

IN THE HIGH COURT OF NEW ZEALAND

A. 1360.83

AUCKLAND REGISTRY

1706

BETWEEN MONO PUMPS (NEW ZEALAND) LIMITED
FIRST PLAINTIFF

A N D MONO PUMPS LIMITED
SECOND PLAINTIFF

A N D KARINYA INDUSTRIES LIMITED
FIRST DEFENDANT

A N D AMALGAMATED PUMPS LIMITED
SECOND DEFENDANT

A N D T.A. LAURENT and Others
THIRD DEFENDANTS

Judgment: 19 DECEMBER 1984
Hearing: 4 December 1984
Counsel: G.J. Judd for Plaintiffs
B.P. Henry for Defendants

JUDGMENT OF CASEY J.

This is a motion for an interlocutory injunction to restrain the Defendants from dealing with pump parts which are reproductions of drawings of "Mono" pump components in which the Plaintiffs claim copyright. The First Defendant took no part in the proceedings and abides the Court's decision. It is merely a potential purchaser from the Second Defendant.

This application has some unusual features. In

1930 Rene Moineau patented a pump invention in France and licensed Mono Pumps Limited (a United Kingdom company) to make and exploit it in what was then known as the British Empire, with the exception of North America. That company developed a wide range of pumps based on the inventor's idea of an elongated rigid eccentric rotor turning within a flexible cylinder (called a stator). The patent appears to have expired in 1964. The First Plaintiff (Mono (N.Z.)) is its wholly owned subsidiary and since its incorporation in 1973 has marketed Mono pumps in this country and made parts for them. Previously they had been marketed here by Dalhoff & King Ltd., and parts for them had been made by J.M. Colyer Ltd., of which company Mr Clode (one of the Third Defendants) was a Director. In 1981 Mono bought proceedings against that company for copyright infringement and these were settled.

The Third Defendants are Directors of the Second Defendant (Amalgamated), and in 1983 Mono became aware that it was about to bring in pump parts made in India by a company known as Roto, whose activities in copying Mono pumps were known to it, but this was the first time an attempt was made to bring them into New Zealand. Plaintiffs' solicitors wrote to Mr Clode on 30th August pointing out this would be a breach of their client's copyright, and sent copies of the letter to the other Defendants. Mono was assured that they had no intention of infringing copyright and were happy to have their representatives inspect the shipments of Roto pumps and arrangements were set in train for this to be done. The correspondence discloses a limited examination. Mono made drawings available and received an undertaking that if Amalgamated decided to sell any of the products, it would be advised. In accordance with this arrangement it received a letter from that company's solicitor on 14th December stating that it intended to sell a pump to Karinya Industries, and as a result the Plaintiffs issued the writ in this action claiming permanent injunctions and an enquiry into damages, and filed this motion for an interlocutory injunction.

It was originally set down for hearing on 29th February 1984, but was taken out of the list on the understanding that the Plaintiffs' solicitors would once again be notified of any intention by the Defendants to start selling the imported articles. At that stage they had filed a Statement of Defence generally denying the Plaintiffs' claim to protection. The latter sought inspection of the imported items by an independent consultant and eventually an order was made by the Court on 24th August 1984. A letter from the Defendants' solicitors of 3rd September intimated that they were expecting instructions "that will make the inspection of the pumps irrelevant to the dispute between the parties." Not surprisingly the Plaintiffs gained the impression that they were unlikely to persist with the defence. However, they still wanted to pursue the inspection which eventually took place on 18th September 1984; it appears to have been incomplete and led to some inconclusive correspondence. They also moved for discovery on 30th August 1984 and although they have complied with similar orders, the Defendants have not yet done so and there was a motion to strike out their Statement of Defence, set down for 7th December; presumably this has been stood over.

On 22nd November the Plaintiffs were informed that Amalgamated intended to commence marketing the pumps and parts after 7th December and a fixture was obtained for the interlocutory motion on the 4th of that month. Affidavits in reply were filed by the Defendants on 30th November along with an amended Statement of Defence and Counterclaim. They disclose that Rene Moineau died on 3rd October 1948, and his surviving heirs claim to be owners of the copyright in the drawings of the pump prepared in support of his patent application, together with other drawings illustrating the principle discovered by him. They had assigned those rights for New Zealand to Amalgamated in a document dated 17th August 1984 for a consideration of 50,000 francs, equivalent to about \$N.Z. 15,000. The amended Statement of Defence alleges that the pumps and components (which they admit importing) are

substantial reproductions of the artistic works annexed to the French patent. It is denied that the Plaintiffs have copyright or that the Defendants are guilty of any infringement. The counterclaim is based on the assignment to Amalgamated and alleges that the First and Second Plaintiffs themselves are infringing that company's rights in the drawings, and in turn seek an injunction and an enquiry as to damages against them. This is not a situation commonly encountered in copyright proceedings and undoubtedly this totally unexpected development took the Plaintiffs by surprise. Defence Counsel blandly explained that the delays and the lack of any earlier indication of such an approach were due to the time taken by their patent attorney to track down the copyright owners and secure the assignment. For the same reason they were unable to comply with the order for discovery.

