or in any other way) that:

is false or misleading in a material particular, or

omits any matter or thing without which the statement is misleading in a material particular.”

Accordingly Weinberg J treated the meaning of false as a question of statutory construction, stating “*A great deal turns upon the context in which the word is used.*” [75]. His Honour went on to note:

“I do not accept the proposition that whether a statement is “false” is purely a question of fact. The answer to that question may depend upon what meaning is accorded to that word. That in turn may depend on whether the word is regarded as having been used in its ordinary sense (whatever that might be), or whether it is thought to have been used in some special sense.” [76].

In the context of this provision “false” was not considered to take on its ordinary meaning, instead the meaning was to be deduced by applying accepted principles of construction to determine if the word was to be understood in “some special sense”. His Honour held the dictionary definition did not assist because it included both “purposely untrue” and “objectively incorrect”.

30 Weinberg J referred to *Sternberg v R* (1953) 88 CLR 646; [1955] ALR 25, and *Cameron v Holt* (1980) 142 CLR 342; 28 ALR 490, cases also relied upon in the dissenting judgment in *Murphy*, but noted that in light of *Murphy* the correctness of these cases, and other cases dealing with the *Customs Act*, is now in doubt. His Honour states at [93]

“As a result of *Murphy v Farmer*, it is now clear that the High Court is unwilling to

accept that a statutory provision which has “penal” consequences should be construed as permitting liability to be established without some form of mens rea, at least in the absence of express statutory provision to the contrary.”.

His Honour considered the rules of statutory construction set out in *Collector of Customs v Pozzolanic Enterprises Pty Ltd* (1993) 43 FCR 280; 115 ALR 1 and went on to consider the meaning of “false” in the context of the *Dairy Produce Act*, which he felt stood “*in stark contrast with the forfeiture provision considered by the High Court in Murphy v Farmer*” [103], given in that case a false statement could have led to the imposition of a higher, possible pecuniary, penalty. His Honour noted that the *Dairy Produce Act* contains, in separate provisions, a number of criminal offences where *mens rea*, in relation to false or misleading statements, was required. Accordingly to find that a person must have knowledge in relation to cl 50 (set out above)

“...is effectively to elevate the recovery mechanism contained in that clause to the requirements contained in the offence provisions of the Act. [104]

In my opinion, the structure and text of the Act when read as a whole suggest that the only requirement for a statement to be “false” within the meaning of that term in cl 50 is that it be objectively incorrect. [105]

...

I am fortified in that opinion by the judgment of Dixon CJ in *Sternberg* where his Honour emphasized that the form of the statement governed the nature of the obligation.” [106]

Musgrave has been applied in an AAT case, *VBH and Anor; Secretary, Department of Family and Community Services* [2006] AATA 1. In that case the Tribunal considered that the word “false” as it appears at s.1223 of the *Social Security Act 1999* meant no more than “objectively incorrect”.

31 I am satisfied that unless it could be suggested that there were some quasi-penal ramifications to a finding of infringement of moral rights the word “falsely” used in the context of s.194 does not require an intention and will bear the meaning of objectively incorrect.

32 The remedies for infringement of moral rights are set out in s.195AZA(1) *Copyright Act*.

“s.195AZA

(1) Subject to section 203, the relief that a court may grant in an action for an infringement of any of an author’s moral rights in respect of a work includes any one or more of the following:

- (a) an injunction (subject to any terms that the court thinks fit);
- (b) damages for loss resulting from the infringement;

- (c) a declaration that a moral right of the author has been infringed;
- (d) an order that the defendant make a public apology for the infringement;
- (e) an order that any false attribution of authorship, or derogatory treatment, of the work be removed or reversed.”

33 ‘Quasi-penal’ does not have an authoritative definition in case law. It has been used, as was seen in *Murphy*, to describe a provision where there is a pecuniary penalty for breaching a provision (i.e. forfeiture). Consequences of bankruptcy have been described as ‘quasi-penal’ – in *Re Sarina; Ex parte Wollondilly Shire Council* (1980) 32 ALR 596, Bowen CJ, Sweeney and Lockhart JJ stated (at p.599) that

“The bankrupt is disqualified from holding certain offices. Bankruptcy involves a change of status and quasi-penal consequences. Upon discharge from bankruptcy, the bankrupt is released from his debts subject to certain exceptions.”

The entitlement provisions relating to declarations, under Rule 13.5.1(4) of the *Business Rules of ASX*, in a situation where ASX sought declarations and to enforce a fine on the defendant imposed by ASX’s Appeal Tribunal, were held to be “penal or quasi-penal”: *ASX v McLachlan* (2001) 40 ACSR 99; [2001] NSWSC 1061. In that case “*strict construction is called for in which the penal sanctions are not extended where the language used does not compel that result.*” (as per Santow J at [22]). In *QT v Legal Services Commissioner* [2006] NSWADTAP 13, Chesterman M considered s.155(3) of the *Legal Profession Act 1987*, which allows for the Commissioner to issue a private reprimand to a solicitor, to be quasi-penal.

