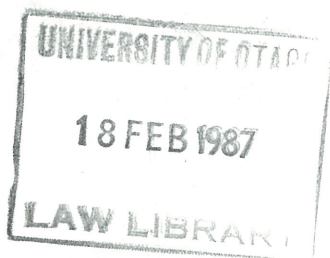


IN THE HIGH COURT OF NEW ZEALAND  
CHRISTCHURCH REGISTRY

Set 2

No. A.389/

BETWEEND.A. LEWIS & COMPANY  
LIMITEDPlaintiffA N DTHORN BROS LIMITEDDefendantHearing: 26, 27, 28 November 1984Counsel: J. Milligan for Plaintiff  
T.M. Gault for DefendantJudgment: 10 DEC 1984JUDGMENT OF HOLLAND, J.

The plaintiff and the defendant company are both furniture manufacturers. The plaintiff is the registered proprietor of a design number 17094 to be applied to a chair. It also claims copyright in respect of that design. It claims that the defendant has manufactured and sold articles to which the registered design or a design not substantially different has been applied. It further claims copyright in the drawings for the design and claims for breach of copyright under the Copyright Act 1962. In each case the claim is for an injunction and accounts or an enquiry as to damages.

On 14 December 1983 the plaintiff ex parte obtained an injunction "restraining the defendant until further order of the Court from continuing to manufacture, sell or distribute a suite of furniture hitherto manufactured sold and distributed by it under the

name of Lynwood suite consisting of two chairs and a settee or any part thereof". The defendant did not apply to set aside the ex parte order for injunction. It filed a statement of defence to the statement of claim and has proceeded with a view to having the substantive hearing take place rather than have a lengthy and inconclusive hearing on an interlocutory application to set aside the interim injunction. In this respect the defendant is to be commended. In matters of this kind a great deal of Court time is taken in considering opposed applications for interim injunctions or opposed applications to discharge interim injunctions obtained ex parte, the result of which does not assist in the ultimate determination of the proceedings because the principles of American Cyanamid Co. v Ethicon Ltd (1975) A.C. 396 must be applied and the only issue as to liability is whether or not the plaintiff has a reasonably arguable case. In order to determine this most of the facts must be considered but the matter must be again considered when the final proceedings come for hearing. It is unfortunate, however, that it has taken nearly 12 months for the writ to be heard.

The parties have agreed that at this stage the determination should only be as to liability. If the plaintiff succeeds the question of damages or accounts is to be deferred for a further hearing. If the defendant succeeds the question of damages in respect of the consequences of the interim injunction is likewise to be deferred for a further hearing. In the end, there is little between the parties as to the law and the issues between the parties are essentially all questions of fact.

The plaintiff company was established in 1956 as a manufacturer and wholesaler of furniture. It has an associated

company, Upholstery Services Ltd in respect of which there is some community of shareholding. Both companies are managed under the direction of Mr D.A. Lewis, the founder of the plaintiff company.

The plaintiff is the registered proprietor of a design registered under the Designs Act 1953 stated to be applied to a chair, the novelty claimed for which resides in the shape and configuration of the legs and arms. The plaintiff also claims copyright under the Copyright Act 1962 in respect of the original drawings of the chair as an artistic work. The plaintiff claims an infringement of the registered design and a breach of copyright against the defendant. The copyright and design are in respect of a suite of furniture described as "Hallmark" first manufactured by the plaintiff in May 1981 and still manufactured. The infringement and breach alleged against the defendant is in respect of a suite of furniture manufactured by the defendant under the name "Lynwood" which on the evidence of the defendant was first produced some time in 1982. Its manufacture was stopped by the ex parte interim injunction obtained in these proceedings on 14 December 1983.

The evidence called by both the plaintiff and the defendant establishes that it is common practice in the furniture trade at least in relation to chairs, settees, and suites of both, to develop a style and if it is successful to adapt it from time to time to make improvements and to introduce new features but nevertheless retain the original essential features.

The Hallmark suite of the plaintiff was part of a family commencing with a design described as Bristol. The Bristol suite developed with modifications into the Manhattan suite and the Manhattan suite developed with modifications into the Hallmark

suite. Apparently the Bristol design was a popular one and sold well. Mr Lewis considered that it was copied by a number of his competitors and partly because of that and partly to create improvements he adapted the design to the Manhattan. He considered that the Manhattan design also was copied. When it was decided to adapt the Manhattan design to the Hallmark design the plaintiff company endeavoured to seek protection from copying by registering the arms and legs under the Designs Act. Prior to the registration of the design in respect of the arms and legs of the Hallmark suite there was no registered design and the plaintiff acknowledges that it can make no claim in respect of copying of the earlier suites in the family either by way of infringement of registered design or breach of copyright.

