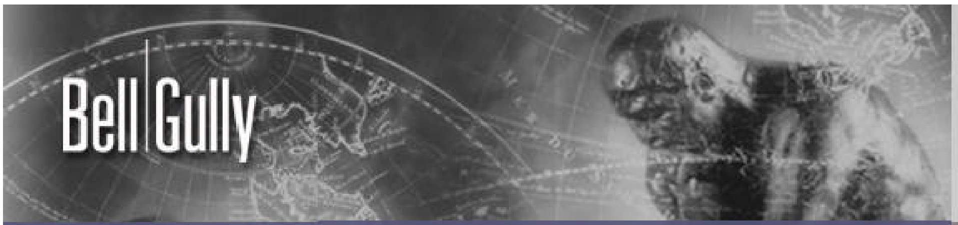

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intellectual property update

April 2005

Welcome to *Intellectual Property Update*, a regular review of issues and developments in this area of New Zealand law from Bell Gully.

In this issue, we feature:

- The international protection of goodwill in domain names: The *Containerlift* decision
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Read more about Bell Gully's expertise in Intellectual Property online at www.bellgully.com.

Need more information?

For more information on any of the cases, articles and features in *Intellectual Property Update*, please call Alan Ringwood on 64 9 916 8925, Ian Gault on 64 9 916 8967 or Garry Williams on 64 9 916 8661.

Disclaimer: This publication is necessarily brief and general in nature. You should take professional advice before taking any action in relation to the matters dealt with in this publication.

Protection of goodwill in domain names internationally – the *Containerlift* decision

In the Containerlift *case, the tort of passing off was used to prevent a New Zealand company from engaging in conduct that would infringe the rights of an English company in the UK and Europe, notwithstanding the fact that the English company had no goodwill or reputation here.*

In *Containerlift Services Ltd & others v Maxwell Rotors Ltd & another*, an English company successfully obtained an interim injunction in the Auckland High Court against a New Zealand competitor, in order to prevent the New Zealand company from using a .com domain name offshore.

Containerlift Services operated a fleet of trucks in the UK which were fitted with a special lifting mechanism which enabled containers to be loaded and unloaded. It had built up reputation and goodwill in Europe, and operated the website "containerlift.co.uk".

Maxwell Rotors is a New Zealand company which also manufactures container loading equipment. It proceeded to register the domain name "containerlift.com".

Containerlift Services sued Maxwell Rotors in New Zealand for passing off and breach of the Fair Trading Act. The case was unusual because Containerlift Services had no reputation or goodwill in New Zealand, and was suing Maxwell Rotors in New Zealand to protect the name "Containerlift" in the UK and Europe.

Because Maxwell Rotors are resident in New Zealand, Containerlift Services was entitled to sue Maxwell Rotors here. An interim injunction was sought to restrain Maxwell Rotors from using the name "Containerlift".

There are precedents for New Zealand courts restraining New Zealand defendants from engaging in improper conduct offshore.

In this case, the Court found that the requirements for the issue of an interim injunction had been made out in relation to the passing off cause of action, and ordered Maxwell Rotors to stop using the name "Containerlift" until further order of the Court. (Having decided to grant the injunction in relation to passing off, the Court found it unnecessary to determine whether an injunction should also issue under the Fair Trading Act.)

The order prevented Maxwell Rotors from continuing to use the "containerlift.com" domain name anywhere, in order to protect the rights of the plaintiffs to the "Containerlift" name in Europe.

Need more information?
For more information on domain name infringement, please email or call Alan Ringwood on 64 9 916 8925.

Passing off – How close is too close?

The decision of Justice Williams in the case of Clorox New Zealand v Elldex Packaging *provides important guidance on when product get-up can be misleading and deceptive.*

This application for an interim injunction concerned the use of the plaintiff's (Clorox) "Glad Wrap" plastic cling film packaging and that of the defendant's (Elldex) "KiWi Wrap" plastic cling film packaging.

Clorox alleged that, as Elldex's new packaging for its KiWi Wrap product was similar to Clorox's Glad Wrap plastic cling film packaging in terms of colour, layout and wording, it was likely to cause customer confusion or deception in the course of trade or constitute conduct in trade that was misleading, deceptive or likely to be so.

