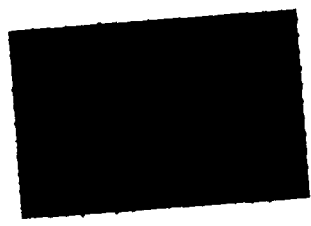


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IN THE HIGH COURT OF NEW ZEALAND

A. 244/82

CHRISTCHURCH REGISTRY



BETWEEN

SHOPLAN SHOPFITTERS
LIMITED

PLAINTIFF

A N D

CANTERBURY TOOL & DIE
COMPANY LIMITED

DEFENDANT

Judgment: 6 DEC 1982

Hearing: 4 November 1982

Counsel: J.R. Milligan for Plaintiff
A.A. Couch for Defendant

JUDGMENT OF CASEY J.

The Plaintiff seeks an interim injunction pending trial of his action to prevent the Defendant manufacturing, selling or attempting to dispose of shopfitting brackets which infringe its copyright in their design. Affidavits in support were sworn by its Governing Director, Mr Dale, who was also cross-examined. He described his experience in interior design and the marketing of shop fittings, and his involvement in the trade. Some two years ago he became interested in designing a new style of bracket for use in shelving, resulting in his approach to Mr Sinclair (Manager and Proprietor of the Defendant Company) about January 1981 and their agreement that he would make dies and manufacture the Plaintiff's new brackets and the channelling to hold them. There were discussions about likely sales - a matter about which Mr Sinclair was very concerned because of the capital his Company would have tied up in the dies. Mr Dale was optimistic and referred to existing work and contacts in the trade. In his affidavit he said he had circulated publicity material to shopfitters throughout New Zealand, and that customers and potential clients had been made aware for some 18 months of the projected new designs. Orders were duly placed and filled by the Defendant, and Mr Dale found something to criticise in the rivets used in one

instance, and its action in plating items without his authority. They were stamped with his Company's name in the distinctive lettering used for all its products.

He said that earlier this year the Defendant started to advertise the sale of shopfittings from its premises and continued to do so notwithstanding his protests. In paragraph 15 he alleged that relations between them had deteriorated because the Defendant would not manufacture according to instructions, and the poor quality of its products. This was disputed in cross-examination and Mr Dale was not very convincing in his replies. From whatever cause, it is clear that there was nothing like the volume of orders Mr Sinclair expected when he entered into the arrangements, and he decided his Company would manufacture fittings on its own behalf and sell them direct in an attempt to recover his outlay. He said that before doing so he altered and improved on the Plaintiff's designs. Their ways parted after an inconclusive meeting with solicitors and accountants on 27th July 1982, and these proceedings were commenced on 28th September. No Statement of Defence has been filed, but from the affidavits it seems the Defendant challenges the existence of the Plaintiff's copyright, as well as its infringement.

The claim to copyright is based on a drawing prepared by Mr Dale and given to Mr Sinclair during their initial discussions. A copy was annexed to his second affidavit (Exhibit "A"), with later additions identified and excluded. Mr Couch criticised the failure to produce the original. The same point was taken before Chilwell J. in Johnson v. Bucko Enterprises Ltd. (1975) 1 NZLR 311, and for the reasons that appealed to him I accept the copy as adequate proof at this stage of the work produced by the Plaintiff, in respect of which copyright is claimed, and infringement alleged, by the Defendant's reproduction of it in three-dimensional form, in the brackets and base plates manufactured by it.

The principles guiding the Court in the exercise of its discretion to grant an interim injunction have been

variously stated in a number of cases, and Counsel relies especially on American Cyanamid Co. v. Ethicon Ltd. (1975) AC 396 and Congoleum Corporation v. Poly Flor Products (1979) 2 NZLR 560. The well known approach taken by Lord Diplock in the former case was followed in the submissions made to me, but I bear in mind what Somers J. said at p.572 of the Congoleum case - that he did not understand the former case "to suggest any rigid or mechanical rules by which the Court must abide in deciding whether the flexible and discretionary remedy of injunction should go in interlocutory matters".

