

IN THE HIGH COURT OF NEW ZEALAND  
NAPIER REGISTRY

X. (58)  
A.75/81

BETWEEN: PLIX PRODUCTS LIMITED a duly  
incorporated company having  
its registered office at  
Hastings, and carrying on  
business as a Plastics  
Manufacturer

Plaintiff

A N D: SKYLER PACKAGING LIMITED  
a duly incorporated company  
having its registered office  
at Hamilton and carrying on  
business as a Plastics  
Manufacturer

First Defendant

A N D: NEIL RODNEY FORRESTER  
of Hamilton, Plastics  
Engineer a n d  
LINDA FORRESTER  
of Hamilton, Clerk

Second Defendant

Hearing: 16 December 1981

Judgment: 16 December 1981

Counsel: P G Hillyer, QC, and Miss Burnett for plaintiff  
R S Garbett for defendants

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(ORAL) JUDGMENT OF VAUTIER, J.

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The plaintiff, a plastics manufacturer,  
has issued a Writ against the defendants in which it  
has pleaded that for some 15 years past it has been  
manufacturing and distributing ranges of PVC kiwifruit  
trays for use by New Zealand kiwifruit growers, packers  
and exporters. It is further pleaded that in order to  
conduct this business it has produced and holds copyright  
in certain artistic works within the meaning of the Copyright  
Act, that is to say preliminary drawings prepared for the

purposes of producing the end product abovementioned, pattern-makers models prepared for the eventual casting of the eventual casting tools or moulds, forming tools or moulds used for the further forming of the trays and the trays themselves. It is further pleaded that the first and second defendants, the first defendant being a company carrying on business as a plastics manufacturer and the second defendants being the sole shareholders of that company, in or about October or November 1981 commenced to manufacture and distribute a range of kiwifruit trays identical with or so designed and manufactured as to closely imitate or resemble the range of kiwifruit trays manufactured and distributed by the plaintiff. It is further pleaded that these actions constitute infringements of the plaintiff's copyright in the artistic works previously mentioned and a deceiving of members of the public generally and the kiwifruit industry in particular whereby they may think that the defendants' range of trays is that of the plaintiff, in other words, that there is a passing-off of the first defendant's products as those of the plaintiff.

The writ seeks an injunction restraining such alleged infringement and passing-off, an order to deliver up the infringing drawings, models, moulds and trays, and damages for infringement of copyright and for passing-off and an account of profits. . The matter comes before me now in relation to a motion for an interim injunction pending the trial of the action.

I have had the opportunity of reading and considering all the various affidavits filed and, of course, have also had the benefit of the full submissions made by counsel. The matter is, of course, one of urgency in view of the pending vacation, and as I have been able to

reach a clear view in the matter I am giving my judgment now, although this means that I have not had much opportunity of setting it forth in as much detail as I might otherwise have done.

Paragraph 19 of the affidavit of the plaintiff company's Technical Manager, Mr Park, sets forth, I think, what amounts to the essence of the plaintiff's copyright claim :

"The kiwifruit liner tray was developed at considerable expense by the Plaintiff in co-operation with the kiwifruit industry. It should be noted that both with the initial development and the development of the 1316 range the standard kiwifruit sizes or grades were adopted subsequent to the development of the trays produced by the Plaintiff, rather than the Plaintiff being asked to design trays to fit pre-determined standard grades or sizes of kiwifruit. Although those involved in the kiwifruit industry supplied fruit for designing purposes and conducted test trials on trays produced by the Plaintiff, and although kiwifruit industry reaction has resulted in modifications to designs to suit the kiwifruit industry the standards for the grading of the fruit have been established by the patterns of the cavities which the Plaintiff has produced."

In addition, it should be noted that in paragraph 10 Mr Park says :

"The actual cavity sizes were not specified by kiwifruit growers, packers or exporters, but they were developed by the Plaintiff. At no time has the Plaintiff published details of the cavity specifications to any outside party."

The affidavit of the marketing manager of the plaintiff, Mr Treadwell, shows that a very large number indeed of these trays are manufactured by the plaintiff company each year and there is reference to the requirements of the 1982 season being about 3 million trays.