It is not accepted that the plaintiff is entitled to ownership of the copyright. The drawings were made by a Mr Johnson who is in fact employed by Upholstery Services Ltd. The plaintiff has obtained assignments of copyright from both Upholstery Services Ltd and Mr Johnson but the ownership of copyright for the purpose of these proceedings is still in dispute. In the meantime I propose to proceed as if the plaintiff owned the copyright.

The defendant company was founded some 33 years ago by Mr Thorn who gave evidence. Although the defendant company is not now carrying on business it has been purchased by another company, Thorn Furniture Ltd, which is carrying on business. It is not clearly stated in the evidence but I assume that Thorn Furniture Ltd has regarded itself as having been bound by the injunction issued against the defendant. Determination of that fact is however unnecessary for that part of the proceedings which is presently

before me. It is clear that the defendant company was carrying on the business of furniture manufacturer until 1 April 1984.

Mr Thorn described the way in which a new article of furniture was made by his company in the following way:-

"I have been overseas on many occasions and have taken the opportunity on those occasions to view with interest the varying style and designs relating to those countries. In many of the instances I have been given brochures and pictures of designs by manufacturers in these countries and in return I have offered what I know about my type of furniture in New Zealand, a type of cooperation if you can. From those designs and brochures I develop furniture for styles and designs of furniture and then take them to my factory and discuss them with Mr McEntyre who was the foreman frame maker and well things just sort of develop from there. Do you design each item from the ground up so to speak? Really basically in the part of upholstery we are sort of limited to a seat, an arm and a back. If one develops a comfortable seat and a comfortable back one is inclined to keep that type of design or construction as much as possible and work around varying ideas to alter the appearance of that in a frame because sometimes it's quite awkward if you start off and find the pitch of the back is wrong or the seat is low so I would suggest nearly all manufacturers I know would do the self same thing endeavouring to maintain the sameness about a comfortable design for the frame. The factors that lead me to introduce modifications - the demand or how shall I put it, the appeal that it may have at the time for people or the public or furniture buyer or whoever. You learn that by the trends overseas in the first instance where I would look at what the trend is in other countries and try to develop some of that into my own furniture and sort of work around those ideas.

The Hallmark design of furniture of the plaintiff and the "Chunky" design of furniture of the defendant are similar in that they feature polished snowwood arms. They are essentially upholstered chairs and settees with the legs and part of the arms in stained or polished wood. The defendant company first started to

make upholstered chairs with showwood arms in 1974 or 1975. By 1977 it was manufacturing a suite described as Bradford. Photographs of the Bradford suite were produced. It is not difficult from examining the photographs of that suite and the photograph of the Lynwood suite and the actual Lynwood chair produced to accept the evidence of the defendant that the Lynwood suite was a development from the Bradford suite. An intermediate stage of development was two designs of suites described by the defendant as Chunky on the one hand and Leeway on the other. Mr Thorn says that he visited Australia in 1978 and observed the use of turned wooden arms in that country. He says that on his return he suggested to Mr McEntyre, his designer, that the defendant should endeavour to introduce into their designs a suite incorporating a turned showwood arm. He says that he gave Mr McEntyre no precise instructions as to the nature of the turning but that he instructed him to develop a turned showwood arm that could be used in a suite of furniture. The Bradford suite at that stage was regarded as being too chunky looking and it was proposed that the inside frame should be lightened and a turned showwood arm produced to support the frame. The Leeway suite manufactured by the defendant, a copy of which was also produced in a photograph, was not of the showwood arm style at all. It was, however, considered that the frame of the Leeway would be suitable for the new style of showwood arm with turned wood. Mr McEntyre confirms that those were the instructions he received from Mr Thorn and says that he simply took timber to his father's house where he had a lathe, marked out the timber and produced a prototype. That was the form which was adopted for the manufacture of the Lynwood suite.

Both Mr Thorn and Mr McEntyre were adamant that at the time the Lynwood suite was first produced neither had seen the plaintiff's Hallmark furniture. I must confess that I had some reservations at the stated lack of interest by Mr Thorn in the articles being manufactured and sold by his competitors in New Zealand, but I have no reason to doubt and do not doubt the evidence of both Mr Thorn and Mr McEntyre that they had not seen the Hallmark furniture when the Lynwood furniture was first produced. That finding alone is sufficient to dispose of the claim for breach of copyright because the plaintiff has failed to prove any copying which is an integral part of that cause of action. Such a finding, however, does not dispose of the claim in respect of the registered design but in any event it is desirable that I make further findings of fact in relation to the copyright claim.