Clorox accordingly sued Elldex for passing off and for breach of the Fair Trading Act 1986.

The law

Williams J stated "[T]he essence of passing-off lies in a competitor marketing products as those of another competitor". His Honour adopted the five elements required for an action in passing off from the case of *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] AC 731:

1. a misrepresentation,
2. that is made by a trader in the course of trade,
3. to prospective or ultimate customers,
4. which is calculated to injure the business or goodwill of another trader, and
5. which causes actual damage to the business or goodwill of the trader by whom the action is brought, or will probably do so.

Good arguable case?

According to His Honour, factors that gave rise to the context in which the injunction application had to be viewed included:

- the number of plastic cling films in the market and the fact that Clorox's Glad Wrap has by far the majority share;
- cling film is so cheap and ubiquitous that it is not something the normal customer gives much time or thought to before purchasing;
- several features of cling film packaging are essentially dictated by functionality and the nature of this type of product (e.g. shape and size presentation); and
- manufacturers and marketers of cling film have little capacity to affect the way in which a supermarket displays each manufacturer's (or its competitor's) products, nor can manufacturers/marketers control other chain or "house" specials relating to price, promotion or other factors.

On the facts, Williams J (by a modest margin) determined that Clorox had not demonstrated that it had a good arguable case for passing off against Elldex.

Although His Honour expressed considerable scepticism about Elldex's choice of colours (red, yellow and white all being colours also used by the plaintiff), he also noted that "causes of action such as this are seldom successful if the brand name is prominent on packaging unless there is proof of actual deception or deliberate imitation..."

In this instance, the brand name KiWi Wrap was a prominent feature on the Elldex brand's packaging and, at least at this interlocutory stage, there was insufficient evidence to show actual deception or deliberate imitation.

Balance of convenience

On the issue of balance of convenience, Williams J held that this factor favoured Elldex for two reasons.

The first was that KiWi Wrap's share of the market (and relative to Glad Wrap's large majority share) was so small that, provided the substantive trial was organised quickly, any damage caused by KiWi Wrap's packaging to Glad Wrap would be minimal.

Secondly, it was shown by evidence that D & A Marketing, an independent contractor to whom Elldex sold its KiWi Wrap, were the actual vendors of KiWi Wrap to supermarkets and other stores. Therefore, it "would not be right to issue an injunction affecting D & A Marketing's sphere of action without it being before the Court so that the impact of any such order on its business can be known."

Decision

While rival considerations for the two forms of packaging were "fairly evenly based", Williams J held that the overall justice of the case lay in favour of Elldex and so the application for interim injunction was dismissed.

Need more information? For more information on how to protect your trade marks, please email or call Katy Holt on 64 4 915 6946

Trade marks: Bad faith applications

In HOTPICKS Trade Mark*, the English High Court discusses bad faith trade mark applications and when such applications will be considered to be invalid.*

The Trade Marks Act 2002 contains a number of absolute grounds for not allowing the registration of a trade mark. One of these absolute grounds is that found at sub-section 17(1)(b)(iii) of the Act. That subsection states that:

> *(1) The Commissioner must not do any of the following things:*
>
> *(a) . . .*
>
> *(b) register a trade mark or part of a trade mark if –*
>
> *. . .*
>
> *(iii) the application for the registration of the trade mark is made in bad faith.*

But what sort of conduct or motivation is captured by the words "bad faith"? The recent English case, *Hotpicks Trade Mark* [2004] R.P.C. 42 gives some guidance in this area and also provides some significant persuasive reasoning as to the time that the applicant must possess the disqualifying bad faith.

These matters are important: if a party can establish that a trade mark has been applied for in bad faith, he or she may be able to persuade the Commissioner or the Court to declare that the relevant trade mark registration is invalid and as not being able to be registered under Part 2 of the Act.

In the HOTPICKS case, Inter Lotto was counterclaiming in trade mark infringement proceedings that the National Lottery Commission's registration for the trade mark HOTPICKS in relation to lottery services was invalid.

This involved Inter Lotto asserting that the bad faith arose at a date after the application for the mark was made but before the National Lottery Commission application had proceeded to registration.