The defendants deny any infringement or passing-off and the affidavit of the first of the second defendants, Mr Forrester, is to the effect that the tray or trays which the first defendant now proposes to market was developed after inquiry made of the Kiwifruit Marketing Licensing Authority as to its requirements with regard to these trays and after the engaging of a patent agent to make inquiry as to the existence of registered designs and generally as to the position of a company intending to make such a product in the circumstances here existing and, furthermore, after a series of elaborate measurements and tests and other steps had been taken and worked out in order to arrive at the particular design now being manufactured. There is, however, a significant statement, I think, in the affidavit of Mr Forrester in that he refers, in paragraph 14 of his affidavit, to the way in which he went about himself designing the trays which he proposes to market. He refers in the first place in this to what he calls "The New Zealand Kiwifruit Authority Specification" and a copy of what he is referring to as such is exhibited to his affidavit. This exhibit shows that the authority in question, under the heading of "Packing Materials", refers to "Plix Trays", and alongside that gives the information as to the length and width of these and continues "Standard counts 25, 27, 30, 33, 36, 39, 42, 46". "Growers have the choice to use any combination or all, as they see fit (usually determined by the adjustment of the grader)." Then on a following page there is the statement that the recommended minimum net weight for the fruit for each tray is to be a certain weight in kilograms for specified counts and following this is the statement:

"Notwithstanding the above weights all fruits should fill the Plix cup in which it sits."

In the paragraph of Mr Forrester's affidavit already referred to, he then goes on to describe how he purchased kiwi fruits of various grades (which are those referred to as "Standard Counts in the New Zealand Kiwifruit Authority Specification").

Bearing in mind what is said in the affidavit of Mr Park, which is in no way controverted by the defendants in this respect, it is clear in my view that in this paragraph 14 Mr Forrester cannot be doing other than referring to obtaining samples of kiwi-fruit which have been graded by being sorted for packaging into the plaintiff company's trays and placed therein for that purpose.

The plaintiff, it should be mentioned, first became aware of the interest of the defendants in manufacturing and marketing trays for packaging of kiwifruit through it being sent on 19 July 1981 copies of correspondence which had passed between the Kiwifruit Marketing Licensing Authority and Mr Forrester. This correspondence was in relation to the so-called specification already referred to. There was certainly by this demonstrated that the second defendants had some interest in manufacturing trays which might constitute an infringement of any copyright the plaintiff company possessed. It was not however until October 1981 that the plaintiff actually obtained evidence that the first defendant had made trays of this kind and was actually offering them for sale as "plix" or "plix type" trays.

The writ, which was issued on 27 November 1981 was the first intimation given to the defendants, I understand that the plaintiff company was alleging infringement of its

As to general principles to be applied in relation to a motion of the kind now before me, it is now accepted that the principles applicable are those enunciated by the House of Lords in American Cyanamid Co. v. Ethicon Ltd [1975] 1 All ER 504; [1975] AC 396.

The first task of the Court, accordingly, is to decide now whether or not the case put forward by the plaintiff is frivolous or vexatious and whether or not there is a serious question to be tried. As to that, the first matter for consideration is of course whether or not the plaintiff has a product or products as alleged which are the subject of copyright. Section 2 of the Copyright Act defines "artistic work" as meaning "work" in the following descriptions, that is to say -

"2. (a) The following, irrespective of artistic quality, namely paintings, sculptures, drawings, engravings and photographs:"

The word "drawing" as defined, includes -

"any diagram, map, chart, or plan".

and "engraving" includes -

"any etching, lithograph, woodcut, print, or similar work, not being a photograph."

"Sculpture" is defined -

"includes any cast or model made for purposes of sculpture."

I have considered this aspect carefully and come to the conclusion, for similar reasons to those which are fully set forth in the judgment of Moller J. in the case of Wham Manufacturing Co. v Toltoys Proprietary Ltd & Others (unreported) A.14/79 Auckland Registry, judgment 27 October 1981, that the plaintiff company here has certainly made out, on the affidavits at least, a prima facie case for the existence of copyright possessed by the plaintiff.

There is uncontradicted evidence here of preliminary drawings prepared for the purposes of producing the end product, patternmakers' models prepared for the casting of the eventual forming tools or moulds, the forming tools or moulds themselves being prepared and then the kiwifruit trays themselves produced as an end product, and all these items do, indeed, in my view, appear clearly to come within the words of "drawings", "sculpture" and "engraving" or "print" as set forth in the statute.