For the Plaintiffs, Mr Judd analysed the position in this way. There can be no doubt that copyright exists in three-dimensional reproductions of drawings, and it is claimed by the Plaintiffs in the drawings which they have produced themselves and in the pumps and the components which it manufactures from them. They say the parts imported by Defendants are reproductions of corresponding Mono drawings and parts, and are interchangeable with them. To this the Defendants assert that they are not reproductions of the latter, but of the French inventor's original drawings. Mr Judd says such an approach ignores the fundamental aspect of copyright law - namely, its concern with the copying of physical material only and not with the reproduction of ideas. The idea can be taken, but the drawings embodying it cannot be copied. Those appearing in the patent specification and in the thesis submitted by Counsel as a further exhibit are only intended to illustrate and explain the inventor's ideas. There is no doubt that copyright can subsist in such drawings, but this is not infringed by anybody producing drawings or three-dimensional articles applying the principles they illustrate, and using the idea exemplified by them. However, copyright is infringed if what is produced

reproduces the form in which that idea is expressed.

In this case the principal component consists of the rotor and the stator. The former is in the general shape of an Archimedian screw whose revolutions force the liquid in the direction of its thrust in the moving spaces created between the shoulders on the solid rotor and the corresponding points of contact on the flexible stator in which it turns. Mr Judd says these two parts can have an infinite variety of shapes and sizes. While still utilising the basic principle, there can be variations of pitch and eccentricity in the rotor and the stator. Mr Davidson, a Director of Mono (N.Z.), referred to many different pumps made by Mono and other manufacturers, all operating on this principle. The complaint is that Roto has chosen to produce pumps and components of the same sizes and shapes as those produced by Mono, and it is this that infringes the Plaintiff's copyright, which is claimed in a wide range of its pump components. However, attention has been focussed on the stators and rotors because they wear quicker and have a good turnover.

Describing the Defendants' case as audacious, Mr Judd said it does not answer his submission that the Plaintiffs have demonstrated a serious question to be tried. Both Counsel accept that damages would not be an adequate remedy, and he points out that nothing affecting the balance of convenience is raised in any of the Defendants' affidavits, and there is no challenge to the Plaintiffs' assertion that they will suffer irreparable damage if the injunction is not granted at this stage. They have a long-standing and well established business in New Zealand which will obviously be affected by this competition. He added that the Defendants have already held the goods since September 1983 while they negotiated with the Moineau family; this suggests they would suffer little or no prejudice by retaining them unsold for a further period pending the substantive hearing. I agree with these final submissions and consider that an interim injunction should issue to maintain the status quo unless I

conclude that the Defendants' position is so strong that Amalgamated should be allowed to enter the market now, rather than await the outcome of an action in which the Plaintiff would be unlikely to succeed.

For the Defendants, Mr Henry submitted that their basic stand is a simple challenge to the Plaintiff's claim to copyright. The important parts are the rotor and the stator. The inventor owns the copyright in the drawings of them annexed to the patent documents and to those in the thesis. They are the product of his labour, skill and capital. That copyright has now been assigned to Amalgamated and it includes all drawings made by the late Mr Moineau in respect of the invention. The Plaintiffs had only a license from him to exploit the patent and under Clause 10 of that document (annexed to Mr Davidson's second affidavit) it terminated with the patent. Mr Henry submitted that the Plaintiffs had knowledge of all these matters and cannot claim that their drawings and designs were done independently of any knowledge of the patent or of the inventor's work.

He also pointed to Clause 2(8)(a), stipulating that any improvement discovered by the licensee or further invention made by him belong to the licensor, who is to be provided with all necessary drawings and information in respect thereof. This supported the clear intention of the document that all rights in respect of the invention remain vested in the licensor, and Mono had only a license to make and market the pumps. The Defendants do not concede that the Plaintiffs own the copyright in any of the drawings pleaded in such detail in the Statement of Claim; instead they assert that they were owned by the inventor. On the documentary evidence he says the Plaintiffs cannot prove ownership; accordingly they cannot say there is a serious issue to be tried.