In these circumstances, Inter Lotto's application failed because the Judge held as a matter of law (after considering the relevant legislation and European Directives/Regulations in detail) that it was not open to Inter Lotto to rely on an objection based on an allegation of bad faith by reference to any date later than the date the National Lottery commission filed its application for the relevant mark. Accordingly, permission for the proposed amendment was refused.

The case is interesting to us here in New Zealand as the bad faith provisions are similarly worded and it is to be expected that a New Zealand Court would reach the same result if it was faced with a similar case.

Need more information?
For more information on trade mark law, please email or call Garry Williams on 64 9 916 8661.

Copyright: Jail term for man selling pirated DVDs

In a first for New Zealand, a District Court Judge has sentenced a man to jail for selling pirated DVDs.

A man (Zheng Wang) has received a 15-month jail term for selling pirated DVDs at a South Auckland market.

The District Court Judge who sentenced Wang stated that the prisoner had shown no remorse and was likely to have been part of a much larger operation.

In the circumstances (and having regard to the fact that Wang had received a conviction a matter of weeks before for a very similar offence), Judge Harvey was of the view that a jail term was appropriate.

This is the first time that a sentence of imprisonment has been imposed for such an infringement and it should send a wake-up call to those who consider that they are at liberty to operate businesses that trade in infringing product.

Need more information?
For more information on combating piracy, please email or call Garry Williams on 64 9 916 8661.

Patents: Draft Patents Bill released for consultation

The draft Patents Bill was released for consultation on 20 December 2004.

The draft Bill is intended to replace the Patents Act 1953, and it is intended that the Bill will tighten the criteria for granting patents to ensure that patents are only granted for genuine innovations.

To be patentable, an invention will need to be a manner of manufacture that is new, non-obvious and useful.

The Bill, if enacted in its current form, will change the tests to be applied to determine novelty and obviousness. Whether something is novel or obvious will be determined by reference to all matter made available to the public anywhere in the world.

Following the consultation process, it is planned to introduce the Bill by mid-2005.

Copies of the draft Bill can be obtained from the Ministry of Economic Development's website at www.med.govt.nz/buslt/int_prop.htm.

ⓘ **Need more information?**

For more information on the Patents Bill, please email or call Garry Williams on 64 9 916 8661.

Passing off: The *Donaghys* case

The recent High Court decision in Donaghys Industries Ltd v ITW NZ Ltd *demonstrates the dangers of adopting a get-up for a product that is just too close to that used by a rival.*

In this case, the plaintiff, Donaghys, sought an interim injunction that would restrain the defendants, ITW, from manufacturing, marketing, promoting or selling a builders' line product in a get-up that it alleged was similar to its own product's get-up.

The case involved builders' line, which is used by builders and others to achieve straight lines when building, laying bricks and doing other tasks.

Donaghys' builders' line had for many years been identified by a predominantly blue label wrapped around the line that itself had been wrapped on to a black plastic stick. ITW initially entered the builders' line market by selling cord wound onto a reel, but in 1993 choose to market a product that was wound onto a plastic stick.

In September 2003, Donaghys became aware that ITW's product was being sold wound onto a black plastic stick and with a label wound circumferentially around the middle of the line. The predominant background colour of the ITW label was blue.

Donaghys objected to this form of get-up and sought an interim injunction based on allegations of passing off and breach of section 9 of the Fair Trading Act 1986 (misleading and deceptive conduct in trade).

Justice Nicholson expressed the view early in the hearing of the injunction application that he considered that Donaghys had satisfied him that there was a serious issue to be tried on both causes of action relied upon and that, on applying the usual balance of convenience and overall interests of justice considerations, an interim injunction should be issued because of the similarity in appearance of the labels used by Donaghys and ITW.

However, Nicholson J went further and indicated that he considered that a blanket prohibition on the sale of builders' line by ITW was inappropriate if the label on the product was altered to reduce the likelihood of confusion and misrepresentation by changing the background colour from blue to red and changing the colour of the black stick on which the line was wound from black to grey.

What is unusual about this particular case is not the fact that ITW was restrained from engaging in conduct that was potentially misleading and/or deceptive, but rather that the Judge at an interlocutory stage of the proceeding gave his views as to the necessary steps that the defendant could take to avoid the likelihood of any confusion between the respective products at issue.