There is here, of course, also the evidence to which I have referred contained in the affidavit of Mr Forrester himself as to how the trays which the first defendant company is manufacturing were designed. This shows clearly, as I have indicated, that the kiwifruit which were themselves used to provide the shape and dimensions of the hollows in the first defendant's trays, were in fact kiwifruit graded to fit the plaintiff's trays, and thus would give the hollows in the first defendant's trays precisely the measurements and other features of each of the plaintiff's trays for which the particular grading of fruit was selected. At all events, I am certainly satisfied that the plaintiff has presented an arguable case whereby the view could be formed that there was here a substantial reproduction in a material form of the plaintiff's products within the meaning of s.7 (4) and s.2 (1) of the statute.

The manner in which the defendant Mr Forrester describes his having designed the trays would inevitably, it appears to me, be likely to lead to the trays which he produced being virtually identical with those of the plaintiff and it certainly can be argued here that the resulting product constitutes nothing more than a straight-out reproduction of the plaintiff's tray. All the elaborate

steps that were taken, as is said, to design this tray could really not result in anything different arising in the end, having regard to the starting point being the selection of kiwifruit of the size and shape arrived at by use of the plaintiff's trays. That they were so is, I think, as I have already indicated, made abundantly clear by the material which the defendants have themselves produced obtained from the Kiwifruit Marketing Authority.

Mr Garbett has referred to the Kiwifruit Marketing Licensing Regulations 1977, Reg.12 (1) (c) in which one of the functions of the Authority is stated to be to require minimum standards of packaging and sizes of kiwifruit for export as authorizing the Authority to promulgate a fixed specification for the trays required to be used by all exporters. On that basis he claimed that he has done nothing more than follow the specification thus put out by the Authority and from this point of view it cannot be said, it is argued, to have infringed any copyright or been guilty of any passing-off. AS to that argument, I cannot agree that the Regulation in question does provide authority for the issuing of a specification in the manner suggested, but even if it did, I cannot see that that could have any real bearing on the matters that I have to decide because the Regulation clearly would not amount to any authorization by the Marketing Authority for persons to infringe properly established copyright or to pass-off the goods of one manufacturer as those of another.

I accordingly conclude that the first and basic requirement for the issue of an interim injunction,



that is that an arguable case is shown to exist, has been demonstrated by the plaintiff in the present case. That, however, still makes it necessary to pass on to consider the various other matters which then govern the question of whether or not an interim injunction such as is now sought should issue. In that regard, as is commonly done in relation to applications of this kind, I direct my mind to the various matters which were conveniently set forth as requiring consideration at this stage in the judgment of Browne L.J. in Fellows & Another v. Fisher [1975] 2 All E.R. 829 at 840-841. The first of those is as to whether, if the plaintiff succeeds at the trial, it could be adequately compensated by damages for any loss caused to it by the refusal to grant an interlocutory injunction such as the plaintiff here seeks today. If it could be so compensated, then the injunction should be refused. This is never an easy question to decide but one starts off with the general recognition that there is always a good deal of difficulty in assessing damages in a case of infringement of copyright or passing-off. On consideration, I do not think that this case would differ in that respect from that usually encountered. In fact in this case the difficulty would well be greater because we are here concerned with a product which obviously once the machinery has been set up can be manufactured very quickly and in very large numbers and, again, there would here obviously be a very wide diversity of customers.

Mr Garbett has indeed referred me to an unreported judgment, Champion Appliances Ltd v Atlas Appliance Ltd (A.177/81, Auckland Registry, Holland J., judgment 19 August 1981) where this question was considered