Mr Bryan, the Manager of Mono (N.Z.), deposed that on 27th October 1983 he went to Mt. Maunganui to inspect pumps

and parts imported by Amalgamated and described a consignment of 28 wooden crates. Case No. 7 was examined and he said that what were described as RO. parts in it were clearly copies of parts for the standard Mono D. range of pumps, and mentioned Item 2 - the RO. 30 rotor - as equivalent to the Mono D. 30 rotor. The packing slips were then examined and he said the majority of the cases contained parts or sub-assemblies for the RO. series. However, included in the importation was a pump and parts for what he believed was the Roto RNA. range. After making enquiries from his principals in the United Kingdom he learned that these were copies of pumps made by a German company, and would not be affected by these proceedings. He thought that Roto D. series stators and rotors might infringe copyright works in the Mono G. range, but went on to say that Mr Clode told him they had a different pitch and eccentricity. He was not able to check these at the time of the inspection, and says Amalgamated ignored a request for samples. Consequently, Mr Bryan could only express an opinion that these stators and rotors infringe Mono's rights. He then went on to describe another stator (MT. 420) which was not physically inspected but said its description of a bonded "stator" was identical with the same Mono part number and again he believed it is likely to infringe. He said requests for inspection of that were also ignored. He then described differences in the external appearance between Roto RO. range and Mono D. range pumps but concluded that the Roto pump was a substantial reproduction of the corresponding Mono item.

There is no detailed comment on these statements and conclusions in the affidavits filed by the Defendants, apart from Mr Clode's opinion that the Plaintiffs' pumps based on the Moineau invention (the word "Mono" in para. 8 of his affidavit is clearly a mistake) and the parts of the pumps he has seen were substantial copies of the inventor's drawings.

The Defendants have endeavoured to persuade me that because of the position with the French copyright, the

Plaintiffs have no arguable case, or that it is so tenuous that the injunction should be refused. I am unable to agree. (With due respect to Counsel, I believe the Plaintiffs' case was not put before me as fully as it might have been had there been more time to deal with the unusual and quite unexpected development disclosed in the affidavits filed just before this hearing.) My reasons are as follows:-

1. From what I have said about the inspections and the contents of Mr Davidson's affidavits, there is good reason to believe the Defendants have imported a number of different components which are direct copies of and interchangeable with some of those in the Mono range. Apart from Mr Clode's very broad expression of opinion, there is nothing to indicate just how many of the latter could be copies of Moineau drawings, or enabling me to form any idea of how they infringe. The Defendants' reaction to the requests for inspection and examination could be regarded as a delaying tactic, enabling them to organise the apparent fait accompli presented to the Plaintiffs on the eve of this hearing. It would be unfair to hold the latter responsible in these circumstances for the dearth of information about the allegedly infringing items. The range and extent of any infringement will have to be established by proper evidence at the substantive hearing.

2. It is possible to except from the foregoing remarks the essential elements in these pumps - the rotor and stator. Indeed, virtually all the factual argument was directed at whether these two parts (samples of which were supplied) were three-dimensional copies of the drawings in the patent and the inventor's thesis. There was certainly identity of concept, but Mono maintained that their pitch and configuration could be subject to almost infinite variation. The Defendants submitted that this made no difference, so long as the parts overall could be regarded as substantial copies. I note, however, that Mr Clode made this very point himself when he told Mr Bryan at Mt. Maunganui that the Roto D. series stators and rotors had a "different pitch and

eccentricity" from the Mono products. Having regard to the highly specialised purpose of these two parts I think it essential for the Court to have the benefit of expert evidence to enable it to determine (a) the existence and extent of any differences between the parts relevant to this action and the Moineau drawings; (b) whether any such difference is substantial; (c) if it is, how far it supports an inference that the manufacturer of the units has copied the idea behind the original drawings, rather than the drawings themselves.

3. This brings me to the crux of the Plaintiffs' argument - namely, that the designs and drawings for its pumps and components are based on the original inventor's idea as described in the patent, and not on his drawings or designs illustrating those ideas. The Court of Appeal said in Lincoln Industries Ltd. v. Wham-O Mfg. & Others (C.A. 163/81; 26th June 1984) at pp. 28-29:-

"It is true that although a mere sketch illustrating an idea may be the subject of copyright in its own right as a sketch, it is not capable of giving copyright protection against reproduction of an idea where the reproduction differs materially from the sketch. Mr Hillyer's point was that the Gillespie drawing was in such category. It was, he said, merely a sketch illustrating an idea which was later developed in a particular form by the making of a die or mould and the subsequent production by Wham-O Regular Frisbee....