It has often been thought unwise for a Court to attempt to predict whether a particular course of conduct (e.g.use of a particular get-up) is likely to be confusing. The usual reason why it is said that Judges should not make such suggestions was outlined by Harman J in *Britain Publishing Co (London) Ltd v Trade & Commercial Press*, namely:

> *"It is very difficult to tell what is right and what is not until you can see whether there is confusion or is not confusion . . . . The Court cannot in advance say what will be enough and will not be enough because it is very difficult to know how pig-headed the public may be".*

Need more information?
For more information on the law of passing off, please email or Garry Williams on 64 9 916 8661.

Parallel importing – important changes to copyright and trade mark law

The latest Copyright Amendment Act has toughened copyright law on the parallel importing of certain films, sound recordings and computer programs – but has also removed an argument that parallel importing could be constrained by registered trade mark law.

In 1998, the Copyright Act was amended to allow the parallel import of copyrighted goods without the consent of the New Zealand copyright owner or licensee, provided the goods were not infringing copies in the country of origin.

The intention of the amendment was to ensure that New Zealand consumers could access imported goods at world-best prices. An economic report argued that lifting the parallel importing ban on all copyright goods was likely to provide net gains to the New Zealand economy.

As a result, the USTR conducted an out-of-cycle Special 301 review of New Zealand's intellectual property regime, and in April 1999, the USTR placed New Zealand on the Special 301 Watch List - a register of countries that the USTR considers to have inadequate copyright protection laws.

After the 1999 Election, the new Labour-Alliance Government pledged to re-introduce restrictions on certain parallel imports, and in early 2000 initiated a review of the impact that removing the ban on parallel importing had had on the creative industries in New Zealand.

A Bill was introduced into Parliament in late 2002, and ultimately enacted in October 2003. With the Bill before Parliament, New Zealand was removed from the USTR's Special 301 Watch List in May 2003.

The 2003 Amendment Act revives the ban on certain films (for a limited period) and makes it easier for owners of copyright in certain films, sound recordings and computer programs to prove infringement where it is disputed whether the goods are parallel imports or counterfeit.

The 1998 amendment made no change to trade mark law. It remained in doubt to what extent parallel importing would be allowed by virtue of the statutory defence where the trade mark owner or registered user has applied the trade mark and has not subsequently removed or obliterated it, or has expressly or impliedly consented to its use.

It was thought that this would be addressed as part of the wider review leading to a new Trade Marks Act. In fact, the Trade Marks Act 2002 was enacted without resolving the issue. The 2003 Amendment Act has now provided an explicit defence for parallel importing.

The 2003 Amendment Act

The Copyright (Parallel Importation of Films and Onus of Proof) Amendment Act 2003 came into force in New Zealand on 31 October 2003.

The Act:

- Reinstitutes copyright infringement for the parallel import of certain films within nine months of first release to the public. However, this provision is to expire after five years.
- Reverses the onus of proof in relation to infringing copies of certain films, sound recordings and computer programs imported into New Zealand by creating a presumption of infringement in the absence of contrary evidence. It also changes the knowledge requirement for importers.
- Confirms that rental rights apply to parallel imported goods i.e. copyright owners retain the exclusive right to authorise the rental of their copyright works.
- Amends the Trade Marks Act 2002 so that registered trade marks would not be infringed by the use of a trade mark on parallel imports (including in relation to advertising) where the goods have been put on the market under that trade mark anywhere in the world by the owner, or with the express or implied consent of the owner.

Copyright

Films

There were concerns about the impact that parallel importing was having on the release of film titles in New Zealand. Parallel imported copies of new release film titles were appearing before the scheduled New Zealand cinematic release and this in turn was contributing to a decline in cinema box office takings.

The nine-month ban created under the amendment is intended to allow copyright owners of films produced principally for cinematic release to continue to stagger the release of films to the public and derive sufficient economic return from cinematic release.

This would normally involve release first in cinemas, followed by the release of rental copies (video, DVD and video CD), release on subscription television and finally free-to-air television.

Infringement occurs only where the person importing the film for other than private and domestic use, knows or has reason to believe that it is imported within nine months of first being made available to the public.

The ban is to expire after five years. The Government is expected to review the impact the ban has had and whether it should remain in place for a further period.