in depth. He submits that in this case, as in the decision referred to, the quantum of damages could readily be based upon the sales which the plaintiff company could have made and which it could show were taken away by the actions of the defendants, or alternatively, if it was possible for the plaintiff company to supply the whole market it could base its claim on the total sales made by the defendants. It is further pointed out that there is no suggestion that the defendants' goods are of an inferior quality, and that there is any other factor which might cause permanent damage to the plaintiff's business or the market. I am by no means sure that these submissions are well founded. The quality of the trays being manufactured or to be manufactured by the first defendant has yet, of course, to be demonstrated. It has hardly yet begun to manufacture them, and furthermore I think there is a good deal of weight in the submission by Mr Hillyer that the plaintiff company's goodwill could be irreparably damaged by the continued marketing of another product which has sometimes, at all events, already been referred to by the same name and which, from my own observation of the samples produced, is virtually identical in appearance. Confusion could inevitably arise in such circumstances as these, particularly with a product manufactured in such large numbers. Furthermore, under this heading of course it is necessary to consider the likely ability of the defendants to meet any damages which might be awarded. Having regard to the figures which are referred to in the affidavit of the Marketing Manager, Mr Treadwell, the damage in this case - if the plaintiff succeeds in its action - could well amount to a very large sum indeed. This possibility is heightened, I think, by the figures which are mentioned

of balance of convenience, it is clearly important here to note that the first defendant company has only just embarked upon this manufacture of these trays, and there is no indication whatever that it has established any market at the present time. In these circumstances, the statement of Diplock L.J. in American Cyanamid (supra), already referred to, at p.511 is, I think, of significance here. His Lordship there said :

"If the defendant is enjoined temporarily from doing something that he has not done before, the only effect of the interlocutory injunction in the event of his succeeding at the trial is to postpone the date at which he is able to embark on a course of action which he has not previously found it necessary to undertake; whereas to interrupt him in the conduct of an established enterprise would cause much greater inconvenience to him since he would have to start again to establish it in the event of his succeeding at the trial."

Here, the only result of an injunction in the event of the defendants succeeding at the trial will be that they have been postponed for that length of time in embarking on the manufacture of these trays. Furthermore, under this head, also I agree with Mr Hillyer's submission that it is of some importance to have regard to the knowledge which the defendants had of the situation at the time when they embarked on the enterprise. The passage referred to from the judgment of Chilwell J. in Probe Publications Ltd v Profile Communications Ltd (A.318/81, Auckland Registry, judgment 27 May 1981) is apposite to the situation here presented and I am in full agreement with what is there said :

"This is one of those cases where it can be said that the first defendant and the other two defendants acted deliberately. They certainly appear to have taken legal advice on all the steps they were taking. It is a case where they went into the whole matter with eyes open. It is the conduct of the defendants which has raised

"the serious issue to be tried. When I use the expression "questionable conduct" I mean it in that sense. So what I have to weigh up is the practical effect of the order, having regard to the defendants undertaking questionable conduct with their eyes open."

In that regard, I must say that I am impressed by the fact that Mr Forrester does not seem to have made any inquiry at all as to precisely how the counts referred to in the Marketing Authority's letter were designated in the first place and of course there is also a statement in the affidavit of Mr James, the patent attorney who was engaged, that Mr Forrester was told that he would need to be particularly careful with regard to the matter of any copying of the designs of the existing manufacturers.

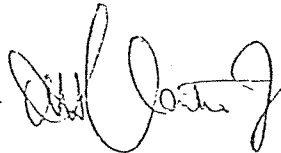
The views I have thus formed make it unnecessary to consider other aspects which are referred to in the judgment which I have mentioned in Fellowes and Another v Fisher (supra), but if one here of course went on to consider the question of preservation of the status quo on the basis that other factors were evenly balanced, it would of course again be necessary to reach a conclusion in favour of the plaintiff because clearly the status quo here would require that the defendant be required to desist from setting up this new enterprise in the face of the long established manufacturing activities of the plaintiff in this field until his right to do so is established.

There will accordingly be an order for the issue of a Writ of injunction but this should not, in my view, be in the form set out in the motion but should

follow the prayer of the Statement of Claim with, of course, the modification that the injunction is to be operative until the further order of the Court. That is to say, there will be an order for the writ of injunction in terms of paragraph (a) of the prayer of the Statement of Claim, to operate until the further order of the Court, and a further order that the defendants deliver up infringing drawings, models, moulds and trays to be held by the Registrar pending the final determination of the action.

As usual, the costs of the motion will be reserved.

This case is certainly one, in my view, wherein, having regard to the position of the defendants as set forth in the affidavits, every possible consideration should be given to the allocation of an early fixture for the final hearing of the action.

A handwritten signature in dark ink, appearing to be 'W. J. [unclear]', written in a cursive style.

Solicitors:

McKinnon, Garbett & Co., Hamilton, for defendants