Following Lord Diplock's approach here, I must first enquire whether there is an arguable case to be tried. The most recent - and with respect, helpful - discussion of copyright in New Zealand is the judgment of McMullin J. in Beazley Homes Ltd. v. Arrowsmith (1978) 1 NZLR 394. It is the original expression of ideas, not the ideas themselves, which the Act protects, and this helps to resolve some of the difficulties suggested by the similarity between the brackets at issue here and those in general use in the shopfitting trade. The concept of supporting display shelves by horizontal or tilted brackets is a simple one, and the scope of design is limited by their function and the degree of standardisation needed to ensure they can be interchanged with existing equipment. There must be a sufficient expenditure of skill and labour by Mr Dale in his drawing to give it a character of its own, pointing up a difference from other products on the market. As Megarry J. said in British Northrop Ltd. v. Texteam Blackburn Ltd. (1974) RPC 57 at p.68:-

"But apart from cases of such barren and naked simplicity as that (a single straight line drawn with the aid of a ruler), I should be slow to exclude drawings from copyright on the mere score of simplicity. I do not think that the mere fact that a drawing is of an elementary and commonplace article makes it too simple to be the subject of copyright."

And McMullin J., after quoting this passage, commented in Beazley Homes Ltd. at p.403:-

"Similarities in other designs do not, therefore, preclude a claim being made for originality. Indeed, it seems to me that there may be some force in the plaintiffs' claim that because the range for skill and design are limited, the need for their exercise is greater."

I am satisfied that the Plaintiff can claim copyright in Mr Dale's drawing Exhibit "A" in its original form, and that any reproduction of its subject matter by copying it in three-dimensional form would be an infringement. As Beazley's and other cases demonstrate, proof of this by the Defendant would entitle the Plaintiff to an injunction, notwithstanding the independent existence of other products closely resembling those in issue.

Mr Sinclair claims that the plan required significant modification both to improve the function of the brackets and plates, and to make them more suitable for manufacture. Mr Dale agrees there were discussions and changes; he says they were minor and no more than what would normally be expected for efficient production. Mr Sinclair says they went much further. He claims responsibility for a more efficient design of the hook which engages with the channelling, making the bracket and tilt plate easier to locate in its slot and more secure. The measurements and dimensions (when not determined by scale) were fixed by him for compatibility of manufacture, and there is a dispute over who designed a "riser" not shown in the drawing at all and therefore not relevant at this stage. There was also a difference about the tilt bracket arm, as distinct from the fixed variety. There is no separate drawing of the arm, Exhibit "A" comprising only the fixed brackets, with their hooks. The tilt arms have no hooks, but holes at that end for the rivets and screws by which they are attached to the tilt plates, which fit into the channel slots by similar hooks to those on the fixed brackets. There was a drawing of such a plate given to Mr Sinclair, but in outline form only and it appears on Exhibit "A". He said he re-designed the hooks to conform with what he had done for the fixed brackets, changed

the angles of the face for ease of manufacture and reduced the screw holes from 3 to 2.

There was some question of how far the original drawing remained effective in relation to the brackets and plates actually made by the Defendant for Shoplan, and at the outset I detected some confusion about the exact basis of the Plaintiff's claim, there being suggestions of an infringement of design in Mr Dale's first affidavit, especially in his comparison between photographs of a Shoplan tilt bracket and that produced by the Defendant on its own account. However, Mr Milligan conceded in his final submissions that the basis of its claim was the copyright in drawing Exhibit "A", and the essential comparison was between that and the articles made by Defendant for sale and produced with the affidavits before me. But he submitted that a comparison with those made for Shoplan was also relevant, because they demonstrated what the parties accepted as an appropriate three-dimensional representation of Mr Dale's drawing. With respect I do not agree; this may have been so if the only modifications were those necessary for the ordinary process of manufacture, but the changes went further and were aimed at improved function as well. Accordingly, to determine whether there has been a breach of copyright, the test must be comparison between the allegedly offending articles and the drawing. Mr Milligan was in some difficulty over the wide scope of the injunction covering all brackets and channelling made by the Defendant. He accepts that the Plaintiff cannot stop the channelling and suggested means of identifying the offending products by reference to specific features.