34 A general consideration of the provisions of s.195AZA(1) leads one to the view that the purpose of them is restitutional. This subsection can be contrasted with ss.115(4), that might well be construed as providing for a pecuniary penalty for an infringing act. I am of the view that the respondent cannot escape liability for its actions in infringing the moral right of the applicant not to falsely attribute the authorship of the painting on the ground submitted.

REMEDIES

Copyright

35 The applicant makes a number of claims for remedies in his amended application. He seeks

- “(a) A declaration that the respondent has infringed the applicant’s copyright.
- ...
- (c) Damages including additional, aggravated and punitive damages.
- (d) An inquiry as to damages or at the applicant’s option an account of profits.

- (e) Interest.
- (f) Costs.”

In paragraphs [10] and [11] the applicant particularises his additional and aggravated damages, relying on

- “(1) The flagrancy of the infringement.
- (2) The need to deter similar infringements of copyright.
- (3) The conduct of the respondent after the act constituting the infringement and after the respondent was informed that it had infringed the applicant’s copyright.
- (4) The refusal of the respondent to retract and apologise.
- (5) Breaches of undertakings given by the respondent that it would retract and apologise.
- (6) Benefits which have accrued to the respondent by reason of the infringement.

Particulars of punitive damages

The respondent has acted in contumelious disregard of the applicant’s rights.”

36 I have indicated earlier in these reasons that I am of the view that the copyright owner in the portrait of Dr Chang was the estate of the late Dr Chang and not Mr Meskenas. But if I am wrong about that I have found that none of the other defences available to the respondent in relation to the publication are made out. The applicant would therefore be entitled to damages or an account of profits under s.115 of the *Copyright Act*. The applicant has elected to seek damages although in a telling submission from Mr Evatt he said words to the effect,

“If there had been a retraction and apology there would have been no court case.”

The applicant had suggested that as a result of the breach of copyright/wrongful attribution he had lost commissions to the artist Jaiwei Shen. No evidence whatsoever was brought to establish this and I am not prepared to draw any inferences from any of the evidence that I heard. I think that in regard to general damages for breach of copyright, only a nominal sum should be awarded. I believe the appropriate amount is \$100.00. But in addition the applicant would be entitled to some compensation for the personal distress which he suffered when the infringement occurred: *Milpurrurru v Indofurn Pty Ltd* (1994) 54 FCR 240. Because of the applicant’s submission that if the retraction had been published promptly there would be no case I cannot put much value on the hurt at the time of publication. I think an appropriate award would be \$1 000.00.

37 With regard to additional damages under s.115(4), I would make these comments. I am not convinced that the infringement of copyright was flagrant. I think it was unintentional, albeit the product of a failure to make proper inquiries. I do not think that any additional damages should be awarded for the need to deter a similar infringement. On the other hand, the conduct of the respondent after it was informed that it had infringed the plaintiff's copyright, was less than exemplary. ACP gave a clear undertaking to take some steps to rectify the situation. But it did nothing, notwithstanding the almost incessant telephone calls from Eugene Meskenas. When it did publish the retraction that Mr Meskenas had asked for, over one year after the original publication and only a few days before the hearing, it managed to reverse the image of the negative so that the photograph does not accurately reproduce the portrait. All this has caused Mr Meskenas considerable distress and I think that if a breach of copyright had occurred it is proper that he should be compensated. If he was compensated under s.115(4)(b)(ib) then he would not be entitled to any other form of aggravated or exemplary damages because aggravated damages would reflect the way in which the respondent acted towards the applicant post the infringement which are taken up already. Exemplary damages, which are submitted to represent the contumelious disregard of the applicant's rights, would be referable to the infringement itself. That infringement was, at its strongest, negligent and not deliberate. The matters referred to in ss.115(1), (2), (3) and (4) do not to my mind have relevance in this case.

38 I do not think that the cases in which s.115(4) damages have been awarded, such as *Polygram Pty Ltd v Golden Editions* (1997) 38 IPR 451, *Raben Footwear v Polygram Records* (1997) 75 FCR 88, *Sony Entertainment Australia v Smith* (2005) 215 ALR 788, *LED Builders v Eagle Homes* (1997) 44 IPR 24 or *Fraserside Holdings v Venus Adult Shops* (2002) 222 ALR 388, assist me in any way to assess damages under ss.115(4)(b)(i)(b). Damages of this type have been awarded in anti-discrimination cases where the conduct of the defendant in relation to the proceedings has been open to criticism. In *Font v Paspaley Pearls & Ors* [2002] FMCA 142 I awarded \$7,500.00 where the conduct of the defendant's case during proceedings caused the applicant additional, and unjustifiable distress in the proceedings. In *Elliott v Nanda; Elliott v Commonwealth* [2001] FCA 550 the Federal Court awarded the applicant \$5000 in additional damages in circumstances where the defendant had failed to attend earlier proceedings from which he consequently appealed, thereby causing a delay which the court considered to aggravate the applicant's stress and mental anguish. In *McIntyre v Tully* [1999] QSC 121 the court affirmed a total award of \$11,000 in damages awarded by the Anti-Discrimination Tribunal in an age discrimination case which also included an amount for aggravated damages

caused by the offence and humiliation caused to the applicant by the defendant, including distress caused to the applicant during cross-examination. Taking the amounts awarded in these cases into consideration, and having heard the real anguish felt by the applicant at the failure of the respondent to answer calls or publish the promised retraction, I believe that the appropriate figure to award the applicant if a breach of copyright had occurred is \$8 000.00.

