

IN THE DISTRICT COURT
HELD AT AUCKLAND

NP NO. 617/95

BETWEEN

FORGECRAFT LIMITED
PLAINTIFF

AND

AEON DECOR LIMITED
FIRST DEFENDANT

AND

RUSSELL BOND
SECOND DEFENDANT

AND

FRANK PASKELL and
ALLAN CLARKE
THIRD DEFENDANT

Date of Hearing 23 March 1995

Counsel for the Plaintiff: Mr M Keall

Counsel for the Defendants: Mr C L Elliott and Mr Potter

Date of Decision: 28 April 1995

DECISION OF JUDGE CECILIE J RUSHTON

The Plaintiff is seeking, on notice, an interim injunction restraining the defendants from reproducing or copying or authorising the reproduction or copying of all or any of the work set out in the statement of claim and from selling or in any other way distributing reproductions of that work.

The work concerned consists of various items of forged iron furniture which the plaintiff claims is its exclusive design and the copyright of which it is the owner.

For the plaintiff Jillian Corbett deposed in her affidavit that she had developed the designs for the furniture in question and that such designs were exclusive to her. The copyright in those works was transferred to

the Plaintiff company in June 1993. The defendant Frank Paskell worked for Ms Corbett from January 1992 to January 1993. The defendant Allan Clarke was engaged by her to make furniture from her drawings in 1991. A Mr Barry Argent was employed by her between April 1992 and December 1992 and then commenced work for the first defendant about February 1993.

Various affidavits were produced and photographs of the items of furniture in question, both the originals and the ones alleged to be copies. The plaintiffs working drawings for her original creations were produced.

The defendants deny that they have copied the plaintiffs work but assert that the designs are standard designs which have been around for centuries. The plaintiffs accept that the various components of the designs have been so around but that it is the combination of those various components and the alterations to the basic designs which make the total design unique.

Never the less the Defendants except for Allan Clarke have given undertakings in respect of certain items in respect of which these proceedings relate. These are:

Item 3.1 of the Statement of Claim - A 'rope back' chair.

item 3.4 of the Statement of Claim - A 'fishtail dining chair.

Remaining in contention are the above items in respect of the defendant Clarke and the following items referred to in the Statement of Claim:

- 3.2 A "rope and slat" chair (the slat chair)
- 3.3 A "circular fishtail" circular table (the fishtail table)
- 3.5 A bow front "fishtail" hall console (the console)
- 3.6 A fishtail mirror (the mirror)
- 3.7 A fishtail lamp table (the lamp table)
- 3.8 A fish tail coffee table (the coffee table)
- 3.9 A hoop bracing lamp table (the hoop lamp table)
- 3.10 A "fishtail" rectangular table.

The plaintiff alleges that there is a serious question to be tried and that, in view of the difficulty in quantifying the loss it will incur by the breaches of

its copyright, the balance of convenience favours the granting of an interim injunction.

The defendants deny that, in respect of the furniture in question (that is that in respect of which no undertakings have been given) the plaintiff has established that it can seriously be contended that it has the copyright. They further contend that, if it be found that the defendants are in breach of copyright, damages will be an adequate remedy. The defendants, through the plethora of affidavits which have been filed, contest the plaintiff's assertions that the furniture is copied - they contend that they are either variations on traditional designs or designs developed by them. They assert that any financial disadvantage which the Plaintiff may have suffered is unrelated to the manufacture of the items in questions but relates to the Plaintiff's lack of business skills.

The principles applicable to the granting of an interim injunction are re-emphasised in **Klissers v Harvest Bakeries** [1985] 2 NZLR 129. At p 133 of the decision of Davison CJ given in the High Court, which is set out in full, His Honour refers to the decision in **American Cyanide Co. v Ethicon Ltd** [1975]AC 396 where at pp 406-7 Lord Diplock said:

"It is no part of the court's function at this stage of the litigation to try to resolve conflicts of evidence on affidavits as to facts on which the claims of either party may ultimately depend nor to decide difficult questions of law which call for detailed argument and mature considerations."

On page 142 of the Court of appeal's decision Cooke J said this:

"Whether there is a serious question to be tried and the balance of convenience are two broad questions providing an accepted framework for approaching these applications. As the NWL speeches bring out, the balance of convenience can have a very wide ambit. In any event the two heads are not exhaustive. Marshalling considerations under them is an aid to determining, as regards the grant or refusal of an interim injunction, where overall justice lies. In every case the Judge has finally to stand back and ask 'himself' that question. At this final stage, if he has found the balance of convenience overwhelmingly or very clearly one way - as the Chief Justice did here - it will usually be right to be guided accordingly. But if the other rival considerations are still fairly evenly poised, regard to

the relative strengths of the cases of the parties will usually be appropriate. We see the word "usually" deliberately and do not attempt any more precise formula; an interlocutory decision of this kind is essentially discretionary and its solution cannot be governed and is not much simplified by generalities.

Very often a prompt hearing of the action itself is preferable to an interlocutory injunction hearing."

WHETHER THERE IS A SERIOUS QUESTION TO BE TRIED.

On the papers produced in support and opposition to the orders sought it is apparent from the photographs and drawings produced that the defendants are manufacturing and selling furniture of a very similar design to that which the plaintiff was manufacturing at the time of her employment of various of the defendants and other members of the defendant's staff. While the motifs themselves may be motifs which have been used for centuries it is the combination of form, design and motif which the plaintiff claims is unique and in respect of which it claims copyright. In the substantive action it will be necessary for the plaintiff to establish:

1. That there is a work in which copyright can subsist.
2. That copyright does subsist in such a work.
3. That the plaintiff is the owner of that copyright.
4. That the copyright has been infringed.