In his affidavit Mr Sinclair said that when he decided his Company should go on its own, he reconsidered the whole design of the Shoplan brackets along with the other main brands on the market and, with further ideas of his own, he evolved the current designs, and produced specimens of tilt brackets (Exhibits 5 - 8) to answer what he thought was Mr Dale's specific complaint in his first affidavit. The latter exhibited a number of brackets and plates to his affidavit in

reply, (marked "a" to "f") some of which were Shoplan products made by the Defendant and others were unmarked. He believed both groups came from the same dies and were made by Mr Sinclair and this was not disputed. Mr Couch also showed Mr Dale several other brackets which I think were accepted as the Defendant's products, and he commented only on one as being similar to his own Company's product.

On this motion I have before me four fixed brackets, two tilt bracket arms and attached plates and one plate, all produced by the Defendant on its own account. These are to be compared with the drawing, and it is appropriate to consider at this stage how that comparison is to be made. Once again I am helped by the comments of McMullin J. in Beazley Homes Ltd. It must be proved that the questioned brackets have been reproduced by the Defendant from that drawing. What he said about the plans in that case at p.404 is equally apposite here:-

"In proving that the one set of plans have been copied from the other, the plaintiffs do not have to negative dissimilarities between their plans and houses and the defendants' plans and houses. There are dissimilarities and these were listed by various witnesses. It seems to me that the question is whether the defendants have incorporated into their plans and houses a substantial proportion of the plaintiffs' plans. Dissimilarities do not destroy the notion of copying, once established. They may, indeed, further establish it."

As he said later, the Judge is required by s.20(8) to put himself as best he can into the position of a non-expert and to reach a conclusion on the matter having regard to the evidence and all the relevant surrounding circumstances. There has been very detailed evidence about the nature and purposes of the differences, and at this stage I can say that two of the fixed brackets exhibited to Mr Dale's second affidavit ("d" and "f") appear to correspond exactly with his drawing Exhibit "A", except for the end notch, apparently present in all Shoplan brackets, but in none of the Defendant's. This omission makes no substantial difference to their overall appearance in

relation to the drawing; nor does the slight alteration to the shape of the hooks, which is virtually indistinguishable from their outline on the drawing. Mr Sinclair emphasised the importance of this modification, but I am comparing looks, not ideas. Accordingly, on the evidence before me, the Plaintiff would have a very strong case for an injunction in respect of these two items.

The other fixed bracket produced with Mr Sinclair's affidavit (CTD 10), and which he says he is now making, has a similar general appearance but important differences are the absence of the notch and the stepped shoulder, making the upper surface a straight line flush with the top of the first hook. While it generally follows the Plaintiff's drawing, the differences are enough in my view to give it a character of its own. Mr Milligan emphasised the stepped shoulder as a distinctive feature of the Plaintiff's product and I am not satisfied it has an arguable case on this item. However, the arms on the two tilt brackets (Dale Exhibit "b" and Sinclair CTD 7) are a straight copy of the end part of the drawings of the fixed brackets, again with the insignificant exception of the notches. The addition of the bolt and rivet holes make no substantial difference. Turning to the tilt plates, I have described the modifications made by Mr Sinclair to the angling of the face and the holes to take the screws. He also chamfered the upper corner. However, in spite of these, the appearance impresses me as substantially that represented by the drawings. The similarity between them is emphasised by contrasting them with the tilt plates made by the other two manufacturers. I consider the Plaintiff could justify an injunction for this item also.

I have gone into the evidence in more detail than usual because I believe much the same case has been presented to me on the items produced as would be available in a final hearing, and for that reason it differs from the situation in American Cyanamid Co. v. Ethicon Ltd. But the fact that the brackets and plates under attack (and on which the Plaintiff may succeed) form only a part of the Defendant's production

may cause difficulties when considering whether damages would be an adequate compensation to the Plaintiff or the Defendant.