Onus of proof

Following the 1998 amendment, the Copyright Act had required that the copyright owner prove not only that the goods were not made by or with the consent of the owner of the copyright in the country of origin, but also that the importer knew, or had reason to believe, that this was the case.

The change in onus of proof under the Act is intended to make it easier for copyright owners to take action against people importing counterfeit and pirated goods.

The change applies to sound recordings (other than those stored on players), films produced principally for cinematic release and computer programs (software products).

A presumption now exists that the copy is an infringing copy in the absence of evidence to the contrary. The Court must not require a person to disclose information as to the source of supply where it appears to the Court unreasonable to do so.

In addition, the knowledge requirement for infringement by an importer of those sound recordings, films and computer programs covered by the amendment has been changed to “knows or ought reasonably to know” that the object is an infringing copy.

Rental rights

The 1998 amendment gave rise to uncertainty as to a copyright owner’s exclusive right to control rental copies of a work. The High Court in *Video Ezy International (NZ) Ltd v Roadshow Entertainment (NZ) Limited* held that the 1998 removal of the ban on parallel importing did not affect the copyright owner’s rental rights. The 2003 Amendment Act has now confirmed that position in the Act.

Trade marks

The effect of the 2003 amendment to the Trade Marks Act 2002 is to remove the argument that use of a trade mark on parallel imports, including in relation to advertising, amounts to trade mark infringement.

The new provision adopts the principle of international rather than national exhaustion of trade mark rights. There is no infringement in relation to goods that have been put on the market anywhere in the world under that trade mark by the owner or with the owner’s consent (express or implied).

In the context of parallel importing, the amendment thus limits the use of trade mark rights to the traditional function of trade marks – as a ‘badge of origin’ rather than a ‘badge of control’.

Alternative legal remedies

These amendments to the Copyright and Trade Marks Acts do not affect other legislation and case law relevant to parallel importing. It should be noted there may still be alternative legal remedies for intellectual property right owners.

Patents, designs, plant varieties, the law of passing off and the Fair Trading Act apply in some circumstances to prevent parallel importing or at least to impose obligations when selling parallel imports in New Zealand.

Need more information?

For more information on parallel importing, please call Ian Gault on 64 9 916 8967.

Passing Off: Descriptive marks

Two universities fight it out for the use of the trade mark COL in relation to educational facilities in Universal College of Learning v ACP Computer Solutions Limited.

This case concerned a dispute surrounding the use of the plaintiff's (**Ucol**) and second defendant's (**FutureCOL**) brands. Both enterprises provide educational services in the tertiary sector.

Ucol alleged that FutureCOL's branding was similar to its own – to the extent that it misrepresented that either FutureCOL was Ucol, or that FutureCOL was in some way connected to or associated with Ucol.

The respective brands were marketed as:

- "Ucol" combined with the words "UNIVERSAL COLLEGE OF LEARNING" and
- "FutureCOL" combined with the words "The College of Future Learning NZ".

Ucol brought proceedings in the Napier High Court raising four causes of action, including:

- section 9 of the Fair Trading Act 1986 (**Fair Trading Act**) relating to misleading and deceptive conduct in trade;
- section 11 of the Fair Trading Act relating to misleading the public as to the nature, characteristics, suitability for a purpose or quantity of services;
- section 13(b) of the Fair Trading Act relating to false or misleading representations that services are of a particular kind, standard, quality, or quantity or that they are supplied by any particular person or by any person of a particular trade, qualification or skill; and
- passing off.

Fair Trading Act – the findings

The test of whether or not conduct is likely to mislead or deceive under the Fair Trading Act is not easily satisfied. Hammond J stated that "[T]he degree of likelihood of confusion must be that of a real risk – not a mere possibility".

His Honour also found that it is not sufficient simply for the court to look at the respective brands. The court should consider whether the rival brands are actually in competition, in the same geographical area, and what kinds of students and categories of courses are involved.

These factors were precursors to identifying those members of the public who were vulnerable or at risk of being misled or deceived by the conduct.