Infringement of moral rights

39 Although I think the applicant has a remedy for the infringement of his right of attribution and of his right not to have authorship falsely attributed, I do not believe damages should be awarded separately under these heads. I have not been assisted in coming to a decision as to how much I should award by way of damages by other Australian authorities, for none have been revealed in the research undertaken by counsel or by myself. Laddie et al at [39.59] deals with the matter in this way:

“In an action for infringement of the right to be identified as author of a work or director of a film or the right to object to derogatory treatment, in addition to any specific pecuniary loss which could be proved, it is likely that the damages would be assessed on the basis of the damage to the goodwill and reputation enjoyed by the author or director, this type of damage being regarded as an economic loss. If it also likely that, where appropriate, an author or director may also claim compensation for injured feelings.

...

In a case of false attribution of authorship, there is little guidance as to the principles on which damages are assessed. It has been held that where a claimant is a professional author, particularly one with a significant reputation, a false attribution is calculated to place his reputation and goodwill at risk of substantial damage and that damage may be presumed. In *Moore v News of the World* [1972] 1 QB 441 at 450 it was held that the plaintiff was entitled to something for the annoyance and irritation of having somebody taking the liberty of passing off the newspaper article as hers and that £100 was not an excessive sum and in *Noah v Shuba* [1991] FSR 14, where a statement endorsing certain after-care procedures was falsely attributed to a medical man, £250 was awarded.”

40 Lahore, *ibid*, draws attention to subparagraphs (4) and (5) of s.195AZA *Copyright Act* and notes at [48,210] that

“Damages recovered in other proceedings arising out of the same operation or transaction must also be taken into account in assessing damages for infringement of moral rights.”

But there is otherwise no commentary upon the quantum of damage. In my view the primary damages for the infringement of moral rights in this case should reflect those which I would have awarded if I had believed that there was an infringement of the applicant’s copyright. I

say this because there has been no commercial dealing with the right. There were no copies of the painting produced for sale, the portrait serves only as an important reference point and reason for the photograph of the Princess Mary. I took these matters into account when considering damages should be nominal. In other words, I would award the sum of \$1,100.00 for the wrongful attribution which includes the “non-attribution” and the distress which it caused to the applicant. Although the applicant is not required to adduce evidence of actual harm to his reputation only that the false attribution was of such a character that it “might” affect his reputation: *Clark v Associated Newspapers Ltd* (1998) 1 All ER 959, and *Carlton Illustrations & Anor v Coleman & Company Ltd* [1910] 1 KB 771 at 780. I have to admit to some doubt as to whether the reputation of such a distinguished portrait artist would be so adversely affected by the respondent’s activity that it should sound in substantial damages. Certainly the portrait was an important one, and to be identified as its author would enhance the applicant’s reputation. But the evidence is that his reputation has already been made by virtue of his previous commissions and his previous success in being hung at the Archibald Prize. I nonetheless take the question of reputation into account when making my assessment. But I have also had regard to Mr Evatt’s submission that any damage would have been alleviated by an early retraction.

41 I also believe that the applicant would be entitled to aggravated damages arising out of the conduct of the respondent following the time when the infringement of his moral rights was made known. The effects of the consistent failure to provide the applicant with the apology and retraction that he had requested and the reversal of the image of the portrait when that retraction was finally produced should not go unremedied. *Lahore et. al* at [36,255] states (albeit in relation to breach of copyright)

“There would therefore appear to be no reason for not awarding exemplary damages which are punitive in nature and also aggravated compensatory damages for the plaintiff’s suffering from injured feelings, distress and strain.”

I cannot see why the sum which I would have awarded in respect of these damages under s.115(4) *Copyright Act* should be any different where aggravated damages are justifiable in respect of an infringement of moral rights and I would therefore award the sum of \$8 000.00. I should make it clear this award relates to the conduct of the respondent and the additional hurt caused by that conduct to the applicant following his advice to it that his copyright/moral right had been infringed. It is therefore additional to the lesser sum awarded in respect of the

original infringement. It is not also to be considered a species of exemplary or punitive damages.

42 I will hear the parties as to costs. For the reasons given by Branson J in *Commonwealth of Australia v Evans* [2004] FCA 654 (at [59] and [87]-[88]) I do not propose to make declarations in a case where the rights of the applicant have been demonstrated by an award of damages.