(Then followed a reference to evidence).

The Gillespie drawing is therefore not, as Mr Hillyer submitted, a mere sketch illustrating an idea. It is a working drawing which may be the subject of copyright and may be protected from infringement of that copyright by reproduction in a three-dimensional form."

In Plix Products Ltd. v. Frank M. Winstone (Merchants) Ltd. & Others (Auckland A. 1128/83; 13th August 1984) Prichard J. embarked on an impressive analysis of what he described as "probably the most difficult concept in the law of copyright" - that it exists not in the idea itself but

in the concrete form in which it is expressed. Anyone is free to use the basic idea:-

"But no one can appropriate the forms or shapes evolved by the author in the process of giving expression to the basic idea. So he who seeks to make a product of the same description as that in which another owns copyright must tread with care. If he copies the details which properly belong to the expression and not to the basic concept, he will infringe the copyright. That is why, when the basic idea is expressed in a crude, or simplistic form, the potential plagiarist or business competitor can, without offending, come very close to an exact reproduction of the copyright work. But where the expression is ornate, complex or detailed, then he must keep his distance: the only product he can then make without infringing may bear little resemblance to the copyright work." (ibid. p. 66).

Although I understand this decision is subject to appeal, I respectfully adopt and follow this view of the matter; it may well be that expert evidence at the substantive hearing will guide the Court to a conclusion on whether the illustrations of these two parts in the documents produced are no more than "simplistic forms" of the basic idea, leaving others free to make their own changes in pitch and eccentricity to produce desired operating results, without being regarded as copying the original in the sense required to constitute an infringement.

4. I raised with Counsel the point made by Whitford J. at first instance in Catnic Components Ltd. v. Hill & Smith Ltd. (1982) R.P.C. 183, 206 where he thought that a patentee must be regarded as having made an election that, in return for the monopoly conferred on him by the grant, the material disclosed by him in the specification must be deemed to be open for public use subject only to his patent rights. Both of them thought that such a view had been discredited by Moller J. at first instance in the Lincoln Industries Ltd. case (reported at (1981) 2 NZLR 628, 642) approving the comments on it made by Speight J. in Dennison Manufacturing

Co. v. Prestige Toys Ltd. (Auckland A. 543/80; 5th September 1980). Catnic went to appeal, where Buckley L.J. described this view as interesting, but was not called on to decide it. The point was not referred to subsequently in the House of Lords. With due respect to Moller and Speight JJ., and to the critics cited by the former, I think this question may not yet be closed, particularly in the case of a manufacturer continuing to produce articles comprised in the expired patent under which he was licensed. I refer to the comments made by Barker J. in Bendon Industries Ltd. v. Presslok Industries Ltd. (Auckland A. 883/82; 29th October 1982) at p. 22 of his judgment:-

"With respect to my learned brothers, I see greater weight in the dictum of Whitford, J. After all, under the patent system, the state encourages inventors to disclose the fruits of their invention and research to the world. In return for this disclosure, the inventor obtains a monopoly for 16 years. It does seem logical that at the end of the monopoly, the invention is public property....

Also relevant is the anomalous situation that a patentee suing during the life of his patent on his statutory monopoly would receive less in damages than if he sued in copyright years after his patent had expired."

Proposed amendments to the Copyright Act may affect this point, but on further consideration Counsel may wish to avail himself of it.

5. While not conceding the Defendants' claim, Plaintiffs' Counsel made no positive attack on the claim to valid French copyright in the parties assigning it to Amalgamated, nor on its validity in New Zealand under the transitional provisions in the Schedules to the Copyright Act, 1962. There may be other objections to the advancement of such a claim so many years after the expiry of the patent, during which time there may not have been the slightest suggestion of infringement by former licensees and

others. Before any proper conclusion can be reached about the strength of the Defendants' case on these aspects, the Plaintiffs should have the opportunity to investigate them and bring forward any relevant evidence at a full hearing.

The matters raised by the Defendants are not such as to persuade me the Plaintiffs have no arguable case, or one so unlikely to succeed that I should ignore the balance of convenience and allow Amalgamated to deal in the questioned articles now. That balance favours the Plaintiffs. There will accordingly be orders for interlocutory injunctions as moved with costs reserved.

M. B. Casey J.

Solicitors:

Cairns Slane Fitzgerald & Phillips; Auckland, for Plaintiffs
Wilson Henry, Auckland, for Defendants