It is convenient, however, now to turn to the claim for infringement of design. In this respect I am glad to adopt the format used by Falconer J. in Kevi A/S v Suspa-Verein U.K. Ltd (1982) R.P.C. 173. He there stated at p177:-

"The first task in a registered design action is to construe the registered design and assess its scope. It is well settled that the court may have before it to assist in that task a commercial embodiment of the registered design. I do have such a commercial embodiment of the plaintiffs' castor, which is known as the Kevi castor, in the form of Exhibit P1.

A number of considerations have to be taken into account in trying to assess the registered design, what are its features and what is the scope of the monopoly. First of all, one has to consider the statement of novelty. In this case the statement of novelty is in this form: 'The novelty of the design lies in the shape or configuration of the article as shown in the accompanying representations'. It is well settled (I need not refer to authority on this point) that in a case

where a registered design has a statement of novelty in that form one has to consider the whole design as constituting the registered design and not rely simply on one or more particular features as constituting the novelty in the design."

In this case I have before me a commercial embodiment of the plaintiff's registered design in the Hallmark chair produced as an exhibit. The statement of novelty for the registered design is "the novelty claim for the article resides in the shape and configuration of the legs and arms of the chair as shown in the accompanying representations. No novelty is claimed for the remainder of the chair or for the arm cushions". "Design" is defined in the Designs Act 1953 as:-

"means features of shape, configuration, pattern, or ornament applied to an article by any industrial process or means, being features which in the finished article appeal to and are judged solely by the eye; but does not include a method or principle of construction or features of shape or configuration which are dictated solely by the function which the article to be made in that shape or configuration has to perform."

It is common ground that the "eye" appealed to and judged solely by, is the eye of an informed ordinary customer of a furniture shop.

The information deemed to be known to the ordinary customer is what is described in this field as "the prior art". As was stated by Falconer J. at p179:

"The next factor I have to take into account in trying to assess the scope of the registered design is that, although the validity of the design is no longer challenged, it is well settled that the scope of a registered design has to be judged against the background of the prior art at the priority date. It is sufficient for this purpose to cite a well known sentence from the



late Mr Russell-Clarke's book Copyright in Industrial Designs, fifth edition, which is indeed edited by Mr Fysh, page 85, in the chapter which is considering infringement. Under the sub-heading 'What differences are material?' we find the passage, which is well supported by authority:

'If only small differences separate the registered design from what has gone before then equally small differences between the alleged infringement and the registered design will be held to be sufficient to avoid infringement'."

It is necessary now to consider the registered design. In this respect I have the advantage of both the drawings comprising the registered design itself and the chair. It is important to remember that the Hallmark chair is not in itself a true reproduction of the registered design. The ball at the top of the legs of the chair is much closer to the shape of a true globe than the design which is more the shape of a ball having been partially pushed flat. If there is infringement of the design it is the drawing in the registered design that ultimately must be considered.

I have examined the design against the allegedly infringing chair, the Lynwood, in my eye as an informed retail furniture shop customer. The features of the design are two legs of a chair joined by two cross pieces. The cross pieces are essentially functional and no great point was made of any similarity or indeed of any material difference in that regard. The leg of the chair protected by the design has at the top a flattened ball followed by a narrow neck on a round base. That base is sitting on a squat cube of approximately equal proportions with chamfered top and bottom. The cube is sitting on a cylindrical piece of timber but of a bulbous shape with another ring of wood at its

top and bottom. The cube is then repeated with its chamfered corners sitting on a further cylindrical piece of timber of similar bulbous shape and diameter as the other cylindrical piece but not as long and sitting on two rings forming the foot of the chair. The general impression is one of a squat solid leg or perhaps as the witness described it and other pieces of furniture, "chunky".

The leg of the Lynwood chair has a ball at the top that, like the Hallmark chair as distinct from the Hallmark design, is closer to a ball shape with the top of the ball cut off or flattened. However in contrast with the design there is a relatively deep groove round the centre of the ball. The ball is sitting on a ring of timber which is sitting on a cube with chamfered edges but in the Lynwood the height of the cube is more than one and a half times its width and depth. The cube is sitting on a ring base and is followed by a cylindrical piece of timber which is not in any way bulbous in character but has a smaller circumference at the bottom than at the top. In this respect it is more cone shaped than bulbous. It is seated again on a ring with the cube of the same proportions as the top cube and another cylindrical portion with the diameter at the top larger than at the bottom. The second cone like piece is on a base which is of one ring approximately the same height as the two rings of the registered design. It has no chunky appearance and in contrast has a slim look.