At this stage of the proceedings the plaintiff must establish that it has an arguable case. Applying that test to the four points which the plaintiff must establish:

First, I am satisfied that there is an arguable case in respect of point one. A copyright can subsist in the design of furniture.

Secondly, having regard to the evidence produced with regard to the plaintiff's original drawings - and the evidence as to the combination of the various designs, forms and motifs I am satisfied that there is an arguable case that copyright does exist in such works if on the evidence the plaintiff can establish that by such combination it has created or designed a unique work.

Thirdly, if the evidence of the plaintiff is accepted that that combination of design, form and motif is unique and that it was created by her then the

plaintiff clearly has an arguable case that she is the owner of that copyright.

Fourthly, I find that there is a marked similarity in design and the components of the furniture originally produced by the plaintiff and that produced by the various defendants insofar as they relate to the items in question. That being so, the preliminary questions being answered in the affirmative I must hold that the plaintiff has an arguable case that its copyright has been infringed.

I therefore find that, on the evidence before me, that the plaintiff has an arguable case for breach of copyright.

THE BALANCE OF CONVENIENCE

I turn now to the second matter I must consider on an application for an interim injunction - where does the balance of convenience lie - is this a matter where damages would be an adequate remedy or is the likely damage such that continuation of the breach will lead to a situation from which an award of damages will not be an effective remedy.

The Plaintiff's evidence is that the company has a monthly turnover in the vicinity of \$50,000. Since it has been unable to sell the specific items of furniture referred to in the application the sales have dropped by \$8-9,000.00 per month. The plaintiff's concern is its ability to remain viable in the Auckland market when, as it alleges, its designs are being copied and sold at a cheaper price by its competitors.

For the defendant Aeon Decor Limited, Mr O'Dowd deposes that an interim injunction will cause his company immediate and serious commercial harm. he refers to an immediate loss of sales, and inability to offer the disputed furniture and motifs to bona fide customers, business dilution, loss of creditability amongst customers and damage to goodwill. He says that it will be difficult if not impossible to estimate the damage done by an interim injunction and he will have to put off one or two part time workers. The company is well established, they supply Redparths shop and make custom made furniture. He emphasises that his company is large enough to pay any damages.

I have difficulty from Mr O'Dowd's affidavit in identifying any real difficulties if his company were to desist from manufacturing and selling the disputed lines in the interim. As he says, apart from Redpaths, his is purely a made to order company. The list of disputed items numbers only ten of which seven are of the one design. There is no evidence before me as to the proportion of this defendant's business this would make up or the effect the inability to offer these designs to customers would be likely to have on his business. The company is considerably larger than the plaintiffs and I have difficulty with the evidence that he would have to lay off staff when, apart from one customer, the products are made to order. The plaintiff, by being a smaller company, dependant on sales of what it claims are a unique product, is in the position of having a competitor manufacturing the disputed items at a cheaper price and is unable to compete. The roll on affect of the loss of sales for a smaller company does not need to be spelt out.

I find that as regards the first defendant the balance of convenience lies with the granting of the interim injunction.

The defendant Russell Bond says that if the injunction were granted he would probably cease making dining furniture altogether as he would not know which of my designs Forgecraft would object to. However this application relates to specific designs - if he chooses to limit his manufacturing further that can only be his choice. He says that Redpaths are his sole retailer and dining furniture would be a substantial part of his business. There is no evidence as to the proportion of his business which would be affected - he has undertaken not to sell the chairs in question - it is not alleged that he is making any other furniture in the disputed lines - clearly, in light of his action the balance of convenience lies with the plaintiff.

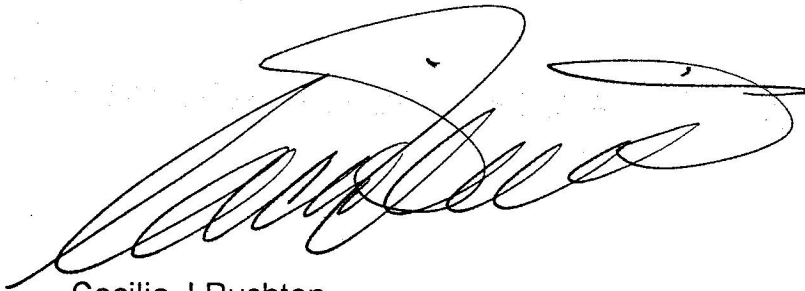
The defendant Frank Paskell has given an undertaking in respect of the chairs which the plaintiff alleges he has copied. He does not give an undertaking in respect of the hall console or the coffee table. He does not say how much of his business is made up of the items referred to in the statement of claim. He says that a broad injunction will affect his business, however the plaintiff is not seeking a broad injunction - it is specifically confined to ten items. I must hold that the balance of

convenience lies with the plaintiff, it having demonstrated that its turnover has declined and customers have gone elsewhere because of the availability of design elsewhere at a cheaper price.

The defendant Allan Clarke displayed a hoop bracing table at an Artex exhibition - he deposes that this will not be repeated - he does not advance a balance of convenience argument.

Weighing up all the evidence and the relative positions of the plaintiffs and the respective defendants, I am satisfied, for the reasons given, that the plaintiff does have an arguable case and that the balance of convenience lies with the granting of the injunction.

There will be an interim injunction in the terms sought. Costs will be reserved. I direct that these proceedings be set down immediately for a pre trial conference with a view to as early as possible a date being allocated for the substantive hearing.



Cecilie J Rushton
District Court Judge.

Delivered Pursuant to Rule 530
28/3/95