The court held that:

- Ucol had not made out that FutureCOL had misrepresented itself as Ucol, or was connected or associated in some way with Ucol. Hammond J was of the view that the plaintiff's "evidence falls a long way short of those marks";
- words like "college" and "learning" are common-speak of educational enterprises. They are in widespread and common use and thus cannot be appropriated;
- the heart of the dispute therefore was with the common suffix "col". Again, evidence was clear that "col" is a common abbreviation for college in the educational sector. The risk of branding with such common words would fall on the enterprise;
- visually, the brands were distinctive in colour. Their overall look and feel posed no risk of confusion "save in such momentary pause as is created by the use of the common element "col"; and
- consideration must be given to the relevant public/customers when assessing the risk of confusion. The decision to undertake study at a particular institution is "unlikely to be based simply on a name or just the look of a brand".

The court concluded it was clear on the facts that FutureCOL had evolved its own brand and there was neither any misleading conduct nor any real possibility of confusion or deception.

Passing off – the findings

Hammond J confirmed the established factors (from *Reckitt v Colman Products Ltd v Borden Inc* [1990] 1 All ER 873 (HL)) required for an action in passing off. In this case, those factors required that Ucol:

1. establish a goodwill or reputation attached to the goods or services they provide in the mind of the purchasing public by association with the get-up under which they are offered to the public;

2. establish a misrepresentation to the public by FutureCOL (whether intentional or not) leading, or likely to lead the public to believe that those goods or services are those of Ucol's; and

3. demonstrate that they have or are likely to suffer damage as a result of the erroneous belief brought about by FutureCOL's misrepresentation.

Relevant factors to consider in relation to misrepresentation include:

- the circumstances in which the product is "sold";
- whether the product or service is likely to prompt enquiry over source;
- what labelling there is;
- whether the buyer or consumer is likely to be discerning.

Again, the court concluded that there was no evidence to conclude that FutureCOL had misrepresented itself as Ucol, or that it was connected or in some way associated with Ucol. An essential element of the tort of passing off was therefore not made out.

Decision

Judgment was for both defendants (including costs and reasonable disbursements).

Need more information?
For more information on trade mark related matters, please email or call Katy Holt on 64 4 915 6946.

Summary judgment in proceedings alleging copyright infringement: the decision in *The University of Waikato v Benchmarking Services Ltd*

The Court of Appeal considers just what a plaintiff needs to prove in a copyright claim to succeed on summary judgment.

This was an appeal from a decision of Associate Judge Christiansen which had dismissed the University's application for summary judgement against BSL in proceedings alleging infringement of copyright.

It is interesting because it confirms the orthodox view that seeking summary judgment in proceedings that allege copyright infringement is a strategy that is likely to fail in all but the clearest cases of copyright infringement.

The facts

The university had for many years published the results of an annual survey entitled the "New Zealand Business Benchmarking Survey". The survey provided benchmark information for a large number of New Zealand industry groups which could be used by businesses as a tool to compare operating performance with industry standards.

In late 2002 the university received information that a rival benchmark survey was in development. It gained access to a website which had on it a "sample business benchmark report".

It appeared to the university that the sample report on the website was an exact copy of the layout and ratios used in its 2001 survey.

Then, in early 2003, the university obtained a copy of the respondents' brochure which also contained a sample business benchmark report. The university then compared the respondents' collection and reporting software with its own 2001 questionnaire and the associated explanations. There were many similarities.

The university issued proceedings, alleging that the defendants had infringed its copyright in the:

- 2001 version of its report;
- CD-ROM version of its 2001 report;
- 2001 version of the questionnaire in written form; and
- Email version of the 2001 questionnaire.

Specifically, the university alleged that data, ratios, typographical information and layout of certain parts of its 2001 report and the typographical information contained in its questionnaire had been copied.

The university sought summary judgement for a declaration that the respondents had breached its copyright in the relevant works and an injunction requiring delivery up of all the alleged infringing materials in the respondents' possession or control.

The Associate Judge's decision

Before Associate Judge Christiansen, the issue was whether copyright had been infringed by the respondents; it had been accepted that copyright subsisted in the relevant works.

However, after recording that his initial view was that the respondents had substantially copied the university's format, Christiansen AJ stated he was unable to make assumptions, much less conclusions, on the basis of the evidence before him on such issues as whether the words used in the headings and sub-headings or the survey layout were unique or merely a consequence of the function (i.e. the need to source the relevant information). On that basis, the application for summary judgement was dismissed.