It is clear that the prior art at the time of the registration included turned wooden arms for chairs with differing shapes and with a ball or knob at the top. Examples are the Manhattan furniture of the plaintiff, the Bradford furniture of the

defendant and an even earlier piece exhibited as Exhibit E and being the two legs of a chair manufactured about 1975 by the defendant but unidentified by name. It accordingly follows that all that can be protected by the design is the respective proportions and shape of the segments of the leg. In this case not only are there small differences in each part of the leg, those differences in total make the general appearance of the leg quite different. Section 11 of the Designs Act 1953 makes it clear that there is an infringement of the design to make or sell any article to which the registered design or a design not substantially different from the registered design has been applied. Far from the plaintiff establishing that the design of the Lynwood chair of the defendant is not substantially different from the registered design, I am satisfied that the design of the Lynwood chair is substantially different. It follows that the claim for infringement of design must like the claim for breach of copyright fail.

In these circumstances it is unnecessary for me to consider the defence that the plaintiff was not the true owner of the copyright. The issue is not one involving credibility and although it is essentially a question of fact there appears to be no need for me to explore the matter further. The deeds of assignment from Mr Johnson and Upholstery Services Ltd to the plaintiff are both dated 27th October 1983 and it would seem unlikely that the plaintiff was not the true owner of copyright from that date on even if not retrospectively. In the event of this action going further, an appellate Court is in as good a position as this Court to determine the issue which I find at the moment unnecessary to determine.

It may however be helpful to have my findings of fact as to whether there has been a "reproduction" under the provisions of the Copyright Act 1962. "Reproduction" is defined in section 2 of the Act as follows:-

"'Reproduction', in the case of a literary, dramatic, or musical work, includes a reproduction in the form of a record or of a cinematograph film; and, in the case of an artistic work, includes a version produced by converting the work into a 3-dimensional form, or, if it is in 3 dimensions, by converting it into a 2-dimensional form, and references to reproducing a work shall be construed accordingly."

Reproduction of a substantial part is sufficient under the provisions of section 3(1) of the Act. But there must be a sufficient degree of objective similarity determined as a question of fact with the assistance of expert evidence. The expert evidence called in this matter was a patent attorney on each side together with those actively concerned in the production of the two competing chairs, one of which is produced from the drawings in respect of which copyright is claimed and the other of which is denied to have been produced from that source or any source connected with it. The defendant has argued that the evidence does not show a sufficient chain of causation but I find it unnecessary to determine that matter because I have found that there is no copying at all.

As was stated by the Court of Appeal in Lincoln Industries Ltd v Wham-O Manufacturing Company & Others, Judgment 26/6/84, C.A. 163/81:-

"Let us say at the outset that a difference in dimensions alone is not sufficient to avoid infringement. It is sufficient proof of copying if it is proved that what has been copied is a 'substantial part' of the copyright work."

The judgment goes on to quote a passage from King Features Syndicate Incorporated & Ors v O. & M. Kleeman Ltd (1941) R.P.C. 207, itself adopting the language of Bailey J. in West v Francis (5) B. & L. Al 737:-

"A copy is that which comes so near to the original as to give to every person seeing it the idea created by the original."

For the reasons expressed in relation to the claim under the Design Act I am not satisfied that there has been a reproduction or that any substantial part has been reproduced so as to give to any person seeing the Lynwood leg the idea created by the plan of the Hallmark leg.

Judgment should be entered for the defendant in respect of both causes of action in the statement of claim. The defendant is entitled to costs. I fix those costs as on an action for \$30,000 together with disbursements, witness expenses and other necessary payments to be fixed by the Registrar. I certify for two extra days at \$300 a day. I deliberately make no further allowance in respect of any other interlocutory applications. The order granting an interim injunction is discharged. The defendant will have a right to apply for damages in respect of the damage suffered by it in respect of the interlocutory injunction. Leave is reserved to the defendant to apply in this regard.

*A. E. Holland*

Solicitors:

Murchison & Wood, Christchurch, for Plaintiff  
Duncan Cotterill & Co, Christchurch, for Defendant

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IN THE HIGH COURT OF NEW ZEALAND  
CHRISTCHURCH REGISTRY

No. A.389/83

BETWEEN D.A. LEWIS & COMPANY  
LIMITED

Plaintiff

A N D THORN BROS LIMITED

Defendant

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JUDGMENT OF HOLLAND, J.

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