Mr Dale made some sweeping comments in his affidavits about the extent of his business and its prospects but these were considerably reduced in cross-examination and I accept from Mr Sinclair's affidavit that the orders to his Company averaged only about \$750 - \$1,000 per month. He also talked about a major promotion but this took place some time ago and for the past few months the Plaintiff has had no supplies, and was still waiting at the hearing for the manufacturer he engaged in September to complete a new set of dies. In cross-examination Mr Dale said that he had received no orders for some time, but there were a lot of enquiries for brackets which he did not promote because of the uncertain supply position. He was also concerned at the standard of the Defendant's products but I am satisfied from his cross-examination there is little substance in his complaints of shoddy design and workmanship, and they are not borne out by the success Mr Sinclair claims for his Company's products. He also feared loss of goodwill by comparison between Shoplan and the Defendant's unmarked products, and had received reports of confusion in the trade. I would agree that the overall general appearance of the two products could lead to this, unless people looked at the name, or knew that the notched end was a characteristic of all Shoplan brackets, but not of the Defendant's products.

There is currently no business being done by the Plaintiff which would be affected by a refusal to grant an injunction, and the small volume of orders Mr Sinclair's Company received suggests that the former was doing very little business throughout their association. In these circumstances it would be difficult to assess its loss due to infringement in respect of the items I have mentioned, bearing in mind they are only part of the items under an overall shop-fitting contract, which I understand is the usual pattern of supply for these goods to the trade. It may also be difficult to calculate the alternative remedy of an account of profits made by the Defendant from the infringing items, because again

I believe they would be only a part of total supply for any one contract. I really had very little evidence to assist me on this aspect.

Mr Sinclair deposed on 5th October that he had only started marketing in a preliminary way but the response was good and his Company has in hand or in immediate prospect orders in excess of \$10,000 to be filled within the next month or so. (This can be compared with the monthly average he said the Plaintiff produced for him.) He currently has all the dies and equipment needed to produce the goods, and if an injunction is granted he says he will be forced to reject orders and will suffer an actual loss of production, pointing out by contrast that the Plaintiff is not producing at all. Mr Couch submitted the assessment of damages to compensate the Defendant would be difficult if I grant an injunction which subsequently proves to be unjustified. He has been in this business only a short time and would not have the same experience of costing etc. as the Plaintiff must have gained over the years of its involvement in the trade. He also stressed the loss of the goodwill his client is in the process of building up by its sudden removal from the market place, and that the gap would be promptly filled by the Plaintiff.

I am left in doubt whether damages would be an adequate remedy to either the Plaintiff or the Defendant for the unjustified refusal or grant of an interim injunction. The balance of convenience strikes me as being fairly evenly balanced. The Plaintiff wants to resume its marketing as soon as it gets the new source of supply which it expects shortly. The Defendant is embarking on a selling campaign in a field which it had not contemplated entering before July and has really only just started. I think there is much to be said for the preservation of the status quo existing before it became so recently involved, and Lord Diplock's comments at p.408 of American Cyanamid Co. v. Ethicon Ltd. are in point, where he speaks of enjoining a defendant temporarily from something he has not done before. Finally, as a special feature of this case, I think the relative strength of the

Plaintiff's case in respect of the items I have mentioned weigh the balance decisively in favour of an injunction.

I therefore order that until the further order of this Court the Defendant, by itself its officers, servants or agents, refrain from manufacturing, selling, disposing of, or attempting to dispose of shopfitting brackets or bracket arms of whatever length corresponding in general configuration with those marked "b", "d", "f" and "CTD"7 exhibited to Mr Dale's affidavit of 28th October 1982 or Mr Sinclair's affidavit of 5th October 1982; and tilt plates of whatever size corresponding in general configuration to those marked "Shoplan 6" and "CTD 8" exhibited to Mr Sinclair's affidavit of 5th October 1982.

The Plaintiff will have costs of \$350 plus disbursements and witnesses' expenses to be fixed by the Registrar.

M. G. Casey J.

Solicitors:

Macfarlane Son & Partners, Christchurch, for Plaintiff
Weston Ward & Lascelles, Christchurch, for Defendant

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