The Appeal

In the course of its judgment, the Court of Appeal stated:

> *"Considered in isolation, some elements of the [appellant's] report are commonplace such as the inclusion of income, the derivation of gross profit, the deduction of overheads, and the calculation of operating profit. But there are a number of unusual or unique features which clearly result from the expenditure of significant creative effort and skill on the appellant's part. These include the headings*

adopted; the order in which they appear; the selection and calculation of ratios; the presentation and calculation of figures and percentages… and the overall format and presentation of the report."

When the Court of Appeal compared the appellant's report with the relevant pages of the respondents' brochure, they were struck by the similarities between them to such an extent that they stated:

> *"…we find that the similarity between the appellant's report and the respondents' brochure is so obvious…that we consider there is an irresistible inference of copying, not only of the appellant's data but also its headings, ratios, columns and format."*

The Court reached the same conclusion when it compared the CD-Rom version of the appellant's report and the respondents' brochure.

To obtain summary judgement, the appellant needed to satisfy the Court that the respondents had no defence to its claim. The test in this regard was stated to be that the Court must be "confident, sure, convinced,… persuaded to the point of belief…left without any real doubt or uncertainty": *Pemberton v Chappell* (1986) 1 PRNZ 183, 185.

The Court accepted that care was necessary before taking the step of granting summary judgement in a case involving copyright infringement, but indicated that the present case was one of alleged infringement of copyright in literary works where it was simply a matter of comparing the form and content of the appellant's report with the corresponding material in the respondents' brochure and website.

Having regard to this and the fact that there was, in their opinion, an "irresistible inference of copying" the Court of Appeal held that the appellant had demonstrated that the respondents had no deference to the claim that they had infringed the appellant's copyright in the relevant report, both in its printed and electronic form.

Accordingly, the Court held that the Associate Judge had erred in declining to enter summary judgement and allowed the appeal.

What this case confirms is that it will only be appropriate to seek summary judgment in proceedings that allege copyright infringement when there is evidence before the Court that will lead to an irresistible inference of copying being drawn.

Need more information?
For more information on matters related to copyright, please call Garry Williams on 64 9 916 8661.

Exemplary damages awarded for breach of plant variety rights

In the recent decision in Cropmark Seeds Ltd v Winchester International (NZ) Ltd & ors, *the High Court considered the extent to which plant variety rights are actionable and awarded exemplary damages for breach of plant variety rights.*

It is possible to apply to the Commissioner of Plant Varieties under the Plant Varieties Act for a grant of plant variety rights for any new, distinct, stable and homogenous plant variety.

Under s.17 of the Act, the holder of a grant has an exclusive right to produce for sale and to sell any reproductive material of the variety concerned, and infringement of that right is actionable. Damages can be awarded for any loss suffered as a result of an infringement.

In this case, the plaintiff owned plant variety rights in a barley called "Optic", which was particularly attractive to brewers of beer as the premium variety of barley in New Zealand for malt production.

The first defendant arranged for a shipment of "Optic" barley to China – which was of a size that suggested that it could not all be grown from certified seed sold by or under licence from the plaintiff. The plaintiff made inquiries and hired a private investigator to ascertain the source of the balance of the seeds. Evidence was collected to the effect that the second defendant (a director of the first defendant) had arranged sales of non-certified seed to be grown for the shipment.

The plaintiff sued, alleging that the defendants had arranged for the sale of "Optic" seed in contravention of its plant variety rights. The Court held that the proprietary rights granted to the plaintiff under the Act could be infringed by someone who procured breaches, and that they had been infringed in this case by the first and second defendants organising sales of uncertified seed.

As there was no evidence that the defendants directly profited from the breaches, the Court did not require an account of profits or an inquiry into damages.

Instead, the Court awarded exemplary damages of $5,000, on the ground that the actions of the second defendant amounted to contumelious behaviour showing a flagrant disregard for the plaintiff's rights.

The decision is welcome news for owners of plant variety rights, both in holding that the rights are infringed by a person who procures a breach, and by awarding exemplary damages in such circumstances.

Need more information?

For more information on the infringement of plant variety rights, please email or call Alan Ringwood on 64 9 916 8925