Forum non conveniens, anti-suit injunctions, and concurrent US and Australian copyright proceedings

In *TS Production LLC v Drew Pictures Pty Ltd* [2008] FCAFC 194 (19 December 2008), the Full Court of the Federal Court of Australia considered difficult issues concerning *forum non conveniens* and anti-suit injunctions in the context of concurrent US and Australian copyright proceedings.

Both proceedings arose out of a dispute concerning a film, and a book based on the film, called *The Secret*. Finkelstein J described the film as follows:

> *The film is a documentary-style narrative presentation of a philosophy known as the "law of attraction". It is told through a series of interviews with authors and inspirational speakers. The message is that positive thinking will improve one's health, wealth and love life. The film was reviewed in the New York Times. The reviewer said it was "the biggest thing to hit the New Age movement since the Harmonic Convergence". Obviously he had in mind the film's staggering commercial success: gross revenue from the sale of the film has exceeded USD$69.9 million and book sales have brought in more than USD$215.55 million.*

The film was produced by an Australian company, which claimed to have been the original copyright owner and to have assigned that copyright to TS Production. The film was directed by an Australian citizen, Mr Drew Heriot, who claimed to have done so on behalf of his own company, Drew Pictures. Substantial steps in the production of the film took place in Australia. At the time of production, Mr Heriot was resident in Australia, though he subsequently moved to the US.

The Australian proceedings were brought by TS Production against Drew Pictures and Mr Heriot, seeking a declaration that it owned copyright in the film and the book under the Australian *Copyright Act* 1968 (Cth) ("the Australian Act") and an injunction restraining Drew Pictures and Mr Heriot from asserting any claim to

copyright under the Australian Act. The US proceedings were instituted subsequently by Drew Pictures and Mr Heriot against TS Production and others, seeking a declaration that Drew Pictures was a joint owner of copyright in the film and the book under the US *Copyright Ac*t (17 USC §§101, 201) and the common law of Illinois (together, "US law"), an account of profits and damages. In both proceedings, a significant factual dispute concerned the role of Mr Heriot in the production of the film.

After instituting the US proceedings, Drew Pictures and Mr Heriot sought a stay of the Australian proceedings on *forum non conveniens* grounds. For such a stay to be granted, it was necessary that the Australian court be a "clearly inappropriate forum" for the resolution of the dispute, which would be so only if continuance of the Australian proceedings there amounted to "vexation" or "oppression": see, recently, *Puttick v Tenon Ltd* (2008) 250 ALR 582; [2008] HCA 54, discussed here. The primary judge granted the stay. It was therefore not necessary for the primary judge to consider an application by TS Production for an anti-suit injunction, restraining Drew Pictures and Mr Heriot from prosecuting the US proceedings.

The Full Court unanimously concluded that the primary judge erred in granting a stay of the Australian proceedings on *forum non conveniens* grounds. The key consideration, expressed in different ways by Finkelstein J on one hand and Gordon J (with whom Stone J agreed) on the other, was the distinct nature of the two proceedings, notwithstanding the common factual substratum and the common description of the rights as "copyright". Gordon J emphasised that the Australian proceedings concerned rights arising under the Australian Act, in respect of events which occurred at least partially in Australia between parties then resident in Australia, whereas the US proceedings concerned rights arising under US law which the parties accepted were not able to be vindicated in an Australian Court. Finkelstein J went somewhat further. He noted the Australian case law that, as an application of the *Moçambique* rule, an Australian court will not deal with questions of ownership of foreign copyright. In the absence of evidence presented by the parties, he presumed that US law was the same on this point, and, by a brief review of US cases, satisfied himself that that presumption was well founded. Accordingly, as between the US court and the Australian court, only the latter could resolve the claim to copyright under the Australian Act. Finkelstein J also considered that neither any duplication of costs nor the

fact that the US proceedings were more advanced justified a stay of the Australian proceedings. In the result, it could not be said that the Australian court was a "clearly inappropriate forum" for the resolution of the Australian proceedings.

However, as to the anti-suit injunction, the Court split: Gordon J (with whom Stone J agreed) considered that an anti-suit injunction should not be granted; Finkelstein J, in dissent, considered that such an injunction should be granted. It was accepted by all members of the Court that, since it was not suggested that the US proceedings interfered with the Australian proceedings or that they had been instituted to prevent pursuit of the Australian proceedings, an anti-suit injunction could only be granted where continuance of the US proceedings amounted to "vexation" or "oppression". Applying the language adopted by the High Court to explain the concepts of "vexation" and "oppression" in the context of an application for a stay on *forum non conveniens* grounds, all members of the Court considered that they meant "productive of serious and unjustified trouble and harassment" or "severely and unfairly burdensome, prejudicial or damaging", and that the mere existence of simultaneous proceedings did not suffice.

Applying these principles, Gordon J considered that while maintaining the simultaneous proceedings may be burdensome, it was not "unjustified" or "unfair" to do so as they concerned different legal rights and remedies. Her Honour considered that this "restrictive" approach was mandated by the statement of the High Court in *CSR Ltd v Cigna Insurance Australia Ltd* (1997) 189 CLR 345 at 393; [1997] HCA 33 that an anti-suit injunction can be granted "only if there is nothing which can be gained by [the foreign proceedings] over and above what may be gained in local proceedings", as where there is "complete correspondence" between the foreign and local proceedings.

In contrast, Finkelstein J considered that it was sufficient that the two sets of proceedings here had an overlapping factual dispute, notwithstanding the different legal rights asserted in each proceeding. He considered that the High Court in *CSR* did not intend to narrow the test from that of "vexation" and "oppression", in the relevant sense. That test was made out here, as there was no reason to put the parties to the inconvenience of having two trials to resolve the one issue. Since the Australian proceedings were instituted first, the Australian court should resolve the dispute and, subsequently, the US proceedings could continue.

It remains to be seen whether the parties seek special leave to appeal to the High Court.